

1H FY2025 Results Presentation

Tsubaki Nakashima Co., Ltd.
(Prime Market of TSE 6464)

August 13, 2025



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This presentation is an English translation of the material initially written in Japanese, which should be considered to be the primary version.

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2. Progress on New Mid-Term Business Plan

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Quality Compliance Committee Initiatives

- 1 1H OP progress against guidance is high, mainly **due to delay in cost spendings**
- 2 We will maintain our FY2025 full-year forecast by taking countermeasures in **unfavorable demand and business conditions expected in Q3 and beyond**
- 3 Cash generation for the current period is robust through rigorous inventory reduction and shortening the CCC*
- 4 The transformation (business restructuring) in the first year of the mid-term business plan (FY2025) is progressing steadily alongside cost reductions and productivity improvements
- 5 The linear business** carve-out, which had been a pending issue, is decided for Oct. 3. Some costs will be incurred but cash flow will be positive

* Cash conversion cycle

** Manufacturing and sales of ball screws and ball ways businesses

FY2025Q2 (Apr.-Jun.) 1H(Jan.-Jun.) Summary

3 months

6 months

- Q2 (3 months) revenue decreased YoY and QoQ. For the 1H (6 months cumulative), revenue progressed steadily compared to the guidance, but decreased by 10.5% YoY due to the downturn in the automotive industry and a decline in our market share
- OP for Q2 (3 months) decreased by 34.6% YoY, but increased by 21% QoQ due to delay in cost spendings. For the 1H (6 months cumulative), progress against guidance was high, but this was due to the impact of delay in spendings. OP decreased by 63.5% YoY, primarily due to the decline in revenue and structural reform costs

(¥100M)	3 months			6 months		
	Actual	YoY	QoQ	Actual	YoY (Excluding FX impact)	Vs. FY2025 full-year guidance
Sales	177.8	- 12.6%	- 2.7%	360.5	- 10.5% (-9.2%)	50.4%
Operating profit	4.3	- 34.6%	+21.0%	7.9	- 63.5% (-63.6%)	79.1%
EBITDA	13.3	- 11.8%	+7.5%	25.7	- 32.9% (-33.0%)	-

Note: In this document, financial results are disclosed primarily as figures for continuing operations only, excluding discontinued operations.

Summary of the Q2 (April-June) and 1H (January-June) of Fiscal Year 2025

- There are no changes to the full-year forecast at this time
- The direct impact of the US tariff policy on our business performance will be minor (we plan to pass on the impact from steel export from Japan to US to product price), but we expect an indirect impact of single-digit million yen in the 2H of the year

(\$100M)	FY2024			2Q (3 months)	FY2025 First Half (6 months)				Full year
	2Q (3 months) Actual	First half (6 months) Actual	Full year Actual		Actual	Actual	FX impact	Change (amount) ²⁾	
Revenue	203.4	403.0	759.2	177.8	360.5	-5.3	- 37.2	- 9.2%	715.0
Operating profit	6.6	21.7	8.1	4.3	7.9	0	- 13.8	- 63.6%	10.0
vs. sales (%)	3.3%	5.4%	1.1%	2.4%	2.2%	—	—	—	1.4%
EBITDA	15.1	38.3	40.6	13.3	25.7	0	- 12.6	- 33.0%	—
PBT	16.7	27.6	17.5	- 1.4	- 6.9	0.1	- 34.6	—	- 6.0
Net profit ¹⁾	8.0	17.0	9.1	- 4.1	- 9.6	0.1	- 26.8	—	- 8.0

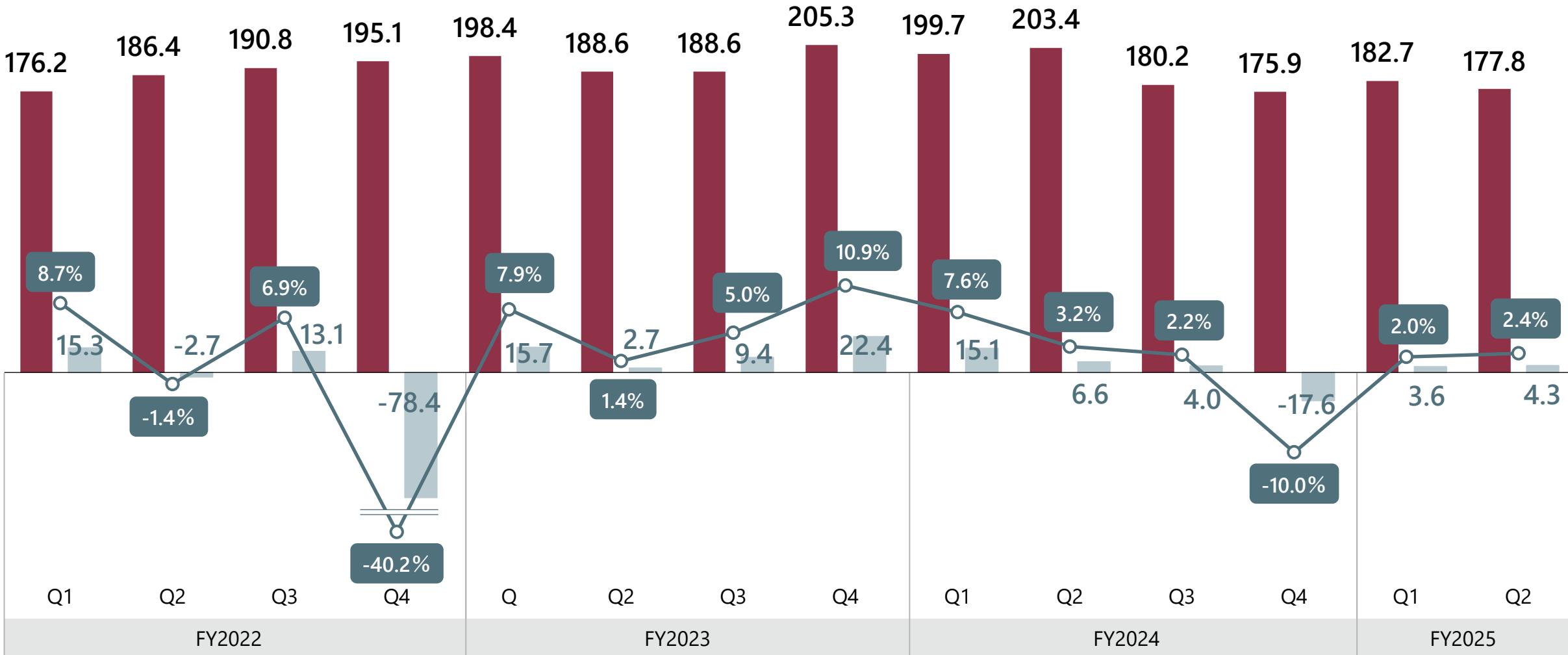
1) Net profit is presented as the aggregate of continuing and discontinued operations.

2) "Change amount" and 3) "Change ratio" exclude foreign exchange effects

Quarterly Trends

Sales / Operating Profit / OP margin

(¥100M) ■ Sales ■ Operating profit ■ OP margin



FY2025 1H Consolidated Financial Results (YoY) 6 months

- 1H revenue decreased by 9.2% YoY, excluding foreign exchange effects, due to the downturn in the automotive industry and a decline in our market share
- Operating profit for the 1H decreased by 63.6% YoY, primarily due to the decline in revenue and structural reform costs
- Significant foreign exchange losses resulted in a net loss before taxes and a net loss for the period

(¥100M)	FY2024 1 H		FY2025 1 H		
	Actual	Actual	FX impact	YoY (amount) ²⁾	YoY (%) ³⁾
Sales	403.0	360.5	- 5.3	- 37.2	- 9.2%
Operating profit	21.7	7.9	0.0	- 13.8	- 63.6%
Vs. sales (%)	5.4%	2.2%	—	—	—
EBITDA	38.3	25.7	0.0	- 12.6	- 33.0%
PBT	27.6	- 6.9	0.1	- 34.6	—
Net profit ¹⁾	17.0	- 9.6	0.1	- 26.8	—

1) Net income is presented as the aggregate of continuing and discontinued operations.

2) YoY (amount) and 3) YoY (%) exclude FX impacts

FY2025Q2 Sales by Segment and Regions (QoQ / YoY)

3 months

- Segment revenue decreased by 2.4% QoQ and by 13.0% YoY for Precision components
- Revenue by region showed an increase in China QoQ but negative for other regions. All regions decreased YoY

(¥100M)	FY2024Q2	FY2025Q1	FY2025Q2		
	Actual	Actual	Actual	QoQ (%) ³⁾	YoY (%) ⁴⁾
Consolidated basis	203.4	182.7	177.8	- 2.7%	- 12.6%
Precision components ¹⁾	201.9	180.0	175.6	- 2.4%	- 13.0%
Japan	28.8	28.8	28.7	- 0.1%	- 0.2%
North America	39.7	38.1	34.5	- 9.3%	- 13.1%
Europe	71.2	60.5	58.7	- 3.0%	- 17.6%
China	45.8	38.4	40.7	+ 5.8%	- 11.1%
Asia (excluding China)	16.4	14.2	13.0	- 8.7%	- 21.0%
Others ²⁾	1.5	2.8	2.3	- 18.2%	+48.9%

1) Excludes inter-regional transactions

2) 'Others' segment indicates 'Blower Real Estate Business' segment from FY2024Q4.

3) YoY (amount) and 4) YoY (%) include FX impacts

FY2025 1H Sales by Segment and Regions (YoY)

6 months

- Precision components sales decreased by 9.4% YoY
- Regional sales trend continues from the 2H of the previous year.
Europe has the largest decline, while China and Japan remains with a slight decrease
- Asia (excluding China) has mixed results with favorable Indian market (steel balls) and unfavorable Thai market (ceramics)

(\$100M)	FY2024 1 H		FY2025 1 H		
	Actual	Actual	FX impact	YoY (amount) ³⁾	YoY (%) ⁴⁾
Consolidated basis	403.0	360.5	- 5.3	- 37.2	- 9.2%
Precision components ¹⁾	398.1	355.3	- 5.3	- 37.5	- 9.4%
Japan	59.4	57.5	0.0	- 1.9	- 3.3%
North America	80.1	72.6	- 1.8	- 5.7	- 7.4%
Europe	143.7	119.1	- 1.2	- 23.4	- 16.3%
China	83.9	79.1	- 2.4	- 2.3	- 2.8%
Asia (excluding China)	30.9	27.2	0.2	- 3.9	- 12.5%
Others ²⁾	5.0	5.0	0.0	+0.1	+1.2%

1) Excludes inter-regional transactions

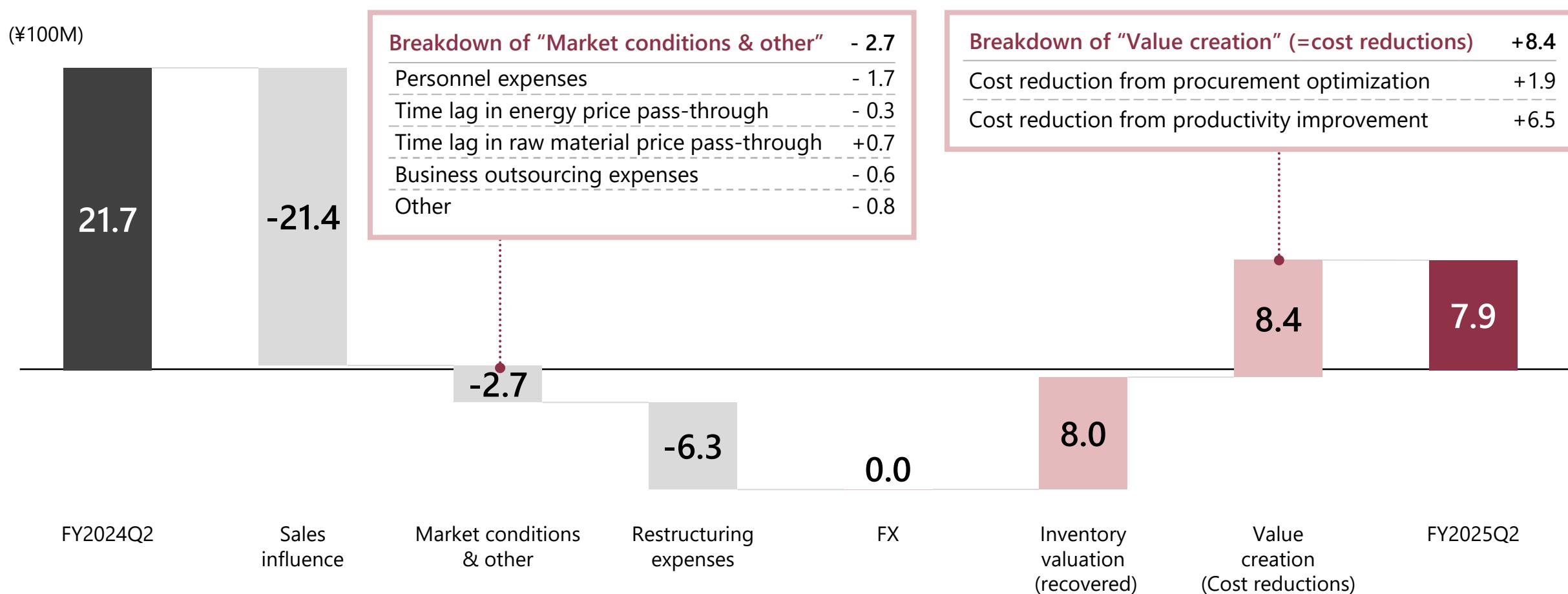
2) 'Others' segment indicates 'Blower Real Estate Business' segment from FY2024Q4

3) YoY (amount) and 4) YoY (%) exclude FX impacts

FY2025 1H Operating Profit vs FY2024 1H Operating Profit

6 months

- While cost improvement measures showed results, a decrease in sales revenue, market conditions and other factors, as well as structural reform expenses pushed down OP
- Including foreign exchange effects, OP decreased by 63.6% YoY



Inventory (\$100M)

Reduced by
4.3 billion yen

360.8



317.7

FY2024

FY2025 2Q

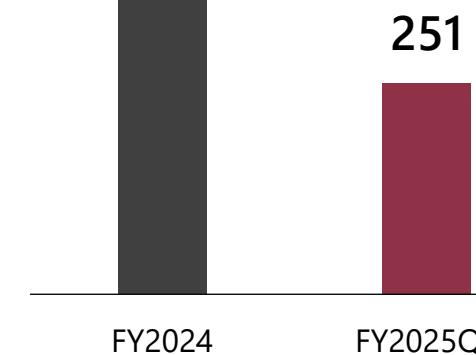
Cash conversion cycle (days)

Improved by 9 days

Breakdown

	FY2024	FY2025 Q2
Inventory turnover period	202	188
A/R turnover period	92	96
A/P turnover period	34	33

260



251

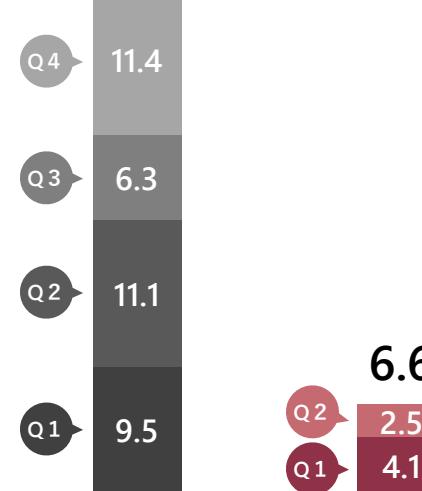
FY2024

FY2025 Q2

CAPEX (\$100M)

CAPEX is expected to increase for 2H but full-year amount is expected to shrink YoY by examining the necessary investments

38.3



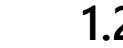
FY2024

FY2025

FCF (\$100M)

Significantly improved through inventory reduction

32.9



FY2024Q2

FY2025Q2

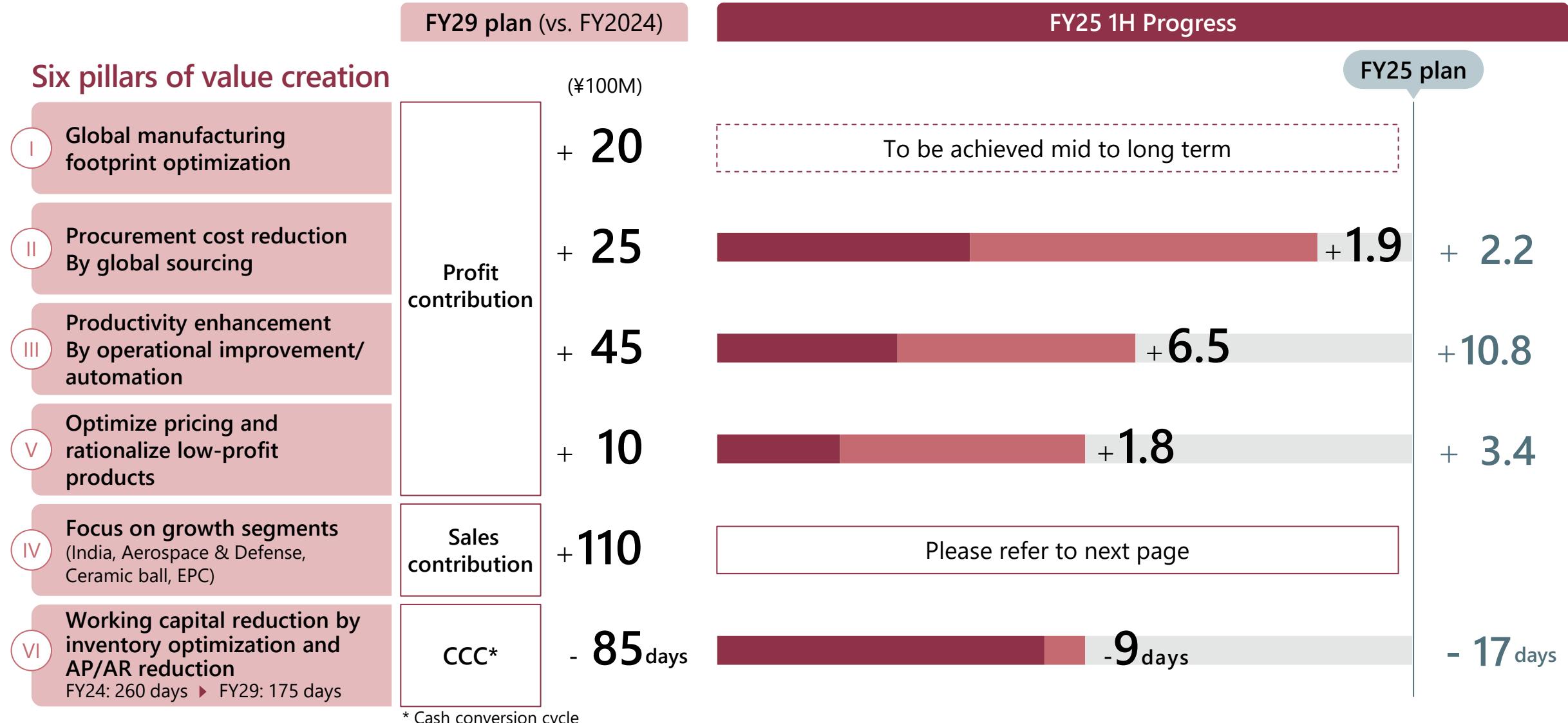
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2. Progress on New Mid-Term Business Plan

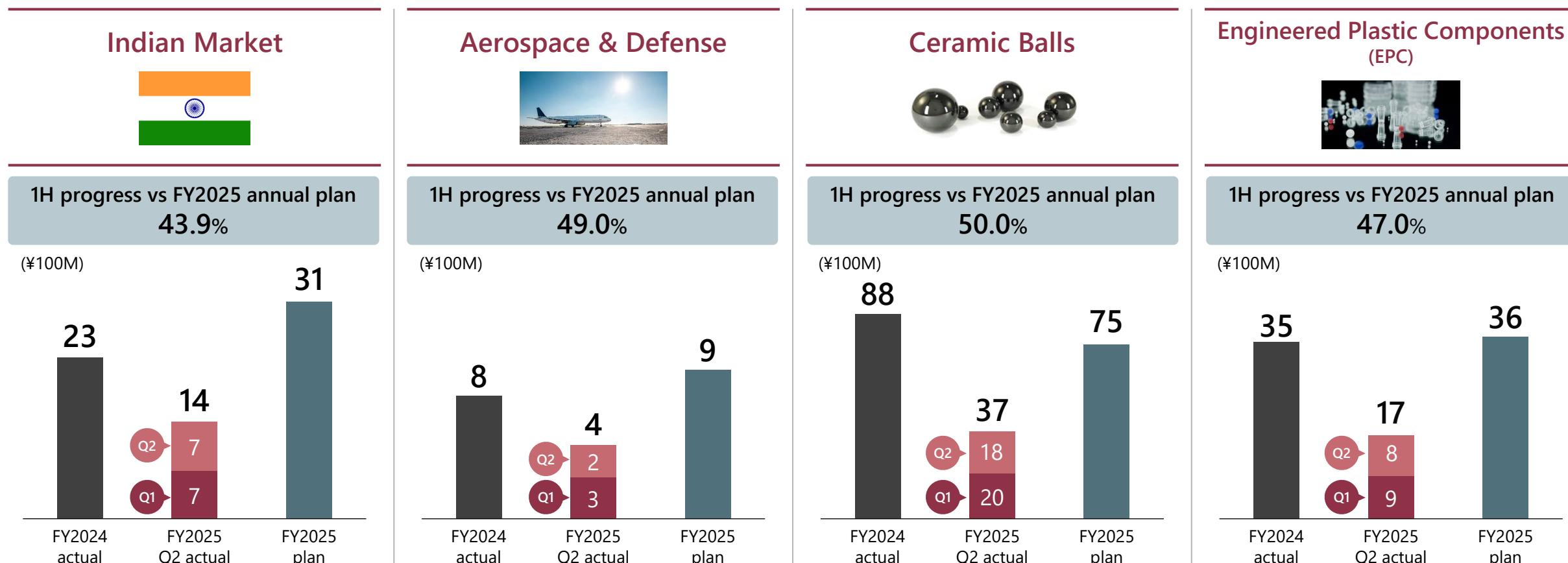
3. Sustainability and
Quality Compliance Committee Initiatives

Progress of the New Mid-Term Business Plan: Value Creation Pillars



Progress of the New Mid-Term Business Plan: FY2025 1H Growth Segment Sales

- The new mid-term business plan focuses on the Indian market, aerospace & defense, ceramic balls, and engineered plastic components as growth segments. We expect significant growth in the Indian market in the fiscal year 2025
- While significant growth is anticipated in the Indian market for FY2025, the competitive environment remains challenging
- Aerospace and defense, ceramics, and high-performance plastics are performing steadily against plan



Progress of the New Mid-Term Business Plan: Transformation Topics



Global procurement

Expanding the use of low-cost steel manufacturers globally



Inventory optimization

A mindset of purchasing raw materials according to demand and avoiding excess production such a mindset is gradually taking hold

Transformation Topics



Productivity improvement

Improving productivity and increasing capacity at the Indian plant by implementing improvement activities through workshops

We improved processing speed by 20% by reviewing the flushing and wrapping processes, while maintained quality



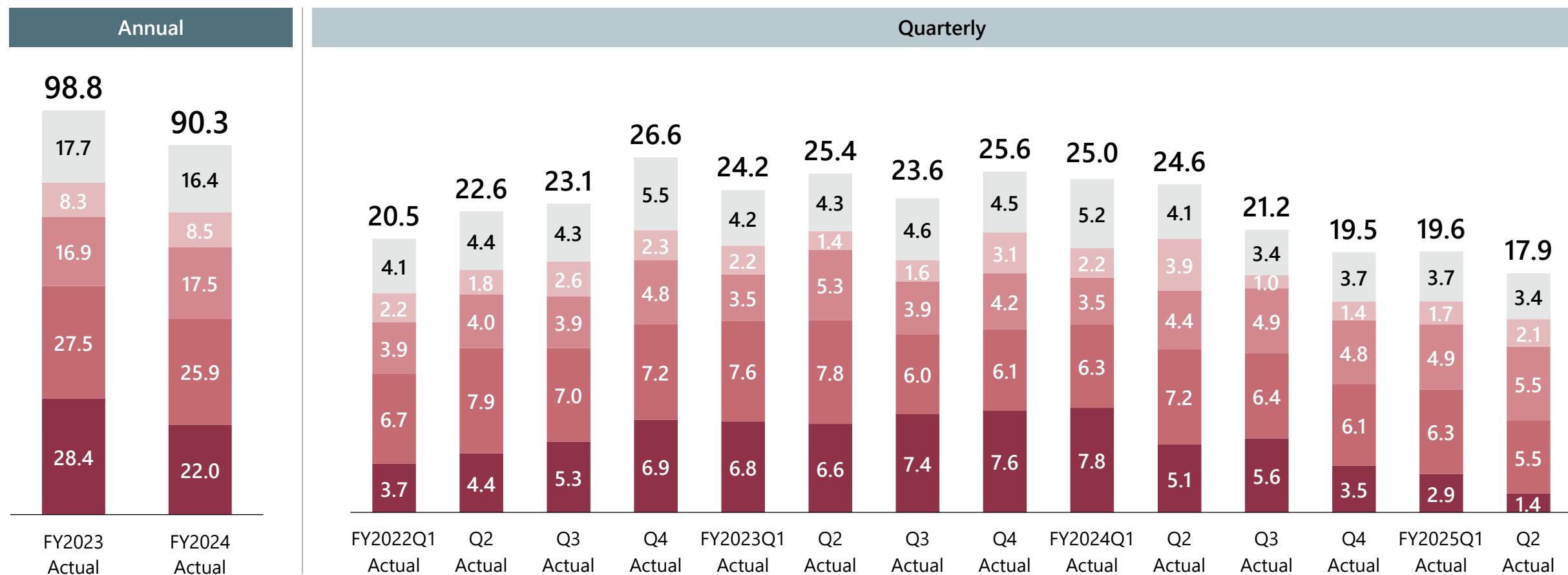
Engagement and strengthening organization

Established purpose, vision, mission, and values (PVMV), and started promoting initiatives

For Reference | Trends of Ceramic Ball Sales by Applications

- Sales of ceramic balls remained steady for general industrial and semiconductor applications, while electric vehicle (EV) applications saw a significant decline

(¥100M) ■ EV ■ Machine tool spindle ■ General industry ■ Semiconductor ■ Others



Note: ¥200M sales of FY2024 actual is for aerospace & defense

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Sustainability Initiatives

FY2025Q2 Key projects

“2024 ESG report” released

Focused on the development of the top 10 projects that merge the concept of sustainability and cost savings (i.e. energy efficiency projects)

-1.4% of total TN's energy consumption (i.e. -2% of CO₂ emissions)

Carbon footprint

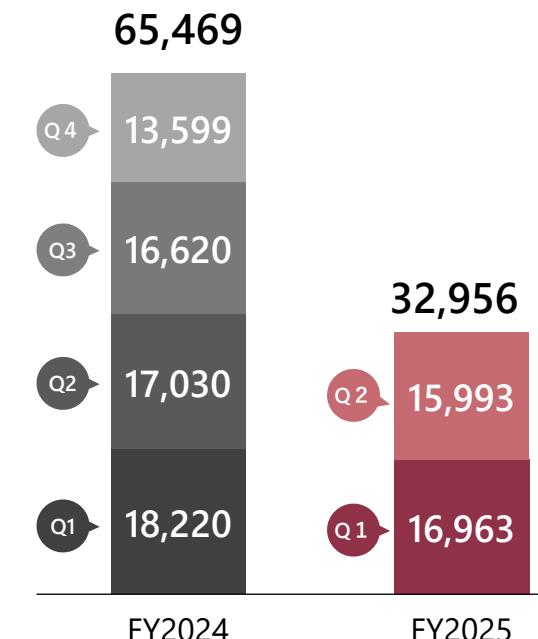
(CO₂ tons/tons)

	FY2024Q2	FY2025Q2	YoY
Japan	0.68	0.79	+0.11
West	0.76	0.74	-0.02
Ceramic	11.8	12.6	+0.08
China	0.64	0.59	-0.05
Rollers	1.56	1.66	+0.10
EPC	1.53	1.51	-0.02
TN	0.72	0.74	+0.02

- Our FY2025Q2 carbon footprint result of 0.77 is better than the annual target 0.80
- But 0.02 worse than FY2024Q2 result of 0.72 (2.7% increase YoY)

CO₂ emissions

(CO₂ tons)



- YoY 6% CO₂ emissions reduction

Progress on Quality Compliance Committee Initiatives (1)

- In mid-March, the person in charge for each theme were appointed, and measures for improvement and a schedule (progress check sheet) for each theme was formulated.
- Currently, activities are being developed based on the progress check sheet.
The company-wide deployment and execution are scheduled to be completed by December 2025.

Quality Compliance Committee Initiatives and Structure



Progress on Quality Compliance Committee Initiatives (2)

● On track ▲ Delayed

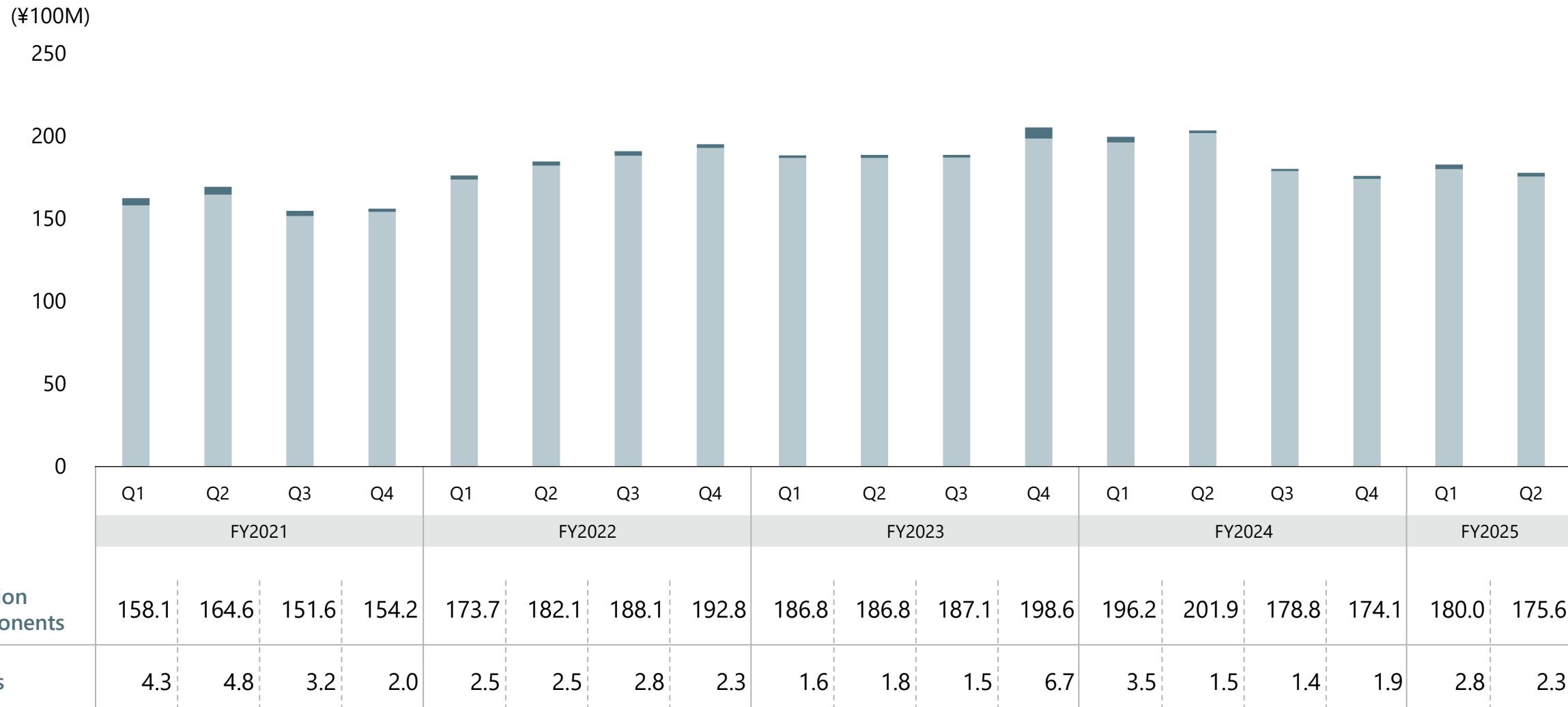
Initiatives	Action plans	Action status	Progress	Due date
Reinforcement of Companywide Quality Assurance and Quality Control	1. Define Objectives & Scope – Thoroughness of the Essence of Quality Assurance	●	75–100%	Jul.
	2. Secure Leadership Commitment – Involve top management and engage teams at all levels	●	50–74%	Dec.
	3. Identify and Standardize Processes – Map key workflows and establish best practices	●	50–74%	Dec.
	4. Develop Documentation – Create policies, procedures and work instructions for consistency	▲	25–49%	Sep.
	5. Train and Communicate – Ensure employees understand their roles in maintaining quality	●	25–49%	Dec.
	6. Implement and Monitor – Track KPIs and assess performance	●	25–49%	Dec.
	7. Audit and Improve – Conduct regular reviews and drive continuous improvement	●	50–74%	Dec.
Personnel System and Organizational Culture Reform	1. Introduction of Company Purpose/Vision/Mission/Values	●	50–74%	Dec.*
	2. Education and Training across Leadership / Management Levels	●	25–49%	Nov.
	3. Talent Selection and Succession	●	0–24%	Nov.
	4. Assessment	●	0–24%	Dec.
Review of Control Environment	1. Strengthen internal audit function regarding Quality Audit	●	25–49%	Dec.
	2. Enhancement of whistleblowing system	●	50–74%	Dec.
Implement thorough compliance training	1. Compliance framework building	▲	0–24%	Sep.
	2. Creation/update of compliance policies, guidelines and guidance	●	0–24%	Sep.
	3. Design and implementation planning of compliance training targeting employees (non-managers)	●	0–24%	Dec.
	4. Design and implementation planning of compliance training targeting employees (managers)	●	0–24%	Dec.
Strengthen risk management	1. Risk based thinking tools/system	●	75–100%	Sep.
	2. Risk Management review	●	25–49%	Dec.

* Implementation phase has been completed in June. Company-wide development phase to be completed by December.

APPENDIX

Quarterly Trends by Segments

Sales



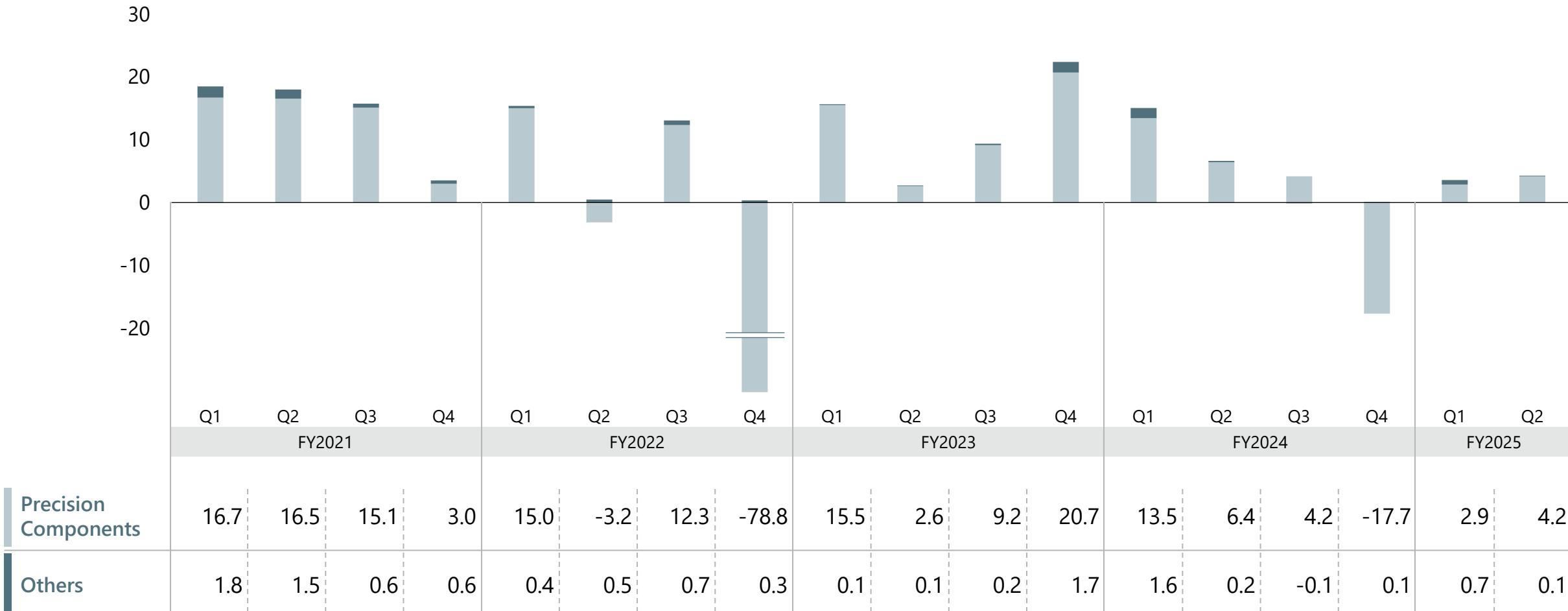
*The above figures through the end of 2023 have not been audited by an accounting auditor.

'Others' segment indicates 'Blower Real Estate Business' segment from FY2024Q4.

Quarterly Trends by Segments

Operating Profit

(¥100M)



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'Others' segment indicates 'Blower Real Estate Business' segment from FY2024Q4.

Sustainability Initiatives (Supplementary Information)

Sustainability development strategy

Reduce energy consumption

Photovoltaic systems

Purchase green energy thanks to the Renewable Energy Certificates

Challenge: improve the general efficiency of TN plants through high utilization

Electrification of TN plants

Carbon Disclosure Project (CDP)

- Carbon Disclosure Project (CDP): the world's economy looks to CDP as the gold standard of environmental reporting. The aim of CDP is to see a thriving economy that works for people and planet in the long term. CDP focus investors and companies on building a sustainable economy by measuring and acting on their environmental impact.
- TN obtained Level B in FY2024 for "Climate Change". An improvement from B- in FY2023.



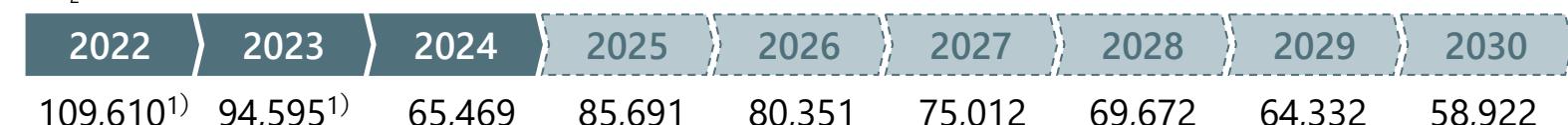
Science Based Targets Initiative (SBTi)

- Science Based Targets Initiative (SBTi): TN's greenhouse gas emissions reduction targets have been certified by the SBTi as a "Science Based Targets".
- TN commits to reduce absolute scope 1 and 2 GHG emissions 42% by 2030 from a 2022 base year.
- TN also commits to reduce absolute scope 3 GHG emissions 25% by 2030 from a 2023 base year.



Trends and roadmap of total TN CO₂ emissions

(CO₂ tons)



1) Figures include discontinuing operations.