



Electronics for the Future

Supplementary Material for Issuance of Convertible Bonds (CB)

This document is an excerpt from the year end presentation material “Financial Results for FY2023” released on May 9, 2024, which explains the issuance of convertible bonds (CB).

The information contained in these slides is as of May 9, 2024

Background and Purpose of Issuance of Convertible Bonds (CB)



Purpose of financing

Issued to partially repay bridge loan taken out in connection with participation in Toshiba's privatization

Why CB was chosen

Considered a wide range of debt financing options, including bank loans, SBs and CBs, and selected CBs that can offer favorable terms under the current market environment, taking advantage of the Company's credit and stock price characteristics.

The bonds will be issued as zero coupon and will not incur interest costs on a cash basis, thus minimizing funding costs.

By granting a conversion restriction clause, the possibility of subscription rights being exercised even when the share price exceeds the conversion price can be suppressed to a considerable degree.

By applying an acquisition clause (par value cash settlement type), immediately prior to maturity, the par value portion can be redeemed for cash at the option of the Company in light of its financial condition, thereby substantially avoiding dilution that would result from future share issuance. This highly debt-sensitive design significantly mitigates the impact of share issuance on net income per share (EPS) and ROE.

CBs will preserve highly flexible indirect financial capacity and enable flexible implementation of strategic actions that require capital funds in the future.

Issuance conditions

Form of issuance	Zero Coupon Convertible Bonds	
Target markets	Markets outside Japan, centered around Europe and Asia (excluding America and Canada)	
Determination date / Issuance date	April 8, 2024 / April 24, 2024	
Closing price of determination date	¥2431.5	
Limit	5 years	7 years
Issued amount	100 billion yen	100 billion yen
Interest rate (coupon)	0%	
Supplementary clause	(1) Conversion restriction clause (2) Acquisition clause (par value cash settlement type)	
Conversion price (Increase percentage from closing price of determination date)	¥3,063 (25.97%)	¥2,943 (21.04%)

- By applying a **conversion restriction clause**, we have **adopted a highly debt-linked scheme** whereby CB investors cannot request conversion unless the share price during the period exceeds 150% of the conversion price (~1 year prior to maturity) or 130% of the conversion price (1 year~3 months prior to maturity) for a certain period of time.
- By applying an **acquisition clause** that allows cash delivery for an amount equivalent to the face value of the bonds, **future dilution can be substantially reduced** at the Company's option.

Image of CB product design¹

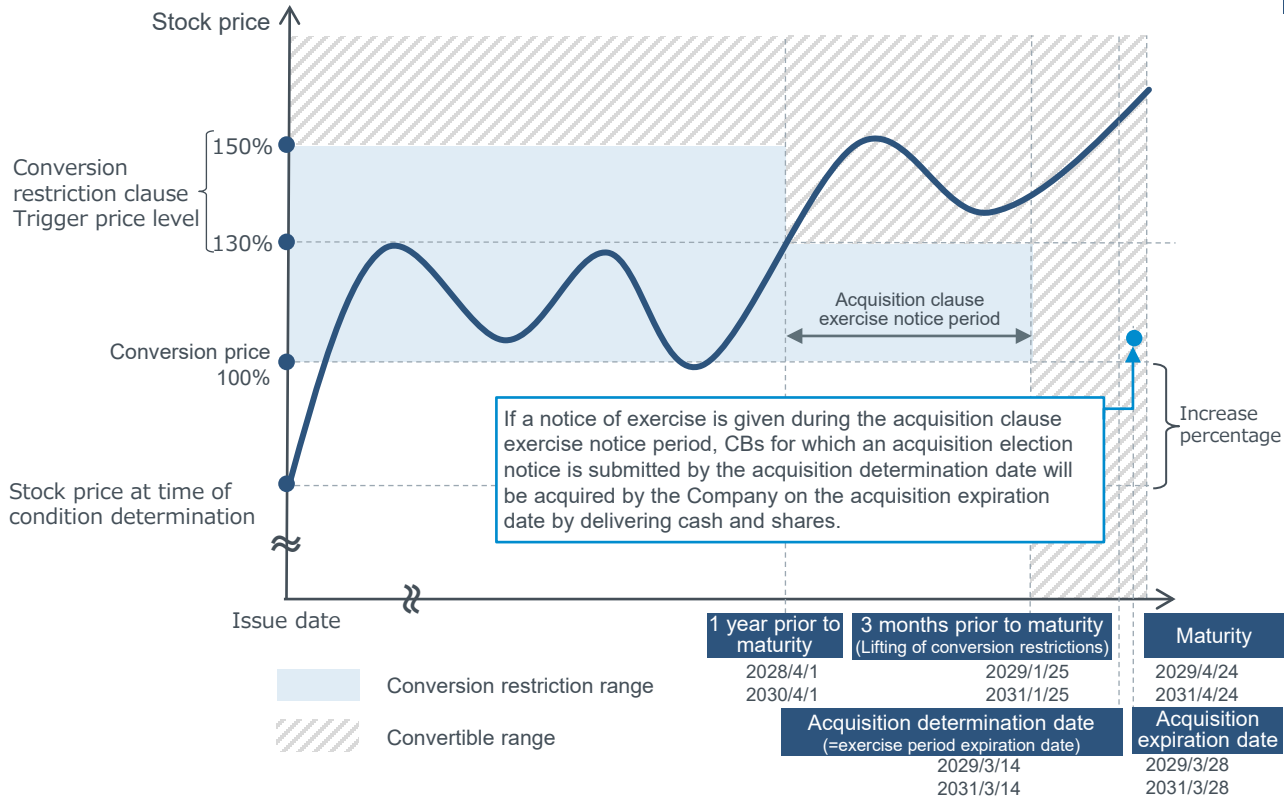
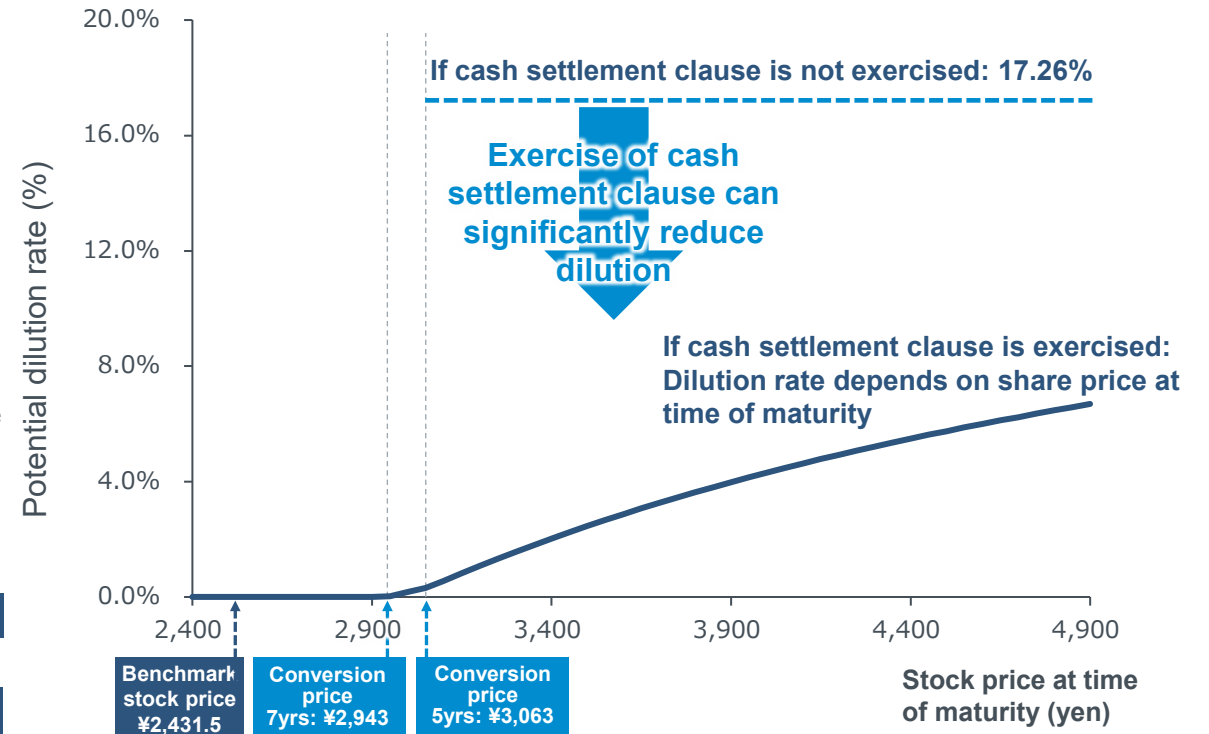


Image of dilution control at the time of exercise of the acquisition clause (par value cash settlement type)²



¹ The stock price fluctuation is an image and not a prediction or guarantee of the Company's stock price movement. Although the last day of the exercisable period of stock acquisition rights is set as 2029/4/10 and 2031/4/10, if the Company exercises the acquisition clause, the day before the lifting of the conversion restriction date will be the effective exercise period expiration date for bondholders of stock acquisition rights.

² The dilution rate for the acquisition clause is the figure at the time of issuance, and if the conversion price is adjusted in the future, the dilution rate will change accordingly. In calculating the dilution rate, it is assumed that the conversion restriction clause has never been lifted during the period. The graphs shown assume the aggregate value of both the 5-year and 7-year maturity tranches.