



November 25, 2025

Company name: Diamond Electric Holdings Co., Ltd.  
Name of representative: ONO YuuRi, President and CEO  
(Securities code: 6699; Prime Market)  
Inquiries: TOKUHARA Eishin,  
Senior Managing Executive Officer, CFO  
(Telephone: +81-6-6302-8211)

**(Delayed) Notice Concerning the Acquisition and Cancellation of the 5th and 6th Stock Acquisition Rights, Issuance of the 8th Stock Acquisition Rights (with Exercise Price Adjustment Clause) through Third-Party Allotment, and Conclusion of a Third-Party Allotment Agreement (“Commit-Issue”)**

Diamond Electric Holdings Co., Ltd. (hereinafter “the Company”) resolved, at a meeting of its Board of Directors held on November 25, 2025, to: (1) Acquire all 5th and 6th Stock Acquisition Rights remaining as of December 12, 2025, which were issued on June 12, 2024, and immediately cancel them upon acquisition; and (2) Issue the 8th Stock Acquisition Rights (“the Stock Acquisition Rights” or “the Rights”; the fundraising through the issuance and exercise of these Rights is referred to as the “Financing” or the “Financing Scheme”) to EVO FUND ( “EVO FUND” or the “Allottee”) as the Allottee.

In addition, the Company has resolved, as of November 25, 2025, to enter into a purchase agreement for the Stock Acquisition Rights and to subsequently enter into a total underwriting agreement with the Allottee after the notification under the Financial Instruments and Exchange Act becomes effective (the purchase agreement and the total underwriting agreement with the Allottee are individually or collectively referred to as the “Purchase Agreement.”

The outline of the arrangements is as follows.

## **I. Acquisition and Cancellation of the 5th and 6th Stock Acquisition Rights**

### **1. Overview of the 5th and 6th Stock Acquisition Rights to Be Acquired and Cancelled**

#### **<5th Stock Acquisition Rights>**

(1)	Name of the Rights	Diamond Electric Holdings Co., Ltd. 5th Stock Acquisition Rights
(2)	Allotment Date	June 12, 2024
(3)	Total Rights Issued	10,000 units
(4)	Amount to be Paid In for the Rights	JPY 1,130,000 (JPY 113 per Right)
(5)	Class/Number of Shares Subject to the Rights	Common stock: 1,000,000 shares (100 shares of common stock per Right)
(6)	Exercise Price	JPY 704 per Stock
(7)	Exercised Rights	340 units (as of November 21, 2025)
(8)	Remaining Rights	9,660 units (as of November 21, 2025)
(9)	Rights to Acquire/Cancel	9,660 units (Scheduled)
(10)	Acquisition Cost	Total: JPY 1,091,580 (Scheduled; JPY 113 per Right)
(11)	Acquisition/Cancellation Date	December 12, 2025 (Scheduled)
(12)	The Rights Remaining After Cancellation	0 units

<6th Stock Acquisition Rights>

(1)	Name of the Rights	Diamond Electric Holdings Co., Ltd. 6th Stock Acquisition Rights
(2)	Allotment Date	June 12, 2024
(3)	Total Rights Issued	10,000 units
(4)	Amount to be Paid In for the Rights	JPY 990,000 (JPY 99 per Right)
(5)	Class/Number of Shares Subject to the Rights	Common stock: 1,000,000 shares (100 shares per Right))
(6)	Exercise Price	JPY 1,000 per Stock
(7)	Exercised Rights	0 units (as of November 21, 2025)
(8)	Remaining Rights	10,000 units (as of November 21, 2025)
(9)	Rights to Acquire/Cancel	10,000 units (Scheduled)
(10)	Acquisition Cost	Total: JPY 990,000 (Scheduled; JPY 99 per Right)
(11)	Acquisition/Cancellation Date	December 12, 2025 (Scheduled)
(12)	The Rights Remaining After Cancellation	0 units

*Note: If any of the 5th or 6th Stock Acquisition Rights are exercised by December 12, 2025, the number of rights to be acquired and cancelled will decrease; however, the number of remaining Rights after cancellation will be zero.*

## 2. Reasons for Acquisition and Cancellation of the 5th and 6th Stock Acquisition Rights

As stated in the “Notice Regarding Issuance of the 5th and 6th Stock Acquisition Rights (with Exercise Price Revision Clauses) and Conclusion of Purchase Agreement for Stock Acquisition Rights,” dated May 27, 2024 (in Japanese only), the Company issued the 5th and 6th Stock Acquisition Rights by way of a third-party allotment to EVO FUND on June 12, 2024.

However, as the Company's stock price has fallen below the minimum exercise price of these Rights since April 1, 2025, only 340 of the total 10,000 issued units of the 5th Stock Acquisition Rights have been exercised, and all 10,000 issued units of the 6th Stock Acquisition Rights remain unexercised, as of November 21, 2025. Consequently, the total amount raised stands at JPY 23,896,000 (Issue price: JPY 2,120,000 + Exercise proceeds: JPY 21,776,000). The originally planned amount was JPY 1,705 million: JPY 725 million for next-generation power conditioners and battery systems for residential use (Note 1), JPY 253 million for three-phase power conditioners and battery systems for industrial use (Note 2), and JPY 727 million for various V2H (Vehicle to Home) systems (Note 3) as part of the design and development costs. Due to this shortfall, the Company is primarily allocating borrowed funds to this development budget to continue various design and development projects.

At present, JPY 23 million of the above-mentioned amount has been allocated to various V2H (Vehicle-to-Home) systems.

Status of various design and development projects is as follows:

(i) Next-generation residential power conditioner and energy storage system:

Launch expected in February 2026 (scheduled).

(ii) Industrial power conditioners and battery system:

The Company is assessing market conditions to determine the launch timing and advancing development, aiming for a FY 2028 launch. In response to current market demand, battery-less product is launched in November 2025.

(iii) V2H (Vehicle to Home) system:

Launched in August 2025 (delayed).

In light of the exercise status of 5th and 6th Stock Acquisition Rights, the Company decided to acquire and cancel the remaining Rights. After obtaining the consent of EVO FUND, the Company concluded a transfer

agreement with EVO FUND to acquire all remaining Rights which are unexercised as of December 12, 2025, on that same date, and to cancel them immediately after acquisition. This acquisition and cancellation are conditional upon the issuance of the new Stock Acquisition Rights.

The impact of the acquisition and cancellation of the Rights on the current consolidated earnings is expected to be minor.

Note 1: Next-generation residential power conditioner and battery system: Devices that convert electricity generated by solar panels into electricity usable in the home. A system equipped with a function to utilize battery-stored electricity in addition to solar power are called a hybrid type.

Note 2: Three-phase industrial power conditioners and energy storage system: Power conditioner devices that support three-phase power, which is capable to transmit more power than general household electricity (single-phase), making them suitable for industrial applications.

Note 3: Various V2H (Vehicle-to-Home) systems: In addition to charging electric vehicles (EVs, PHVs), they are equipped with a function to convert electricity stored in the vehicle into power usable in the home. These systems utilize the vehicle's large-capacity battery to enable optimal power utilization for each usage scenario.

## II. Issuance of Stock Acquisition Rights through Third-Party Allotment

### 1. Overview of Offering

<Outline of the New Stock Acquisition Rights Issuance>

(1)	Allotment Date	December 12, 2025
(2)	Total Rights	85,000 units
(3)	Issue Price	Total: JPY 1,530,000 (JPY 18 per Right)
(4)	Number of Potential Shares Resulting from the Issuance	8,500,000 shares (100 shares per Right) No maximum exercise price. The Minimum Exercise Price is JPY 316, however even at the minimum price, the number of potential shares will be 8,500,000.
(5)	Amount to be Raised	JPY 5,360,030,000 (Note)
( 6 )	Exercise Price and Revision terms	Initial Exercise Price: JPY631 (1) The Exercise Price of the Share Acquisition Rights shall be revised for the first time on the date 1 trading day (referring to a day on which trading is conducted on the Tokyo Stock Exchange, Inc. ("the Exchange"); the same applies hereinafter), 2 trading days after allotment, and every 3 trading days (hereinafter, such dates on which revision is made shall be individually or collectively referred to as the "Revision Date"). If the Exercise Price is revised in accordance with this paragraph, in the first revision, the Exercise Price will be revised to the amount equivalent to 100% of the closing price of the Company's common shares in regular trading announced by the Exchange on November 25, 2025. In the second and subsequent revisions, the Exercise Price shall be revised on the Revision Date to an amount equivalent to 100% of the simple average of the closing prices of the Company's common shares in regular trading announced by the Exchange on each trading day (except for days when there is no closing price), during the 3 consecutive trading

	<p>days preceding the Revision Date (hereinafter, together with November 25, 2025, individually or collectively referred to as the “Price Calculation Period”), with any fraction of less than JPY 1 rounded down.</p> <p>However, if the result of such calculation falls below the Minimum Exercise Price, the revised Exercise Price shall be the Minimum Exercise Price. Furthermore, if no closing price is available on any trading days during the Price Calculation Period, the Exercise Price shall not be revised. If any event occurs that requires adjustment under Article 11 of the Terms and Conditions of Issuance (the “Issuance Terms”) on any day within the Price Calculation Period, the closing prices used for the calculation shall be reasonably adjusted to reflect such event.</p> <p>(2) Notwithstanding item (1) above, the Exercise Price shall not be revised during the period from the trading day immediately preceding the record date for determining shareholders of the Company’s common shares, etc. (inclusive) to such record date (inclusive), due to procedural reasons of the Japan Securities Depository Center (such period, hereinafter the “Shareholder Determination Period”; provided, however, that if the Japan Securities Depository Center, Inc. modifies such period, the modified period shall apply) and on the trading day following the final day of the Shareholder Determination Period. In such a case, the next revision of the Exercise Price shall occur on the day 2 trading days following the final day of the Shareholder Determination Period (inclusive), and thereafter, the Exercise Price will be revised every 3 trading days in accordance with item (1) above.</p>
(7) Offering/Allotment Method (Planned Allottee)	All of these Stock Acquisition Rights will be allotted to the Allottee (EVO FUND) by way of third-party allotment.
(8) Exercise Period	From December 15, 2025, to July 18, 2028.
(9) Others	<p>(1) Transfer of these Rights requires authorization by resolution of the Company’s Board of Directors.</p> <p>(2) The Company will conclude a purchase agreement with EVO FUND, which stipulates the exercise commitment clause described in “3. Overview of Fundraising Methods and Selection Rationale - (1) Overview of Fundraising Methods (i) Exercise Commitment Clause for The Stock Acquisition Rights” below. Furthermore, the Company plans to enter into a comprehensive underwriting agreement with EVO FUND after the securities registration statement under the Financial Instruments and Exchange Act becomes effective.</p> <p>(3) If the Company’s Board of Directors resolves that the acquisition of these Rights is necessary, the Company may acquire all or part of the Share Acquisition Rights remaining on the acquisition date determined by the Board (hereinafter the “Acquisition Date”) at the same amount as the payment amount per Share Acquisition Right (any fraction of less than JPY 1 resulting from multiplying by the number of applicable rights shall be rounded to the nearest JPY), upon notifying the holders of the Share Acquisition Rights or their affiliates 11 trading days or more prior to the</p>

	<p>Acquisition Date in accordance with Articles 273 and 274 of the Companies Act (provided, however, that if the notification does not reach the holder or affiliate by 16:00 on said date, it shall be treated as having been made on the following trading day). If the Company acquires a portion of the Share Acquisition Rights, it shall be done by lottery or other reasonable method.</p> <p>(4) If any of these Rights remain on the last day of the exercise period defined in “(8) Exercise Period” above, the Company shall acquire all remaining Rights on that last day, at the same amount as the payment amount per Stock Acquisition Right (if a fraction less than JPY 1 arises when multiplying by the number of applicable Stock Acquisition Rights, such fraction will be rounded to the nearest JPY).</p>
--	---

*Note: The amount of funds to be raised is calculated by adding the total issue price of the Stock Acquisition Rights and the value of assets to be contributed upon the exercise of these Stock Acquisition Rights (calculated at the initial Exercise Price), minus the estimated amount of costs pertaining to the issuance. If the Exercise Price is revised or adjusted, the amount of funds to be raised may increase or decrease. Also, the total value of assets to be contributed upon exercise assumes that all Stock Acquisition Rights are exercised at the initial Exercise Price; actual funds raised may vary depending on market conditions at the time of exercise. Furthermore, the amount of funds raised will vary if the Rights are not exercised during the exercise period or if the Company cancels any Stock Acquisition Rights it has acquired.*

\* Characteristics of the Stock Acquisition Rights

**<Commit-Issue>**

The Company has determined in advance the planned number of shares of its common stock subject to these Stock Acquisition Rights (8,500,000 shares), and the Allottee is, in principle, designed to exercise these Stock Acquisition Rights fully within the Full Commitment Period (defined below) established for the Share Acquisition Rights (hereinafter referred to as the "Full Commit"). In addition, the Allottee is required to exercise the Rights equivalent to at least 1,200,000 shares of the Company's common stock within the Partial Commitment Period (defined below) (hereinafter referred to as the "Partial Commit").

The "Full Commit Period" is, in principle, the period from December 15, 2025, to June 14, 2028 (including such dates). However, if any "Event Necessitating the Extension of Commit Period" described below occurs, the Full Commit Period shall be extended by 1 trading day for each occurrence of such event. If any Event Necessitating the Extension of Commit Period occurs more than 20 times during the Full Commit Period, the Allottee's obligation regarding the Full Commit shall be extinguished on the day the 20th event occurred. Furthermore, if the Company's Board of Directors resolves to acquire a portion of the Stock Acquisition Rights in accordance with item 14 (1) of the Issuance Terms, the Allottee's obligation regarding the Full Commit shall be extinguished on the trading day following the date on which such acquisition is notified to EVOLUTION JAPAN Securities Co., Ltd. (hereinafter "EJS") (provided, however, that if such notification does not reach EJS by 16:00 on said day, such notification shall be treated as having been made on the next trading day; the same applies hereinafter). However, even after the Allottee's obligation with respect to the Full Commit is extinguished, the Allottee may exercise any number of the Rights at its discretion.

The "Partial Commit Period" refers, in principle, to the period from December 15, 2025, to March 31, 2026. However, if any "Event Necessitating the Extension of Commit Period" described below occurs, the Partial Commit period shall be extended by 1 trading day for each occurrence of such event. If any Event Necessitating the Extension of Commit Period occurs more than 10 times during the Partial Commit Period, the Allottee's obligation with respect to the Partial Commit shall be extinguished on the day the 10<sup>th</sup> event occurred. Furthermore, if the Company's Board of Directors resolves to acquire a portion of the Stock Acquisition Rights in accordance with item 14 (1) of the Issuance Terms, the Allottee's obligation regarding the Partial Commit shall be

extinguished on the trading day following the date on which EJS is notified. However, even after the Allottee's obligation regarding the Partial Commit is extinguished, the Allottee may exercise any number of the Rights at its discretion.

This combination of the "Full Commit" and the "Partial Commit" constitutes the Characteristics of the Stock Acquisition Rights, the outline of which is as follows.

	<b>&lt;8th Stock Acquisition Rights&gt;</b>
Number Issued	85,000 units
Total Issue Price	JPY 1,530,000
Total Exercise Price	JPY 5,363,500,000 (Note)
Exercise Price	100% of the closing price on November 25, 2025, for the first revision; 100% of the simple average of the closing prices on the 3 trading days preceding the Revision Date immediately prior to exercise, for the second and subsequent revisions
Full Commit	Commitment to exercise all 85,000 units of the 8th Stock Acquisition Rights, in principle, from the trading day following the issue date until June 14, 2028
Partial Commit	Commitment to exercise 12,000 units of the 8th Stock Acquisition Rights, in principle, from the trading day following the issue date until March 31, 2026
Minimum Exercise Price	JPY 316 (The amount equivalent to 50% of the closing price of the Company's common shares in regular trading on the Exchange on the trading day preceding the issuance resolution date, rounded up to the nearest JPY)

*Note: The total amount of the Exercise Price stated above is calculated on the assumption that all the Stock Acquisition Rights are exercised at the initial Exercise Price. Actual funds raised may vary depending on market conditions at the time these Stock Acquisition Rights are exercised.*

## **2. Purpose and Reasons for the Offering**

Under its holding company structure, the Company has established operating companies (Diamond & Zebra Electric Mfg. Co., Ltd., Diamond Electric Mfg. Co., Ltd., and Diamond Electric Mfg. Co. – USA) in each of the following segments: the Mobility Equipment Business, the Energy Solutions Business, the Home Electronics Business, and "Other (Molding Business)". Each of these operating companies formulates comprehensive domestic and international strategies for the products and services it handles and conducts its business activities.

The Group consists of the Company, 21 consolidated subsidiaries (5 domestic, 16 overseas), 3 equity-method affiliates (3 associated companies), and 5 non-equity-method affiliates (4 non-consolidated subsidiaries, 1 associated company) (as of March 31, 2025). Its core businesses include the manufacture and sale of automotive ignition coils and electrical components; energy solution equipment such as photovoltaic power conditioners and hybrid battery systems; and electronic control devices such as ignition devices for residential air conditioners and water heaters. It also engages in research, development, and services related to these businesses.

The principal business activities of each segment are as follows.

- (i) The Mobility Equipment Business:** Development, manufacture, sale, and maintenance service of automotive ignition coils and electrical components.
- (ii) The Energy Solutions Business:** Development, manufacture, sale, and maintenance service of photovoltaic power conditioners and hybrid battery systems
- (iii) The Home Electronics Business:** Development, manufacture, sale, and maintenance service of ignition devices for residential air conditioners and water heaters, electronic devices such as transformers and reactors, and electronic control equipment.
- (iv) “Other (Molding Business)”:** Mold design, manufacturing, and prototype production of plastic molded parts.

Net sales for the most recent fiscal year ended March 2025 were JPY 91,724 million (-1.7% YoY), remaining almost flat. On the other hand, operating profit reached JPY 2,270 million (+883.5% YoY), ordinary profit was JPY 1,467 million (+11.7% YoY), and net profit attributable to owners of the parent company was JPY 411 million (compared to a JPY 1,897 million loss in the same period last year), due to the passing on high raw material costs and company-wide productivity improvements.

As of the end of March 2025, the Company's tradable share market capitalization (JPY 4.05 billion) did not meet the listing maintenance criteria of JPY 10 billion for the Tokyo Stock Exchange Prime Market. Therefore, as disclosed in the “Compliance Plan for Continued Listing on the Prime Market (Currently in Improvement Period)”, dated June 30, 2025, if the tradable share market capitalization is not achieved within the improvement period ending March 31, 2026, there is a possibility of delisting effective October 1, 2026. Consequently, the Company applied to change its listing category to the Tokyo Stock Exchange Standard Market on September 30, 2025. However, the Company will continue to strive to enhance corporate value by pursuing product development and business strategies with high environmental contributions toward achieving the segment-specific targets outlined in its mid-to long-term management plan “Scrum of Fire” released on October 4, 2023.

In such a business environment, the Company is promoting M&A, capital, and business alliances to achieve more stable growth by efficiently expanding its business scale. At present, the Company is in the process of internally investigating and evaluating target companies for M&A, capital, and business alliances aimed at strengthening its existing businesses, and the timing of specific proposals to target companies has not yet been decided. However, if fundraising is considered only after negotiations commence, there is a risk of missing out on fundraising opportunities; hence, the Company believes it is necessary to secure the projected funds in advance. Although fundraising through these Stock Acquisition Rights will affect existing shareholders by diluting the shareholding ratio, the Company believes that M&A or capital and business alliances will contribute to the Company's future continuity and growth, and that the benefits to existing shareholders will outweigh the disadvantages. From a medium- to long-term perspective, this should enhance the Group's corporate value, thereby serving the interests of stakeholders, including all shareholders. If specific developments occur in the future, the Company will make timely disclosures without delay.

The specific use of funds to be raised through these Stock Acquisition Rights and the scheduled timing of disbursement are described in “4. Amount of Funds to be Raised, Use of Funds, and Scheduled Timing of Disbursement - (ii) Specific Use of Funds” below.

### 3. Overview of Fundraising Methods and Selection Rationale

#### (1) Overview of Fundraising Methods

In this fundraising, the Company allots the Stock Acquisition Rights to the Allottee, and upon exercise of these Stock Acquisition Rights by the Allottee, the Company's capital will increase.

The Company plans to enter into the Purchase Agreement with the Allottee regarding the Rights, including the

following contents:

**(i) Exercise Commitment Clause for the Stock Acquisition Rights**

**<Full Commit Clause>**

Under the Purchase Agreement, the Allottee commits, in principle, to exercise all of the Stock Acquisition Rights it holds during the Full Commit Period.

This Full Commit enhances the certainty of the Company's fund-raising under this issuance.

In addition, on any trading day during the Full Commit Period for the Stock Acquisition Rights, if (i) the closing price of the Company's common shares announced by the Exchange is at or below the applicable Minimum Exercise Price of the Rights on said trading day; (ii) the Company's common shares are designated by the Exchange as Securities Under Supervision or Securities to Be Delisted; (iii) no regular trading of the Company's common shares takes place on the Exchange for the entire day (no trading executed); (iv) regular trading of the Company's common shares closes at the lower limit of the Exchange's specified price-fluctuation range (Limit-Down) (regardless of whether the regular trading of the Company's common shares on the Exchange was settled by proportional allocation (Stop Allocation)); or (v) the Rights cannot be exercised for any reason other than those set forth in items (i) through (iv), except for cases attributable to the Allottee's circumstances (hereinafter, the events listed in (i) through (v) above are collectively referred to as "Event(s) Necessitating the Extension of the Commitment Period"), then for each occurrence of an "Event Necessitating the Extension of the Commitment Period", the Full Commit Period for the applicable series of Stock Acquisition Rights shall be extended by 1 trading day (provided, however, that such extension shall be limited to a maximum of 20 times (20 trading days)). The above extension shall be applied only once per trading day for any Event Necessitating the Extension of the Exercise Commitment Period occurring on the same day, the extension associated with said events shall be only one time.

**<Extinguishment of the Full Commit Clause>**

If Events Necessitating Extension of the Exercise Commitment Period occur more than 20 times during the Full Commit Period of the Stock Acquisition Rights, the Allottee's obligation with respect to the Full Commit shall be extinguished. Furthermore, if the Company's Board of Directors resolves to acquire a portion of the Rights in accordance with item 14 (1) of the Issuance Terms, the Allottee's obligation with respect to the Full Commit shall be extinguished on the trading day following the date on which EJS is notified. However, even after the Allottee's obligation with respect to the Full Commit is extinguished, the Allottee may exercise any number of the Rights at its own discretion.

**<Partial Commit Clause>**

Under the Purchase Agreement, the Allottee commits, in principle, to exercise the Stock Acquisition Rights equivalent to 1,200,000 or more shares of the Company's common stock during the Partial Commit Period. Also, matters regarding Events Necessitating Extension of Commit Period under the Partial Commit Clause and the handling multiple events occurring on the same trading day, shall be the same as those under the Full Commit Clause. However, the maximum number of extensions to the Partial Commit Period under the Partial Commit Clause shall be 10 times (10 trading days).

**<Extinguishment of the Partial Commit Clause>**

If Events Necessitating the Extension of the Exercise Commitment Period occur more than 10 times during the Partial Commit Period of the Stock Acquisition Rights, the Allottee's obligation with respect to the Partial Commit shall be extinguished. Also, if the Company's Board of Directors resolves to acquire a portion of the Rights in accordance with item 14 (1) of the Issuance Terms, the Allottee's obligation with respect to the Partial Commit shall be extinguished on the trading day following the date on which EJS is notified. However, even after the Allottee's obligation with respect to the Partial Commit is extinguished, the Allottee may exercise any number of the Rights at its discretion.



## **(ii) Revision of the Exercise Price**

The Exercise Price will be revised 1 trading day after the allotment date, revised for the second time 2 trading days after the allotment date, and thereafter revised every 3 trading days. If the Exercise Price is revised,

- In the first revision, the Exercise Price shall be revised to an amount equivalent to 100% of the closing price of the Company's common shares in regular trading announced by the Exchange on November 25, 2025 (provided that if such amount is less than the Minimum Exercise Price, the Minimum Exercise Price shall apply).
- In the second and subsequent revisions, the Exercise Price shall be revised on the Revision Date to an amount equivalent to 100% of the simple average of the closing price of the Company's common shares in regular trading announced by the Exchange on each trading day during the Price Calculation Period (excluding days on which no closing price), with fractions less than JPY 1 rounded down (provided that if such amount is less than the Minimum Exercise Price, the Minimum Exercise Price shall apply).

However, if no closing price existed on any trading day during the Price Calculation Period, the Exercise Price shall not be revised. In addition, if any event causing adjustment pursuant to paragraph 11 of the Issuance Terms occurs during the Price Calculation Period, the closing price announced by the Exchange on each trading day in the Price Calculation Period shall be reasonably adjusted in consideration of such event. In addition, the Exercise Price shall not be revised on the trading day following the final day of the Shareholder Determination Period; in such a case, the next Exercise Price revision shall be 2 trading days (inclusive) after the final day of the Shareholder Determination Period, and thereafter the Exercise Price shall be revised every 3 trading days in accordance with the above. Generally, revision of the Exercise Price of Stock Acquisition Rights with an Exercise Price revision clause involves a discount from the closing price of the issuer's common shares. However, these Stock Acquisition Rights are designed without such a discount. Due to the design where no discount is made, the Rights will be exercised at a price with minimal deviation from the market price. Accordingly, the structure of these Stock Acquisition Rights minimizes the impact on existing shareholders and gives maximum consideration to their interests. Furthermore, the amount that can be raised through exercise is expected to be greater. Additionally, from the perspective of achieving the Company's funding objectives, the Company and the Allottee consulted and adopted a two-stage revision scheme (initial and second onwards) to increase the probability of exercise.

The Minimum Exercise Price shall initially be JPY316; however, it shall be adjusted by applying the provisions for adjustment of Exercise Price set forth in Item 11 of the Issuance Terms *mutatis mutandis*. The level of the Minimum Exercise Price was determined after discussions between the Allottee and the Company, based on a comparative analysis with similar fundraising transactions to increase the probability of fundraising.

## **(iii) Excess Limit Exercise Clause**

This Purchase Agreement contains the following provisions:

- (a) Based on the provisions of Article 434, Paragraph 1 of the Securities Listing Regulations and Article 436, Paragraphs 1 to 5 of the Enforcement Rules of the Securities Listing Regulations established by the Exchange, in principle, if the number of shares acquired by the Allottee through the exercise of the Share Acquisition Rights in a single calendar month, combined with the number of shares delivered through conversion etc. of other MSCBs etc. (defined in Article 410, Paragraph 1 of the Securities Listing Regulations), exceeds 10% of the listed shares as of the payment date of the Share Acquisition Rights, the Company shall not permit the exercise of the Share Acquisition Rights for the portion exceeding said 10% (hereinafter "Excess Limit Exercise"). Furthermore, pursuant to Article 436, paragraph 5, item 4 of the Enforcement Rules allows the Purchase Agreement to stipulate that the prohibition of Excess Limit Exercise is exempted if the exercise price is equal to or higher than the closing price on the issuance resolution date, and the Purchase Agreement stipulates to that effect.
- (b) The Allottee agrees not to perform Excess Limit Exercise of the Share Acquisition Rights except for prescribed exemptions, and when exercising the Share Acquisition Rights, shall confirm with the Company in advance whether said exercise falls under Excess Limit Exercise.
- (c) If the Allottee transfers the Rights, it shall require the transferee promise in advance to assume the

obligations regarding the Excess Limit Exercise to the Company, and if the transferee subsequently transfers the Rights to a third party, make them promise to succeed the same obligations to the Company.

**(iv) Voluntary Acquisition of the Stock Acquisition Rights by the Company**

If the Company's Board of Directors resolves that it is necessary to acquire the Rights, the Company may acquire part or all of the Rights remaining on that date at their respective issue price by notifying EJS at least 11 trading days prior to the Acquisition Date.

**(v) Obligation of the Company to Purchase the Stock Acquisition Rights**

The Company bears the obligation to purchase all Stock Acquisition Rights held by the Allottee as of July 18, 2028, at an amount equal to the payment amount per Stock Acquisition Right.

**(vi) Characteristics of the Stock Acquisition Rights**

For Stock acquisition rights with an exercise price revision clause like these Stock Acquisition Rights, when revised, it is common to apply a certain discount from the stock price at the time as a reference. However, the exercise price of these Stock Acquisition Rights is set at 100% of the closing price on November 25, 2025, for the first revision, and at 100% of the simple average of closing prices for the 3 trading days immediately preceding the Revision Date for the second and subsequent revisions. Therefore, while there may be cases during periods of rising stock prices where the exercise price falls below 90% of the closing price on the day immediately preceding the Revision Date, the level of discount is smaller compared to cases where a discount is applied from the reference stock price (hereinafter, the "Reference Stock Price"). Furthermore, the design limits the likelihood of a discount occurring during periods of declining stock prices. Accordingly, because no discount is applied from the Reference Stock Price for the Rights, the exercise price remains closely aligned with the market price. As a result, the design allows the Exercise Price to more accurately reflect the market price at the time of exercise, thereby helping minimize the impact on the market price and, to the greatest extent possible, considering the interests of existing shareholders.

**(2) Reason for Selection of the Fundraising Method**

In order to examine fundraising methods suitable for the intended use of funds described in "2. Purpose and Reasons for the Offering" above, the Company again consulted with EJS from August 2025, having sought their advice when issuing stock acquisition rights in the past. In September 2025, EJS proposed this Scheme, which is a fundraising method through the issuance of the Stock Acquisition Rights. The Company believes that this Financing Scheme proposed by EJS will enable it to raise funds while mitigating any temporary impact on the stock price. The Company judged that the method and conditions of the Scheme align with its needs, which focus on establishing a stable and robust management foundation while ensuring financial flexibility in order to achieve the Scheme's objectives and the Company's medium-term management goals, and that it is best for the Company's future growth. After examining the advantages and disadvantages of this Scheme described in "(3) Characteristics of this Scheme" and other fundraising methods outlined in "(4) Alternative Fundraising Methods" below. As a result of these considerations and comparative study with other fundraising methods, considering the advantages of the Financing Scheme comprehensively, the Company assessed the Scheme to be capable of raising the necessary funds within a defined timeframe for the uses specified in "4. Amount of Funds to be Raised, Use of Funds, and Scheduled Timing of Disbursement - (ii) Specific Use of Funds" below and resolved to adopt the Scheme.

**(3) Characteristics of this Scheme**

This Scheme has the following advantages and disadvantages.

**[Advantages]**

**(i) Issuance of Shares without Discount**

Generally, the revision of the exercise price for stock acquisition rights with exercise price revision clauses involves a discount from the closing price of the issuing company's common shares. However, as

mentioned in (vi) *Characteristics of the Stock Acquisition Rights* above, the Exercise Price of these Share Acquisition Rights is designed to reflect the market price at the time of exercise more accurately, thereby helping minimize the impact on the market price and, to the greatest extent possible, considering the interests of existing shareholders. Furthermore, since no discount is made as described above, the amount that can be raised through exercise is expected to be greater than when there is a discount.

**(ii) Mitigation of impact on Stock Price**

A Minimum Exercise Price is set for the Stock Acquisition Rights, and the Exercise Price after modification will never be revised to a level below this lower limit. This design prevents an excessive supply of the Company's common shares, which could further depress the share price from arising during periods of stock price weakness, such as falling below the Minimum Exercise Price.

**(iii) Outlook for the future fundraising plan**

Typically, Stock Acquisition Rights are exercised only to raise funds needed in the near term, but in this Scheme, a fundraising plan spanning approximately the next 31 months is defined, making it easier for both the Company and investors to forecast future fundraising more easily.

**(iv) Flexibility of Capital Policy**

Because these Stock Acquisition Rights include an acquisition clause, if the need for financing through the Stock Acquisition Rights cease, or if it becomes appropriate to select a different financing method due to the Company's circumstances, the Company can acquire and cancel each Share Acquisition Right by paying money equivalent to the payment amount at the Company's discretion while considering future changes in the Company's and market conditions. By utilizing this acquisition clause as necessary, it will also be possible to mitigate the impact of potential dilution on existing shareholders in the future.

**(v) Limitation of Maximum Delivered Shares**

The number of the Company's common shares underlying the Stock Acquisition Rights is fixed at 8,500,000, and the maximum number of delivered shares is limited regardless of stock price fluctuations. Therefore, the dilution ratio will not increase beyond the initial plan.

**(vi) Increase in Raised Amount during Stock Price Rise**

Since the Exercise Price is revised in tandem with the stock price, the amount of funds raised increases if the stock price rises.

**(vii) Exercise Promotion Effect during Stock Price Rise**

Regarding the 8,500,000 shares scheduled to be issued upon exercise of the Stock Acquisition Rights, if the share price rises significantly during the exercise period, the Allottee may exercise the rights promptly, without waiting until the exercise period expires, to realize capital gains early as an investor. As a result, prompt implementation of fundraising is expected.

**(viii) Transfer Restrictions on Stock Acquisition Rights in Purchase Agreement**

In the Purchase Agreement, a transfer restriction is planned to be attached stating that prior written approval of the Company by resolution of the Company's Board of Directors is required for the transfer of the Rights. Consequently, the Rights will not be transferred from the Allottee to a third party without the Company's prior written approval.

**(ix) Timely fundraising**

In addition to the Full Commit, the Partial Commit as described in "3. Overview of Fundraising Methods and Selection Rationale - (1) Overview of Fundraising Method (i) Exercise Commitment Clause for the Stock Acquisition Rights <Partial Commit Clause>" above, has also been included, enabling the Company to achieve substantial fundraising via the Full Commit and secure timely cash flow at an early stage via the Partial Commit.

**[Disadvantages]**

**(i) Inability to Raise Full Amount Initially**

As a characteristic of stock acquisition rights, funds equivalent to the Exercise Price multiplied by the

number of shares subject to exercise are raised only when the holder exercises the rights. Therefore, the full amount of funds will not be raised at the beginning of issuance of the Rights.

**(ii) Risk of Reduced Funding during Stock Price Stagnation**

The Stock Acquisition Rights have a Minimum Exercise Price, and no commitment clause for exercise is attached. Therefore, depending on the Company's share price trends, there is a possibility that the Rights may not be exercised, or exercise will not progress. During the exercise period of the Rights, if the share price remains below the initial issue price for an extended period, fundraising may fall short of the amount initially expected based on that price.

**(iii) Risk of Stock Price Decline due to Allottee Selling Shares in Market**

Since the Allottee's holding policy for the Company's common shares is based on short-term holding purposes, there is a possibility that the Allottee may sell shares acquired by exercising the Rights in the market. As a result, the Company's stock price may decline due to the sale of the Company's common shares by the Allottee.

**(iv) Limit of Access to Indefinite Number of New Investors**

Because this offering uses a third-party allotment structure under an agreement solely between the Company and the Allottee, the Company cannot benefit from fundraising from an indefinite number of new investors.

**(v) Occurrence of Dilution**

If all of the Stock Acquisition Rights are exercised, a total of 8,500,000 shares (85,000 voting rights) will be delivered. Based on the Company's 9,252,901 total delivered shares and 91,484 total voting rights as of September 30, 2025, the resulting dilution ratio is 91.86% (92.91% on a voting-rights basis). Therefore, the issuance of the Rights will result in a certain degree of dilution of the Company's common shares. However, the Rights are scheduled to be exercised in stages over approximately 31 months in principle, and such dilution will not occur all at once. Accordingly, the Company judges that the scale of dilution does not have an excessive impact on market trading of the Company's shares such as share price, and the impact is limited.

**(4) Alternative Fundraising Methods**

**(i) Capital Increase through Issuance of New Shares**

**(a) Public Offering**

Although issuing new shares through a public offering enables funds to be raised in a single step, it also dilutes future earnings per share immediately, which is considered to have a significant direct impact on the share price. Furthermore, a public offering requires considerable time for deliberation and preparation, and whether it can proceed is heavily dependent on share price movements and overall market conditions at the time. If the timing for execution is missed, the process is likely to be postponed by at least several months due to the schedule of financial results announcements and the submission deadlines for semiannual reports and annual securities reports, meaning flexibility is limited. Accordingly, from the perspective of fundraising agility, the Financing Scheme is considered to offer greater advantages. In light of the Company's current business performance trends and financial condition, it is considered difficult to find a securities company willing to underwrite the Company's common shares, and actually the Company has not received such proposals from any securities firm. Thus, this method is judged as inappropriate.

**(b) Capital Increase Through Allotment to Shareholders**

While it would dispel concerns regarding dilution, but recent case is scarce and participation rate of existing investors, who would be the Allottees, is highly uncertain, making it likely unable to raise the necessary funds compared with the Financing Scheme. Furthermore, if the amount to be paid in were set at a low level to increase participation, there is a possibility that this could have a significant negative impact on the share price. Thus, this method is judged as inappropriate.

(c) **Capital Increase through Third-Party Allotment of New Shares**

While it enables funds to be raised in a single step, it also dilutes future earnings per share immediately, which is considered to have a significant direct impact on the share price. Furthermore, no suitable allottee exists at present. Thus, this method is judged as inappropriate.

(ii) **Corporate Bonds (CBs) with Fixed Exercise Price**

CBs offer the advantage of enabling the Company to secure the full amount of necessary funds at the time of issuance. However, if conversions do not proceed as expected after issuance, the Company's total debt will increase, which could adversely affect its borrowing capacity. Additionally, the timing of conversion for CBs is generally determined at the discretion of the Allottee which makes probability and timing of capital enhancement uncertain, also the Company cannot control dilution timing. In contrast, under the Financing Scheme, the Purchase Agreement to be executed between the Company and the Allottee obligates the Allottee, in principle, to exercise the Rights at regular intervals. Accordingly, the Company determined that the Financing Scheme would be more suitable as a fundraising method for this purpose than CBs.

(iii) **Corporate Bonds with Stock Acquisition Rights (including MSCBs)**

Although the Issuance Terms and conversion for convertible bonds with stock acquisition rights whose Exercise Price is revised in tandem with the share price (so-called "MSCBs") vary widely, such instruments generally have a structure in which the number of shares delivered upon conversion is determined based on the exercise price, so the total number of shares to be delivered is not fixed until conversion is completed, which is considered to have a significant direct impact on the share price. By contrast, under the Financing Scheme, the impact of dilution on shareholders is considered to be smaller.

(iv) **Stock Acquisition Rights with a Fixed Exercise Price**

The Company cannot benefit from share price rises as is not subject to revision. Conversely, when the share price declines, the lack of exercise makes it difficult to raise funds. Therefore, the certainty of fundraising is considered to be lower than the Financing Scheme. Furthermore, given the volatility of the Company's share price, it is considered difficult to set an appropriate Exercise Price at this time. Thus, this method is judged as inappropriate.

(v) **Capital Increase through Gratis Allotment of Stock Acquisition Rights (Rights Issue)**

A capital increase through the gratis allotment of stock acquisition rights to all shareholders, commonly referred to as a rights issue, can be conducted by two methods: a commitment-type rights issue, in which the Company enters into an underwriting agreement with a financial instruments business operator, and a non-commitment-type rights issue, in which no such agreement is concluded, and the exercise of Stock Acquisition Rights is left to the discretion of shareholders. However, commitment-type rights issues have rarely been implemented in Japan, and the Company currently has no concrete prospect of implementing this method. In contrast, in non-commitment-type rights issues, such as capital increases through allotment to shareholders, the amount of funds raised depends on the exercise rate of the Rights by existing shareholders, who are the Allottees, or by investors who acquire the Rights in the market. Therefore, assuming the typical discount rate for exercise prices in rights offerings, it would be difficult for the Company to raise funds commensurate with its funding needs. Thus, this method is judged as inappropriate.

(vi) **Fundraising through Borrowings and Corporate Bonds**

Fundraising through borrowings from financial institutions or through corporate bonds would impose interest and repayment burdens, also weaken the Company's financial soundness. Thus, this method is judged as inappropriate.

#### **4. Amount of Funds to be Raised, Use of Funds, and Scheduled Timing of Disbursement**

**(i) Amount of funds to be raised (estimated net proceeds)**

Total Payment Amount	JPY 5,365,030,000
Total Payment Amount for the 8th Stock Acquisition Rights	JPY 1,530,000
Total Value of Assets to be contributed upon Exercise	JPY 5,363,500,000
Estimated Issuance Expenses	JPY 5,000,000
Estimated Net Proceeds	JPY 5,360,030,000

Note 1: The Total Payment Amount is the sum of the total amount paid for the Stock Acquisition Rights (JPY 1,530,000) and assets contributed upon the exercise (JPY 5,363,500,000).

- Assets to be contributed upon exercise of the Stock Acquisition Rights are calculated assuming all of the Rights are exercised at the initial Exercise Price. If the Exercise Price is adjusted or modified, the total amount to be paid in, the value of assets to be contributed upon exercise of the Rights, and the estimated net proceeds may increase or decrease. Additionally, if the Rights are not exercised during their exercise period, or if Stock Acquisition Rights acquired by the Company are canceled, the total amount obtained by adding the total value of the assets to be contributed upon exercise and estimated issuance expenses may decrease.
- Estimated net proceeds includes Third-Party Committee fees, valuation and calculation fees, external investigation fees for credit checks, registration fees, and other related expenses.
- Estimated net proceeds does not include consumption tax and local consumption tax.

**(ii) Specific Use of Funds**

The funds to be raised through the issuance of the Stock Acquisition Rights and their exercise by the Allottee are expected to total JPY 5,360,030,000, as noted above. The specific uses of the funds to be raised are planned as follows.

Specific Use of Funds	Amount (JPY million)	Scheduled Expenditure Period
(1) M&A, capital and business alliances	5,360	March 2026 to July 2028
Total	5,360	

Note 1: Until the funds raised through the payment for the Stock Acquisition Rights are allocated to the specific uses set out below, the Company plans to manage such funds stably by keeping them in bank deposits, separate from ordinary working capital.

- The Allottee has, in principle, committed to exercise all of the Stock Acquisition Rights within 30 months, including the exercise of at least 12,000 rights by March 31, 2026. With respect to this commitment, the Full Commit will lapse if, on or after the trading day following the issuance date of the Rights, the period for the Full Commit is extended more than 20 times due to events that trigger an extension of the commitment period, and the Partial Commit will lapse if the period for the Partial Commit Period is extended more than 10 times due to such events. In light of these conditions, and the possibility that the Exercise Price of the Rights may be revised or adjusted, differences may arise between the actual amount of funds raised and the timing of their expenditure, and the amount of funds currently anticipated to be raised and the scheduled timing of their expenditure. In the event of a significant shortfall in the funds raised, the Company will consider additional financing measures and make appropriate decisions regarding their implementation.
- The scheduled expenditure period is from March 2026, but the Company may begin negotiations with the target company as early as January 2026; therefore, the issuance of the Stock Acquisition Rights will take place on December 12, 2025.

**Details of the Specific Use of Funds:**

The Company is also promoting M&A and capital/business alliances to achieve more stable growth by

efficiently expanding its business scale. At present, the Company is in the process of internally investigating and evaluating target companies aiming to strengthen its existing businesses, and the timing for making specific proposals to target companies has not yet been decided. However, if fundraising is considered only after negotiations commence, there is a risk of missing out on fundraising opportunities; hence, the Company believes it is necessary to secure the projected funds in advance.

Accordingly, over a period of just under three years, the Company plans to secure JPY 5,360 million from the funds raised in this offering for M&A and capital/business alliances aimed at strengthening its existing businesses, to be allocated by July 2028.

If the specific deals with currently investigated/reviewed potential target companies do not materialize, the Company will consider reallocating the funds to other M&A or capital/business alliances, or suspending this Financing by acquiring the 8th Stock Acquisition Rights, depending on the status of funds raised at that time.

With respect to future M&A and capital/business alliances aimed at strengthening the Company's existing businesses, the Company will make timely disclosures as progress is made or as such plans are finalized.

## **5. Approach to the Reasonableness of the Use of Proceeds**

As stated in “2. Reasons for Acquisition and Cancellation of the 5th and 6th Stock Acquisition Rights”, the Company intends to allocate the funds raised through this Financing to the uses described in “4. Amount of Funds to be Raised, Use of Funds, and Scheduled Timing of Disbursement - (2) Specific Use of Proceeds.” to enhance its corporate value. The intended use of funds is expected to contribute to increased revenue and profit and to support the stable expansion of the Company's business performance, which is considered to be rational and beneficial to the interests of existing shareholders.

## **6. Reasonableness of the Issuance Terms**

### **(1) Basis for Calculation of Payment Amount and Specific Details**

The Company commissioned Akasaka International Accounting Co., Ltd. (4-1 Kioicho, Chiyoda-ku, Tokyo; Representative: Kenzo Yamamoto), an independent calculation agent, to evaluate the Stock Acquisition Rights considering the Issuance Terms and the conditions set forth in the Purchase Agreement to be executed with the Allottee. There are no significant conflicts of interest between the independent calculation agency and either the Company or the Allottee.

The calculation agent compared and examined various pricing models, including the Black–Scholes model and the binomial model, and then evaluated the Stock Acquisition Rights using the Monte Carlo simulation, one of the commonly used pricing models, can relatively appropriately reflect the Issuance Terms of the Rights and the other conditions set forth in the Purchase Agreement to be executed with the Allottee.

The calculation agent conducted its valuation based on certain assumptions, including the Company's stock price (JPY 631), volatility (41.8%), projected dividend (JPY 25 per share), the risk-free interest rate (1.0%), and the anticipated exercise behavior of the Allottee.

Based on the valuation calculated by the calculation agent using the assumptions described above and following discussions with the Allottee, the Company determined the payment amount per right as of the date of the issuance resolution to be JPY18, which is equal to the valuation amount. The initial Exercise Price of the Rights was set at JPY 631, which is equal to the closing price of the Company's common stock in regular trading on the Tokyo Stock Exchange on November 21, 2025, the business day immediately preceding the date of the issuance resolution.

In addition, the Exercise Price after the initial setting will be revised on each Revision Date as follows: At the first revision, it will be revised to an amount equivalent to 100% of the closing price of the Company's common stock in regular trading on November 25, 2025. For the second and subsequent revisions, it will be revised to an amount equivalent to 100% of the simple average of the closing prices of the Company's common stock in regular

trading on each trading day of the Price Calculation Period (excluding days on which no closing price is available), rounded to the nearest JPY. However, in all cases, the Exercise Price shall not fall below the Minimum Exercise Price. During periods of rising stock prices, even if the amount equivalent to 100% of the simple average value falls below 90% of the closing price on the trading day immediately preceding the Revision Date, the discount is smaller than in cases where a discount is applied to the reference stock price. Furthermore, during periods of falling stock prices, the structure is designed such that the possibility of a discount arising is even more limited. Accordingly, because no discount is applied to the reference stock price under this Stock Acquisition Rights scheme, the Exercise Price is expected to be set at a level that deviates less from the market price compared with schemes that apply a discount to the reference price. As a result, the structure of these Stock Acquisition Rights is designed to minimize market price impact and to give maximum consideration to the interests of existing shareholders. The Company has therefore determined that the revised Exercise Price of the Rights is also reasonable. The Minimum Exercise Price is set at an amount equivalent to 50% of the closing price on the business day immediately preceding the issuance resolution date (rounded up to the nearest JPY). The Company considers that this level is not unreasonably low, as it does not represent an excessively low benchmark when compared with similar issuances of Stock Acquisition Rights.

Since the calculation agent considering influential events and calculated the fair value using a Monte Carlo simulation, which is a commonly used valuation methodology for Stock Acquisition Rights, in determining the issue price and the Exercise Price of these Stock Acquisition Rights, the valuation results produced by the calculation agent are considered to represent a reasonable fair value. Furthermore, since the amount to be paid in was set at the same value as the valuation result after deliberation with the Allottee, the Company has determined that the issue price of these Stock Acquisition Rights does not constitute a favorable issuance and is an appropriate and reasonable price.

In addition, based on the results of the audit conducted by the Company's Audit and Supervisory Committee in accordance with its duties under the Companies Act, the Company received an opinion confirming the following matters and stating that no material facts in violation of Laws and Regulations were identified with respect to the directors' determination that the Issuance Terms of these Stock Acquisition Rights do not constitute a favorable issuance:

- Akasaka International Accounting Co., Ltd. possesses the knowledge and experience necessary for the valuation of Stock Acquisition Rights and is considered independent from the Company's management and the Allottee;
- In calculating the amount to be paid in for these Stock Acquisition Rights, Akasaka International Accounting Co., Ltd. took into account the Exercise Price, the market price and volatility of the Company's common stock, the exercise period, and other assumptions that could affect the fair value, and calculated the fair value using a Monte Carlo simulation, a method commonly employed to evaluate Stock Acquisition Rights; accordingly, the valuation of these Stock Acquisition Rights is considered to represent an appropriate and reasonable value;
- The amount to be paid-in for these Stock Acquisition Rights was determined based on the valuation obtained from an independent third-party valuation agency;
- The amount to be paid in is equal to this valuation amount; and
- Third-party committee has provided an opinion confirming the necessity and appropriateness of the third-party allotment of these Stock Acquisition Rights

## **(2) Basis for Judging that Issuance Quantity and of Dilution Scale are Reasonable**

The number of shares to be delivered upon full exercise of these Stock Acquisition Rights (8,500,000 shares, representing 85,000 voting rights) corresponds to a dilution rate of 91.86%, calculated using the total number of delivered shares of the Company as of September 30, 2025 (9,252,901 shares) and the number of voting rights (91,484 voting rights) as the denominator, the dilution rate based on voting rights is 92.91%. Therefore, the issuance of these Stock Acquisition Rights will result in substantial dilution of the Company's common shares.



However, because these Stock Acquisition Rights are expected to be exercised in stages over approximately 31 months, the issuance of new shares upon exercise is also expected to occur in stages. Consequently, the dilution resulting from the issuance of new shares will likewise occur in stages. Specifically, because the issuance of these Stock Acquisition Rights will not result in all 85,000 rights being exercised at once, nor in the simultaneous issuance of 8,500,000 new shares, significant dilution and its effects will not occur all at once. Furthermore, the Financing will provide funds for approximately 31 months and by allocating these funds to working capital and other purposes, the Company aims to establish a stable business foundation and enhance corporate value over the medium- to long-term which will contribute to the interests of existing shareholders. In addition, the Allottee of these Stock Acquisition Rights intends to sell the Company's common stock acquired through the exercise of these rights in the market as needed. Consequently, the influx of new shares into the market due to such sales is anticipated, which is expected to increase trading opportunities for the Company's shares among market participants. Furthermore, the average daily trading volume of the Company's common stock over the past six months was 20,945 shares, indicating that there is sufficient liquidity to facilitate smooth market sales during the exercise period for each Stock Acquisition Right. Moreover, if the need for financing through these Stock Acquisition Rights ceases, or if changes in the Company's future circumstances make a different financing method more appropriate, the Company retains the discretion to acquire or cancel these Stock Acquisition Rights, considering future changes in the Company's and market conditions. By utilizing this acquisition clause as necessary, it will also be possible to mitigate the impact of potential dilution on existing shareholders in the future. Furthermore, because the dilution rate will exceed 25% as a result of the third-party allotment of these Stock Acquisition Rights (hereinafter referred to as the 'Third-Party Allotment'), a third-party committee was established pursuant to Article 432 of the Securities Listing Regulations stipulated by the Exchange. The committee reviewed the necessity and appropriateness of the Third-Party Allotment and expressed its opinion that the necessity and appropriateness of the Third-Party Allotment are recognized, as described in "10. Matters Concerning Procedures under the Corporate Conduct Guidelines." Therefore, the Company has determined that the scale of dilution of the Company's common stock resulting from the fundraising through these Stock Acquisition Rights is not excessive in its impact on the market and is reasonable from the perspective of enhancing shareholder value.

## 7. Reason for Selecting the Allottee, etc.

### (1) Overview of the Allottee

(i)	Name	EVO FUND	
(ii)	Address	c/o Intertrust Corporate Services (Cayman) Limited One Nexus Way, Camana Bay, Grand Cayman KY1-9005, Cayman Islands	
(iii)	Basis for Establishment	Exempted limited liability company incorporated under the Laws of the Cayman Islands	
(iv)	Purpose of Formation	Investment purposes	
(v)	Date of Formation	December 2006	
(vi)	Total Capital Contributions	Paid-in capital: USD 1 Net assets: Approx. USD 232.7 million (as of August 31, 2025)	
(vii)	Major Investor and Ownership Ratio	Voting rights: 100% held by Evolution Japan Group Holding Inc. (indirectly 100% owned by Michael Lerch)	
(viii)	Title and Name of Representative	Representative Director: Michael Lerch Representative Director: Richard Chisholm	
(ix)	Overview of the Domestic Agent	Name	Evolution Japan Securities Co., Ltd. (EJS)
		Address	4-1 Kioicho Chiyoda-Ku, Tokyo
		Title/Name of Representative	President & CEO: Shaun Lawson

(x) Relationship Between the Listed Company and the Fund	Business Description	Financial investment business
	Capital	JPY 994,058,875
	Relationship Between the Company and the Fund	As of November 21, 2025, the Fund holds 178,000 shares of the Company's common stock, as well as 19,660 units of the 5th and 6th Stock Acquisition Rights. As described in "I. Acquisition and Cancellation of the 5th and 6th Stock Acquisition Rights," the Company plans to acquire and cancel all of the 5th and 6th Stock Acquisition Rights remaining as of December 12, 2025. The Company has not invested in the fund.
	Relationship Between the Company and the Fund's Representative	There are no applicable matters.
	Relationship Between the Company and the Domestic Agent	There are no applicable matters.

Note: Unless otherwise stated, the information in the section "Overview of the Allottee" is as of November 21, 2025.

\* The Company conducted searches of past newspaper articles and other media information available on the internet. It confirmed that the Allottee introduced by EJS, as well as Michael Lerch, who indirectly holds 100% of the voting rights of the Allottee and serves as a director of the Allottee, and Richard Chisholm, who serves as a director of the Allottee, have no relationships with antisocial forces. The Company has also received from the Allottee a written oath affirming that it has absolutely no relationship with antisocial forces.

Furthermore, as an additional precaution, the Company engaged Riskpro. Inc. (Representative Director: Hitoshi Koitabashi; Head Office: Yasukuni-Kudan South Building 2F, 3-14-2, Kudan Minami, Chiyoda-ku, Tokyo), a third-party investigation agency specializing in corporate and credit investigations, to conduct investigations regarding the Allottee, as well as Michael Lerch, who indirectly owns 100% of the Allottee's voting rights and serves as a director, and Richard Chisholm, who serves as a director of the Allottee. Based on the investigation's results, including cross-checks against the firm's databases, the Company received a report dated October 13, 2025, confirming that there were no facts indicating involvement with antisocial forces concerning the Allottee, its investors, or its officers.

After considering the matter comprehensively based on the above, the Company has determined that the Allottee, its investors, and its officers have no relationship with antisocial forces, and has submitted to the stock exchange a written confirmation stating that no such relationship exists.

## (2) Reason for Selecting the Allottee

The Company examined flexible and highly feasible financing methods to allocate funds to each of the purposes described in "4. Amount of Funds to be Raised, Use of Funds, and Scheduled Timing of Disbursement - (2) Specific Use of Proceeds." Under these circumstances, the Company had previously issued the 5th and 6th Stock Acquisition Rights on June 12, 2024, to EVO FUND. Beginning in August 2025, the Company consulted with several potential allottees, including EJS, regarding financing. In addition, as described in "3. Overview of Fundraising Methods and Selection Rationale - (4) Alternative Fundraising Methods," the Company also examined multiple other schemes. As a result of these examinations, the Company received a proposal for the 8th Stock Acquisition Rights in September 2025. After deliberating and reviewing this proposal internally, the

Company determined that the Financing Scheme aligns with its financing needs, as its mechanism for timely adjustment of the Exercise Price is expected to facilitate the smooth sale in the market of the Company's common stock delivered upon exercise of the Rights, and to enable the Company to secure, with a high degree of certainty, the funds necessary for its business operations over the next several years. In addition, the Company also discussed and examined EVO FUND, the Allottee. The Company determined that the fund is an appropriate allottee, given its extensive track record as an allottee of Stock Acquisition Rights and the trust relationship established through previous transactions with the Company. The adoption of the Financing Scheme and the selection of the Allottee were resolved unanimously by the Company's Board of Directors. As a result, the Company decided to adopt the Financing Scheme and designate EVO FUND as the Allottee.

The Allottee is a fund (an exempted limited liability company established under the laws of the Cayman Islands) founded in December 2006 with the primary objective of investing in listed equities. The fund has an extensive investment track record, including numerous cases in which it has contributed to issuers' fundraising by exercising Stock Acquisition Rights allocated to it through third-party allotments.

EJS, an affiliated company of the Allottee, acted as the arranger for this financing as part of its business of mediating acquisitions for related companies. EJS is a wholly owned subsidiary of Tiger-In Enterprise Limited, a company located in the British Virgin Islands (Craigmuir Chambers, PO Box 71, Road Town, Tortola VG1110, British Virgin Islands; Representative Directors: Michael Lerch and Richard Chisholm).

Note: The allocation of the Stock Acquisition Rights will be made to the Allottee through the intermediation of EJS, a member of the Japan Securities Dealers Association, and the offering will be conducted in accordance with the "Rules Concerning the Handling of Allotments of New Shares to Third Parties, etc." established by the Japan Securities Dealers Association (self-regulatory rules).

### **(3) Shareholding Policy of the Allottee and Exercise Restriction Measures**

The Allottee is a pure investment entity and, in principle, does not intend to hold the Company's common stock acquired through the exercise of the Stock Acquisition Rights for a long term. In fulfilling its operational responsibilities to its investors, it has verbally confirmed that it will generally sell such shares in the market making appropriate decisions based on share price trends of the holders and it will always consider market impact when selling.

The Company and the Allottee intend to enter into a Purchase Agreement that includes the following provisions:

- a) In accordance with Article 434, Paragraph 1 of the Securities Listing Regulations and Article 436, Paragraphs 1 through 5 of the Enforcement Rules established by the Exchange, the Company shall, in principle, not permit the Allottee to exercise the Rights to acquire shares in excess of 10% of the total number of listed shares as of the payment date of the Rights during any single calendar month.
- b) The Allottee agrees not to exercise the Rights in a manner that constitutes an Excess Limit Exercise, except where the specified exemptions apply. In exercising the Rights, the Allottee shall confirm with the Company in advance that such exercise of the Rights does not constitute an Excess Limit Exercise.
- c) If the Allottee transfers the Rights, it shall require the transferee to agree in advance to assume the obligations regarding the Excess Limit Exercise to the Company. Furthermore, if the transferee subsequently transfers the Rights to a third party, the Allottee shall require the transferee to ensure that the third party assumes the same obligations to the Company.

Furthermore, if the Allottee transfers the Rights, the Company will verify the identity of the transferee, confirm that the transferee is not an antisocial force, confirm the status of funds required for payment, and confirm the transferee's holding policy. Additionally, in the event of a transfer, the Company will disclose the relevant facts.

### **(4) Confirmation of the Existence of Assets Required for the Payment by the Allottee**

The Company has reviewed balance reports of multiple prime brokers and other financial institutions that substantiate the assets held by the Allottee as of September 30, 2025, which show net assets, calculated by

deducting liabilities, such as borrowings, from its cash, securities, and other assets. Based on these reports, the Company has determined that the Allottee has sufficient funds to pay, on the payment date, the total amount (issue price) for the Rights and to secure the funds required for their exercise.

Since the Allottee is expected to repeatedly exercise the Rights and recover funds by selling the shares acquired through such exercises, it will not require a large amount of funds at any single point in time. Accordingly, the Company has determined that the Allottee has sufficient funds to exercise the Rights.

Although the Allottee currently holds Stock Acquisition Rights for several other companies, as described above, it is expected to repeat the cycle of exercising the rights and selling the shares acquired; therefore, the amount of funds required at any single point in time will not be substantial. Even after deducting the necessary amount of funds for such transactions from the Allottee's net assets, the Company has determined that sufficient resources remain to cover both the total amount to be paid in (issue price) for the Rights and the funds required for their exercise.

## (5) Stock Lending Agreements

There are no applicable matters.

## 8. Major Shareholders and Shareholding Ratios

Shareholder Name	Shareholding Ratio (%)
Custody Bank of Japan, Ltd. (Trust Account)	8.49
The Master Trust Bank of Japan, Ltd. (Trust Account)	7.94
Diamond Engineering Co., Ltd.	7.19
All Diamond Shareholders	5.20
IKENAGA Tatsuro	2.30
BNP PARIBAS LONDON BRANCH FOR PRIME BROKERAGE CLEARANCE ACC FOR THIRD PARTY (Standing Proxy: Hongkong and Shanghai Banking Corporation, Tokyo Branch)	1.73
Hoei Sangyo Co., Ltd.	1.53
Diamond Electric HD Comrades Shareholders' Association	1.20
ONO YuuRi	0.92
Resona Bank, Limited	0.87

- Note:
1. The above "Shareholding Ratio (before the allotment) " is based on the shareholder register as of September 30, 2025.
  2. The Allottee has stated that its purpose in holding the Stock Acquisition Rights is investment and intends to sell the Company's common shares acquired through the exercise of those rights. Accordingly, the Allottee is not anticipating to hold the Company's common shares for the long term after exercise, therefore "Shareholding Ratio (after the allotment)" is not disclosed.
  3. Shareholding ratios are rounded to the nearest second decimal place.

## 9. Future Outlook

The Company considers that allocating the funds raised through the issuance and exercise of the Stock Acquisition Right to the uses described above in "4. Amount of Funds to be Raised, Use of Funds, and Scheduled Timing of Disbursement - (2) Specific Use of Proceeds" will lead to further business expansion, improved profitability, and a stronger financial base.

As stated in the same section, the amount and timing of the fundraising will be determined based on the

exercise status of the Stock Acquisition Rights. The Company policy is to determine the amount and timing of expenditures for each use based on the actual exercise status. Should expenditures during the current fiscal year necessitate a revision to the Company's earnings forecast for the period, the Company will promptly disclose such information.

## **10. Matters Concerning Procedures under the Corporate Code of Conduct**

The number of voting rights to be increased through this Third-Party Allotment is 85,000, which corresponds to 92.91% of the 91,484 voting rights associated with the 9,252,901 shares issued and outstanding as of September 30, 2025. As the dilution ratio exceeds 25%, pursuant to Article 432 of the Securities Listing Regulations prescribed by the stock exchange, either (i) an opinion on the necessity and appropriateness of the allotment from parties who are reasonably independent from management, or (ii) confirmation of shareholder intent through procedures such as a resolution of a general meeting of shareholders relating to the allotment is required.

Accordingly, in light of the need for this third-party allotment to implement financing in a flexible manner that enables the Company to strengthen its net assets promptly, secure a stable financial base, and respond to investment opportunities necessary for future business growth. At the same time, the maximum number of shares to be issued is fixed, the Company judged that, if it were to confirm shareholder intent through a shareholders' meeting resolution for the third-party allotment, it would require approximately two months to convene an extraordinary shareholders' meeting, and that the convocation of such a meeting would also entail considerable costs. After comprehensively considering these factors, the Company concluded that it would be appropriate to obtain an opinion from persons who are sufficiently independent from the management team, as described in "6. Reasonableness of the Issuance Terms, (2) Basis for Judging that Issuance Quantity and of Dilution Scale are Reasonable." Accordingly, the Company determined that it would be preferable to request such an opinion from outside experts who have no interest in the Company and have experience serving on third-party committees for financing transactions similar to this third-party allotment. The Company therefore established a third-party committee (the "Third-Party Committee") comprising three members: Shinsuke Kobayashi (Attorney, Kanagawa International Law Office), who has experience in equity finance transactions; Daisuke Fukai (Certified Public Accountant, Fukai CPA Office), who has experience in stock valuation; and Shiro Kasama, an outside director (Audit and Supervisory Committee Member) of the Company. On November 21, 2025, the Company obtained a written opinion from the Third-Party Committee containing the following views regarding the necessity and appropriateness of this third-party allotment. The summary of the Third-Party Committee's opinion is as follows:

(Summary of the Third-Party Committee's Opinion)

### **1 Conclusion**

The Third-Party Committee considers that there are no issues with this Financing from the perspectives of both necessity and appropriateness.

### **2 Reasons**

#### **(1) Necessity**

The total amount to be raised through this Financing is expected to be approximately JPY 5,360 Million, and the Company intends to allocate all proceeds to M&A activities and strategic business alliances.

Although the Company is committed to achieving the goals set forth in its medium- to long-term management plan “Scrum of Fire,” but achieving such goals solely through internal expansion and efficiency improvement may take considerable time and carry execution risk. Therefore, the Company plans to accelerate growth and improve overall business efficiency by pursuing M&A or business alliances with companies expected to generate synergy with the Company.

Among several companies identified as potential candidates based on technological compatibility and business structure, the Company has narrowed down one company (the “Target Candidate”) as the most promising. However, as discussions with this company have not yet commenced, the Target Candidate’s name cannot be disclosed at this time. The Committee received disclosure of the Target Candidate’s name and a detailed explanation from the Company regarding expected synergies, including business diversification, improved profitability, and cost efficiencies. The explanation was specific and persuasive. And the Company has determined the amount of this Financing based on the projected acquisition price. If the actual acquisition price is lower than expected or if the Company ultimately decides not to proceed with the acquisition, the Company stated it may suspend all or part of the Financing by exercising the acquisition clause.

With respect to conducting financing at this stage before a definitive decision has been made to proceed with the acquisition of the Target Candidate, the Company explained that although it aims to pursue a friendly acquisition with the cooperation of the Target Candidate, there is a risk that proposing an acquisition without having secured the acquisition funds may be perceived as lacking seriousness and may result in losing the acquisition opportunity. Given the Company’s current financial condition, external financing is necessary. Furthermore, the Company determined that the only practical financing method that allows financing to proceed while limiting the impact on the share price, and also provides the option to cancel the financing in the future, is financing through Stock Acquisition Rights. Since funds are obtained only upon exercise—and therefore it will take time to raise the amount needed—the Company decided to initiate the financing at this time. This explanation is considered persuasive.

As the acquisition of the Target Candidate using this financing is expected to enhance the Company’s corporate value through strategic synergies, the Committee concludes that the necessity of this Financing is justified.

## **(2) Appropriateness**

### **a) Comparison with Alternative Financing Methods**

According to the Company, financing through loans or corporate bonds would impose interest and repayment burdens and may impair the Company’s financial stability; therefore, such methods deemed inappropriate for this Financing. As a result, the Company evaluated multiple equity-based financing alternatives.

(i) Public offering: Although it would allow the Company to raise funds at once, it would also cause immediate and substantial dilution of earnings per share, leading to a significant negative impact on the stock price. Furthermore, the Company explained that such a method lacks the flexibility required for this Financing, and given the Company’s current business performance and financial condition,

securing an underwriter would be difficult.

(ii) Rights offering (shareholder allotment): As recent precedent is limited and shareholder participation rates are uncertain, the Company assessed that this option would be difficult to secure the necessary amount of capital. In addition, setting a low subscription price to encourage participation may negatively affect the stock price.

(iii) Third-party allotment: While this method enables immediate fundraising, it would also cause substantial dilution at once and could adversely affect the stock price. Moreover, no suitable allotment recipients are available at the time of review.

(iv) Convertible bonds (CBs): While they offer the advantage of reliably raising the necessary amount at issuance, if conversion does not progress after issuance, liabilities would increase and negatively affect borrowing capacity of the Company. Additionally, since conversion depends on the investor's discretion, the likelihood and timing of capital enhancement would remain uncertain.

(v) MSCB (high-dilution CB): This method was considered inappropriate due to structural uncertainty regarding the total number of shares to be issued, which could lead to significant market impact.

(vi) Fixed-price stock acquisition rights: These were deemed unsuitable because the Company would not benefit from a potential stock price increase, and conversely, if the stock price declines, exercise would not progress, making it difficult to raise funds. Given market volatility, setting an appropriate exercise price is impractical.

(vii) Free allotment of stock acquisition rights (rights issue): Commitment-type rights issue has had extremely limited precedent in Japan, and execution deemed unrealistic at this stage. Non-commitment-type rights issue also considered unsuitable, as securing the required capital would depend heavily on participation levels.

The Company further explained that it selected this Financing because it allows for phased fundraising using Stock Acquisition Rights with a price adjustment clause, while avoiding excessive impact on the stock price since the exercise price adjustment does not involve a discount from the most recent stock price. Additionally, the commitment provision ensures that, in principle, the Allottee will exercise all of the Stock Acquisition Rights, resulting in a high degree of certainty in securing the required financing.

The Committee finds the decision-making process to be reasonable and concludes that the terms are appropriate.

#### b) About the Allottee

The Company explained that while considering flexible and highly probable financing methods to raise funds for acquisition of the Target Candidate, it consulted Evolution Japan Securities Co., Ltd., an affiliate of the Allottee, in August 2025, and received a proposal for this Financing in September 2025. Following internal discussions and comparative consideration, the Company determined that this Financing best

addresses its needs. The structured exercise schedule of approximately 31 months allows gradual exercise of the Rights, helping avoid excessive short-term impact on the share price and minimizing dilution for existing shareholders. Furthermore, if the need for financing later disappears, the Company may cancel all or part of this Financing by exercising the acquisition clause, thereby limiting dilution. The Company also noted that EVO, the Allottee, was also the recipient of the 5th and 6th Stock Acquisition Rights issued in June 2024, and this past involvement contributed to its selection.

The Committee reviewed a due diligence report dated October 13, 2025, prepared by Riskpro Inc., concerning the Allottee. The report identified no particular issues regarding the Allottee, its affiliated companies, or their officers. In addition, to verify the Allottee's ability to meet its payment obligations, the Committee reviewed financial account statements from multiple prime brokers showing net asset positions (cash and securities minus liabilities) as of September 30, 2025, and determined that the Allottee has sufficient financial resources to execute this Financing.

#### c) Issuance Terms

With respect to the fairness of the issue price of the Rights, the Committee reviewed the valuation report prepared by Akasaka International Accounting Co., Ltd. The Committee found no unreasonable aspects in the valuation process, as it was conducted using a fairly common methods and did not reflect any special circumstances. Furthermore, the Company explained that, following discussions with the Allottee, the issue price was set equal to the valuation amount determined by Akasaka International Accounting. The Committee found no errors, insufficient review, or unreasonable elements in this decision. Other issuance terms were also determined through negotiations with the Allottee, with support from external legal firm. The Committee further noted that the Minimum Exercise Price—set at 50% of the closing price of the Company's shares on the trading day immediately preceding the board resolution—is consistent with comparable third-party allotment cases and is therefore considered appropriate. Furthermore, although it is generally common practice for stock acquisition rights with exercise price adjustment clauses linked to market prices to apply a discounted price relative to the most recent market price when adjustments are made, no such discount is applied when adjusting the Exercise Price under these Stock Acquisition Rights. While this feature may disadvantage the Allottee from the standpoint of encouraging rapid exercise, the Allottee has committed, in principle, to exercising all of the Rights. Therefore, this structure is favorable to the Company, as it helps mitigate negative impact on the share price and enables a greater fundraising amount at the time of exercise.

The Company is obligated to repurchase any unexercised Stock Acquisition Rights at the final day of the exercise period; however, since the Allottee has committed to exercising all rights in principle, the Company does not anticipate being required to repurchase any rights. Even if repurchase occurs, the repurchase price equals the issue price, and the associated cost is considered minimal.

Based on the foregoing, the Committee concludes that the Issuance Terms are appropriate.

#### d) Dilution Impact

If all of the Rights are exercised, the resulting dilution relative to the total issued number of shares as of September 30, 2025, will be substantial—91.86% on a total share basis (and 92.91% on a voting



rights basis). However, according to the Company, although existing shareholders will incur dilution as a disadvantage resulting from this Financing, the Rights are intended to be exercised gradually over approximately 31 months. As a result, dilution caused by the issuance of new shares upon exercise is also expected to occur gradually. In addition, relative to the 8,500,000 shares to be issued if all Stock Acquisition Rights are exercised, the Company explained that the average daily trading volume of its common shares on the Exchange over the past six months was 20,945 shares, indicating sufficient market liquidity to allow gradual resale during the exercise period. Furthermore, if the need for financing through these Stock Acquisition Rights no longer exists or if the Company determines that another financing method is more appropriate, the acquisition clause may be utilized to mitigate dilution. While acknowledging that the level of dilution associated with this Financing is significant, the Company explained that the acquisition of the Target Candidate using the funds raised is expected to accelerate progress toward achieving the objectives of its medium- to long-term management plan, “Scrum of Fire,” resulting in enhanced corporate value that will ultimately provide benefits to existing shareholders exceeding the impact of dilution. The Committee finds no unreasonable aspects in the above explanation and considers that this Financing is expected to provide benefits to existing shareholders that outweigh the disadvantages of dilution.

As described above, the Company has obtained an opinion from the Third-Party Committee that the issuance of the new Stock Acquisition Rights is necessary and appropriate. Following discussion and consideration of the Third-Party Committee’s opinion in today’s Board of Directors resolution (November 25, 2025), the Board determined that the number of Stock Acquisition Rights to be issued and the resulting level of dilution are reasonable, considering the impact on existing shareholders.

## 11. Performance and Equity Financing Status for the Recent Three Years

### (1) Performance for the Past Three Years (Consolidated)

Fiscal Year	FY ending March 31, 2023	FY ending March 31, 2024	FY ending March 31, 2025
Net Sales (thousand JPY)	91,106	93,334	91,724
Operating Profit or Loss (thousand JPY)	-1,187	230	2,270
Ordinary Profit or Loss (thousand JPY)	-817	1,313	1,467
Net Profit or Loss Attributable to Owners of Parent (thousand JPY)	-1,075	-1,897	411
Net Income or Loss per Share (JPY)	-139.52	-226.59	49.14
Dividend per Share (JPY)	25.0	12.5	25.0
Net Assets per Share (JPY)	1,287.38	1,211.21	1,354.74

**(2) Status of Delivered Shares and Potential Shares (as of September 30, 2025)**

	Number of Shares	Percentage to Delivered Shares
Number of Delivered Shares	9,252,901 shares	100%
Number of Potential Shares at Current Conversion Price (Exercise Price)	2,092,200 shares	22.61%
Number of Potential Shares at Lower-Limit Conversion Price (Exercise Price)	-	-
Number of Potential Shares at Upper-Limit Conversion Price (Exercise Price)	-	-

Notes: The above numbers of potential shares represent the total number of Stock Acquisition Rights issued through Third-Party Allotment and stock options granted to the Company's directors and employees. Furthermore, on December 12, 2025, the Company plans to acquire and cancel all remaining 5th and 6th Stock Acquisition Rights (remaining as of November 21, 2025: 19,660 rights; potential shares: 1,966,000 shares) on said date.

**(3) Status of Recent Share Prices****(i) Share Price Trends for the Past Three Fiscal Years**

	FY ending March 31, 2023	FY ending March 31, 2024	FY ending March 31, 2025
Opening Price	JPY 1,041	JPY 860	JPY 725
High Price	JPY 1,982	JPY 976	JPY 850
Low Price	JPY 786	JPY 612	JPY 477
Closing Price	JPY 858	JPY 729	JPY 600

Note: All stock prices shown above are those quoted from the Tokyo Stock Exchange Prime Market.

**(ii) Share Price Trends for the Past Six Months**

2025	June	July	August	September	October	November
Opening Price	JPY 571	JPY 575	JPY 610	JPY 582	JPY 583	JPY 561
High Price	JPY 589	JPY 618	JPY 626	JPY 601	JPY 593	JPY 669
Low Price	JPY 567	JPY 560	JPY 578	JPY 566	JPY 540	JPY 534
Closing Price	JPY 575	JPY 604	JPY 579	JPY 584	JPY 555	JPY 631

Note 1: All stock prices shown above are those quoted on the Tokyo Stock Exchange Prime Market.

2. Stock prices for November 2025, figures are shown as of November 21, 2025.

**(iii) Share Price on the Business Day Immediately Preceding the Issuance Resolution Date**

	November 21, 2025
Opening Price	JPY 611
High Price	JPY 631
Low Price	JPY 611
Closing Price	JPY 631

**(4) Equity Financing Status for the Past Three Years****(i) Issuance of the 5th and 6th Stock Acquisition Rights by Third-Party Allotment**

Allotment Date	June 12, 2024
Number Stock Acquisition Rights Issued	20,000 units 5th Stock Acquisition Rights: 10,000 6th Stock Acquisition Rights: 10,000
Issue Price	Total: JPY 2,120,000 JPY 113 per 5th Stock Acquisition Right JPY 99 per 6th Stock Acquisition Right
Amount of Funds to be Raised at Issuance (Estimated Net Proceeds)	JPY 1,705,120,000
Allottee	EVO FUND
Total Number of Delivered Shares at the Time of the Offering	9,128,001 shares (as of March 31, 2024)
Number of Potential Shares Resulting from this Offering	2,000,000 5th Stock Acquisition Rights: 1,000,000 6th Stock Acquisition Rights: 1,000,000
Current Exercise Status	34,000 share
Amount Raised to Date	JPY 23 million
Current Status of the Initial Use of Funds	(i) Design and development of next-generation power conditioners and storage battery systems for residential use, JPY 725 million (ii) Design and development of industrial three-phase power conditioners and storage battery systems, JPY 253 million (iii) Design and development of various V2H (Vehicle to Home) systems, JPY 727 Million
Scheduled Expenditure Period as of the Current Date	(i) June 2024 to June 2026 (ii) June 2024 to June 2025 (iii) June 2024 to June 2025
Current Allocation Status	(iii) Design and development of various V2H (Vehicle to Home) systems, JPY 23 Million

**12. Issuance Terms**

See Attachment.

(Attachment)

**Diamond Electric Holdings Co., Ltd. 8th Stock Acquisition Rights  
Issuance Terms**

1. Name of the Rights Diamond Electric Holdings Co., Ltd. 8th Stock Acquisition Rights ("the New Rights").
2. Total Payment JPY1,530,000 (JPY18 per Right)
3. Application Date December 12, 2025
4. Allotment/Payment Date December 12, 2025
5. Offering Method Third-party allotment to EVO FUND.
6. Calculation Method of Class/Number of New Shares Subject to the Rights
  - (1) Class: The Company's common stock.
  - (2) Total number: 8,500,000 shares (100 shares per Right, the "Number of Allotted Shares per Right").

If the Company conducts a stock split or stock consolidation, the Number of Allotted Shares shall be adjusted in accordance with the following formula. However, such adjustment shall be made only with respect to the Number of Allotted Shares pertaining to the Rights that have not been exercised at that time, and any fractional amount of less than one share resulting from the adjustment shall be rounded down:

$$\text{Number of Allotted Shares after Adjustment} = \text{Number of Allotted Shares before Adjustment} \times \text{Ratio of Stock Split (or Stock Consolidation)}$$

If any other circumstances arise that require adjustment of the Number of Allotted Shares, the Company may, by resolution of the Board of Directors, appropriately adjust the Number of Allotted Shares to the reasonable extent.
7. Total Rights 85,000 units
8. Payment per Right JPY 18.
9. Asset Value/Calculation Method upon Exercising the Rights
  - (1) The value of the assets to be contributed upon the exercise of each Stock Acquisition Right:

Exercise Price (defined below) x Number of Allotted Shares, fraction of less than JPY 1 shall be rounded down.
  - (2) The value of the assets to be contributed per share upon the exercise of the Rights (hereinafter "the Exercise Price"), for shares to be delivered upon such exercise (whether by issuance/disposal of the Company's common stock; the same shall apply hereinafter): JPY 631.
10. Exercise Price Revision
  - (1) The Exercise Price shall be revised for the first time on the date 1 trading day following the Allotment Date (which refers to a day on which trading sessions are held at the Tokyo Stock Exchange (the "Exchange"); the same shall apply hereinafter), revised for the second time on the date 2 trading days following the Allotment Date, and thereafter on every 3 trading days (each such date being referred to individually or collectively as the "Revision Date"). When the Exercise Price is revised pursuant to this paragraph, in the first revision, the Exercise Price shall be revised to an amount equivalent to 100% of the closing price of the Company's common stock in regular trading announced by the Exchange on November 25, 2025 (provided, however, that if such amount is less than the Minimum Exercise Price (as defined below), the Minimum Exercise Price shall apply). In the event of second and subsequent adjustments, the Exercise Price shall be revised on the Revision Date to an amount equivalent to 100% of the simple average of the closing price of the Company's common stock in regular trading announced by the Exchange on each of the 3 consecutive trading days (excluding days on which no closing price is available) preceding the Revision Date (hereinafter, together with November 25, 2025, individually or collectively referred to as the "Price Calculation Period"), rounded down to the nearest JPY (provided,

however, if such amount is less than the Minimum Exercise Price (as defined below), the Minimum Exercise Price shall be used). However, if no closing price is available on any trading day during the Price Calculation Period, the Exercise Price shall not be revised. In addition, if any event that constitutes a cause for adjustment pursuant to paragraph 11 occurs during the Price Calculation Period, the closing price of the Company's common stock in regular trading announced by the Exchange on each trading day in the Price Calculation Period shall be reasonably adjusted in consideration of such event.

- (2) Notwithstanding item (1) of this paragraph, the 8th Stock Acquisition Rights may not be exercised during the period from the trading day immediately preceding the record date for determining shareholders of the Company's common stock, etc. (inclusive) to such record date (inclusive), due to procedural reasons of the Japan Securities Depository Center (such period, hereinafter the "Shareholder Determination Period"; provided, however, that if the Japan Securities Depository Center, Inc. modifies such period, the modified period shall apply). In addition, the Exercise Price shall not be revised on the trading day following the final day of the Shareholder Determination Period. In such a case, the next revision of the Exercise Price shall occur on the day 2 trading days (inclusive) following the final day of the Shareholder Determination Period, and thereafter the Exercise Price shall be revised every 3 trading days in accordance with item (1) of this paragraph.
- (3) The Minimum Exercise Price shall initially be JPY 316.
- (4) The Minimum Exercise Price shall be adjusted by applying the provisions of paragraph 11 mutatis mutandis.

#### 11. Exercise Price Adjustment

- (1) In the event that the number of the Company's common stock issued changes or may change due to any of the circumstances listed in item (2) of this paragraph after the Allotment Date of the Stock Acquisition Rights, the Company shall adjust the Exercise Price using the following formula (hereinafter referred to as the "Exercise Price Adjustment Formula").

$$\text{Adjusted Exercise Price} = \frac{\text{Pre-adjustment Exercise Price} \times \text{Number of Outstanding Shares} + \frac{\text{Delivered Shares} \times \text{Amount Paid per Share}}{\text{Market Price}}}{\text{Number of Outstanding Shares} + \text{Delivered Shares}}$$

- (2) In cases where Exercise Price Adjustments are made using the Exercise Price Adjustment Formula, and with respect to the timing for applying the Adjusted Exercise Price, the provisions set forth below shall apply.
  - (i) When issuing new shares of the Company's common stock at an amount that is lower than the market price set forth in item (4)(ii) of this paragraph (however, this excludes cases where the Company's common stock is granted as equity compensation to officers or employees of the Company or its subsidiaries; gratis allotment of shares; delivery in exchange for the acquisition of shares subject to put/call options issued by the Company; request or exercise of Stock Acquisition Rights, bonds with Stock Acquisition Rights, or other securities or rights entitling the holder to request delivery of the Company's common stock; or where shares are granted under the Company's restricted stock compensation plan): The Adjusted Exercise Price shall apply from the day following the Payment Date (if a payment period is established for the offering, the final day of said payment period; the same shall apply hereinafter), or, if there is a shareholder Allotment Date for the offering, from the day following said Allotment Date.
  - (ii) When issuing shares of the Company's common stock through a stock split or gratis allotment of shares, the Adjusted Exercise Price shall be effective from the day following the record date for the stock split; when there is a record date for granting common shareholders the right of gratis allotment of the Company's common stock, from the day following that record date; if there is no record date for granting common shareholders the right of gratis allotment of the Company's common stock, or

in the case of gratis allotment of the Company's common stock to shareholders (excluding common shareholders), from the day following the effective date of said allotment.

- (iii) When issuing shares with a put option that stipulate delivery of the Company's common stock at an amount that is lower than the market price set forth in (4)(ii) of this paragraph in exchange for their acquisition (including gratis allotment), or when issuing Stock Acquisition Rights (excluding when the Company issues Stock Acquisition Rights pursuant to its stock option system), bonds with Stock Acquisition Rights, or other securities or rights entitling the request for delivery of the Company's common stock at an amount that is lower than the market price set forth in (4)(ii) of this paragraph (including gratis allotment), the Adjusted Exercise Price shall be calculated by applying the Exercise Price Adjustment Formula mutatis mutandis on the assumption that all of the shares with a put option, Stock Acquisition Rights, bonds with Stock Acquisition Rights, or other securities or rights had been requested or exercised at their initial acquisition price or Exercise Price, and that the Company's common stock had been accordingly delivered. This Adjusted Exercise Price shall apply from the day following the Payment Date (in the case of Stock Acquisition Rights or bonds with Stock Acquisition Rights, the Allotment Date; in the case of gratis allotments, the effective date). However, if there is a record date for the allocation of these rights, the Adjusted Exercise Price shall be used from the day following that date. Notwithstanding the above, if the consideration for the Company's common stock to be delivered upon a request or exercise has not been determined at the time of issuance of shares with a call option, Stock Acquisition Rights, bonds with Stock Acquisition Rights, or other securities or rights, the Adjusted Exercise Price shall be calculated by applying the Exercise Price Adjustment Formula mutatis mutandis on the assumption that all of such shares with a call option, Stock Acquisition Rights, bonds with Stock Acquisition Rights, or other securities or rights are deemed to have been requested or exercised under the terms prevailing at the time such consideration is determined and that the Company's common stock has been accordingly delivered. This Adjusted Exercise Price shall apply from the day following the date on which such consideration is determined.
- (iv) When delivering the Company's common stock at a price below the market price set forth in item (4)(ii) of this paragraph in exchange for the acquisition of shares issued by the Company with a call options or Stock Acquisition Rights with call options (including those attached to bonds with Stock Acquisition Rights), the Adjusted Exercise Price shall apply from the day following the acquisition date.
- (v) In each transaction under (i) through (iii) above, if a record date is set for the allotment of such rights and the effectiveness of each transaction is contingent upon approval by the General Meeting of Shareholders, the Board of Directors, or other corporate body of the Company to be held after such record date, then notwithstanding the provisions of (i) through (iii) above, the Adjusted Exercise Price shall apply from the day following the date on which such approval is obtained. In such cases, the number of shares of the Company's common stock to be delivered to the holders of these Stock Acquisition Rights who exercised their rights between the day following said record date and the date on which approval of the relevant transaction is obtained (hereinafter referred to as the "Stock Acquisition Rights Holders") shall be determined in accordance with the following formula.

$$\text{Number of Shares} = \frac{(\text{Pre-adjustment Exercise Price} - \text{Adjusted Exercise Price}) \times \frac{\text{Number of shares delivered during the relevant period at the Pre-adjustment Exercise Price}}{\text{Adjusted Exercise Price}}}{1}$$

In such cases, any fraction of less than one share shall be rounded down, and no cash adjustment shall be made.

- (3) No Exercise Price Adjustment shall be made as long as the difference between the Adjusted Exercise Price, calculated using the Exercise Price Adjustment Formula, and the Pre-adjustment Exercise Price remains less than JPY 0.1. However, if an event requiring further adjustment of the Exercise Price

subsequently occurs and the Exercise Price is to be calculated, the amount obtained by subtracting this difference from the Pre-adjustment Exercise Price shall be used in place of the Pre-adjustment Exercise Price in the Exercise Price Adjustment Formula.

- (4) The calculation using the Exercise Price Adjustment Formula shall be as set forth in each of the items below.
- (i) Any fraction of less than JPY 0.1 resulting from such calculation shall be rounded to the nearest JPY 1.
  - (ii) The market price used in the Exercise Price Adjustment Formula shall be the average of the closing price (excluding days on which no closing price is available) of the Company's common stock in regular trading announced by the Exchange during the 30 trading days commencing on the 45th trading day preceding the date on which the Adjusted Exercise Price is applied (provided, however, that in the case of item (2)(v) of this paragraph, the record date shall be used). In this case, the average value shall be calculated to the second decimal place, and the result shall then be rounded to the nearest JPY.
  - (iii) The number of delivered shares of the Company's common stock used in the Exercise Price Adjustment Formula shall be the number of issued common shares as of the record date, if one is set; or, if no record date is set, the number of issued common shares of the Company as of the date one month prior to the date on which the Adjusted Exercise Price is applied, minus the number of the Company's common shares held by the Company as of such date. In the case of a stock split, the number of common shares to be delivered used in the Exercise Price Adjustment Formula shall not include the number of common shares allotted to the Company's common shares held by the Company as of the record date.
- (5) In addition to cases where Exercise Price Adjustment is required under item (2) of this paragraph, the Company shall also carry out the necessary Exercise Price Adjustment in the following cases.
- (i) When an Exercise Price Adjustment is necessary due to a stock consolidation, a merger in which the Company is the surviving company, an absorption-type company split in which the Company is the successor company, or a share exchange or share delivery in which the Company becomes the wholly owning parent company.
  - (ii) When an Exercise Price Adjustment is necessary due to any event that causes, or may cause, a change in the number of the Company's common shares.
  - (iii) When two or more events requiring an adjustment of the Exercise Price occur in succession, it may be necessary to consider the impact of one event on the market price used to calculate the Adjusted Exercise Price based on the other event.
- (6) Notwithstanding the provisions of item (2) of this paragraph, if the date on which the Exercise Price after revision calculated under item (2) of this paragraph is first applied coincides with the Revision Date of the Exercise Price under paragraph 10, the Company shall make the necessary revision.
- (7) When the Exercise Price is to be revised or adjusted pursuant to paragraph 10 and this paragraph, the Company shall, in advance and in writing, notify the Rights Holders to that effect, including the reason for the revision or adjustment, the Exercise Price before and after the revision or adjustment, the date of application, and other necessary matters, no later than the day preceding the date of application. However, in the case of item (2)(v) of this paragraph, or in any other case where the Company is unable to provide such notice by the day preceding the date of application, the notice shall be given promptly after the date of application.

12. Exercise Period

December 15, 2025 to July 18, 2028.

13. Other Conditions for the Exercise

No partial exercise of a single right.

14. Acquisition Clause (Call Option)

- (1) If the Company's Board of Directors resolves that it is necessary to acquire these Stock Acquisition Rights, then on or after the day following the Payment Date, in accordance with the provisions of Articles 273 and 274 of the Companies Act, the Company, by notifying the holder of these Stock Acquisition Rights or the holder's affiliated companies at least 11 trading days prior to the date determined by the Company's Board of Directors for acquiring these Stock Acquisition Rights (hereinafter referred to as the "Acquisition Date") (provided, however, that if such notice does not reach the Rights Holders or their affiliated companies by 4:00 p.m. on that day, such notice will be treated as having been made on the next trading day), may acquire all or part of the Rights remaining on the Acquisition Date, at an amount equal to the amount to be paid in per stock acquisition right (if a fraction less than JPY 1 arises when multiplying by the number of applicable Stock Acquisition Rights, such fraction will be rounded to the nearest JPY). If the Company acquires only a portion of these Stock Acquisition Rights, such acquisition will be conducted by lottery or other reasonable method.
- (2) If any of these Stock Acquisition Rights remain on the last day of the exercise period defined in paragraph 12, the Company will acquire all such remaining Stock Acquisition Rights on that last day at an amount equal to the amount to be paid in per Stock Acquisition Right (if a fraction less than JPY 1 arises when multiplying by the number of applicable Stock Acquisition Rights, such fraction will be rounded to the nearest JPY).

15. Issuance of Certificates

The Company shall not issue certificates.

16. Increase in Capital Stock and Capital Reserve upon the Issuance of Shares through the Exercise of the 8th Stock Acquisition Rights

The amount of capital stock to be increased upon the issuance of shares of the Company's common stock through the exercise of the Rights shall be one-half of the maximum amount of increase in capital stock calculated in accordance with Article 17, Paragraph 1 of the Company Accounting Regulations (any fraction of less than JPY 1 resulting from such calculation shall be rounded up). The amount of capital reserve to be increased shall be the amount obtained by subtracting the amount of capital stock to be increased from such maximum amount of increase in capital stock.

17. Method for Submitting an Exercise Request for the Stock Acquisition Rights

- (1) Rights holders who intend to exercise the 8th Stock Acquisition Rights must notify the exercise request acceptance location specified in Paragraph 19 of the matters necessary for the exercise request during the exercise period set forth in Paragraph 12.
- (2) Rights holders who intend to exercise the 8th Stock Acquisition Rights shall notify the matters necessary for the exercise request as specified in the preceding item, and shall remit, in cash, the full amount of the funds to be contributed upon exercise of the 8th Stock Acquisition Rights to the account designated by the Company at the payment handling location set forth in Paragraph 20.
- (3) The exercise request for the 8th Stock Acquisition Rights shall become effective on the day when all matters necessary for the exercise request are notified to the exercise request acceptance location specified in Paragraph 19, and the full amount of the funds to be contributed upon the exercise of the relevant Stock Acquisition Rights (if the Exercise Price set forth in Paragraph 10 is revised on the same date as the notification of the matters necessary for the exercise request, the amount shall be calculated based on the revised Exercise Price) is deposited into the account set forth in the preceding item.

18. Method of Share Delivery

Upon the exercise request becoming effective, the Company shall deliver shares by recording an increase in the number of book-entry transfer shares in the holdings section of book-entry transfer account registers maintained at the book-entry transfer institution or account management institution designated by said Stock Acquisition Rights Holders.



19. Place for Acceptance of Exercise Requests      Mitsubishi UFJ Trust and Banking Corporation,  
Osaka Corporate Agency Division
20. Place for Handling Payments      MUFG Bank, Ltd., Juso Branch
21. Reason for the Calculation of Payment Amount and Asset Value upon Exercise  
Taking into consideration the terms and conditions of the Stock Acquisition Rights and the Purchase Agreement pertaining to them, and with reference to the calculation results obtained using the Monte Carlo simulation, a commonly used pricing model, the amount to be paid per Stock Acquisition Right was set as described in Paragraph 8. Furthermore, the amount to be paid upon Exercise of the Rights shall be as set forth in Paragraph 9.
22. Application of the Act on Book-Entry Transfer of Corporate Bonds and Shares, etc.  
The 8th Stock Acquisition Rights shall constitute book-entry transfer stock acquisition rights as defined under the Act on Book-Entry Transfer of Corporate Bonds and Shares, and all such rights shall be subject to the provisions of said Act. Furthermore, the handling of the 8th Stock Acquisition Rights shall be governed by the Operational Rules, Enforcement Rules, and other applicable regulations regarding the Book-Entry Transfer of Shares, etc., as prescribed by the Japan Securities Depository Center, Inc.
23. Name and Address of the Book-Entry Transfer Institution  
Japan Securities Depository Center, Inc. (JASDEC)  
7-1 Nihonbashi Kabuto-Cho, Chuo-ku, Tokyo
24. Others
- (1) In amendments to the Companies Act or other applicable laws necessitate reinterpretation or other adjustments to the provisions hereof, the Company shall implement the necessary measures.
  - (2) The above items shall be subject to the effectiveness of the notification under the Financial Instruments and Exchange Act.
  - (3) All other matters necessary in connection with the issuance of 8th Stock Acquisition Rights shall be entrusted to the Company's President.

*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.*