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(Delayed) Progress Based on the Plan for Compliance With Listing Maintenance Standards

On June 23, 2023, Diamond Electric Holdings Co., Ltd. (the "Company") submitted a "Plan for Compliance with Listing Maintenance Standards in the New Market Segment" (the "Plan", in Japanese only). On June 4, 2024, the Tokyo Stock Exchange, Inc. ("TSE") notified the Company of its violation of the standard for the market capitalization of tradable shares according to the compliance status calculated from the distribution status of stocks, etc. submitted by the Company as of the end of March 2024, which is within the planning period of the Plan.

The Company has once again formulated the progress of the "Plan" as of March 2024, as follows.

1. Transition of the Company's State of Compliance with the Listing Maintenance Standards and the Planning Period

The Company's compliance status with the listing maintenance standards of the TSE Prime Market as of March 2024, including its trends, does not meet the standard for "market capitalization of tradable shares," as mentioned below. The Company will continue to take various measures to meet the criteria for maintaining our listing during the planning period set out in the Plan (as of the end of March 2025).

Status of Compliance with Criteria for Maintaining Listing*

| | Number of shareholders (people) | Number of tradable shares (units) | Total market value of tradable shares (million JPY) | Ratio of circulating shares (%) |
|-------------------------------|---------------------------------|-----------------------------------|---|---------------------------------|
| As of March 31, 2023 | 5,844 | 70,716 | 7,75 | 77.4 |
| As of March 31, 2024 | 5,801 | 70,483 | 4,811 | 77.2 |
| State of compliance | | | Not achieved | |
| Planning period | | | End of March 2025 | |
| Listing maintenance standards | 800 or more | 20,000 or more | 10,000 or more | 35 or more |

*The compliance status was calculated based on the distribution of the Company's stocks, etc. which Tokyo Stock Exchange is aware as of the reference date, and the "Total market value of tradable shares" is calculated by multiplying the number of tradable shares at the end of the fiscal year by the average of daily closing prices for the three months prior to the end of the fiscal year.

2. Status of Compliance with Listing Maintenance Standards and the Planning Period

The Company recognizes that the failure to meet the standard for the total market value of tradable shares is due to the sluggish share price of the Company: PBR (Price book value ratio) of less than 1x. The Company has set a medium- to long-term management goal of maintaining a high level of ROE (return on equity) from the viewpoint of emphasizing shareholder returns, while striving to expand consolidated net sales and secure an appropriate profit margin. However, the Company's most recent ROE has been negative in both the fiscal year ended March 31, 2023 and the fiscal year ended March 31, 2024, and the PBR (Price Book Value Ratio) is below 1x.

Therefore, to improve the share price, the Company has been working diligently to improve the break-even point by implementing emergency measures as a group aiming to return to profitability as soon as possible in the previous fiscal year, which is the most urgent management issue set forth in the Plan. As a result, operating income for the previous fiscal year returned to the black, albeit slightly, after a significant operating loss in the previous two fiscal years. In the Mobility Equipment business, which has been in the red, the cost of sales ratio has been improving and the deficit narrowed significantly from -2,938 million JPY in the previous two fiscal years to -899 million JPY in the previous fiscal year, through resumption of orders from US automakers, full-scale launch of newly ordered mass-produced products, improvement of unit prices of low-profit products, and partial production transfer to plants in ASEAN region to improve profitability, especially in the US market. However, the Company could not achieve the management indices (net sales, operating income, operating income margin, and ROE) set forth in the medium- to long-term management plan (formulated in October 2023) for the previous fiscal year.

The above is the status and results of the most recent management issues. As for the fact that the Company has fallen below the listing maintenance standard (total market value of tradable shares), the Company recognizes the reason for this is that, after the COVID-19 disaster, revision of its consolidated earnings forecast downward at the time of the interim announcement for the previous fiscal year, and also not being able to achieve the consolidated net sales and operating income forecast at the beginning of the fiscal year led the market to perceive that its business expansion in the fields of renewable energy and energy-saving inverters, which are expected to grow, is not progressing as planned.

Major Consolidated Business Indicators for the Past 5 Years

| | FY2020/3 | FY2021/3 | FY2022/3 | FY2023/3 | FY2024/3 |
|---|----------|----------|----------|----------|----------|
| Consolidated sales (million JPY) | 71,012 | 70,639 | 76,271 | 91,106 | 93,334 |
| Operating income (million JPY) | 511 | 2,247 | 492 | ▲1,187 | 230 |
| Operating profit margin (%) | 0.7 | 3.2 | 0.6 | ▲1.3 | 0.2 |
| Net income attributable to owners of parent (million JPY) | ▲1,776 | 95 | 1,287 | ▲1,075 | ▲1,897 |
| Net assets (million JPY) | 6,111 | 7,185 | 10,176 | 10,903 | 10,280 |
| Equity ratio (%) | 11.7 | 11.0 | 14.7 | 13.7 | 12.4 |
| ROE (%)** | ▲27.1 | 1.5 | 15.0 | ▲10.3 | ▲18.1 |
| End of term stock price (JPY) | 462 | 2,800 | 1,050 | 858 | 729 |
| Net assets per share (JPY) | 877.13 | 1,020.95 | 1,380.52 | 1,287.38 | 1,211.21 |
| PBR (times) | 0.53 | 2.74 | 0.76 | 0.67 | 0.57 |

** ROE (Return on Equity) = Net income / Shareholders' equity (average of beginning and end of period)

3. Future Issues and Initiatives

The Company has made a rolling revision of its management plan considering the recent and medium- to long-term business environment surrounding its business, including rapid changes in the electronics market in Europe, and as described at the end of this document, it has provisionally revised the figures in its medium- to long-term management plan (formulated in October 2023) (to be finalized by the end of this year). The Company will continue to implement actionable measures in accordance with the "Framework of the Medium- to Long-term Management Plan"*** to enhance corporate value and increase the total market value of tradable shares by raising the Company's share price through appropriate evaluation in the stock market.

For your reference, the theoretical share price to meet the listing maintenance standard of 10 billion Japanese yen in total market value of tradable shares is 1,419 JPY, calculated based on 70,483 units of tradable shares as of the end of June 2024, and 1,106 yen, calculated including 20,000 units of potential shares of 5th and 6th series stock acquisition rights by third party allotment on June 12, 2024. Looking back at the past share prices, the Company believes that it is possible to exceed this theoretical share price by increasing the operating profit margin to an appropriate level (3% or more, 3.2% for the fiscal year ended March 2021).

Therefore, in the light of the earnings forecast (operating profit margin 0.9%) for the fiscal year ending March 31, 2025 (current fiscal year) announced on May 15, 2024, the Company considers that the market would understand that the medium- to long-term management plan targeting an appropriate operating profit margin of 3% or more is achievable, although the hurdle is high, and it will continue to proceed with the Plan to meet the listing maintenance standard of 10 billion JPY in total market value of tradable shares.

Mid- to Long-term Management Plan (Planned Figures) FY2025 to FY2029_Provisional

| | FY2025/3 | FY2026/3 | FY2027/3 | FY2028/3 | FY2029/3 |
|--|----------|----------|----------|----------|----------|
| Net sales (million JPY) | 94,000 | 100,000 | 120,000 | 130,000 | 150,000 |
| Operating income (million JPY) | 800 | 1,500 | 3,000 | 5,000 | 6,000 |
| Operating income ratio (%) (rounded to the nearest tenth) | 0.9% | 1.5% | 2.5% | 3.8% | 4.0% |
| ROE | ▲3.2% | 5.7% | 20.5% | 25.4% | 26.1% |

*** "The Framework of the Medium- to Long-Term Management Plan"

1) Out of the red as early as possible

- Quickly get the Mobility Equipment business in the black by accelerating consolidation of production facilities to optimize global production and reduce costs by improving productivity
- Restructuring of global supply chain to secure stable procurement of key components such as power semiconductors
- Reorganization of the sales and service network for the company's products in the energy solution business
- Improvement of the value chain, including reduction of fixed costs and pursuit of operational efficiency through review of operations

2) Aggressive investment in growth areas for continuous business expansion

• **Mobility Equipment Business:**

Achieve No. 1 in the world share of ignition coils, Promote design activities and leading-edge technology development to achieve lower fuel consumption and lower exhaust gas emissions from diversified internal combustion engines

• **Energy Solutions Business:**

Development of next-generation energy storage system products that embody the concept of "Contribute to the Improvement of Global Environment by Connecting Cars and Homes with Manufacturing"

• **Home Electronics Business:**

Become No.1 in the domestic inverter air conditioner reactor market, capture the top 3 market shares among the major customers, follow and contribute to the global expansion of major customers

• **New Business Initiatives:**

Pursuit of technological innovation to "Contribute to the Improvement of Global Environment by Connecting Cars and Homes with Manufacturing" by integrating the Group's technological capabilities

3) Promotion of IR activities for individual investors

- Promote understanding of the Company's business through holding company information sessions for individual investors, which had been suspended due to the spread of COVID-19

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