

Business Alliance and Financing with Advantage Advisors Co., Ltd.

October 18, 2023

Tsubaki Nakashima Co., Ltd.

(Prime Market of TSE 6464)



Purpose of Business Alliance and Fundraising to Increase Corporate Value

Proactively consider and steadily implement various measures to improve business performance by utilizing the know-how received from Advantage Advisors in the management measures being undertaken by the Group.

- Strengthening sales
 - Reviewing unprofitable products, etc.
- Restoring earning power
 - Rebuilding the U.S. and linear business

“Best in Class” manufacturing company

- Improving development speed
- Streamlining and strengthening development resources
- Investing in human resources
- Strengthening DX initiatives, etc.



Increase in the corporate value of the group

Providing Strategic Advice
Providing growth capital

Advantage Advisors

Summary of Advantage Advisors

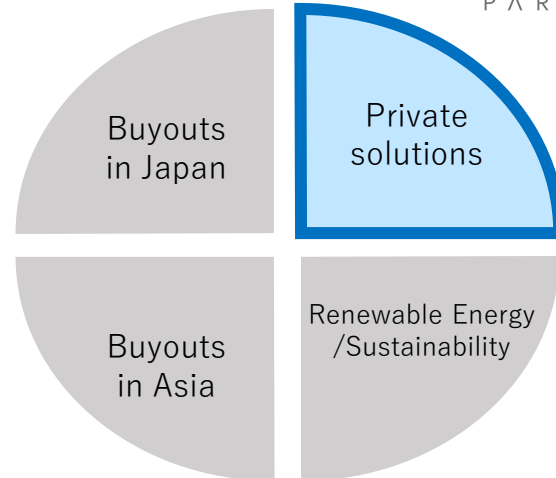
A pioneer in private equity investment with over 25 years of experience in 110 investments worth over 500 billion yen (Note1)

Philosophy

Advantage Partners nurtures its portfolio companies to be able to grow as competitive companies even after they have left its funds, and supports an investment process and post-investment management process which allows it to provide value not only to its funds and investors, but also to all affiliated parties, including other shareholders, employees and their families, business partners, and financial institutions, so that they can enjoy the economic value through the fund investments.

Four Investment Strategy of Advantage Partners

ADVANTAGE
PARTNERS



Advantage Advisors

Within the Advantage Partners Group, a pioneer in Japanese private equity funds, Advantage Advisors is responsible for a “private solutions” strategy in which it acquires shares of listed companies, etc. and works hand in hand with the management teams of those companies to enhance corporate value.

<Strategic Partners>
Development Bank of Japan Inc. (Note 2)
NTT DoCoMo Inc.

<Recent Major Clients>
RENAISSANCE INCORPORATED
VisasQ Inc.
Star Flyer Inc.
Ferrotec Holdings Corporation

Sun Frontier Fudousan Co., Ltd.
KOSHIDAKA HOLDINGS Co., LTD.
Saint Marc Holdings Co., Ltd.
Star Flyer Inc.
The Monogatari Corporation

Note 1: The number of investments does not include subsequent investments, and the stated amount includes investments through co-investment funds for which Advantage Partners provides services.

Note 2: Development Bank of Japan Inc has been supporting the Advantage Advisors Growth Support Investment Limited Partnership since 2019, and is utilizing a “Special Investment Operations” scheme for investment projects from the Partnership which meets the requirements to qualify for “Special Investment Operations” (which meet the policy goals of (i) revitalizing the regional economy or (ii) increasing competitiveness of Japanese companies while (iii) promoting the supply of funds for the self-reliant development of private businesses) and business requirements (including the effective use of management support, management innovation, and improvement of productivity and profitability). Development Bank of Japan Inc will also support this case by utilizing a “Special Investment Operations” scheme.

Details of Business Alliance and Fundraising to Increase Corporate Value

- Business aspects
 - Recruiting
 - Strengthening business management systems
 - Promoting M&A (including capital tie-ups)
 - Others
- Financial aspects
 - Combination of CBs and SARs to strengthen capital and raise funds while limiting immediate dilution impact

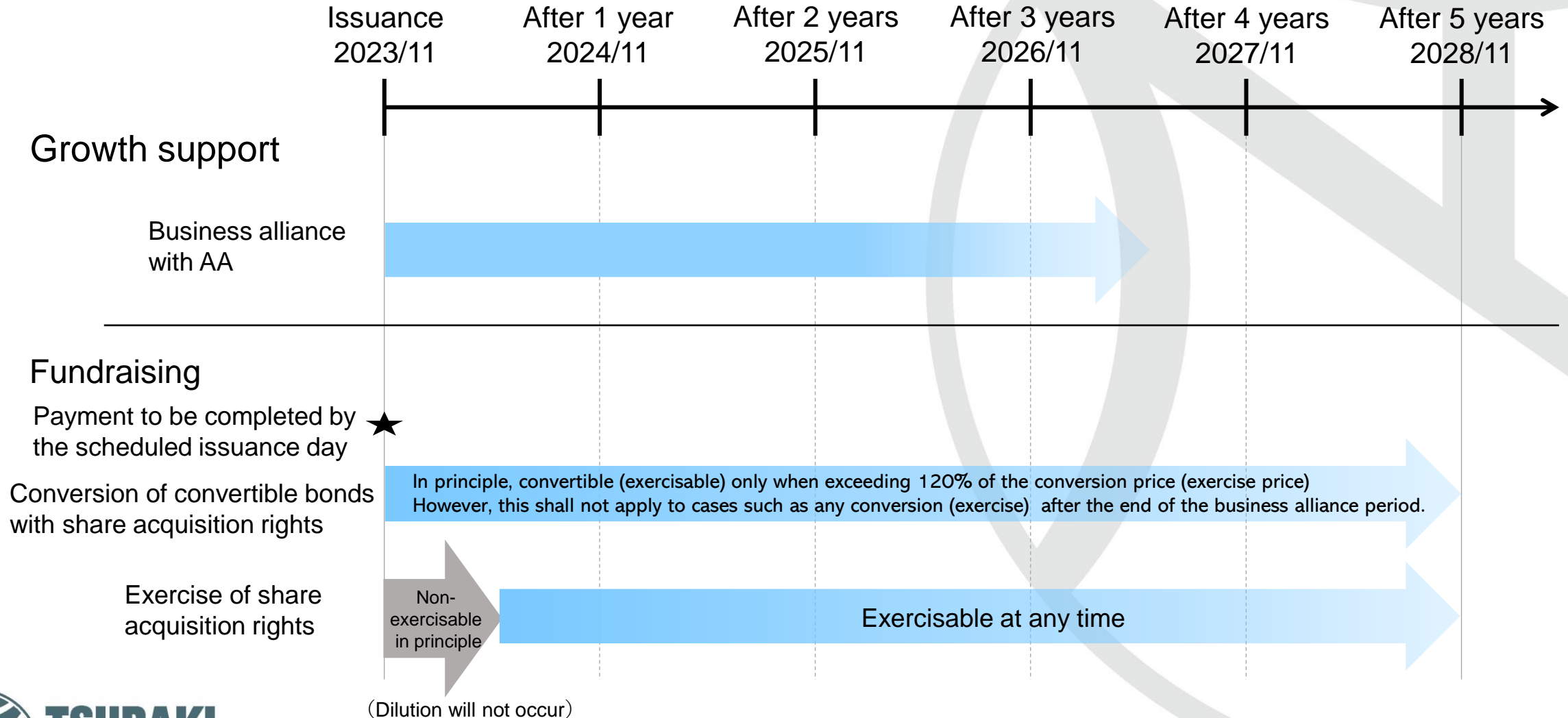


Increase in the corporate value of the group

Outline of Capital Increase through Third-Party Allotment

Type	Convertible bonds with share acquisition rights	Share acquisition rights
Payment date/Allotment date	November 9, 2023	
Amount of funds to be acquired	10.02 billion yen	5,029,265,724 yen Issue price : 29,271,324 yen
Bond interest rate	0%	-
Maturity	5 years	-
Convertible period (Exercisable period)	5 years from the day after the allotment date <small>In principle, convertible (exercisable) only when exceeding 120% of the conversion price (exercise price)</small>	5 years from the day after the allotment date <small>In principle, conversion is not possible for six months from the allotment date.</small>
Conversion price (Exercise price)	Initial conversion price (initial exercise price) : 796 yen Floor conversion price (floor exercise price) : 676 yen	

Business Alliance and Conversion Schedule



Specific use of funds to be raised

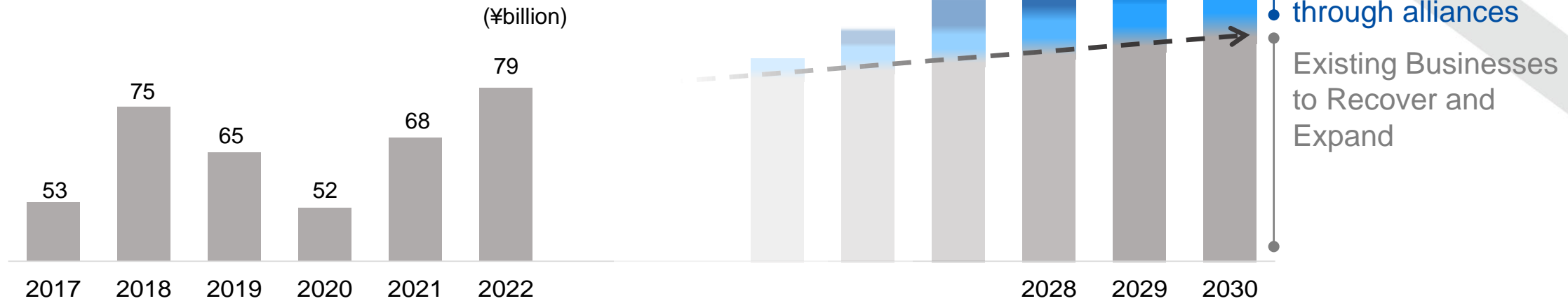
Specific use of funds	Amount (Millions of yen)	Scheduled timing of expenditure
1. Capital expenditure to increase production of ceramic balls, steel balls, and medical parts	7,300	January 2024 to October 2028
2. Capital expenditure to supply high quality products	3,200	January 2024 to October 2028
3. Capital expenditure to improve profitability in the U.S. Business by changing work schedules, streamlining logistics, and incorporating high value-added products	1,000	November 2023 to October 2028
4. Capital expenditure to improve thermal efficiency, switch from fossil fuels to electric energy, and expand solar installation	3,534	January 2024 to October 2028

Business Growth Image



+ Advantage Advisors =

By promoting each project, Accelerate growth and increase corporate value



Transformation through business alliances

Aim to provide even more added value to all stakeholders by transformation through this business alliance

Transformation
through business
alliances

” Next-generation business management”

Uncertainty x Mechanization of globally responsive business management and ongoing rationalization based on it

“Strengthening the value and position of active companies”

Strategically build unique value and position in new contexts such as ceramic balls, etc.

Implications for Transformation

for shareholder

Capture the fruits of growth areas created by rapid implementation of measures, and continuously increase corporate value

for customers

Supporting customers' business growth by providing high value-added products ahead of competitors

for employees

Provide growth opportunities and increase engagement as global business expands

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