FY2025 Results Presentation
(Including Progress of Mid-Term Business Plan 2025-2029)

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

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TSUBAKI NAKASHIMA

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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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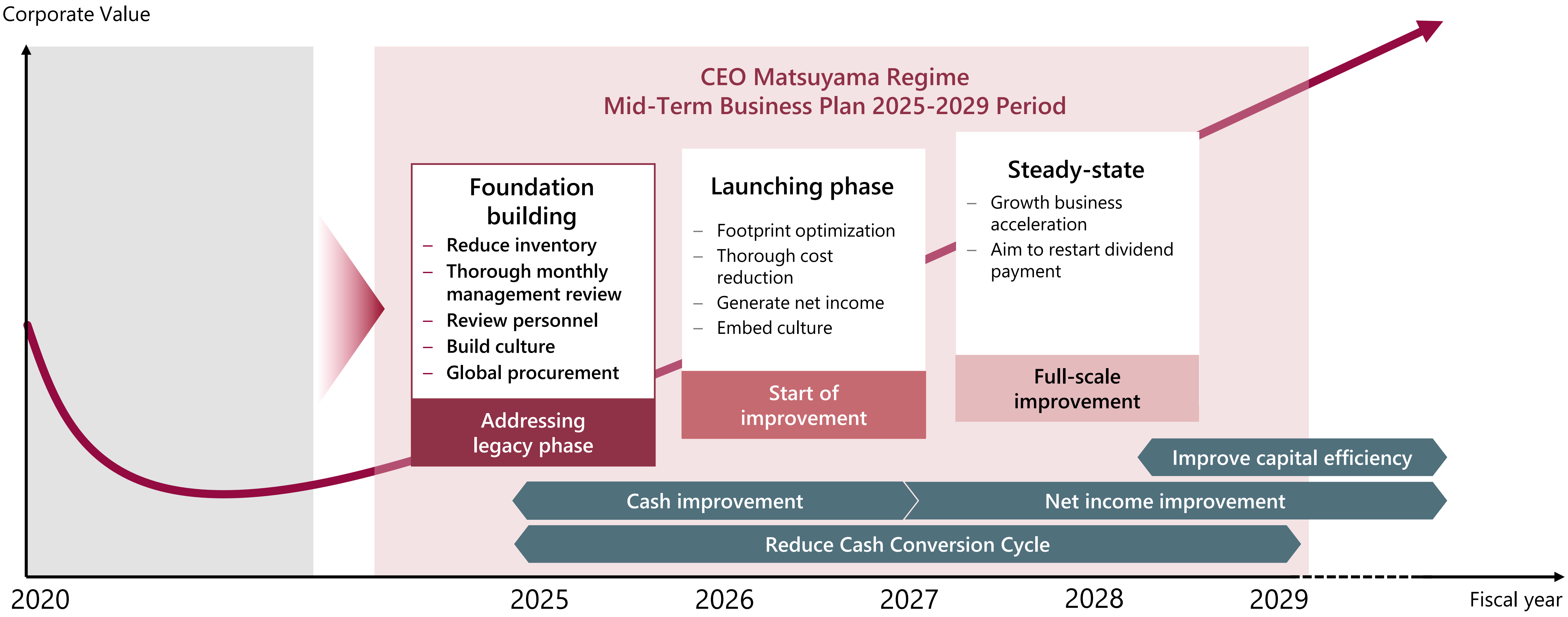
Tsubaki Nakashima's Long-Term Improvement Perspective

Highlight While **FY2025 remains a year of addressing legacy issues**, our corporate value has been steadily improving through ongoing internal reforms. **FY2026 will mark the start of the next phase of improvement**, and we will continue to further enhance corporate value.



Progress of the Mid-Term Business Plan (2025–2029)

Highlight The foundation for the Mid-Term Business Plan is firmly in place, and we are steadily progressing toward achieving our goals.

1 Key targets (FY29)

87.0 billion yen	10.0 billion yen	11%	175 days
FY29 Sales	FY29 OP	FY29 OP margin	261 days (FY24) CCC[1]

2 Strategic directions

- **Thorough cost optimization** to enhance competitiveness in the severely contested markets
- **Redefine business portfolio** to maximize add-value and growth across products
- **Cash flow improvement** to ensure future innovation and growth

3 6 pillars in MTBP

- I Global Manufacturing footprint optimization
- II Procurement cost reduction by global sourcing ✓
- III Productivity enhance-ment by operational improvement/ automation ✓
- IV Focus on growth segments (India, A&D, Ceramic ball, and Engineered plastic)
- V Price optimization and rationalization of low-profit segments
- VI Working capital reduction by inventory optimization and AP/AR reduction ✓

As shown on the next page, pillars II, III, and VI are performing particularly well

4 Enabler/ Foundation

- Global Manufacturing /Procurement Organization
- Global Commercial Organization
- Strategic KPI tracking
- Employee engagement/ organization enhancement
- SIOP[2] process establishment
- System to ensure financial/process transparency

Drastic internal reforms are progressing, and the foundation for management control is being established smoothly

The groundwork for internal cultural transformation is in place, with engagement scores reaching 7.03. Exceeding industry average of 7.0

1. Cash Conversion Cycle, DIO+DSO-DPO; 2. Sales, Inventory, and Operation plan

Progress of the Mid-Term Business Plan: Value Creation Pillars (FY2025 Quarterly Progress)

Highlight Procurement and production cost reductions exceeded plan.

Six pillars of value creation

(¥ billion)

Six pillars of value creation	FY29 plan (vs. FY2024)		Progress through FY25 Q4	FY25 Plan
I Global manufacturing footprint optimization	Profit contribution	+2.0	Mid-to-Long-Term Response	
II Procurement cost reduction By global sourcing **Exceeded plan !**	Profit contribution	+2.5	1Q 2Q 3Q 4Q +0.41	+0.22
III Productivity enhancement By operational improvement/ automation **Exceeded plan !**	Profit contribution	+4.5	+1.33	+1.08
V Optimize pricing and rationalize low-profit products	Profit contribution	+1.0	+0.33	+0.34
IV Focus on growth segments (India, Aerospace & Defense, Ceramic balls, EPC)	Sales contribution	+11.0	See P15	
VI Working capital reduction by inventory optimization and AP/AR reduction FY24: 260 days ▶ FY29: 175 days	CCC*	-85days	-11days*	-17 days

*Excluding valuation loss

* Cash conversion cycle

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

Highlight While steadily advancing the five-year plan, we will focus on leveraging growth segments.
Inventory valuation adjustments for CCC had a positive impact on results.

Six pillars of value creation

Six pillars of value creation		FY25 Results / FY26 Plan / Implementation in FY27–FY29	FY29 Plan (vs. FY24)
I Global manufacturing footprint optimization	Profit contribution	Mid-to-Long-Term Response	+ 2.0 Billion yen
II Procurement cost reduction By global sourcing	Profit contribution	+0.71	+ 2.5 Billion yen
III Productivity enhancement By operational improvement/ automation	Profit contribution	+2.43	+ 4.5 Billion yen
V Optimize pricing and rationalize low-profit products	Profit contribution	+0.62	+ 1.0 Billion yen
IV Focus on growth segments (India, Aerospace & Defense, Ceramic ball, EPC)	Sales contribution	+0.4	+11.0 Billion yen
VI Working capital reduction by inventory optimization and AP/AR reduction FY24: 260 days ▶ FY29: 175 days	CCC*	-65 days*	- 85 days

*Excluding valuation loss

FY29 Plan

* Cash conversion cycle

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Key Takeaways on Financial Results and Business Operations

Highlight **Despite recording one-time inventory valuation losses and impairment charges, strong cash generation strengthened our financial position.**

1. **FY2025: Significantly exceeded cash generation targets beyond plan, driven by shortening CCC※1, curbing CAPEX, selling idle assets, completing the transfer of the Linear Business ※2, and selling cross-held shares, leading to substantial financial improvement**

2. **Internal reforms progressed smoothly, significantly improving inventory management and operational control.**

3. **The business environment remained challenging due to weakening European demand and the impact of U.S. tariffs**

4. **Inventory write-downs, as part of internal reforms, and goodwill impairment, related to changes in the business environment, were recognized. (Both are non-cash and non-recurring losses)**

5. **FY2026 operating profit (forecast) is projected to be ¥2.5 billion, as previously indicated in the Mid-Term Business Plan**

※1 Cash Conversion Cycle
※2 Ball screw and ball way manufacturing and sales business transferred on October 3, 2025

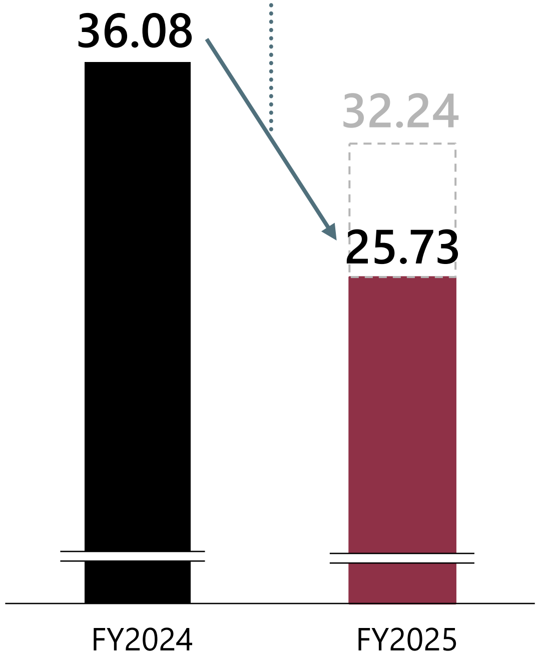
BS/CF

Highlight Free cash flow reached a record high through inventory reduction, shorter CCC, and CAPEX restraint.

Inventories
(¥ billion)

¥10.4 billion reduction
3.8 billion yen reduction excluding
6.5 billion yen inventory valuation loss

Inventory valuation loss resulted in significant reduction

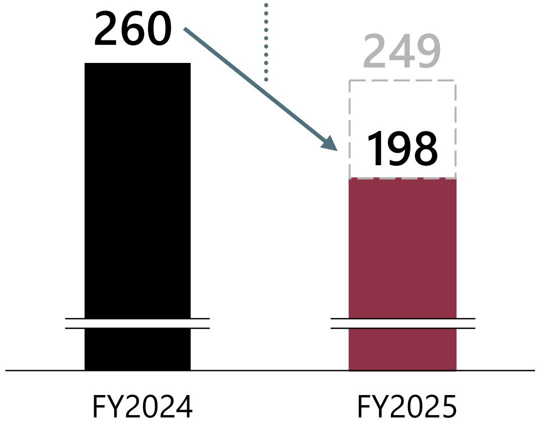


Cash Conversion Cycle
(Days)

62 days improvement
11-day improvement excluding impact of inventory valuation loss

Breakdown	FY2024	FY2025	Excluding valuation loss
Inventory Turnover Period	202	141	196
A/R Turnover Period	92	95	
A/P Turnover Period	34	38	42

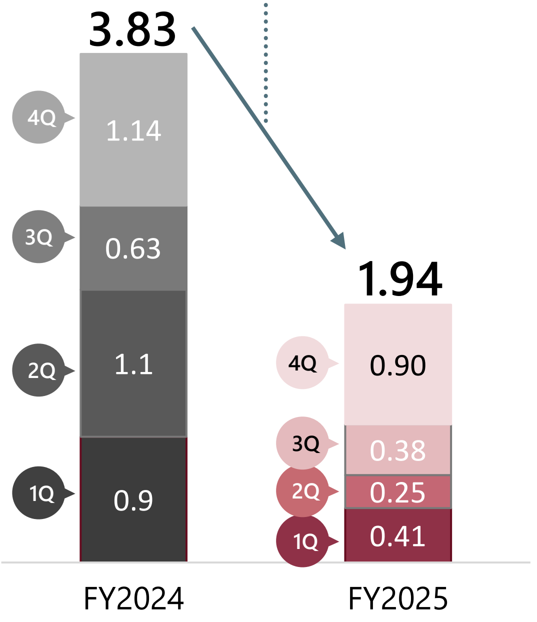
Inventory valuation loss resulted in significant reduction



Capital Expenditures
(¥ billion)

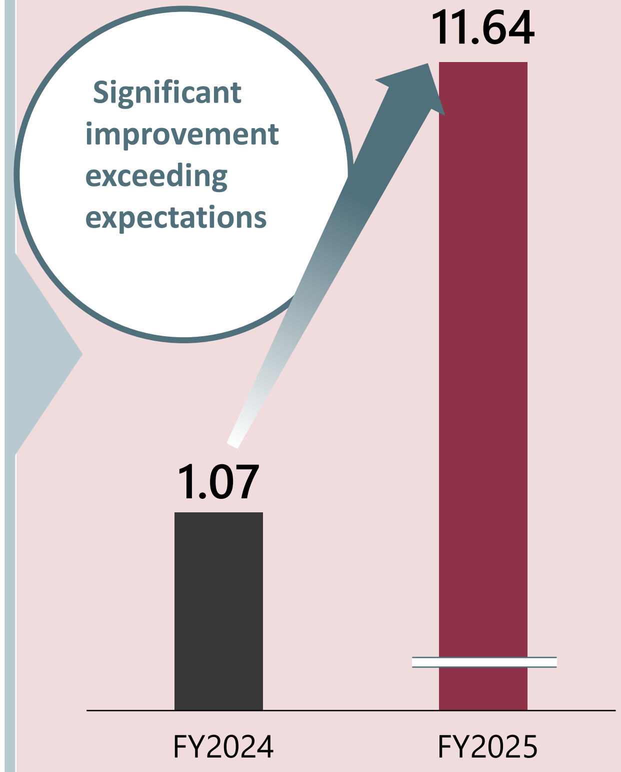
Reexamined and reduced unnecessary investments

More than expected CAPEX restraint



Free Cash Flow
(¥ billion)

Significant improvement helped by restrained capital expenditures



Cash Flow and Operating Profit

Highlight **Generating positive free cash flow has stabilized.**

(¥ billion)	FY2022	FY2023	FY2024	FY2025				
	Full Year	Full Year	Full Year	1Q	2Q	3Q	4Q	Full Year
Operating Cash Flow	- 4.14	1.41	4.87	1.03	2.92	4.26	2.31	10.52
Investing CF	- 3.50	- 4.90	- 3.80	- 0.41	- 0.25	- 0.14	1.92	1.12
Financial CF	- 1.76	1.39	- 1.91	- 0.43	- 0.11	- 0.68	- 0.08	- 1.30
FCF	- 7.64	- 3.49	**1.07**	**0.62**	**2.68**	**4.11**	**4.23**	All-time high! **11.64**
Operating Profit	- 9.07	0.85	0.81	0.36	0.43	0.10	- 23.15	- 22.26
Net profit [1]	- 9.09	- 1.29	0.91	- 0.56	- 0.41	- 0.17	- 25.86	- 26.99

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

FY2025 Actual vs. Plan

3 months | 12 months

Highlight **Revenue decreased by 8.6% YoY (excluding foreign exchange impact). Operating profit was ¥9.5 billion excluding one-time losses, similar level as previous year (refer to P16).**

- Revenue fell short by 2.3% against plan, and OP (excluding non-recurring losses) was at the same level as plan
- The impact of U.S. tariffs resulted in a direct impact of approximately ¥0.13 billion and an indirect impact of approximately ¥1.1 billion

(¥ billion)	FY2024 4Q (Oct-Dec) Actual	FY2025 4Q (Oct–Dec) Actual	FY2024 Actual	FY2025 Full Year (Jan-Dec) Actual	FX impact	YoY (amount) 2)	YoY (%) 3)	Full Year Plan
Revenue	17.59	17.08	75.92	69.84	0.45	- 6.53	- 8.6%	71.50
Operating Profit	- 1.76	- 23.15	0.81	- 22.26	- 0.08	- 22.99	—	1.00
(Excluding one-time losses)				0.95				
Ratio (%)	- 10.0%	- 135.6%	1.1%	- 31.9%	—	—	—	1.4%
EBITDA	- 1.00	- 5.37	4.06	- 1.78	- 0.08	- 5.76	—	—
PBT	0.16	- 23.11	1.75	- 23.92	- 0.06	- 25.60	—	- 0.60
Net Profit 1)	0.17	- 25.86	0.91	- 26.99	- 0.01	- 27.89	—	- 0.80

1) Net profit reflects the combined results of continuing and discontinued operations.
2) "Change Amount" and 3) "Change Ratio" exclude foreign exchange effects.
Note: This document reports figures for continuing operations, excluding the manufacturing and sales of ball screws and ball ways, which were classified as discontinued operations in the previous first quarter.

FY2025 Full-Year Segment and Regional Revenue (YoY) 12 months

Highlight **Japan performed relatively well among the regions, but overall downward trend continued from the previous year.**

- Segment revenue: Precision Components decreased 8.8% YoY
- Asia (excluding China): India (steel balls) performed well, while Thailand (ceramic balls) underperformed

	FY2024	FY2025 (Jan-Dec)			
(¥ billion)	Actual	Actual	FX impact	YoY (amount)[3]	YoY (%)[4]
Group Consolidated	75.92	69.84	0.45	- 6.53	- 8.6%
Precision Components[1]	75.10	68.92	0.45	- 6.63	- 8.8%
Japan	11.66	11.58	0.00	- 0.08	- 0.7%
North America	14.86	13.76	- 0.18	- 0.92	- 6.2%
Europe	25.16	22.07	0.77	- 3.85	- 15.3%
China	17.18	16.44	- 0.17	- 0.57	- 3.3%
Asia (excluding China)	6.25	5.08	0.03	- 1.21	- 19.4%
Other[2]	0.82	0.91	0.00	+0.09	+11.3%

1) After eliminating inter-regional consolidation
2) "Other" is reclassified as "Blower & Real Estate Business" from the fourth quarter of the fiscal year ending December 2024
3) YoY (amount) and 4) YoY (%) exclude FX impacts

FY2025 Q4 Segment and Regional Revenue (YoY/QoQ) 3 months

Highlight **Precision components increased 1.3% QoQ. The downward trend may have bottomed out.**

– Regional revenue showed QoQ growth in Japan, Europe, and China.

(¥ billion)	FY2024 4Q	FY2025 3Q	FY2025 Q4 (Oct-Dec)		
	Actual	Actual	Actual	QoQ (%)[3]	YoY (%)[4]
Group Consolidated	17.59	16.71	17.08	- 2.3%	- 3.0%
Precision Components[1]	17.45	16.60	16.80	+1.3%	- 3.8%
Japan	2.78	2.83	2.99	+5.6%	+7.6%
North America	3.39	3.31	3.19	- 3.8%	- 5.9%
Europe	5.16	5.04	5.12	+1.5%	- 0.7%
China	4.69	4.16	4.37	+5.2%	- 6.7%
Asia (excluding China)	1.45	1.23	1.12	- 8.6%	- 22.4%
Other[2]	0.19	0.13	0.28	+118.6%	+49.0%

1) After consolidation eliminations between regions.
2) "Other" is reclassified as "Blower Real Estate Business" FY2024Q4.
3) "QoQ" and 4) "YoY" include foreign exchange effects.

Growth Segment (FY2025 Sales Results)

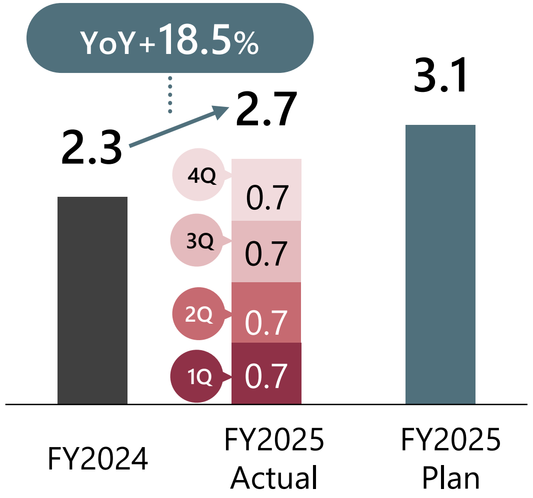
Highlight While none met targets, India grew 18.5% YoY. Aerospace & Defense and EPC showed resilience. Ceramic Business struggled FY2025 but aims to rebound FY2026 with new products. (See p.22)

– Growth segments in the Mid-Term Business Plan: Indian market, Aerospace & Defense, Ceramic Balls, and Engineered Plastic Components (EPC)

Indian Market

FY25 Actual vs. Plan 88.1%

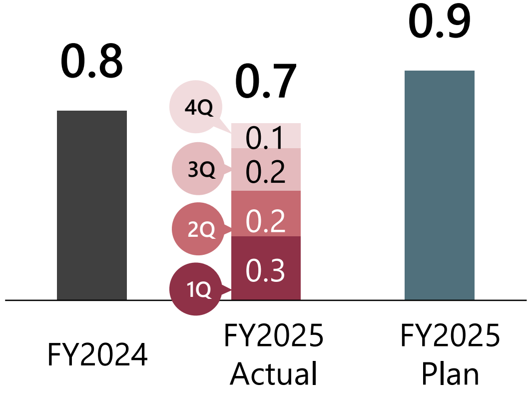
(¥ billion)



Aerospace & Defense

FY25 Actual vs. Plan 80.6%

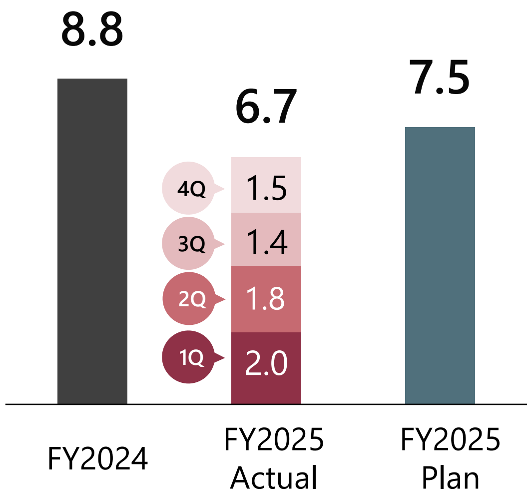
(¥ billion)



Ceramic Balls

FY25 Actual vs. Plan 89.2%

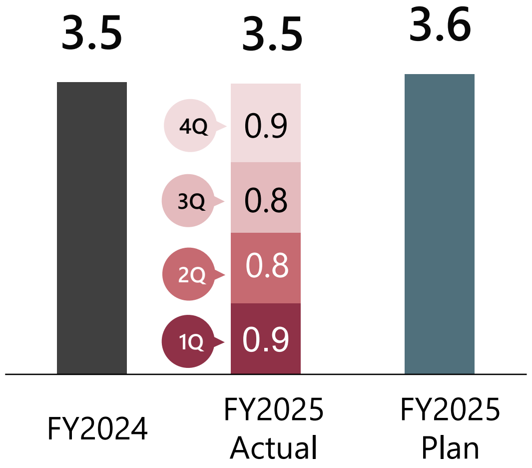
(¥ billion)



Engineered Plastic Components (EPC)

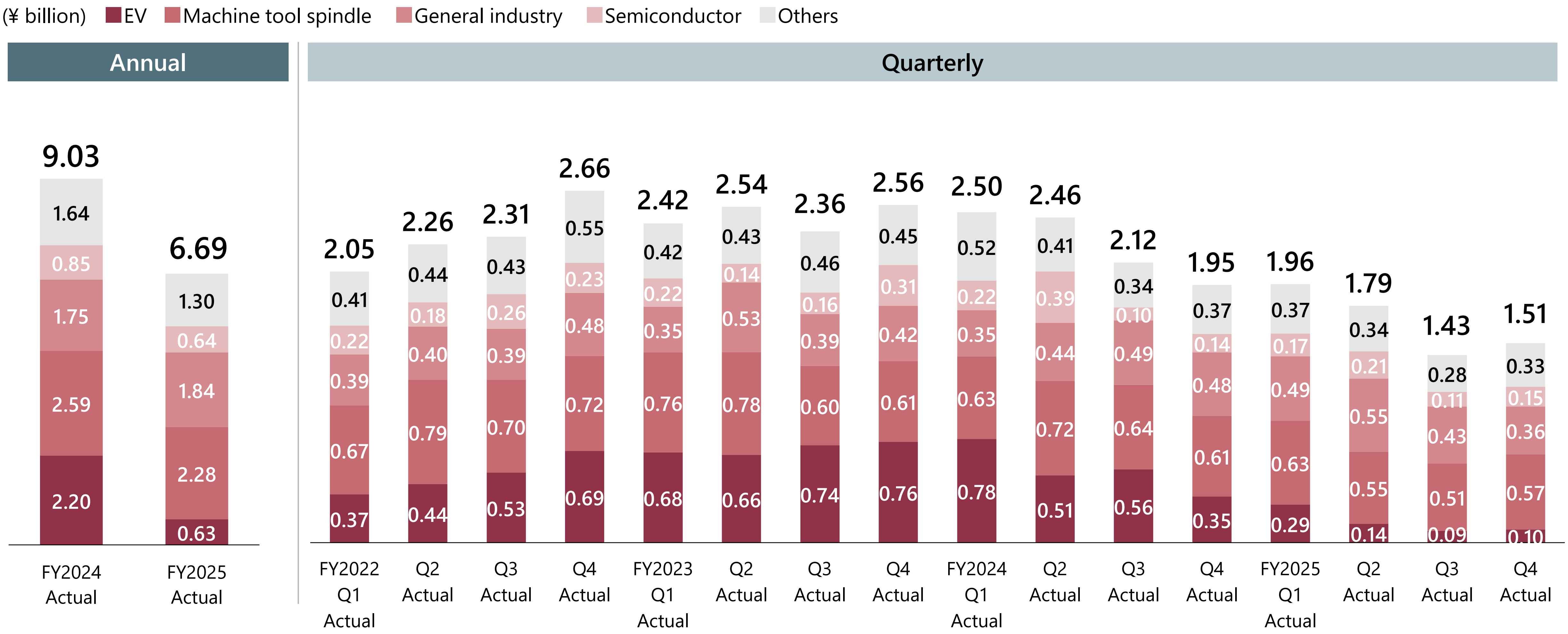
FY25 Actual vs. Plan 98.3%

(¥ billion)



For Reference | Trends of Ceramic Ball Sales by Applications

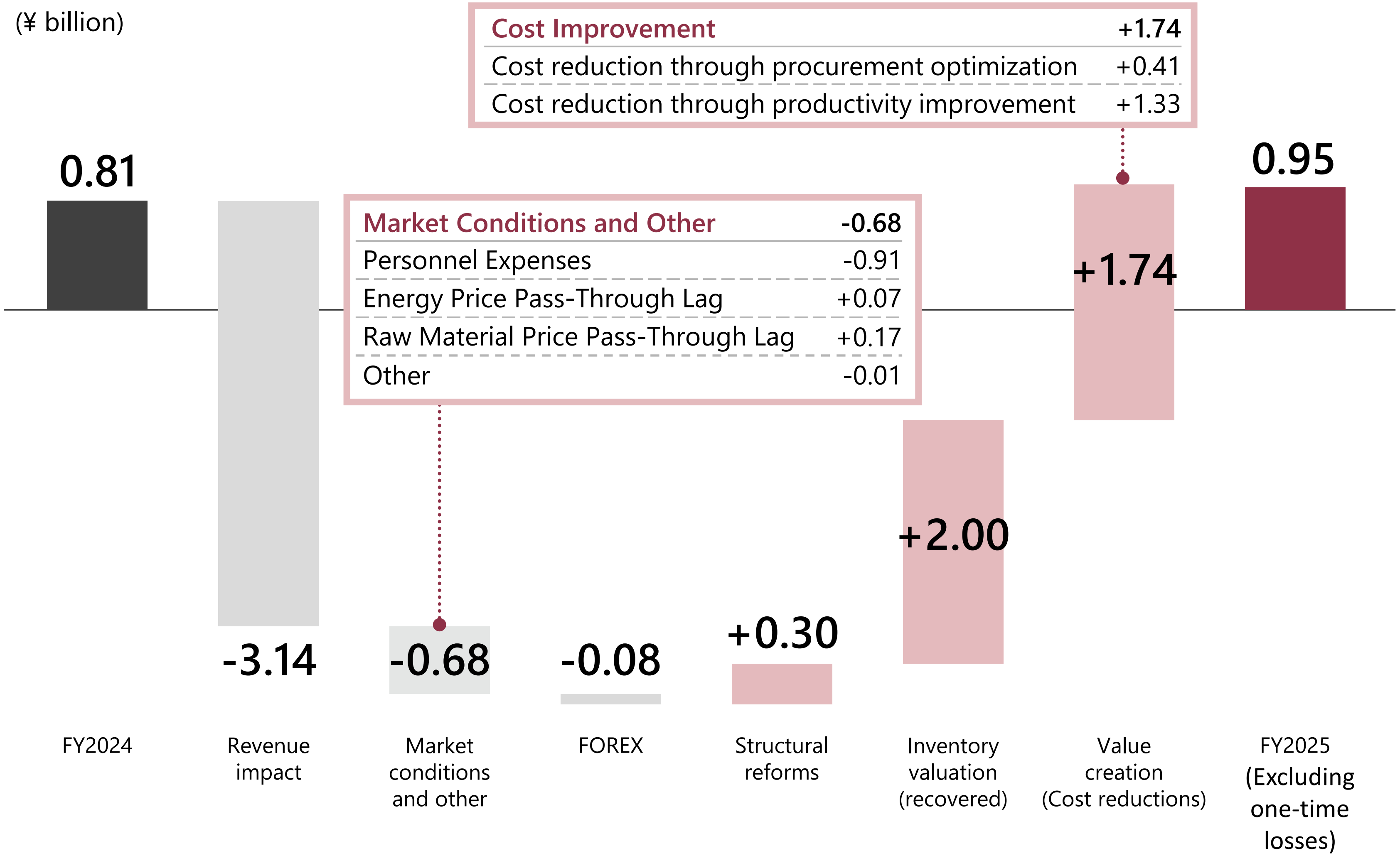
Highlight Expecting quarterly sales of ceramic balls to bottom out. Machine tool spindles for Chinese market is recovering. Positive signs are emerging. (See p.22)



Note: ¥0.2 billion sales of FY2024 actual is for aerospace & defense

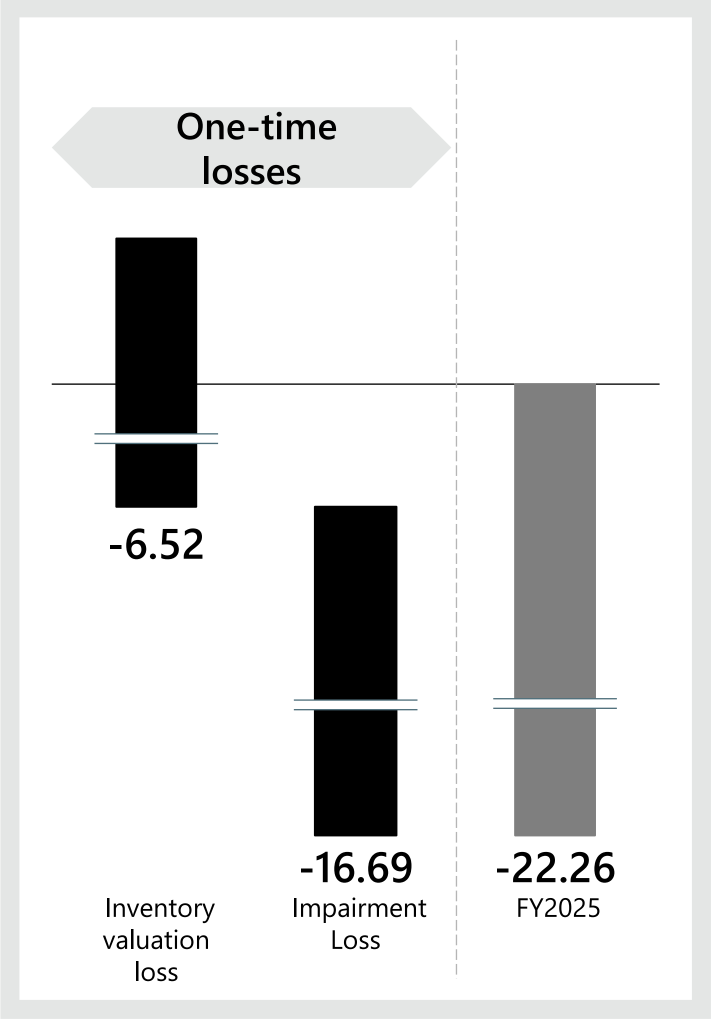
FY2025 Operating Profit Variation Factors (YoY)

Highlight Excluding one-time loss of "¥6.5 billion inventory valuation loss" and "¥16.7 billion impairment loss," operating profit was ¥0.95 billion.



Cost Improvement	+1.74
Cost reduction through procurement optimization	+0.41
Cost reduction through productivity improvement	+1.33

Market Conditions and Other	-0.68
Personnel Expenses	-0.91
Energy Price Pass-Through Lag	+0.07
Raw Material Price Pass-Through Lag	+0.17
Other	-0.01



Causes of Inventory Write-Downs and Preventive Measures (1) Overall Perspective

- While aiming to establish the SIOP* process as a foundational element of the Mid-Term Business Plan, as part of structural reforms, a company-wide inventory review and management system overhaul revealed that the recoverable value of inventory held primarily at two US plants and in ceramics fell below book value, resulting in a ¥6.5 billion write-down.
- While progress has been made in changing mindsets regarding "inventory," we will prevent recurrence by thoroughly implementing systematic inventory management through the introduction of advanced policies and KPIs.

Background

- Obsolete inventory from plant shutdowns in the past
- Overly optimistic forecasting driven by customer requests
- Lenient contract terms with customers due to established practices
- Overly optimistic business forecasts in the past
- Deep-rooted mindset prioritizing "operating profit over cash management"

Reason for the write-down

1 Determining inventory marketability

Following the introduction of new management in mid-2024, inventory management was reviewed. While marketability was scrutinized during the first-year review, a year of operational and verification activities necessitated the impairment charge.

2 Introduction of inventory management rules

Ceramics and special alloys, which do not degrade over time, were previously treated as having semi-permanent storage for raw materials and inventory. This policy was changed to stricter standards.

Preventative Measures (Already Implemented)

1. Appointed external personnel with strong operational and inventory management expertise
2. Implemented a clear policy for the inventory write-down, company-wide
3. Established clear KPIs and implemented a rigorous monthly reporting and review system
4. Strengthened processes and discipline to align raw material procurement and production with demand
5. Discontinued the 100% operating profit-linked performance bonus, and changed to a significantly higher cash-linked ratio
6. Implemented internal mindset transformation through town hall meetings, etc.

Highlight **This resulted from pursuing rigorous inventory management, which enhanced transparency in control.**

*Abbreviation for "Sales, Inventory, and Operation plan"

Causes of Inventory Valuation Decreases and Preventive Measures (2) Details of Implemented Preventive Measures

1 Appointed external personnel with strong operational and inventory management expertise

- Newly appointed **Chief Supply Chain Officer and Chief Operations Officer** thoroughly managing negotiations with customers and suppliers, contract management, and risk management
- Appointed a responsible officer **for inventory management and SIOP** to promote centralized inventory management and global improvements

2 Implemented a clear policy for the inventory write-down, company-wide

- **Developed a matrix defining write-downs based on holding periods**, applicable to all product types across all business divisions

Raw Materials	Iron		Ceramic
Product Name	Steel Ball	Roller	Ball
Finished Product	X-Year Scrap Value	X years...	X years...
Work in Progress	X-Year Raw Material Price	X Year...	Year X...
	Year X Scrap Value	Year X...	Year X...
Raw Materials	X Year Scrap Value	X Year...	Year X...

3 Established clear KPIs and implemented a rigorous monthly reporting and review system

- KPIs are:
  - **Inventory Value**
  - **Inventory days on hand**
  - **Currency impact**
- Strictly track monthly inventory trends for raw materials, work-in-process, finished goods, consumables, and merchandise categories, along with action plans to reduce these inventories, at monthly management meetings

4 Strengthened processes and discipline to align raw material procurement and production with demand

- Strictly limited amount for immediate production (Some factories stopped procurement for few months)
- Switched from bulk to individual orders
- Pool management of raw materials. No individual purchases at factories
- Renegotiated contracts to reduce purchase volumes
- Review demand forecasts on monthly basis and align inventory, production, and raw material procurement

5 Discontinued the 100% operating profit-linked performance bonus and changed to a significantly increased cash-linked ratio

- For 2025, **70% of performance-based bonuses were tied to cash flow**

6 Implemented internal mindset transformation through town hall meetings, etc.

- Thoroughly shifting the mindset to **"Do not hold excess inventory"**

Impairment Losses

– In addition to the challenging European business environment, changes in the competitive landscape for the ceramic business led to a reassessment of the future recoverability of previously recorded goodwill, resulting in a ¥16.7 billion impairment charge (part of which was a ¥1.6 billion impairment on fixed assets in the European business due to a reassessment of future cash generation prospects).

Background of Impairment

- Changes in the business environment for European operations in FY 2025 and intensified competition in the ceramic business are expected to persist for some time
  - Hovering automotive industry, particularly in EVs
  - Shift from local sourcing to global procurement
  - Intensifying competitive environment for bearing and ball manufacturers in Europe
  - Intensified competitive environment due to the rise of Chinese ceramic competitors

Recognition of goodwill impairment

- As a result of impairment tests on goodwill primarily recorded during the integration of the former Tsubaki Nakashima business following MEBO (2007) and the acquisition of NN Corporation (2017), an impairment loss of ¥15.0 billion was recorded in the Precision Components Business, particularly due to changes in the environment for the European and Ceramic businesses.
  - Goodwill carrying amount: ¥36.2 billion (FY24) ⇒ ¥21.2 billion (FY25)

Highlight **Europe remains a key region for our business operations. We will pursue proactive structural reforms and strategic shifts aligned with the changing business environment. Furthermore, while the recent slowdown in EV market growth and intense competitive environment persist, we continue to position ceramics as a growth market. We aim to regain momentum through new product launches and new market development.**

FY2026 Full-Year Guidance

Highlight The inventory write-down and impairment losses previously disclosed are one-time, non-cash items and will not impact FY2026 performance. Operating profit of ¥2.5 billion is expected as per the Mid-Term Business Plan 2025-2029, with net income also turning profitable at ¥0.5 billion.

(¥ billion)	FY2025 Full-Year Results		FY2026 Full-Year Guidance			
	Full Year Actual	% of sales	Full Year Forecast	% of sales	Change amount	Change ratio(%)
Revenue	69.84	100.0	70.00	100.0	0.16	0.2
Operating Profit	-22.26	–	2.50	3.5	24.76	–
PBT	-23.92	–	1.10	1.6	25.02	–
Net Profit	-26.99	–	0.50	0.7	27.49	–
Basic Earnings per Share (yen)	-697.02	–	12.91	–	709.93	–
Dividend per Share (yen)	0.0	–	0.0*	–	–	–

*Tsubaki Nakashima plans to suspend its dividend payment for FY2026 as it prioritizes strengthening its financial base by enhancing internal reserves.

Exchange rate assumptions: ¥145 per USD, ¥170 per EUR, ¥20.30 per CNY

Actual Exchange Rates: (FY25 Average Rates) $1 = ¥149.71, €1 = ¥169.00, ¥1 = ¥20.82

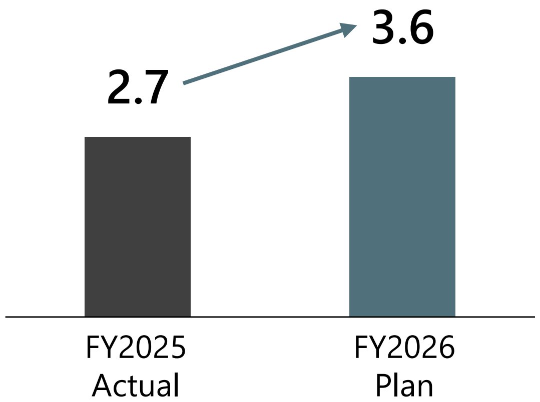
Growth Segment (FY2026 Sales Plan)

Highlight Ceramic Balls to bottom out. Other growth areas are projecting double digit increase YoY.

Indian Market

FY25 vs. FY26 +32.1%

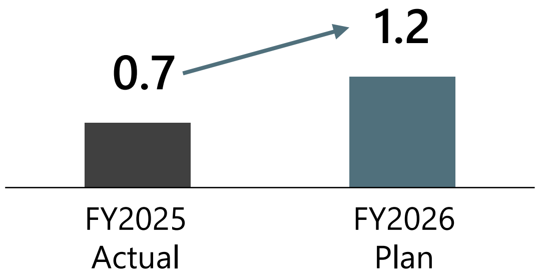
(¥ billion)



Aerospace & Defense

FY25 vs. FY26 +65.5%

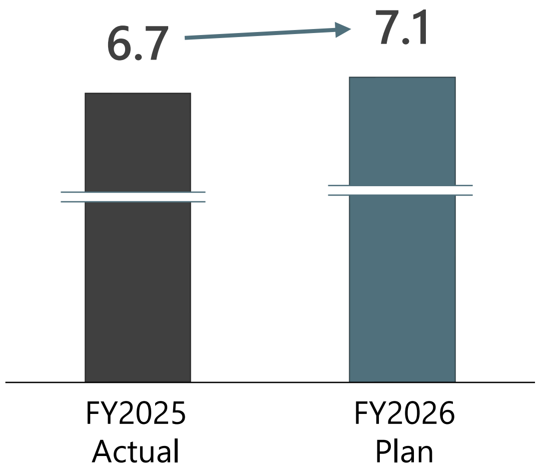
(¥ billion)



Ceramic Balls

FY25 vs. FY26 +5.5%

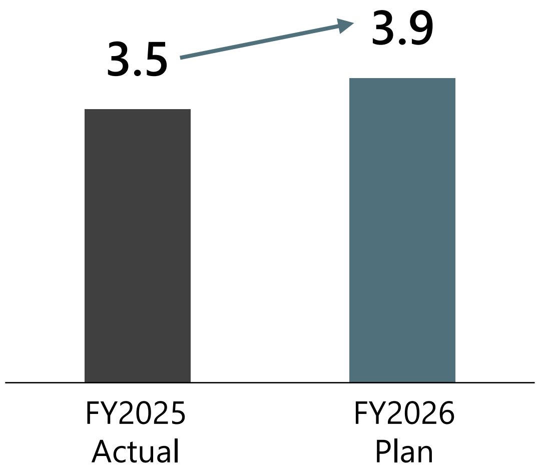
(¥ billion)



Engineered Plastic Components
(EPC)

FY25 vs. FY26 +11.5%

(¥ billion)



Growth Business Topics (1) Ceramic Business

Highlight **Positive signs are emerging at the grassroots level in the Ceramic Business.**

Data Center Cooling Fans

Sales of ceramic balls for data center cooling fans have significantly increased

The ceramic balls we manufacture for small bearings are incorporated into cooling fans for rapidly growing data centers. This reflects recognition of our products' performance, and we anticipate further growth in line with increasing data center demand.

New Customer Acquisition

New Ceramic Business leader is actively promoting sales

The head of the Ceramic Business Unit, who joined Tsubaki Nakashima in 2025, is actively pursuing new customers, exploring opportunities to enter new product markets and target local Chinese manufacturers. Through rapid sales development, she is working to restore the top-line of Ceramic Business.

Growth Business Topics (2) Aerospace & Defense and Engineered Plastic Component (EPC)

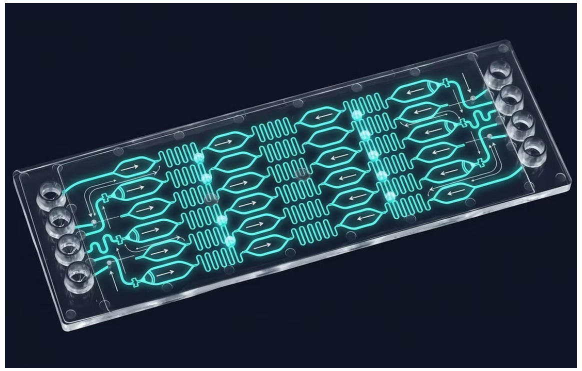
Highlight **Nadcap certification has increased customer inquiries in Aerospace & Defense. While EPC search for new opportunity in microfluidic plate business.**

Aerospace & Defense

Key Nadcap certification achieved

Our U.S. subsidiary has obtained its third Nadcap (National Adhesion and Durability Certification Program) certification for "Surface Temper Etch." This enables us to supply products for critical applications directly linked to safety in the aerospace sector. While aerospace and defense customer certifications can take anywhere from six months to three years, this achievement provides a significant foothold for expanding sales in the future.

Engineered Plastic Component (EPC)



We established microfluidic plate manufacturing capabilities

Microfluidics is a technology that precisely controls minute liquid volumes (nanoliters to picoliters) through micro-scale channels to perform complex laboratory processes on a chip. Widely used in medical devices, it is expected to see market expansion. Our cleanroom facilities and high-precision molding capabilities were recognized, enabling us to establish an initial manufacturing system in collaboration with a strategic partner.

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Report from the Quality Compliance Committee (1) Overview

- **Oct 2024** — Quality Compliance Incident
- SIC Investigations
- **Feb 2025** — Quality Compliance Committee (QCC) Established
- QCC Roll Out
- **Dec 2025** — Planned actions completed

QCC Initiatives highlights

1 Companywide quality assurance & quality compliance	✓ Global QC Training
2 Organizational culture	✓ PVMV ✓ Engagement survey (TN Heartbeat)
3 Review of control	✓ Annual Quality Audit ✓ New Whistleblowing system
4 Compliance implementation	✓ Compliance training (Companywide)
5 Risk Management	✓ Risk management committee review (regularly)

Fully incorporated into ordinary business cycle

In response to the quality compliance incident in the linear business (transferred to Minebea Mitsumi in October 2025) that was discovered in October 2024, we established a special investigation committee composed of external lawyers and received the report in February 2025. To address the suggestions, we appointed a person in charge of the five priority areas* in March 2025 and formulated improvement measures and a schedule (progress checklist). Based on the progress checklist, we have developed an action plan. We have completed the implementation of all items throughout the company by the end of December 2025 and have completed incorporating them into our normal quality control measures. We will continue to thoroughly promote the Group's governance.

* 1 through 5 shown in the chart. See next two pages for details.

Report from the Quality Compliance Committee (2)

- In 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.
- 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

Report from the Quality Compliance Committee (3)

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

* Implementation phase was completed in June. Company-wide development was completed in December.

Sustainability Initiatives

FY2025 Key projects

CDP:

TN obtained Level B in FY2025 for “Climate Change”

- 22 projects focused on sustainability and cost savings in FY2025
- 8 plants purchased green energy certificates in FY2025 to reduce CO_2 emissions (10% YoY reduction)

Carbon footprint

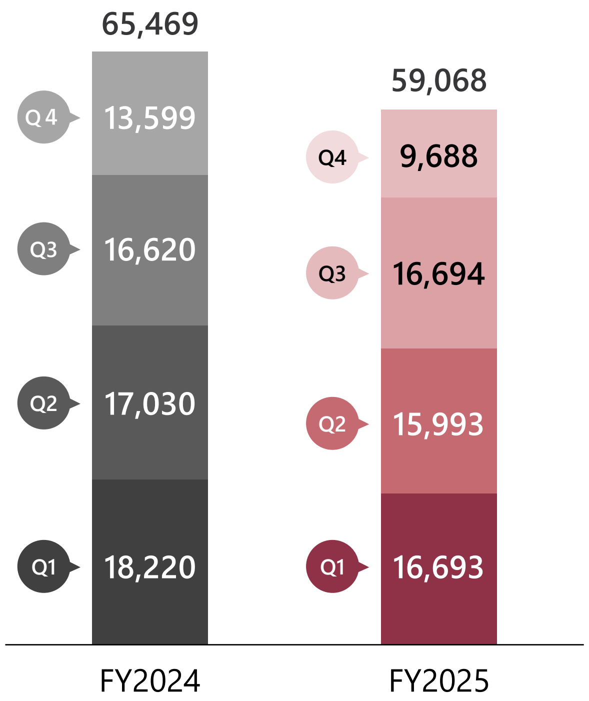
(CO_2 tons/tons)

	FY2024	FY2025	YoY
Japan	0.68	1.12	+0.44
West	0.65	0.71	+0.06
Ceramic	11.80	22.80	+11.00
China	0.66	0.40	-0.26
Rollers	1.58	1.73	+0.15
EPC	1.41	1.58	+0.17
Total	0.72	0.69	-0.03

- Our FY2025 carbon footprint result of 0.69 is better than the annual target 0.80
- And 0.03 better than FY2024 result of 0.72 (4% decrease YoY)

CO_2 emissions

(CO_2 tons)



10% CO_2 emissions reduction YoY

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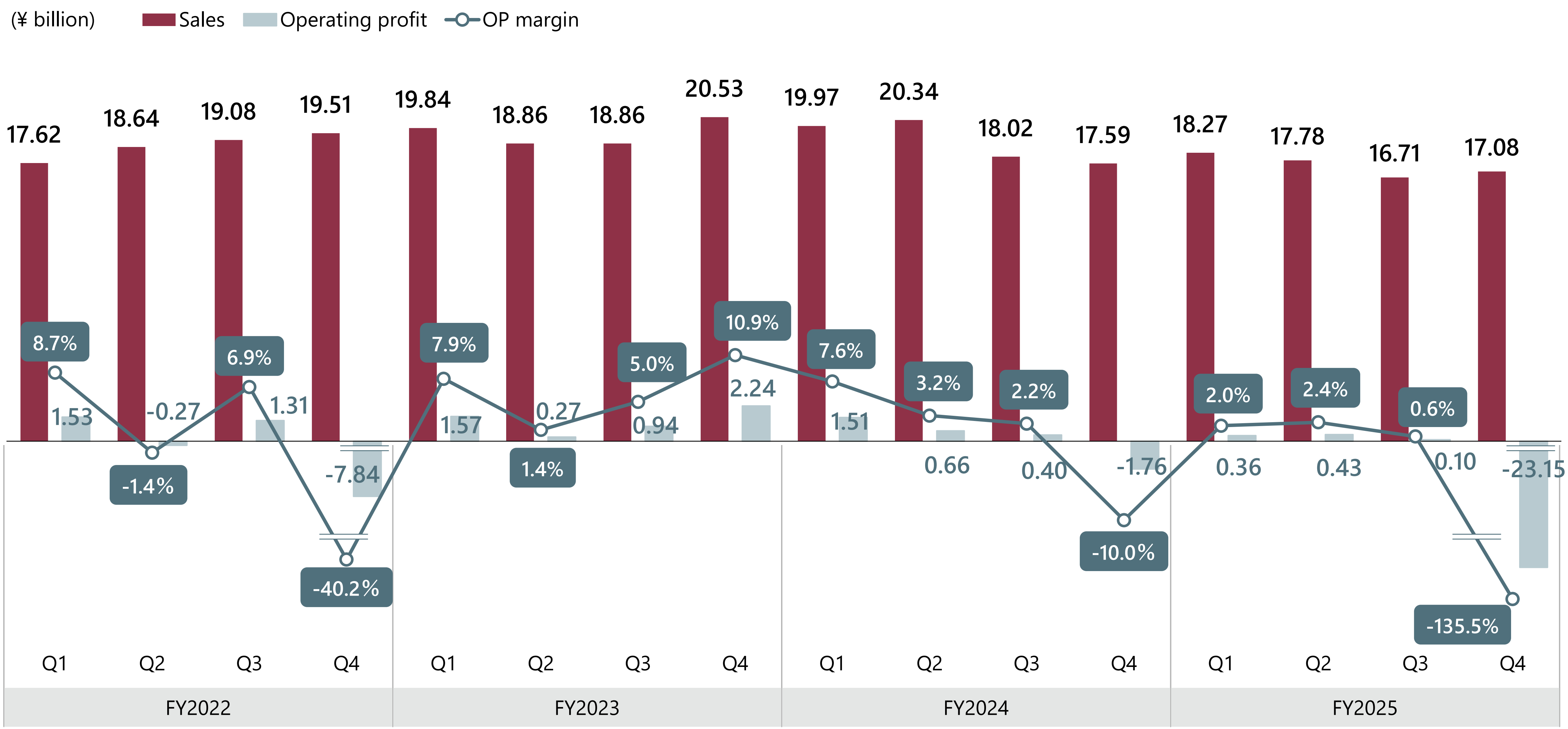
Summary

Long-Term Improvement Perspective	• While FY2025 remains "a year of addressing legacy issues", our corporate value has been steadily improving through ongoing internal reforms. • FY2026 will mark "the start of the next phase of improvement", and we will continue to further enhance corporate value.
Mid-Term Business Plan Progress	• The foundation for the Mid-Term Business Plan is firmly in place, and we are steadily progressing toward achieving our goals. • In the first year (FY2025), procurement and production cost reductions exceeded plans. • Cash Conversion Cycle (CCC) was significantly reduced, partly due to inventory write-downs.
FY2025 Results	• Despite recording one-time losses, cash flow reached a record high.
FY2026 Guidance	• Projected to achieve the second-year targets of the Mid-term Business Plan: Operating profit of ¥2.5 billion is expected with net income also turning profitable at ¥0.5 billion.

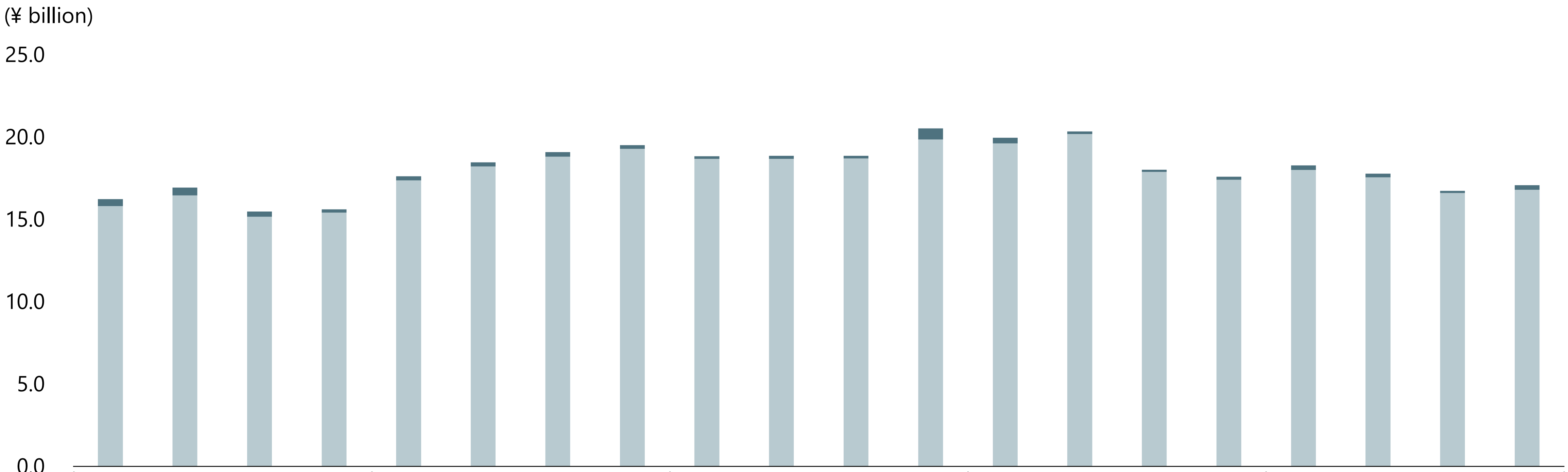
APPENDIX

Quarterly Trends

Sales / Operating Profit / OP margin



Quarterly Trends by Segments Sales

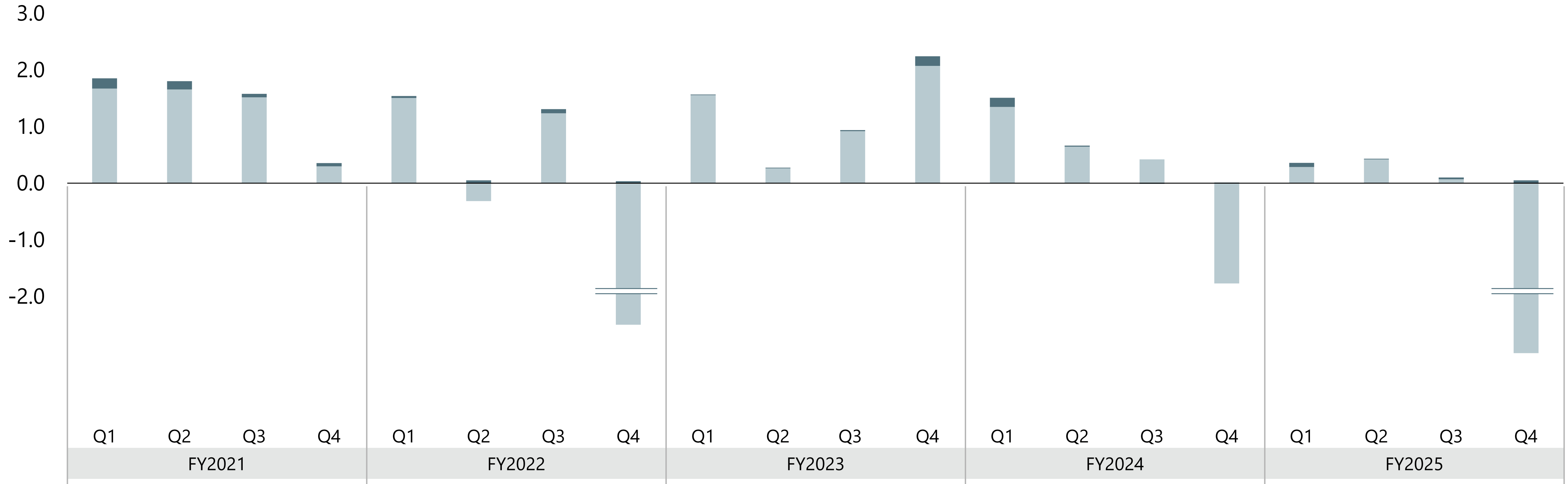


	FY2021 Q1	FY2021 Q2	FY2021 Q3	FY2021 Q4	FY2022 Q1	FY2022 Q2	FY2022 Q3	FY2022 Q4	FY2023 Q1	FY2023 Q2	FY2023 Q3	FY2023 Q4	FY2024 Q1	FY2024 Q2	FY2024 Q3	FY2024 Q4	FY2025 Q1	FY2025 Q2	FY2025 Q3	FY2025 Q4
Precision Components	15.81	16.46	15.16	15.42	17.37	18.21	18.81	19.28	18.68	18.68	18.71	19.86	19.62	20.19	17.88	17.41	18.00	17.56	16.60	16.80
Others	0.43	0.48	0.32	0.20	0.25	0.25	0.28	0.23	0.16	0.18	0.15	0.67	0.35	0.15	0.14	0.19	0.28	0.23	0.13	0.28

*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

(¥ billion)



	FY2021 Q1	FY2021 Q2	FY2021 Q3	FY2021 Q4	FY2022 Q1	FY2022 Q2	FY2022 Q3	FY2022 Q4	FY2023 Q1	FY2023 Q2	FY2023 Q3	FY2023 Q4	FY2024 Q1	FY2024 Q2	FY2024 Q3	FY2024 Q4	FY2025 Q1	FY2025 Q2	FY2025 Q3	FY2025 Q4
Precision Components	1.67	1.65	1.51	0.30	1.50	-0.32	1.23	-7.88	1.55	0.26	0.92	2.07	1.35	0.64	0.42	-1.77	0.29	0.42	0.07	-21.65
Others	0.18	0.15	0.06	0.06	0.04	0.05	0.07	0.03	0.01	0.01	0.02	0.17	0.16	0.02	-0.01	0.01	0.07	0.01	0.03	0.05

*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.

Sustainability Initiatives (Supplementary Information)

Sustainability development strategy

Energy Efficiency:
reduce the energy consumption of our plants through dedicated efficiency projects

Electrification and decarbonization:
eliminate all the fossil fuels. Purchase Renewable Energy Certificates and deploy renewable systems for green electricity

Innovation:
improve the efficiency and flexibility of our plants through dedicated innovation projects

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 FY2025 for "Climate Change". TN aims to maintain level B every year.

CDP Discloser 2025

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.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Trends and roadmap of total TN CO_2 emissions

(CO_2 tons)

2022	2023	2024	2025	2026.....2029	2030
109,610[1)]	94,595[1)]	65,469	59,068		58,922

1) Figures include discontinuing operations.

FOREX (Cumulative Average Rate) Trend

(Japanese Yen)	FY2022	FY2023	FY2024	FY2025			
	Full Year	Full Year	Full Year	1Q (3 months)	2Q (6 months)	3Q (9 months)	Full Year
US$	131.43	140.56	151.58	152.60	148.60	148.23	149.71
Euro	138.04	152.00	163.95	160.50	162.15	165.54	169.00
Chinese yuan	19.48	19.82	21.02	20.95	20.47	20.51	20.82