



June 2, 2026

TSUBAKI NAKASHIMA CO., LTD.

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Notice Regarding Recording Loss from Rationalization Including Workforce Reduction Following Organizational Change

TSUBAKI NAKASHIMA CO., LTD. (the “Company”) announced that, at the Board of Directors meeting held today, it resolved to implement organizational restructuring. The Company also plans to pursue rationalization measures, including workforce reduction.

1. Rationale for organizational restructuring and workforce reduction

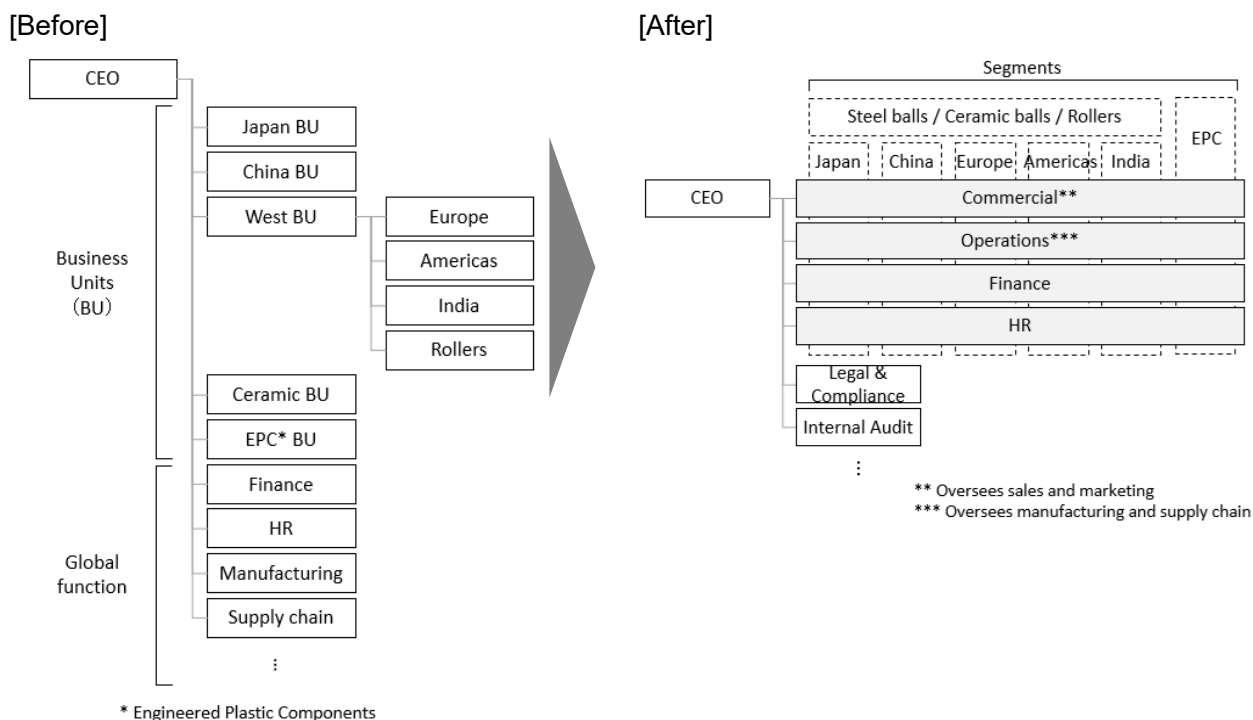
Guided by its purpose—“To help the world to move by the power of precision”—the Company is currently implementing various structural reforms alongside strengthening management framework as part of its Mid-Term Business Plan 2025–2029. Under this initiative, the Company aims to simplify its organizational structure, by reducing the number of management positions, and to enhance management agility.

To date, the Company has operated under a Business Unit (BU) structure organized by region and product in order to respond flexibly to customers’ regional optimization needs. However, in recent years, customer needs have increasingly shifted toward global optimization. Under the current structure, each BU maintains functions such as human resources, general affairs, accounting, sales, manufacturing, and procurement, and has operated in many ways similarly to an independent organization. As a result, the Company has experienced structural challenges, including fragmented decision-making due to organizational silos and delays in communication and responsiveness caused by organizational complexity.

Therefore, in this organizational change, the Company will discontinue the BU structure and transition to an integrated operational structure with shared functions. This will allow the Company to optimize management costs and establish a framework to rapidly achieve overall optimization. Moving forward, the Company will operate under a structure centered around four core functions: Commercial (oversees sales and marketing), Operations (oversees manufacturing and supply chain), Finance, and Human Resources. Thus, the management team will be steered by the heads of these functions and the CEO, streamlining the leadership structure from the current 12-member team—which included BU Presidents—to a five-member team. Additionally, the Company will reduce costs by optimizing senior and middle management positions following the elimination of the BUs.

2. Details of organizational change

The Company decided to discontinue BU system and shift to function based system.



3. Aim of the organizational change

- 1) Reduction of SG&A expenses: Eliminate overlapping functions and streamline the organizational structure to reduce labor and administrative costs.
- 2) Acceleration of decision-making: Reduce organizational layers to enable faster responses to market developments and customer needs.
- 3) Enhancement of customer responsiveness: Leverage the global network to achieve production and supply from optimal locations.
- 4) Optimization of procurement and supply chain: Further promote global optimization of raw material sourcing and centralization of purchasing.
- 5) Standardization of manufacturing, engineering, and quality: Promote the sharing of best practices and human resources to further enhance global operational efficiency.

4. Timing of organizational change

June 8, 2026 (planned)

5. Rationalization by workforce reduction

The Company expects to incur approximately 500 million yen for the purpose of reducing workforce associated with the elimination of certain positions due to this organizational change.

- 1) Employees to be separated: Primarily senior executives and managers whose position will be eliminated as a result of this organizational change
- 2) Expected number of retiring employees: Approximately 30 people
- 3) Expected retirement date: By the end of December 2026 (on a rolling basis)

6. Major leadership changes effective June 8, 2026

Name	New title	Current title
Yoshio Sugawara	Chief Commercial Officer	President, West BU
Yoshinori Kodera	Chief Operations Officer	Chief Supply Chain Officer

7. Impact on consolidated business

The Company expects approximately 500 million yen of costs associated with this organizational change. However, it will be offset by the anticipated cost savings of approximately 500 million yen. Therefore, the impact to consolidated business results for the fiscal year ending December 31, 2026, will be immaterial.