



March 3, 2023

Tsubaki Nakashima Co., Ltd.
Koji Hirota
Director and Representative Executive Officer CEO
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Notice of Completion of Discussions with Financial Institutions Concerning Breach of Financial Covenants

Tsubaki Nakashima (“the Company”) has made a note on matters related to Going Concern Assumption in its Consolidated Financial Results for the fiscal year ended December 31, 2022, which were released on February 20, 2023. In this context, the Company has informed that it is in discussions with the financial institutions with which it does business regarding the waiver of the right to forfeit the benefit of time with respect to the borrowings that are in breach of the financial covenants.

We are pleased to announce that we have received formal consent from all relevant financial institutions to waive the right to forfeit the benefit of time, as follows.

The Company has now received formal written consent from all applicable financial institutions to waive the right to forfeit the benefit of time with respect to the loans that are in breach of the financial covenants.

In light of the above, the Company recognizes that significant uncertainties regarding the premise of a going concern will be resolved at the time of the submission of the annual securities report scheduled for March 27, 2023.

To further strengthen our financial position, 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.

We sincerely apologize for any inconvenience and concern this may have caused to our shareholders, investors and the parties involved

(Reference) Loans in violation of financial covenants

A. Syndicated loan borrowings

Disclosed on November 1, 2017 (Japanese version only)

Loan amount	JPY14 billion
Contract type	Loan agreement *Syndicated loan arranged by The Bank of Mitsubishi UFJ, Ltd.
Execution date	March 31, 2021
Due date	March 31, 2028
Repayment methods	Lump-sum repayment on maturity date
Collateral	No collateral
Lenders	Resona Bank, Limited, The Chugoku Bank, Ltd., The Nanto Bank, Ltd., The Hachijuni Bank, Ltd.

B. Loan from The Bank of Mitsubishi UFJ, Ltd.

Disclosed on November 1, 2017 (Japanese version only)

Loan amount	US\$175,793,268 (equivalent to JPY20 billion, separately converted to yen-denominated fixed rate)
Contract type	Loan agreement
Execution date	November 30, 2017
Due date	November 30, 2026
Repayment methods	Lump-sum repayment on maturity date
Collateral	No collateral

C. Loan from Resona Bank, Limited (Sustainability Linked Loan)

Disclosed on March 31, 2021

Loan amount	JPY5 billion
Contract type	Loan agreement
Execution date	March 31, 2021
Due date	March 31, 2028
Repayment methods	Lump-sum repayment on maturity date
Collateral	No collateral