

June 24, 2024

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## **Notice regarding the signing of Business and Capital Alliance Agreement, issuance of new shares in third-party allotment, and change in other affiliate companies**

Nippon Den kai, Ltd. (the “Company”) hereby announces that it has resolved at its Board of Directors’ meeting held on June 24, 2024, to enter into a Business and Capital Alliance (“Business and Capital Alliance”) with Tex Technology (“Tex”), per the Business and Capital Alliance Agreement (“Agreement”) the Company will issue shares of its commons stock (“Shares”) by way of a Third-Party Allotment (“Third-Party Allotment”) to Tex, who is the Scheduled Allottee (“Scheduled Allottee”), as described below.

### Outline of the Business and Capital Alliance

#### 1. Purpose and reasons of the Business and Capital Alliance

Due to the rapidly changing business environment because of high EV inventory levels, a slowdown in EV-related investments, and the decline in orders from main customers in the print circuit board field the Company has been making efforts to strengthen our capital position through external funding. Our initial efforts were disclosed in the “Notice regarding the signing of Business and Capital Alliance Agreement, issuance of the second series of share acquisition rights by way of third-party allotment, borrowing of funds, and postponement of the commencement of construction of the Augusta Plant.”, issued on January 10, 2024, (the “January 10, 2024, Disclosure”),

The Company began partnering with the LCY Group (“LCY”), which includes LCY Technology Corporation (“LCYT”) and Lee Chang Yung Group International Pte. Ltd (“LCYI”). LCY offers the Company sufficient funds, an understanding of our medium- to long-term business plan and can leverage the Company’s strength to create potential synergies. The Company signed a Business and Capital Alliance Agreement with LCYT and LCYI. As part of this agreement, the Company issued its second series of share acquisition rights by way of third-party allotment to LCYI, and borrowed USD 9,500,000 through Den kai America Inc., the Company’s wholly owned US subsidiary. The initial plan was for the Company to make the direct loan from LCYI through in-kind contributions upon the exercise of the share acquisition rights.

As disclosed on March 25, 2024, “Notice of Failure to Exercise the Second Share Acquisition Rights and Expiration of the Exercise Period,” the share acquisition rights lapsed, as LCYI, the allottee, decided not to exercise their rights to the share purchase within the exercise period, and whose reason have not been

disclosed. The loan receivable from LCYI to Denkai America Inc., which was supposed to be contributed in-kind upon exercise of the share acquisition rights based on the bridge loan agreement dated January 10, 2024 (the “LCYI Loan Receivable”), remains outstanding. The failure of LCYI to exercise of the share acquisition rights (JPY 2,304,384,000) less the amount of contribution in kind for the LCYI Loan Receivable places additional financial strain on the Company.

In April, of this year, the Company entered discussions with Tex regarding the payment for equipment purchased from Tex. Tex has been a major business partner of the Company, supplying copper foil manufacturing items such as plating drums, slitting machines, and inspection equipment. During these discussions, Tex offered additional capital investment into the Company. The Company and Tex had further discussions related to technical support for manufacturing general use copper foil. The Company could provide manufacturing know-how to new foil manufactures using Tex equipment, but not competing against the Company. This partnership would also provide Tex with information to improve their copper foil manufacturing equipment through feedback from the various Company manufacturing sites, resulting in contribution to the improvement of revenue as well as corporate value of Tex. The Company would secure additional capital for short-term investments in facilities and equipment and long-term expansion of the business. Ultimately, these discussions have led to the formation of our Business and Capital Alliance.

This Business and Capital Alliance provides the Company with improved financial integrity and strengthens our relationship with a critical business partner. The Business and Capital Alliance accompanies a level of dilution (11.50% [11.52% on a voting right basis]); however, the Company judges that this dilution is reasonable based on the overall benefit to the organization and the Shareholders. The Company also agrees that Tex retains the right to appoint one outside director candidate of the Company after completing the payment for the Third-Party Allotment to further strengthen our alliance.

## 2. Details of the Business and Capital Alliance

### (1) Details of the capital alliance

The Company signed the Business and Capital Alliance Agreement with Tex on June 24, 2024, and allotted 1,040,500 shares in its common stock to Tex. Tex, as the Scheduled Allottee, is expected to accept all the Shares issued in the Third-Party Allotment. For details of the Third-Party Allotment, see II. Issuance of the Shares through Third-Party Allotment to be described afterward.

### (2) Details of the business alliance

To maximize the Company’s corporate value and further expand and develop the businesses of the Company and Tex. The Capital Alliance Agreement shall provide the framework for the companies to mutually form concrete measures to expand the sales channels of Tex’s copper foil manufacturing equipment and strengthening of the Company’s copper foil business.

### (3) Dispatch of directors

The Company agrees that Tex has the right to nominate one candidate as a part-time outside director.

## II. Issuance of the Shares through Third-Party Allotment

### 1. Overview of offering

(1) Payment date	July 10, 2024
(2) Number of new shares to be issued	1,040,500 shares of common stock
(3) Issue price	JPY 961 per share of the Company’s common stock

(4) Amount of funds to be raised	JPY 999,920,500
(5) Total amount of paid-in capital	The amount of above (4) divided by 2
(6) Method of offering or allotment	Third-party allotment
(7) Scheduled Allottee	Tex
(8) Others	The above is subject to the notification under the Financial Instruments and Exchange Act being in effect.

## 2. Purpose and reasons for the offering

See 1. Purpose and reasons of the Business and Capital Alliance of I. Outline of the Business and Capital Alliance described above.

## 3. Amount of funds to be raised, use of the proceeds, and expected time of expenditure

### (1) Amount of funds to be raised (estimated net proceeds)

(1) Total amount to be paid	JPY 999,920,500
(2) Estimated cost of issuance	JPY 14,500,000
(3) Estimated net proceeds	JPY 985,420,500

(Note 1) The estimated cost of issuance includes legal fees and registration fees (including registration and license tax).

(Note 2) The estimated cost of issuance does not include consumption tax, etc.

### (2) Specific use of proceeds to be raised and expected date of expenditure

The estimated net proceeds, JPY 985 million, will be used for payments related to facilities and equipment as follows:

Specific use of proceeds	Amount (million yen)	Expected time of expenditure
Payment to Tex related to equipment with long lead time (capital investment)	713	Between July 2024 to November 2024
Payment for facilities and equipment	272	Between July 2024 to November 2024
Total	985	—

(Note) The funds procured will be managed appropriately in a bank account until their actual use.