



March 28, 2024

Company name: NIPPO LTD.
Name of representative: Yasuchika Iwasa, Representative Director and President
(Securities code: 9913; Tokyo, Nagoya Market)
Inquiries: Hirotugu Mizuguchi, Executive Officer, General Manager of Corporate Planning Division
(Telephone: +81-52-218-3161)

Notice of Capital and Business Alliance Agreement with TBM

Nippo Ltd., hereby announces that its Board of Directors voted on March 28, 2024, to enter into a capital and business alliance agreement with TBM Co., Ltd., corporation (headquarters: Chiyoda-ku, Tokyo; CEO: Nobuyoshi Yamasaki), and that the two companies executed the agreement today.

1. Reason for Seeking Business Alliance

Under its Medium-Term Management Plan 2025, Nippo has striven to establish a new business model and develop products and materials that contribute to the environment. To that end, Nippo and TBM have been looking into the matters described in 2. below. The two companies decided to enter into an alliance having concluded that combining TBM's strengths—i.e., its environmentally-friendly Limex material—with Nippo's strength in precision plastic molding technology, would generate business synergies and thus enhance corporate value over the mid-to-long term.

Limex is an inorganic filler-dispersion composite material developed by TBM containing more than 50% inorganic materials such as calcium carbonate. It is attracting much attention as an eco-friendly alternative to plastic and paper that can significantly reduce carbon dioxide emissions over through its reduced use of petroleum-derived plastic.

2. Details of the Business Alliance

Nippo and TBM apply their aforementioned strengths in specific areas with a view to spurring further development of both companies' businesses and driving corporate value. Moving forward, the parties will discuss details, including the specific division of roles.

- (1) Outsourcing the manufacturing of TBM's eco-friendly Limex Pellets to Nippo's plant in Vietnam.
- (2) Joint development and production of new Limex materials using Nippo's engineering plastics, and development of applications for these materials in industrial components.
- (3) Joint development and production of new Limex materials using biodegradable plastics with a view to opening up new business in the agricultural, fisheries, and forestry sectors, and development of applications for these materials.
- (4) Other areas the two companies agree upon following discussions.

3. Details of the Capital Alliance

In undertaking the business alliance, the two companies will share their technical information assets to pave the way for development and delivery of new products and services, and to lay foundations on which both companies can seek to build a sustainable competitive advantage. Moreover, to further strengthen the ties that bind the parties and make their business alliance ever sturdier and more resilient, Nippo will acquire a stake in TBM by investing in some of the new shares issued by TBM through a third-party allotment.

Acquisition of TBM shares by Nippo

Class of shares to be acquired	Common shares
Total price of share purchase	248 mil. JPY
Method of acquisition	Nippo will be allocated some of the shares to be issued by TBM in a third-party allotment
Purchase date	March 29, 2024

4. Overview of the Capital and Business Alliance

(1) Name	TBM Co., Ltd.
(2) Address	15th fl., Toho Hibiya Bldg., 1-2-2 Yurakucho, Chiyoda-ku, Tokyo 100-0006 Japan
(3) CEO	Nobuyoshi Yamasaki
(4) Business	Development of eco-friendly materials; manufacture and sale of eco-friendly products; activities to promote recycling, etc.
(5) Capital	100 mil. JPY (12,035,460,000 JPY when incl. capital reserve; as of Dec. 31, 2023)
(6) Incorporated	August 30, 2011
(7) Relationship with Nippo	The ties between Nippo and TBM do not constitute personal, capital, or business relationships, or related party status.

NB: TBM is an unlisted company and does not publish financial results, etc. In accordance with the wishes of TBM, information pertaining to major shareholders and their stakes, consolidated financial results and consolidated financial position for the past three years have been omitted from this report.

5. Schedule

(1) Board of Directors vote	March 28, 2024
(2) Execution of agreement	March 28, 2024
(3) Alliance commences	Scheduled for April 2025 (The parties have deemed the business year ending March 31, 2025, to be a period of preparation to ensure readiness for the start of the alliance.)

6. Outlook

Nippo believes that the impact of the alliance on the group's consolidated financial results forecasts for the years ending March 31, 2024 and 2025, will be minor. In the following year, however, when the mass-production portion of the alliance starts, Nippo believes that the alliance will contribute to the company's ability to reach 2 billion JPY in operating income, one of the major milestones stipulated in its Medium-Term Management Plan 2025. Nippo is committed to using the alliance as a vehicle for enhancing corporate value over the mid-to-long term and helping to usher in a sustainable society.

One of the grounds for termination stipulated in the alliance agreement is a change in the composition of shareholders (including, but not limited to, a change in shareholders holding 20% or more of the voting rights) resulting in a change in control of the company. The agreement states that if such a situation arises at one of the companies, the other party may terminate the agreement.

Nippo will promptly announce any information subject to timely disclosure requirements.

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