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TSUBAKI NAKASHIMA CO., LTD.
Itaru Matsuyama
Director, Representative Executive Officer, CEO
(Code 6464, Prime, Tokyo Stock Exchange)
Contact for inquiries: Asuka Hara, IR Director
Phone: +81 (0)6-6224-0193

Revision of FY2026 Full-Year Consolidated Earnings Forecast and Adjustment to the Mid-Term Business Plan Due to Restructuring and Impairment Losses, Finance Costs (Foreign Exchange Losses), and Reversal of Deferred Tax Assets

TSUBAKI NAKASHIMA CO., LTD. (the “Company”) hereby announces that, in its financial results for the fiscal year ending December 31, 2026 (January 1, 2026 to December 31, 2026), it will record losses associated with the production footprint reorganization announced in the “Notice Regarding Reorganization of Production Sites Including Rationalization of Workforce” dated November 5, 2026, as well as impairment losses and foreign exchange losses, and will reverse deferred tax assets.

In addition, the Company has revised its full-year consolidated earnings forecast for the fiscal year ending December 31, 2026, announced on February 13, 2026, and has partially adjusted the quantitative targets of the Mid-Term Business Plan 2025–2029 announced in February 2025, as described below.

1. Recognition of Impairment Losses

The Company recorded an impairment loss of 7.8 billion yen in the third quarter.

Mainly due to changes in the business environment in Europe, including: (i) automakers shifting from local to global sourcing amid intensifying competition with Chinese manufacturers; (ii) bearing manufacturers losing market share due to competition with Chinese companies and shifting their sourcing and production to China and other parts of Asia; and (iii) an oversupply in the ball market as Chinese manufacturers, as well as Korean and Indian manufacturers, expand their presence, the present value of future cash flows from the Company’s plants in Europe has fallen below their carrying amounts. As a result, the Company will recognize impairment losses on fixed assets at its plants in Slovakia and Italy in cost of goods sold and selling, general and administrative expenses in the third quarter.

In addition, the increase in the discount rate used to determine the recoverable amount has reduced the present value of expected future cash flows compared with the assumptions made when the goodwill was initially recognized. As a result, the Company will recognize a goodwill impairment loss under “Other expenses” in the third quarter.

The Company also plans to conduct an impairment test of goodwill in the fourth quarter. Although the results may be affected mainly by changes in the discount rate, it is currently difficult to reasonably estimate the potential financial impact. The Company will make an announcement once the impact becomes reasonably estimable.

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2. Recognition of Finance Costs (Foreign Exchange Losses)

In the third quarter, the Company recognized foreign exchange losses totaling ¥0.7 billion arising from intra-group financing transactions, including loans to subsidiaries.

3. Reversal of Deferred Tax Assets

As a result of revising the business plan of its Italian subsidiary in response to changes in the business environment, the Company reversed previously recognized deferred tax assets and recognized approximately ¥0.3 billion in income tax expense in the third quarter.

4. Losses Associated with Production Footprint Reorganization and Other

As announced in the “Notice Regarding Reorganization of Production Sites Including Rationalization of Workforce” dated November 5, 2026, the Company started the procedure of closing three overseas production sites. In the fourth quarter, the Company plans to record provisions for costs related to the procedure of closing the three overseas plants, including equipment relocation costs and potential severance payments, and other expenses totaling ¥4.8 billion.

5. Revision of earnings forecast

(1) Revision of Full-Year Consolidated Financial Forecasts for the Fiscal Year Ending December 2026 (January 1, 2026 – December 31, 2026)

	Revenue	Operating profit	Income before income taxes	Net income attributable to owners of the parent company	Basic earnings per share
Previously announced forecast (A)	Million yen 70,000	Million yen 2,500	Million yen 1,100	Million yen 500	yen 13.07
Revised forecast (B)	73,500	-10,100	-12,200	-13,000	-339.76
Change (B-A)	+3,500	-12,600	-13,300	-13,500	-352.83
Percentage change (%)	+5.0%	-	-	-	-
(For reference) Results for the previous fiscal year (Fiscal Year Ended December 2025)	69,837	-22,336	-23,992	-27,214	-702.80

(2) Reasons for the Revision

For the full-year consolidated results for the fiscal year ending December 31, 2026, revenue is expected to exceed the initial forecast by 5.0%, mainly due to foreign exchange effects. On the other hand, as a result of the aforementioned “1. Recognition of Impairment Losses” of ¥7.8 billion and “4. Losses Associated with Production Footprint Reorganization” of ¥4.8 billion, both

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are one-time losses, operating profit is expected to be ¥12.6 billion below the previous forecast of ¥2.5 billion, resulting in an operating loss of ¥10.1 billion.

This was mainly attributable to impairment losses on fixed assets resulting from the challenging business environment in Europe, goodwill impairment due to higher discount rates, and provisions and other expenses associated with the decision to start the procedure of closing additional plants to further strengthen cost-reduction measures.

In addition, “2. Recognition of Finance Costs (Foreign Exchange Losses)” will reduce profit before tax, while “3. Reversal of Deferred Tax Assets” will reduce profit attributable to owners of the parent.

For details of the Company’s recent business performance, please refer to the “Consolidated Financial Results for the Nine Months Ended September 30, 2026,” released today.

6. Revisions to the Mid-Term Business Plan

Revision of the Final Fiscal Year and Adjustments to Financial Figures

(1) Quantitative Information

	Mid-Term Business Plan Final Fiscal Year (Announced in February 2025)	Mid-Term Business Plan Final Fiscal Year (Revised Figures)
Final Fiscal Year	End of December 2029	End of December 2030
Revenue	87.0 billion yen	78.5 billion yen
Operating Profit	10.0 billion yen	10.0 billion yen
Operating Profit Margin	11.4%	12.7%
ROE	9%	14%

(2) Reasons for the Adjustment

The Company has been implementing its business strategies toward achieving the targets set forth in the Mid-Term Business Plan 2025–2029, announced in February 2025. However, given the significant changes in the business environment, particularly in Europe, the Company has decided to revise downward its revenue target for the final year of the plan.

To offset the decline in profit resulting from the lower revenue target, the Company expanded the scope for the “Global Production Footprint Reorganization” initiative. In addition, the Company will introduce a new initiative, “Establishment of a Lean Management Structure,” as a cost-reduction measure aimed primarily at reducing selling, general and administrative expenses.

Given the time required for these additional restructuring measures to deliver their full benefits, the Company has decided to postpone the target date for achieving operating profit of ¥10.0 billion by one year, from the end of December 2029 to the end of December 2030.

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