



June 30, 2025

Company name: Diamond Electric Holdings Co., Ltd.
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(Securities code: 6699; Prime Market)
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Compliance Plan for Continued Listing on the Prime Market (Currently in Improvement Period)

As of March 31, 2025, Diamond Electric Holdings Co., Ltd. (“the Company”) was not in compliance with the continued listing requirements for the Prime Market of the Tokyo Stock Exchange (TSE). Accordingly, the Company has formulated the plan to achieve compliance, as outlined below.

1. Compliance Status with Continued Listing Requirements, Plan Period, and Improvement Period

As of March 31, 2025, the Company’s compliance status with the continued listing requirements for the Prime Market is as shown in the table below. The Company does not meet the market capitalization requirement for tradable shares. The Company is currently implementing various initiatives to achieve compliance with the continued listing requirements, specifically to address the shortfall in the market capitalization requirement for tradable shares. If the Company fails to comply with the market capitalization requirements for tradable shares by the end of the improvement period on March 31, 2026, its shares will be designated as “securities under supervision (under confirmation)” by TSE. Furthermore, if TSE determines, based on the review of the share distribution report submitted by the Company as of March 31, 2026, that the market capitalization requirement for tradable shares has not been met, its shares will be designated as “Securities Under Delisting Procedure,” potentially leading to the delisting of the Company’s shares on October 1, 2026.

Furthermore, considering the possibility that the Company may not be able to comply with the continued listing requirements for the Prime Market within the plan period due to the impact of recent changes in the external environment and market conditions, both within Japan and globally, the Company has begun preparations to apply for a market change to the Standard Market, while continuing to advance its plan to achieve compliance with the Prime Market requirements.

		Number of Shareholders	Number of Tradable Shares (Unit)	Market Capitalization of Tradable Shares	Ratio of Tradable Shares
Compliance Status of the Company	As of the End of March 2025	5,518	72,539	4.05 billion JPY	79.1%
Continued Listing Requirements		800	20,000	10 billion JPY	35.0%
Plan Period (Improvement Period)				By March 31, 2026	

*The Company’s compliance status was calculated based on the distribution of its share certificates, etc., as recognized by the Tokyo Stock Exchange as of the base date.

2. Basic Policy for Initiatives to Achieve Compliance with Continued Listing Requirements

The Company recognizes that the failure to meet the market capitalization requirement for tradable shares is due to a low share price (price-to-book ratio (PBR) falling below 1). Accordingly, to increase its share price, the Company will focus on “improving business performance through promotion of its business plan” and “enhancing shareholder value.” At the same time, it will strive to maintain and increase shareholder returns while comprehensively considering its business performance and business plan.

The Company's medium- to long-term management goals are to "consolidated net sales" and secure appropriate "profit margins" and maintain a high level of "return on equity (ROE)" from the perspective of prioritizing shareholder interests. Furthermore, the Company will continue to strengthen its investor relations (IR) activities and corporate governance to enhance visibility and credibility among investors, leading to the sustainable enhancement of corporate value through appropriate stock price formation.

(As stated in the "Plan for Compliance with Continued Listing Requirements" dated June 23, 2023, and the "Progress Report Based on the Plan for Compliance with Continued Listing Requirements" dated June 28, 2024)

3. Issues and Initiatives for Items Not in Compliance with Continued Listing Requirements

(1) Market Capitalization of Tradable Shares

[Issue]

The reason for the market capitalization of tradable shares not meeting the criteria for maintaining prime listing is the inability to expand market capitalization due to the Company's stagnant share price. The Company considers this has been attributed to the significant impact of continued weak business performance, resulting from operating and net losses recorded in the fiscal year ended March 31, 2023, followed by a second consecutive year of net loss in the fiscal year ended March 31, 2024.

On the other hand, in the most recent fiscal year ended March 31, 2025, the Company recorded an increase in operating profit and posted a net profit for the first time in three fiscal years due to the following factors:

- Mobility Equipment Business: Recorded operating profit for the first time in five fiscal years, driven by favorable foreign exchange effect, increased customer demand in China, and growth in sales of high-margin products
- Energy Solutions Business: Posted increases in revenues and profit, primarily due to the transfer of business from the Home Electronics Business
- Home Electronics Business: Although net sales increased thanks to the foreign exchange effect, overall revenue declined as a result of business transfer and reduced customer demand. However, profits slightly increased due to improvements in material cost ratios

[Initiatives Taken]

Specific measures based on the aforementioned basic policy have been disclosed in the "Measures Aimed at Enabling Management Conscious of Cost of Capital and Share Price (Update)," issued on March 31, 2025, regarding the Company's medium- to long-term management plan. A summary is provided below.

https://www.diaelec-hd.co.jp/ir_news/20559/ (Japanese only)

<Outline>

The Company recognizes that improving the PBR requires both (1) enhancing ROE and (2) reducing the cost of capital.

(1) The following actions are being taken to improve ROE:

- Enhancing profitability by strengthening revenue bases at the consolidated level and across individual business segments
- Promoting the "setting of numerical targets and strategy formulation" related to capital efficiency
 - Introduced "Return on Invested Capital (ROIC)" as a metric to break down "ROE" and measure capital efficiency both by business segment and on a consolidated basis
 - Targeting an assumed Weighted Average Cost of Capital (WACC) of 5.5%, and a consolidated ROIC of 8% and above
 - As key items for improving ROIC, the initial focus will be on improving the "operating profit margin" and "Cash Conversion Cycle (CCC)"

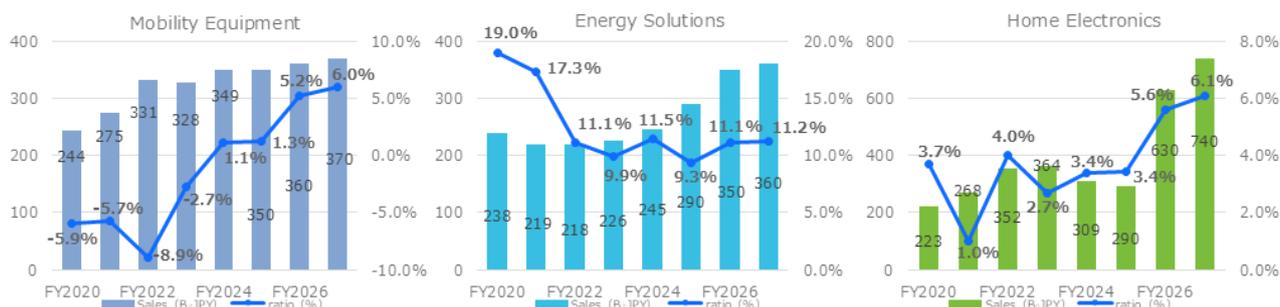
Operating profit margin target: 6%, and CCC days target: seventy (70) days

(2) The following actions are being taken to reduce the cost of capital:

- Ongoing execution of our growth strategy through the medium- to long-term management plan "Scrum of Fire"

Mobility Equipment	Improve market share and reform the earnings structure based on technological development that meets customer demands and global environmental requirements.
Energy Solutions	Promote product development aimed at establishing social infrastructure by building co-selling strategies based on trusting relationships with customers.
Home Electronics	Achieve the No. 1 market share for reactors for air conditioners in Japan and a top-three share among major customers by following and contributing to their global expansion.

Mobility Equipment Become the world's No. 1 in ignition coils Reform the earnings structure Execute a strategy for customer adoption of automotive electrical and electronic component	Energy Solutions Expand market share in residential energy storage systems Revitalize the industrial power conditioner business	Home Electronics Expand market share with top air conditioner manufacturers Expand sales of reactors and transformers
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To achieve the above goals, the Company has defined the following “future direction” of each business and taking action accordingly.

- **Future Direction of Mobility Equipment Business**
 - ✓ Aim for the No.1 global market share in ignition coils, under “*Tenka-Ichi*” concept, by pursuing globally optimized production and strengthening competitiveness (through cost advantage)
- **Future Direction of Energy Solutions Business**
 - ✓ Implement “Blue Ocean” strategy
- **Future Direction of Home Electronics Business**
 - ✓ Reform the profit structure through the promotion of its manufacturing engineering that contributes to the global environment, along with the acquisition and expansion of design projects and development domains

- Enhancing corporate governance by strengthening SR and IR activities (shareholder returns, human capital):

- **Appointment of a Female Director from Within Our Comrades***

At the 7th Annual General Meeting of Shareholders held on June 27, 2025, a female director was appointed from within the Company. This appointment reflects the strong conviction of the President and CEO, as stated below:

I believe that a female Director should be chosen from among our Comrades who persevered with tenacity and a quiet fighting spirit, even while working in one corner of our group companies, those were once typical of firms that collapsed due to deeply rooted, outdated corporate cultures. My most important goal is not to create “female leaders” as an outdated role model but to send forth a new generation of diverse “leaders” who can shape and guide the Company into a new era.

- **Measures for returns to shareholders**

From a long-term perspective, the Company aims to secure the internal reserves necessary to strengthen its corporate structure further and invest in future growth areas while maintaining and enhancing stable dividend payments. At the same time, it aims to achieve a stable, medium- to long-term dividend payout ratio of 25% or more relative to consolidated net income as a target for shareholder returns.

➤ **Resumption of Proactive SR and IR Activities for Individual Investors**

The Company will further strengthen its IR activities and revitalize communication with stakeholders.

- ✓ Continue holding IR briefing sessions for institutional investors
- ✓ Renew and resume engagement with its individual shareholders, who hold approximately 57% of the Company's shares
- ✓ Resume IR seminars for prospective individual investors, scheduled for July 2025

*Comrades: The Company intentionally calls employees with this word to express that its people are far more than co-workers or teammates.

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.