



February 20, 2023

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## Notice Concerning Notes on Matters Related to Going Concern Assumption

Tsubaki Nakashima ("the Company") hereby announces that the Company decided to make the following Note on Matters related to Going Concern Assumption in our financial statements for the fiscal year ended December 31, 2022, which we announced today, as follows.

### (Notes on Going Concern Assumption)

In the current consolidated fiscal year, the Company posted a consolidated operating loss due to a large amount of impairment losses. As a result, the Company is in breach of financial covenants attached to some of its borrowings, and there are events or circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

In order to resolve this situation, the Company is discussing with the financial institutions with which it has transactions the waiver of the right to forfeit the benefit of time with respect to the loans that are in violation of the financial covenants.

However, the Company recognizes that significant uncertainties regarding the premise of a going concern exist at this time, as the future progress of the business, discussions with the above financial institutions, and funding may have a significant impact on the Company's future cash flows.

The consolidated financial statements are prepared on the premise of a going concern, and the effect of material uncertainty regarding the premise of a going concern is not reflected in the consolidated financial statements.

### (Significant Events Regarding Going Concern Assumption)

The Group reviewed the business plan of the precision component business in the U.S. and the linear business, which had been the assumptions for impairment, and recorded a total of 13,562 million yen in impairment losses for the current consolidated fiscal year.

This impairment loss resulted in a consolidated operating loss for the current fiscal year and violated financial covenants related to the maturity of some of the Company's loans, which raises significant doubt on the Company's ability to continue as a going concern.

In order to resolve this situation, we will thoroughly pass on cost inflation (raw materials, energy, etc.) to sales prices, review all aspects of our business, including withdrawal from unprofitable products, and shift management resources with a focus on Monozukuri to the precision component business in the U.S. region and linear business suffering from low profitability.

We will also continue to invest in the growth categories of the medium-term management strategy: accelerating growth in the ceramics business, improving profitability and expanding sales channels in the medical device business, and expanding our presence in the Asian market to generate stable profits.

At the same time, the business restructuring of the European roller business was completed as planned, and we are at the stage of improving the quality of our business performance and gaining a competitive edge through a significant enhancement of competitiveness. Going forward, we are aiming to build a global roller business with an eye on Europe and North America markets.

Through these improvement actions, we will do our utmost to regain the trust of our shareholders, customers, financial institutions, and all other stakeholders.