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# Notice of Recording of Impairment Losses, Revisions to Earnings Forecast FY2022, and Notice of Financial Forecasts and Dividend Forecasts for FY2023

Tsubaki Nakashima ("the Company") hereby announces that it has recorded an impairment loss for the fiscal year ending December 31, 2022. Accordingly, the Company has decided to revise its full-year consolidated earnings forecast assumptions for the fiscal year ending December 31, 2022, which were announced in the "Notice of Revision of Earnings Forecasts" on November 11, 2022, as follows.

In addition, the Company also announces its earnings and dividend forecast for the fiscal year ending December 31, 2023.

1. Recognition of impairment losses

The Company's business was tested for impairment in accordance with International Financial Reporting Standards (IFRS), and as a result of the review of future recoverability, impairment loss of 13.6 billion yen (9.6 billion yen for tangible fixed assets and others of the U.S. business and 4.0 billion yen for goodwill of the linear business) was recorded.

2. Revision to consolidated earnings forecast for fiscal year ending December 31, 2022

（January 1, 2022 to December 31, 2022）

| | Sales | Operating profit | Profit before tax | Net profit for the period attributable to owners of the parent | Basic earnings per share |
|---|---|---|---|---|---|
| | Million Yen | Million Yen | Million Yen | Million Yen | Yen |
| Previous forecast(A) | 78,000 | 4,100 | 4,100 | 2,300 | 56.77 |
| Revision(B) | 79,000 | (9,060) | (9,650) | (11,070) | (274.47) |
| Change(B-A) | 1,000 | (13,160) | (13,750) | (13,370) | - |
| Change (%) | 1.3 | - | - | - | - |
| (Reference) Previous year results (12/FY2021) | 67,926 | 5,816 | 5,008 | 3,554 | 88.04 |

Reasons for Revision

Although sales did not deviate significantly from the consolidated earnings forecast announced on November 11, 2022, profits differed from the consolidated earnings forecast due to the impairment losses "described in "1. Recognition of impairment losses".



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3. Dividend Forecast

This revision of the consolidated results forecast does not impact the Company's dividend forecast for the fiscal year 2022. In addition to the interim dividend of 13Yen already paid, the Company plans to pay a year-end dividend of 17Yen per share which includes an ordinary dividend of 13Yen and the total annual dividend will be 30Yen per share.

4. Announcement of Financial Results for the fiscal year ended December 31, 2022

The Company will announce a new date once it is confirmed.

The delay in the announcement of financial results was caused by the lack of preparation to compensate for the retirement of plant management and accounting personnel in a short period of time at two plants under the control of the Tennessee subsidiary in the Americas business, which greatly hindered financial closing practices and caused significant delays due to our fault despite the efforts made in the accounting and auditing process.

There are no facts to be disclosed with respect to fraud, window dressing, scandals, and others.

Corrective measures have been taken for the management system of the Tennessee subsidiary, and we recognize that similar incidents will not recur in the future.

We sincerely apologize for any inconvenience this may cause to our shareholders, investors and the parties involved.

5. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2023 (January 1, 2023 to December 31, 2023)

(% indicates changes from the previous corresponding period.)

| | Sales | | Operating profit | | Profit before taxes | | Net profit for the period attributable to owners of the parent | | Basic earnings per share |
|---|---|---|---|---|---|---|---|---|---|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Full year | 86,000 | 8.9 | 9,000 | - | 7,700 | - | 5,400 | - | 133.89 |

6. Basic Policy for Profit Distribution and Dividends for the Year Ending December 31, 2023

The Company intends to make decisions on shareholder returns in order to implement growth strategies such as ceramics, technological innovation, and ESG investments, to maintain the necessary credit ratings for long-term financial stability and stable financing, and to achieve sustainable growth.

In FY2023 and beyond, the Company intends to maintain an annual dividend of 30Yen per share in principle as a stable dividend regardless of profit level, while maintaining a stable dividend payout ratio of 35%.

For FY2023, we plan to pay an annual dividend of 48Yen per share, but the amount of the interim dividend is undetermined at this time.



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