

Supplement on Issuance of Stock Acquisition Rights

May 27, 2024
Diamond Electric Holdings Co., Ltd.

Background and purpose of financing

Based on the management philosophy of "contributing to the development of customers through manufacturing, accumulating trust, and contributing to the enrichment of society," Diamond Electric Holdings Co., Ltd. conducts activities with the Mobility Equipment Business, Energy Solutions Business, Home Electronics Business, and Other (Die & Mold Sector) Business as its main business segments.

In October 2023, in our new Mid-Term Management Plan "**Scrum of Fire**," we adopted a new management vision, "Contribute to the Improvement of Global Environment by Connecting Cars and Homes with Manufacturing," aiming for sustainable growth and becoming a true public entity. We are strengthening our efforts to develop technologies that contribute to a society that aims to reduce CO2 emissions, in wish to become a "MONOZUKURI (manufacturing) company" that contributes to the realization of a sustainable society.

With this funding, the Company will design and develop next-generation power conditioners and storage systems for residences, industrial three-phase power conditioners and power storage systems and V2H (Vehicle-to-Home) systems, with the aim of contributing to the reduction of CO2 emissions as well as to the construction of an electric power infrastructure using renewable energy and storage batteries during disasters.

Key points of fund procurement

- Fund procurement in line with the new medium-to long-term management plan
Use of funds in line with the Company's new medium-to long-term (October 2023 - March 2028) management plan "**Scrum of Fire**"
- Simultaneous issuance of two types of subscription rights to shares (subscription rights to shares with modified exercise price and subscription rights to shares with fixed exercise price)
Aim to minimize the risk of stock price declines through steady capital procurement and early dilution

Use of Funds and Environmental Improvement Effects

1 Design and development of next-generation power conditioner and power storage system for residential use

- Amount: 7.24 billion yen / Payment period: June 2024 - June 2026
- CO2 reduction effect: 218,990t-CO2 / year
- Storage capacity: 426 MWh

2 Design and development of industrial three-phase power conditioner* and power storage system

- Amount: 7.27 billion yen / Payment period: June 2024 - June 2025
- CO2 reduction effect: 25,327 t-CO2 / year
- Storage capacity: 100 MWh

3 V2H (Vehicle-to-Home) ** System design and development

- Amount: 2.53 billion yen / Payment period: June 2024 - June 2025
- CO2 reduction effect: 2,717t-CO2 / year
- Storage capacity: 8 Mwh

Note:

* Facilities that enable schools, community centers, factories, and other facilities to serve as emergency power supply infrastructure in the area in the event of a disaster.

** A system that is indispensable as an infrastructure for connecting the storage batteries of electric vehicles to homes, etc. and expanding the range of utilization. Demand for this system is expected to increase along with the spread of electric vehicles.

The CO2 reduction effect and storage capacity are estimated based on the specifications of the planned product and the production capacity of the production facilities. In addition, all these projects will also contribute to supplying electricity to local areas in the event of a disaster, as a social benefit.

SDGs Targets that Target Projects May Contribute



We intend to contribute to the achievement of the SDGs (Sustainable Development Goals) through this fundraising.

3. Technology Contributing to Improve Global Environment by Connecting Cars and Homes with Manufacturing

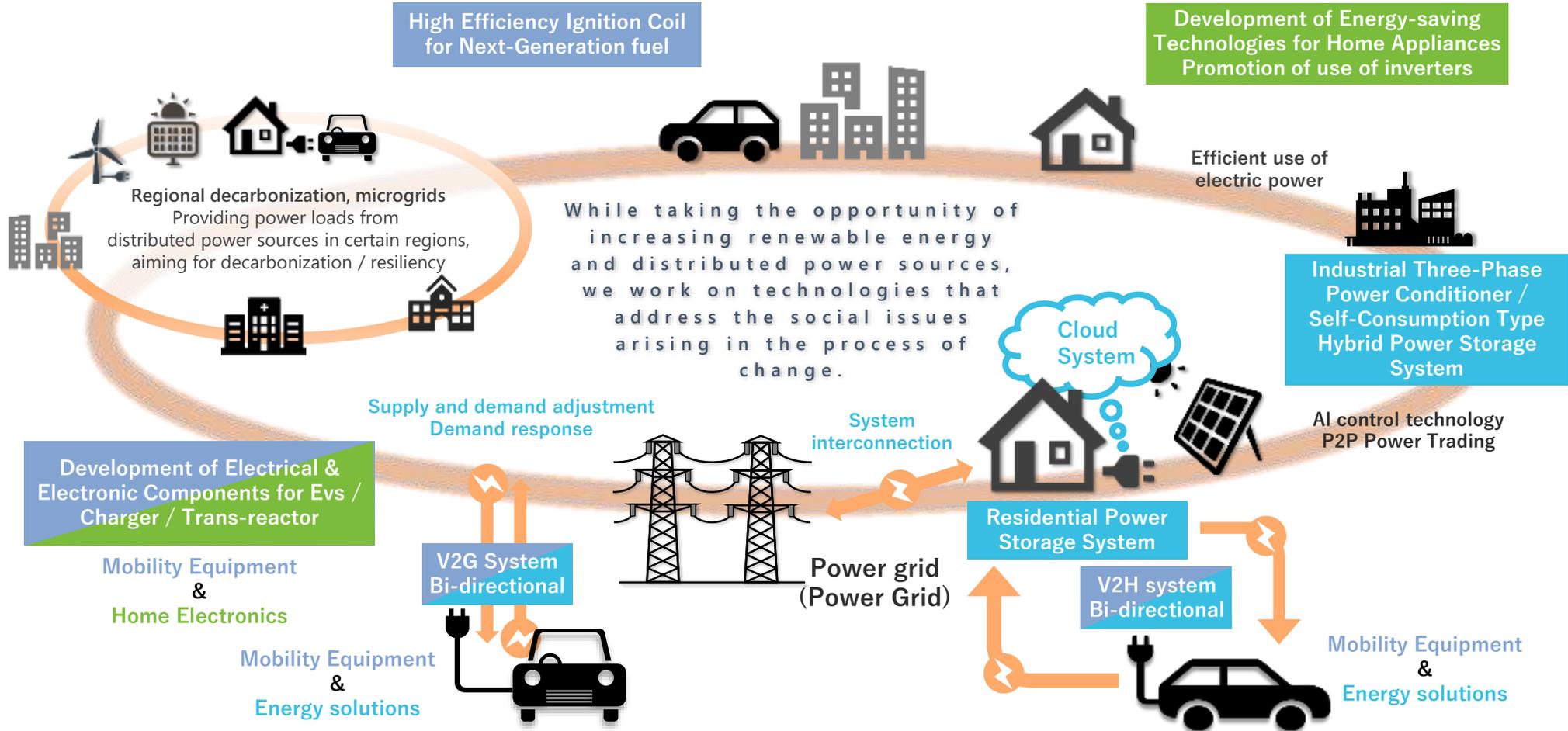
Mobility Equipment business

Energy Solutions Business

Home Electronics business

Leveraging the cross-channel and cross-sales strengths of our Three Core Business:

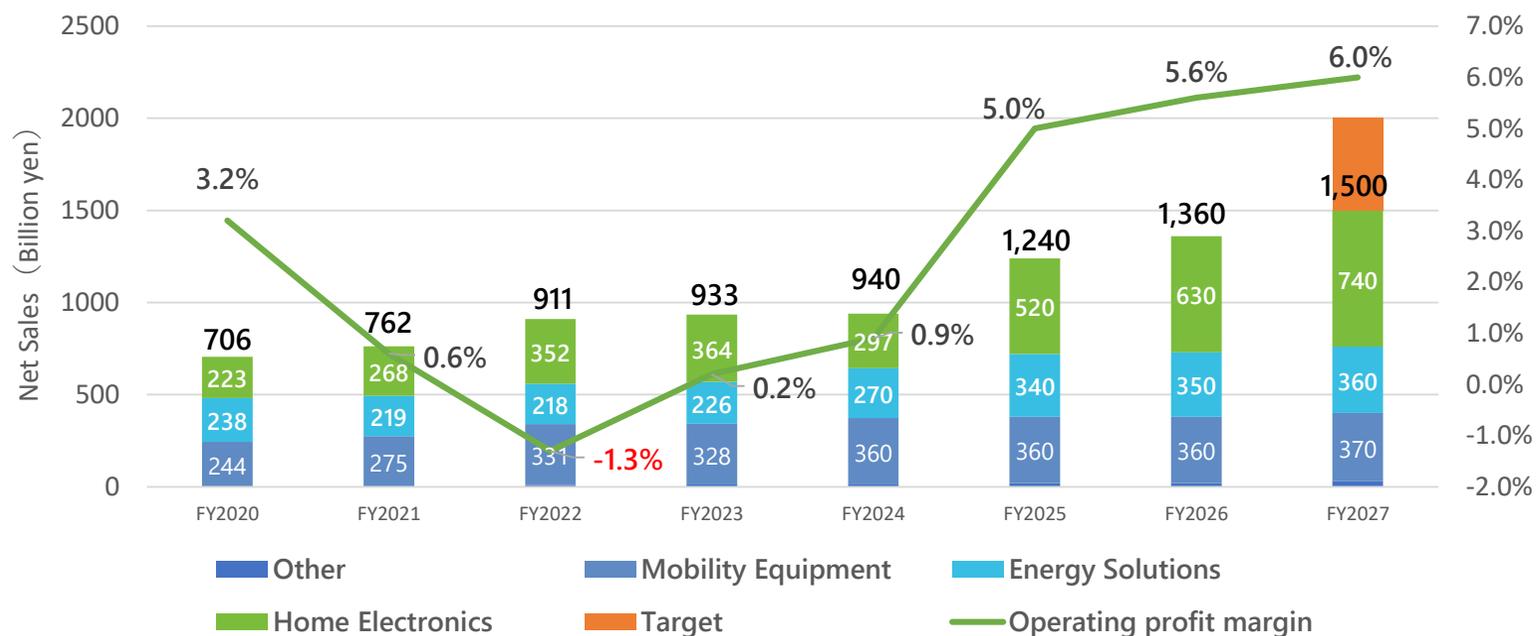
We will promote strategic technology and product development toward the realization of a carbon-neutral society.



4. Medium-to Long-Term Management Plan Targets

	Fiscal year ended March 2023	Fiscal year ending March 2024	Target for the FY ending March 2028
Net sales	91.1 billion JPY	93.3 billion JPY	Target 200 billion JPY Commitment 150 billion JPY
Operating profit margin	- 1.3%	0.2 %	6% or more
R O E	- 10%	-18.1 %	20% or more

Net Sales / Operating profit margin



5. Features of the Share Acquisition Rights

Subscription rights to shares	5th Series Stock Acquisition Rights	6th Series Stock Acquisition Rights
Assignee	EVO FUND	
Date of resolution to issue	May 27, 2024	
Publication date	June 12, 2024	
Issue price	1.13 Japanese yen (113 JPY per unit)	0.99 Japanese yen (99 JPY per unit)
Number of stock acquisition rights	10,000 units (100 shares per unit)	10,000 units (100 shares per unit)
Number of shares subject to	1,000,000 shares (dilution ratio: 10.96%)	1,000,000 shares (dilution ratio: 10.96%)
Exercise price	The first revision was made on June 13, 2024, and every Friday thereafter, it will be revised to the higher of 100% (rounded down to the nearest 1JPY) of the average closing price for the last five trading days or 90% (rounded up to the nearest 0.1 JPY) of the closing price on the trading day preceding the date of such revision (however, that if the amount is below the Minimum Exercise Price, the Minimum Exercise Price shall apply)	1,000 yen (initially fixed)
Minimum exercise price	633 yen	633 yen
Notional principal	700 million yen	1 billion yen
Exercise period	2 years	2 years
Acquisition clause	Acquired on June 12, 2026	Acquired at the discretion of the Company + Acquired on June 12, 2026
Other	-	<u>The exercise price can be adjusted from a fixed type to a variable type.</u> If the exercise Price is adjusted to a variable type, the first adjustment will be made on the day when the exercise price is changed to the variable rate type, and on every Friday thereafter, the exercise price will be adjusted to the higher of 100% (rounded down to the nearest 1JPY) of the average closing price of the last five trading days or 90% (rounded up to the nearest 0.1 JPY) of the closing price of the trading day preceding the day of such adjustment (however, if such amount is less than the minimum exercise price, the minimum exercise price).

6. Use of funds → Allocate to growth investment

Specific Use	Amount of working capital (millions of JPY)	Scheduled Period of Expenditure
(a) Design and development of next-generation power conditioner and power storage system for residential use	725	June 2024 to June 2026
(b) Design and development of industrial three phase power conditioner and power storage system	727	June 2024 to June 2025
(c) Design and development of various V2H (Vehicle to Home) systems	253	June 2024 to June 2025

(Note) Funds will be appropriately managed in the Company's deposit account, etc. until the scheduled timing of expenditure. In addition, by applying the Sustainability Finance Framework for which a second party opinion was obtained from DNV GL in August 2022, we will disclose the progress of the project and the status of the allocation of the procured funds on an annual basis.

Terms of Products (Handled by the Company in This Document)

Power conditioner :

A device that converts electricity generated by solar panels into electricity that can be used at home. A hybrid system is one that uses the power of a storage battery in addition to solar power.

Industrial three-phase power conditioner :

Power conditioner equipment suitable for scenes that require a lot of electricity such as industrial applications. It corresponds to the electricity called three phase which can obtain stronger power than that for general home use.

V2H :

Abbreviation of "Vehicle-to-Home". In addition to the charging function for electric vehicles (EV, PHV), it has a function to convert the electric power stored in the vehicle to electric power that can be used at home. By utilizing the large-capacity storage batteries of automobiles, this system makes it possible to optimize the use of electric power in accordance with usage scenarios.

Contact Information

Diamond Electric Holdings Co., Ltd.

Our website

<https://www.diaelec-hd.co.jp/contact/>

Regarding Forward-Looking Statements

This material is provided for the sole purpose of providing information to investors, not intended as a recommendation to buy/sell. The forecasts and other forward-looking statements in this document are based on management's assumptions and beliefs based on currently available information. Therefore, please note that actual results may differ from those described due to changes in various factors.

The company makes no representations or guarantees with respect to these contents.

This document is presented under assumption that investors shall use it at their own discretion and risk, regardless of the purpose for which it is used, and the company will not be held responsible in any case.