

March 25, 2024

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Notice of Failure to Exercise the Second Share Acquisition Rights and Expiration of the Exercise Period

Nippon Den kai, Ltd. (“the Company”, TSE:5759) announces that Lee Chang Yung Group International Pte. Ltd., the allottee of the Second Share Acquisition Rights (“the Share Acquisition Rights”) issued on January 26, 2024, informed us on March 22, 2024 that it would not exercise the Share Acquisition Rights by March 25, 2024, and the exercise period of the Share Acquisition Rights has expired on March 25, 2024.

1. Outline of the Share Acquisition Rights

(1) The name of the rights	The second share acquisition right of Nippon Den kai, Ltd.
(2) Allocation date	January 26, 2024
(3) Number of share acquisition rights issued	22,592
(4) Number of potential shares to be issued as a result of such issuance	2,259,200 shares (100 shares per Share Acquisition Right)
(5) Amount to be paid in upon exercise of the share acquisition rights	JPY 1,020
(6) Amount of raised funds	JPY 2,304,384,000
(7) Exercise period	From January 27, 2024 to March 25, 2024
(8) Allottee	Lee Chang Yung Group International Pte. Ltd. (“LCY International” or “the allottee”)

(Note) The Company has issued the Share Acquisition Rights to the allottee, and Den kai America Inc., procure funds from LCY International through a Bridge Loan Agreement (the “Loan Agreement”) dated on January 10, 2024 between the LCY International and Den kai America Inc., as announced in “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”. Cash and/or the loan receivable, and interest under the Loan Agreement were planned to be contributed upon the exercise of the Share Acquisition Rights by LCY International. However, cash and/or the loan receivable, and interest were not contributed due to failure to exercise of the Share Acquisition Rights. An outline of the Loan Agreement is as follows.

<Outline of the Loan Agreement>

(1) Borrower	Denkai America Inc.
(2) Lender	LCY International
(3) Loan principal amount	USD 9,500,000
(4) Contract date	January 10, 2024
(5) Loan execution date	January 26, 2024
(6) Maturity date	January 26, 2025
(7) Interest rate	<p>the Interest rate to March 25, 2024: the 1-year U.S. Treasury rate + 1.00% per annum the Interest rate from March 26, 2024 in the case where the Share Acquisition Right is exercised by March 25, 2024: the 1-year U.S. Treasury rate + 1.00% per annum the Interest rate from March 26, 2024 in the case where the Share Acquisition Right is not exercised by March 25, 2024: the 1-year U.S. Treasury rate + 3.50% per annum</p>
(8) Collateral	A portion of the movable property held by Denkai America Inc.

2. The Result Regarding the Exercise of the Share Acquisition Rights, as of March 25, 2024

(1) Number of exercised Share Acquisition Rights	—
(2) Number of acquired or cancelled Share Acquisition Rights	—
(3) Number of unexercised Share Acquisition Rights	22,592

3. Unexercised Share Acquisition Rights

The 22,592 of unexercised share acquisition rights has lapsed as the expiration of exercised period in accordance with Article 287 of the Companies Act.

4. Future Outlook

The impact of this matter on the business performance of the Company is currently under evaluation. In the case of any matters that should be disclosed, the Company will make an announcement as soon as possible.

The Company has entered into a business and capital alliance agreement with LCY TECHNOLOGY CORPORATION ("LCYT") and LCY International to form a capital and business alliance as announced in the notice dated January 10, 2024. After entering into the Capital and Business Alliance Agreement, the LCY Group was to conduct further due diligence on the Group, and the allottee was to implement the prior notification procedures under the Foreign Exchange and Foreign Trade Law. However, since the allottee did not exercise the Share Acquisition Rights within the exercise period, the Share Acquisition Rights have lapsed without being exercised.

Although the allottee did not exercise the Share Acquisition Rights, the business alliance between the Company, and LCYT and the allottee will continue as the notice dated January 10, 2024.

In addition, the Company is still evaluating when to be capitalized and timing regarding payment of the base contingency fee of US\$3,500,000 to BofA Securities Inc. The Company plans to announce the information as soon as the Company decides on the direction.

With regard to the funds required for capital investment in the new plant of the U.S. subsidiary, the Company is evaluating procurement methods while closely examining the timing of additional procurement based on the trend of the market for copper foil for automotive batteries. The "Explanatory Material on Business Plan and Growth Possibilities" based on these plans is scheduled to be submitted by the end of June 2024.