



May 28, 2025

Company name:	Diamond Electric Holdings Co., Ltd.
Name of representative:	ONO YuuRi, President and CEO (Securities code: 6699; Prime Market)
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## Notice Concerning Reduction of Capital Reserve and Appropriation of Surplus

At the Board of Directors meeting held today, Diamond Electric Holdings Co., Ltd. ("the Company") resolved to submit a proposal regarding the reduction of capital reserve and the appropriation of capital surplus to the 7th Annual General Meeting of Shareholders scheduled for June 27, 2025, as outlined below.

### 1. Reduction of Capital Reserve and Other Appropriations of Capital Surplus

#### (1) Purpose

As of the end of the fiscal year ended March 31, 2025, the Company recorded a deficit in retained earnings carried forward amounting to JPY 2,576,198,540. The purpose of this reduction in capital reserve and appropriation of other capital surplus is to eliminate the deficit in retained earnings carried forward and secure funds for future dividend payments.

#### (2) Details of the Reduction in Capital Reserve

Pursuant to Article 448, Paragraph 1 of the Companies Act, the Company will reduce the capital reserve by JPY 4,200,000,000 from its current amount of JPY 4,590,853,260 and transfer the same amount to other capital surplus. After this reduction, the capital reserve will be JPY 390,853,260.

Please note that should any of the fifth, sixth, or seventh stock acquisition rights issued through third-party allotments be exercised before the effective date, the portion of capital reserve increased by such exercises will not be subject to reduction. Accordingly, the final amount of capital reserve after the reduction may differ from the amount stated above.

#### (3) Details of the Appropriation of Other Capital Surplus

Pursuant to Article 452 of the Companies Act, and subject to the effectiveness of the capital reserve reduction mentioned in (2) above, the Company will reduce JPY 2,571,680,769 from the other capital surplus transferred in (2) and appropriate this amount to retained earnings carried forward to offset the deficit. As a result, the amount of retained earnings carried forward after the transfer will be JPY - 4,517,771.

##### 1) Surplus to be reduced and the amounts

Other capital surplus:	JPY 2,571,680,769
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##### 2) Surplus to be Increased and the amounts

Retained earnings carried forward:	JPY 2,571,680,769
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2. Schedule for the Reduction of Capital Reserve and Appropriation of Surplus

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|---|---------------------------|
| 1) Date of Board of Directors Resolution          | May 28, 2025              |
| 2) Date of public notice for creditor objections  | June 17, 2025 (scheduled) |
| 3) Date of shareholders' resolution               | June 27, 2025 (scheduled) |
| 4) Final date for creditor objections             | July 17, 2025 (scheduled) |
| 5) Effective date of reduction in capital reserve | July 18, 2025 (scheduled) |

3. Future Outlook

This is a transfer between account items within the net assets and does not affect the total net assets or have any impact on business performance. Furthermore, as a result of this procedure, the final dividend for the fiscal year is scheduled to be paid from the other capital surplus. A separate announcement titled “*Notice Concerning Dividend of Surplus (Year-end Dividend)*” has also been resolved at today's Board of Directors meeting and will be disclosed in a timely manner alongside this proposal.

*Note: This document is a translation of the original Japanese version. In the event of any discrepancies in meaning or wording between the English and Japanese versions, the Japanese version shall prevail.*