
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

Amendment No. 1

to

Form S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

DIH HOLDING US, INC.
(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

3841
(Primary Standard Industrial
Classification Code Number)

98-1624542
(I.R.S. Employer
Identification Number)

77 Accord Park Drive; Suite D-1
Norwell, MA
Telephone: 877-944-2200
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Jason Chen
Chief Executive Officer & Chairman
77 Accord Park Drive, Suite D-1
Norwell, MA 02061
(617) 871-2101
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Mitchell Nussbaum, Esq.
Loeb & Loeb LLP
345 Park Avenue
New York, NY 10154
(212) 407-4000

Joan Guilfoyle, Esq.
Loeb & Loeb LLP
901 New York Avenue
Washington, D.C. 20001
(202) 618-5000

Barry I. Grossman, Esq.
Matthew Bernstein, Esq.
Ellenoff Grossman & Schole LLP
1345 Avenue of the Americas
New York, NY 10105
(212) 370-7889

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the U.S. Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

PRELIMINARY — SUBJECT TO COMPLETION, DATED JANUARY 8, 2025

PRELIMINARY PROSPECTUS

DIH HOLDING US, INC.

Up to 3,424,658 Units, each consisting of One Share of Class A Common Stock or One Pre-Funded Warrant to purchase One Share of Class A Common Stock and One Class A Warrant to purchase up to One Share of Class A Common Stock

Up to 3,424,658 Shares of Class A Common Stock Underlying the Pre-Funded Warrants

Up to 3,424,658 Shares of Class A Common Stock Underlying the Class A Warrants

We are offering on a reasonable best efforts basis up to 3,424,658 units (“Units”), each consisting of one share of Class A common stock, par value \$0.0001 per share (“common stock” or “Common Stock” or “Class A Common Stock”), and one warrant (the “Class A warrant”) to purchase one share of common stock at an assumed public offering price of \$2.92 per Unit, which was the closing price of our common stock on the Nasdaq Global Market (“Nasdaq”) on January 6, 2025, for gross proceeds of up to \$10 million. The public offering price per Unit will be determined between us and the placement agent based on market conditions at the time of pricing, and may be at a discount to the then current market price of our common stock. Therefore, the recent market price of our common stock referenced throughout this preliminary prospectus may not be indicative of the final offering price per Unit. The Units have no stand-alone rights and will not be certified or issued as stand-alone securities. The common stock or Pre-Funded Warrants (as defined below) and Class A warrants are immediately separable and will be issued separately in this offering. Each Class A warrant will be immediately exercisable for one share of common stock at an assumed exercise price of \$2.92 per share (100% of the assumed public offering price per Unit) and will expire on the fifth anniversary of the original issuance date.

Our Common Stock is listed on the Nasdaq Global Market under the symbol “DHAI.” On January 6, 2025, the last reported sales price per share of our Common Stock was \$2.92.

We are also offering to investors in Units that would otherwise result in the investor’s beneficial ownership exceeding 4.99% of our outstanding common stock immediately following the consummation of this offering the opportunity to invest in Units consisting of one pre-funded warrant to purchase one share of common stock (“Pre-Funded Warrant”) (in lieu of one share of common stock), and one Class A warrant. Subject to limited exceptions, a holder of Pre-Funded Warrants will not have the right to exercise any portion of its Pre-Funded Warrants if the holder, together with its affiliates, would beneficially own in excess of 4.99% (or, at the election of the holder, such limit may be increased to up to 9.99%) of the common stock outstanding immediately after giving effect to such exercise. Each Pre-Funded Warrant will be exercisable for one share of common stock. The purchase price of each Unit including a Pre-Funded Warrant will be equal to the price per Unit including one share of common stock, minus \$0.0001, and the exercise price of each Pre-Funded Warrant will equal \$0.0001 per share. The Pre-Funded Warrants will be immediately exercisable (subject to the beneficial ownership cap) and may be exercised at any time until all of the Pre-Funded Warrants are exercised in full. For each Unit including a Pre-Funded Warrant purchased (without regard to any limitation on exercise set forth therein), the number of Units including a share of common stock we are offering will be decreased on a one-for-one basis.

The securities will be offered at a fixed price and are expected to be issued in a single closing. We expect this offering to be completed not later than one business day following the commencement of sales in this offering (after the effective date of the registration statement of which this prospectus forms a part) and we will deliver all securities to be issued in connection with this offering delivery versus payment or receipt versus payment, as the case may be, upon receipt of investor funds received by us. Accordingly, neither we nor the placement agent have made any arrangements to place investor funds in an escrow account or trust account since the placement agent will not receive investor funds in connection with the sale of the securities offered hereunder.

We have engaged Maxim Group LLC (the “placement agent” or “Maxim”) to act as our exclusive placement agent in connection with this offering. The placement agent has agreed to use its reasonable best efforts to arrange for the sale of the securities offered by this prospectus. The placement agent is not purchasing or selling any of the securities we are offering and the placement agent is not required to arrange the purchase or sale of any specific number of securities or dollar amount. We have agreed to pay to the placement agent the placement agent fees set forth in the table below, which assumes that we sell all of the securities offered by this prospectus. There is no arrangement for funds to be received in escrow, trust or similar arrangement. There is no minimum offering requirement as a condition of closing of this offering. We may sell fewer than all of the Units offered hereby, which may significantly reduce the amount of proceeds received by us. Because there is no escrow account and no minimum number of securities or amount of proceeds, investors could be in a position where they have invested in us, but we have not raised sufficient proceeds in this offering to adequately fund the intended uses of the proceeds as described in this prospectus. See “*Risk Factors*” for more information regarding risks related to this offering. We will bear all costs associated with the offering. See “*Plan of Distribution*” for more information regarding these arrangements.

There is no established trading market for the Pre-Funded Warrants or the Class A warrants and we do not expect an active trading market to develop. We do not intend to list the Pre-Funded Warrants or the Class A warrants on any securities exchange or other trading market. Without an active trading market, the liquidity of these securities will be limited.

We are an “emerging growth company,” as defined under the federal securities laws and, as such, we have elected to comply with certain reduced public company reporting requirements for this prospectus and future filings. See “Risk Factors - We are an emerging growth company and a “smaller reporting company” and the reduced reporting requirements applicable to such companies may make our Common Stock less attractive to investors.”

Investing in our securities is speculative and involves a high degree of risk. You should carefully consider the risk factors beginning on page 9 of this prospectus before purchasing our securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Unit⁽¹⁾	Total
Public offering price	\$	\$
Placement agent fees ⁽²⁾		
Proceeds to us, before expenses	\$	\$

(1) Assumes all Units consist of one share of common stock and one Class A warrant.

(2) We have agreed to pay the placement agent a cash fee equal to 7.0% of the aggregate gross proceeds raised in this offering (or 3.5% of the public offering price of the Units for any investors we introduce to the placement agent), and to reimburse the placement agent for certain of its offering-related expenses. See “Plan of Distribution” for a description of the compensation to be received by the placement agent.

Delivery of the securities hereby is expected to be made on or about January [], 2025, subject to the satisfaction of customary closing conditions.

Sole Placement Agent
Maxim Group LLC

The date of this prospectus is January [], 2025.

TABLE OF CONTENTS

ABOUT THIS PROSPECTUS	ii
CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS	iii
PROSPECTUS SUMMARY	1
THE OFFERING	7
RISK FACTORS	9
MARKET AND INDUSTRY DATA	32
USE OF PROCEEDS	32
CAPITALIZATION	33
DILUTION	34
MARKET INFORMATION FOR SECURITIES AND DIVIDEND POLICY	35
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	36
BUSINESS	49
MANAGEMENT	61
EXECUTIVE AND DIRECTOR COMPENSATION	67
CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS	71
PRINCIPAL SECURITYHOLDERS	73
PLAN OF DISTRIBUTION	74
DESCRIPTION OF SECURITIES	80
LEGAL MATTERS	90
EXPERTS	90
CHANGES IN REGISTRANT'S CERTIFYING ACCOUNTANT	90
WHERE YOU CAN FIND MORE INFORMATION	90
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS	F-1

ABOUT THIS PROSPECTUS

You should rely only on the information contained in this prospectus and in any free writing prospectus. We have not and the placement agent has not authorized anyone to provide you with information different from that contained in this prospectus. We are offering to sell, and seeking offers to buy, our securities only in jurisdictions where offers and sales are permitted. The information in this prospectus is accurate only as of the date of this prospectus is accurate only as of the date of the document incorporated by reference, regardless of the time of delivery of this prospectus or any sale of our securities.

Neither we nor the placement agent have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of our securities and the distribution of this prospectus outside of the United States.

We own or have rights to trademarks or trade names that we use in connection with the operation of our business, including our corporate names, logos and website names. In addition, we own or have the rights to copyrights, trade secrets and other proprietary rights that protect the content of our products. This prospectus may also contain trademarks, service marks and trade names of other companies, which are the property of their respective owners. Our use or display of third parties' trademarks, service marks, trade names or products in this prospectus is not intended to, and should not be read to, imply a relationship with or endorsement or sponsorship of us. Solely for convenience, some of the copyrights, trade names and trademarks referred to in this prospectus are listed without their ©, ® and TM symbols, but we will assert, to the fullest extent under applicable law, our rights to our copyrights, trade names and trademarks. All other trademarks are the property of their respective owners.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this registration statement may constitute “forward-looking statements” for purposes of federal securities laws. Such statements can be identified by the fact that they do not relate strictly to historical or current facts. Forward-looking statements appear in a number of places in this registration statement including, without limitation, in the sections of this registration statement titled “*Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*.” In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. Forward-looking statements are typically identified by words such as “plan,” “believe,” “expect,” “anticipate,” “contemplate,” “intend,” “outlook,” “estimate,” “forecast,” “project,” “continue,” “could,” “may,” “might,” “possible,” “potential,” “predict,” “should,” “will,” “would” and other similar words and expressions (including the negative of any of the foregoing), but the absence of these words does not mean that a statement is not forward-looking.

These forward-looking statements are based on information available as of the date of this registration statement and our management’s current expectations, forecasts and assumptions, and involve a number of judgments, known and unknown risks and uncertainties and other factors, many of which are outside the control of the Company and our directors, officers and affiliates. There can be no assurance that future developments will be those that have been anticipated. Accordingly, forward-looking statements should not be relied upon as representing our views as of any subsequent date.

These forward-looking statements involve a number of risks, uncertainties or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described in “*Risk Factors*,” our periodic filings with the SEC and the following:

- unexpected technical and marketing difficulties inherent in major research and product development efforts;
- our ability to remain a market innovator, to create new market opportunities, and/or to expand into new markets;
- the potential need for changes in our long-term strategy in response to future developments;
- our ability to attract and retain skilled employees;
- our ability to raise sufficient capital to support our operations and fund our growth initiatives;
- unexpected changes in significant operating expenses, including components and raw materials;
- any disruptions or threatened disruptions to our relations with our resellers, suppliers, customers and employees, including shortages in components for our products;
- changes in the supply, demand and/or prices for our products;
- the complexities and uncertainty of obtaining and conducting international business, including export compliance and other reporting and compliance requirements;
- the impact of potential security and cyber threats or the risk of unauthorized access to our, our customers’ and/or our suppliers’ information and systems;
- changes in the regulatory environment and the consequences to our financial position, business and reputation that could result from failing to comply with such regulatory requirements;
- our ability to continue to successfully integrate acquired companies into our operations, including the ability to timely and sufficiently integrate international operations into our ongoing business and compliance programs;
- failure to develop new products or integrate new technology into current products;
- unfavorable results in legal proceedings to which we may be subject;
- failure to establish and maintain effective internal control over financial reporting; and
- general economic and business conditions in the United States and elsewhere in the world, including the impact of inflation.

You should refer to “*Risk Factors*” on page 9 of this registration statement for a discussion of important factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. As a result of the risks, uncertainties and assumptions described under “*Risk Factors*” and elsewhere, we cannot assure you that the forward-looking statements in this registration statement will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame or at all.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance, or events and circumstances reflected in the forward-looking statements will be achieved or occur. We undertake no obligation to update publicly any forward-looking statements for any reason after the date of this registration statement to conform these statements to new information, actual results or changes in our expectations, except as required by law.

The forward-looking statements contained in this registration statement are based on our current expectations and beliefs concerning future developments and their potential effects on us. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties

include, but are not limited to, those factors described under the heading “Risk Factors.” Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

PROSPECTUS SUMMARY

This summary highlights selected information that is presented in greater detail elsewhere in this registration statement. Because it is only a summary, it does not contain all of the information you should consider before investing in our securities and it is qualified in its entirety by, and should be read in conjunction with, the more detailed information included elsewhere in this registration statement. Before you decide whether to purchase our securities, you should read this entire prospectus carefully, including the sections of this registration statement titled “*Risk Factors*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”. You should also carefully read the information in this registration statement, including our financial statements, and the exhibits to the registration statement of which this prospectus is a part.

The Company

DIH Holding US, Inc. and its consolidated subsidiaries (“DIH”) is a global provider of advanced robotic devices used in physical rehabilitation, which incorporate visual stimulation in an interactive manner to enable clinical research and intensive functional rehabilitation and training in patients with walking impairments, reduced balance and/or impaired arm and hand functions. We strive to serve the rehabilitation market by providing a broad array of devices and services focused on the customer and patient recovery. DIH stands for our vision to “Deliver Inspiration & Health” to improve the daily lives of millions of people with disabilities and functional impairments.

DIH offers innovative, robotic-enabled rehabilitation devices in an interactive environment. These solutions allow for intensive rehabilitation across the spectrum of patient specific levels of care, while also tracking patients’ progress and providing a network of collaboration and encouragement. DIH is dedicated to restoring mobility and enhancing human performance through a broad array of devices that can enable the transformation of rehabilitation care at our customers. Our revenue is concentrated in Europe, Middle East and Africa (“EMEA”) and Americas, with the remaining revenue in Asia Pacific (“APAC”).

Business Combination

On February 7, 2024, Aurora Technology Acquisition Corp. a Cayman Island exempted company which migrated and domesticated as a Delaware corporation (“ATAK”), Aurora Technology Merger Sub, a Nevada corporation and a direct, wholly-owned subsidiary of ATAK (“Merger Sub”) and DIH Holding US Inc., a Nevada corporation (“Legacy DIH”) consummated a business combination pursuant to a business agreement dated as of February 26, 2023 (as amended, supplemented or otherwise modified from time to time, the “Business Combination Agreement,” and the transactions contemplated thereby, the “Business Combination”) following the receipt of the required approval by ATAK’s and Legacy DIH’s shareholders and the fulfillment or waiver of other customary closing conditions. In connection with the closing of the Business Combination (the “Closing”), ATAK migrated and changed its domestication to become a Delaware corporation and changed its name to “DIH Holding US, Inc.” The Amended and Restated Certificate of Incorporation of DIH authorizes one class of common stock as Class A Common Stock.

In connection with the Closing of the Business Combination and in accordance with the terms of the Business Combination Agreement, ATAK agreed to waive the closing condition that the Reorganization be completed prior to Closing. The Company agreed to use its best efforts to complete the Reorganization as defined in the Business Combination Agreement as soon as possible thereafter. The Reorganization has not been completed as of the date of this prospectus.

Emerging Growth Company

We are an “emerging growth company,” as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”). As an emerging growth company, we are eligible to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended (the “Sarbanes-Oxley Act”), reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. As a result, changes in rules of U.S. generally accepted accounting principles or their interpretation, the adoption of new guidance or the application of existing guidance to changes in our business could significantly affect our business, financial condition and results of operations. In addition, we are in the process of evaluating the benefits of relying on the other exemptions and reduced reporting requirements provided by the JOBS Act, as more fully described in the section of this registration statement titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations — Emerging Growth Company.*”

We will remain an emerging growth company until the earlier of: (i) the last day of the fiscal year (a) following the fifth anniversary of the closing of the ATAK initial public offering (the “IPO”), (b) in which we have total annual gross revenues of at least \$1.235 billion, or (c) in which we are deemed to be a large accelerated filer, which means the market value of our common equity that is held by non-affiliates equals or exceeds \$700 million as of the last business day of our most recently completed second fiscal quarter; and (ii) the date on which we have issued more than \$1.0 billion in non-convertible debt securities during the prior three-year period. References herein to “emerging growth company” have the meaning associated with it in the JOBS Act.

Summary Risk Factors

Risks Related to this Offering and Ownership of our Securities

- *This is a reasonable best efforts offering, with no minimum amount of securities required to be sold, and we may sell fewer than all of the securities offered hereby.*
- *Investors in this offering will experience immediate and substantial dilution in the book value of their investment.*
- *Our management will have broad discretion over the use of the proceeds we receive in this offering and might not apply the proceeds in ways that increase the value of your investment.*
- *We may seek to raise additional funds, finance acquisitions or develop strategic relationships by issuing securities that would dilute your ownership. Depending on the terms available to us, if these activities result in significant dilution, it may negatively impact the trading price of our common stock.*
- *The Class A warrants and the Pre-Funded Warrants are speculative in nature and there is not expected to be an active trading market for the warrants.*
- *Holder of the Class A warrants or Pre-Funded Warrants will have no rights as a common stockholder until they acquire our common stock.*
- *This offering may cause the trading price of our common stock to decrease.*
- *If our shares of common stock become subject to the penny stock rules, it would become more difficult to trade our shares.*

- *Purchasers who purchase our securities in this offering pursuant to a securities purchase agreement may have rights not available to purchasers that purchase without the benefit of a securities purchase agreement.*

Risks Related to Our Business and Our Industry

- *We have not fully completed our planned corporate reorganization.*
- *We are substantially dependent on the commercial success of our current key product lines.*
- *We rely on sales from certain key products and markets, any disruptions to those products or markets due to change of market environment, regulatory requirements, or personal and sales practices, could generate adverse effects to our sales and business performance.*
- *Global, regional, and local economic weakness and uncertainty could adversely affect our demand for our products and services and our business and financial performance.*
- *War, geopolitical factors, and foreign exchange fluctuations could adversely affect the performance of our business.*
- *Geopolitical risks associated with the ongoing conflict in Israel and Palestine could result in increased market volatility and uncertainty, which could negatively impact our business, financial condition, and results of operations.*
- *Management has determined there is substantial doubt regarding its ability to continue as a going concern.*
- *We may not have sufficient funds to meet certain future operating needs or capital requirements, which could impair our efforts to develop and commercialize existing and new products, and as a result, we may in the future consider one or more capital-raising transactions, including future equity or debt financings, strategic transactions, or borrowings which may also dilute our stockholders.*
- *The market for robotics and VR-enabled smart rehabilitation systems are in the early growth stage, and important assumptions about the potential market for our current and future products may not be realized.*
- *Currently, most of our products are purchased by customers as capital equipment, funded by our customers' own capital budgets, government grants, or charitable organizations' donations. There is a risk that such grants or donations may not be secured timely or at all or capital budgets reduced, which could adversely impact our sales forecasts.*
- *If we are unable to train customers on the safe and appropriate use of our products, we may be unable to achieve our expected growth.*
- *If customers misuse our products, we may become subject to prohibitions on the sale or marketing of our products, significant fines, penalties, sanctions, or product liability claims, and our image and reputation within the industry and marketplace could be harmed.*
- *If we are unable to educate clinicians on the safe, effective and appropriate use of our products, we may experience increased claims of product liability and may be unable to achieve our expected growth.*
- *As an emerging leader in a fragmented industry, we need time and efforts to develop talent, expertise, competencies, process and infrastructure; if we lose key employees or fail to replicate and leverage our sales, marketing, and training infrastructure, our growth would suffer adverse effects.*
- *The health benefits of our products have not yet been substantiated by long-term large randomized clinical data, which could limit sales of such products.*
- *Our success depends largely upon consumer satisfaction with the effectiveness of our products.*

- *For certain of our products, we rely on sole source third parties to manufacture and supply certain raw materials.*
- *If these manufacturers are unable to supply these raw materials or products in a timely manner, or at all, we may be unable to meet customer demand, which would have a material adverse effect on our business.*
- *We utilize independent distributors who are free to market other products that compete with our products for sales.*
- *Due to the nature of market fragmentation, our product and solution offerings may not always deliver the targeted sales amount, or may take longer than expected to establish itself in customers minds, and accepted by mainstream.*
- *We may enter into collaborations, in-licensing arrangements, joint ventures, strategic alliances, business acquisitions or partnerships with third parties that may not result in the development of commercially viable products, the generation of significant future revenue, or consistent realization of deal economics.*
- *We may not successfully integrate newly acquired product lines into our business operations or realize the benefits of our partnerships with other companies, acquisitions of complementary products or technologies or other strategic alternatives.*
- *We may pursue acquisitions, which involve a number of risks, and if we are unable to address and resolve these risks successfully, such acquisitions could harm our business.*
- *We may have difficulty managing our growth which could limit our ability to increase sales and cash flow.*

Risks Related to Government Regulation

- *We are subject to extensive and dynamic medical device regulation, which may impede or hinder the approval or sale of our products and, in some cases, may ultimately result in an inability to obtain approval of certain products or may result in the recall or seizure of previously approved products.*
- *If we fail to obtain regulatory approvals in the United States or foreign jurisdictions for our products, or any future products, we will be unable to market our products in those jurisdictions.*
- *Due to the fact that more than 95% of our revenue comes from health-regulated medical device products, if we do not obtain or maintain necessary regulatory clearances or approvals, or if clearances or approvals for future medical products or modifications to existing medical products are delayed or not issued, our commercial operations and sales targets would be adversely affected.*
- *We may be subject to adverse medical device reporting obligations, voluntary corrective actions or agency enforcement actions.*
- *Legislative or regulatory healthcare reforms in the United States and other countries may make it more difficult and costly for us to obtain regulatory clearance or approval of any future product candidates and to produce, market, and distribute our products after clearance or approval is obtained.*
- *United States and foreign privacy and data protection laws and regulations may impose additional liabilities on us.*

- *Changes in law or regulation could make it more difficult and costly for DIH and its subsidiaries to manufacture, market and distribute its products or obtain or maintain regulatory approval of new or modified products.*
- *We may fail to comply with regulations of the United States and foreign regulatory agencies which could delay, or prevent entirely, and the commercialization of our products.*
- *In some instances, in our advertising and promotion, we may make claims regarding our product as compared to competing products, which may subject us to heightened regulatory scrutiny, enforcement risk, and litigation risks.*
- *If we fail to obtain or maintain the necessary ISO 13485 certification or the certification according to (EU) 2017/745 (MDR), our commercial operations in the EU and some other countries will be harmed.*
- *Modifications to our products may require re-registration, new 510(k) clearances or premarket approvals, or may require us to renew existing registrations in non-European Union countries.*
- *The innovative development of our products may lead to the application of new laws, regulations, standards, etc. not considered until now.*
- *Any negative publicity concerning our products could harm our business and reputation and negatively impact our financial results.*
- *United States or European healthcare reform measures and other potential legislative initiatives could adversely affect our business.*

Risks Related to Our Intellectual Property and Information Technology

- *We depend on computer and information systems we do not own or control and failures in our systems or a cybersecurity attack or breach of our IT systems or technology could significantly disrupt our business operations or result in sensitive information being compromised which would adversely affect our reputation and/or results of operations.*
- *Our success depends in part on our ability to obtain and maintain protection for the intellectual property relating to or incorporated into our products.*
- *We are not able to protect our intellectual property rights in all countries.*
- *We may be subject to patent infringement claims, especially for products acquired through acquisitions, which could result in substantial costs and liability and prevent us from commercializing such acquired products.*
- *We may be subject to damages resulting from claims that our employees or we have wrongfully used or disclosed alleged trade secrets of their former employers.*

Risks Related to Ownership of Common Stock

- *Future sales of a substantial number of shares of Common Stock by us or our large stockholders, certain of whom may have registration rights, or dilutive exercises of a substantial number of warrants by our warrant holders could adversely affect the market price of our Common Stock.*
- *Future grants of shares of Common Stock under our equity incentive plan to our employees, non-employee directors and consultants, or sales by these individuals in the public market, could result in substantial dilution, thus decreasing the value of your investment in Common Stock. In addition, stockholders will experience dilution upon the exercise of outstanding warrants.*

- *If securities or industry analysts do not publish research or reports about DIH's business, or if they issue an adverse opinion regarding its stock, its stock price and trading volume could decline.*
- *We are an emerging growth company and a "smaller reporting company" and the reduced reporting requirements applicable to such companies may make our Common Stock less attractive to investors.*
- *The price of our Common Stock may be volatile, and you may lose all or part of your investment.*

General Risks

- *Exchange rate fluctuations between the U.S. dollar, the Euro and the Swiss Franc may negatively affect our revenue and earnings.*
- *We are subject to certain regulatory regimes that may affect the way that we conduct business internationally, and our failure to comply with applicable laws and regulations could materially adversely affect our reputation and result in penalties and increased costs.*
- *If there are significant disruptions in our information technology systems, our business, financial condition and operating results could be adversely affected.*
- *If we fail to properly manage our anticipated growth, our business could suffer.*
- *We are highly dependent on the knowledge and skills of our global leadership team, and if we are not successful in attracting and retaining highly qualified personnel, we may not be able to successfully implement our business strategy.*
- *DIH's management team has limited experience managing a public company.*
- *We have identified material weaknesses in our internal control over financial reporting. These material weaknesses could continue to adversely affect our ability to report our results of operations and financial condition accurately and in a timely manner.*

Corporate Information

We were incorporated under the name "Aurora Technology Acquisition Corp." on August 6, 2021 as a Cayman Islands exempted company for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses or entities. On February 6, 2024, we changed our jurisdiction of incorporation by deregistering as a Cayman Islands exempted company and continuing and domesticating as a corporation incorporated under the laws of the State of Delaware. On February 7, 2024, we changed our name to "DIH Holding US, Inc."

Our principal executive offices are located at 77 Accord Park Drive, Suite D-1, Norwell, MA 02061 and our telephone number is 877-944-2200. Our website address is www.dih.com. Any information contained on, or that can be accessed through, our website is not incorporated by reference into, nor is it in any way part of this registration statement and should not be relied upon in connection with making any decision with respect to an investment in our securities. We are required to file annual, quarterly and current reports, proxy statements and other information with the SEC. You may obtain any of the documents filed by us with the SEC at no cost from the SEC's website at <http://www.sec.gov>.

THE OFFERING

<i>Issuer:</i>	DIH Holding US, Inc.
<i>Securities offered by us:</i>	<p>Up to 3,424,658 Units, each Unit consisting of one share of our Class A Common Stock and one Class A warrant to purchase one share of our common stock. Each Class A warrant will have an assumed exercise price of \$2.92 per share (100% of the assumed public offering price of one Unit), is exercisable immediately and will expire on the fifth anniversary of the original issuance date.</p> <p>We are also offering to investors in Units that would otherwise result in the investor's beneficial ownership exceeding 4.99% of our outstanding common stock immediately following the consummation of this offering the opportunity to invest in Units consisting of one Pre-Funded Warrant to purchase one share of common stock in lieu of one share of common stock, and one Class A warrant. For each Unit including a Pre-Funded Warrant purchased (without regard to any limitation on exercise set forth therein), the number of Units including a share of common stock we are offering will be decreased on a one-for-one basis. Subject to limited exceptions, a holder of Pre-Funded Warrants will not have the right to exercise any portion of its Pre-Funded Warrant if the holder, together with its affiliates, would beneficially own in excess of 4.99% (or, at the election of the holder, such limit may be increased to up to 9.99%) of the common stock outstanding immediately after giving effect to such exercise. Each Pre-Funded Warrant will be exercisable for one share of common stock. The purchase price of each Unit including a Pre-Funded Warrant will be equal to the price per Unit including one share of common stock, minus \$0.0001, and the exercise price of each Pre-Funded Warrant will equal \$0.0001 per share. The Pre-Funded Warrants will be immediately exercisable (subject to the beneficial ownership cap) and may be exercised at any time in perpetuity until all of the Pre-Funded Warrants are exercised in full. This offering also relates to the shares of common stock issuable upon the exercise of the Pre-Funded Warrants.</p> <p>The Units will not be certificated or issued in stand-alone form. The shares of our common stock (or Pre-Funded Warrants) and the Class A warrants comprising the Units are immediately separable upon issuance and will be issued separately in this offering.</p>
<i>Number of shares of Common Stock being offered by us:</i>	Up to 3,424,658 shares of Common Stock (assuming the sale of the maximum number of Units covered by this prospectus, no issuance of Pre-Funded Warrants, and no exercise of the Class A warrants issued in this offering).
<i>Number of Class A warrants being offered by us:</i>	Up to 3,424,658 Class A warrants to purchase 3,424,658 shares of Common Stock.
<i>Assumed public offering price:</i>	\$2.92 per Unit, which is the assumed public offering price and the closing price of our common stock on Nasdaq on January 6, 2025.
<i>Common stock outstanding immediately prior to this offering:</i>	35,080,368 shares (exclusive of shares that may be issued upon the exercise of warrants and options outstanding as of the date hereof or shares that may be issued pursuant to the Company's Equity Incentive Plan or in connection with the Company's convertible debentures or Business Combination Agreement). See "Capitalization."

<i>Common stock to be outstanding immediately after this offering:</i>	Up to 38,505,026 shares (excludes 6,000,000 shares of common stock issuable in connection with the earn-out provisions set forth in the Business Combination Agreement and assuming the sale of the maximum number of Units covered by this prospectus, no issuance of Pre-Funded Warrants, and no exercise of the Class A warrants issued in this offering)
<i>Use of proceeds:</i>	Assuming the maximum number of Units are sold in this offering at an assumed public offering price of \$2.92 per Unit, which represents the closing price of our common stock on Nasdaq on January 6, 2025, and assuming no issuance of Pre-Funded Warrants in connection with this offering, we estimate that the net proceeds from our sale of Units in this offering will be approximately \$8.9 million, after deducting the placement agent fees and estimated offering expenses payable by us. However, because this is a reasonable best efforts offering with no minimum number of securities or amount of proceeds as a condition to closing, we may not sell all or any of these securities offered pursuant to this prospectus and we may receive significantly less in net proceeds. We currently intend to use the net proceeds from this offering for working capital, capital expenditures relating to growing our business, and general corporate purposes. See “ <i>Use of Proceeds.</i> ”
<i>Description of warrants:</i>	<p>The Class A warrants will have an exercise price per share of 100% of the public offering price per Unit, will be exercisable immediately and will expire on the fifth anniversary of the original issuance date. Each Class A warrant is exercisable for one share of common stock, subject to adjustment in the event of stock dividends, stock splits, stock combinations, reclassifications, reorganizations or similar events affecting our common stock as described herein.</p> <p>Each holder of Class A warrants will be prohibited from exercising its warrant for shares of our common stock if, as a result of such exercise, the holder, together with its affiliates, would own more than 4.99% of the total number of shares of our common stock then issued and outstanding. However, any holder may increase such percentage to any other percentage not in excess of 9.99%. The terms of the Class A warrants will be governed by a Warrant Agency Agreement, dated as of the closing date of this offering, between us and Continental Stock Transfer & Trust Company as the warrant agent (the “Warrant Agent”).</p> <p>This offering also relates to the offering of the shares of common stock issuable upon the exercise of the Class A warrants. For more information regarding the Class A warrants, you should carefully read the section titled “<i>Description of Securities — Warrants</i>” in this prospectus.</p>
<i>Placement agent compensation:</i>	Upon the closing of this offering, we will pay Maxim a cash transaction fee equal to 7.0% of the aggregate gross cash proceeds to us from the sale of the securities in the offering (or 3.5% of the public offering price of the Units for any investors we introduce to the placement agent). In addition, we will reimburse Maxim for certain out-of-pocket expenses related to the offering. See “ <i>Plan of Distribution.</i> ”
<i>Reasonable best efforts offering:</i>	We have agreed to offer and sell the securities offered hereby directly to the purchasers. We have retained Maxim to act as our exclusive placement agent to use its reasonable best efforts to solicit offers to purchase the securities offered by this prospectus. The placement agent is not required to buy or sell any specific number or dollar amount of the securities offered hereby. See “ <i>Plan of Distribution</i> ” beginning on page 74 of this prospectus.
<i>Lock-Up</i>	<p>We have agreed to use our best efforts to cause our officers, directors and holders of 5% of more of our common stock not to sell, offer, agree to sell, contract to sell, hypothecate, pledge, grant any option to purchase, make any short sale of, or otherwise dispose of or hedge, directly or indirectly, any shares of our capital stock or any securities convertible into or exercisable or exchangeable for a period of up to six months from the close of this offering, without the prior written consent of the placement agent.</p> <p>See the section of this prospectus entitled “Plan of Distribution” for additional information.</p>
<i>Nasdaq trading symbol:</i>	Our Common Stock is listed on the Nasdaq Global Market under the symbol “DHAI.” We do not intend to list the Pre-Funded Warrants or Class A warrants offered hereunder on any stock exchange.
<i>Transfer agent, warrant agent and registrar:</i>	The transfer agent and registrar for our common stock and the warrant agent for the warrants is Continental Stock Transfer & Trust Company.
<i>Risk factors:</i>	The securities offered by this prospectus are speculative and involve a high degree of risk. Investors purchasing securities should not purchase the securities unless they can afford the loss of their entire investment. See “ <i>Risk Factors</i> ” beginning on page 9.

RISK FACTORS

Investing in our securities involves a high degree of risk. Before making an investment decision, you should consider carefully the following risk factors, as well as the other information set forth in this registration statement, including matters addressed in the section of this registration statement titled "Cautionary Note Regarding Forward-Looking Statements". If any of these risks actually occur, it may materially harm our business, financial condition, liquidity and results of operations. As a result, the market price of our securities could decline, and you could lose all or part of your investment. Additionally, the risks and uncertainties described in this registration statement, any prospectus supplement, any post-effective amendment or in any document incorporated by reference herein or therein are not the only risks and uncertainties that we face. We may face additional risks and uncertainties that are not presently known to us, or that we currently deem immaterial. The following discussions should be read in conjunction with our financial statements and the notes to the financial statements included therein.

Risks Related to this Offering and Ownership of our Securities

This is a reasonable best efforts offering, with no minimum amount of securities required to be sold, and we may sell fewer than all of the securities offered hereby.

The placement agent has agreed to use its reasonable best efforts to solicit offers to purchase the Units in this offering. The placement agent has no obligation to buy any of the securities from us or to arrange for the purchase or sale of any specific number or dollar amount of the securities. There is no required minimum number of securities that must be sold as a condition to complete this offering. As there is no minimum offering amount required as a condition to the closing of this offering, the actual offering amount, placement agent fees and proceeds to us are not presently determinable and may be substantially less than the maximum amounts set forth in this prospectus. We may sell fewer than all of the securities offered hereby, which would significantly reduce the amount of proceeds received by us, and investors in this offering will not receive a refund in the event that we do not sell all of the Units offered in this offering. The success of this offering will impact our ability to use the proceeds to execute our business plans. We may have insufficient capital to implement our business plans, potentially resulting in greater operating losses or dilution unless we are able to raise capital from alternative sources.

Investors in this offering will experience immediate and substantial dilution in the book value of their investment.

The public offering price will be substantially higher than the net tangible book value per share of our outstanding shares of common stock. As a result, investors in this offering will incur immediate dilution of \$(3.65) per share based on the assumed public offering price of \$2.92 per Unit. Investors in this offering will pay a price per Unit that substantially exceeds the book value of our assets after subtracting our liabilities. See "*Dilution*" for a more complete description of how the value of your investment will be diluted upon the completion of this offering.

Our management will have broad discretion over the use of the proceeds we receive in this offering and might not apply the proceeds in ways that increase the value of your investment.

Our management will have broad discretion over the use of our net proceeds from this offering, and you will be relying on the judgment of our management regarding the application of these proceeds. Our management might not apply our net proceeds in ways that ultimately increase the value of your investment. We expect to use the net proceeds from this offering for working capital, capital expenditures relating to growing our business, and general corporate purposes. Our management might not be able to yield a significant return, if any, on any investment of these net proceeds. You will not have the opportunity to influence our decisions on how to use our net proceeds from this offering.

We may seek to raise additional funds, finance acquisitions or develop strategic relationships by issuing securities that would dilute your ownership. Depending on the terms available to us, if these activities result in significant dilution, it may negatively impact the trading price of our common stock.

Any additional financing that we secure may require the granting of rights, preferences or privileges senior to, or *pari passu* with, those of our common stock. Any issuances by us of equity securities may be at or below the prevailing market price of our common stock and in any event may have a dilutive impact on your ownership interest, which could cause the market price of our common stock to decline. We may also raise additional funds through the incurrence of debt or the issuance or sale of other securities or instruments senior to our shares of common stock, which may be highly dilutive. The holders of any securities or instruments we may issue may have rights superior to the rights of our common stockholders. If we experience dilution from the issuance of additional securities and we grant superior rights to new securities over holders of our common stock, it may negatively impact the trading price of our common stock and you may lose all or part of your investment.

The Class A warrants and the Pre-Funded Warrants are speculative in nature and there is not expected to be an active trading market for the warrants.

The Class A warrants and the Pre-Funded Warrants offered in this offering do not confer any rights of common stock ownership on their holders, such as voting rights or the right to receive dividends, but rather merely represent the right to acquire shares of our common stock at a fixed price for a limited period of time. Specifically, commencing on the date of issuance, holders of the Class A warrants may exercise their right to acquire the common stock and pay an exercise price of \$2.92 per share (100% of the public offering price of a Unit), prior to five years from the date of issuance, after which date any unexercised warrants will expire and have no further value. In the case of Pre-Funded Warrants, holders may exercise their right to acquire the common stock and pay an exercise price of \$0.0001 per share. The Pre-Funded Warrants do not expire. In addition, there is no established trading market for the Class A warrants or Pre-Funded Warrants and we do not expect an active trading market to develop. Without an active trading market, the liquidity of the Class A warrants and Pre-Funded Warrants will be limited.

Holders of the Class A warrants or Pre-Funded Warrants will have no rights as a common stockholder until they acquire our common stock.

Until holders of the Class A warrants or Pre-Funded Warrants acquire shares of our common stock upon exercise of the Class A warrants or Pre-Funded Warrants, the holders will have no rights with respect to shares of our common stock issuable upon exercise of the Class A warrants or Pre-Funded Warrants. Upon exercise of the Class A warrants or Pre-Funded Warrants, the holder will be entitled to exercise the rights of a common stockholder as to the security exercised only as to matters for which the record date occurs after the exercise.

Provisions of the Class A warrants could discourage an acquisition of us by a third party.

Certain provisions of the Class A warrants could make it more difficult or expensive for a third party to acquire us. The Class A warrants prohibit us from engaging in certain transactions constituting “fundamental transactions” unless, among other things, the surviving entity assumes our obligations under the Class A warrants. These and other provisions of the warrants offered by this prospectus could prevent or deter a third party from acquiring us even where the acquisition could be beneficial to you.

A possible “short squeeze” due to a sudden increase in demand of our shares of common stock that largely exceeds supply may lead to price volatility in our shares of Common Stock.

Following this offering, investors may purchase our shares of common stock to hedge existing exposure in our shares of common stock or to speculate on the price of our shares of common stock. Speculation on the price of our shares of common stock may involve long and short exposures. To the extent aggregate short exposure exceeds the number of shares of our common stock available for purchase in the open market, investors with short exposure may have to pay a premium to repurchase our shares of common stock for delivery to lenders of our shares of common stock. Those repurchases may in turn, dramatically increase the price of our shares of common stock until investors with short exposure are able to purchase additional common shares to cover their short position. This is often referred to as a “short squeeze.” A short squeeze could lead to volatile price movements in our shares of common stock that are not directly correlated to the performance or prospects of our company and once investors purchase the shares of common stock necessary to cover their short position the price of our common stock may decline.

An active, liquid and orderly trading market for our Common Stock may not develop, the price of our stock may be volatile, and you could lose all or part of your investment.

Even though our Common Stock is currently listed on Nasdaq, we cannot predict the extent to which investor interest in our company will lead to the development of an active trading market in our securities or how liquid that market might become. If such a market does not develop or is not sustained, it may be difficult for you to sell your shares of Common Stock at the time you wish to sell them, at a price that is attractive to you, or at all. There could be extreme fluctuations in the price of our Common Stock if there are a limited number of shares in our public float.

The trading price of our Common Stock is highly volatile and could be subject to wide fluctuations in response to various factors, some of which are beyond our control. Our stock price could be subject to wide fluctuations in response to a variety of factors, which include:

- whether we achieve our anticipated corporate objectives;
- actual or anticipated fluctuations in our quarterly or annual operating results;
- changes in our financial or operational estimates;
- our ability to implement our operational plans;
- changes in the economic performance or market valuations of companies similar to ours; and
- general economic or political conditions in the United States or elsewhere.

In addition, broad market and industry factors may seriously affect the market price of companies' stock, including ours, regardless of actual operating performance. These fluctuations may be even more pronounced in the trading market for our stock shortly following this offering. In addition, in the past, following periods of volatility in the overall market and the market price of a particular company's securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

This offering may cause the trading price of our Common Stock to decrease.

The number of shares of Common Stock underlying the securities we propose to issue and ultimately will issue if this offering is completed may result in an immediate decrease in the trading price of our Common Stock. This decrease may continue after the completion of this offering.

If our shares of Common Stock become subject to the penny stock rules, it would become more difficult to trade our shares.

The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a price of less than \$5.00, other than securities registered on certain national securities exchanges or authorized for quotation on certain automated quotation systems, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system. If we do not retain a listing on Nasdaq and if the price of our common stock is less than \$5.00, our common stock will be deemed a penny stock. The penny stock rules require a broker-dealer, before a transaction in a penny stock not otherwise exempt from those rules, to deliver a standardized risk disclosure document containing specified information. In addition, the penny stock rules require that before effecting any transaction in a penny stock not otherwise exempt from those rules, a broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive (i) the purchaser's written acknowledgment of the receipt of a risk disclosure statement; (ii) a written agreement to transactions involving penny stocks; and (iii) a signed and dated copy of a written suitability statement. These disclosure requirements may have the effect of reducing the trading activity in the secondary market for our common stock, and therefore stockholders may have difficulty selling their shares.

If we were to dissolve, the holders of our securities may lose all or substantial amounts of their investments.

If we were to dissolve as a corporation, as part of ceasing to do business or otherwise, we will be required to pay all amounts owed to any creditors before distributing any assets to holders of our capital stock. There is a risk that in the event of such a dissolution, there will be insufficient funds to repay amounts owed to holders of any of our indebtedness and insufficient assets to distribute to our capital stockholders, in which case investors could lose their entire investment.

If securities or industry analysts do not publish or cease publishing research or reports about us, our business or our market, or if they change their recommendations regarding our securities adversely, our stock price and trading volume could decline.

The trading market for our common stock is influenced by the research and reports that industry or securities analysts may publish about us, our business, our market or our competitors. If any of the analysts who may cover us change their recommendation regarding our common stock adversely, or provide more favorable relative recommendations about our competitors, our stock price would likely decline. If any analyst who may cover us were to cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

In making your investment decision, you should understand that we and the placement agent have not authorized any other party to provide you with information concerning us or this offering.

You should carefully evaluate all of the information in this prospectus before investing in our company. We may receive media coverage regarding our company, including coverage that is not directly attributable to statements made by our officers, that incorrectly reports on statements made by our officers or employees, or that is misleading as a result of omitting information provided by us, our officers or employees. We and the placement agent have not authorized any other party to provide you with information concerning us or this offering, and you should not rely on unauthorized information in making an investment decision.

Purchasers who purchase our securities in this offering pursuant to a securities purchase agreement may have rights not available to purchasers that purchase without the benefit of a securities purchase agreement.

In addition to rights and remedies available to all purchasers in this offering under federal securities and state law, the purchasers that enter into a securities purchase agreement will also be able to bring claims for breach of contract against us. The ability to pursue a claim for breach of contract provides those investors with the means to enforce the covenants uniquely available to them under the securities purchase agreement including timely delivery of shares and indemnification for breach of contract.

Risks Related to Our Business and Our Industry

We have not fully completed our planned corporate reorganization.

In connection with the Business Combination, we had anticipated completing a corporate reorganization in which, among other changes, Motekforce Link BV and its subsidiaries and Hocoma AG were to become wholly owned subsidiaries of DIH Holding US, Inc. The parties were unable to complete this corporate reorganization prior to the Business Combination and, as previously disclosed, the parties opted to close the Business Combination and waive the condition to close that this reorganization be completed. These entities are owned by DIH Technology, Inc., our largest stockholder.

The products produced by Motek remain a key part of our product line and we operate with Motek pursuant to the terms of an exclusive contract which obligates Motek to provide these products to us. While we do not believe this arrangement currently has a material adverse effect on our results of operations, there can be no assurance that Motek will not begin to sell its products to our competitors which would have an adverse impact on us.

There can be no assurance that the complete reorganization will be completed.

We are substantially dependent on the commercial success of our current key product lines.

Our success is substantially dependent on our ability to continue to generate and grow revenue from the sales of our current key product lines, LokoMat, Erigo, Armeo, C-Mill and CAREN/Grail, which represent approximately 90% of our revenue for the year ended March 31, 2024. Our success will depend on many factors including, but not limited to, our ability to:

- develop and execute our sales and marketing strategies and maintain and manage the necessary sales, marketing and other capabilities and infrastructure that are required to successfully commercialize our products;

- achieve, maintain and grow market acceptance of, and demand for our current products;
- establish or demonstrate in the medical community the safety and efficacy of our rehabilitation products and their potential advantages over in comparison to, existing competing products and devices and products currently in development;
- offer our products at competitive prices as compared to alternative options, and our ability to achieve a suitable profit margin from the sales of our products;
- comply with applicable legal and regulatory requirements, including medical device compliance;
- maintain our distribution and supply arrangements with third parties; and
- enforce our intellectual property rights related to current and future products, if any.

If we do not achieve one or more of these factors, many of which are beyond our control, in a timely manner or at all, we may not be able to continue to generate and grow revenue from the sales of our current products, which may materially impact the success of our business.

We rely on sales from certain key products and markets, any disruptions to those products or markets due to change of market environment, regulatory requirements, or personal and sales practices, could generate adverse effects to our sales and business performance.

One of our key product lines, LokoMat accounts for more than 45% of our revenue for the year ended March 31, 2024; our other key products, Erigo, Armeo, C-Mill and CAREN/Grail collectively account for 45% of our revenues for the year ended March 31, 2024. In addition, approximately 80% of our revenue is concentrated in the EMEA and Americas, with the remaining portion in Asia Pacific (“APAC”) for the year ended March 31, 2024. Any disruptions to those key products and/or markets due to changes in market conditions, regulatory requirements, or personal and sales practices, could generate adverse effects to our sales and business performance.

Global, regional, and local economic weakness and uncertainty could adversely affect our demand for our products and services and our business and financial performance.

Our business and financial performance depends on worldwide economic conditions and the demand for our products and services in the markets in which we compete. Ongoing economic weakness, including an economic slowdown or recession, uncertainty in markets throughout the world and other adverse economic conditions, including inflation, changes in monetary policy and increased interest rates, may result in decreased demand for our products and services and increased expenses and difficulty in managing inventory levels and accurately forecasting revenue, gross margin, cash flows and expenses.

Prolonged or more severe economic weakness and uncertainty could also cause our expenses to vary materially from our expectations. Any financial turmoil affecting the banking system and financial markets or any significant financial services institution failures could negatively impact our treasury operations, as the financial condition of such parties may deteriorate rapidly and without notice.

War, geopolitical factors, and foreign exchange fluctuations could adversely affect the performance of our business.

Due to our significant presence in Europe, and emerging needs from South East Asia and the Middle East, war or geopolitical instability in those regions could adversely affect demand and supply chain disruptions from those regions; and foreign exchange, especially the Euro’s depreciation versus the US dollar, would adversely depress our US dollar-denominated revenue and profitability. We believe that an increasing percentage of our future revenue will come from international sales as we continue to expand our operations and develop opportunities in additional territories. International sales are subject to a number of additional risks, including:

- difficulties in staffing and managing our foreign operations;

- difficulties in penetrating markets in which our competitors' products are more established;
- reduced protection for intellectual property rights in some countries;
- export restrictions, trade regulations and foreign tax laws;
- fluctuating foreign currency exchange rates;
- obtaining and maintaining foreign certification and compliance with other regulatory requirements;
- customs clearance and shipping delays; and
- political and economic instability.

If one or more of these risks were realized, we could be required to dedicate significant resources to remedy the situation, and if we are unsuccessful at finding a solution, our revenue may decline.

Geopolitical risks associated with the ongoing conflicts in Ukraine and in the Middle East have resulted in increased market volatility and uncertainty, which could negatively impact our business, financial condition, and results of operations.

The credit and financial markets have experienced extreme volatility and disruptions due to the current conflict between Ukraine and Russia and the conflicts in the Middle East. The conflict is expected to have further global economic consequences, including but not limited to the possibility of severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in inflation rates and uncertainty about economic and political stability. In addition, the United States and other countries have imposed sanctions on Russia which increases the risk that Russia, as a retaliatory action, may launch cyberattacks against the United States, its government, infrastructure and businesses.

The uncertain nature, scope, magnitude, and duration of these hostilities could have an adverse impact on macroeconomic and other factors that affect our business and supply chain. Any disruption in our supply chain could reduce our revenue and adversely impact our financial results. Such a disruption could occur as a result of any number of events, including, but not limited to, military conflicts, geopolitical developments, war or terrorism, including the ongoing conflicts in Ukraine and in the Middle East, regional or global pandemics, and disruptions in utility and other services. Any inability to obtain adequate deliveries or any other circumstance that would require us to seek alternative sources of supply or to manufacture, assemble, and test such components internally could significantly delay our ability to ship our products, which could damage relationships with current and prospective customers and could harm our reputation and brand and could adversely affect our business, financial condition, and results of operations.

Any of the foregoing consequences, including those we cannot yet predict, may cause our business, financial condition, results of operations and the price of our Common Stock to be adversely affected.

Management has determined there is substantial doubt regarding its ability to continue as a going concern.

Under Accounting Standards Codification ("ASC") 205-40, *Going Concern*, the Company is required each reporting period, to evaluate whether there is substantial doubt regarding its ability to continue as a going concern. As of September 30, 2024, DIH's cash and cash equivalents amounted to \$1.8 million compared to \$3.2 million at March 31, 2024. DIH's operating losses began in fiscal 2020 and continued through the six months ended September 30, 2024. DIH's historical operating losses resulted in an accumulated deficit of \$(35.8) million as of September 30, 2024. Operating losses were mainly driven by decreased sales during the COVID-19 pandemic due to social distancing measures that affected demand for rehabilitation services, increased expenditures in connection with its implementation of a new financial system (Oracle) and increased compliance costs associated with the EU MDR. Additionally, DIH had elevated costs related to its efforts of adopting to public company standards. During the six months ended September 30, 2024, DIH had negative cash flows from operating activities of \$(1.5) million and an operating income of \$1.1 million and negative working capital as of September 30, 2024. The above conditions raise substantial doubt about the Company's ability to continue as a going concern within one year after the date of its Quarterly Report on Form 10-Q for the quarter ended September 30, 2024. See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources."

We may not have sufficient funds to meet certain future operating needs or capital requirements, which could impair our efforts to develop and commercialize existing and new products, and as a result, we may in the future consider one or more capital-raising transactions, including future equity or debt financings, strategic transactions, or borrowings which may also dilute our stockholders.

We may need to raise additional capital to fund our growth, working capital and strategic expansion. Given the turbulent global environment and volatile capital market, we may not be able to secure such financing in a timely manner and with favorable terms. Any such capital raise involving the sale of equity securities would result in dilution to our shareholders. If we cannot raise the required funds, or cannot raise them on terms acceptable to us or investors, we may be forced to curtail substantially our current operations and scale down our growth plan.

The market for robotics and VR-enabled smart rehabilitation systems are in the early growth stage, and important assumptions about the potential market for our current and future products may not be realized.

Although the market for robotics and VR-enabled “smart” rehabilitation systems has enjoyed increasing recognition from our customers, to date, the market is small. Significant market development efforts are still required to cross in order for us to enjoy accelerating growth. As such, it is difficult to predict the future size and rate of growth of the market; and we cannot assure you that our estimate regarding our current products is achievable or that our estimate regarding future products profile will remain the same. If our estimates of our current or future addressable market are incorrect, our business may not develop as we expect, and the price of our securities may suffer.

Currently, most of our products are purchased by customers as capital equipment, funded by our customers’ own capital budgets, government grants, or charitable organizations’ donations. There is a risk that such grants or donations may not be secured timely or at all or capital budgets reduced, which could adversely impact our sales forecasts.

While we have seen significant interest in our products to support our growth plan, due to limited sales and clinician application personnel that are instrumental to our efforts to convert such interest into sales orders, at any quarter we can only focus on a fraction of the total sales opportunities. Accordingly, if there are delays or disruptions to potential customers’ budgeting processes due to customers’ internal capital budget limitations, delays in funding of government grants or charitable organizations’ donations, our sales opportunities may not be realized.

In the future, we may develop operational leasing or vendor-enabled financing to expand our growth beyond capital budget limitations, as part of our efforts to enrich and expanding our business models. There can be no assurance that we will have adequate working capital to do so after this offering.

If we are unable to train customers on the safe and appropriate use of our products, we may be unable to achieve our expected growth.

It is critical to the success of our commercialization efforts to train a sufficient number of customers and provide them with adequate instruction in the safe and appropriate use of our products. This training process may take longer than expected and may therefore affect our ability to increase sales. Following completion of training, we rely on the trained customers to advocate the benefits of our products in the marketplace. Convincing our customers to dedicate the time and energy necessary for adequate training is challenging, and we cannot assure you that we will be successful in these efforts. If we cannot attract potential new customers to our education and training programs, we may be unable to achieve our expected growth. If our customers are not properly trained, they may misuse or ineffectively use our products. This may also result in, among other things, unsatisfactory patient outcomes, patient injury, negative publicity or lawsuits against us, any of which could have an adverse effect on our business and reputation.

If customers misuse our products, we may become subject to prohibitions on the sale or marketing of our products, significant fines, penalties, sanctions, or product liability claims, and our image and reputation within the industry and marketplace could be harmed.

Our customers may also misuse our devices, or our future products or use improper techniques, potentially leading to adverse results, side effects or injury, which may lead to product liability claims. If our current or future products are misused or used with improper techniques or are determined to cause or contribute to consumer harm, we may become subject to costly litigation by our customers or their patients. Product liability claims could divert management's attention from our core business, be expensive to defend, result in sizable damage awards against us that may not be covered by insurance and subject us to negative publicity resulting in reduced sales of our products. Furthermore, the use of our current or future products for indications other than those cleared by the FDA may not effectively treat such conditions, which could harm our reputation in the marketplace among physicians and consumers. Any of these events could harm our business and results of operations and cause our stock price to decline.

If we are unable to educate clinicians on the safe, effective and appropriate use of our products, we may experience increased claims of product liability and may be unable to achieve our expected growth.

Certain of our products require the use of specialized techniques and/or product-specific knowledge. It is critical to the success of our business to broadly educate clinicians who use or desire to use our products in order to provide them with adequate instructions in the appropriate use of our products. It is also important that we educate our other customers and patients on the risks associated with our products. Failure to provide adequate training and education could result in, among other things, unsatisfactory patient outcomes, patient injury, negative publicity or increased product liability claims or lawsuits against us, any of which could have a material and adverse effect on our business and reputation. We make extensive educational resources available to clinicians and our other customers in an effort to ensure that they have access to current treatment methodologies, are aware of the advantages and risks of our products, and are educated regarding the safe and appropriate use of our products. However, there can be no assurance that these resources will successfully prevent all negative events and if we fail to educate clinicians, our other customers and patients, they may make decisions or form conclusions regarding our products without full knowledge of the risks and benefits or may view our products negatively. In addition, claims against us may occur even if such claims are without merit and/or no product defect is present, due to, for example, improper surgical techniques, inappropriate use of our products, or other lack of awareness regarding the safe and effective use of our products. Any of these events could harm our business and results of operations.

As an emerging leader in a fragmented industry, we need time and efforts to develop talent, expertise, competencies, process and infrastructure; if we lose key employees or fail to replicate and leverage our sales, marketing, and training infrastructure, our growth would suffer adverse effects.

A key element of our long-term business strategy is the continued leveraging of our sales, marketing, clinical training and services infrastructure, through the training, retention, and motivation of skilled sales, marketing, clinical applications training, and services representatives with industry experience and knowledge. In order to continue growing our business efficiently, we need coordinate the development of our sales, marketing, clinical training and services infrastructure with the timing of market expansion, new product launch, regulatory approvals, limited resources consideration and other factors in various geographies. Managing and maintaining our sales and marketing infrastructure is expensive and time consuming, and an inability to leverage such an organization effectively, or in coordination with regulatory or other developments, could inhibit potential sales and the penetration and adoption of our products into both existing and new markets.

Newly hired sales representatives require training and take time to achieve full productivity. If we fail to train new hires adequately, or if we experience high turnover in our sales force in the future, we cannot be certain that new hires will become as productive as may be necessary to maintain or increase our sales. In addition, if we are not able to retain existing and recruit new trainers to our clinical staff, we may not be able to successfully train customers on the use of our sophisticated products, which could inhibit new sales and harm our reputation. If we are unable to expand our sales, marketing, and training capabilities, we may not be able to effectively commercialize our products, or enhance the strength of our brand, which could have a material adverse effect on our operating results.

The health benefits of our products have not yet been substantiated by long-term large randomized clinical data, which could limit sales of such products.

Although there have been numerous published research studies supporting the benefits of our products and users of our products have reported encouraging health benefits of our products, currently there is no large scale, randomized clinical trial establishing the long-term health benefits of our or competitors' products due to the relatively small size of the applicable user population, and the fragmented application practice that we are still in the early stage to change through consolidation and integration. While many of the top rehabilitation hospitals have purchased some of our products, many potential conservative customers and healthcare providers may be slower to adopt or recommend our products.

Our success depends largely upon consumer satisfaction with the effectiveness of our products.

In order to generate repeat and referral business, consumers must be satisfied with the effectiveness of our products. If consumers are not satisfied with the benefits of our products, our reputation and future sales could suffer.

For certain of our products, we rely on sole source third parties to manufacture and supply certain raw materials. If these manufacturers are unable to supply these raw materials or products in a timely manner, or at all, we may be unable to meet customer demand, which would have a material adverse effect on our business.

We currently depend on sole source, third party manufacturers, to manufacture and supply certain raw materials and products. We cannot assure you that these manufacturers will be able to provide these raw materials, and products in quantities that are sufficient to meet demand in a timely manner, or at all, which could result in decreased revenues and loss of market share. There may be delays in the manufacturing process over which we have no control, including shortages of raw materials, labor disputes, backlogs and failure to meet FDA standards. We are aware that certain of our sole source manufacturers also rely on sole source suppliers with respect to materials used in our products. We rely on our third-party manufacturers to maintain their manufacturing facilities in compliance with applicable international, FDA and other federal, state and/or local regulations including health, safety and environmental standards. If they fail to maintain compliance with critical regulations, they could be ordered to suspend, curtail or cease operations, which would have a material adverse impact on our business. Increases in the prices we pay our manufacturers, interruptions in our supply of raw materials or products, or lapses in quality, such as failures to meet our specifications and other regulatory requirements, could materially adversely affect our business. Any manufacturing defect or error discovered after our products have been produced and distributed could result in significant consequences, including costly recall procedures and damage to our reputation. Our ability to replace an existing manufacturer may be difficult, because the number of potential manufacturers is limited. If we do undertake to negotiate terms of supply with another manufacturer or other manufacturers, our relationships with our existing manufacturers could be harmed. Any interruption in the supply of raw materials or products, or the inability to obtain these raw materials or products from alternate sources in a timely manner, could impair our ability to meet the demands of our customers, which would have a material adverse effect on our business.

We utilize independent distributors who are free to market other products that compete with our products for sales.

While we have proportionally more influence on the independent distributors we are using to cover majority of the global markets due to our limited direct sales force, considering the fact that the rehabilitation technology market is very fragmented, we generally do not sign mutual exclusive distribution agreement with distributors. Consequently, our distribution partners could indirectly compete against our interests by promoting alternative technologies to prospective customers in lieu of ours. We believe that as we assemble more and integrated offering through our consolidation and integration strategy, the influence and motivation we may impose on our distribution partners to dedicate on selling and promoting our products and solution shall increase and such kind of competition risk would be better addressed.

To ensure credibility and enforce the effective genesis of our distributor management, we may terminate a distributor who has not demonstrated its best efforts and/or interests in selling and promoting our products and solutions, albeit such termination may adversely affect our sales performance in the market covered by such distributor.

Due to the nature of market fragmentation, our product and solution offerings may not always deliver the targeted sales amount, or may take longer than expected to establish itself in customers minds, and accepted by mainstream.

The fragmented market reflects both opportunity for consolidation and challenges of overcoming customers' mindsets used to using alternative approaches as well as fragmented clinical practices. Change and acceptance of new idea and solution normally happens over time and in multiple wave-shaped phases instead of a straight line progression. Consequently, our new innovative product and solution offerings may not deliver the targeted sales amount or face uncertain time periods for customers to accept due to various dynamic factors that may influence the perceptions and consensus formation among prospective customers. Consequently, such judgments and self-reinforcing efforts may cause the actual results to deviate from our planned results for a sustained period, which may have adverse effect on our performance.

We may enter into collaborations, in-licensing arrangements, joint ventures, strategic alliances, business acquisitions or partnerships with third parties that may not result in the development of commercially viable products, the generation of significant future revenue, or consistent realization of deal economics.

In the ordinary course of our business, we may enter into collaborations, in-licensing arrangements, joint ventures, strategic alliances, business acquisitions, partnerships or other arrangements to develop our products and to pursue new geographic or product markets. Proposing, negotiating, and implementing collaborations, in-licensing arrangements, joint ventures, strategic alliances, or partnerships may be a lengthy and complex process.

We may not identify, secure, or complete any such transactions or arrangements in a timely manner, on a cost-effective basis, on acceptable terms or at all. We have limited institutional knowledge and experience with respect to these business development activities, and we may also not realize the anticipated benefits from some of those transactions or arrangements.

Additionally, as we pursue these arrangements and choose to pursue other collaborations, in-licensing arrangements, joint ventures, strategic alliances, or partnerships in the future, we may not be in a position to exercise sole decision-making authority regarding the transaction or arrangement. This could create the potential risk of creating impasses on decisions, and our collaborators may have economic or business interests or goals that are, or that may become, inconsistent with our business interests or goals. It is possible that conflicts may arise with our collaborators. Our collaborators or any future collaborators may act in their self-interest, which may be adverse to our best interest, and they may breach their obligations to us. Disputes between us and our collaborators or any future collaborators may result in litigation or arbitration which would increase our expenses and divert the attention of our management. Further, these transactions and arrangements are contractual in nature and may be terminated or dissolved under the terms of the applicable agreements. Our collaborators or any future collaborators may allege that we have breached our agreement with them, and accordingly seek to terminate such agreement, which could adversely affect our competitive business position and harm our business prospects.

Furthermore, due to the fragmentation nature and the fact that most acquisition targets are at sub-optimal immature organization stage with less than \$10 million in revenue, the risk of integrating such organizations and products can also be higher than acquisitions and consolidations in a mature industry. Consequently, there are risks that some of those acquisitions may fail to deliver the expected deal economics and could have adverse effect on our financial condition and business results.

We may not successfully integrate newly acquired product lines into our business operations or realize the benefits of our partnerships with other companies, acquisitions of complementary products or technologies or other strategic alternatives.

Historically we have acquired or gained the rights to our product lines through acquisitions and other strategic alternatives. As a result of these acquisitions, we have undergone substantial changes to our business and product offerings in a short period of time. Additionally, in the future, we may consider other opportunities to partner with or acquire other businesses, products or technologies that may enhance our product platform or technology, expand the breadth of our markets or customer base or advance our business strategies.

Although we have previously been successful in integrating such products and technologies into our business and operations, there can be no assurances that we will continue to do so in the future. If we fail to successfully integrate collaborations, assets, products or technologies, or if we fail to successfully exploit acquired product or distribution rights, our business could be harmed. Furthermore, we may have to incur debt or issue equity securities in connection with proposed collaborations or to pay for any product acquisitions or investments, the issuance of which could be dilutive to our existing shareholders. Identifying, contemplating, negotiating or completing a collaboration or product acquisition and integrating an acquired product or technology could significantly divert management and employee time and resources.

Moreover, integrating new product lines with that of our own is a complex, costly and time-consuming process, which requires significant management attention and resources. The integration process may disrupt our existing operations and, if implemented ineffectively, would preclude realization of the full benefits that are expected. Our failure to meet the challenges involved in successfully integrating our acquisitions in order to realize the anticipated benefits may cause an interruption of, or a loss of momentum in, our operating activities and could adversely affect our results of operations. Potential difficulties, costs, and delays we may encounter as part of the integration process may include:

- distracting management from day-to-day operations;
- an inability to achieve synergies as planned;
- risks associated with the assumption of contingent or other liabilities;
- adverse effects on existing business relationships with suppliers or customers;
- inheriting and uncovering previously unknown issues, problems and costs from the acquired product lines;
- uncertainties associated with entering new markets in which we have limited or no experience;
- increased legal and accounting costs relating to the product line or compliance with regulatory matters;
- delays between our expenditures to acquire new products, technologies or businesses and generating net sales from those acquired products, technologies or businesses; and
- increased difficulties in managing our business due to increased personnel, increased data and information to analyze, and the potential addition of international locations.

Any one or all of these factors may increase operating costs or lower anticipated financial performance. Many of these factors are also outside of our control. In addition, even if new product lines or businesses are integrated successfully, we may not realize the full benefits of the acquisition, including the synergies, cost savings or sales or growth opportunities that we expect or within the anticipated time frame. Additional unanticipated costs may be incurred in the integration of product lines or businesses. All of these factors could decrease or delay the expected accretive effect of the transaction, and negatively impact the price of our common stock. The failure to integrate any acquired product line or business successfully would have a material adverse effect on our business, financial condition and results of operations.

We may pursue acquisitions, which involve a number of risks, and if we are unable to address and resolve these risks successfully, such acquisitions could harm our business.

We may in the future acquire businesses, products or technologies to expand our offerings and capabilities, user base and business. We have evaluated, and expect to continue to evaluate, a wide array of potential strategic transactions; however, we have limited experience completing or integrating acquisitions. Any acquisition could be material to our financial condition and results of operations and any anticipated benefits from an acquisition may never materialize. In addition, the process of integrating acquired businesses, products or technologies may create unforeseen operating difficulties and expenditures. Acquisitions in international markets would involve additional risks, including those related to integration of operations across different cultures and languages, currency risks and the particular economic, political and regulatory risks associated with specific countries.

The process of integrating an acquired business, product or technology can create unforeseen operating difficulties, expenditures and other challenges such as:

- potentially increased regulatory and compliance requirements;
- implementation or remediation of controls, procedures and policies at the acquired company;
- diversion of management time and focus from operation of its then-existing business to acquisition integration challenges;
- coordination of product, sales, marketing and program and systems management functions;
- transition of the acquired company's users and providers onto our systems;
- retention of employees from the acquired company;
- integration of employees from the acquired company into our organization;
- integration of the acquired company's accounting, information management, human resources and other administrative systems and operations into our systems and operations;
- liability for activities of the acquired company prior to the acquisition, including violations of law, commercial disputes and tax and other known and unknown liabilities; and

- litigation or other claims in connection with the acquired company, including claims brought by terminated employees, providers, former stockholders or other third parties.

We may not be able to address these risks successfully, or at all, without incurring significant costs, delays or other operational problems and if we were unable to address such risks successfully our business could be harmed.

We may have difficulty managing our growth which could limit our ability to increase sales and cash flow.

We anticipate experiencing significant growth in our operations and the number of our employees if our current and future products are successful. This growth will place significant demands on our management, as well as our financial and operational resources. In order to achieve our business objectives, we will need to grow our business. Continued growth would increase the challenges involved in:

- implementing appropriate operational and financial systems;
- expanding our sales and marketing infrastructure and capabilities;
- ensuring compliance with applicable FDA, and other regulatory requirements;
- providing adequate training and supervision to maintain high quality standards; and
- preserving our culture and values.

Our growth will require us to continually develop and improve our operational, financial and other internal controls. If we cannot scale and manage our business appropriately, we will not realize our projected growth and our financial results could be adversely affected.

Risks Related to Government Regulation

We are subject to extensive and dynamic medical device regulation, which may impede or hinder the approval or sale of our products and, in some cases, may ultimately result in an inability to obtain approval of certain products or may result in the recall or seizure of previously approved products.

Our products, marketing, sales and development activities and manufacturing processes are subject to extensive and rigorous regulation by various regulatory agencies and governing bodies. Under the US Food, Drug and Cosmetic Act, medical devices must receive FDA clearance or approval or an exemption from such clearance or approval before they can be commercially marketed in the United States. In the European Union, we are required to comply with applicable medical device directives (including the Medical Devices Directive and the European Medical Device Regulation) and obtain CE Mark (European Conformity) certification in order to market medical devices. In addition, exported devices are subject to the regulatory requirements of each country to which the device is exported. Many countries require that product approvals be renewed or recertified on a regular basis, generally every four to five years. The renewal or recertification process requires that we evaluate any device changes and any new regulations or standards relevant to the device and conduct appropriate testing to document continued compliance. Where renewal or recertification applications are required, they may need to be renewed and/or approved in order to continue selling our products in those countries. There can be no assurance that we will receive the required approvals for new products or modifications to existing products on a timely basis or that any approval will not be subsequently withdrawn or conditioned upon extensive post-market study requirements.

The European Union regulatory bodies finalized a new Medical Device Regulation (“MDR”) in 2017, which replaced the existing directives and provided three years for transition and compliance. The MDR changes several aspects of the existing regulatory framework, such as updating clinical data requirements and introducing new ones, such as Unique Device Identification. We and those who will oversee compliance to the new MDR face uncertainties as the MDR is rolled out and enforced by the Commission and EEA Competent Authorities, creating risks in several areas, including the CE Marking process and data transparency, in the upcoming years.

Regulations regarding the development, manufacture and sale of medical devices are evolving and subject to future change. We cannot predict what impact, if any, those changes might have on our business. Failure to comply with regulatory requirements could have a material adverse effect on our business, financial condition and results of operations. Later discovery of previously unknown problems with a product or manufacturer could result in fines, delays or suspensions of regulatory clearances or approvals, seizures or recalls of products, physician advisories or other field actions, operating restrictions and/or criminal prosecution. We may also initiate field actions as a result of a failure to strictly comply with our internal quality policies. The failure to receive product approval clearance on a timely basis, suspensions of regulatory clearances, seizures or recalls of products, physician advisories or other field actions, or the withdrawal of product approval by regulatory authorities could have a material adverse effect on our business, financial condition or results of operations.

If we fail to obtain regulatory approvals in the United States or foreign jurisdictions for our products, or any future products, we will be unable to market our products in those jurisdictions.

In addition to regulations in the United States, we are subject to a variety of foreign regulations governing manufacturing, clinical trials, commercial sales and distribution of our future products. Whether or not we obtain FDA approval for a product, we must obtain approval of the product by the comparable regulatory authorities of foreign countries before commencing clinical trials or marketing in those countries. The approval procedures vary among countries and can involve additional clinical testing, or the time required to obtain approval may differ from that required to obtain FDA approval. Clinical trials conducted in one country may not be accepted by regulatory authorities in other countries. Approval by the FDA does not ensure approval by regulatory authorities in other countries, and approval by one or more foreign regulatory authorities does not ensure approval by regulatory authorities in other foreign countries or by the FDA. The foreign regulatory approval process may include all of the risks associated with obtaining FDA approval.

Due to the fact that more than 95% of our revenue comes from health-regulated medical device products, if we do not obtain or maintain necessary regulatory clearances or approvals, or if clearances or approvals for future medical products or modifications to existing medical products are delayed or not issued, our commercial operations and sales targets would be adversely affected.

We operate under highly regulated global health markets and must register and maintain effectiveness and compliance of such registration, with each of our medical devices with every markets' relevant authority either directly or through our agent or distributors. Any missing or failure to comply with such registrations may disrupt any sales activities in that particular market, and result in adverse effects.

We may be subject to adverse medical device reporting obligations, voluntary corrective actions or agency enforcement actions.

The FDA and similar foreign governmental authorities have the authority to require the recall of commercialized products in the event of material deficiencies or defects in design or manufacture of a product or in the event that a product poses an unacceptable risk to health. The FDA's authority to require a recall must be based on an FDA finding that there is reasonable probability that the device would cause serious injury or death. Manufacturers may also, under their own initiative, recall a product if any material deficiency in a device is found or withdraw a product to improve device performance or for other reasons. The FDA requires that certain classifications of recalls be reported to the FDA within 10 working days after the recall is initiated. A government-mandated or voluntary recall by us or one of our distributors could occur as a result of a perceived or actual unacceptable risk to health, component failures, malfunctions, manufacturing errors, design or labelling defects or other deficiencies and issues. Regulatory agencies in other countries have similar authority to recall devices because of material deficiencies or defects in design or manufacture that could endanger health. Any recall would divert management attention and financial resources and could cause the price of our stock to decline, expose us to product liability or other claims and harm our reputation with customers. Such events could impair our ability to produce our products in a cost-effective and timely manner in order to meet customer demands. Companies are required to maintain certain records of recalls, even if they are not reportable to the FDA or similar foreign governmental authorities. We may initiate voluntary recalls involving our products in the future that we determine do not require notification of the FDA or foreign governmental authorities. If the FDA or foreign governmental authorities disagree with our determinations, they could require us to report those actions as recalls. A future recall announcement could harm our reputation with customers and negatively affect our sales. In addition, the FDA or a foreign governmental authority could take enforcement action for failing to report the recalls when they were conducted.

In addition, under the FDA's medical device reporting regulations, we are required to report to the FDA any incident in which our product may have caused or contributed to a death or serious injury or in which our product malfunctioned and, if the malfunction were to recur, would likely cause or contribute to death or serious injury. Repeated product malfunctions may result in a voluntary or involuntary product recall. We are also required to follow detailed record-keeping requirements for all self-initiated medical device corrections and removals, and to report such corrective and removal actions to the FDA if they are carried out in response to a risk to health and have not otherwise been reported under the medical device reporting regulations. Depending on the corrective action we take to address a product's deficiencies or defects, the FDA may require, or we may decide, that we need to obtain new approvals or clearances for the device before marketing or distributing the corrected device. Seeking such approvals or clearances may delay our ability to replace the recalled devices in a timely manner. Moreover, if we do not adequately address problems associated with our devices, we may face additional regulatory enforcement action, including FDA warning letters, product seizure, injunctions, administrative penalties, or civil or criminal fines. We may also be required to bear other costs or take other actions that may have a negative impact on our sales as well as face significant adverse publicity or regulatory consequences, which could harm our business, including our ability to market our products in the future.

Any adverse event involving our products, whether in the United States or abroad, could result in future voluntary corrective actions, such as recalls or customer notifications, or agency action, such as inspection, mandatory recall or other enforcement action. Any corrective action, whether voluntary or involuntary, will likely oblige us to defend ourselves in resulting lawsuits, and will require the dedication of our time and capital, distract management from operating our business and may harm our reputation and financial results.

Legislative or regulatory healthcare reforms in the United States and other countries may make it more difficult and costly for us to obtain regulatory clearance or approval of any future product candidates and to produce, market, and distribute our products after clearance or approval is obtained.

Recent political, economic and regulatory influences are subjecting the health care industry to fundamental changes. Both the federal and state governments in the United States and foreign governments continue to propose and pass new legislation and regulations designed to contain or reduce the cost of health care, improve quality of care, and expand access to healthcare, among other purposes. Such legislation and regulations may result in decreased reimbursement for medical devices and/or the procedures in which they are used, which may further exacerbate industry-wide pressure to reduce the prices charged for medical devices. This could harm our ability to market and generate sales from our products.

In addition, regulations and guidance are often revised or reinterpreted by governmental agencies, including the FDA, CMS, and the Department of Health and Human Services Office of the Inspector General ("OIG") and others, in ways that may significantly affect our business and our products. Any new regulations, revisions or reinterpretations of existing regulations may impose additional costs or lengthen review times of our products.

In the future there may continue to be additional proposals relating to the reform of the United States healthcare system. Certain of these proposals could limit the prices we are able to charge for our products or the amount of reimbursement available for our products, and could limit the acceptance and availability of our products, any of which could have a material adverse effect on our business, results of operations and financial condition.

United States and foreign privacy and data protection laws and regulations may impose additional liabilities on us.

While we do not store patient data at our premises or DIH-managed data center, United States, federal and state privacy and data security laws and regulations regulate how we and our partners collect, use and share certain information. In addition to the Health Insurance Portability and Accountability Act ("HIPAA"), certain state laws govern the privacy and security of health information in certain circumstances, some of which are more stringent than HIPAA and many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts. Failure to comply with these laws, where applicable, can result in the imposition of significant civil and/or criminal penalties and private litigation. For example, the California Consumer Privacy Act, or CCPA, went into effect January 1, 2020. The CCPA, among other things, creates new data privacy obligations for covered companies and provides new privacy rights to California residents, including the right to opt out of certain disclosures of their information. The CCPA also creates a private right of action with statutory damages for certain data breaches, thereby potentially increasing risks associated with a data breach. The CCPA was recently amended by the California Privacy Rights Act or CPRA, expanding certain consumer rights such as the right to know. It remains unclear what, if any, additional modifications will be made to these laws by the California legislature or how these laws will be interpreted and enforced. The California Attorney General has issued clarifying regulations and initiating enforcement activity. The potential effects of the CCPA and CPRA are significant and may cause us to incur substantial costs and expenses to comply. The CCPA has prompted a wave of proposals for new federal and state privacy legislation, some of which may be more stringent than the CCPA, that, if passed, could increase our potential liability, increase our compliance costs, and adversely affect our business.

We may also be subject to or affected by foreign laws and regulations, including regulatory guidance, governing the collection, use, disclosure, security, transfer, and storage of personal data, such as information that we collect about customers and patients in connection with our operations abroad. The global legislative and regulatory landscape for privacy and data protection continues to evolve, and implementation standards and enforcement practices are likely to remain uncertain for the foreseeable future. This evolution may create uncertainty in our business, result in liability, or impose additional costs on us. The cost of compliance with these laws, regulations and standards is high and is likely to increase in the future.

For example, the European Union implemented the General Data Protection Regulation (“GDPR”) a broad data protection framework that expands the scope of European Union data protection law to include certain non-European Union entities that process the personal data of European Union residents, including clinical trial data. The GDPR increases our compliance burden with respect to data protection, including by mandating potentially burdensome documentation requirements and granting certain rights to individuals to control how we collect, use, disclose, retain and protect information about them. The processing of sensitive personal data, such as information about health conditions, leads to heightened compliance burdens under the GDPR and is a topic of active interest among European Union regulators. In addition, the GDPR provides for breach reporting requirements, more robust regulatory enforcement and fines of up to the greater of 20 million euros or 4% of annual global revenue. The GDPR increases our responsibility and liability in relation to personal data that we process, and we may be required to put in place additional mechanisms to ensure compliance with the GDPR, which could divert management’s attention and increase our cost of doing business.

A data security breach or other privacy violation that compromises the confidentiality, integrity or availability of the personal information of our customers, clinical trials participants, collaborators or employees could harm our reputation, compel us to comply with United States or international breach notification laws, subject us to mandatory corrective action, and otherwise subject us to liability under United States or foreign laws and regulations. Data breaches or other security incidents could also compromise our trade secrets or other intellectual property. If we are unable to prevent such data security breaches and security incidents or implement satisfactory remedial measures, our operations could be disrupted, and we may suffer reputational harm, financial loss or other regulatory penalties. In addition, such events can be difficult to detect, and any delay in identifying them may lead to increased harm.

Finally, it is possible that these privacy laws may be interpreted and applied in a manner that is inconsistent with our practices. Any failure or perceived failure by us to comply with federal, state, or foreign laws or self-regulatory organization’s rules or regulations could result in an expense or liability to us.

Changes in law or regulation could make it more difficult and costly for DIH and its subsidiaries to manufacture, market and distribute its products or obtain or maintain regulatory approval of new or modified products.

The experience with the transition to the EU MDR showed how complex, time-consuming and expensive a change in Medical Device Legislation can be. Progression on innovations and new products could be significantly delayed during the work on compliance with new legislations.

We may fail to comply with regulations of the United States and foreign regulatory agencies which could delay, or prevent entirely, and the commercialization of our products.

Given the non-invasive and lower risk nature of rehabilitation products, similar to other rehabilitation technology providers, most of our products are in FDA risk class 1 and this class is not subject to mandatory scrutiny by the U.S. authorities. There is the possibility that, in the future, the FDA may not agree with our classification. We might have to register if disagreement arises, and consequently we would have to stop distributing the device in the U.S. Under such a scenario, possible alternatives registration pathways might be 510(k)s or PMAs, which amount to an increase in the registration time from six months to multiple years and result in significant suspension of our sales activity for products in question in the US.

In some instances, in our advertising and promotion, we may make claims regarding our product as compared to competing products, which may subject us to heightened regulatory scrutiny, enforcement risk, and litigation risks.

The FDA applies a heightened level of scrutiny to comparative claims when applying its statutory standards for advertising and promotion, including with regard to its requirement that promotional labelling be truthful and not misleading. There is potential for differing interpretations of whether certain communications are consistent with a product's FDA-required labelling, and FDA will evaluate communications on a fact-specific basis.

In addition, making comparative claims may draw attention from our competitors. Where a company makes a claim in advertising or promotion that its product is superior to the product of a competitor (or that the competitor's product is inferior), this creates a risk of a lawsuit by the competitor under federal and state false advertising or unfair and deceptive trade practices law, and possibly also state libel law. Such a suit may seek injunctive relief against further advertising, a court order directing corrective advertising, and compensatory and punitive damages where permitted by law.

Any such lawsuit or threat of lawsuit against us will likely oblige us to defend ourselves in court, and will require the dedication of our time and capital, distract management from operating our business and may harm our reputation and financial results. If any such lawsuit against us is successful, we would suffer additional losses of time and capital in taking any required corrective action and would suffer harm to our reputation, all of which would have an adverse effect on our business.

If we fail to obtain or maintain the necessary ISO 13485 certification or the certification according to (EU) 2017/745 (MDR), our commercial operations in the EU and some other countries will be harmed.

As the certifications according to ISO 13485 and (EU) 2017/745 constitute the legal basis for any commercial activity in the European Union and many other countries, these certifications and maintenance of such certifications is a vital task for us. Failure to certify will lead to a disruption of device sales not only in the European Union, but also in the United States and many other countries, as these usually consider a certification a prerequisite for any device registrations.

The majority of our products are classified as medical devices and are regulated by the FDA, the European Union and other governmental authorities both inside and outside of the United States. These agencies enforce laws and regulations that govern the development, testing, manufacturing, labeling, advertising, marketing and distribution, and market surveillance of our medical products. Our failure to comply with these complex laws and regulations could have a material adverse effect on our business, results of operations, financial condition and cash flows. Even after regulatory clearance or approval has been granted, a cleared or approved product and its manufacturer are subject to extensive regulatory requirements relating to manufacturing, labeling, packaging, adverse event reporting, storage, advertising and promotion for the product. If we fail to comply with the regulatory requirements of the FDA or other non-U.S. regulatory authorities, or if previously unknown problems with our products or manufacturing processes are discovered, we could be subject to administrative or judicially imposed sanctions, including restrictions on the products, manufacturers or manufacturing process; adverse inspectional observations (Form 483), warning letters, non-warning letters incorporating inspectional observations; civil or criminal penalties or fines; injunctions; product seizures, detentions or import bans; voluntary or mandatory product recalls and publicity requirements; suspension or withdrawal of regulatory clearances or approvals; total or partial suspension of production; imposition of restrictions on operations, including costly new manufacturing requirements; refusal to clear or approve pending applications or premarket notifications; and import and export.

Modifications to our products may require re-registration, new 510(k) clearances or premarket approvals, or may require us to renew existing registrations in non-European Union countries.

Product modifications consisting either of changes to hardware or software or in expanding or restricting indications or contraindications can have an impact on the validity of our registrations. Thus, a product modification may lead to regulatory change projects, which will consume time and resources. A delay in marketing activities for the respective products may result. Many of these changes are beyond our control, as they are initiated by suppliers of components. Often those changes cannot be predicted, as their announcement happens on short notice, thus increasing the risk of business disruption.

The innovative development of our products may lead to the application of new laws, regulations, standards, etc. not considered until now.

Developing our products further in the direction of increasingly independent acting devices might bring those products into the scope of standards or regulations for robotic devices or artificial intelligence, or other similar areas. As this requires further competencies, resources and time, a potential delay or disruption of our commercial activities could result.

Any negative publicity concerning our products could harm our business and reputation and negatively impact our financial results.

The reactions of potential patients, physicians, the news media, legislative and regulatory bodies and others to information about complications or alleged complications of our products could result in negative publicity and could materially reduce market acceptance of our products. These reactions, or any investigations and potential resulting negative publicity, may have a material adverse effect on our business and reputation and negatively impact our financial condition, results of operations or the market price of our common stock. In addition, significant negative publicity could result in an increased number of product liability claims against us.

United States or European healthcare reform measures and other potential legislative initiatives could adversely affect our business.

Europe and the United States are our major markets, and any major healthcare reform that may change the health industry landscape or reimbursement environment, may have a significant impact on our sales performance and growth projects in the affected markets.

Any political changes in the United States or in Europe could result in significant changes in, and uncertainty with respect to, legislation, regulation, global trade, and government policy that could substantially impact our business and the medical device industry generally. The FDA and European Union Commission's policies may also change, and additional government regulations may be issued that could prevent, limit, or delay regulatory approval of our future products, or impose more stringent product labeling and post-marketing testing and other requirements.

Risks Related to Our Intellectual Property and Information Technology

We depend on computer and information systems we do not own or control and failures in our systems or a cybersecurity attack or breach of our IT systems or technology could significantly disrupt our business operations or result in sensitive information being compromised which would adversely affect our reputation and/or results of operations.

We have entered into agreements with third parties for hardware, software, telecommunications, and other information technology services in connection with the operation of our business. It is possible we or a third party that we rely on could incur interruptions from a loss of communications, hardware or software failures, a cybersecurity attack or a breach of our IT systems or technology, computer viruses or malware. Though most of those information systems and platforms are provided by well-established multinational firms like Oracle and Microsoft, any interruptions to our arrangements with third parties, to our computing and communications infrastructure, or to our information systems or any of those operated by a third party that we rely on could significantly disrupt our business operations.

In the current environment, there are numerous and evolving risks to cybersecurity and privacy, including criminal hackers, hacktivists, state-sponsored intrusions, industrial espionage, employee malfeasance and human or technological error. A cyberattack of our systems or networks that impairs our information technology systems could disrupt our business operations and result in loss of service to customers, including technical support for our robotics and VR-enabled devices.

Our success depends in part on our ability to obtain and maintain protection for the intellectual property relating to or incorporated into our products.

Our success depends in part on our ability to obtain and maintain protection for the intellectual property relating to or incorporated into our products. We seek to protect our intellectual property through a combination of patents, trademarks, confidentiality, and assignment agreements with our employees and certain of our contractors, as well as confidentiality agreements with certain of our consultants, scientific advisors, and other vendors and contractors. In addition, we rely on trade secrets law to protect our proprietary software and product candidates/products in development.

The patent position of robotic and VR-enabled inventions can be highly uncertain and involves many new and evolving complex legal, factual, and technical issues. Patent laws and interpretations of those laws are subject to change and any such changes may diminish the value of our patents or narrow the scope of our right to exclude others. In addition, we may fail to apply for or be unable to obtain patents necessary to protect our technology or products from copycats or fail to enforce our patents due to lack of information about the exact use of technology or processes by third parties. Also, we cannot be sure that any patents will be granted in a timely manner or at all with respect to any of our patent pending applications or that any patents that are granted will be adequate to exclude others for any significant period of time or at all. Given the foregoing and in order to continue reducing operational expenses in the future, we may invest fewer resources in filing and prosecuting new patents and on maintaining and enforcing various patents, especially in regions where we currently do not focus our market growth strategy.

Litigation to establish or challenge the validity of patents, or to defend against or assert against others infringement, unauthorized use, enforceability, or invalidity, can be lengthy and expensive and may result in our patents being invalidated or interpreted narrowly and restricting our ability to be granted new patents related to our pending patent applications. Even if we prevail, litigation may be time consuming, force us to incur significant costs, and could divert management's attention from managing our business while any damages or other remedies awarded to us may not be valuable.

In addition, we seek to protect our trade secrets, know-how, and confidential information that is not patentable by entering into confidentiality and assignment agreements with our employees and certain of our contractors and confidentiality agreements with certain of our consultants, scientific advisors, and other vendors and contractors. However, we may fail to enter into the necessary agreements, and even if entered into, these agreements may be breached or otherwise fail to prevent disclosure, third-party infringement, or misappropriation of our proprietary information, may be limited as to their term and may not provide an adequate remedy in the event of unauthorized disclosure or use of proprietary information. Enforcing a claim that a third party illegally obtained or is using our trade secrets without authorization may be expensive and time consuming, and the outcome is unpredictable. Some of our employees or consultants may own certain technology which they license to us for a set term. If these technologies are material to our business after the term of the license, our inability to use them could adversely affect our business and profitability.

We are not able to protect our intellectual property rights in all countries.

Filing, prosecuting, maintaining, and defending patents on each of our products in all countries throughout the world would be prohibitively expensive, and thus our intellectual property rights outside the United States and Europe are limited. In addition, the laws of some foreign countries, especially developing countries, such as China, do not protect intellectual property rights to the same extent as federal and state laws in the United States. It may not be possible to effectively enforce intellectual property rights in some countries at all or to the same extent as in the United States and other countries. Consequently, we are unable to prevent third parties from using our inventions in all countries, or from selling or importing products made using our inventions in the jurisdictions in which we do not have (or are unable to effectively enforce) patent protection. Copycats may use our technologies in jurisdictions where we have not obtained patent protection to develop, market or otherwise commercialize their own products, and we may be unable to prevent those copycats from importing those infringing products into territories where we have patent protection, but enforcement may not be as strong as in the United States. These products may compete with our products and our patents and other intellectual property rights may not be effective or sufficient to prevent them from competing in those jurisdictions.

We may be subject to patent infringement claims, especially for products acquired through acquisitions, which could result in substantial costs and liability and prevent us from commercializing such acquired products.

The medical device industry is characterized by competing intellectual property, given the existence of large number of patents, the rapid rate of new patent issuances, and the complexities of the technology involved; and patent infringement assessments require costly due diligence and extensive resources to cope with the complexity to assess infringement risks in a complex world of regulations and intellectual property filings. As a result, we may choose not to conduct extensive and expensive intellectual property due diligence, especially for small deal value; as a consequence, we might be vulnerable to certain unknown intellectual property infringement claims, especially related to products we acquired from others. Determining whether a product infringes a patent involves complex legal and factual issues and the outcome of patent litigation is often uncertain. Even though we have conducted research of issued patents, no assurance can be given that patents containing claims covering our products, technology or methods do not exist, have not been filed or could not be filed or issued. In addition, because patent applications can take years to issue and because publication schedules for pending applications vary by jurisdiction, there may be applications now pending of which we are unaware, and which may result in issued patents that our current or future products infringe.

Infringement actions and other intellectual property claims brought against us, whether with or without merit, may cause us to incur meaningful costs and could place a significant strain on our financial resources, divert the attention of management, and harm our reputation.

We may be subject to damages resulting from claims that our employees or we have wrongfully used or disclosed alleged trade secrets of their former employers.

Some of our employees were previously employed at other medical device companies, including our competitors or potential competitors, and we may hire employees in the future that are so employed. We could in the future be subject to claims that these employees, or we, have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. If we fail in defending against such claims, a court could order us to pay substantial damages and prohibit us from using technologies or features that are found to incorporate or be derived from the trade secrets or other proprietary information of the former employers. If any of these technologies or features that are important to our products, this could prevent us from selling those products and could have a material adverse effect on our business. Even if we are successful in defending against these claims, such litigation could result in substantial costs and divert the attention of management.

Risks Related to Ownership of Common Stock

Future sales of a substantial number of shares of Common Stock by us or our large stockholders, certain of whom may have registration rights, or dilutive exercises of a substantial number of warrants by our warrant holders could adversely affect the market price of our Common Stock.

Sales by us or our stockholders of a substantial number of shares of Common Stock in the public market following this offering, or the perception that these sales might occur, could cause the market price of the Common Stock to decline or could impair our ability to raise capital through a future sale of our equity securities. Additionally, dilutive exercises of a substantial number of warrants by our warrant-holders, or the perception that such exercises may occur, could put downward price on the market price of our Common Stock.

Future grants of shares of Common Stock under our equity incentive plan to our employees, non-employee directors and consultants, or sales by these individuals in the public market, could result in substantial dilution, thus decreasing the value of your investment in Common Stock. In addition, stockholders will experience dilution upon the exercise of outstanding warrants.

Shareholders approved an equity incentive plan which provides for the issuance of up to 4,300,000 additional shares of Common Stock. Additionally, shares of granted or issued under our equity incentive plans will, subject to vesting provisions and Rule 144 volume limitations applicable to our “affiliates,” be available for sale in the open market immediately upon registration. Further, as of September 30, 2024, there were 13,665,000 shares of Common Stock underlying issued and outstanding warrants and 660,000 shares of Common Stock underlying a convertible debenture as of September 30, 2024 based on the then-applicable conversion price of \$5.00 (such conversion price will decrease and the number of shares issuable in connection with the conversion will increase as a result of this offering), which if exercised, could decrease the net tangible book value of our Common Stock and cause dilution to our existing stockholders. In addition, the Company may issue shares of its Common Stock in lieu of monthly cash redemption payments. Sales of a substantial number of the above-mentioned shares of Common Stock in the public market could result in a significant decrease in the market price of the Common Stock and have a material adverse effect on your investment.

If securities or industry analysts do not publish research or reports about DIH’s business, or if they issue an adverse opinion regarding its stock, its stock price and trading volume could decline.

The trading market for Common Stock is influenced by the research and reports that industry or securities analysts publish about DIH or its business. DIH does not currently have and may never obtain research coverage by securities and industry analysts. Since DIH became public through a merger, securities analysts of major brokerage firms may not provide coverage of DIH since there is no incentive to brokerage firms to recommend the purchase of its common stock. If no or few securities or industry analysts commence coverage of DIH, the trading price for its stock would be negatively impacted. In the event DIH obtains securities or industry analyst coverage, if any of the analysts who cover it issues an adverse opinion regarding DIH, its business model, its intellectual property or its stock performance, or if its clinical trials and operating results fail to meet the expectations of analysts, its stock price would likely decline. If one or more of these analysts cease coverage of DIH or fail to publish reports on it regularly, DIH could lose visibility in the financial markets, which in turn could cause its stock price or trading volume to decline.

We are an emerging growth company and a “smaller reporting company” and the reduced reporting requirements applicable to such companies may make our Common Stock less attractive to investors.

DIH is an emerging growth company, as defined in the JOBS Act. For as long as DIH continues to be an emerging growth company, it may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements and exemptions from the requirements of holding nonbinding advisory stockholder votes on executive compensation and stockholder approval of any golden parachute payments not previously approved. DIH cannot predict if investors will find its common stock less attractive because DIH may rely on these exemptions. If some investors find Common Stock less attractive as a result, there may be a less active trading market for Common Stock and its stock price may be more volatile.

DIH will remain an emerging growth company until the earlier of (1) the last day of the fiscal year (a) following February 9, 2027 (the fifth anniversary of the closing of ATAK’s IPO), (b) in which it has total annual gross revenue of at least \$1.235 billion, or (c) in which it is deemed to be a large accelerated filer, which requires the market value of its common stock that is held by non-affiliates to equal or exceed \$700 million as of the last business day of the second fiscal quarter of such year, and (2) the date on which DIH has issued more than \$1 billion in non-convertible debt during the prior three-year period.

Under the JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. DIH has opted to continue to take advantage of the benefits of the extended transition period, although it may decide to early adopt such new or revised accounting standards to the extent permitted by such standards. This may make it difficult or impossible to compare DIH’s financial results with the financial results of another public company that is either not an emerging growth company or is an emerging growth company that has chosen not to take advantage of the extended transition period exemptions because of the potential differences in accounting standards used.

Additionally, DIH is a “smaller reporting company” as defined in Item 10(f) of Regulation S-K, which allows us to take advantage of certain scaled disclosure requirements available specifically to smaller reporting companies. For example, we may continue to use reduced compensation disclosure obligations, and we will not be obligated to follow the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act. We will remain a smaller reporting company until the last day of the fiscal year in which we have at least \$100 million in revenue and at least \$700 million in aggregate market value of our shares held by non-affiliated persons and entities (known as “public float”), or, alternatively, if our revenue exceeds \$100 million, until the last day of the fiscal year in which our public float was at least \$250.0 million (in each case, with respect to public float, as measured as of the last business day of the second quarter of such fiscal year). For the year ended March 31, 2024, DIH recorded revenue of approximately \$64 million.

We cannot predict or otherwise determine if investors will find our securities less attractive as a result of our reliance on exemptions as a smaller reporting company and/or “non-accelerated filer.” If some investors find our securities less attractive as a result, there may be a less active trading market for our Common Stock and the price of our Common Stock may be more volatile.

The price of our Common Stock may be volatile, and you may lose all or part of your investment.

The market price of our Common Stock is volatile and may fluctuate substantially as a result of many factors. In addition, because the warrants are exercisable into shares of our Common Stock, volatility, or a reduction in the market price of our Common Stock could have an adverse effect on the trading price of the warrants. Factors which may cause fluctuations in the price of our Common Stock include, but are not limited to:

- actual or anticipated fluctuations in our growth rate or results of operations or those of our competitors;
- customer acceptance of our products;
- announcements by us or our competitors of new products or services, commercial relationships, acquisitions, or expansion plans;
- announcements by us or our competitors of other material developments;
- our involvement in litigation;
- changes in government regulation applicable to us and our products;
- sales, or the anticipation of sales, of our Common Stock, warrants and debt securities by us, or sales of our Common Stock by our insiders or other shareholders, including upon expiration of contractual lock-up agreements;
- developments with respect to intellectual property rights;
- competition from existing or new technologies and products;
- changes in key personnel;
- the trading volume of the Common Stock;
- changes in the estimation of the future size and growth rate of our markets;
- changes in our quarterly or annual forecasts with respect to operating results and financial conditions;
- general economic and market conditions; and
- Announcements regarding business acquisitions.

In addition, the stock markets have experienced extreme price and volume fluctuations. Broad market and industry factors may materially harm the market price of our Common Stock, regardless of our operating performance. Technical factors in the public trading market for Common Stock may produce price movements that may or may not comport with macroeconomic, industry or DIH-specific fundamentals, including, without limitation, the sentiment of retail investors (including as may be expressed on financial trading and other social media sites), the amount and status of short interest in our securities, access to margin debt, trading in options and other derivatives on our Common Stock and any related hedging or other technical trading factors. In the past, following periods of volatility in the market price of a company’s securities, securities class action litigation has often been instituted against that company. If we become involved in any similar litigation, we could incur substantial costs and our management’s attention and resources could be diverted.

General Risks

Exchange rate fluctuations between the U.S. dollar, the Euro and the Swiss Franc may negatively affect our revenue and earnings.

The U.S. dollar is our functional and reporting currency. However, more than 50% of our sales orders come from Europe in euros; and we pay a significant portion of our expenses in euro and Swiss Francs; and we expect this to continue. As a result, we are exposed to exchange rate risks that may materially and adversely affect our financial results. Accordingly, any depreciation of the euro relative to the U.S. dollar would adversely impact our revenue, and any appreciation of Swiss Franc against U.S. dollar will adversely impact net loss or net income, if any.

Our operations also could be adversely affected if we are unable to effectively hedge against currency fluctuations in the future.

We are subject to certain regulatory regimes that may affect the way that we conduct business internationally, and our failure to comply with applicable laws and regulations could materially adversely affect our reputation and result in penalties and increased costs.

We are subject to a complex system of laws and regulations related to international trade, including economic sanctions and export control laws and regulations. We also depend on our distributors and agents for compliance and adherence to local laws and regulations in the markets in which they operate. Significant political or regulatory developments in the jurisdictions in which we sell our products, such as those stemming from the presidential administration in the United States or the U.K.'s exit from the E.U. (known as "Brexit"), are difficult to predict and may have a material adverse effect on us. For example, in the United States, the Trump administration-imposed tariffs on imports from China, Mexico, Canada, and other countries, and expressed support for greater restrictions on free trade and increase tariffs on goods imported into the United States. Changes in U.S. political, regulatory, and economic conditions or in its policies governing international trade and foreign manufacturing and investment in the United States could adversely affect our sales in the United States.

We are also subject to the U.S. Foreign Corrupt Practices Act and may be subject to similar worldwide anti-bribery laws that generally prohibit companies and their intermediaries from making improper payments to government officials for the purpose of obtaining or retaining business. Despite our compliance and training programs, we cannot be certain that our procedures will be sufficient to ensure consistent compliance with all applicable international trade and anti-corruption laws, or that our employees or channel partners will strictly follow all policies and requirements to which we subject them. Any alleged or actual violations of these laws may subject us to government scrutiny, investigation, debarment, and civil and criminal penalties, which may have an adverse effect on our results of operations, financial condition and reputation.

If there are significant disruptions in our information technology systems, our business, financial condition and operating results could be adversely affected.

The efficient operation of our business depends on our information technology systems like Oracle's ERP and Microsoft 360 Office Platforms. We rely on our information technology systems to effectively manage sales and marketing data, accounting and financial functions, inventory management, product development tasks, research and development data, customer service and technical support functions. Our information technology systems are vulnerable to damage or interruption from earthquakes, fires, floods and other natural disasters, terrorist attacks, attacks by computer viruses or hackers, power losses, and computer system or data network failures. In addition, our data management application is hosted by a third-party service provider whose security and information technology systems are subject to similar risks, and our products' systems contain software which could be subject to computer virus or hacker attacks or other failures.

The failure of our or our service providers' information technology systems or our products' software to perform as we anticipate or our failure to effectively implement new information technology systems could disrupt our entire operation or adversely affect our software products and could result in decreased sales, increased overhead costs, and product shortages, all of which could have a material adverse effect on our reputation, business, financial condition, and operating results.

If we fail to properly manage our anticipated growth, our business could suffer.

Our growth and product expansion has placed, and we expect that it will continue to place, a significant strain on our management team and on our financial resources. Failure to manage our growth effectively could cause us to misallocate management or financial resources, and result in losses or weaknesses in our infrastructure, which could materially adversely affect our business. Additionally, our anticipated growth will increase the demands placed on our suppliers, resulting in an increased need for us to manage our suppliers and monitor for quality assurance. Any failure by us to manage our growth effectively could have an adverse effect on our ability to achieve our business objectives.

We are highly dependent on the knowledge and skills of our global leadership team, and if we are not successful in attracting and retaining highly qualified personnel, we may not be able to successfully implement our business strategy.

Our ability to continue to lead in this fragmented industry depends upon our ability to attract, develop and retain highly qualified managerial, scientific, sales and medical personnel. We are highly dependent on our global leadership team and have benefited substantially from the leadership and performance of our global leadership team. The loss of the services of any of our executive officers and other key global leadership team member, and our inability to find suitable replacements could result in delays in product development and harm the smooth operation of our business.

DIH's management team has limited experience managing a public company.

Members of our management team have limited experience managing a publicly traded company, interacting with public company investors, and complying with the increasingly complex laws pertaining to public companies as DIH only became subject to the requirements upon completion of the Business Combination in February 2024. As a public company, we are subject to significant regulatory oversight and reporting obligations under the federal securities laws and the continuous scrutiny of securities analysts and investors. These new obligations and constituents require significant attention from our senior management and could divert their attention away from the day-to-day management of our business, which could harm our business, results of operations, and financial condition.

We have identified material weaknesses in our internal control over financial reporting. These material weaknesses could continue to adversely affect our ability to report our results of operations and financial condition accurately and in a timely manner.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Our management is likewise required to evaluate the effectiveness of our internal controls and to disclose any changes and material weaknesses identified through such evaluation in those internal controls. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

We identified a material weakness in our internal control over financial reporting with respect to our accounting personnel. Specifically, the Company concluded that it had limited accounting personnel and other resources with which to address its internal control over financial reporting in accordance with requirements applicable to public companies. Historically, the Company has not retained a sufficient number of professionals with an appropriate level of accounting knowledge, training and experience to appropriately analyze, record and disclose accounting matters under U. S. GAAP.

Any failure to maintain such internal control could adversely impact our ability to report our financial position and results from operations on a timely and accurate basis. If our financial statements are not accurate, investors may not have a complete understanding of our operations. Likewise, if our financial statements are not filed on a timely basis, we could be subject to sanctions or investigations by Nasdaq or any other exchange on which our Common Stock are listed, the SEC or other regulatory authorities. In either case, there could result a material adverse effect on our business. Ineffective internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of the Common Stock.

MARKET AND INDUSTRY DATA

Certain information contained in this registration statement relates to or is based on studies, publications, surveys and other data obtained from third-party sources and our own internal estimates and research. While we believe these third-party sources to be reliable as of the date of this registration statement, we have not independently verified the market and industry data contained in this registration statement or the underlying assumptions relied on therein. Finally, while we believe our own internal research is reliable, such research has not been verified by any independent source. Notwithstanding the foregoing, we are liable for the information provided in this registration statement. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section of this registration statement titled “*Risk Factors*”. These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

USE OF PROCEEDS

We estimate that the net proceeds from this offering will be approximately \$8.9 million (assuming the sale of all Units offered hereby at the assumed public offering price of \$2.92 per unit, which represents the closing price of our common stock on Nasdaq on January 6, 2025 and assuming no issuance of Pre-Funded Warrants), after deducting placement agent fees and estimated offering expenses payable by us. However, because this is a reasonable best efforts offering with no minimum number of securities or amount of proceeds as a condition to closing, the actual offering amount, placement agent fees and net proceeds to us are not presently determinable and may be substantially less than the maximum amounts set forth on the cover page of this prospectus, and we may not sell all or any of the securities we are offering. As a result, we may receive significantly less in net proceeds. Based on the assumed offering price set forth above, we estimate that our net proceeds from the sale of 75%, 50% or 25% of the Units offered in this offering would be approximately \$6.6 million, \$4.3 million and \$2.0 million, respectively, after deducting placement agent fees and estimated offering expenses payable by us.

A \$0.5 increase (decrease) in the assumed public offering price of \$2.92 per Unit, would increase (decrease) the net proceeds to us from this offering by approximately \$1.6 million, assuming the number of Units offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting placement agent fees.

We currently intend to use the net proceeds of this offering as follows:

- Capital expenditures relating to growing our business; and
- The remainder as working capital and for general corporate purposes

The actual allocation of proceeds realized from this offering will depend upon our operating revenue, cash position, our working capital requirements. We cannot currently allocate specific percentages of the net proceeds to us from this offering that we may use for these purposes. Therefore, as of the date of this prospectus, we cannot specify with certainty all of the particular uses for the net proceeds to be received upon the completion of this offering. Accordingly, we will have discretion in the application of the net proceeds, and investors will be relying on our judgment regarding the application of the proceeds of this offering. Pending our use of the net proceeds from this offering, we intend to invest the net proceeds in a variety of capital preservation investments, including short-term, investment-grade, interest-bearing instruments and U.S. government securities.

CAPITALIZATION

The following table sets forth our capitalization as of September 30, 2024 as follows:

- on an actual basis; and
- on an as adjusted basis to reflect the issuance and sale by us of 3,424,658 Units in this offering at the assumed public offering price of \$2.92 per Unit (assuming no issuance of Pre-Funded Warrants), after deducting placement agent fees and estimated offering expenses payable by us and the receipt by us of the proceeds of such sale and assuming no exercise of any outstanding warrants to purchase shares of Common Stock.

The information below is illustrative only. Our capitalization following the closing of this offering will change based on the actual public offering price and other terms of this offering determined at pricing. You should read this table in conjunction with “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and the financial statements and related notes included in the Form 10-K for the year ended March 31, 2024 the Form 10-Q for the quarterly period ended September 30, 2024 and subsequent reports filed pursuant to the Exchange Act.

<i>(In thousands)</i>	As of September 30, 2024	
	Unaudited,	Unaudited, As
	Actual	Adjusted
Cash	\$ 1,759	\$ 10,684
Total assets	38,194	47,119
Total Liabilities	72,589	72,589
Stockholders’ Equity		
Common stock, \$0.0001 par value; 100,000,000 shares authorized; 34,544,935 shares issued and outstanding at September 30, 2024	3	4
Preferred stock, \$0.00001 par value; 10,000,000 shares authorized; no shares issued and outstanding at September 30, 2024	—	—
Additional paid in capital	3,323	12,247
Accumulated Deficit	(35,756)	(35,756)
Accumulated Other Comprehensive Income (Loss)	(1,965)	(1,965)
Total stockholders’ (deficit) equity	(34,395)	(25,470)
Total capitalization	\$ 38,194	\$ 47,119

The number of shares of our common stock outstanding set forth in the table above excludes, as of September 30, 2024:

- 13,335,000 shares of our common stock issuable upon the exercise of the Public Warrants issued in the IPO and the Private Placement Warrants issued in a private placement in connection with the IPO;
- 4,300,000 shares of common stock available for issuance under our DIH Holding US, Inc. Equity Incentive Plan;
- 330,000 shares of common stock issuable in connection with warrants outstanding as of September 30, 2024;
- 660,000 shares of common stock issuable in connection with a convertible debenture as of September 30, 2024 based on the then-applicable conversion price of \$5.00 (such conversion price will decrease and the number of shares issuable in connection with the conversion will increase as a result of this offering);
- shares of common stock that may be issued, at our option, in lieu of cash redemption payments on the convertible debenture;
- 6,000,000 shares of common stock issuable in connection with the earn-out provisions set forth in the Business Combination Agreement; and
- 3,424,658 shares of common stock issuable upon the exercise of the warrants to be issued in this offering.

DILUTION

If you invest in our Units in this offering, your investment will be immediately and substantially diluted to the extent of the difference between the public offering price per share of our common stock that is part of the Unit and the as adjusted net tangible book value per share of our common stock after giving effect to the offering.

Our net tangible book value (deficit) as of September 30, 2024 was \$(36.8) million, or approximately \$(1.06) per share. Net tangible book value per share represents our total tangible assets less total liabilities, divided by the number of shares of common stock outstanding.

As adjusted net tangible book value dilution per share of common stock to new investors represents the difference between the amount per share of common stock that is part of the Unit paid by investors in the offering and the net tangible book value per share of common stock immediately after completion of the offering. After giving effect to the offering and our sale of the Units in the offering at an assumed public offering price of \$2.92 per Unit, and after deduction of placement agent fees from gross proceeds raised in the offering and estimated offering expenses payable by us, our as adjusted net tangible book value as of September 30, 2024 would have been \$27.8 million, or \$(0.73) per share of common stock. This represents an immediate increase in net tangible book value of \$0.33 per share of common stock to existing stockholders and an immediate dilution in net tangible book value of \$(3.65) per share of common stock to investors of the offering, as illustrated in the following table, based on shares outstanding as of September 30, 2024.

The information below is illustrative only. The dilution caused by this offering will change based on the actual public offering price and other terms of this offering determined at pricing. You should read this table in conjunction with “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and the financial statements and related notes included in the Form 10-K for our fiscal year ended March 31, 2024, our Form 10-Q for the fiscal quarter ended September 30, 2024 and subsequent Exchange Act reports.

Assumed offering price per share of common stock (attributing no value to warrants)	\$	2.92
Actual net tangible book value per share of common stock before this offering ⁽¹⁾	\$	(1.06)
Increase (decrease) in net tangible book value per share attributable to new investors ⁽²⁾	\$	0.33
Net tangible book value per share after this offering ⁽³⁾	\$	(0.73)
Immediate dilution in net tangible book value per share to new investors	\$	(3.65)

(1) Determined by dividing (i) net tangible book value (total assets less intangible assets) less total liabilities by (ii) the total number of shares of common stock issued and outstanding prior to the offering.

(2) Represents the difference between (i) as adjusted net tangible book value per share after this offering and (ii) net tangible book value per share as of September 30, 2024.

(3) Determined by dividing (i) as adjusted net tangible book value, which is our net tangible book value plus the cash proceeds of this offering, after deducting the estimated offering expenses payable by us, by (ii) the total number of shares of common stock to be outstanding following this offering.

Each \$0.5 increase (decrease) in the assumed public offering price of \$2.92 per Unit would increase (decrease) the net tangible book value per share after this offering by \$0.04 per share and the dilution to new investors purchasing Units in this offering by \$0.04 per share, assuming the number of Units offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting placement agent fees and estimated offering expenses payable by us.

If we only sell 75%, 50% or 25% of the maximum offering amount, our net tangible book value per share after this offering would be \$(0.81), \$(0.90) or \$(0.98), respectively, and the immediate dilution in net tangible book value per share to new investors purchasing Units in this offering would be \$(3.73), \$(3.82) or \$(3.90), respectively, assuming no Pre-Funded Warrants are issued and no warrants are exercised, and after deducting placement agent fees and estimated offering expenses payable by us.

The information discussed above is illustrative only and will adjust based on the actual public offering price, the actual number of Units that we offer in this offering, and other terms of this offering determined at the time of pricing. The foregoing discussion and table assume no issuance of Pre-Funded Warrants, which if sold, would reduce the number of Units that we are offering on a one-for-one basis. In addition, we may choose to raise additional capital due to market conditions or strategic considerations. To the extent that additional capital is raised through the sale of equity or convertible debt securities, the issuance of these securities could result in further dilution to our stockholders.

The number of shares of our common stock outstanding set forth in the table above excludes, as of September 30, 2024:

- 13,335,000 shares of our common stock issuable upon the exercise of the Public Warrants issued in the IPO and the Private Placement Warrants issued in a private placement in connection with the IPO;
- 4,300,000 shares of common stock available for issuance under our DIH Holding US, Inc. Equity Incentive Plan;
- 330,000 shares of common stock issuable in connection with warrants outstanding as of September 30, 2024;
- 660,000 shares of common stock issuable in connection with a convertible debenture as of September 30, 2024 based on the then-applicable conversion price of \$5.00 (such conversion price will decrease and the number of shares issuable in connection with the conversion will increase as a result of this offering);
- shares of common stock that may be issued, at our option, in lieu of cash redemption payments on the convertible debenture;
- 6,000,000 shares of common stock issuable in connection with the earn-out provisions set forth in the Business Combination Agreement; and
- 3,424,658 shares of our common stock issuable upon the exercise of the warrants to be issued in this offering.

MARKET INFORMATION FOR SECURITIES AND DIVIDEND POLICY

Market Information

Our Class A Common Stock is listed on the Nasdaq Global Market under the symbol “DHAI” and our Public Warrants are listed on the Nasdaq Capital Market under the symbol “DHAIW.”

Holders of Record

As of January 6, 2025, there were 120 holders of record of our Class A Common Stock.

Dividend Policy

We have not paid any cash dividends on shares of our Class A Common Stock to date and do not intend to pay cash dividends. The payment of cash dividends in the future will be dependent upon our revenues and earnings, if any, capital requirements and general financial condition. The payment of any dividends will be within the discretion of our board of directors. It is the present intention of our board of directors to retain all earnings, if any, for use in our business operations and, accordingly, our board of directors does not anticipate declaring any dividends in the foreseeable future.

Securities Authorized for Issuance under Equity Compensation Plans

The DIH Holding US, Inc. Equity Incentive Plan provides for the issuance of up to 4,300,000 additional shares of Common Stock. Additionally, shares of Common Stock granted or issued under our equity incentive plans will, subject to vesting provisions, lock-up restrictions, and Rule 144 volume limitations applicable to our “affiliates,” be available for sale in the open market immediately upon registration.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read together with the consolidated financial statements and related notes thereto included elsewhere in this registration statement. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from these forward-looking statements as a result of certain factors. We discuss factors that we believe could cause or contribute to these differences below and elsewhere in this registration statement, including those set forth in the sections of this registration statement titled "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements."

Our fiscal year ends on March 31. "Fiscal 2024" and "fiscal 2023" refer to the year ended March 31, 2024 and 2023, respectively.

Overview

DIH is a global solution provider in blending innovative robotic and VR technologies with clinical integration and insights. DIH has a focused portfolio of rehabilitation solutions, which includes both technology and products designed for the hospital, clinic, and research markets.

In fiscal 2024, DIH generated revenue of \$64.5 million compared to \$54.1 million in fiscal 2023.

DIH's net loss for fiscal 2024 was \$8.4 million, compared to \$1.0 million in fiscal 2023. The net loss increased \$7.4 million which was primarily driven by total transaction costs of \$7.1 million to close the Business Combination with ATAK, which included a non-cash financial advisory fee of \$3.5 million paid with 700,000 shares of Common Stock. The increase in net loss was also driven by an increase in the cost of goods sold, which was largely due to higher device sales volume, direct cost inflation, and an increase in the inventory reserve for slow moving parts, as well as elevated costs related to professional service and IT costs related to audit, legal and other professional services to close the business combination discussed in more detail below. The increase in costs and expenses is offset by an increase in revenue as the Company is emerging from the COVID-19 pandemic period that depressed global sales volume due to social distancing measures, and the current year was free of additional non-recurring expenditures for the European Union Medical Device Regulation (EU MDR) and other large scale projects.

In the six months ended September 30, 2024, DIH generated revenue of \$35.1 million compared to \$26.1 million in the six months ended September 30, 2023.

DIH's net loss for the six months ended September 30, 2024 was \$0.5 million, compared to \$5.4 million in the six months ended September 30, 2023. The \$4.9 million improvement was primarily driven by the \$8.2 million increase in gross profit, primarily due to the increase in sales volume in EMEA and Americas. The net loss improvement was partially offset by elevated professional service costs and other costs incurred to enhance our infrastructure and operations as a public company following the recent business combination as well as increased personnel costs during the six months ended September 30, 2024.

Recent Developments

Business Combination

On February 7, 2024, ATAK, Aurora Technology Merger Sub ("Merger Sub") and DIH Nevada consummated a previously announced business combination pursuant to the Business Combination Agreement dated as of February 26, 2023 following the receipt of the required approval by ATAK's and DIH Nevada's shareholders and the fulfillment or waiver of other customary closing conditions. ATAK agreed to waive the closing condition that the Reorganization be completed prior to Closing. As a result, at the Closing of the Business Combination, the Company includes Hocoma Medical that holds assets transferred from Hocoma AG as well as other commercial entities controlled by the Company. Whereas, Hocoma AG and Motekforce Link BV and its subsidiaries were excluded. The Company agreed to use its best efforts to complete the intended Reorganization to transfer Hocoma AG and Motek to the Company as soon as possible thereafter.

In the interim, DIH continues its historical relationship with Motek as an exclusive distributor of the advanced human movement research and rehabilitation products and services designed to support efficient functional movement therapy within specified territories. DIH also intends to continue making periodic payments on notes payable to Hocoma AG, which arose from Hocoma AG transferring assets to the Company.

Upon closing of the Business Combination, the Company received cash held in trust account of \$899 thousand. In connection with the Closing of the Business Combination, ATAK migrated and changed its domestication to become a Delaware corporation and changed its name to “DIH Holding US, Inc.” Legacy DIH stockholders received shares of Common Stock of DIH.

The historical financial results presented in the registration statements were prepared on a combined basis including Legacy DIH, Hocoma AG and Motek Group pursuant to the Business Combination Agreement for the intended Reorganization. In this Annual Report on Form 10-K, the Company has recast historical financial statements on a consolidated basis including operations from Legacy DIH excluding Hocoma AG and the Motek Group that remained with DIH Hong Kong. The Business Combination was accounted for as a reverse recapitalization, in accordance with GAAP. Under this method of accounting, ATAK was treated as the “acquired” company for financial reporting purposes. Accordingly, the Business Combination was treated as the equivalent of DIH Nevada issuing stock for the net assets of ATAK, accompanied by a recapitalization. The net assets of ATAK were stated at historical cost, with no goodwill or other intangible assets recorded. Operations prior to the Business Combination were those of Legacy DIH and its subsidiaries, excluding Hocoma AG and Motek Group.

As a consequence of the Business Combination, the Company became the successor to an SEC-registered company, which requires DIH to hire additional personnel and implement procedures and processes to address public company regulatory requirements and customary practices. DIH expects to incur additional annual expenses as a public company for, among other things, directors’ and officers’ liability insurance, director fees and additional internal and external accounting and legal and administrative resources, including increased audit and legal fees.

Issuance of Convertible Debt

On June 6, 2024, the Company entered into a Securities Purchase Agreement, issuing \$3.3 million in principal amount of 8% Original Issue Discount Senior Secured Convertible Debentures (“Debentures”), resulting in net proceeds of approximately \$2.5 million after estimated expenses and \$300 thousand initially deposited into a bank account pending fulfillment of certain conditions. The Debentures, maturing on December 7, 2025, are convertible into 660,000 shares of Common Stock at a \$5.00 per share conversion price, and are secured by substantially all of the Company’s domestic assets, with guarantees from domestic subsidiaries. In connection with the issuance of the Debentures, the Company also issued warrants to purchase 330,000 shares of Common Stock at \$5.00 per share. For further details, see Note 12 to the *condensed consolidated financial statements*.

Key Factors Affecting the DIH’s Operating Results

DIH believes that its future success and financial performance depend on a number of factors that present significant opportunities for its business, but also pose risks and challenges, including those discussed below and in the Section of this this registration statement entitled “Risk Factors.”

Supply Chain and Inflation

The global supply chain and logistics challenges continue to impact DIH and the industry. As a result of these challenges, DIH has experienced cost increases for freight and logistics, raw materials and purchased components as well as increased manufacturing conversion costs. These supply chain disruptions have not materially affected DIH’s business outlook and goals or its operating results, including its sales, revenue, or liquidity or capital resources and DIH has not implemented any mitigation efforts to date as a result. However, DIH cannot predict the impact to it of any future or prolonged supply chain disruptions or any mitigation efforts it may take going forward. For example as a result of these supply chain disruptions, DIH may be required to extend the overall shipment and installation timeline. In addition, DIH may consider additional or alternative third-party manufacturers and logistics providers, suppliers, vendors or distributors. Such mitigation efforts may result in cost increases and any attempts to offset such increases with price increases may result in reduced sales, increased customer dissatisfaction, or otherwise harm DIH’s reputation. Further, if DIH were to elect to transition or add manufacturers or logistics providers, suppliers, vendors or distributors, it may result in temporary or additional delays in shipments of products or risks related to consistent product quality or reliability. This in turn may limit DIH’s ability to fulfill customer sales orders and DIH may be unable to satisfy all of the demand for its products. DIH may in the future also purchase components further in advance, which in return can result in less capital being allocated to other activities such as marketing and other business needs. DIH cannot quantify the impact of such disruptions at this time or predict the impact of any mitigation efforts DIH may take in response to supply chain disruptions on its business, financial condition, and results of operations.

Input cost inflation historically has not been a material factor to our gross margin; however, beginning at the end of fiscal 2022 DIH began to experience increases in raw material and components costs due to inflation effects, which are expected to continue to remain at elevated levels for at least the near term.

Foreign Currency Fluctuations

DIH's business operates in three different functional currencies (Euro, Swiss Franc, Singapore Dollar). DIH's reporting currency is the U.S. Dollar. DIH's results are affected by fluctuations in currency exchange rates that give rise to translational exchange rate risks. The extent of such fluctuations is determined in part by global economic conditions and macro-economic trends. Movements in exchange rates have a direct impact on DIH's reported revenues. Generally, the impact on operating income or loss associated with exchange rate changes on reported revenues is partially offset from exchange rate impacts on operating expenses denominated in the same functional currencies. As foreign currency exchange rates change, translation of the statements of operations of DIH's international businesses into U.S. dollars may affect year-over-year comparability of DIH's operating results.

EU MDR Implementation Costs

Changes in law or regulation could make it more difficult and costly for DIH and its subsidiaries to manufacture, market and distribute its products or obtain or maintain regulatory approval of new or modified products. DIH's experience with the transition to the EU MDR, which it began in 2019, showed how complex, time-consuming and expensive a change in Medical Device Legislation can be. The EU MDR replaced the existing European Medical Devices Directive (MDD) and Active Implantable Medical Device Directive (AIMDD) regulatory frameworks, and manufacturers of medical devices were required to comply with EU MDR beginning in May 2021 for new product registrations and by May 2024 for medical devices which have a valid CE Certificate to the prior Directives (issued before May 2021). Updates to the legislative text of the EU MDR were adopted by the European Parliament and are currently being reviewed for adoption by the Council of the European Union, including an extension of the transitional period to 2027 for class IIb and III and 2028 for class I and IIa medical devices which have a valid CE Certificate to the prior Directives (issued before May 2021).

Macroeconomic Uncertainties on Future Operations

DIH's operations are exposed to and impacted by various global macroeconomic factors. DIH faces continuing market and operating challenges across the globe due to, among other factors, impact of the conflicts in Ukraine and the Middle East, conditions related to the COVID-19 pandemic, supply chain disruption, higher interest rates and inflationary pressures. Continued evolution of these conditions could lead to economic slowdowns.

Basis of Presentation

Refer to *Note 2 of the Notes to Annual Consolidated Financial Statements* for a discussion of the underlying basis used to prepare the consolidated financial statements.

Components of Results of Operations

Revenue

DIH generates revenue from the sale of medical rehabilitation devices and technology. DIH's primary customers include healthcare systems, clinics, third-party healthcare providers, distributors, and other institutions, including governmental healthcare programs and group purchasing organizations. Shipping and handling costs charged to customers are included in net sales. DIH expects revenue to increase sequentially in future periods as it expects the demand for its products to expand in represented markets.

Cost of Sales

Cost of sales primarily consists of direct materials, supplies, in-bound freight and labor-related costs, including salaries and benefits for our manufacturing personnel, technical support team, our professional consulting personnel and our training teams. Cost of sales also includes allocated overhead costs, including facilities costs, depreciation of manufacturing-related equipment and facilities and other direct costs. DIH expects cost of sales to increase in absolute dollars in future periods as it expects orders for its products to continue to grow and expects cost of sales per unit to decrease as leverage improves behind expected growth.

Selling, General and Administrative Expense

Selling, general and administrative expense primarily consists of personnel related expenses for DIH's corporate, executive, finance and other administrative functions, expenses for outside professional services, including legal, audit and advisory services as well as expenses for facilities, depreciation, amortization, and marketing costs. Personnel-related expenses consist of salaries and benefits.

DIH expects selling, general and administrative expenses to increase for the foreseeable future as it scales headcount, expands hiring of engineers and designers, continues to invest in development of technology in order to drive the growth of the business, and as a result of operating as a public company, including compliance with the rules and regulations of the SEC, legal, audit, additional insurance expenses, investor relations activities and other administrative and professional services.

Research and Development

Research and development primarily consists of research, engineering, and technical activities to develop a new product or service or make significant improvement to an existing product or manufacturing process. Research and development costs also include pre-approval regulatory and clinical trial expenses.

DIH expects research and development costs to increase as it continues to invest in product design and technology to drive the growth of the business.

Interest Expense

Interest expense primarily consists of interest expense associated with related party notes payable and bank charges.

Other Income (Expense), Net

Other income (expense), net primarily consists of the non-service components of net periodic defined benefit plan income (costs) and certain non-recurring costs in connection with the Business Combination.

Income Tax Expense

The income tax provision (benefit) consists of an estimate for U.S. federal, state and foreign income taxes based on enacted rates, as adjusted for allowable credits, deductions, uncertain tax positions, changes in deferred tax assets and liabilities and changes in the tax law.

Results of Operations for the Fiscal Years Ended March 31, 2024 and 2023

(in thousands, except percentages)	Year ended March 31,		\$ Change	% Change
	2024	2023		
Revenue	\$ 64,473	\$ 54,059	\$ 10,414	19.3%
Costs of sales	34,702	23,474	11,228	47.8%
Gross Profit	29,771	30,585	(814)	(2.7)%
Operating expenses:				
Selling, general and administrative expense	25,776	22,957	2,819	12.3%
Research and development	6,609	6,919	(310)	(4.5)%
Total operating expenses	32,385	29,876	2,509	8.4%
Operating loss	(2,614)	709	(3,323)	(468.7)%
Other income (expense):				
Interest expense	(693)	(277)	(416)	150.2%
Other income (expense), net	(3,890)	572	(4,462)	(780.1)%
Total other income (expense)	(4,583)	295	(4,878)	(1653.6)%
Profit (loss) before income taxes	(7,197)	1,004	(8,201)	(816.8)%
Income tax expense	1,246	2,018	(772)	(38.3)%
Net loss	\$ (8,443)	\$ (1,014)	\$ (7,429)	732.6%

Revenue

The following table presents net revenue by major source for the year ended March 31, 2024 and 2023:

(in thousands, except percentages)	Year ended March 31,		\$ Change	% Change
	2024	2023		
Devices	\$ 51,125	\$ 43,452	\$ 7,673	17.7%
Services	11,105	9,292	1,813	19.5%
Other	2,243	1,315	928	70.6%
	\$ 64,473	\$ 54,059	\$ 10,414	19.3%

Revenue for the year ended March 31, 2024 increased by \$10.4 million, or 19.3%, to \$64.5 million from \$54.1 million for the year ended March 31, 2023. The overall increase was primarily due to an increase in devices sold of \$7.7 million, or 17.7%. The increase in devices revenue was driven by higher sales volume in Europe, the Americas and Asia. Services revenue represented an increase of \$1.8 million, up 19.5% compared to the prior period. Other revenues represented an increase of \$0.9 million, up 70.6% compared to the prior period.

Changes in foreign currency exchange rates had a favorable impact on our net sales for the year ended March 31, 2024, resulting in an increase of approximately \$1.7 million. This was mainly driven by fluctuations in Euro valuations throughout the period.

Cost of Sales

Cost of sales for the year ended March 31, 2024 increased by \$11.2 million, or 47.8%, to \$34.7 million from \$23.5 million for the year ended March 31, 2023. The cost of goods for device sales increased by \$7.3 million, which directly correlated to the increase in device sales with an incremental cost of \$4.4 million for the additional volume and inflationary cost increases on direct costs of goods of approximately \$2.2 million. The additional increase in cost of sales is mainly driven by an increase of \$0.6 million in inventory reserve for slow moving parts and increased overhead and services parts costs of \$3.9 million. The impact due to foreign currency translation losses resulted in an increase of approximately \$0.1 million.

Selling, General and Administrative Expense

Selling, general and administrative expense for the year ended March 31, 2024 increased by \$2.8 million, or 12.3%, to \$25.7 million from \$23.0 million for the year ended March 31, 2023. The increase was primarily due to an increase in professional service costs of \$1.5 million related to audit, legal and other professional services in preparation for the Business Combination and becoming a publicly listed company, and investment in finance capacity in preparation for public company reporting obligations. The increase was also attributable to personnel related expense primarily due to an \$1 million increase in pension expense resulting from changes in market yields. The increase was partially offset by a decrease in credit loss provisions.

Research and Development

Research and development costs for the year ended March 31, 2024 decreased by \$0.3 million, or 4.5%, to \$6.6 million from \$6.9 million for the year ended March 31, 2023. The decrease was primarily due to a decrease in the research and development material purchase and external consulting of \$0.2 million and charges pertaining to the Gorbel acquisition of \$0.4 million, that are not recurring in the current period. The decrease was offset by an increase in personnel expenses of \$0.3 million.

Interest Expense

Interest expense for the year ended March 31, 2024 increased by \$416 thousand, or 150.2% in relates to interests on Related Party Notes and an increase in temporary bank charge.

Other Income (Expense), Net

Other income (expense), net for the year ended March 31, 2024 was \$3.9 million of expense compared to \$0.6 million of income for the year ended March 31, 2023. The change was primarily driven by a \$3.5 million financial advisory fee paid with 700,000 shares of Common Stock in connection with closing of the Business Combination as well as realized foreign exchange losses during the period.

Income Tax Expense

Income tax expense for the year ended March 31, 2024 decreased by \$0.8 million to \$1.2 million. The change was primarily driven by changes in the net results of the underlying subsidiaries across jurisdictions. The tax expense for March 31, 2024 and March 31, 2023 is driven by pre-tax book income in certain jurisdictions while the benefit from pre-tax losses in other jurisdiction may not be realizable.

Results of Operations for the Three and Six Months Ended September 30, 2024 and 2023

(in thousands, except percentages)	Three months ended September 30,				Six months ended September 30,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
Revenue	\$ 18,162	\$ 13,060	\$ 5,102	39.1%	\$ 35,122	\$ 26,105	\$ 9,017	34.5%
Cost of sales	8,605	7,652	953	12.5%	16,110	15,300	810	5.3%
Gross profit	9,557	5,408	4,149	76.7%	19,012	10,805	8,207	76.0%
Operating expenses:								
Selling, general, and administrative expense	5,758	6,372	(614)	(9.6)%	14,368	12,209	2,159	17.7%
Research and development	1,911	1,584	327	20.6%	3,555	3,022	533	17.6%
Total operating expenses	7,669	7,956	(287)	(3.6)%	17,923	15,231	2,692	17.7%
Operating income (loss)	1,888	(2,548)	4,436	174.1%	1,089	(4,426)	5,515	124.6%
Other income (expense):								
Interest expense	(26)	(155)	129	83.2%	(161)	(275)	114	41.5%
Other income (expense), net	(1,761)	271	(2,032)	(749.8)%	(414)	(418)	4	1.0%
Total other income (expense)	(1,787)	116	(1,903)	(1640.5)%	(575)	(693)	118	17.0%
Income (loss) before income taxes	101	(2,432)	2,533	104.2%	514	(5,119)	5,633	110.0%
Income tax expense	335	52	283	544.2%	1,058	278	780	280.6%
Net loss	\$ (234)	\$ (2,484)	\$ 2,250	90.6%	\$ (544)	\$ (5,397)	\$ 4,853	89.9%

The following table presents net revenue by major source for the three and six months ended September 30, 2024 and 2023:

(in thousands, except percentages)	Three months ended September 30,				Six months ended September 30,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
Devices	\$ 15,045	\$ 10,112	\$ 4,933	48.8%	\$ 28,573	\$ 20,555	\$ 8,018	39.0%
Services	2,695	2,710	(15)	(0.6)%	5,995	5,085	910	17.9%
Other	422	238	184	77.3%	554	465	89	19.1%
	<u>\$ 18,162</u>	<u>\$ 13,060</u>	<u>\$ 5,102</u>	<u>39.1%</u>	<u>\$ 35,122</u>	<u>\$ 26,105</u>	<u>\$ 9,017</u>	<u>34.5%</u>

Revenue for the three months ended September 30, 2024 increased by \$5.1 million, or 39.1%, to \$18.2 million from \$13.1 million for the three months ended September 30, 2023. The overall increase was primarily due to an increase in devices sold of \$4.9 million, or 48.8% year over year. The increase in devices revenue was primarily driven by higher sales volume in EMEA. Services revenue was consistent compared to the prior period. Other revenue increased by \$0.2 million to \$0.4 million for the three months ended September 30, 2024 compared to \$0.2 million for the three months ended September 30, 2023. Total revenue in the EMEA and in the Americas increased by \$4.5 million and \$0.7 million, respectively, to \$10.7 million and \$4.6 million for the three months ended September 30, 2024 compared to \$6.2 million and \$3.8 million for the three months ended September 30, 2023. The increase was partially offset by a decrease in sales in the APAC of \$0.1 million.

Revenue for the six months ended September 30, 2024 increased by \$9.0 million, or 34.5%, to \$35.1 million from \$26.1 million for the six months ended September 30, 2023. The overall increase was primarily due to an increase in devices sold of \$8.0 million, or 39.0% year over year. The increase in devices revenue was primarily driven by higher sales volume in EMEA and Americas. Services revenue represented an increase of \$0.9 million, up 17.9% compared to the prior period related to extended warranty in connection with increase in device revenue. Other revenues was consistent compared to the prior period. Total revenue in the EMEA and in the Americas increased by \$8.9 million and \$2.3 million, respectively, to \$21.7 million and \$9.1 million for the six months ended September 30, 2024 compared to \$12.9 million and \$6.8 million for the six months ended September 30, 2023. The increase was partially offset by a decrease in sales in the APAC of \$2.2 million.

The impact due to foreign currency translation is immaterial for the three and six months ended September 30, 2024.

Cost of Sales

Cost of sales for the three months ended September 30, 2024 increased by \$0.9 million, or 12.5%, to \$8.6 million from \$7.7 million for the three months ended September 30, 2023. The cost of sales for device sales increased by \$1.3 million for the three months ended September 30, 2024 compared to the three months ended September 30, 2023. The cost of sales increase correlated to the increase in device sales in the three months ended September 30, 2024.

Cost of sales for the six months ended September 30, 2024 increased by \$0.8 million, or 5.3%, to \$16.1 million from \$15.3 million for the six months ended September 30, 2023. The cost of sales for device sales increased by \$0.9 million for the six months ended September 30, 2024 compared to the six months ended September 30, 2023. The cost of sales increased by \$1.6 million correlated to an increase in device sales. An inventory reserve and provisions of approximately \$0.7 million was recognized in the six months ended September 30, 2023, while the impact from inventory reserve and provisions was insignificant in the six months ended September 30, 2024, which partially offset the increase in cost of sales due to volume. The cost of services was consistent compared to the prior period.

The Company implemented a 10% price increase in fiscal year 2024 for sales orders received after the implementation date, which resulted in improvement in gross margin realized in the three and six months ended September 30, 2024 compared to the three and six months ended September 30, 2023.

The impact due to foreign currency translation resulted in an immaterial change for the three and six months ended September 30, 2024.

Selling, General and Administrative Expense

Selling, general and administrative expense for the three months ended September 30, 2024 decreased by \$0.6 million, or 9.6%, to \$5.8 million from \$6.4 million for the three months ended September 30, 2023. The decrease was driven by a \$0.5 million decrease in professional service fee during the three months ended September 30, 2024 because professional expenses incurred during three months ended September 30, 2023 related to the Business Combination were not recurring.

Selling, general and administrative expense for the six months ended September 30, 2024 increased by \$2.2 million, or 17.7%, to \$14.4 million from \$12.2 million for the six months ended September 30, 2023. The increase was driven by a \$0.9 million increase in personnel expenses related to compensation, bonus and benefits, a \$0.7 million increase in professional service costs related to audit, legal and other professional services and overhead expenses associated with operating as a public company. In addition, the provision for credit losses decreased by \$0.4 million during the six months ended September 30, 2024 and decreased by \$1.0 million during the six months ended September 30, 2023, resulting in a \$0.6 million increase in total expense.

Research and Development

Research and development costs for the three months ended September 30, 2024 increased by \$0.3 million, or 20.6%, to \$1.9 million from \$1.6 million for the three months ended September 30, 2023. The increase was primarily attributable to a \$0.2 million increase in the amortization expense related to capitalized software that was ready for its intended use during the three months ended September 30, 2024 and a \$0.1 million increase in employee compensation.

Research and development costs for the six months ended September 30, 2024 increased by \$0.5 million, or 17.6%, to \$3.6 million from \$3.0 million for the six months ended September 30, 2023. The increase was primarily attributable to a \$0.3 million increase in employee compensation and bonus, along with a \$0.2 million increase in the amortization expense related to capitalized software that was ready for its intended use during the three months ended September 30, 2024.

Interest Expense

Interest expense for three and six months ended September 30, 2024 and 2023 were consistent to interest on Related Party Notes and bank charges.

Other Income (Expense), Net

Other income (expense), net for the three months ended September 30, 2024 was \$1.8 million of expense, compared to \$0.3 million of income for the three months ended September 30, 2023. The change was primarily driven by the fluctuation in the exchange rate between the Swiss Franc and both the U.S. dollar and euro in the three months ended September 30, 2024, along with a \$0.4 million expense due to change in the fair value of the convertible note and warrant.

Other income (expense), net for the six months ended September 30, 2024 was consistent to that for the six months ended September 30, 2023 primarily due to \$0.4 million increase in expense due to change in the fair value of the convertible note and warrant offset by \$0.4 million decrease in loss due to transactions in foreign currencies.

Income Tax Expense

Income tax expense for the three months ended September 30, 2024 increased by \$0.3 million to \$0.3 million compared to \$0 million in the three months ended September 30, 2023. Income tax expense for the six months ended September 30, 2024 increased by \$0.8 million to \$1.1 million compared to \$0.3 million in the six months ended September 30, 2023. The change was primarily driven by changes in the net results of the underlying subsidiaries across jurisdictions. The tax expense for the three and six months ended September 30, 2024 and 2023 is driven by pre-tax book income in certain jurisdictions while the benefit from pre-tax losses in other jurisdiction may not be realizable.

Liquidity and Capital Resources

As of September 30, 2024 and March 31 2024, DIH's cash and cash equivalents amounted to \$1.8 million and \$3.2 million, respectively. In addition, DIH received \$300 thousands from the convertible debt financing deposited into a bank account as restricted cash which was released in October 2024 in addition to the cash and cash equivalents as of September 30, 2024. DIH's operating losses began in fiscal 2020 and continued through the six months ended September 30, 2024. DIH's historical operating losses resulted in an accumulated deficit of \$(35.8) million as of September 30, 2024. Operating losses were mainly driven by decreased sales during the COVID-19 pandemic due to social distancing measures that affected demand for rehabilitation services, increased expenditures in connection with its implementation of a new financial system (Oracle) and increased compliance costs associated with the EU MDR. Additionally, DIH had elevated costs related to its efforts of adopting to public company standards. During the six months ended September 30, 2024, DIH had negative cash flows from operating activities of \$(1.5) million and an operating income of \$1.1 million and negative working capital as of September 30, 2024.

In connection with the transfer of Hocoma AG's business and assets to DIH, we incurred three related party notes payable to Hocoma AG as further discussed in *Note 13* of the *Notes to Annual Condensed Consolidated Financial Statements*. The three Related Party Notes amounting to \$10.47 million, \$7.80 million and \$1.57 million reflect transferring the assets, equity ownership in subsidiaries and IP rights it held to Legacy DIH. Each of the Related Party Notes Payable is due on June 30, 2026 with interest rate of 1.25%. The Company has made periodic payment on Related Party Notes payable with proceeds from its operations. The remaining balance on the Related Party Notes payable is \$9.4 million and \$11.5 million as of September 30, 2024 and March 31, 2024, respectively.

In June 2024, we issued a 8% Original Issue Discount Senior Secured Convertible Debentures, resulting in net proceeds of approximately \$2.8 million after offering expenses. The first redemption payment was made in cash on November 1, 2024. For additional details, including the terms and conditions of these Debentures and associated warrants, please refer to Note 12 to the condensed consolidated financial statements.

The above conditions raise substantial doubt about the Company's ability to continue as a going concern within one year after the date of the filing of the Quarterly Report for the quarter ended September 30, 2024. Our revenue has increased by 34.5%, from \$26.1 million to \$35.1 million for the six months ended September 30, 2024 and 2023, respectively. We anticipate sources of liquidity to include cash on hand and cash flow from operations. We continue to explore financing alternatives in debt or equity to fund our ongoing operations and to fulfill current obligations. We continue to take steps to streamline its organization and cost structure as well as improve future revenue growth.

DIH's other material contractual operating cash commitments at September 30, 2024 relate to leases and employee benefit plans. DIH's employee benefit plans are discussed further in *Note 14* of the *Notes to Annual Consolidated Financial Statements*. DIH's long-term lease obligations and future payments are discussed further in *Note 17* of the *Notes to Annual Consolidated Financial Statements*.

Cash Flows

The following table summarizes DIH's cash flow activities for the periods presented:

(in thousands)	Year ended March 31,	
	2024	2023
Net cash (used in) / provided by operating activities	\$ 5,192	\$ 5,501
Net cash (used in) / provided by investing activities	(202)	(145)
Net cash (used in) / provided by financing activities	(4,945)	(4,053)
Effect of currency translation on cash, cash equivalents and restricted cash	5	(61)
Net increase (decrease) in cash, cash equivalents and restricted cash	\$ 50	\$ 1,242

Net Cash Provided by / (Used in) Operating Activities

Net cash provided by operating activities for the year ended March 31, 2024 was in line with that for the year ended March 31, 2023 primarily driven by:

Decrease in net loss of \$7.4 million. The primary driver was \$3.5 million noncash fee recorded in other expense paid to Maxim in equity in connection with closing of the Business Combination. The decrease was also driven by operating loss of \$2.6 million for the year ended March 31, 2024 compared to \$0.7 million operating income for the year ended March 31, 2023. The change in operating loss is primarily due to increase in professional service costs in preparation for the business combination.

Net increase of \$6.1 million in non-cash charges pertains to a \$3.5 million charge due to Maxim success fee paid in equity and a \$2.3 million increase in change in inventory reserve as well a \$1.0 million increase in foreign exchange gain / (losses), which is attributable to the change in Euro during the last part of fiscal year 2023 and the slight rebound and stabilization during fiscal year 2024. The increases in non-cash charges were offset by a decrease in allowance for doubtful accounts of \$1.7 million.

Net decrease of \$2.3 million relating to changes in working capital was driven by increase in spend for inventory purchase of \$3.8 million as the Company was preparing for FY25 production and aligning with customer schedules for order fulfillment. The decrease was also driven by a decrease in deferred revenue resulted from the difference in timing of payments received from our customers related to service contracts. In addition, during the period, the Company began paying accrued expenses related to costs in connection with Company becoming a publicly listed.

This decrease in working capital was partially offset by increase of \$2.2 million in advanced payments from customer for the year ended March 31, 2024 compared to the year ended March 31, 2023 primarily due to the timing of the order received. Many customers prepay a portion of each order, which supports the operations of the company in the production of the goods. We also observed a total increase of \$5.2 million in accounts receivable and accounts payable as we are managing our working capital. Working capital was impacted by favorable changes in due from and due to related parties balances driven by the Company's purchase from the Motek Group and change in balance from Hocoma AG.

Net Cash (Used in) / Provided by Investing Activities

Net cash used in investing activities is consistent between the year ended March 31, 2024 compared to that for the year ended March 31, 2023. The cash used in investing activities primarily includes purchase of property and equipment. DIH expects to fund future cash flows used in investing activities with cash flow generated by operations.

Net Cash (Used in) / Provided by Financing Activities

Net cash used in financing activities increased by \$0.8 million to \$4.9 million for the year ended March 31, 2024 compared to \$4.1 million for the year ended March 31, 2023. The increase was primarily due to increase of \$1.8 million in payments on related party notes payable resulting from the asset transfer from Hocoma AG to the Company offset by proceeds received upon closing of the Business Combination.

Cash Flows

The following table summarizes DIH's cash flow activities for the periods presented:

(in thousands)	Six months ended September 30,	
	2024	2023
Net cash provided by / (used in) operating activities	\$ (1,534)	\$ 1,763
Net cash used in investing activities	(423)	(73)
Net cash provided by / (used in) financing activities	756	(3,744)
Effect of currency translation on cash and cash equivalents	35	15
Net decrease in cash and cash equivalents	<u>\$ (1,166)</u>	<u>\$ (2,039)</u>

Net Cash used in Operating Activities

Net cash used in operating activities increased by \$3.3 million to \$(1.5) million for the six months ended September 30, 2024 compared to \$1.8 million for the six months ended September 30, 2023 primarily driven by:

- Decrease of net loss of \$4.9 million. The primary driver was increased gross profit of \$8.2 million due to increased sales volume and gross margin offset by increased operating expenses of \$2.7 million.
- Non-cash charges were decreased by \$0.1 million for the six months ended September 30, 2024 and 2023. Non-cash charges decreased by \$0.8 million because an inventory reserve and provisions of approximately \$0.7 million were recognized in the six months ended September 30, 2023, while the impact from inventory reserve and provisions was insignificant in the six months ended September 30, 2024. The non-cash charges also decreased by \$0.4 million due to 0.0 foreign exchange gain in the six months ended September 30, 2024 as compared to a foreign exchange loss of \$0.4 million in the six months ended September 2023, which is primarily attributable to the fluctuation in the exchange rate between Swiss Franc and both U.S. dollar and euro. The decreases in non-cash charges were offset by a \$0.4 million increase of change in fair value of convertible note and warrant during the six months ended September 30, 2024. The decreases in non-cash charges were also offset by a decrease in provision for credit losses of \$0.4 million during the when comparing the six months ended September 30, 2024 to the six months ended September 30, 2023.

- Net decrease of \$8.0 million relating to changes in working capital was driven by a decrease of \$4.3 million in advanced payments from customer for the six months ended September 30, 2024 compared to the six months ended September 30, 2023 primarily due to the timing of the orders received. The decrease is also due to a total decrease of \$3.8 million in accounts receivable and accounts payable, along with a \$2.0 million net decrease in due from related parties and due to related parties driven by the Company's purchases from the Motek Group and change in balance from Hocoma AG.

This decrease in working capital was partially offset by an increase of \$1.1 million increase in employee compensation accrued and an increase of \$0.9 million in accrued expense and other liabilities.

Investing Activities

Net cash used in investing activities increased by \$0.4 million for the six months ended September 30, 2024. The cash used in investing activities primarily includes purchase of property and equipment. DIH expects to fund future cash flows used in investing activities with cash flow generated by operations.

Financing Activities

Net cash (used in)/provided by financing activities increased by \$4.5 million to \$0.8 million for the six months ended September 30, 2024 compared to \$(3.7) million for the six months ended September 30, 2023. The increase was primarily due to the \$2.8 million proceeds from the convertible debt financing net of transaction fee and a \$1.7 million decrease in payments on related party notes payable resulting from the asset transfer from Hocoma AG.

Critical Accounting Policies and Estimates

DIH's financial statements are based on the selection and application of significant accounting policies, which require management to make significant estimates and assumptions. Management believes that the following are some of the more critical judgment areas in the application of accounting policies that currently affect DIH's financial condition and results of operations.

Revenue Recognition

Sales are recognized as the performance obligations to deliver products or services are satisfied and are recorded based on the amount of consideration DIH expects to receive in exchange for satisfying the performance obligations. DIH's sales are recognized primarily when it transfers control to the customer, which can be on the date of shipment of the product, the date of receipt of the product by the customer or upon completion of any required product installation service depending on the terms of the sales contracts and product shipping terms. The sales amount of warranties are deferred and recognized as revenue on a straight-line basis over the warranty period.

We provide a variety of products and services to our customers. Most of our contracts consist of a single, distinct performance obligation or promise to transfer goods or services to a customer. For contracts that include multiple performance obligations, we allocate the total transaction price to each performance obligation using our best estimate of the standalone selling price of each identified performance obligation.

Deferred revenue primarily represents service contracts and equipment maintenance, for which consideration is received in advance of when service for the device or equipment is provided, and a smaller component of product shipments where a residual installation service is to be completed. Revenue related to services contracts and equipment maintenance is recognized over the service period as time elapses. Revenues related to products containing an installation clause, are recognized once the item is confirmed installed.

Employee Benefit Plans

DIH has defined contribution plans or benefit pension plans covering substantially all of its employees. We recognize a liability for the underfunded status of the single employer defined benefit plans. Actuarial gains or losses and prior service costs or credits are recorded within other comprehensive income (loss). The determination of our obligation and related expense for our sponsored pensions is dependent, in part, on management's selection of certain actuarial assumptions in calculating these amounts.

The actuarial assumptions used for the defined benefit plans are based on the economic conditions prevailing in the jurisdiction in which they are offered. Changes in the defined benefit obligation are most sensitive to changes in the discount rate. The discount rate is based on the yield of high-quality corporate bonds quoted in an active market in the currency of the respective plan. A decrease in the discount curve increases the defined benefit obligation. DIH regularly reviews the actuarial assumptions used in calculating the defined benefit obligation to determine their continuing relevance. We utilized weighted discount rates of 1.50% and 2.10% for our pension plan expenses for fiscal 2024 and fiscal 2023, respectively.

Sensitivity to changes in the discount rate used in the calculation of our pension plan liabilities is illustrated below (dollars in millions).

	Percentage Point Change	Projected Benefit Obligation (Decrease) Increase	Service Cost (Decrease) Increase
Discount rate	+/-1.00%	\$ (1.6) / 2.1	\$ (0.2) / 0.2

Income Taxes

DIH accounts for income taxes in accordance with Accounting Standards Codification Topic 740, Income Taxes (Topic 740). Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and other loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. DIH reviews its deferred income tax asset valuation allowances on a quarterly basis or whenever events or changes in circumstances indicate that a review is required. In determining the requirement for a valuation allowance, the historical and projected financial results of the legal entity or combined group recording the net deferred income tax asset is considered, along with any positive or negative evidence including tax law changes. Since future financial results and tax law may differ from previous estimates, periodic adjustments to DIH's valuation allowances may be necessary. DIH has generated operating losses in each of the years presented.

DIH is subject to income taxes in the U.S. and numerous foreign jurisdictions. These tax laws and regulations are complex and significant judgment is required in determining DIH's worldwide provision for income taxes and recording the related deferred tax assets and liabilities.

In the ordinary course of DIH's business, there are transactions and calculations where the ultimate tax determination is uncertain. Accruals for unrecognized tax benefits are provided for in accordance with the requirements of Topic 740. An unrecognized tax benefit represents the difference between the recognition of benefits related to items for income tax reporting purposes and financial reporting purposes. DIH's tax returns are subject to regular review and audit by US and non-US tax authorities. Although the outcome of tax audits is always uncertain, DIH believes that it has appropriate support for the positions taken on its tax returns and that its annual tax provision includes amounts sufficient to pay any assessments. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts accrued for each year and would be the obligation of Parent. DIH accrues interest and penalties related to uncertain tax positions as a component of income tax expense.

Refer to Note 15 of the Notes to Annual Consolidated Financial Statements for further discussion regarding DIH's income taxes.

New Accounting Standards Not Yet Adopted

For the summary of recent accounting pronouncements, see Note 2 - Summary of Significant Accounting Policies to our condensed consolidated financial statements included elsewhere in this prospectus.

Emerging Growth Company Status

The Company is an “emerging growth company,” as defined in Section 2(a) of the Securities Act, as modified by the JOBS Act, and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the independent registered public accounting firm attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company’s financial statements with another public company which is either not an emerging growth company or an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

BUSINESS

The Company

Overview

DIH Holding US, Inc., a Delaware corporation, and its consolidated subsidiaries are referred to in this registration statement as “we,” “our,” “us,” the “Company,” or “DIH.” DIH is a global provider of advanced robotic devices used in physical rehabilitation, which incorporate visual stimulation in an interactive manner to enable clinical research and intensive functional rehabilitation and training in patients with walking impairments, reduced balance and/or impaired arm and hand functions. We strive to serve the rehabilitation market by providing a broad array of devices and services focused on the customer and patient recovery. DIH stands for our vision to “Deliver Inspiration & Health” to improve the daily lives of millions of people with disabilities and functional impairments.

DIH offers innovative, robotic-enabled rehabilitation devices in an interactive environment. These solutions allow for intensive rehabilitation across the spectrum of patient specific levels of care, while also tracking patients’ progress and providing a network of collaboration and encouragement. DIH is dedicated to restoring mobility and enhancing human performance through a broad array of devices that can enable the transformation of rehabilitation care at our customers. Our revenue is concentrated in the EMEA and Americas, with the remaining revenue in the APAC.

Corporate History

DIH Technology Ltd. (“DIH Cayman”) was founded in 2014 by Chief Executive Officer and Chairman, Jason Chen, with the belief that synergies could be created by integrating the niche players in the rehabilitation therapy and research markets to build a global leading growth platform. As part of this strategy, in April 2015, DIH Hong Kong, a wholly owned subsidiary of DIH Cayman, acquired Motek ForceLink B.V. and its subsidiaries (together “Motek” or “Motek Group”), a Netherlands-based technology leader in sophisticated VR-enabled movement platforms that set the standards for human movement research and treatment; and in September 2016 acquired Hocoma AG (“Hocoma”), a Switzerland-based global market leader in the development, manufacturing and marketing of robotic and sensor-based devices for functional movement therapy.

Subsequently, DIH Hong Kong organized Motek ForceLink and Hocoma under a global management framework, with the purpose of building a scalable global business blending the technical, product and market strengths of those two firms to create a scalable and fully aligned global growth and operational bases that can be leveraged for rapid growth.

Prior to the reverse recapitalization with Aurora Technology Acquisition Corp. (“ATAK”) and the reorganization, DIH Cayman owned 100% of DIH Hong Kong and DIH Hong Kong owned 100% of various operating entities including the manufacturing entities Hocoma AG and Motek Group. Hocoma AG was the sole owner of five commercial selling entities located in the United States, Chile, Slovenia, Germany, and Singapore. The commercial entities had exclusive rights to distribute the goods produced by Hocoma AG and Motek Group. While the business under DIH Cayman historically functioned together, they maintained largely independent management teams and did not rely on corporate or other support functions from DIH Cayman.

On October 6, 2020, Hocoma AG created a new wholly owned subsidiary, DIH US Corp, a Delaware entity. The purpose of DIH US Corp was to own 100% of the commercial selling entities. On May 31, 2021, Hocoma AG completed the share transfer of commercial entities to DIH US Corp.

On June 2, 2021, DIH Cayman formed a wholly owned subsidiary, DIH Holding US Inc., a Nevada Corporation (“Legacy DIH” or “DIH Nevada”). This entity was established to serve as a US-based holding company, to which assets could be transferred, setting the foundation for the future of the Company, which would eventually engage in the Business Combination with ATAK.

On June 21, 2021, Hocoma AG formed another wholly owned subsidiary, Hocoma Medical GmbH. The purpose of Hocoma Medical GmbH was to transfer the net assets of Hocoma AG, excluding intellectual property and non-transferable debt, and then sell the entity and its assets to DIH Nevada, for inclusion in the foundation of the future Company.

On July 1, 2021, DIH Cayman completed a series of reorganization steps to transfer DIH US Corp and its subsidiaries from Hocoma AG to DIH Nevada, effectively creating the Company. Hocoma AG entered into the following transactions:

1. Hocoma AG sold 100% of its share ownership of DIH US Corp to DIH Nevada, for \$7.8 million.
2. Hocoma AG sold its net assets, excluding third-party debt and intellectual property, to Hocoma Medical GmbH for a \$10.5 million intercompany note between Hocoma AG and Hocoma Medical GmbH.
3. Hocoma AG sold its intellectual property to DIH Technology Inc. (a wholly owned subsidiary of DIH US Corp) for \$1.6 million.
4. Hocoma AG then sold the share ownership of Hocoma Medical GmbH to DIH Nevada for \$10.5 million.

However, on July 1, 2021, the former shareholders of Hocoma AG applied for and were granted an ex-parte preliminary injunctions by a Swiss district court. The injunctions prohibited Hocoma AG to transfer any business or assets to Hocoma Medical, and as well as the sale of Hocoma Medical from DIH Hong Kong to the Company. Consequently, Hocoma AG and its shareholders challenged these preliminary injunctions through their Swiss counsels at Homburger. On January 12, 2024, the court revoked the preliminary injunctions granted on July 1, 2021. Therefore, the injunctions no longer have any legal effect on the contribution of the business/assets of Hocoma AG to Hocoma Medical and the transfer of the ownership of Hocoma Medical GmbH to the Company. Hocoma Medical GmbH, including the business/assets transferred by Hocoma AG, became a wholly-owned subsidiary of DIH Nevada as of July 1, 2021.

DIH Cayman intended to transfer Hocoma AG (remaining assets and liabilities) and Motek Group to DIH Nevada pursuant to the Business Combination Agreement. However, DIH Cayman was subject to a lien in Hong Kong related to DIH China, a company formed in the People’s Republic of China (“DIH China”) and a wholly owned subsidiary of DIH Hong Kong. The lien was filed on July 17, 2021 on the immediate parent company of Hocoma AG and Motek Group and prevented the transfer of Hocoma AG and Motek Group. This matter is currently under review by local authorities and DIH Cayman is working to facilitate the completion of the intended transfer.

While the Company's businesses have historically functioned together with the other businesses controlled by DIH Cayman, the Company's businesses are largely isolated and not co-dependent on corporate or other support functions. DIH Hong Kong is a wholly-owned subsidiary of DIH Cayman and the Company was a wholly-owned subsidiary of DIH Cayman prior to closing of the Business Combination.

In October 2022, DIH Nevada acquired the SafeGait 360 and SafeGait Active smart mobility trainer systems from Gorbel, an innovative United States-based developer and manufacturer of smart material handling and fall protection equipment. The SafeGait acquisition was accounted for as an asset acquisition based on an evaluation of the U.S. GAAP guidance for business combinations.

Organization structure immediately prior to the Business Combination

Immediately before closing of the Business Combination, DIH Nevada was a wholly owned subsidiary of DIH Cayman. DIH Nevada held 100% ownership of DIH US Corp, which in turn owned the commercial entities. Additionally, DIH Nevada held 100% ownership of Hocoma Medical GmbH, which contained the net assets transferred from Hocoma AG.

DIH maintained exclusive distributor agreements with Motek Group for its advanced human movement research and rehabilitation products and services designed to support efficient functional movement therapy within specified territories. Under the distribution agreements, Motek supplied the products and services to the Company at the prices detailed in the agreement, with the Company entitled to a distributor margin.

Business Combination

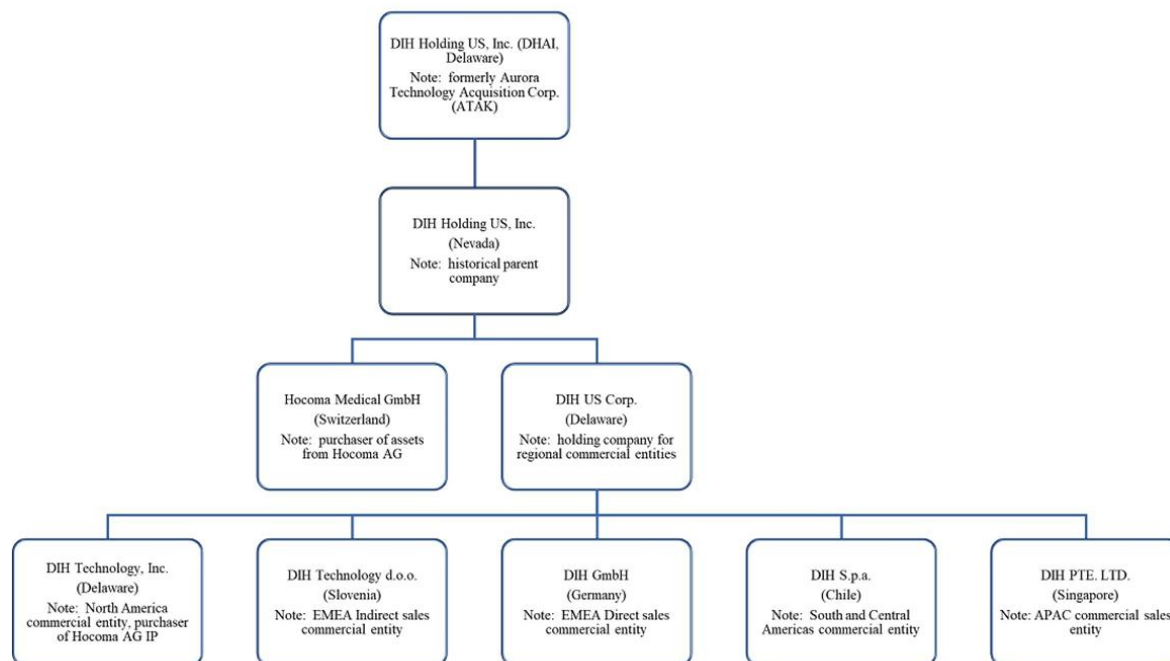
On February 7, 2024 (the "Closing Date"), Aurora Technology Acquisition Corp. a Cayman Island exempted company which migrated and domesticated as a Delaware corporation ("ATAK"), Aurora Technology Merger Sub, a Nevada corporation and a direct, wholly-owned subsidiary of ATAK ("Merger Sub") and DIH Nevada consummated a previously announced business combination pursuant to a business agreement dated as of February 26, 2023 (as amended, supplemented or otherwise modified from time to time, the "Business Combination Agreement," and the transactions contemplated thereby, the "Business Combination") following the receipt of the required approval by ATAK's and DIH Nevada's shareholders and the fulfillment or waiver of other customary closing conditions. In connection with the Closing, ATAK migrated and changed its domestication to become a Delaware corporation and changed its name to "DIH Holding US, Inc." The Amended and Restated Certificate of Incorporation of DIH authorizes one class of common stock as Class A Common Stock ("Common Stock").

The historical financial results presented in the registration statements were prepared on a combined basis including Legacy DIH, Hocoma AG and Motek Group pursuant to the Business Combination Agreement for the intended Reorganization (as such term is defined in the Business Combination Agreement). Due to the lien on DIH Hong Kong related to DIH China, the Reorganization could not be completed as defined by the Business Combination Agreement, meaning that Motek Group and Hocoma AG ownership could not be transferred to the Company prior to the Closing.

In connection with the Closing of the Business Combination and in accordance with the terms of the Business Combination Agreement, ATAK agreed to waive the closing condition that the Reorganization be completed prior to Closing. The Company agreed to use its best efforts to complete the Reorganization as defined in the Business Combination Agreement as soon as possible thereafter. The Reorganization has not been completed as of the filing date of this registration statement. In this registration statement, the Company has recast historical financial statements on a consolidated basis including only operations from Legacy DIH. Hocoma AG and the Motek Group remained with DIH Hong Kong and are excluded from the consolidation of the Company.

Upon Closing of the Business Combination with ATAK, the Company owns 100% of DIH US Corp, which in turn owns the commercial entities. Additionally, the Company owns 100% ownership of Hocoma Medical GmbH, which contains the net assets transferred from Hocoma AG. The Company maintains an exclusive distribution agreement with Motek Group as of the date of this registration statement. DIH Cayman owns approximately 34.7% shares of common stock of the Company, including earn-out shares held in escrow account. Jason Chen, the Company’s Chief Executive Officer and Chairman of the Board of Directors does not own any shares of DIH directly but may be deemed to have indirect ownership of DIH through his ownership of approximately 42% of the outstanding shares of DIH Cayman.

The Company’s organizational chart as of the date of this registration statement is as follows:



Industry and Market Overview

Market Opportunity

The market for robotic devices for rehabilitation and human performance enhancement is rapidly growing. As populations age and the consequent demand for healthcare services increases, we expect there will be a growing need for innovative solutions that can help individuals recover from injuries and optimize their physical abilities. Additionally, there is a growing interest in the use of technology to enhance human performance, whether in sports or in everyday life.

DIH’s target market is composed of three major sub-markets:

- Advanced Research Facilities (“ARFs”): which include advanced human performance labs or rehabilitation/biomedical research centers at universities and academic hospitals);
- Inpatient rehabilitation facilities (“IRFs”) which include free standing rehabilitation hospitals and rehabilitation units in acute care hospitals);
- Outpatient rehabilitation facilities (“ORFs”) which include outpatient rehabilitation clinics, skilled nursing or long-term care facilities). We are currently focused on the North American and European markets to accelerate market penetration, while seeking early-stage opportunities in other international markets for future expansion

For the ARF (or Research Market), our products enable thought-provoking and sophisticated simulation and evaluation of general human performance, and specifically focuses on dynamic gait and balance-focused movement research, through our industry-leading interactive VR platform. The platform is empowered by motion capture hardware, couple with advanced human body modeling software, that creates real time visualization of the active participant. The integration of this technology with advanced robotics and other smart systems expands imaginative research interests. Most of the top 50 global leading research centers in human performance and rehabilitation have adopted our technologies as the key base of their research exploration. We believe that by integrating leading products in biomechanical research we sourced through Motek (with which we have an exclusive distribution agreement) with our advanced robotics and other AI-based innovative products we could leverage clinical results with data insights to help transform protocols and processes in the industry related to human performance and movement disorders leading to solid growth potential in this important market segment in the next 5-10 years.

For IRFs (or Hospital Market), our products enable intensive functional training in patients with walking impairments, reduced balance and/or impaired arm and hand functions. Functional training is the backbone of rehabilitation and aims to restore lost abilities and enhance performance through learning mechanisms and neuroplasticity, and thereby increase independence in daily living and quality of life. Intensive rehabilitative therapy induces stronger and faster functional recovery. Our advanced rehabilitation robots enable intensive therapy, even in high acuity patients, by providing physical assistance and mobilization to patients as needed and relieving therapists from manual workload. Gamified exercises and feedback motivating patients during movement therapy, interactive reports and data integration further enhance the clinical value of our advanced rehabilitation solutions.

For the vast ORFs (or Clinical Market), we enable modern specialty rehabilitation care models that differentiate and deliver high value with better and consistent outcomes due to the 3i intervention approach empowered by our technology. By blending technology with innovative care models, such modern specialty ORFs can deliver superior values to patients and their therapists by enabling one therapist to treat multiple patients with better outcomes due to the intensive, interactive, and integral approach enabled by our smart solutions. By leveraging the treatment protocol established by our advanced robots and movements platform, we are re-configuring our solutions through modularization and further acquisitions to exploit this vast and diverse market.

Our Strategy

Physical disabilities and impairments represent significant global challenges, due to rapid aging, increasingly severe chronic diseases, and prevailing traumatic injuries from accidents and wars. According to the Company's internal analysis, each year, approximately 20 million people suffer from new disabilities, and it is estimated that over 300 million people are currently suffering from some form of functional impairments or disabilities globally. Those functional impairments or disabilities may ultimately result in multiple functional health problems, including cognitive, physical, emotional and spiritual issues, imposing severe burdens to health systems and significant costs to society. Adding to this, the number of people aged 60 and older globally is currently approximately 1 billion and is estimated to grow to over 2.1 billion by 2050, according to the World Health Organization ("WHO") fact sheet dated October 1, 2024. The WHO also states that the need for rehabilitation services will grow due to the increasing aging population, as they are more prone to develop chronic diseases and disabilities (April 22, 2024 Rehabilitation fact sheet). Currently, the WHO states the global need for rehabilitation is largely unmet, as approximately 2.4 billion people are living with a condition that may benefit from rehabilitation services. As an example, the U.S. Bureau of Labor Statistics provided that the demand for therapists is expected to grow by 14% from 2023 to 2033, with an average demand of 13,600 therapists per year, which is outpacing most other industries in job demand.

According to an online industry report summary by Grandview Research, the global rehabilitation services market is estimated to be over \$255 billion and is driven by an increase in individuals with physical and neurological disabilities. According to the WHO article published on March 14, 2024, neurological conditions affect more than 1 in 3 individuals globally, leading to be the primary cause of illness and disability globally and the need for investments to improve treatment aimed at increasing an individual's quality of life. We believe that such market demands create a need to support and modify a manual therapy dominated approach. The increased number of people suffering from such illnesses not only imposes a huge labor burden to therapists, but also may result in inconsistent outcomes due to a lack of consistent intensity, integration, standardization and optimization throughout the weeks or months of long intervention processes. According to Data Bridge Market Research, one of the key challenges faced by the physical therapy market is a shortage of skilled professionals driven by the increasing demand. Unlike a machine which can be calibrated thereby producing consistent therapy, we believe that manual therapy is likely to vary from therapist to therapist or even patient to patient. Measurements of progress may also be subjective, varying from therapist to therapist which may result in a patient requiring a longer period of therapy to achieve the desired results.

The rapidly aging and increased chronic-suffering population trend will generate more demand for high quality rehabilitation care, while supporting the expected increase in the demand for therapists, thus adding increasing pressure and tension to the current model.

We believe the way out of such an undesirable and increasingly high pressure state is to transform the rehabilitation care model through integrated solutions empowered by our advanced technologies. The core benefits we strive to deliver to customers from our core products and solutions include:

- 1) Enhancing customers' strategic positioning as leading rehabilitation facilities to attract higher paying patient groups by enabling them to attract and treat high severity and acuity patient groups, especially neurological patients;
- 2) Reducing total therapy costs by enabling the therapist to concurrently treat multiple patients, improve therapy outcome with the same time of stay or reduce time of stay without losing clinical efficacy;
- 3) Providing streamlined intervention processes with data insights and potential network effects;
- 4) Enabling replication and franchise established treatment protocols and best practices across chains of rehabilitation facilities; and
- 5) Reducing total health system costs.

To build on our unique position as a global robotic and VR-enabled smart technologies and solution provider to the rehabilitation market, our strategic plan is to continue to expand our leadership through sustaining innovation, selective acquisitions, with continued focus on delivering superior value to our customers, partners, patients and other stakeholders.

Our strategic focus is on the following three areas:

- Leveraging our strengths in technologies and core products to continuously expand our market leadership, drive market penetration and accelerate growth by building intensive market penetration capability in strategic markets in the United States and Europe, enriching our product offering with innovative financing solution to accelerate customers adoption, and sustain our product and technology leadership with continued innovation and integration efforts.
- Leveraging our market leadership and global platform and infrastructure and consolidating the fragmented marketplace to drive standardization and economy of scale and scope. The breadth and depth of our business model and the scale advantage enables us, not only to sustain our market leadership, but also empowers us to act as active consolidators in the highly fragmented rehabilitation market. By complementing our organic innovation and core product leadership, DIH envisions executing 2-3 acquisition with the goal to acquire proven products and technologies from sub-optimal regional players to exploit global synergies and to accelerate the growth of DIH's integrated solution offerings.
- Leveraging our thought-provoking industry influence backed by leading brands and products, passionate people and organizational capability; DIH strives to develop transformative Total Solutions that will fundamentally enhance the therapy and business model of our customers and enable industry-wide transformation which is expected to eventually benefits millions of people, from therapists to patients.

Core Product Overview

DIH offers innovative, robotic-enabled devices in an augmented and interactive environment. These devices focus on restoring different functional impairment issues, while using software thereby tracking patients' progress and providing a network of collaboration and encouragement.

We currently offer 14 robotic rehabilitation and VR-based movement systems within three major product categories through the hospital, clinical and research markets. Our objective is to establish ourselves as a product and technology leader in each of the three categories, that correspond to three key functional impact issues, i.e., 1) upper extremity devices for arm and hand functional improvement; 2) lower extremity devices for gait and balance intervention; and 3) full body integrated intervention for strength and endurance enhancement. Through software networks, we aim not only to maximize the benefits from each of the devices itself, but also to deliver multi-dimensional clinical, economic, process and administrative benefits to therapists, patients and management by connecting and integrating these various devices into cohesive and integrated caring processes and models, enabling transformative change in therapies and business models.

	HOSPITAL and CLINIC MARKET Rehabilitation Hospitals and Outpatient Clinics	RESEARCH MARKET Research and Academia
ARM & HAND	Armeo®Power Armeo®Spring Armeo®Spring Pro Armeo®Senso	
GAIT & BALANCE	Erigo® Lokomat® SafeGait RYSEN Andago® C-Mill	CAREN High-End CAREN Extended GRAIL M-Gait
SOFTWARE	HocoNet®	D-Flow

Upper Extremity Product Categories

To address differing clinical and economic needs, while providing consistent therapeutic interventions with similar treatment concepts and protocols, we have developed three different device models, ArmeoPower, ArmeoSpring, and ArmeoSenso. All follow the same modular Armeo Therapy Concept, that covers the “Continuum of Rehabilitation” with one software platform throughout the different stages of rehabilitation; from the early stage where the patient is very weak and needs sophisticated power-assisted dynamic intervention to help rewire the neural pattern in a safe environment which ArmeoPower provides, to self-initiated interactive ArmeoSpring which follows a similar treatment protocol of ArmeoPower for patients who have gained certain muscle power and need to transition from controlled patterns to an open environment. ArmeoSenso is for patients to apply what they learned from those self-initiated but still structurally controlled movement patterns to completely open movement environments, further expanding the patient transfer skills. The economic costs of devices, and the ratio of one therapist for multiple patients also improves dramatically, thus allowing service providers and health systems to gain significant benefits of learning curves, i.e., the learning patient picks up from early acute expensive interventions, which will be increasingly beneficial for later stages, generating a win-win, both economically and clinically.

ArmeoPower is the backbone robot within our Upper Extremity portfolio; it has been specifically designed for arm and hand therapy in an early stage of rehabilitation. It enables patients with even severe motor impairments to perform exercises with a high number of repetitions. It assists the patient’s arm on an “as needed” basis to enable the patient to successfully reach the goal of the exercise. The robotic arm assistance can be adapted to the individual’s needs and the changing abilities of each patient – from full assistance for patients with very little activity to no assistance at all for more advanced patients. Such adjustable robotic assistance while exercising, enables and motivates patients to actively participate in their training, while providing weight support to enable extensive training. ArmeoPower supports 1D (joint-specific), 2D and 3D movements, with extensive game-emerged Augmented Performance Feedback (“APF”) exercises simulating tasks and activities essential for daily living, while enhancing strength and range of motion. Immediate performance feedback motivates patients and helps to improve their motor abilities. It improves efficiency of the therapy session by reducing the therapist’s physical effort and the need for continuous therapeutic guidance. Moreover, it enables therapists to make better use of their clinical know-how and expertise, by focusing on the optimal exercise planning, instead of manually delivering many repetitions.

ArmeoPower precisely records how patients perform during their therapy sessions. Standardized Assessment Tools evaluate a patient's motor functions such as joint range of motion and forces. The results can be used to analyze and document the patient's state and therapy progress. Results can then be shared with the patient and other clinicians. ManovoPower as an add-on module for ArmeoPower enables hand opening and closing exercises.

ArmeoSpring is targeted for less severe patients; it provides self-initiated repetitive arm and hand therapy in an extensive workspace. By providing arm weight support, it encourages the patients to achieve a higher number of arm and hand movements based on specific therapy goals. It also allows simultaneous arm and hand training in an extensive workspace. This enables patients to practice the movements important for their therapy progress. ArmeoSpring also supports 1D (joint-specific), 2D and 3D movements. An extensive library of motivating game-like APF exercises has been designed to train strength and range of motion needed for activities of daily living. Immediate performance feedback motivates patients and helps to improve their motor abilities. The ArmeoSpring enables therapists to deliver higher training efficiency (more hours per day) due to self-directed therapy. Furthermore, self-directed therapy enables patients to reach an even higher therapy intensity through extra training during after-hours and weekends.

Lower Extremity Product Categories

Similar to the Armeo Therapy Concept for arm and hand, we have also developed 3+1 Robotics + VR devices to address the different clinical and economic needs of patients across different stages of the patient journey, while providing consistent therapeutic interventions with similar treatment concepts and protocols. The Erigo Robot is designed for patients right after ICU who have none or very weak muscle power, with the goal to speed up the circulation and initiate early mobilization and prepare patients for intensive therapy, while preventing or reducing secondary further impairment. LokoMat is designed to provide maximum intensive therapy to rewire the broken neuro pathway to restricted functional capabilities through Neuroplasticity effect. Andago is designed to assist patients in walking in a real environment to maximize patient transfer skills after the patient's functional pattern has been rewired by LokoMat. C-Mill is designed to enhance the patient's adaptability, coordination and balancing skills in a challenging and integrative environment.

Erigo is uniquely designed to provide therapy intervention to the most severe patient even at a high acute and critical post-ICU stage. It uniquely combines gradual verticalization, leg mobilization, and intensive sensorimotor stimulation through cyclic leg loading.

The main benefits include:

- Early and safe mobilization even in acute care
- Cardiovascular stabilization
- Improved orthostatic tolerance using the Erigo functional stimulation.
- Helping to reduce patient's length of stay, improving efficiency and outcome

Lokomat provides robot-assisted therapy that enables effective and intensive training to increase the strength of muscles and the range of motion of joints in order to improve walking. The physiological movement of the lower extremities is ensured by the individually adjustable patient interface. Additionally, the hip and knee joint angles can be adjusted during training to the patient's specific needs. During rehabilitation, patients need to be challenged. Therapists can help patients reach their goals by setting the training parameters according to their performance. Lokomat motivates patients to reach their goals with various game-like exercises. This Augmented Performance Feedback, or APF, maximizes the effect of Lokomat training. Lokomat allows therapists to focus on the patient and the actual therapy. It enhances staff efficiency and safety, leading to higher training intensity, more treatments per therapist, and consistent, superior patient care.

Lokomat is available in two models, LokomatNanos and LokomatPro, and has other modules such as for pediatric use available. To date, we have installed approximately 1,219 Lokomat systems in over 650 facilities worldwide.

Andago is designed to assist patients in walking naturally which consequently triggers continuous physiological afferent input, due to its built-in dynamic support. With its robotics smart control system, it enables patient to walk seamlessly and freely due to its robotic system. Andago bridges the gap between treadmill-based gait training and free overground walking. No dedicated space is needed as it can be used flexibly in different spaces. Its intuitive workflow allows for a quick and easy therapy start and simple integration into clinical routine. The display of key training results and export of data via USB enables training progress documentation for clinical decision-making and for health insurance providers. No infrastructure modification, meaning flexible use from room to room.

C-Mill is a powerful tool that allows for more efficient rehabilitation. Besides objective assessment of balance and gait, the C-Mill provides a safe and comfortable training environment using a treadmill, augmented reality and VR. Using our technology, patients are able to train foot placement with the C-Mill, work through balance and dual-tasks with C-Mill VR or use C-Mill VR+ for early to late rehabilitation with body weight support. It is a complete, advanced gait-lab and training center on a compact space.

CAREN, “Computer Assisted Rehabilitation Environment”, is the most advanced and sophisticated VR-enabled real time movement platform, that targets all aspects of balance and locomotion with visualization of full body participation empowered by Human Body Modeling. CAREN provides researchers with the tools to efficiently study advanced human movement by collecting objective human performance data in real time and functionally challenging environments. CAREN enables the most versatile human movement research as a result of its dual-belt instrumented treadmill mounted on a 6 degree-of-freedom movable platform, motion capture system, immersive and interactive environments and dedicated real-time and offline software packages; the CAREN is the most advanced system for your human movement research, training, and assessment. We believe CAREN will enable pioneering research in many fields of application, such as: motor control and learning, dual-tasking and feedback, balance assessment and therapy, gait analysis and adaptability, real-time human body modeling, virtual reality and integrated smart systems like robot integration. We believe CAREN is considered as the world’s most advanced biomechanics lab.

GRAIL, “Gait Real-time Analysis Interactive Lab”, the total package solution for gait analysis training and research, employs an instrumented dual-belt treadmill and motion capture system combined with virtual reality and video cameras. GRAIL provides analysis and therapy in challenging conditions to improve gait, while real-time feedback enables analysis and training during the same session.

The Total Solution

DIH’s vision includes providing a Total Solution option for our customers and their patients. The Total Solution is a product package specifically designed for our customer and is aimed at maximizing the benefits of DIH’s products and solutions to achieve optimal rehabilitation outcomes. This offering includes DIH’s clinical integration approach, that emphasizes three key factors:

A consultative sales process to guide customers in selecting advanced technologies from the company’s extensive product portfolio, enhancing their market positioning.

Clinical integration to align these technologies with therapeutic processes, offering comprehensive training and service programs to maximize their clinical value.

Identifying workflow and productivity enhancement opportunities to help customers achieve operational savings.

Customer Overview

Research Market

Due to the powerfulness of our technology platform and products, and the versatile applications they enable; there are six major customer groups that are actively employing our CAREN, GRAIL and MGAIT, etc. in their leading research efforts. Universities purchase them to build modern biomedical labs and initiate systemic training, research hospitals and military purchase them to assess and define innovative interventions to restore and enhance human functions and performance, scientific and technological corporations purchase them to establish an integrated testing foundation to evaluate new concepts and accelerate new product or intervention modalities; and athletic institutions purchase them to accelerate the recovery of athletes and enhance their core performance foundations.

Hospital Market

Hospital Markets, or Inpatient rehabilitation facilities (IRFs), include free standing rehabilitation hospitals and rehabilitation units in acute care hospitals.

Our products and solutions benefit both the rehabilitation units in acute care hospitals and free standing rehabilitation hospitals. Given our limited sales resources, our primary focused customer group are rehabilitation hospitals and acute care hospitals which have a high number of neurological patients.

Within rehabilitation hospitals, it can be further broken down by 1) academic or leading national rehabilitation hospitals, 2) new modern rehabilitation hospitals, 3) neurological patient focused rehabilitation hospitals, 4) leading regional rehabilitation hospital, 5) conventional or me-too rehabilitation hospitals. Our target markets are the first two groups. Our main objective is to increase our market penetration in those groups from an estimated 25% current penetration to 66% in focused countries.

Clinical Market

The Clinical Market, or outpatient rehabilitation facilities (ORFs), include outpatient rehabilitation clinics, skilled nursing or long-term care facilities (SNF and LTC).

Given there are hundreds of thousands of facilities in these massive and diverse markets and we have limited resources, our primary focus is on the modern outpatient rehabilitation clinics (M-Clinics) and top SNFs with a focus on neurological patients (SNF-N) in our target countries. Our products can provide strategic, clinical and operational value to the M-Clinics and SNF-N, as in the hospital market.

Manufacturing and Supply Chain

Our manufacturing and supply chain strategy is founded on a commitment to blending Swiss quality mindset with Dutch agility, utilizing lean manufacturing and supply chain practices, leveraging the Oracle ERP system implemented, ensuring efficient order fulfillment to global markets, and delivering exceptional value and commitment to our customers and patients.

Manufacturing

We manufacture the Lokomat, Andago, Erigo, Armeo Power, Armeo Spring and Armeo Senso devices at Hocoma Medical GmbH in Switzerland. The product line we distribute for hospitals and clinics, C-Mill, is manufactured at Motek Medical B.V. in The Netherlands together with all research products (RYSEN, M-GAIT, GRAIL and CAREN).

For the SafeGait 360 and Active product line that we acquired from Gorbil, those two products currently are only sold in the United States and are manufactured through our manufacturing facility in Leeds, Alabama.

Supply Chain

For standardized products (for hospitals and clinics) DIH conducts production planning based on the sales budget (yearly) and sales forecast (quarterly). To have the correct alignment between all stakeholders, there is a monthly standard operating procedures (“S&OP”) meeting in place. In this meeting, all relevant stakeholders are involved, such as planning, procurement, production, order fulfillment, sales, finance, operational engineering, service and product management. Additionally, we have the inputs from regulatory and quality as well. In the S&OP the forecast and the production/procurement planning for the quarters are set and the current fulfillment situation is monitored.

Our research products are generally fairly differentiated, which makes it difficult to manage supply chain dynamics far in advance. Many of the parts are completely customized, and inputs are only known during the project phase when the order has been received. Basic parts such as treadmills, drives and motors can be planned and procured accordingly. For these research projects, there is also an S&OP in place limited to the research group.

Facilities

Our executive offices are located at 77 Accord Drive, Suite D-1 Norwell, MA. We do not own any properties, rather we lease properties to meet our needs. Currently, we have a research and development and operational campus that we lease for Hocoma operation in Switzerland located at Industriestrasse 2 and 4a in 8604 Volketswil.

Beside the main campuses, we also lease five commercial offices space at the following locations to house the regional Sales & Marketing, Clinical Application & Training, Technical Services, Finance, Logistics, Administration and other local market support functions.

- DIH Technology Inc. leases commercial office for the American team at 77 Accord Park Dr., Suite D-1, Norwell, MA 02061, United States
- DIH Technology d.o.o leases commercial office for EMEA Indirect sales team at Letališka 29a, 1000 Ljubljana, Slovenia
- DIH GmbH leases commercial office for the Direct Sales team in DACH region, at Konrad-Adenauer Strasse 13, 50996 Köln, Germany
- DIH Pte Ltd leases commercial office for APAC team at 67 Ubi Avenue 1, #06-17 Starhub Green, Singapore 408942
- DIH SpA leases commercial office for LATAM team at Pdte. Kennedy Lateral 5488, Oficina 1402; Vitacura, Santiago, Chile

Human Capital

As of September 30, 2024, we employed 200 employees, of which approximately 78 percent were outside the U.S. Our employees are the Company's most valued asset and the driving force behind our success. For this reason, we aspire to be an employer that is known for cultivating a positive and welcoming work environment and one that fosters growth, provides a safe place to work, supports diversity and embraces inclusion.

Diversity, Equity, and Inclusion

We are committed to fostering, cultivating and preserving a culture of diversity, equity and inclusion (DE&I). We recognize that a diverse, extensive talent pool provides the best opportunity to acquire unique perspectives, experiences, ideas, and solutions to drive our business forward. We believe that diverse teams solving complex problems leads to the best business results. We promote diversity by developing policies, programs, and procedures that foster a work environment where differences are respected, and all employees are treated fairly.

Employee Health and Safety

During the fiscal year ended March 31, 2024 and the six months ended September 30, 2024, there had been no Occupational Safety and Health Administration ("OSHA") recordable or lost time injuries in the United States and zero injuries at our other global sites.

Intellectual Property

We have over 19 different trademark families registered, including our most prominent product family names such as Lokomat, Armeo, and Andago. These trademarks are registered in all strategically important countries, resulting in a total of 419 registrations. The latest registration was made in 2020, and the earliest in 2004.

Name/Description of Patent	Status	Owned or Licensed	Type of patent protection	Expiration Date (dd.mm.yy)	Jurisdictions
US8834169/Method and apparatus for automating arm and grasping movement training for rehabilitation of patients with motor impairment	Issued	Licensed	Utility	24.11.2030	US
US8192331/Device for adjusting the prestress of an elastic means around a predetermined tension or position	Issued	Owned	Utility	10.09.2028	US, DE, FR, UK, IT, CH, CN, RU
US9017271/System for Arm therapy	Issued	Licensed	Utility	10.02.2031	US, DE, FR
US8924010 /Method to Control a Robot Device and Robot Device	Issued	Owned	Utility	06.10.2031	US, DE, FR, NL, CH, UK
US9987511/Gait training apparatus	Issued	Owned	Utility	19.09.2034	US, DE, FR, UK, IT, CH, CN, PL, KR, NL
EP3095430/Gait training apparatus (Div)	Issued	Owned	Utility	09.11.2032	DE, FR, UK, CH
US10780009/Apparatus for locomotion therapy	Issued	Owned	Utility	06.01.2037	US, DE, FR, UK, CH, CN, RU
EP3100707/Apparatus for locomotion therapy (Div)	Issued	Owned	Utility	16.11.2032	DE, FR, UK, IT, CH TR, PL, CN
US9808668/Apparatus for automated walking training	Issued	Owned	Utility	10.08.2034	US, DE, FR, UK, IT, CH, CN, PL, TR, NL, FI, ES
EP3035901/ Hand motion exercising device	Issued	Owned	Utility	14.08.2034	DE, FR, UK, NL, SI, CH, CN
US10349869/Method and system for an assessment of a movement of a limb-related point in a predetermined 3D space	Issued	Owned	Utility	16.02.2036	US, DE, FR, UK, CH, AU, IT, CN
US10500122/Apparatus for gait training	Issued	Owned	Utility	20.08.2037	US, DE, FR, UK, CH, CN, TR, NL, SE, ES, RU, KR
US10925799/ Suspension device for balancing a weight	Issued	Owned	Utility	27.06.2037	US, AU, CH, DE, FR, UK, IT, NL, PL, CN, KR
US-20230039187-A1/Leg Actuation Apparatus and Gait Rehabilitation Apparatus	Pending	Owned	Utility		US, IN, CN, RU, EP, KR
US-2023-0046987-A1/User Attachment for Gait and Balance Rehabilitation Apparatus	Pending	Owned	Utility		US, CN, EP, KR
DM/091 450/Wheeled	Issued	Owned	Design	08.06.2041	CH, EM, US, UK

MANAGEMENT

The following sets forth certain information, as of the date of this registration statement, concerning the persons who are serving as our directors and executive officers.

Executive Officers and Directors

Our current executive officers and directors are as follows:

Name	Age	Position
Executive Officers:		
Jason Chen	55	Chairman and Chief Executive Officer; Director
Dietmar Dold	52	Chief Operating Officer;
Lynden Bass	40	Chief Financial Officer; Director
Dr. Patrick Bruno	55	Chief Marketing Officer; Director
Class I Directors:		
Jason Chen	55	Chairman and Chief Executive Officer; Director
Lynden Bass	40	Chief Financial Officer; Director
Dr. Patrick Bruno	55	Chief Marketing Officer; Director
Class II Directors:		
Max Baucus*	82	Director
F. Samuel Eberts III**	64	Director
Class III Directors:		
Ken Ludlum*	71	Director
Cathryn Chen*	35	Director

*“Independent Director” for purposes of the Nasdaq Listing Rules and Rule 10A-3(b)(1) under the Exchange Act.

**Lead Independent Director.

The following is biographical information regarding DIH executive officers and directors.

Jason Chen. Mr. Chen is the Founder, Chairman and CEO of DIH, a position he has held since September 2014. Before founding DIH, Mr. Chen served as the Senior Vice President and Managing Director of Global Sourcing of Cardinal Health, a Fortune 50 company. At Cardinal, Mr. Chen led its Global-wide strategic sourcing strategy as well as its Asia-wide business and operation as its Asia President. Mr. Chen’s other international experience include serving as Chief Financial Officer of GE Healthcare N.A. Services; Chief Financial Officer of GE CSI; General Manager of GE Healthcare Greater China Sourcing and Operations; and Business Development Manager at GE Corporate BD Group. Mr. Chen earned an Executive Masters degree (EMBA) from the Kellogg School of Business, Northwestern University in the United States; an MBA in Corporate Finance from CEIBS in China, and a post-graduate fellowship at London Business School in Britain. We believe Mr. Chen’s extensive healthcare background, in particular as founder of DIH, makes him a valuable member of our board.

Dietmar Dold. Mr. Dold brings more than 25 years of operational experience in various industries to DIH and has proven his expertise in driving innovative transformations on a global scale. From May 2018 to October 2024, Mr. Dold was Chief Executive Officer of Lean Interim GmbH, which provides interim management services for various C-level roles and works closely with board members. From 2005 to 2008, Mr. Dold served as Chief Executive Officer at Videojet Technologies (Danaher Group) in Switzerland and has held several management positions throughout his career, including Partner within management consultancy at KPMG from 2012 to 2016, Interim Chief Operating Officer at Condair Group and Lean Sensei at Sonova and Roche Diagnostics.

Lynden Bass. Ms. Bass has served as Chief Financial Officer of DIH since March 2023. Previously, she assisted DIH on an outside consultant basis from January 2023 to officially joining DIH. From September 2019 through September 2022, Ms. Bass served as Vice President and Controller for Rather Outdoors Corporation, a privately-owned wholesaler and manufacturer. From September 2016 through May 2019, Ms. Bass was Chief Financial Officer of NaturChem Inc. Prior to these roles, she served as the Corporate Controller for Preferred Apartment Communities, Inc. a publicly traded real estate investment trust and began her career within the audit and assurance practice at Deloitte & Touche LLP, out of Atlanta, Georgia office. Ms. Bass holds a BBA in Accounting from Harding University. She is a Certified Public Accountant, licensed in the State of Georgia.

Dr. Patrick Bruno. Dr. Bruno serves as Chief Marketing Officer for DIH in its Hospital & Clinical Solutions Division as well as a Site Leader for the Production site of Hocoma in Switzerland. Dr. Bruno joined DIH in June 2017 as its Global Vice President of Sales and also served as its Chief Commercial Officer before assuming his current position in December 2020. Prior to joining DIH, Dr. Bruno was the Integration Manager, General Manager and Sales Director at Qiagen where he led global key account and commercialization strategies. Before that, he was with Siemens Healthcare where he held the position of CEO, Switzerland and has also held the position of Head of Product Management at Roche Diagnostics. Dr. Bruno holds a BBA, GSBA Zürich (Switzerland), a Master in Microbiology from the University of Innsbruck (Austria) and a Ph.D. in Biology from the University of Bologna (Italy). We believe Dr. Bruno's extensive background with sales for DIH and similar companies makes him a valuable member of our board.

Max Baucus. Ambassador Baucus was nominated in 2014 by President Barack Obama to serve as Ambassador of the United States of America to the People's Republic of China, a position he held until 2017. Ambassador Baucus formerly served as the senior United States Senator from Montana from 1978 to 2014 and was Montana's longest serving U.S. Senator. While in the Senate, Ambassador Baucus was Chairman and Ranking Member of the Senate Committee on Finance (the "Finance Committee"). As chairman of the Finance Committee, he was the chief architect of the Affordable Health Care Act (ACA) which was signed by President Barack Obama into law March 23, 2009. In addition, as chairman of the Finance Committee, Ambassador Baucus led the passage and enactment of the Free Trade Agreements with 11 countries. While serving on the Senate Agriculture Committee, he led in securing reauthorization of numerous farm bills. As a member of the Committee on Environment and Public Works, he guided many highway bills and other infrastructure legislation to passage as well as leading the passage of The Clean Air Act of 1990. Before his election to the U.S. Senate, Ambassador Baucus represented Montana in the U.S. House of Representatives from 1975 to 1978. Ambassador Baucus earned a Bachelor's and Juris Doctor degree from Stanford University. Ambassador Baucus currently has a consulting business, Baucus Group LLC, and advises several tech and bio tech companies as well as engaging in numerous public speaking engagements. He and his wife have also founded a public policy institute at the University of Montana School of Law, The Baucus Institute. We believe Ambassador Baucus' extensive public service experience along with his consulting work for biotech companies makes him a valuable member of our board.

F. Samuel Eberts III. Sam Eberts is an accomplished senior executive and board member with over 25 years of success with Fortune 500 companies in health care, consumer, and industrial services. He chairs the Daerter Group, a venture firm in North Carolina and New York providing seed investment for promising start-ups in health care and IoT technology. He recently retired as the Chief Legal Officer, Corporate Secretary and Senior Vice President of Global Corporate Affairs for Laboratory Corporation of America® Holdings (NYSE: LH). At LabCorp, Eberts led the Global Corporate Affairs group, with enterprise-wide responsibility for the global Legal, Compliance, Corporate Secretary, Shareholder Services, Public Policy/Government Relations, Communications, Community Affairs/Philanthropy, Privacy and Security functions. Mr. Eberts serves on the Board of Trustees for Endicott College in Beverly, Mass. and the Alamance Community College Foundation in Graham, N.C. He is the past Chair of Easter Seals/UCP of North Carolina and Virginia. Eberts serves on the advisory boards for the Woodrow Wilson Center for International Scholars in Washington, D.C. and the World Policy Institute in New York, non-partisan think tanks for global policy analysis. Previously, he was a partner and served on the Board and the Investment Committee for MedCap Funds in Boston, Mass., an early-stage health care technology fund and Alpha Marketing in Raleigh, a channel marketing firm. Eberts has served on the Health Care Policy Leadership Council at Harvard University's Kennedy School and presently serves on the Corporate Governance Forum at Harvard Law School. He is a member of the Council for Entrepreneurial Development, one of the largest entrepreneurial networks in the United States and is an active mentor working with entrepreneurs providing practical, day-to-day professional advice and coaching. Mr. Eberts is a frequent speaker on healthcare and leadership and has served as a guest lecturer at Harvard University's Kennedy School of Government, Duke and Wake Forest University Schools of Law, Baylor University School of Medicine and the University of Minnesota's Carlson School of Management. He has also served as an Adjunct Associate Professor at the University of Texas School of Public Health, Division of Management, Policy and Community Health. We believe Mr. Eberts' extensive legal experience with healthcare-related public companies makes him a valuable member of our board.

Ken Ludlum. Mr. Ludlum has served as a director of the Company since February 2024. Mr. Ludlum is a professional board member with medical technology and biotechnology companies. He has served on the board of directors of more than a dozen companies. From 2002 to 2020, Mr. Ludlum served on the board of directors and as chairman of the audit committee at Natus Medical Incorporated, and as chairman of the compensation committee from June 2018 to June 2019. Mr. Ludlum has served on the board of directors and as chairman of the audit committee of Dermavant Sciences Limited, a United Kingdom company, since 2019. Mr. Ludlum has also been on the board of directors and chairman of the audit committee of Personalis Inc., a gene sequencing company, from 2016 – 2019. From 2014 to 2016 Mr. Ludlum served as Chief Financial Officer at CareDx, Inc., a molecular diagnostics company, and prior to that served as Chief Financial Officer for other publicly traded companies. Mr. Ludlum has worked for or with health care, medical device, biotechnology or diagnostic companies since 1985. Mr. Ludlum holds a B.S. degree in Business Administration from Lehigh University and a M.B.A. degree from Columbia University Graduate School of Business.

Mr. Ludlum is independent and his executive management experience and past board services at several public companies has provided him with extensive financial and accounting experience, and knowledge of accounting principles, financial reporting rules, and regulations and qualifies him as a financial expert. Mr. Ludlum also has a background in investment banking, which, coupled with his experience in finance, board service and financial leadership, provides him with the necessary skills and functional understanding to serve effectively on our Board, as Chairman of our Audit Committee and as a member of our Compensation Committee and Nominating and Governance Committee.

Cathryn Chen. Since April 2023, Cathryn Chen has served as Chief Financial Officer and Co-Vice Chairwoman of the Board of Directors of Aurora Technology Acquisition Corp. Ms. Chen served as the Chief Operating Officer and Co-Vice Chairwoman of the Board of Directors of Aurora Technology Acquisition Corp. from August 2021 until April 2023. Ms. Chen is the Managing Director of MarketX Ventures, a venture capital firm focused on growth to stage technologies investments, and the Founder & CEO of MarketX Inc., a fintech company with the mission to revolutionize the private markets. Founded in March 2015, MarketX Inc. is backed by 12 technology founder & CEOs and has completed over \$250M in primary and secondary pre-IPO transactions. In 2020, she launched MarketX Ventures, a growth to late-stage focused venture fund, backed by technology executives such as the founders of Thrasio and Patreon. Prior to founding MarketX, Ms. Chen worked as an investment banker with prominent investment banks including Deutsche Bank, NM Rothschild, and JP Morgan in London, New York, and Hong Kong. During her investment banking career, Ms. Chen was involved with dozens of IPOs, M&As, and private placements including Alibaba, Omada Health, and Twitter. Since founding MarketX Ventures, Ms. Chen has worked with and is currently advising over 200 family offices globally. MarketX has invested in and transacted with a few dozen pre-IPO companies in the US, China, and Europe, with an aggregate market capitalization of over \$500 billion. Previously, Ms. Chen was also an early employee with EverString Technology (“EverString”), an ad-tech company backed by Sequoia Capital & Lightspeed Partners that was later sold to ZoomInfo. Ms. Chen is a nextgen member of the Committee of 100, a non-profit organization (Ma founded the Committee of 100 with I.M. Pei and several other distinguished Chinese Americans in 1989 to give Chinese Americans a strong voice in U.S.-China relations and Asian American affairs). In 2008, Ms. Chen co-founded MoneyThink LA, a 501(c)3 non-profit that provides financial education to urban high school students around the nation. Its parent company, MoneyThink, received the “Champions of change” award from then-President Barrack Obama in 2012. Ms. Chen received her Bachelor’s degree from UCLA and General Course, London School of Economics and Political Science. We believe Ms. Chen’s extensive finance and investment banking background make her a valuable member of our board.

Number and Terms of Office of Officers and Directors

Our Board currently consists of seven members. The Board is classified into three classes: Class I, Class II and Class III. The number of directors in each class is as equal as possible. The Class I Directors have been elected for a term expiring at the 2027 annual meeting, the Class II Directors have been elected for a term expiring at the 2025 annual meeting and the Class III Directors stand appointed for a term expiring at the 2026 annual meeting. Directors appointed to succeed those directors whose terms expire are appointed for a term of office to expire at the third succeeding annual general meeting after their appointment. Except as applicable law may otherwise require, in the interim between annual general meetings or extraordinary general meetings called for the appointment of directors and/or the removal of one or more directors and the filling of any vacancy, additional directors and any vacancies in the board of directors, including unfilled vacancies resulting from the removal of directors for cause, may be filled by the vote of a majority of the remaining directors then in office, even though a quorum may not be present at any meeting of the directors, or by the sole remaining director. All directors hold office until the expiration of their respective terms of office and until their successors have been appointed. A director appointed to fill a vacancy resulting from the death, resignation or removal of a director serves for the remainder of the full term of the director whose death, resignation or removal has created the vacancy and until his successor has been appointed.

Director Independence

The Board has determined that, Ken Ludlum, Max Baucus, F. Samuel Eberts III and Cathryn Chen are “independent directors” for purposes of the NASDAQ Stock Market (“NASDAQ”) Listing Rules and Rule 10A-3(b)(1) under the Exchange Act, as the term applies to membership on the Board and the various committees of the Board. NASDAQ’s independence definition includes a series of objective tests, such as that the Director has not been an employee of the company within the past three years and has not engaged in various types of business dealings with the Company. As of June 21, 2024, the Board has appointed Mr. Eberts as Lead Independent Director (see below). In addition, as further required by NASDAQ Listing Rules, our Board has made an affirmative subjective determination as to each independent Director that no relationships exist which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a Director. In making these determinations, the Board reviewed and discussed information provided by the Directors and us with regard to each Director’s business and personal activities as they may relate to the Company and the Company’s management.

Board of Directors, Leadership Structure, and Executive Sessions

The Board recognizes that one of its key responsibilities is to evaluate and determine its optimal leadership structure so as to provide independent oversight of management. The Board understands that there is no single, generally accepted approach to providing Board leadership, and that given the dynamic and competitive environment in which we operate, the right Board leadership structure may vary as circumstances warrant. Our Corporate Governance Guidelines currently provide that the Board may choose to appoint a single person to a combined Chief Executive Officer and Chairman role or appoint a Chairman who does not also serve as Chief Executive Officer. Currently, our Chief Executive Officer also serves as Chairman. The Board believes this leadership structure is optimal for the Company at the current time, as it provides the Company with a Chief Executive Officer and Chairman with a long history of service in a variety of positions and who is, therefore, deeply familiar with the history and operations of the Company. The Board also believes that the current leadership structure provides independent oversight and management accountability through regular executive sessions of the independent Directors that are mandated by our Corporate Governance Guidelines. The Board recognizes that when the positions of Chairman and Chief Executive Officer are combined, or when the Chairman is not an independent director, it is imperative that the Board elect a strong Lead Independent Director with a clearly defined role and robust set of responsibilities and will annually elect a non-management, independent director to serve in the Lead Independent Director role. The Lead Independent Director shall have the following responsibilities (and may also perform other functions, upon request): (i) presiding at all meetings of the Board at which the Chairman is not present; (ii) presiding during Executive Sessions of the Board; (iii) calling meetings of the independent directors or the Board, as appropriate; (iv) facilitating discussion and open dialogue among the independent directors during Board meetings, Executive Sessions and outside of Board meetings; (v) briefing the Chairman and Chief Executive Officer on issues discussed during Executive Sessions; (vi) serving as a liaison among the Chairman and Chief Executive Officer and the other directors; (vii) together with the Chairman and Chief Executive Officer, approving Board meeting agendas and schedules to assure content and sufficient time for discussion of all agenda items; (viii) authorizing the retention of advisors and consultants who report directly to the Board, when appropriate; (ix) reviewing and reporting on the results of the Board and Committee assessments; (x) discussing Board and Committee performance, effectiveness and composition, including feedback from individual directors, with the Chairman and Chief Executive Officer and meeting individually with independent directors as needed; and (x) being available for consultation and direct communication with major investors and other stakeholders upon request.

Board and Committee Membership

Our Board has three standing committees: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee.

Audit Committee

The members of the Audit Committee are Ken Ludlum (Chair), Max Baucus and Cathryn Chen. The Board has determined that each member is independent under the Nasdaq listing standards and Rule 10A-3(b)(1) of the Exchange Act. The Board has determined that Ken Ludlum is an “audit committee financial expert” within the meaning of SEC regulations. The Board has also determined that each member of the audit committee has the requisite financial expertise required under the applicable Nasdaq requirements. In arriving at this determination, the board of directors has examined each audit committee member’s scope of experience and the nature of their employment in the corporate finance sector.

Compensation Committee

The members of the Compensation Committee are Max Baucus (Chair), Ken Ludlum and Cathryn Chen. The Board has determined that each member is a “non-employee director” as defined in Rule 16b-3 promulgated under the Exchange Act and an “outside director” as that term is defined in Section 162(m) of the Internal Revenue Code of 1986, as amended. The Board has also determined that each member is independent under SEC regulations and Nasdaq listing standards. The primary purpose of the compensation committee is to discharge the responsibilities of the board of directors to oversee its compensation policies, plans and programs and to review and determine the compensation to be paid to its executive officers, directors and other senior management, as appropriate and to nominated candidates for the Board.

Nominating and Corporate Governance Committee

The members of the Nominating and Corporate Governance Committee are F. Samuel Eberts III (Chair), and Cathryn Chen. The Board has determined each member is independent under the Nasdaq listing standards. The primary purpose of the governance committee is to evaluate the performance of the Board and of individual directors and review developments in corporate governance practices.

Compensation Committee Interlocks and Insider Participation

None of our officers currently serves, or in the past year has served, as a member of the Compensation Committee of any entity that has one or more officers serving on our Board of Directors.

Code of Ethics

All of our employees, including our Chief Executive Officer and Chief Financial Officer, are required to abide by our Code of Ethics to ensure that our business is conducted in a consistently legal and ethical manner. These policies form the foundation of a comprehensive process that includes compliance with corporate policies and procedures, an open relationship among colleagues that contributes to good business conduct, and a commitment to honesty, fair dealing and full compliance with all laws and regulations affecting the Company’s business. Our policies and procedures cover all major areas of professional conduct, including employment policies, conflicts of interest, intellectual property and the protection of confidential information, as well as strict adherence to laws and regulations applicable to the conduct of our business.

As required by the Sarbanes-Oxley Act of 2002, our Audit Committee has procedures to receive, retain and treat complaints received regarding accounting, internal accounting controls or auditing matters and to allow for the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

The full text of our Code of Ethics is posted on our website at www.dih.com on the “Investor Relations - Corporate Governance” page, and also included as Exhibit 14 to the Form 10-K for the fiscal year ended March 31, 2024.

We will disclose any future amendments to, or waivers from, provisions of these ethics policies and standards on our website as promptly as practicable, as may be required under applicable SEC and Nasdaq rules and, to the extent required, by filing Current Reports on Form 8-K with the SEC disclosing such information.

Corporate Governance Charter

We have adopted a Nominating and Corporate Governance Committee Charter that address the composition of the Board, criteria for Board membership and other Board governance matters. These guidelines are available on our website at www.dih.com on the “Investor Relations - Corporate Governance” page.

Audit Committee Charter

We have adopted an Audit Committee Charter that address the Company’s accounting and financial reporting processes. These guidelines are available on our website at www.dih.com on the “Investor Relations - Corporate Governance” page.

Compensation Committee Charter

We have adopted a Compensation Committee Charter that address the Company’s compensation structure. These guidelines are available on our website at www.dih.com on the “Investor Relations - Corporate Governance” page.

Insider Trading Policy

We have adopted an insider trading policy available on our website at www.dih.com on the “Investor Relations - Corporate Governance” page.

Policy Prohibiting Hedging or Pledging of Securities

Under our insider trading policy, our employees, including our officers and the members of our Board, are prohibited from, directly or indirectly, among other things, (1) engaging in short sales, (2) trading in publicly-traded options, such as options, warrants, puts and calls, and other similar instruments on our securities, (3) hedging transactions (including, without limitation, prepaid variable forward sale contracts, equity swaps, collars and exchange funds), or otherwise engaging in transactions that hedge or offset, or are designed to hedge or offset, any decrease in the market value of our securities, (4) pledging any of our securities as collateral for any loans, (5) holding our securities in a margin account and (6) placing standing or limit orders on our securities.

Clawback Policy

We have adopted Clawback Policy which is available on our website at www.dih.com on the “Investor Relations - Corporate Governance - Governance Overview” page.

Conflicts of Interest

- None of our officers or directors is required to commit his or her full time to our affairs and, accordingly, may have conflicts of interest in allocating his or her time among various business activities.
- In the course of their other business activities, our officers and directors may become aware of investment and business opportunities which may be appropriate for presentation to us as well as the other entities with which they are affiliated. Our management may have conflicts of interest in determining to which entity a particular business opportunity should be presented.

The conflicts described above may not be resolved in our favor.

Below is a table summarizing the entities to which our executive officers and directors currently have fiduciary duties or contractual obligations:

Name of Individual	Name of Affiliated Company	Affiliation
Jason Chen	DIH Technology Ltd	Co-Founder Chief Executive Officer
Lynden Bass	—	—
Cathryn Chen	ATAC Sponsor LLC	Co-Founder Chief Financial Officer
	ATAC Manager LLC	Manager Member
	MarketX Inc.	Founder and CEO
	MarketX Ventures LLC	Managing Director
	MarketX Securities LLC	Managing Director
Dr. Patrick Bruno	—	—
Dietmar Dold	—	—
Max Baucus	Baucus Group LLC	Managing Member
F. Samuel Eberts III	—	—
Ken Ludlum	IRIDEX Corp.	Director
	Derivant Sciences Ltd.	Director

Indemnification of Directors and Officers

As required by our Amended and Restated Certificate of Incorporation, we indemnify our Directors and officers to the fullest extent permitted by law so that they will be free from undue concern about personal liability in connection with their service to the Company. We also have entered into agreements with our Directors and officers that contractually obligate us to provide this indemnification. We purchased a policy of directors' and officers' liability insurance that insures our officers and directors against the cost of defense, settlement or payment of a judgment in some circumstances and insures us against our obligations to indemnify our officers and directors. These agreements may discourage shareholders from bringing a lawsuit against our directors for breach of their fiduciary duty or have the effect of reducing the likelihood of derivative litigation against officers and directors, even though such an action, if successful, might otherwise benefit us and our shareholders. Furthermore, a shareholder's investment may be adversely affected to the extent we pay the costs of settlement and damage awards against officers and directors pursuant to these indemnification provisions.

We believe that these indemnity agreements and the directors' and officers' liability insurance are necessary to attract and retain talented and experienced officers and directors.

EXECUTIVE AND DIRECTOR COMPENSATION

Executive Compensation

The Company is a "smaller reporting company" as defined by the SEC, and an "emerging growth company" as defined in the JOBS Act, and therefore is not required to provide, and does not purport to provide, all of the disclosures required for a "Compensation Discussion and Analysis" as set forth in the rules promulgated by the SEC. Therefore, the Company is providing a brief overview of its executive compensation program and has elected to comply with the scaled disclosure requirements applicable to emerging growth companies.

To achieve our goals, we have designed, and intend to modify as necessary, our compensation and benefits programs to attract, retain, incentivize and reward deeply talented and qualified executives who share our philosophy and desire to work towards achieving our goals. We believe our compensation programs should promote the success of the Company and align executive incentives with the long-term interests of our stockholders. This section provides an overview of the material components of our executive compensation programs, including a narrative description of the material factors necessary to understand the information disclosed in the summary compensation table below. The following is a discussion and analysis of the material components of the compensation arrangements of DIH's named executive officers for the fiscal year ended March 31, 2024.

For the fiscal years ended March 31, 2024 and March 31, 2023, DIH’s “named executive officers” and their positions were as follows:

Jason Chen, Chief Executive Officer
 Lynden Bass, Chief Financial Officer
 Patrick Bruno, Chief Marketing Officer

This discussion may contain forward-looking statements that are based on DIH’s current plans, considerations, expectations and determinations regarding future compensation programs. The actual compensation programs that DIH adopts following the completion of this offering may differ materially from the currently planned programs summarized in this discussion.

Compensation Philosophy

The Company’s executive compensation program is designed to enable the Company to provide competitive compensation packages that attract, retain and motivate talented executives and managers while aligning management’s and stockholders’ interests in the enhancement of Company performance and stockholder value.

The Company’s executive compensation program uses multiple elements to deliver a total package consisting of base salary, annual cash incentive awards and long-term incentive compensation in the form of equity awards, which are heavily weighted toward variable compensation tied to Company performance and stock price performance. The Compensation Committee reviews each element separately but also considers the relative mix of compensation and benefit offerings when making compensation decisions. In addition, the Compensation Committee retains discretion to make adjustments it deems advisable to balance the Company’s overall performance and the individual performance of the Company’s executive officers with our “pay for performance” philosophy.

Summary Compensation Table

Fiscal Years Ended March 31, 2023 and March 31, 2024 Base Salaries

The named executive officers (“NEOs”) receive a base salary to provide a fixed component of compensation reflecting the executive’s skill set, experience, role and responsibilities.

Name and Principal Position	Year	Salary (\$)	Stock Awards (\$)	Nonequity Incentive Plan Compensation (\$)	All Other Compensation (\$)	Total (\$)
Jason Chen <i>Chief Executive Officer</i>	2024	384,000	—	—	(4)	384,000(4)
	2023	384,000	—	—	—	384,000
Lynden Bass <i>Chief Financial Officer</i>	2024	280,000	—	—	(5)	280,000(5)
	2023	13,481(1)	—	—	—	13,481(1)
Patrick Bruno <i>Chief Marketing Officer</i>	2024	370,804	—	(3)	489,083(6)	859,887(6)
	2023	353,626	—	(3)	185,230	538,856

- (1) Ms. Bass became our Chief Financial Officer on March 15, 2023. For the fiscal year ended March 31, 2023, Ms. Bass received a salary of \$13,481 which reflects the period of March 15, 2023 thru March 31, 2023. Ms. Bass’ annual salary is \$280,000.
- (2) Mr. Bruno’s salary is denominated in Swiss Francs. At fiscal year-end, this translated into US\$370,804.
- (3) Mr. Bruno participates in a Swiss pension plan.
- (4) Mr. Chen is also eligible for a performance-based cash bonus of up to \$190,000, the exact amount of which will be determined by DIH’s board of directors based on a review of his performance for the year ended March 31, 2024.
- (5) Ms. Bass is also eligible for a performance-based cash bonus of up to \$140,000, the exact amount of which will be determined by DIH’s board of directors based on a review of her performance for the year ended March 31, 2024.
- (6) Mr. Bruno is also eligible for a performance-based cash bonus of up to \$185,401, the exact amount of which will be determined by DIH’s board of directors based on a review of his performance for the year ended March 31, 2024. The amounts include the payout of bonuses and long-term incentive plan for the years ended March 31, 2024 and 2023.

Fiscal Years Ended March 31, 2023 and March 31, 2024 Bonuses

DIH has historically not paid discretionary annual bonuses.

Equity Compensation

No stock options have been granted to DIH's NEOs during fiscal years ended March 31, 2023 and March 31, 2024.

Other Elements of Compensation — Employee Benefits and Perquisites

Health/Welfare Plans. During their employment, DIH's named executive officers are eligible to participate in DIH's employee benefit plans and programs, including medical and dental benefits, to the same extent as DIH's other full-time employees, subject to the terms and eligibility requirements of those plans.

Pension Benefits

Patrick Bruno participates in a Swiss pension plan. None of our other executive officers, including any of our other NEOs, participate in any defined benefit pension plans.

Nonqualified Deferred Compensation

None of our executive officers, including any of our NEOs, participate in any non-qualified deferred compensation plans, supplemental executive retirement plans or any other unfunded retirement arrangements.

Other Benefits and Perquisites

We provide benefits to our executive officers, including our NEOs, on a similar basis as provided to all of our employees, including health, dental and vision insurance; life insurance; accidental death and dismemberment insurance; short-term and long-term disability insurance; a health savings account and flexible spending accounts. We do not maintain any executive-specific benefit or perquisite programs outside of financial planning services.

Deductibility of Executive Compensation

Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code") limits the amount that we may deduct from our U.S. federal taxable income for compensation paid to persons who are "covered employees" for purposes of Section 162(m), to \$1 million per covered employee per year. While we are mindful of the benefit of full tax deductibility of compensation, we also value the flexibility of compensating our executive officers in a manner that can best promote our corporate objectives. Therefore, the Compensation Committee and the Board may approve compensation that may not be fully deductible because of the limitation of Section 162(m).

No Tax Reimbursement of Parachute Payments and Deferred Compensation

We do not provide any executive officer, including any NEO, with a “gross-up” or other reimbursement payment for any tax liability that he or she might owe as a result of the application of Sections 280G, 4999 or 409A of the Code, and we have not agreed and are not otherwise obligated to provide any executive officer, including any NEO, with such a “gross-up” or other reimbursement.

Outstanding Equity Awards at Fiscal Years-Ended March 31, 2023 and March 31, 2024.

There were no equity awards of any type outstanding as of March 31, 2023 and March 31, 2024.

Executive Officer Offer Letters

Each of the current NEOs has entered into an offer letter agreement with DIH. The employment of each officer is “at will” and the agreement may be terminated by either party, with or without cause, without the payment of any severance.

Pursuant to Mr. Chen’s offer letter, Mr. Chen is entitled to an initial annual base salary of \$384,000. Mr. Chen is also eligible for a performance-based cash bonus of up to \$190,000, the exact amount of which will be determined by DIH’s board of directors based on a review of his performance for the year ended March 31, 2024.

Pursuant to Ms. Bass’s offer letter, Ms. Bass is entitled to an initial annual base salary of \$280,000. Ms. Bass is also eligible for a performance-based cash bonus of up to \$140,000, the exact amount of which will be determined by DIH’s board of directors based on a review of her performance for the year ended March 31, 2024.

Pursuant to Mr. Bruno’s offer letter, Mr. Bruno is entitled to an initial annual base salary of \$370,804. Mr. Bruno is also eligible for a performance-based cash bonus of up to \$185,401, the exact amount of which will be determined by DIH’s board of directors based on a review of his performance for the year ended March 31, 2024.

Non-Employee Director Compensation

During the fiscal year ended March 31, 2024, DIH’s non-employee directors received the following cash and equity compensation for their service in such capacity.

Name	Fees Earned or Paid (\$)	Option Awards (\$)	All Other Compensation (\$)	Total (\$)
Max Baucus	0	0	—	0
F. Samuel Eberts III	0	0	—	0
Ken Ludlum	0	0	—	0
Cathryn Chen	0	0	—	0

As of July 29, 2024, DIH’s non-employee directors received the following cash and equity compensation for their service in such capacity. All cash payments to directors are paid monthly on a pro-rated basis.

Name	Fees Earned or Paid (\$)	Option Awards (\$)	All Other Compensation (\$)	Total (\$)
Max Baucus (1)	83,333	0	—	83,333
F. Samuel Eberts III (2)	41,667	0	—	41,667
Ken Ludlum (3)	83,333	0	—	83,333
Cathryn Chen (4)	41,667	0	—	41,667

(1) Post fiscal year ended March 31, 2024, Mr. Baucus is entitled to receive on an annual basis: (a) \$200,000 in cash fees and (b) \$100,000 in shares of Common Stock, as compensation for his service as director.

(2) Post fiscal year ended March 31, 2024, Mr. Eberts is entitled to receive on an annual basis: (a) \$100,000 in cash fees and (b) \$200,000 in shares of Common Stock, as compensation for his service as director.

(3) Post fiscal year ended March 31, 2024, Mr. Ludlum is entitled to receive on an annual basis: (a) \$200,000 in cash fees and (b) \$100,000 in shares of Common Stock, as compensation for his service as director.

(4) Post fiscal year ended March 31, 2024, Ms. Chen is entitled to receive on an annual basis: (a) \$100,000 in cash fees and (b) \$200,000 in shares of Common Stock, as compensation for her service as director.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

DIH Related Party Transactions

Parties are considered related to DIH if the parties, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with DIH. Related parties also include principal owners of DIH, its management, members of the immediate families of principal owners of DIH and its management and other parties with which DIH may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. DIH discloses all related party transactions.

Transactions with DIH

DIH has not historically operated as a standalone business and has had various transactional relationships with DIH Cayman, a company formed in the Cayman Islands (“DIH Cayman”). Consistent with the basis of presentation in DIH’s financial statements presented elsewhere in this registration statement, net parent company investment is primarily impacted by net funding provided by or distributed to DIH Cayman.

DIH and DIH International (“DIH Hong Kong”) are wholly owned subsidiaries of DIH Cayman. As of January 6, 2025, DIH Cayman remained the largest shareholder of the Company and continued to own 100% interest in DIH Hong Kong.

Reorganization and Transaction with DIH Cayman and DIH Hong Kong

While the Company’s businesses have historically functioned together with the other businesses controlled by DIH Cayman, the Company’s businesses are largely isolated and not dependent on corporate or other support functions. DIH Hong Kong is a wholly-owned subsidiary of DIH Cayman and the Company was a wholly-owned subsidiary of DIH Cayman prior to closing of the Business Combination.

On July 1, 2021, DIH Cayman completed a series of reorganization steps to transfer DIH US Corp and its subsidiaries and Hocoma Medical GmbH from Hocoma AG to DIH Holding US Inc., Nevada, effectively creating the Company as explained in the Hocoma AG and share transfers section below. The reorganization was accounted for as a common control transaction and the assets contributed and liabilities assumed were recorded based on their historical carrying values.

Subsequent to the year ended March 31, 2022, the Company did not incur significant transactions with DIH Cayman or DIH Hong Kong. The balances recorded under “Due from relate party” and “Due to related party” are derived from historical transactions. The table below summarizes related party balances with DIH Hong Kong excluding Hocoma AG and Motek as of March 31, 2024 and 2023.

	As of March 31,			
	2024		2023	
Due from related party	\$	2,586	\$	2,456
Due to related party	\$	1,470	\$	1,311

Hocoma AG and share transfers

On July 1, 2021, Hocoma AG entered into a series of agreements with the Company and its subsidiaries to transfer all business aspects of development and production of mechanical and electronic devices in the fields of medical technology and biotechnology to Hocoma Medical GmbH.

Between July 2021 and January 2024, Hocoma AG operated as a single entity, with all business operations conducted at Hocoma AG while all personnel, except for two employees managing the MDR certification, were employed by Hocoma Medical. The EU MDR 2017/745 came into effect in May 2021. All medical devices certified under the previous Medical Device Directive (MDD) must certify to the new requirements to ensure that they can continue to be sold in the European market. Hocoma AG holds the MDR certification, which cannot legally be transferred to Hocoma Medical. Upon the lifting of the injunction, management performed a carve out of these entities to reflect the transfer from Hocoma AG to Hocoma Medical GmbH in July 2021.

Transfer ownership of DIH US Corp to DIH Nevada:

Hocoma AG and DIH Nevada entered into a share purchase agreement effective on July 1, 2021, in which Hocoma AG agreed to sell all 10,000 shares of DIH US Corp and intercompany balances totaling \$7.80 million between DIH US Corp and Hocoma AG to DIH Nevada. The purchase price was settled through a Note Agreement accruing interest at a rate of 1.25% annually (“Share Purchase Note”). The note has a term of 5 years, due on June 30, 2026, with prepayment allowed.

Contribution net assets to Hocoma Medical:

In a Contribution Agreement effective on July 1, 2021, Hocoma AG agreed to contribute its business to Hocoma Medical GmbH. The contributed business was valued at USD 10.47 million as amended where Hocoma Medical GmbH was a wholly owned subsidiary of Hocoma AG at the time. The Contribution Agreement explicitly excluded the intellectual property rights specified in the Contribution Agreement. Additionally, the assets excluded all 10,000 shares of DIH US Corporation and certain intercompany balances. The Agreement specifically excludes from these liabilities all indebtedness of Hocoma AG related to the contributed business as of the effective date, as well as any liability for taxes relating to the contributed business as of the effective date.

Transfer of ownership in Hocoma Medical to DIH Nevada:

Under a separate Share Purchase Agreement effective on July 1, 2021, Hocoma AG transferred all ownership in Hocoma Medical GmbH in the form of 200 membership interests to DIH Nevada for \$10.47 million, based on the final valuation. The purchase price was settled through a Note Agreement with an interest rate of 1.25% (“Membership Interest Note”). The note was agreed for a term of 5 years, due on June 30, 2026, with prepayment allowed.

Transfer of intellectual property to DIH US Corp:

In a business/asset, share, and IP purchase agreement on July 12, 2021, which was amended on August 3, 2021, Hocoma AG transferred intellectual property rights as listed in the Annex to the agreement to DIH Technology Inc. (a wholly owned subsidiary of DIH US Corp) for \$1.57 million through a note agreement. The note payable formalized in a note agreement effective July 1, 2021, with an interest rate of 1.25% (“IP Note”). The note was agreed for a term of 5 years, due on June 30, 2026, with prepayment allowed.

The Share Purchase Note, Membership Interest Note and IP Note together are referred to as “Related Party Notes”.

Hocoma Medical GmbH has made periodically payments on the principal and interests of the Related Party Notes, resulting from the transfer of the business and assets above.

Additionally, the two employees who remained at Hocoma AG provided services for the business of Hocoma Medical. Historically, an immaterial premium was charged to the cost of the employees.

As of March 31, 2024 and 2023, the balances of Related Party Notes were \$11,457 and \$17,301, respectively included in Note payable - related party” on the consolidated balance sheet. The decrease resulted from the Company’s payments of principal on Related Party Notes owed to Hocoma AG.

In addition to the Related Party Notes, as of March 31, 2024 and 2023, the Company recorded a related party balance of \$(267) and \$1,992, respectively, representing cash balances owed by Hocoma AG. As part of the transfer discussed above, the Company also recorded a long-term related party receivable for \$324 as of March 31, 2024 and 2023, included in “Other assets” on the consolidated balance sheet.

Motek Group

The Company has entered into a distribution agreement with the Motek Group. The agreement, which has been historically in place, appoints the Company as the exclusive distributor of Motek’s advanced human movement research and rehabilitation products and services designed to support efficient functional movement therapy within specified territories. Under the distribution agreement, Motek supplies the products and services to the Company at the prices detailed in the agreement, with the Company entitled to a distributor margin. Motek provides ongoing support and assistance, including training, marketing materials, and technical documentation to the Company.

For the years ended March 31, 2024 and 2023, the Company made purchases amounting to \$13,599 and \$11,869, respectively, from the Motek Group.

As part of these transactions, the Company made advance payments to Motek, included in “Due from related party,” and also had trade payables, included in “Due to related party” on the consolidated balance sheet. The balances as of March 31, 2024 and 2023 are as follows:

	As of March 31,	
	2024	2023
Due from related party	\$ 3,367	\$ 1,934
Due to related party	\$ 8,667	\$ 5,530

PRINCIPAL SECURITYHOLDERS

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information regarding beneficial ownership of our Common Stock as of January 7, 2025 by (i) each person (or group of affiliated persons) who is known by us to own more than five percent of the outstanding shares of our Common Stock, (ii) each director and executive officer, and (iii) all of our directors and executive officers as a group.

Beneficial ownership is determined in accordance with SEC rules and generally includes voting or investment power with respect to securities. Unless otherwise noted, the address of each stockholder listed below is c/o DIH Holding US, Inc., 77 Accord Park Drive, Suite D-1, Norwell, MA.

We had 41,080,368 shares of Class A Common Stock outstanding including 6,000,000 shares of common stock issuable in connection with the earn-out provisions set forth in the Business Combination Agreement as of January 6, 2025.

Name and Address of Beneficial Owner	Shares Owned	Percentage Ownership (%)
Directors and Executive Officers		
Jason Chen ⁽¹⁾	14,085,241	34.3
Lynden Bass	—	—
Dr. Patrick Bruno	—	—
Max Baucus	52,817	*
F. Samuel Eberts III	105,634	*
Ken Ludlum	52,817	*
Cathryn Chen ⁽²⁾	7,725,807 ⁽⁵⁾	17.4
Dietmar Dold	—	—
All Directors and Executive Officers as a Group (8 Persons)	21,811,048 ⁽⁵⁾	49.2
5% or Greater Stockholders		
DIH Technology Ltd. ⁽¹⁾⁽³⁾	14,085,241	34.3
ATAC Sponsor LLC ⁽²⁾⁽⁴⁾	7,725,807 ⁽⁵⁾	17.4
Five Narrow Lane, L.P. ⁽⁷⁾	1,067,103 ⁽⁶⁾	2.5

* Less than 1%

(1) Jason Chen does not own any shares of DIH directly but may be deemed to have indirect ownership of DIH through his ownership of approximately 42% of the outstanding shares of DIH Technology Ltd. He does not have voting or dispositive power over the shares of DIH owned by DIH Technology Ltd. After the completion of the Business Combination, he continues to have an indirect ownership of shares of DIH through his ownership of DIH Technology Ltd. but does not have voting or dispositive power over such shares.

(2) ATAC Sponsor LLC (the “Former Sponsor”) is the record holder of the shares reported herein. Zachary Wang, Cathryn Chen and Yida Gao are managing members of the Former Sponsor. Consequently, Cathryn Chen may be deemed the beneficial owner of the shares held by the Former Sponsor and have voting and dispositive control over such securities. Ms. Chen disclaims beneficial ownership of any shares other than to the extent she may have a pecuniary interest therein, directly or indirectly.

(3) The business address for DIH Technology Ltd is P.O. Box 61, 3rd Floor Harbour Centre, North Church Street, Grand Cayman, KY1-1102, Cayman Islands.

(4) The business address for the Former Sponsor is 4 Embarcadero Center, Suite 1449, San Francisco, CA 94105.

(5) Includes 3,235,000 shares of Common Stock underlying the Private Placement Warrants held by the Former Sponsor.

(6) Includes (i) up to 660,000 shares of Common Stock, issuable upon conversion of the remaining balance of the 8% Original Issue Discount Senior Secured Convertible Debenture (the “Debenture”) purchased by Five Narrow Lane, L.P. pursuant to a Securities Purchase Agreement dated June 7, 2024, and (ii) up to 330,000 shares of Common Stock underlying the warrant issued to Five Narrow Lane L.P., in connection with the purchase of the Debenture. Pursuant to the beneficial ownership limitation set forth in the Debenture and the Warrant, Five Narrow Lane, L.P. is restricted from effecting any conversion of the Debenture or any exercise of the Warrant which would result in an excess of 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon such conversion and/or exercise.

(7) The business address for Five Narrow Lane, L.P. is 510 Madison Avenue, 14th Floor, New York, NY 10022

PLAN OF DISTRIBUTION

We are offering on a reasonable best efforts basis up to 3,424,658 Units, based on an assumed public offering price of \$2.92 per Unit, which represents the closing price of our common stock on Nasdaq on January 6, 2025, for gross proceeds of up to approximately \$10 million before deduction of placement agent fees and offering expenses. There is no minimum amount of proceeds that is a condition to closing of this offering. The actual amount of gross proceeds, if any, in this offering could vary substantially from the gross proceeds from the sale of the maximum amount of securities being offered in this prospectus.

Pursuant to a placement agency agreement, we have engaged Maxim to act as our exclusive placement agent to solicit offers to purchase the securities offered by this prospectus. The placement agent is not purchasing or selling any securities, nor is it required to arrange for the purchase and sale of any specific number or dollar amount of securities, other than to use its “reasonable best efforts” to arrange for the sale of the securities by us. Therefore, we may not sell the entire amount of securities being offered. Investors purchasing securities offered hereby will have the option to execute a securities purchase agreement with us. In addition to the rights and remedies available to all investors in this offering under federal and state securities laws, the investors who enter into a securities purchase agreement will also be able to bring claims of breach of contract against us. Investors who do not enter into a securities purchase agreement shall rely solely on this prospectus in connection with the purchase of our securities in this offering. The placement agent may engage one or more subagents or selected dealers in connection with this offering.

The placement agency agreement provides that the placement agent's obligations are subject to conditions contained in the placement agency agreement.

The Units will be offered at a fixed price and are expected to be issued in a single closing. There is no minimum number of Units to be sold or minimum aggregate offering proceeds for this offering to close. We expect this offering to be completed not later than one trading day following the commencement of this offering and we will deliver all securities issued in connection with this offering delivery versus payment ("DVP")/receipt versus payment ("RVP") upon our receipt of investor funds. Accordingly, neither we nor the placement agent has made any arrangements to place investor funds in an escrow account or trust account since the placement agent will not receive investor funds in connection with the sale of securities offered hereunder.

We will deliver the securities being issued to the investors upon receipt of investor funds for the purchase of the securities offered pursuant to this prospectus. We expect to deliver the securities being offered pursuant to this prospectus on or about January [*], 2025.

Placement Agent Fees and Expenses

Upon the closing of this offering, we will pay the placement agent a cash transaction fee equal to 7.0% of the aggregate gross cash proceeds to us from the sale of the securities in the offering. The cash transaction fee will be reduced to 3.5% of the public offering price of the Units for any investors we introduce to the placement agent. In addition, we will reimburse the placement agent for certain of its out-of-pocket expenses incurred in connection with this offering, including the placement agent's legal fees, and actual travel and reasonable out-of-pocket expenses, in an amount not to exceed \$125,000 if this offering is completed.

The following table shows the public offering price, placement agent fees and proceeds, before expenses, to us, assuming the sale of all Units in this offering and no sale of any Pre-Funded Warrants in this offering.

	Per Unit ⁽¹⁾	Total
Public offering price	\$	\$
Placement agent fees ⁽²⁾	\$	\$
Proceeds to us, before expenses	\$	\$

We estimate that the total expenses of the offering, including registration and filing fees, printing fees and legal and accounting expenses, but excluding the placement agent fees, will be approximately \$375,000, all of which are payable by us. This figure includes, among other things, the placement agent's expenses (including the legal fees, costs and expenses for the placement agent's legal counsel) that we have agreed to reimburse.

Lock-Up Agreements

We have agreed to use our best efforts to cause each of our officers, directors and holders of five percent (5.0%) or more of our outstanding shares of common stock have agreed for a period of six (6) months after this offering is complete, subject to certain exceptions not to offer, issue, sell, contract to sell, encumber, grant any option for the sale of or otherwise dispose of any shares of our common stock or other securities convertible into or exercisable or exchangeable for our common stock for a period without the prior written consent of the placement agent, subject to certain exceptions.

The placement agent may in its sole discretion and at any time without notice release some or all of the shares subject to lock-up agreements prior to the expiration of the lock-up period. When determining whether or not to release shares from the lock-up agreements, the placement agent will consider, among other factors, the security holder's reasons for requesting the release, the number of shares for which the release is being requested and market conditions at the time.

Securities Issuance Standstill

We have agreed that for a period of up to 90 days from the closing of this offering that neither we nor any subsidiary will, without the prior written consent of the placement agent, (i) issue, enter into any agreement to issue or announce the issuance or proposed issuance of any shares of common stock or common stock equivalents or (ii) file any registration statement or prospectus, or any amendment or supplement thereto, subject to certain exceptions. The Company has also agreed not to effect or enter into an agreement to effect any issuance of common stock or common stock equivalents involving a Variable Rate Transaction, as defined in the Securities Purchase Agreement, for a period of up to six months following the closing of this offering.

Tail

If there is a closing of this offering, or if our engagement agreement with the placement agent is terminated prior to closing of this offering, then if within twelve (12) months following such time, the Company completes any financing of equity, equity-linked, convertible or debt or other capital raising activity with, or receives any proceeds from, any of the investors contacted or introduced by the placement agent during the term of the engagement agreement, then we will pay the placement agent upon the closing of such financing or receipt of such proceeds a commission as described in this section, in each case only with respect to the portion of such financing received from such investors. We shall have the right to terminate this right for "cause," for the placement agent's material failure to provide the services contemplated in this offering, which will eliminate our obligations with respect to the payment of any fees with respect to this right.

Indemnification

We have agreed to indemnify the placement agent against certain liabilities, including liabilities under the Securities Act, and to contribute to payments that the placement agent may be required to make for these liabilities.

Regulation M

The placement agent may be deemed to be an underwriter within the meaning of Section 2(a)(11) of the Securities Act, and any commissions received by it and any profit realized on the resale of the securities sold by it while acting as principal might be deemed to be underwriting discounts or commissions under the Securities Act. As an underwriter, the placement agent would be required to comply with the requirements of the Securities Act and the Exchange Act, including, without limitation, Rule 10b-5 and Regulation M under the Exchange Act. These rules and regulations may limit the timing of purchases and sales of our securities by the placement agent acting as principal. Under these rules and regulations, the placement agent (i) may not engage in any stabilization activity in connection with our securities and (ii) may not bid for or purchase any of our securities or attempt to induce any person to purchase any of our securities, other than as permitted under the Exchange Act, until it has completed its participation in the distribution.

Determination of Offering Price and Warrant Exercise Price

The actual public offering price of the securities we are offering, and the exercise price of the Class A warrants and the Pre-Funded Warrants included in the Units that we are offering, were negotiated among us, the placement agent and the investors in the offering based on the trading of our common stock prior to the offering, among other things. Other factors considered in determining the public offering price of the securities we are offering, as well as the exercise price of the warrants that we are offering, include our history and prospects, the market price of our common stock on Nasdaq, the stage of development of our business, our business plans for the future and the extent to which they have been implemented, an assessment of our management, the general conditions of the securities markets at the time of the offering and such other factors as were deemed relevant.

Electronic Distribution

A prospectus in electronic format may be made available on a website maintained by the placement agent or an affiliate. Other than this prospectus, the information on the placement agent's website and any information contained in any other website maintained by the placement agent is not part of this prospectus or the registration statement of which this prospectus forms a part, has not been approved and/or endorsed by us or the placement agent, and should not be relied upon by investors. In connection with the offering, the placement agent or selected dealers may distribute prospectuses electronically. No forms of electronic prospectus other than prospectuses that are printable as Adobe® PDF will be used in connection with this offering.

Other than the prospectus in electronic format, the information on the placement agent's website and any information contained in any other website maintained by the placement agent is not part of the prospectus or the registration statement of which this prospectus forms a part, has not been approved and/or endorsed by us or the placement agent in its capacity as placement agent and should not be relied upon by investors.

Other Relationships and Affiliations

The placement agent and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The placement agent and its affiliates may from time to time in the future engage with us and perform services for us or in the ordinary course of their business for which they will receive customary fees and expenses. In the ordinary course of their various business activities, the placement agent and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of us. The placement agent and its respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of these securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in these securities and instruments.

Listing

The Class A Common Stock trades on Nasdaq under the symbol “DHAI” and the Public Warrants trade on Nasdaq under the symbol “DHAIW.”

Transfer Agent and Registrar

The transfer agent and registrar for our securities is Continental Stock Transfer & Trust Company.

Selling Restrictions

Other than in the United States, no action has been taken by us or the placement agent that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. The securities offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published, in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to this offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

Australia. No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission (ASIC), in relation to the offering.

This prospectus does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001 (the Corporations Act) and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the securities may only be made to persons (the Exempt Investors) who are “sophisticated investors” (within the meaning of section 708(8) of the Corporations Act), “professional investors” (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the securities without disclosure to investors under Chapter 6D of the Corporations Act.

The securities applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring securities must observe such Australian on-sale restrictions.

This prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

Brazil. The offer of securities described in this prospectus will not be carried out by means that would constitute a public offering in Brazil under Law No. 6,385, of December 7, 1976, as amended, under the CVM Rule (Instrução) No. 400, of December 29, 2003. The offer and sale of the securities have not been and will not be registered with the Comissão de Valores Móbiliários in Brazil. The securities have not been offered or sold, and will not be offered or sold in Brazil, except in circumstances that do not constitute a public offering or distribution under Brazilian laws and regulations.

Canada. The securities may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31 103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the securities must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus supplement (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33 105 *Underwriting Conflicts* (NI 33 105), the placement agent is not required to comply with the disclosure requirements of NI 33-105 regarding conflicts of interest in connection with this offering.

Cayman Islands. No invitation, whether directly or indirectly, may be made to the public in the Cayman Islands to subscribe for our securities.

European Economic Area. In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") an offer to the public of any securities may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any securities may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of securities shall result in a requirement for the publication by us or any placement agent of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any securities to be offered so as to enable an investor to decide to purchase any securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State, and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Hong Kong. The contents of this prospectus have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice. Please note that (i) our shares may not be offered or sold in Hong Kong, by means of this prospectus or any document other than to “professional investors” within the meaning of Part I of Schedule 1 of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) (SFO) and any rules made thereunder, or in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong) (CO) or which do not constitute an offer or invitation to the public for the purpose of the CO or the SFO, and (ii) no advertisement, invitation or document relating to our shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere) which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the SFO and any rules made thereunder.

Israel. This document does not constitute a prospectus under the Israeli Securities Law, 5728-1968, or the Securities Law, and has not been filed with or approved by the Israel Securities Authority. In the State of Israel, this document is being distributed only to, and is directed only at, and any offer of the shares is directed only at, investors listed in the first addendum, or the Addendum, to the Israeli Securities Law, consisting primarily of joint investment in trust funds, provident funds, insurance companies, banks, portfolio managers, investment advisors, members of the Tel Aviv Stock Exchange, underwriters, venture capital funds, entities with equity in excess of NIS 50 million and “qualified individuals”, each as defined in the Addendum (as it may be amended from time to time), collectively referred to as qualified investors (in each case purchasing for their own account or, where permitted under the Addendum, for the accounts of their clients who are investors listed in the Addendum). Qualified investors will be required to submit written confirmation that they fall within the scope of the Addendum, are aware of the meaning of same and agree to it.

The People’s Republic of China. This prospectus may not be circulated or distributed in the PRC and the shares may not be offered or sold, and will not offer or sell to any person for re-offering or resale directly or indirectly to any resident of the PRC except pursuant to applicable laws, rules and regulations of the PRC. For the purpose of this paragraph only, the PRC does not include Taiwan and the special administrative regions of Hong Kong and Macau.

Switzerland. The securities may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (the SIX) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the securities or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, or the securities have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of securities will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, and the offer of securities has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (CISA). Accordingly, no public distribution, offering or advertising, as defined in CISA, its implementing ordinances and notices, and no distribution to any non-qualified investor, as defined in CISA, its implementing ordinances and notices, shall be undertaken in or from Switzerland, and the investor protection afforded to acquirers of interests in collective investment schemes under CISA does not extend to acquirers of securities.

Taiwan. The securities have not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the securities in Taiwan.

United Kingdom. This prospectus has only been communicated or caused to have been communicated and will only be communicated or caused to be communicated as an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act of 2000, or the FSMA) as received in connection with the issue or sale of our common stock in circumstances in which Section 21(1) of the FSMA does not apply to us. All applicable provisions of the FSMA will be complied with in respect to anything done in relation to our common stock in, from or otherwise involving the United Kingdom.

DESCRIPTION OF SECURITIES

The Company's capital stock is governed by the Company's Amended and Restated Certificate of Incorporation, the Company's Amended and Restated Bylaws and the Delaware General Corporation Law ("DGCL"). This description is a summary and is not complete. We urge you to read the Company's Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws, which are files as Exhibits 3.1 and 3.2, respectively to the registration statement of which this prospectus forms a part,

General

The authorized capital stock of the Company consists of 100,000,000 shares of Common Stock and 10,000,000 shares of preferred stock.

Dividend Rights

The DGCL permits a corporation to declare and pay dividends out of "surplus" or, if there is no "surplus", out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. "Surplus" is defined as the excess of the net assets of the corporation over the amount determined to be the capital of the corporation by the board of directors. The capital of the corporation is typically calculated to be (and cannot be less than) the aggregate par value of all issued shares of capital stock. Net assets equals the fair value of the total assets minus total liabilities. The DGCL also provides that dividends may not be paid out of net profits if, after the payment of the dividend, capital is less than the capital represented by the outstanding stock of all classes having a preference upon the distribution of assets. Delaware common law also imposes a solvency requirement in connection with the payment of dividends.

Subject to preferences that may apply to any shares of the Company's preferred stock outstanding at the time, the holders of the Company's common stock will be entitled to receive dividends out of funds legally available therefor if the Company's board of directors, in its discretion, determines to authorize the issuance of dividends and then only at the times and in the amounts that the Company's board of directors may determine.

Voting Rights

Holders of the Common Stock are entitled to one vote for each share held as of the record date for the determination of the stockholders entitled to vote on such matters, including the election and removal of directors, except as otherwise required by law. Under Delaware law, the right to vote cumulatively does not exist unless the certificate of incorporation specifically authorizes cumulative voting. The Company's Amended and Restated Certificate of Incorporation does not authorize cumulative voting and provides that no shareholder is permitted to cumulate votes at any election of directors.

Right to Receive Liquidation Distributions

If the Company becomes subject to a liquidation, dissolution, or winding-up, the assets legally available for distribution to the Company's stockholders would be distributable ratably among the holders of the Common Stock and any participating series of the Company's preferred stock outstanding at that time, subject to prior satisfaction of all outstanding debt and liabilities and the preferential rights of, and the payment of any liquidation preferences on, any outstanding shares of the Company's preferred stock.

Other Matters

All outstanding shares of the Company's Common Stock are fully paid and nonassessable. The Company's common stock is not entitled to preemptive rights and is not subject to redemption or sinking fund provisions.

Preferred Stock

The Company's board of directors is authorized, subject to limitations prescribed by the DGCL, to issue preferred stock in one or more series, to establish from time to time the number of shares to be included in each series, and to fix the designation, powers, preferences, and rights of the shares of each series and any of its qualifications, limitations, or restrictions, in each case without further vote or action by the Company's stockholders. The Company's board of directors is empowered to increase or decrease the number of shares of any series of the Company's preferred stock, but not below the number of shares of that series then outstanding, without any further vote or action by the Company's stockholders. The Company's board of directors is able to authorize the issuance of the Company's preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of the Company's Common Stock. The issuance of the Company's preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring, or preventing a change in control of the Company and might adversely affect the market price of the Company's Common Stock and the voting and other rights of the holders of the Company's Common Stock. There are currently no plans to issue any shares of the Company's preferred stock.

Board of Directors

The Company's board of directors consists of seven directors. The Amended and Restated Certificate of Incorporation provides that the number of directors shall be fixed only by resolution of the board of directors. Directors are elected by a plurality of all of the votes cast in the election of directors.

Takeover Defense Provisions

Certain provisions of Delaware law, the Amended and Restated Certificate of Incorporation and the Amended and Restated Bylaws, may have the effect of delaying, deferring, or discouraging another person from acquiring control of the Company. They are also designed, in part, to encourage persons seeking to acquire control of the Company to negotiate first with the Company's board of directors.

Section 203 of the DGCL

The Company is governed by the provisions of Section 203 of the DGCL. In general, Section 203 of the DGCL prohibits a public Delaware corporation from engaging in a "business combination" with an "interested stockholder" (as those terms are defined in Section 203 of the DGCL) for a period of three years after the date of the transaction in which the person became an interested stockholder, unless:

- either the merger or the transaction which resulted in the stockholder becoming an interested stockholder was approved by the board of directors prior to the time that the stockholder became an interested stockholder;
- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding shares owned by directors who are also officers of the corporation and shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- at or subsequent to the time the stockholder became an interested stockholder, the merger was approved by the Company's board of directors and authorized at an annual or special meeting of the stockholders, and not by written consent, by the affirmative vote of at least two-thirds of the outstanding voting stock which is not owned by the interested stockholder.

In general, Section 203 defines a “business combination” to include mergers, asset sales, and other transactions resulting in financial benefit to a stockholder and an “interested stockholder” as a person who, together with affiliates and associates, owns, or, within the prior three years, did own, 15% or more of the corporation’s outstanding voting stock. These provisions may have the effect of delaying, deferring, or preventing changes in control of the Company.

Classified Board of Directors

The Amended and Restated Certificate of Incorporation provides that the Company’s board of directors is divided into three classes, designated as Class I, Class II and Class III. Each class is an equal number of directors, as nearly as possible, consisting of one-third of the total number of directors constituting the entire board of directors. The term of the initial Class I directors terminates on the date of the 2024 annual meeting of stockholders, the term of the initial Class II directors will terminate on the date of the 2025 annual meeting of stockholders and the term of the initial Class III directors will terminate on the date of the 2026 annual meeting of stockholders. At each annual meeting of stockholders, successors to the class of directors whose term expires at that annual meeting will be elected for a three-year term.

Removal of Directors

The Amended and Restated Certificate of Incorporation provides that stockholders may only remove a director for cause and only by the affirmative vote of the holders of a majority of the issued and outstanding capital stock of the Company entitled to vote in the election of directors, voting together as a single class.

Board of Directors Vacancies

The Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws authorize only a majority of the remaining members of the Company’s board of directors, although less than a quorum, to fill vacant directorships, including newly created directorships. In addition, subject to the rights of holders of any series of the Company’s preferred stock, the number of directors constituting the Company’s board of directors is permitted to be set only by a resolution of the Company’s board of directors. These provisions prevent a stockholder from increasing the size of the Company’s board of directors and then gaining control of the Company’s board of directors by filling the resulting vacancies with its own nominees. This will make it more difficult to change the composition of the Company’s board of directors and will promote continuity of management.

Stockholder Action; Special Meeting of Stockholders

The Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws provide that the Company’s stockholders may not take action by written consent but may only take action at annual or special meetings of the stockholders. As a result, a holder controlling a majority of the Company’s capital stock will not be able to amend the Amended and Restated Bylaws, amend the Amended and Restated Certificate of Incorporation or remove directors without holding a meeting of the Company’s stockholders called in accordance with the Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws. The Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws further provide that special meetings of stockholders of the Company may be called only by the Company’s board of directors, the Chairperson of the Company’s board of directors, or the Chief Executive Officer or the President of the Company, thus prohibiting stockholder action to call a special meeting. These provisions might delay the ability of the Company’s stockholders to force consideration of a proposal or for stockholders controlling a majority of the Company’s capital stock to take any action, including the removal of directors.

Advance notice requirements for stockholder proposals and director nominations

The Amended and Restated Certificate of Incorporation provides that advance notice of stockholder nominations for the election of directors and of business to be brought by stockholders before any meeting of the stockholders of the Company must be given in the manner and to the extent provided in the bylaws of the Company. The Amended and Restated Bylaws provide that, with respect to an annual meeting of the Company's stockholders, nominations of persons for election to the board of directors and the proposal of other business to be transacted by the stockholders may be made only (i) pursuant to the Company's notice of the meeting, (ii) by or at the direction of the Company's board of directors, (iii) as provided in the certificate of designation for any class or series of preferred stock or (iv) by any stockholder who was a stockholder of record at the time of giving the notice required by the Amended and Restated Amended and Restated Bylaws, at the record date(s) set by the board of directors for the purpose of determining stockholders entitled to notice of, and to vote at, the meeting, and at the time of the meeting, and who complies with the advance notice provisions of the Amended and Restated Bylaws.

With respect to special meetings of stockholders, only the business specified in the Company's notice of meeting may be brought before the meeting. Nominations of persons for election to the board of directors may be made only (i) by or at the direction of the Company's board of directors or (ii) if the meeting has been called for the purpose of electing directors, by any stockholder who was a stockholder of record at the time of giving the notice required by the Amended and Restated Bylaws, at the record date(s) set by the board of directors for the purpose of determining stockholders entitled to notice of, and to vote at, the meeting, and at the time of the meeting, and who complies with the advance notice provisions of the Amended and Restated Bylaws.

The advance notice procedures of the Amended and Restated Bylaws provide that, to be timely, a stockholder's notice with respect to director nominations or other proposals for an annual meeting must be delivered to the Company's Secretary at the principal executive office of the Company not earlier than the 120th day nor later than 5:00 p.m., local time, on the 90th day prior to the first anniversary of the date of the proxy statement for the preceding year's annual meeting. In the event that the date of the annual meeting is advanced by more than 30 days before or delayed by more than 70 days after the first anniversary of the date of the preceding year's annual meeting, to be timely, a stockholder's notice must be delivered not earlier than the 120th day prior to the date of such annual meeting and not later than 5:00 p.m., local time, on the later of the 90th day prior to the date of such annual meeting or the tenth day following the day on which public announcement of the date of such meeting is first made.

These provisions might preclude stockholders of the Company from bringing matters before the annual meeting of stockholders or from making nominations for directors at the annual meeting of stockholders if the proper procedures are not followed. These provisions may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of the Company.

No cumulative voting

The DGCL provides that stockholders are not entitled to cumulate votes in the election of directors unless a corporation's certificate of incorporation provides otherwise. The Amended and Restated Certificate of Incorporation does not provide for cumulative voting and provides that no stockholder is permitted to cumulate votes at any election of directors.

Amendments to Certificate of Incorporation and Bylaws

Except for those amendments permitted to be made without stockholder approval under Delaware law or the Amended and Restated Certificate of Incorporation, the Amended and Restated Certificate of Incorporation generally may be amended only if the amendment is first declared advisable by the board of directors and thereafter approved by holders of a majority of the outstanding stock of the Company entitled to vote thereon. Any amendment of certain provisions in the Amended and Restated Certificate of Incorporation will require approval by holders of at least two-thirds of the voting power of the then-outstanding voting securities of the Company entitled to vote thereon, voting together as a single class. These provisions include, among others, provisions related to the classified board structure, board composition, removal of directors, indemnification and exculpation, cumulative voting rights, preferred stock, exclusive forum provisions, provisions related to stockholder action and advance notice, corporate opportunities and amendments to the charter, in each case as summarized in this registration statement.

The Company's board of directors have the power to adopt, amend or repeal any provision of the Amended and Restated Bylaws. In addition, stockholders of the Company may adopt, amend or repeal any provision of the Amended and Restated Bylaws with the approval by the holders of at least two-thirds of the voting power of the then-outstanding voting securities of the Company entitled to vote thereon, voting together as a single class.

Authorized but Unissued Capital Stock

Delaware law does not require stockholder approval for any issuance of authorized shares. However, the listing requirements of the Nasdaq Stock Market, which would apply if and so long as the common stock remains listed on the Nasdaq Stock Market, require stockholder approval of certain issuances equal to or exceeding 20% of the then-outstanding voting power or then-outstanding number of shares of common stock. Additional shares that may be issued in the future may be used for a variety of corporate purposes, including future public offerings, to raise additional capital or to facilitate acquisitions.

One of the effects of the existence of unissued and unreserved common stock may be to enable the Company's board of directors to issue shares to persons friendly to current management, which issuance could render more difficult or discourage an attempt to obtain control of the Company by means of a merger, tender offer, proxy contest or otherwise and thereby protect the continuity of management and possibly deprive stockholders of opportunities to sell their shares of common stock at prices higher than prevailing market prices.

Exclusive Forum

The Amended and Restated Certificate of Incorporation provides that, unless otherwise consented to by the Company in writing, the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, another State court in Delaware or the federal district court for the District of Delaware) will, to the fullest extent permitted by law, be the sole and exclusive forum for the following types of actions or proceedings: (i) any derivative action or proceeding brought on behalf of the Company; (ii) any action asserting a claim of breach of a duty (including any fiduciary duty) owed by any current or former director, officer, stockholder, employee or agent of the Company to the Company or the Company's stockholders; (iii) any action asserting a claim against the Company or any current or former director, officer, stockholder, employee or agent of the Company relating to any provision of the DGCL or the Amended and Restated Certificate of Incorporation or the Amended and Restated Bylaws or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware; (iv) any action asserting a claim against the Company or any current or former director, officer, stockholder, employee or agent of the Company governed by the internal affairs doctrine of the State of Delaware, in each such case unless the Court of Chancery (or such other state or federal court located within the State of Delaware, as applicable) has dismissed a prior action by the same plaintiff asserting the same claims because such court lacked personal jurisdiction over an indispensable party named as a defendant therein. The Amended and Restated Certificate of Incorporation further provides that the federal district courts of the United States will be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. Any person or entity purchasing or otherwise acquiring any interest in the Company's securities will be deemed to have notice of and consented to this provision.

Although the Amended and Restated Certificate of Incorporation contains the choice of forum provisions described above, it is possible that a court could rule that such provisions are inapplicable for a particular claim or action or that such provisions are unenforceable.

The Amended and Restated Certificate of Incorporation further provides that the federal district courts of the United States will be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. In addition, Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder, and, therefore, the exclusive forum provisions described above do not apply to any actions brought under the Exchange Act.

Although we believe these provisions benefit us by limiting costly and time-consuming litigation in multiple forums and by providing increased consistency in the application of applicable law, these exclusive forum provisions may limit the ability of our stockholders to bring a claim in a judicial forum that such stockholders find favorable for disputes with us or our directors, officers or employees, which may discourage such lawsuits against us and our directors, officers and other employees.

Limitations on Liability and Indemnification of Directors and Officers

The DGCL authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breaches of directors' fiduciary duties, subject to certain exceptions. The Company's Amended and Restated Certificate of Incorporation includes a provision that eliminates the personal liability of directors for monetary damages for any breach of fiduciary duty as a director to the fullest extent permitted by the DGCL as the same exists or as may hereafter be amended from time to time. The effect of these provisions is to eliminate the rights of the Company and its stockholders, through stockholders' derivative suits on the Company's behalf, to recover monetary damages from a director for breach of fiduciary duty as a director, including breaches resulting from grossly negligent behavior. However, exculpation does not apply to any director if the director has acted in bad faith, knowingly or intentionally violated the law, authorized illegal dividends or redemptions or derived an improper benefit from his or her actions as a director.

The Company's Amended and Restated Certificate of Incorporation permits and the Amended and Restated Bylaws obligate the Company to indemnify, to the fullest extent permitted by the DGCL, any director or officer of the Company who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a "**Proceeding**") by reason of the fact that he or she is or was a director or officer of the Company or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with any such Proceeding. The Company will not be obligated to indemnify a person in connection with a Proceeding (or part thereof) initiated by such person unless the Proceeding (or part thereof) was, or is, authorized by the board of directors, the Company determines to provide the indemnification or is otherwise required by applicable law. In addition, the Amended and Restated Bylaws require the Company, to the fullest extent permitted by law, to pay, in advance of the final disposition of a Proceeding, expenses (including attorneys' fees) actually and reasonably incurred by an officer or director of the Company in defending any Proceeding, upon receipt of a written request therefor (together with documentation reasonably evidencing such expenses) and an undertaking by or on behalf of the person to repay such amounts if it shall ultimately be determined that the person is not entitled to be indemnified under the Amended and Restated Bylaws or the DGCL.

The Company entered into an indemnification agreement with each of its directors and executive officers that provide for indemnification to the maximum extent permitted by Delaware law.

The Company believes that these indemnification and advancement provisions and insurance are useful to attract and retain qualified directors and executive officers. The limitation of liability and indemnification provisions in the Company's Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions also may have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit the Company and its stockholders. In addition, your investment may be adversely affected to the extent the Company pays the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors or executive officers, we have been informed that in the opinion of the SEC such indemnification is against public policy and is therefore unenforceable.

Transfer Agent

The Transfer Agent for our securities is Continental Stock Transfer & Trust Company.

Listing of Common Stock and Warrants

The Class A Common Stock and Public Warrants of the Company trade on Nasdaq under the symbols "DHAI" and "DHAIW," respectively.

Warrants

Class A Warrants

Overview. The following summary of certain terms and provisions of the Class A warrants offered hereby is not complete and is subject to, and qualified in its entirety by, the provisions of the warrant agency agreement between us the Warrant Agent, and the form of Class A warrant, each of which is filed as an exhibit to the registration statement of which this prospectus is a part. Prospective investors should carefully review the terms and provisions set forth in the warrant agency agreement, including the annexes thereto and the form of Class A warrant. Each Class A warrant issued in this offering entitles the registered holder to purchase one share of our Common Stock at a price equal to \$2.92 per share, subject to adjustment as discussed below, immediately following the issuance of such warrant and terminating at 5:00 p.m., New York City time, on the fifth anniversary of the original issuance date.

Exercisability. The Class A warrants are exercisable at any time after their original issuance date until the fifth anniversary of the original issuance date. The Class A warrants may be exercised upon surrender of the warrant on or prior to the expiration date at the offices of the Warrant Agent, with the exercise form included with the Class A warrant completed and executed as indicated. If we fail to maintain the effectiveness of the registration statement and current prospectus relating to the Common Stock issuable upon exercise of the Class A warrants, the holders of the Class A warrants shall have the right to exercise the Class A warrants via a cashless exercise feature provided for in the Class A warrants, until such time as there is an effective registration statement and current prospectus. See “— *Cashless Exercise*” below.

Exercise Limitation. A holder (together with its affiliates) may not exercise any portion of the Class A warrants to the extent that the holder would own more than 4.99% (or, at the election of the holder, 9.99%) of the outstanding Common Stock immediately after exercise, except that upon at least 61 days’ prior notice from the holder to us, the holder may increase the amount of ownership of outstanding stock after exercising the holder’s Class A warrants up to 9.99% of the number of shares of our Common Stock outstanding immediately after giving effect to the exercise, as such percentage ownership is determined in accordance with the terms of the Class A warrants.

Exercise Price. The exercise price per whole share of our Common Stock purchasable upon the exercise of the Class A warrants is \$2.92 per share of Common Stock. The warrants will be immediately exercisable and may be exercised at any time up to the date that is the fifth anniversary of the original issuance date. The exercise price and number of shares of Common Stock issuable upon exercise of the Class A warrants may be adjusted in certain circumstances, including in the event of a stock dividend or recapitalization, reorganization, merger or consolidation. However, the Class A warrants will not be adjusted for issuances of Common Stock at prices below their exercise price.

Cashless Exercise. If, at any time after the issuance of the Class A warrants, a holder of the Class A warrants exercises the warrants and a registration statement registering the issuance of the shares of common stock underlying the warrants under the Securities Act is not then effective or available (or a prospectus is not available for the resale of shares of Common Stock underlying the Class A warrants), then in lieu of making the cash payment otherwise contemplated to be made to us upon such exercise in payment of the aggregate exercise price, the holder shall instead receive upon such exercise (either in whole or in part) only the net number of shares of Common Stock determined according to a formula set forth in the Class A warrants.

Fractional Shares. No fractional shares of Common Stock will be issued upon exercise of the warrants. If, upon exercise of the Class A warrant, a holder would be entitled to receive a fractional interest in a share, we will, in our discretion and upon exercise, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the exercise price or round up to the next whole share.

Transferability. Subject to applicable laws, the Class A warrants may be offered for sale, sold, transferred or assigned at the option of the holder without our consent.

Warrant Agent; Global Certificate. The warrants will be issued in registered form under a warrant agency agreement between the Warrant Agent and us. The warrants shall initially be represented only by one or more global warrants deposited with the Warrant Agent, as custodian on behalf of The Depository Trust Company (“DTC”) and registered in the name of Cede & Co., a nominee of DTC, or as otherwise directed by DTC.

Fundamental Transactions. In the event of a “fundamental transaction,” as described in the Class A warrants and generally including any reorganization, recapitalization or reclassification of our Common Stock, the sale, transfer or other disposition of all or substantially all of our properties or assets, our consolidation or merger with or into another person, the acquisition of more than 50% of our outstanding shares of Common Stock, or any person or group becoming the beneficial owner of 50% of the voting power represented by our outstanding Common Stock, the holders of the Class A warrants will be entitled to receive upon exercise of the Class A warrants the kind and amount of securities, cash or other property that the holders would have received had they exercised the Class A warrants immediately prior to such fundamental transaction.

Rights as a Stockholder. Except by virtue of such holder’s ownership of shares of our Common Stock, the holder of a Class A warrant does not have the rights or privileges of a holder of our Common Stock, including any voting rights, until the holder exercises the Class A warrant.

Pre-Funded Warrants

The terms of the Pre-Funded Warrants, if any, are identical to the terms of the Class A warrants, except that:

- the exercise price of the Pre-Funded Warrants is \$0.0001; and
- the Pre-Funded Warrants may be exercised on a cashless basis at any time.

Public Warrants

Each two Public Warrants entitles the registered holder to purchase one share of Common Stock at a price of \$11.50 per share, subject to adjustment as discussed below. Because the Public Warrants may only be exercised for whole numbers of shares of Common Stock, only an even number of warrants may be exercised at any given time by a warrant holder. The Public Warrants will expire five years after the anniversary of the completion of the Business Combination, at 5:00 p.m., New York City time, or earlier upon redemption or liquidation.

We are not obligated to deliver any shares of Common Stock pursuant to the exercise of a Public Warrant and will have no obligation to settle such Public Warrant exercise unless a registration statement under the Securities Act with respect to the Common Stock underlying the Public Warrants is then effective and a prospectus relating thereto is current, subject to our satisfying our obligations described below with respect to registration. No warrant is exercisable and we are not obligated to issue a share of Common Stock upon exercise of a Public Warrant unless the share of Common Stock issuable upon such Public Warrant exercise has been registered, qualified or deemed to be exempt under the securities laws of the state of residence of the registered holder of the Public Warrants. In the event that the conditions in the two immediately preceding sentences are not satisfied with respect to a Public Warrant, the holder of such Public Warrant will not be entitled to exercise such Public Warrant and such Public Warrant may have no value and expire worthless. In no event will we be required to net cash settle any Public Warrant.

If a registration statement covering the shares of Common Stock issuable upon exercise of the warrants is not effective within 120 days after the closing of the Initial Business Combination Warrants holders may, until such time as there is an effective registration statement and during any period when we will have failed to maintain an effective registration statement, exercise warrants on a “cashless basis” in accordance with Section 3(a)(9) of the Securities Act or another exemption. Notwithstanding the above, if our Common Stock at the time of any exercise of a warrant is not listed on a national securities exchange such that it satisfies the definition of a “covered security” under Section 18(b)(1) of the Securities Act, we may, at our option, require holders of Public Warrants who exercise their warrants to do so on a “cashless basis” in accordance with Section 3(a)(9) of the Securities Act and, in the event we so elect, we will not be required to file or maintain in effect a registration statement, and in the event we do not so elect, we will use our best efforts to register or qualify the shares under applicable blue sky laws to the extent an exemption is not available.

Once the warrants become exercisable, we may redeem the outstanding warrants (except as described herein with respect to the private placement warrants):

- in whole and not in part;
- at a price of \$0.01 per warrant;
- upon not less than 30 days' prior written notice of redemption (the "30-day redemption period") to each warrant holder; and
- if, and only if, the reported last sale price of the Common Stock equals or exceeds \$18.00 per share (as adjusted for share sub-divisions, share dividends, reorganizations, recapitalizations and the like) for any 20 trading days within a 30-trading day period ending three business days before we send the notice of redemption to the warrant holders.

If the foregoing conditions are satisfied and we issue a notice of redemption, each warrant holder can exercise his, her or its warrant prior to the scheduled redemption date. However, the price of our Common Stock may fall below the \$18.00 trigger price, as well as the \$11.50 warrant exercise price after the redemption notice is issued.

If and when the Public Warrants become redeemable by us, we may not exercise our redemption right if the issuance of Common Stock upon exercise of the Public Warrants is not exempt from registration or qualification under applicable state blue sky laws or we are unable to effect such registration or qualification. We will use our best efforts to register or qualify such Common Stock under the blue sky laws of the state of residence in those states in which the Public Warrants were offered by us in this offering.

We have established the last of the redemption criterion discussed above to prevent a redemption call unless there is at the time of the call a significant premium to the warrant exercise price. If the foregoing conditions are satisfied and we issue a notice of redemption of the warrants, each warrant holder will be entitled to exercise its warrant prior to the scheduled redemption date. However, the price of the Common Stock may fall below the \$18.00 redemption trigger price (as adjusted for share sub-divisions, share dividends, reorganizations, recapitalizations and the like) as well as the \$11.50 warrant exercise price after the redemption notice is issued.

If we call the Public Warrants for redemption as described above, our management will have the option to require any holder that wishes to exercise its warrant to do so on a "cashless basis." In determining whether to require all holders to exercise their Public Warrants on a "cashless basis," our management will consider, among other factors, our cash position, the number of Public Warrants that are outstanding and the dilutive effect on our stockholders of issuing the maximum number of shares of Common Stock issuable upon the exercise of our Public Warrants. If our management takes advantage of this option, all holders of Public Warrants would pay the exercise price by surrendering their Public Warrants for that number of shares of Common Stock equal to the quotient obtained by dividing (x) the product of the number of shares of Common Stock underlying the Public Warrants, multiplied by the difference between the exercise price of the Public Warrants and the "fair market value" (defined below) by (y) the fair market value. The "fair market value" shall mean the average reported last sale price of the Common Stock for the 10 trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of warrants. If our management takes advantage of this option, the notice of redemption will contain the information necessary to calculate the number of Common Stock to be received upon exercise of the Public Warrants, including the "fair market value" in such case. Requiring a cashless exercise in this manner will reduce the number of shares to be issued and thereby lessen the dilutive effect of a warrant redemption. We believe this feature is an attractive option to us if we do not need the cash from the exercise of the warrants after our initial business combination. If we call our warrants for redemption and the holders of private placement warrants do not take advantage of this option, the former sponsor and its permitted transferees would still be entitled to exercise their private placement warrants for cash or on a cashless basis using the same formula described above that other warrant holders would have been required to use had all warrant holders been required to exercise their warrants on a cashless basis, as described in more detail below. A holder of a Public Warrant may notify us in writing in the event it elects to be subject to a requirement that such holder will not have the right to exercise such Public Warrant, to the extent that after giving effect to such exercise, such person (together with such person's affiliates), to the warrant agent's actual knowledge, would beneficially own in excess of 4.9% or 9.9% (or such other amount as a holder may specify) of the Common Stock outstanding immediately after giving effect to such exercise.

If the number of outstanding shares of Common Stock is increased by a share dividend payable in stock, or by a split-up of stock or other similar event, then, on the effective date of such share dividend, split-up or similar event, the number of shares of Common Stock issuable on exercise of each warrant will be increased in proportion to such increase in the outstanding shares of Common Stock. A rights offering to holders of shares of Common Stock entitling holders to purchase shares of Common Stock at a price less than the fair market value will be deemed a share dividend of a number of Common Stock equal to the product of (i) the number of shares of Common Stock actually sold in such rights offering (or issuable under any other equity securities sold in such rights offering that are convertible into or exercisable for shares of Common Stock) and (ii) one (1) minus the quotient of (x) the price per share paid in such rights offering divided by (y) the fair market value. For these purposes (i) if the rights offering is for securities convertible into or exercisable for shares of Common Stock, in determining the price payable for Common Stock, there will be taken into account any consideration received for such rights, as well as any additional amount payable upon exercise or conversion and (ii) fair market value means the volume weighted average price of the Common Stock as reported during the ten (10) trading day period ending on the trading day prior to the first date on which the Common Stock trades on the applicable exchange or in the applicable market, regular way, without the right to receive such rights.

In addition, if we, at any time while the warrants are outstanding and unexpired, pay a dividend or make a distribution in cash, securities or other assets to the holders of Common Stock on account of such Common Stock (or other shares into which the warrants are convertible), other than (a) as described above, or (b) certain Common Stock cash dividends, then the warrant exercise price will be decreased, effective immediately after the effective date of such event, by the amount of cash and/or the fair market value of any securities or other assets paid on each share of Common Stock in respect of such event.

If the number of outstanding shares of Common Stock is decreased by a consolidation, combination or reclassification of Common Stock or other similar event, then, on the effective date of such consolidation, combination, reclassification or similar event, the number of shares of Common Stock issuable on exercise of each warrant will be decreased in proportion to such decrease in outstanding shares of Common Stock.

Whenever the number of shares of Common Stock purchasable upon the exercise of the warrants is adjusted, as described above, the warrant exercise price will be adjusted by multiplying the warrant exercise price immediately prior to such adjustment by a fraction (x) the numerator of which will be the number of shares of Common Stock purchasable upon the exercise of the warrants immediately prior to such adjustment, and (y) the denominator of which will be the number of shares of Common Stock so purchasable immediately thereafter.

The warrants are issued in registered form under the Warrant Agreement between Continental, as warrant agent, and us. The Warrant Agreement provides that the terms of the warrants may be amended without the consent of any holder to cure any ambiguity or correct any defective provision, but requires the approval by the holders of at least 50% of the then outstanding Public Warrants to make any change that adversely affects the interests of the registered holders of Public Warrants.

The warrants may be exercised upon surrender of the warrant certificate on or prior to the expiration date at the offices of the warrant agent, with the exercise form on the reverse side of the warrant certificate completed and executed as indicated, accompanied by full payment of the exercise price (or on a cashless basis, if applicable), by certified or official bank check payable to us, for the number of warrants being exercised. The warrant holders do not have the rights or privileges of holders of Common Stock and any voting rights until they exercise their warrants and receive shares of Common Stock. After the issuance of shares of Common Stock upon exercise of the Public Warrants, each holder will be entitled to one (1) vote for each share held of record on all matters to be voted on by stockholders.

Private Placement Warrants

Except as described herein, the private placement warrants have terms and provisions that are identical to those of the warrants being sold as part of the units in this offering, including as to exercise price, exercisability and exercise period.

We have policies in place that prohibit insiders from selling our securities except during specific periods of time. Even during such periods of time when insiders will be permitted to sell our securities, an insider cannot trade in our securities if he or she is in possession of material non-public information. Accordingly, unlike public stockholders who could sell their shares of Common Stock issuable upon exercise of the warrants freely in the open market, the insiders could be significantly restricted from doing so. As a result, we believe that allowing the holders to exercise such warrants on a cashless basis is appropriate.

In addition, holders of our private placement warrants are entitled to certain registration rights.

LEGAL MATTERS

The validity of the securities being offered by this registration statement will be passed upon for us by Loeb & Loeb LLP. Ellenoff Grossman & Schole LLP is acting as counsel to the placement agent.

EXPERTS

The consolidated financial statements of DIH Holding US, Inc. as of March 31, 2024 and 2023 and for each of the fiscal years then ended, included in this prospectus and in the registration statement have been so included in the reliance on the report of BDO AG, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

CHANGES IN REGISTRANT'S CERTIFYING ACCOUNTANT

On March 12, 2024, the Audit Committee of the Board of Directors dismissed Marcum LLP ("Marcum") as the Company's independent registered public accounting firm. Marcum had served as ATAK's independent registered public accounting firm from May 2, 2022 through March 12, 2024.

Marcum's audit reports on ATAK's financial statements as of and for the year ended December 31, 2023 did not contain an adverse opinion or a disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles, other than an explanatory paragraph regarding the substantial doubt about the Company's ability to continue as a going concern.

During the fiscal year ended December 31, 2023 and the subsequent interim period through March 12, 2024: (1) there were no "disagreements" (as defined in Item 304(a)(1)(iv) of Regulation S-K) with Marcum on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Marcum, would have caused Marcum to make reference to the subject matter of such disagreements in connection with its reports on the financial statements for such periods and (2) there were no "reportable events" (as defined in Item 304(a)(1)(v) of Regulation S-K), except for the disclosure of the material weakness in ATAK's internal control over financial reporting as disclosed in Part II, Item 9A of the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

The Company provided Marcum with a copy of the Current Report on Form 8-K dated March 12, 2024 prior to its filing with the Securities and Exchange Commission (the "SEC") and requested that Marcum furnish the Company with a letter addressed to the SEC stating whether Marcum agrees with the statements made by the Company in this report and, if not, stating the respects, if any, in which Marcum does not agree with such statements. A copy of the letter from Marcum was filed as Exhibit 16.1 to the Current Report on Form 8-K dated March 12, 2024.

On March 12, 2024, the Audit Committee engaged BDO AG ("BDO AG") as its new independent registered public accounting firm. The Company has authorized Marcum to respond fully to the inquiries of BDO AG, as the successor independent registered accounting firm.

BDO AG had served as independent registered public accounting firm for Legacy DIH up through the completion of the Business Combination. During the two most recent fiscal years and the subsequent interim period through March 12, 2024, the Company did not consult with BDO AG with respect to (i) the application of accounting principles to a specified transaction, either completed or proposed, the type of audit opinion that might be rendered on the Company's financial statements, and neither a written report nor oral advice was provided to the Company that BDO AG concluded was an important factor considered by the Company in reaching a decision as to any accounting, auditing or financial reporting issue, or (ii) any matter that was either the subject of a disagreement (as that term is defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions to Item 304 of Regulation S-K) or a reportable event (as that term is defined in Item 304(a)(1)(v) of Regulation S-K).

On September 10, 2024, the Audit Committee of the Board of Directors of the Company dismissed BDO AG as the Company's independent registered public accounting firm. BDO AG had served as the Company's independent registered public accounting firm since March 12, 2024 and had served as the independent auditor for Legacy DIH, the Company's wholly-owned subsidiary, since 2022.

BDO AG's audit reports on the Company's financial statements as of and for the fiscal years ended March 31, 2024 and 2023 did not contain an adverse opinion or a disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles.

During the fiscal year ended March 31, 2024 and the subsequent interim period through September 10, 2024: (1) there were no "disagreements" (as defined in Item 304(a)(1)(iv) of Regulation S-K) with BDO AG on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of BDO AG, would have caused BDO AG to make reference to the subject matter of such disagreements in connection with its reports on the financial statements for such periods and (2) there were no "reportable events" (as defined in Item 304(a)(1)(v) of Regulation S-K), except for the disclosure of the material weakness in the Company's internal control over financial reporting as disclosed in Part II, Item 9A of the Company's Annual Report on Form 10-K for the year ended March 31, 2024.

The Company provided BDO AG with a copy of the Current Report on Form 8-K dated September 10, 2024 prior to its filing with the Securities and Exchange Commission (the "SEC") and requested that BDO AG furnish the Company with a letter addressed to the SEC stating whether BDO AG agrees with the statements made by the Company in this report and, if not, stating the respects, if any, in which BDO AG does not agree with such statements. A copy of the letter from BDO AG was filed as Exhibit 16.1 to the Company's Form 8-K dated September 10, 2024.

On September 10, 2024, the Audit Committee appointed BDO USA, PC ("BDO USA") as its new independent registered public accounting firm. The Company has authorized BDO AG to respond fully to the inquiries of the successor independent registered accounting firm.

During the two most recent fiscal years and the subsequent interim period through September 10, 2024, the Company did not consult with BDO USA with respect to (i) the application of accounting principles to a specified transaction, either completed or proposed, the type of audit opinion that might be rendered on the Company's financial statements, and neither a written report nor oral advice was provided to the Company that BDO USA concluded was an important factor considered by the Company in reaching a decision as to any accounting, auditing or financial reporting issue, or (ii) any matter that was either the subject of a disagreement (as that term is defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions to Item 304 of Regulation S-K) or a reportable event (as that term is defined in Item 304(a)(1)(v) of Regulation S-K).

WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement on Form S-1, including exhibits, under the Securities Act, with respect to the securities offered by this prospectus. This prospectus does not contain all of the information included in the registration statement. For further information pertaining to us and our securities, you should refer to the registration statement and our exhibits.

In addition, we file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available to the public on a website maintained by the SEC located at www.sec.gov. We also maintain a website at <https://dih.com> statements and other information as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. The information contained on, or that may be accessed through, our website is not part of, and is not incorporated into, this prospectus.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm (BDO AG, Zurich, Switzerland, PCAOB ID # 5988)	F-2
Consolidated Balance Sheets	F-3
Consolidated Statements of Operations	F-4
Consolidated Statements of Comprehensive Loss	F-5
Consolidated Statements of Cash Flows	F-6
Consolidated Statements of Stockholders' Deficit	F-7
Notes to Consolidated Financial Statements	F-8
Condensed Consolidated Balance Sheets as of September 30, 2024 and March 31, 2024	F-37
Condensed Consolidated Statements of Operations for the Six Months Ended September 30, 2024 and 2023	F-38
Condensed Consolidated Statements of Comprehensive Loss for the Six Months Ended September 30, 2024 and 2023	F-39
Condensed Consolidated Statements of Stockholders' Deficit for the Six Months Ended September 30, 2024 and 2023	F-40
Condensed Consolidated Statements of Cash Flows for the Six Months Ended September 30, 2024 and 2023	F-42
Notes to Condensed Consolidated Financial Statements for the Six Months Ended September 30, 2024 and 2023	F-43

Report of Independent Registered Public Accounting Firm

Stockholders and Board of Directors
DIH Holding US, Inc.

Norwell, MA

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of DIH Holding US, Inc. (the “Company”) as of March 31, 2024 and 2023, the related consolidated statements of operations, comprehensive loss, stockholders’ deficit, and cash flows for the years then ended, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at March 31, 2024 and 2023, and the results of its operations and its cash flows for each of the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Zurich, July 15, 2024

BDO AG

/s/ Christoph Tschumi
Christoph Tschumi

/s/ Philipp Kegele
Philipp Kegele

We have served as the Company’s auditor since 2022

DIH HOLDING US, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	March 31,	
	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,225	\$ 3,175
Accounts receivable, net of allowances of \$667 and \$1,683, respectively	5,197	5,998
Inventories, net	7,830	4,850
Due from related party	5,688	6,383
Other current assets	5,116	4,855
Total current assets	27,056	25,261
Property, and equipment, net	530	742
Capitalized software, net	2,131	2,019
Other intangible assets, net	380	380
Operating lease, right-of-use assets, net	4,466	2,604
Other tax assets	267	1
Other assets	905	772
Total assets	\$ 35,735	\$ 31,779
Liabilities and Deficit		
Current liabilities:		
Accounts payable	\$ 4,305	\$ 2,190
Employee compensation	2,664	3,163
Due to related party	10,192	6,841
Current portion of deferred revenue	5,211	7,714
Manufacturing warranty obligation	513	973
Current portion of long-term operating lease	1,572	1,005
Advance payments from customers	10,562	6,255
Accrued expenses and other current liabilities	9,935	8,631
Total current liabilities	44,954	36,772
Notes payable - related party	11,457	17,301
Non-current deferred revenues	4,670	2,282
Long-term operating lease	2,917	1,621
Deferred tax liabilities	112	110
Other non-current liabilities	4,171	2,647
Total liabilities	\$ 68,281	\$ 60,733
Commitments and contingencies (Note 16)		
Deficit:		
Preferred Stock, \$0.00001 par value; 10,000,000 shares authorized; no shares issued and outstanding at March 31, 2024; no shares authorized, issued and outstanding at March 31, 2023	—	—
Common stock, \$0.0001 par value; 100,000,000 shares authorized; 34,544,935 shares issued and outstanding at March 31, 2024; 25,000,000 shares authorized, issued and outstanding at March 31, 2023	3	2
Additional paid-in-capital	2,613	(1,898)
Accumulated deficit	(35,212)	(26,769)
Accumulated other comprehensive income (loss)	50	(289)
Total deficit	\$ (32,546)	\$ (28,954)
Total liabilities and deficit	\$ 35,735	\$ 31,779

The accompanying notes are an integral part of these consolidated financial statements.

DIH HOLDING US, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Years Ended March 31,	
	2024	2023
Revenue	\$ 64,473	\$ 54,059
Cost of sales	34,702	23,474
Gross profit	29,771	30,585
Operating expenses:		
Selling, general, and administrative expense	25,776	22,957
Research and development	6,609	6,919
Total operating expenses	32,385	29,876
Operating income (loss)	(2,614)	709
Other income (expense):		
Interest (expense)	(693)	(277)
Other income (expense), net	(3,890)	572
Total other income (expense)	(4,583)	295
Income (loss) before income taxes	(7,197)	1,004
Income tax expense	1,246	2,018
Net loss	<u>\$ (8,443)</u>	<u>\$ (1,014)</u>
Net loss per share, basic and diluted	<u>\$ (0.32)</u>	<u>\$ (0.04)</u>
Weighted-average shares outstanding, basic and diluted	<u>26,382</u>	<u>25,000</u>

The accompanying notes are an integral part of these consolidated financial statements.

DIH HOLDING US, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(in thousands)

	Years Ended March 31,	
	2024	2023
Net loss	\$ (8,443)	\$ (1,014)
Other comprehensive (loss) income, net of tax		
Foreign currency translation adjustments, net of tax of \$0 and \$0	1,455	(503)
Pension liability adjustments, net of tax of \$0 and \$0	(1,116)	(421)
Other comprehensive (loss) income	339	(924)
Comprehensive loss	\$ (8,104)	\$ (1,938)

See accompanying notes to the consolidated financial statements.

DIH HOLDING US, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Years Ended March 31,	
	2024	2023
Cash flows from operating activities:		
Net loss	\$ (8,443)	\$ (1,014)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	302	66
Provision for credit losses	(1,016)	669
Allowance for inventory obsolescence	617	(1,639)
Noncash business combination expense	3,514	-
Pension contributions	(530)	(569)
Pension (income) expense	(75)	(400)
Foreign exchange (gain) loss	376	(584)
Noncash lease expense	1,590	1,423
Noncash interest expense	28	19
Change in manufacturing warranty obligation estimate	(626)	—
Deferred and other noncash income tax expense	(304)	58
Changes in operating assets and liabilities:		
Accounts receivable	1,853	(514)
Inventories	(3,259)	518
Due from related parties	1,018	(969)
Due to related parties	3,337	2,471
Other assets	(229)	(1,805)
Operating lease liabilities	(1,782)	(1,448)
Accounts payable	2,920	38
Employee compensation	(551)	(151)
Other liabilities	970	(96)
Deferred revenue	(90)	4,059
Manufacturing warranty obligation	163	160
Advance payments from customers	4,338	2,083
Accrued expense and other current liabilities	1,071	3,126
Net cash provided by operating activities	5,192	5,501
Cash flows from investing activities:		
Purchases of property and equipment	(202)	(145)
Net cash used in investing activities	(202)	(145)
Cash flows from financing activities:		
Proceeds from reverse recapitalization	899	—
Payments on related party notes payable	(5,844)	(4,053)
Net cash used in financing activities	(4,945)	(4,053)
Effect of currency translation on cash and cash equivalents	5	(61)
Net increase in cash, and cash equivalents, and restricted cash	50	1,242
Cash, and cash equivalents, and restricted cash - beginning of year	3,175	1,933
Cash, and cash equivalents, and restricted cash - end of year	\$ 3,225	\$ 3,175
Cash and cash equivalents - end of year	\$ 3,225	\$ 3,175
Restricted cash - end of year	—	—
Total cash, and cash equivalents, and restricted cash - end of year	\$ 3,225	\$ 3,175
Supplemental disclosure of cash flow information:		
Interest paid	\$ 665	\$ 258
Income tax paid	\$ —	\$ 210
Supplemental disclosure of non-cash investing and financing activity:		
Accrued liability related to asset acquisition	\$ —	\$ 533
Accounts payable settled through escrow account upon reverse recapitalization	\$ 1,439	\$ —

The accompanying notes are an integral part of these consolidated financial statements.

DIH HOLDING US, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
(in thousands, except share data)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Equity (Deficit)
	Shares(1)	Amount				
Balance, March 31, 2022	25,000,000	\$ 2	\$ (1,776)	\$ (25,755)	\$ 635	\$ (26,894)
Net loss	—	—	—	(1,014)	—	(1,014)
Other comprehensive loss, net of tax	—	—	—	—	(924)	(924)
Net transactions with DIH Cayman	—	—	(122)	—	—	(122)
Balance, March 31, 2023	<u>25,000,000</u>	<u>\$ 2</u>	<u>\$ (1,898)</u>	<u>\$ (26,769)</u>	<u>\$ (289)</u>	<u>\$ (28,954)</u>
Net loss	—	—	—	(8,443)	—	(8,443)
Issuance of common stock upon reverse recapitalization	9,544,935	1	4,511	—	—	4,512
Other comprehensive income, net of tax	—	—	—	—	339	339
Balance, March 31, 2024	<u>34,544,935</u>	<u>\$ 3</u>	<u>\$ 2,613</u>	<u>\$ (35,212)</u>	<u>\$ 50</u>	<u>\$ (32,546)</u>

(1).All outstanding share and per-share amounts have been restated to reflect the reverse recapitalization as established in the Business Combination Agreement as described in Note 1.

The accompanying notes are an integral part of these consolidated financial statements.

DIH HOLDING US, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share and per share data)

1. Business and Organization

Description of Business

DIH Holding US, Inc. and its consolidated subsidiaries (the “Company” or “DIH”) (formerly known as Aurora Technology Acquisition Corp. a Cayman Island exempted company which migrated and domesticated as a Delaware corporation, “ATAK”) , is a global solution provider in blending innovative robotic and virtual reality (“VR”) technologies with clinical integration and insights. Built through the mergers of global-leading niche technologies, DIH is positioning itself as a transformative total smart solutions provider and consolidator in a largely fragmented and manual-labor-driven industry. The Company’s fiscal year ends on March 31.

Merger / Business Combination with Aurora Tech Acquisition Corp.

On February 7, 2024 (the “Closing Date”), ATAK, Aurora Technology Merger Sub (“Merger Sub”) and DIH Holding US, Inc., a Nevada corporation (“Legacy DIH” or “DIH Nevada”) consummated a previously announced business combination pursuant to a business agreement dated as of February 26, 2023 (as amended, supplemented or otherwise modified from time to time, the “Business Combination Agreement,” and the transactions contemplated thereby, the “Business Combination”) following the receipt of the required approval by ATAK’s and DIH (Nevada)’s stockholders and the fulfillment or waiver of other customary closing conditions. Upon closing of the Business Combination, Legacy DIH received cash held in trust account of \$899. Legacy DIH historically existed and functioned as part of the business of DIH Technology Ltd. (“DIH Cayman”). At Closing of the Business Combination, the Company owns 100% of DIH US Corp, which in turn owns the commercial entities. Additionally, the Company owns 100% ownership of Hocoma Medical GmbH, which contains the net assets transferred from Hocoma AG. Whereas, Hocoma AG and Motekforce Link BV and its subsidiaries (“Motek Group”) that remained with the DIH Cayman were excluded as discussed in Note 13 to the Consolidated Financial Statements. The Company agreed to use its best efforts to complete the reorganization as defined in the Business Combination Agreement as soon as possible thereafter. The reorganization has not been completed as of the date the financial statements were issued.

In connection with the Closing of the Business Combination, (a) ATAK migrated and changed its domestication to become a Delaware corporation and changed its name to “DIH Holding US, Inc.” (b) each issued and outstanding ATAK Class A Ordinary Share was converted, on a one-for-one basis, into one share of DIH Class A Common Stock; (c) each issued and outstanding Class B Ordinary Share was converted, on a one-for-one basis, into one share of Domesticated Class B Common Stock; (d) each issued and outstanding ATAK Public Warrant, ATAK Private Warrant and ATAK Right was converted, on a one-for-one basis, into a DIH Public Warrant, DIH Private Warrant and DIH Right, respectively; and (e) the governing documents of ATAK were replaced by governing documents for the Delaware corporation. The Amended and Restated Certificate of Incorporation authorizes one class of common stock as Class A Common Stock (“Common Stock”).

On the Closing date, (a) Stockholders of Legacy DIH received \$250,000,000 in aggregate consideration (the “Aggregate Base Consideration”) in the form of newly-issued shares of DIH Common Stock, calculated based on a price of \$10.00 per share; (b) DIH’s financial advisor received 700,000 shares of DIH Common Stock valued at the closing price of \$5.02 as payment for the financial advisory fee due to it; (c) the 20,200,000 outstanding DIH Rights were converted into 2,020,000 shares of DIH Common Stock; (d) each outstanding share of DIH Class B Common Stock was converted into a share of DIH Common Stock. (e) in connection with the closing of the Business combination, additional 532,796 shares were issued to various ATAK service providers, including ATAK’s underwriter, for services rendered in related to the transaction. The shares were issued as partial payments to those providers, whereas certain service providers forewent all or partial receipt of Common Stock.

In addition to the Aggregate Base Consideration, Legacy DIH stockholders as of the effective date of the merger may be entitled to receive up to 6,000,000 Earnout Shares, as additional consideration upon satisfaction of the following milestones, during the period beginning on the Closing Date and expiring on the fifth anniversary of the closing date (the “Earnout Period”):

- 1,000,000 Earnout Shares if the volume-weighted average price (“VWAP”) of DIH Common Stock is equal to or exceeds \$12.00 for any 20 trading days during the Earnout Period;
- 1,333,333 Earnout Shares if the VWAP of DIH Common Stock is equal to or exceeds \$13.50 for any 20 trading days during the Earnout Period;
- 1,666,667 Earnout Shares if the VWAP of DIH Common Stock is equal to or exceeds \$15.00 for any 20 trading days during the Earnout Period; and
- 2,000,000 Earnout Shares if the VWAP of DIH Common Stock is equal to or exceeds \$16.50 for any 20 trading days during the Earnout Period.
- The Earnout Founder Shares are accounted for as equity-classified equity instruments and recorded in additional paid-in capital as part of the Business Combination.

On February 8, 2024, the Company entered into a subscription agreement with OrbiMed Asia GP II, L.P., an existing shareholder of DIH Cayman. Pursuant to the agreement, the Company will issue 150,000 shares of Common Stock at a purchase price of \$10.00 per share for aggregate purchase price of \$1.5 million together with warrants to purchase an additional 300,000 shares of DIH Common Stock with an exercise price of \$10.00. The transaction is not closed as of the date the financial statements were issued.

The Business Combination was accounted for as a reverse recapitalization, in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Under this method of accounting, ATAK was treated as the acquired company and Legacy DIH was treated as the acquirer for financial reporting purposes. The net assets of ATAK were stated at carrying value, with no goodwill or other intangible assets recorded. The consolidated and combined assets, liabilities and results of operations prior to the Business Combination are those of Legacy DIH and the assets, liabilities and results of operations of ATAK were consolidated with Legacy DIH beginning on the Closing Date. The shares and net loss per common share prior to the Business Combination have been retrospectively restated as shares reflecting the 25.0 million shares issued to the Legacy DIH shareholders pursuant to the Business Combination Agreement. Legacy DIH was determined to be the accounting acquirer based on evaluation of the following facts and circumstance:

- Legacy DIH’s existing stockholders have the largest voting interest in the Company;
- Legacy DIH’s executive management makes up the management of the Company;
- Legacy DIH nominated a majority of the initial members of the Company’s board of Directors;
- the post-combination company assumed the name “DIH Holding US, Inc.”; and
- Legacy DIH is the larger entity based on historical operating activity and employee base.

Liquidity and Capital Resources

As of March 31, 2024, the Company had \$3,225 in cash and cash equivalents. The Company’s sources of liquidity have been predominantly from proceeds received from product sales and services provided. The Company’s sources of liquidity have enabled the Company to expand the installation base and grow its market share.

The Company's net losses began in 2020 and continued through the twelve months ended March 31, 2024. The Company's historical operating losses resulted in an accumulated deficit of \$35.2 million as of March 31, 2024. Operating losses were mainly driven by decreased sales during the COVID-19 pandemic due to social distancing measures that affected demand for rehabilitation services, increased expenditures in connection with its implementation of a new financial system (Oracle) and increased compliance costs associated with the European Union Medical Device Regulation (EU MDR). Additionally, DIH had elevated costs related to efforts of adopting to public company standards. During the year ended March 31, 2024, the Company had positive cash flows from operating activities and negative operating results. The Company continues to take steps to streamline its organization and cost structure as well as improve future revenue growth.

The Company's gross revenue has increased by 19.3%, from \$54,059 to \$64,473, for the year ended March 31, 2023 and 2024, respectively. The Company plans to continue to fund its growth through cash flows from operations and future debt and equity financing. The Company believes that its current cash and cash equivalents, together with cash provided by operating activities will provide adequate liquidity through one year from the date that these consolidated financial statements are issued.

The Company has three notes payable to a related party which are included in "Notes payable - related party". Each note is due on June 30, 2026 with an interest rate of 1.25% as further discussed in Note 13 to the Consolidated Financial Statements. The Company has made periodic payments on the principal and interests on the notes payable historically.

The Company's future liquidity needs may vary materially from those currently planned and will depend on many factors, including the more aggressive and expansive growth plan, or for any unforeseen reductions in demand.

2. Summary of Significant Accounting Policies

Basis of Presentation

On February 7, 2024, the Company consummated the Business Combination and became a publicly-traded company and its financial statements are now presented on a consolidated basis. Prior to the Business Combination, the Company's historical financial statements were prepared on a combined basis derived from DIH Cayman in the registration statement.

In connection with the Closing of the Business Combination and in accordance with the terms of the Business Combination Agreement, ATAK agreed to waive the closing condition that the reorganization be completed prior to Closing. The Company has recast historical financial statements filed in the registration statements to exclude assets, liabilities and results of operations of entities that are not controlled by the Company as of March 31, 2024. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The financial statements for all periods presented, including historical periods prior to February 7, 2024, are now referred to as "Consolidated financial statements" and have been prepared in conformity with U.S. GAAP.

While the Company's businesses have historically functioned together with the other businesses controlled by DIH Cayman, the Company's businesses are largely isolated and not dependent on corporate or other support functions. DIH Cayman did not have significant corporate or operational activity and does not have shared services that it provides to its subsidiaries. The Company considered allocations from the DIH Cayman and its subsidiaries but they are insignificant because of the organizational structure such that the Company has been operating on a standalone basis historically.

As of March 31, 2023, legacy DIH and DIH International ("DIH Hong Kong") were wholly owned subsidiaries of DIH Cayman. As of March 31, 2024, DIH Cayman remains the largest shareholder of the Company and continues to own 100% interest in DIH Hong Kong. Transactions with DIH Cayman, DIH Hong Kong and its subsidiaries are disclosed as related party transactions in Note 13.

All intercompany balances, transactions and profits are eliminated in consolidation.

Foreign Currency Reporting

The functional currency for the Company's non-U.S. subsidiaries is their local currency. The assets and liabilities of foreign subsidiaries are translated into U.S. dollars using the exchange rate in effect as of the balance sheet date. Revenues and expenses are translated at the average exchange rates for each respective reporting period. Adjustments resulting from translating local currency financial statements into U.S. dollars are reflected in accumulated other comprehensive loss in equity (deficit).

Transactions denominated in currencies other than the functional currency are remeasured based on the exchange rates at the time of the transaction. Foreign currency gains and losses arising primarily from changes in exchange rates on foreign currency denominated intercompany transactions and balances between foreign locations are recorded in the consolidated statements of operations. Realized and unrealized gains (losses) resulting from transactions conducted in foreign currencies for the years ended March 31, 2024 and 2023 were \$(376) and \$584, respectively.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Significant estimates made by management in connection with the preparation of the accompanying consolidated financial statements include the useful lives of long-lived assets, inventory valuations, the allocation of transaction price among various performance obligations, valuation of securities, the allowance for credit losses, the fair value of financial assets, liabilities, actuarial valuation of pensions and realizability of deferred income tax asset or liabilities. Actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to credit risk primarily consists of cash and cash equivalents and accounts receivable. The Company maintains its cash and cash equivalents with highly-rated financial institutions and limits the amount of credit exposure to any one entity. We believe we do not have any significant credit risk on our cash and cash equivalents. For accounts receivable, the Company is exposed to credit risk in the event of nonpayment by customers which is limited to the amounts recorded on the consolidated balance sheets. The risk associated with this concentration is mitigated by prepayment arrangement and our ongoing credit-review procedures and letters of credit or payment prior to shipment.

Major customers are defined as those individually comprising more than 10% of our trade accounts receivable or revenues. As of March 31, 2024, no customer represented more than 10% of total trade accounts receivables. As of March 31, 2023, one customer comprised 13.9% of total trade accounts receivables. For the year ended March 31, 2024, no customer comprised 10% of total revenue. For the year ended March 31, 2023, one customer comprised 12.0% of total revenue.

Revenue Recognition

Sales are recognized as the performance obligations to deliver products or services are satisfied and are recorded based on the amount of consideration the Company expects to receive in exchange for satisfying the performance obligations. The Company's sales are recognized primarily when it transfers control to the customer, which can be on the date of shipment of the product, the date of receipt of the product by the customer or upon completion of any required product installation service depending on the terms of the sales contracts and product shipping terms. If a contract contains more than one performance obligation, the transaction price is allocated to each performance obligation based upon a relative standalone selling price and recognizes the related revenue when or as control of each individual performance obligation is transferred to customers. The Company does not assess whether promised goods or services are performance obligations if they are immaterial in the context of the contract with the customer. Sales represent the amount of consideration the Company expects to receive from customers in exchange for transferring products and services. Net sales exclude sales tax, value added and other taxes the Company collects from customers. Sales for extended warranties are deferred and recognized as revenue on a straight-line basis over the warranty period. The Company extends terms of payment to its customers based on commercially reasonable terms for the markets of its customers, while also considering their credit quality. Shipping and handling costs charged to customers are included in net sales.

Certain of the Company's products are sold through distributors and third-party sales representatives under standard agreements whereby distributors purchase products from the Company and resell them to customers. These arrangements do not provide stock rotation or price protection rights and do not contain extended payment terms. Rights of return are limited to repair or replacement of delivered products that are defective or fail to meet the Company's published specifications. Provisions for these warranty costs are recognized in the same period that the related revenue is recorded similar to other assurance-type warranties.

Deferred revenue primarily represents service contracts and equipment maintenance, for which consideration is received in advance of when service for the device or equipment is provided. Revenue related to services contracts and equipment maintenance is recognized over the service period as time elapses. Revenues related to products containing an installation clause, are recognized once the item is confirmed installed. See Note 3 for further information on the Company's deferred revenue balances and remaining performance obligations.

Revenues exclude any taxes that the Company collects from customers and remits to tax authorities. Amounts billed to the customer for shipping and handling are included in revenue, while the related shipping and handling costs are reflected in cost of sales in the period in which revenue is recognized. The Company has elected a practical expedient under ASC 606 that allows for shipping and handling activities that occur after the customer has obtained control of a good to be accounted for as a fulfillment cost. The Company does not adjust the promised amount of consideration for the effects of a significant financing component, if, at contract inception, the Company expects the period between the time when the Company transfers a promised good or service to the customer and the time when the customer pays for that good or service will be one year or less.

The Company exercises judgment in determining the timing of revenue by analyzing the point in time or the period over which the customer has the ability to direct the use of and obtain substantially all of the remaining benefits of the performance obligation. The Company primarily recognizes revenue from sales of products at the point in time that the customer obtains control, which is typically based upon the terms of delivery. The billing terms for these point-in time product contracts generally coincide with delivery to the customer and customer acceptance. When the Company receives customer advances, these are recognized as advance payments from customers in the consolidated balance sheet. The Company recognizes revenue from the sale of certain service contracts over time on a ratable basis consistent with the nature, timing and extent of services, which primarily relate to extended warranties. Our billing terms for these contracts vary and can occur in advance of or following the service period of service. The differences between the timing of our revenue recognized and customer billings (based on contractual terms) result in changes to our contract asset or contract liability positions.

Warranties

The Company generally provides warranties for its products from manufacturing defects on a limited basis for a period of one year after purchase, but also has extended warranties that are separately priced for periods of up to four years. During the term of the warranty, if the device fails to operate properly from defects in materials and workmanship, the Company will fix or replace the defective product. If the customer does not allow the required scheduled maintenance of the product during the extended warranty contract terms, the contract is canceled.

The company estimates the costs that it may incur under its warranty programs based on the number of units sold, historical and anticipated rates of warranty claims, and cost per claim, and records a liability equal to these estimated costs in cost of sales. The company assesses the adequacy of its recorded warranty liabilities on a quarterly basis and adjusts these amounts as necessary.

A reconciliation of the changes in manufacturing warranty obligation is as follows:

	Years Ended March 31,	
	2024	2023
Balance as of beginning of period	\$ 973	\$ 836
Current-year provisions	1,139	973
Reductions for settlements	(973)	(836)
Adjustments related to changes in estimates	(626)	-
Balance as of end of period	<u>\$ 513</u>	<u>\$ 973</u>

Cost of Sales

Cost of sales is comprised of direct materials and supplies consumed in the manufacture of products, as well as manufacturing labor, depreciation expense and direct overhead expense necessary to acquire and convert the purchased materials and supplies into finished product. Cost of sales also includes the cost to distribute products to customers, inbound freight costs, warehousing costs and other shipping and handling activity, excluding shipping and handling to customers.

Cost of service is comprised primarily of employee wages, benefits and related personnel expenses of our technical support team, our professional consulting personnel, and our training teams. It also includes costs related to travel and other associated expenses, as well as material and supplies consumed in providing services.

Selling, General and Administrative Expenses

Selling, general and administrative expense is comprised personnel related expenses for DIH's sales and corporate functions and expenses for outside professional services as well as expenses for facilities, overhead, depreciation, amortization, and marketing costs.

Research and Development

Research and development costs are expensed when incurred except for production stage software research and development costs. Research and development costs include costs of research, engineering, and technical activities to develop a new product or service or make significant improvement to an existing product or manufacturing process. Research and development costs also include pre-approval regulatory and clinical trial expenses.

Accounts Receivable, net

Accounts receivable, net in the accompanying consolidated balance sheets are presented net of allowances for credit losses. The Company performs evaluations of its customers' financial condition and, generally, requires no collateral from its customers. The standard terms and conditions include provisions of prepayments of up to 100% of the contract value prior to shipping the product to the customer. The Company evaluates the collectability of its accounts receivable based upon several factors, including historical experience, the likelihood of payment from its customers, and any other known specific factors associated with its customers. Allowances are made based upon a specific review of aged invoices as well as a review of the overall quality and age of those invoices not specifically reviewed. Each period, the allowance for credit losses is adjusted through earnings to reflect expected credit losses over the remaining lives of the assets. Uncollectible accounts are written-off against the allowance when it is deemed that a customer account is uncollectible.

The decrease in Accounts Receivable related to the application of the Current Expected Credit Loss (CECL) methodology is primarily due to the more forward-looking and comprehensive approach to estimating credit losses under CECL compared to the previous incurred loss model.

The following table presents the allowance for credit loss and the changes therein:

Balance as of March 31, 2023	\$	1,683
CECL implementation		(547)
Recoveries		(704)
Credit loss expense		279
Write-offs		(44)
Balance as of March 31, 2024	\$	<u>667</u>

Fair Value Measurements

The Company uses any of three valuation approaches to measure fair value: the market approach, the income approach, and the cost approach in determining the appropriate valuation methodologies based on the nature of the asset or liability being measured and the reliability of the inputs used in arriving at fair value.

The Company's financial instruments consist primarily of cash and cash equivalents, accounts receivable, accounts payable, long-term related party notes payable, accrued expenses and other current liabilities, and accrued employee benefits. The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and other current liabilities, and accrued employee benefits are representative of their respective fair values due to the short-term maturity of these instruments. The Company's related party notes payable are due within two years and is classified as noncurrent in the consolidated balance sheet and the Company makes regular prepayments historically prior to the due date. Therefore the Company's related party notes payable's carrying value approximate the fair value due to the remaining duration.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. These fair value measurements incorporate nonperformance risk (i.e., the risk that an obligation will not be fulfilled). In measuring fair value, the Company reflects the impact of credit risk on liabilities, as well as any collateral. The Company also considers the credit standing of counterparties in measuring the fair value of assets.

The Company follows the provisions of ASC 820, Fair Value Measurements ("ASC 820") for non-financial assets and liabilities measured on a non-recurring basis such as on a potential impairment loss related to long-lived assets and assets and liabilities acquired in a business combination.

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the valuation hierarchy are defined as follows:

- Level 1 – Observable inputs such as quoted prices in active markets at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 – Other inputs that are observable directly or indirectly such as quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 – Unobservable inputs for which there is little or no market data and which the Company makes its own assumptions about how market participants would price the assets and liabilities.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Cash and Cash Equivalents

The Company considers all highly liquid investments that are readily convertible into cash and have an original maturity of three months or less at the time of purchase to be cash equivalents.

Inventories, net

Inventories are stated at the lower of cost or net realizable value, with cost determined on a weighted average cost basis. The Company reduces the carrying value of inventories for items that are potentially excess, obsolete, or slow-moving based on changes in customer demand, technology developments, or other economic factors. These reserves are included within the raw materials and spare parts, work in process, and finished and semi-finished goods accounts.

Inventory costs for manufactured products consist primarily of direct labor and materials (including salary and fringe benefits, raw materials, and supplies) and indirect costs (including allocations of costs from departments that support manufacturing activities and facility allocations). The allocation of fixed production overhead costs is based on actual production levels, to the extent that they are within the range of the facility's normal capacity. Inventory costs for products purchased for resale or manufactured under contract consist primarily of the purchase cost, freight-in charges, and indirect costs as appropriate.

The Company regularly evaluates its inventory to determine if the costs are appropriately recorded at the lower of cost or market value. Lower of cost or market value write-downs are recorded if the book value exceeds the estimated net realizable value of the inventory, based on recent sales prices at the time of the evaluation.

Property and Equipment, Net

Property and equipment are stated at cost and depreciated over the useful lives of the assets using the straight-line method except for leasehold improvements which are depreciated over the shorter of the useful life or the lease term. Useful lives by asset category are as follows:

	<u>Years</u>
Computer software and hardware	3 years
Machinery and equipment	5-10 years
Vehicles	5 years
Furniture and fixtures	3-5 years
Leasehold improvements	Shorter of remaining lease term or estimated useful life

Additions and improvements that extend the lives of the assets are capitalized, while expenditures for repairs and maintenance are expensed as incurred. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss are reflected in the accompanying consolidated statements of operations for the period.

Capitalized software, net

Software development costs are capitalized in accordance with ASC 350-40, Internal Use Software Accounting and Capitalization. Software development costs related to preliminary project activities and post-implementation and maintenance activities are expensed as incurred. Direct costs related to application development activities that are probable to result in additional functionality are capitalized. Capitalized software development costs are amortized using the straight-line amortization method over the estimated useful life of the applicable software, 5 years, from which the expected benefit will be derived.

Other intangible assets, net

Costs associated with the acquisition of patent and technology related intangibles are capitalized and amortized using the straight-line method over the estimated useful life of 10 years, from which the expected benefit will be derived.

Demonstration Units

The Company utilizes product demonstration units that are used to display the product's capabilities and demonstrate how it works to potential customers or for other appropriate applications. The Company records and carries the cost of these demonstration units as either inventory or property and equipment depending on several factors including the nature of the product, length of time the units are in the field prior to being sold, and whether management's intent is to sell the units. If the product demonstration units are classified as property and equipment, the balance will be carried net of accumulated depreciation.

Impairment of Long-Lived Assets, including intangible assets

Long-lived assets include acquired property and equipment, subject to amortization. The Company evaluates the recoverability of long-lived assets for possible impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. Such events and changes may include significant changes in performance relative to expected operating results, significant changes in asset use, significant negative industry or economic trends, and changes in the Company's business strategy. Recoverability is measured by a comparison of the carrying amount of an asset or asset group to the undiscounted future cash flows expected to be generated by the asset or asset group. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over the fair value of the asset, while long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

Capitalized software costs and other intangible assets are tested for impairment whenever events or changes in circumstances that could impact recoverability occur.

For the years ended March 31, 2024 and 2023, the Company did not record any impairment losses.

Leases

The Company adopted the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 842 on April 1, 2021 using the modified retrospective approach and, as a result, did not restate prior periods. At the commencement of a contract, the Company determines if a contract meets the definition of a lease. A lease is a contract, or part of a contract, that conveys the right to control the use of identified property or equipment (an identified asset) for a period of time in exchange for consideration. The Company determines if the contract conveys the right to control the use of an identified asset for a period of time. The Company assesses throughout the period of use whether the Company has the following: (1) the right to obtain substantially all the economic benefits from use of the identified asset, and (2) the right to direct the use of the identified asset. This determination is reassessed if the terms of the contract are changed. Leases are classified as operating leases based on the terms of the lease agreement and certain characteristics of the identified asset. Right-of-use assets and lease liabilities are recognized at lease commencement date based on the present value of the minimum future lease payments. If the interest rate implicit in the Company's leases is not readily determinable, in determining the weighted-average discount rate used to calculate the net present value of lease payments, the Company utilizes an estimate of its incremental borrowing rate.

The Company leases office space, vehicles and office equipment under operating leases. The Company has elected several practical expedients permitted under ASC 842. The Company has elected not to recognize right-of-use assets and liability for leases with a term of 12 months or less unless the lease includes an option to renew or purchase the underlying asset that are reasonably certain to be exercised. The Company has elected to account for lease and non-lease components as a single lease component for all of the Company's leases. The Company has elected to use hindsight relief in determining the lease term and assessing impairment of right-of-use assets when transitioning to ASC 842. The Company has elected to not re-evaluate existing or expired contracts containing a lease, the classification of leases, or the initial direct costs for any existing leases previously accounted for under ASC 840.

Most real estate leases contain clauses for renewal at the Company's option with renewal terms that generally extend the lease term from six months to five years. Certain lease agreements contain options to purchase the leased property and options to terminate the lease. Payments to be made in option periods are recognized as part of the right-of-use lease assets and lease liabilities when it is reasonably certain that the option to extend the lease will be exercised or the option to terminate the lease will not be exercised or is not at the Company's option. The Company determines whether the reasonably certain threshold is met by considering all relevant factors, including company-specific plans and economic outlook.

Contingencies

The Company records a liability in the consolidated financial statements for loss contingencies when a loss is known or considered probable, and the amount may be reasonably estimated. If the reasonable estimate of a known or probable loss is a range, and no amount within the range is a better estimate than any other, the minimum amount of the range is accrued. If a loss is reasonably possible but not known or probable, and may be reasonably estimated, the estimated loss or range of loss is disclosed. Legal costs incurred in connection with loss contingencies are expensed as incurred.

Public and Private Placement Warrants

The Company assumed 20,200,000 warrants originally issued in ATAK's initial public offering (the "Public Warrants") and 6,470,000 ATAK Private Placement Warrants. Each two warrants entitles the registered holder to purchase one share of Common Stock at a price of \$11.50 per share, subject to adjustment.

The Public Warrants are publicly traded and are exercisable for cash unless certain conditions occur, such as the failure to have an effective registration statement related to the shares issuable upon exercise or redemption by the Company under certain conditions, at which time the warrants may be cashless exercised at the option of the Company. The Private Placement Warrants have terms and provisions that are identical to the Public Warrants except that the Private Placement Warrants holder can exercise their Private Placement Warrants for cash or on a cashless basis when the Company call the warrants for redemption at the option of private placement warrant holders and that the Private Placement Warrants were not transferable, assignable or salable until 30 days after the completion of the Business Combination.

The Company evaluated the Public and Private Placement Warrants under ASC 815-40, Derivatives and Hedging-Contracts in Entity's Own Equity ("ASC 815-40"), and concluded they meet the criteria for equity classification as they are considered to be indexed to the Company's own stock. Since the Public and Private Placement Warrants met the criteria for equity classification upon the consummation of the Business Combination, the Company recorded these warrants in additional paid-in capital as part of the Business Combination.

Segment Information

The Company operates in one operating and reportable segment. Operating segments are defined as components of an enterprise for which separate financial information is evaluated regularly by the chief operating decision maker ("CODM"), in deciding how to allocate resources and assess performance. The Company's Chief Executive Officer is the Company's CODM. The CODM reviews revenue at the geographic region level, and gross profit, operating income and expenses, and net income at the Company wide level to allocate resources and assess the Company's overall performance. Accordingly, decision-making regarding the Company's overall operating performance and allocation of Company resources is assessed on an aggregate basis.

Defined Benefit Plan

The Company sponsors defined a benefit pension plan (“pension plan”) for certain employees and retirees. The Company recognizes the funded status of its pension plan on the consolidated balance sheets based on the year-end measurements of plan assets and benefit obligations. When the fair value of plan assets is in excess of the plan benefit obligations, the amounts are reported in other current assets and other assets. When the fair value of plan benefit obligations is in excess of plan assets, the amounts are reported in accrued expenses and other long-term liabilities based on the amount by which the actuarial present value of benefits payable in the next twelve months included in the benefit obligation exceeds the fair value of plan assets.

Net periodic pension benefit cost/(income) is recorded in the consolidated statements of operations and includes service cost, interest cost, expected return on plan assets, amortization of prior service costs/(credits) and (gains) losses previously recognized as a component of other comprehensive income (loss) and amortization of the net transition asset remaining in accumulated other comprehensive income (loss). The service cost component of net benefit cost is recorded in selling, general and administrative in the consolidated statements of operations. The other components of net benefit cost are presented separately from service cost within other income (expense) in the consolidated statements of operations.

(Gains) losses and prior service costs/(credits) are recognized as a component of other comprehensive income (loss) in the consolidated statements of comprehensive loss as they arise. Those (gains) losses and prior service costs (credits) are subsequently recognized as a component of net periodic cost (income) pursuant to the recognition and amortization provisions of applicable accounting guidance. (Gains) losses arise as a result of differences between actual experience and assumptions or as a result of changes in actuarial assumptions. Prior service costs (credits) represent the cost of benefit changes attributable to prior service granted in plan amendments.

The measurement of benefit obligations and net periodic cost/(income) is based on estimates and assumptions approved by the company’s management. These valuations reflect the terms of the plans and use participant-specific information such as compensation, age, and years of service, as well as certain assumptions, including estimates of discount rates, expected return on plan assets, rate of compensation increases, interest crediting rates and mortality rates. See Note 14 for further information.

Acquisitions

In conjunction with each acquisition transaction, the Company determines if the acquisition meets the criteria to be accounted for as a business combination set forth in ASC 805, Business Combinations (“ASC 805”). The Company evaluates the acquisition to assess whether or not the transaction should be accounted for as a business combination or asset acquisition by first applying a screen test to determine if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the screen is met, the transaction is accounted for as an asset acquisition. If the screen is not met, further determination is required as to whether or not the Company has acquired inputs and processes that have the ability to create outputs which would meet the definition of a business.

If the transaction is determined not to be a business combination, it is accounted for as an asset acquisition. For asset acquisitions, the Company allocates the purchase price and other related costs incurred to the assets acquired and liabilities assumed based on recent independent appraisals and management judgment.

If the acquisition is determined to be a business combination, the Company records the fair value of acquired tangible assets and identified intangible assets and as well as any noncontrolling interest in accordance ASC 805. Any consideration paid in excess of the net fair value of the identifiable assets and liabilities acquired in a business combination is recorded to goodwill and acquisition-related costs are expensed as incurred.

In October 2022, DIH acquired the SafeGait 360 and SafeGait Active smart mobility trainer systems from Gorbel, an innovative United States-based developer and manufacturer of smart material handling and fall protection equipment. The SafeGait acquisition was accounted for as an asset acquisition based on an evaluation of the U.S. GAAP guidance for business combinations. The total cost of the asset acquisition was \$0.8 million, of which \$0.1 million was paid upon closing. The Company made subsequent payments of \$0.2 million in the first quarter of the year ending March 31, 2024. These subsequent payments and the \$0.5 million contingent consideration liability is presented within accrued expenses and other current liabilities in the consolidated balance sheet as of March 31, 2024. The Company determined that the contingent consideration was not subject to derivative accounting.

Income Taxes

Income taxes are accounted for under the asset-and-liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities, as well as loss and tax credit carryforwards and their respective tax bases measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

A valuation allowance is established if, based upon the available evidence, it is more likely than not that some or all the deferred tax assets will not be realized. The Company considers all available evidence, both positive and negative, including historical levels of income, expectations and risks associated with estimates of future taxable income in assessing the need for a valuation allowance.

Deferred tax assets and deferred tax liabilities are presented as noncurrent in a classified balance sheet.

The Company's tax positions are subject to income tax audits by multiple tax jurisdictions throughout the world. The Company recognizes the tax benefit of an uncertain tax position only if it is more likely than not the position will be sustainable upon examination by the taxing authority, including resolution of any related appeals or litigation processes. This evaluation is based on all available evidence and assumes that the tax authorities have full knowledge of all relevant information concerning the tax position. The tax benefit recognized is measured as the largest amount of benefit which is more likely than not (greater than 50% likely) to be realized upon ultimate settlement with the taxing authority. The Company recognizes interest accrued and penalties related to unrecognized tax benefits in income tax expense (benefit). The Company adjusts these reserves in accordance with the income tax guidance when facts and circumstances change, such as the closing of a tax audit or the refinement of an estimate. To the extent that the final tax outcome of these matters is different from the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made and could have a material impact on the Company's financial condition and operating results.

Under the Tax Cuts and Jobs Act, the Global Intangible Low-Taxed Income ("GILTI") provisions impose a tax on foreign income in excess of a deemed return on tangible assets of foreign corporations. Under GAAP, companies are allowed to make an accounting policy election to either (i) account for GILTI as a period cost within income tax expense in the period in which it is incurred or (ii) account for GILTI in a company's measurement of deferred taxes. The Company elected to account for GILTI as a period cost.

Loss per share

Basic earnings (loss) per share is calculated by dividing net income (loss) by the weighted-average number of common shares outstanding during the period. Diluted earnings (loss) per share is computed based on the sum of the weighted average number of common shares and potentially dilutive common shares outstanding during the period.

For periods prior to the closing of the Business Combination, basic and diluted income (loss) per share was calculated based on the 25.0 million shares issued to DIH Nevada's shareholders at the Closing Date.

Emerging Growth Company

The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act, as modified by the JOBS Act, and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the independent registered public accounting firm attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company's financial statements with another public company which is either not an emerging growth company or an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

Accounting Pronouncements Recently Adopted

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASC 326"). ASC 326 provides more decision-useful information about the expected credit losses on financial instruments, other commitments to extend credit held by a reporting entity at each reporting date, and requires the entity to estimate its credit losses as far as it can reasonably estimate. This update became effective for the Company on April 1, 2023. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

Recent Accounting Pronouncements Not Yet Adopted

In August 2020, the FASB issued ASU No. 2020-06, Debt – Debt with Conversion and Other Options (Subtopic 470- 20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity ("ASU 2020-06"), which simplifies accounting for convertible instruments by removing major separation models required under current U.S. GAAP and simplifies the diluted earnings per share ("EPS") calculation in certain areas. Under the new guidance there will be no separate accounting for embedded conversion features. It removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception. The amendments in this update are effective for the Company on April 1, 2024. Early adoption is permitted. We do not expect the adoption to have a material impact on our financial position or results of operations.

In November 2023, the FASB issued ASU No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. Update No. 2023-07 requires disclosure, on an annual and interim basis, of significant segment expenses that are regularly provided to the CODM and included within each reported measure of segment profit or loss in addition to disclosure of amounts for other segment items and a description of its composition. Update No. 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. We are currently evaluating the impact of adopting ASU 2023-07.

In December 2023, the FASB issued ASU No. 2023-09 ("ASU 2023-09"), Income Taxes (Topic 740): Improvements to Income Tax Disclosures. ASU 2023-09 addresses investor requests for more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. This update also includes certain other amendments to improve the effectiveness of income tax disclosures. The provisions of ASU 2023-09 are effective for annual periods beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the impact of adopting ASU 2023-09.

3. Revenue Recognition

The Company's revenues are derived from the sales of medical rehabilitation devices and technology services. The Company's primary customers include healthcare systems, clinics, third-party healthcare providers, distributors, and other institutions, including governmental healthcare programs and group purchasing organizations.

Disaggregation of Revenue

The Company disaggregates its revenue with customers by category and by geographic region based on customer location, see Note 4 for further information. The following represents the net revenue for the years ended March 31, 2024 and 2023, based on revenue category:

	Years Ended March 31,	
	2024	2023
Devices	\$ 51,125	\$ 43,452
Services	11,105	9,292
Other	2,243	1,315
Total revenue, net	<u>\$ 64,473</u>	<u>\$ 54,059</u>

The revenue that is recognized at a point in time was primarily related to the revenues from devices and the revenue that is recognized over time was related to revenue from services. Other revenue primarily relates to freight and packaging on devices and recognized at a point in time.

Deferred Revenue and Remaining Performance Obligations

Deferred revenue as of March 31, 2024 and 2023 was \$9,881 and \$9,996, respectively. During the years ended March 31, 2024 and 2023, the Company recognized \$7,405 and \$5,358 of revenue that was included in deferred revenue as of March 31, 2023 and March 31, 2022, respectively. Remaining performance obligations include goods and services that have not yet been delivered or provided under existing, noncancelable contracts with minimum purchase commitments. As of March 31, 2024 and 2023, the aggregate amount of the contracted revenue allocated to unsatisfied performance obligations with an original duration of one year or more was approximately \$4,670 and \$2,698, respectively. As of March 31, 2024, the Company expects to recognize revenue on the majority of these remaining performance obligations over the next 2 years.

Advance Payments From Customers

The Company receives advance payments related to customers from their orders to support the operation of the company in the production of the goods. The Company recognizes these prepayments as a liability under “Advance payments from customers” on the consolidated balance sheets when they are received. Revenue associated with the advance payments is recognized when performance obligation is fulfilled. Advance payments from customers was \$10.6 million and \$6.3 million as of March 31, 2024 and 2023, respectively.

4. Geographical Information

The following represents revenue attributed to geographic regions based on customer location:

	Years Ended March 31,	
	2024	2023
Europe, Middle East and Africa (“EMEA”)	\$ 36,002	\$ 31,454
Americas	16,716	14,264
Asia Pacific (“APAC”)	11,755	8,341
Total revenue	<u>\$ 64,473</u>	<u>\$ 54,059</u>

Long-lived assets shown below include property and equipment, net. The following represents long-lived assets where they are physically located:

	Years Ended March 31,	
	2024	2023
EMEA	\$ 276	\$ 236
Americas	206	390
APAC	48	116
Total property and equipment, net	<u>\$ 530</u>	<u>\$ 742</u>

5. Net Loss Per Share

Basic income (loss) per share is calculated by dividing net income (loss) by the weighted-average number of common shares outstanding during the period. Diluted income (loss) per share is computed based on the sum of the weighted average number of common shares and dilutive common shares outstanding during the period. As described in Note 1 - Business and Organization earnout shares issued in connection with the Business Combination are subject to vesting based on the volume weighted average trading prices ("VWAP") of common shares during the earnout period. The earnout shares are excluded from the calculation of basic and diluted weighted-average number of common shares outstanding until vested. For periods prior to the Business Combination, basic and diluted loss per share was calculated based on the 25.0 million shares issued to Legacy DIH shareholders at the Closing Date. Potential shares of common stock are excluded from the computation of diluted net loss per share if their effect would have been anti-dilutive for the periods presented or if the issuance of shares is contingent upon events that did not occur by the end of the period.

As of March 31, 2024, there were 34,544,935 shares of Common Stock issued and outstanding, excluding earnout shares.

Computation of basic and diluted net loss per share for the years ended March 31, 2024 and 2023, is as follows (in thousands, except share and per share amounts):

	Years Ended March 31,	
	2024	2023
Net loss	\$ (8,443)	\$ (1,014)
Weighted-average shares outstanding, basic and diluted	26,382,190	25,000,000
Net loss per share – basic and diluted	\$ (0.32)	\$ (0.04)

The following table outlines dilutive common share equivalents outstanding, which are excluded in the above diluted net loss per share calculation, as the effect of their inclusion would be anti-dilutive or the share equivalents were contingently issuable as of each period presented:

	March 31,	
	2024	2023
Earnout shares	6,000,000	—
Common Stock underlying Public Warrants	10,100,000	—
Common Stock underlying Private Placement Warrants	3,235,000	—
Total	19,335,000	—

6. Inventories, Net

As of March 31, 2024 and 2023, inventories, net, consisted of the following:

	As of March 31,	
	2024	2023
Raw materials and spare parts	\$ 3,882	\$ 4,619
Work in process	4,769	1,105
Finished goods	1,283	613
Less: reserves	(2,104)	(1,487)
Total inventories, net	\$ 7,830	\$ 4,850

7. Property and Equipment, Net

Property and equipment, net as of March 31, 2024 and 2023 consisted of the following:

	As of March 31,	
	2024	2023
Computer software and hardware	\$ 849	\$ 802
Machinery and equipment	807	661
Leasehold improvements	1,357	1,249
Furniture and fixtures	871	818
Vehicles	70	55
Demonstration units	222	466
Property and equipment	4,176	4,051
Less: accumulated depreciation	(3,646)	(3,309)
Property and equipment, net	\$ 530	\$ 742

Depreciation expense totaled \$302 and \$66 for the years ended March 31, 2024 and 2023, respectively.

8. Capitalized software, net and other intangible assets, net

Capitalized software, net and other intangible assets, net as of March 31, 2024 and 2023 consisted of the following:

	2024			2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Capitalized software	\$ 2,131	\$ —	\$ 2,131	\$ 2,019	\$ —	\$ 2,019
Other intangible assets	\$ 380	\$ —	\$ 380	\$ 380	\$ —	\$ 380

Other intangible assets include patent and technology related intangible assets of \$380 acquired from the SafeGait asset acquisition discussed in Note 2, which represented non-cash investing activities for the year ended March 31, 2023. The weighted-average useful lives of these intangible assets are 10 years.

Capitalized software, net and other intangible assets, net are subject to amortization when they are available for their intended use. For the years ended March 31, 2024 and 2023, the Capitalized software, net and other intangible assets are not available for intended use and thus not amortized. The weighted-average useful life of capitalized software is 5 years.

Estimated annual amortization for intangible assets over the next five years are as follows:

	2025	2026	2027	2028	2029
Estimated annual amortization	\$ 90	\$ 464	\$ 464	\$ 464	\$ 464

9. Other current assets

Other current assets as of March 31, 2024 and 2023 consisted of the following:

	As of March 31,	
	2024	2023
Deferred cost of sales	\$ 3,754	\$ 3,505
Value added tax ("VAT") receivable	635	361
Advance payments	414	726
Other current assets	313	263
Total other current assets	<u>\$ 5,116</u>	<u>\$ 4,855</u>

10. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities as of March 31, 2024 and 2023 consisted of the following:

	As of March 31,	
	2024	2023
Taxes payable	\$ 2,554	\$ 2,114
Other payables and current liabilities	7,381	6,517
Total accrued expenses and other current liabilities	<u>\$ 9,935</u>	<u>\$ 8,631</u>

11. Other Non-Current Liabilities

Other non-current liabilities as of March 31, 2024 and 2023 consisted of the following:

	As of March 31,	
	2024	2023
Provisions	\$ 1,977	\$ 1,576
Pension liabilities	2,194	1,071
Total other non-current liabilities	<u>\$ 4,171</u>	<u>\$ 2,647</u>

12. Stockholders' Equity

Authorized and Outstanding Capital Stock

The authorized capital stock of the Company consists of 100,000,000 shares of Common Stock and 10,000,000 shares of preferred stock.

Common Stock

The Amended and Restated Certificate of Incorporation authorizes one class of common stock.

Holders of the Company's common stock are entitled to one vote for each share held as of the record date for the determination of the shareholders entitled to vote on such matters, including the election and removal of directors, except as otherwise required by law. Under Delaware law, the right to vote cumulatively does not exist unless the certificate of incorporation specifically authorizes cumulative voting. The Company's Amended and Restated Certificate of Incorporation does not authorize cumulative voting and provides that no shareholder is permitted to cumulate votes at any election of directors. Consequently, the holders of a majority of the outstanding shares of the Company's common stock can elect all of the directors then standing for election, and the holders of the remaining shares are not able to elect any directors.

Subject to preferences that may apply to any shares of the Company's preferred stock outstanding at the time, the holders of the Company's common stock will be entitled to receive dividends out of funds legally available therefor if the Company's board of directors, in its discretion, determines to authorize the issuance of dividends and then only at the times and in the amounts that the Company's board of directors may determine. If the Company becomes subject to a liquidation, dissolution, or winding-up, the assets legally available for distribution to the Company's shareholders would be distributable ratably among the holders of the Company's common stock and any participating series of the Company's preferred stock outstanding at that time, subject to prior satisfaction of all outstanding debt and liabilities and the preferential rights of, and the payment of any liquidation preferences on, any outstanding shares of the Company's preferred stock.

Preferred Stock

Under the terms of our certificate of incorporation, our Board has the authority, without further action by our stockholders, to issue up to 10,000,000 shares of preferred stock in one or more series, to establish from time to time the number of shares to be included in each such series, to fix the dividend, voting and other rights, preferences and privileges of the shares of each wholly unissued series and any qualifications, limitations or restrictions thereon, and to increase or decrease the number of shares of any such series, but not below the number of shares of such series then outstanding.

The Company's board of directors is able to authorize the issuance of the Company's preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of the Company's common stock. The issuance of the Company's preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring, or preventing a change in control of the Company and might adversely affect the market price of the Company's common stock and the voting and other rights of the holders of the Company's common stock. There are currently no plans to issue any shares of the Company's preferred stock.

Earnout Shares

As described in Note 1 - Business and Organization earnout shares issued in connection with the Business Combination are subject to vesting based on the volume weighted average trading prices ("VWAP") of common shares during the earnout period. If, upon the expiration of the Earnout Period, the vesting of any of the Earnout Shares has not occurred, then the applicable Earnout Shares that failed to vest shall terminate and no longer apply and the Company shall instruct the escrow agent to deliver the Earnout Shares applicable to such unachieved earnout triggers to the Company for cancellation.

Warrants

Each two warrants entitles the registered holder to purchase one share of Common Stock at a price of \$11.50 per share, subject to adjustment as discussed below. Because the warrants may only be exercised for whole numbers of Common Stock, only an even number of warrants may be exercised at any given time by a warrant holder. The warrants will expire five years after the completion of our initial business combination, at 5:00 p.m., New York City time, or earlier upon redemption or liquidation.

Additionally, once the Public Warrants become exercisable, the Company can redeem the outstanding Public Warrants:

- in whole and not in part;
- at a price of \$0.01 per warrant;
- upon not less than 30 days' prior written notice of redemption (the "30-day redemption period") to each warrant holder; and
- if, and only if, the reported last sale price of the Common Stock equals or exceeds \$18.00 per share (as adjusted for share sub-divisions, share dividends, reorganizations, recapitalizations and the like) for any 20 trading days within a 30-trading day period ending three business days before we send the notice of redemption to the warrant holders.

If the Company calls the Public Warrants for redemption as previously described, the Company has the option to require all holders that wish to exercise the Public Warrants to do so on a cashless basis.

Simultaneously with ATAK's initial public offering, ATAK consummated a private placement of 6,470,000 Private Placement Warrants with ATAK's sponsor. Each two Private Placement Warrants is exercisable for one share of common stock at a price of \$11.50 per share, subject to adjustment. The Private Placement Warrants have terms and provisions that are identical to those of the Public Warrants except that the Private Placement Warrants holder can exercise their Private Placement Warrants for cash or on a cashless basis when the Company call the warrants for redemption at the option of private placement warrant holders the Private Placement Warrants were not transferable, assignable or salable until 30 days after the completion of the Business Combination.

13. Related Party Transactions

Parties are considered related to the Company if the parties, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with the Company. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management and other parties with which the Company may deal with if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. The Company discloses all related party transactions.

Reorganization and Transaction with DIH Cayman and DIH Hong Kong

While the Company's businesses have historically functioned together with the other businesses controlled by DIH Cayman, the Company's businesses are largely isolated and not dependent on corporate or other support functions. DIH Hong Kong is a wholly-owned subsidiary of DIH Cayman and the Company was a wholly-owned subsidiary of DIH Cayman prior to closing of the Business Combination.

On July 1, 2021, DIH Cayman completed a series of reorganization steps to transfer DIH US Corp and its subsidiaries and Hocoma Medical GmbH from Hocoma AG to DIH Holding US Inc., Nevada, effectively creating the Company as explained in the Hocoma AG and share transfers section below. The reorganization was accounted for as a common control transaction and the assets contributed and liabilities assumed were recorded based on their historical carrying values.

Subsequent to the year ended March 31, 2022, the Company did not incur significant transactions with DIH Cayman or DIH Hong Kong. The balances recorded under "Due from relate party" and "Due to related party" are derived from historical transactions. The table below summarizes related party balances with DIH Hong Kong excluding Hocoma AG and Motek as of March 31, 2024 and 2023.

	As of March 31,	
	2024	2023
Due from related party	\$ 2,586	\$ 2,456
Due to related party	\$ 1,470	\$ 1,311

Hocoma AG and share transfers

On July 1, 2021, Hocoma AG entered into a series of agreements with the Company and its subsidiaries to transfer all business aspects of development and production of mechanical and electronic devices in the fields of medical technology and biotechnology to Hocoma Medical GmbH.

Between July 2021 and January 2024, Hocoma AG operated as a single entity, with all business operations conducted at Hocoma AG while all personnel, except for two employees managing the MDR certification, were employed by Hocoma Medical. The EU MDR 2017/745 came into effect in May 2021. All medical devices certified under the previous Medical Device Directive (MDD) must certify to the new requirements to ensure that they can continue to be sold in the European market. Hocoma AG holds the MDR certification, which cannot legally be transferred to Hocoma Medical. Upon the lifting of the injunction, management performed a retrospective separation of these entities to account for the original transactions reinstated by the court.

Transfer ownership of DIH US Corp to DIH Nevada:

Hocoma AG and DIH Nevada entered into a share purchase agreement effective on July 1, 2021, in which Hocoma AG agreed to sell all 10,000 shares of DIH US Corp and intercompany balances totaling \$7.80 million between DIH US Corp and Hocoma AG to DIH Nevada. The purchase price was settled through a Note Agreement accruing interest at a rate of 1.25% annually (“Share Purchase Note”). The note has a term of 5 years, due on June 30, 2026, with prepayment allowed.

Contribution net assets to Hocoma Medical:

In a Contribution Agreement effective on July 1, 2021, Hocoma AG agreed to contribute its business to Hocoma Medical GmbH. The contributed business was valued at USD 10.47 million as amended where Hocoma Medical GmbH was a wholly owned subsidiary of Hocoma AG at the time. The Contribution Agreement explicitly excluded the intellectual property rights specified in the Contribution Agreement. Additionally, the assets excluded all 10,000 shares of DIH US Corporation and certain intercompany balances. The Agreement specifically excludes from these liabilities all indebtedness of Hocoma AG related to the contributed business as of the effective date, as well as any liability for taxes relating to the contributed business as of the effective date.

Transfer of ownership in Hocoma Medical to DIH Nevada:

Under a separate Share Purchase Agreement effective on July 1, 2021, Hocoma AG transferred all ownership in Hocoma Medical GmbH in the form of 200 membership interests to DIH Nevada for \$10.47 million, based on the final valuation. The purchase price was settled through a Note Agreement with an interest rate of 1.25% (“Membership Interest Note”). The note was agreed for a term of 5 years, due on June 30, 2026, with prepayment allowed.

Transfer of intellectual property to DIH US Corp:

In a business/asset, share, and IP purchase agreement on July 12, 2021, which was amended on August 3, 2021 Hocoma AG transferred intellectual property rights as listed in the Annex to the agreement to DIH Technology Inc. (a wholly owned subsidiary of DIH US Corp) for \$1.57 million through a note agreement. The note payable formalized in a note agreement effective July 1, 2021, with an interest rate of 1.25% (“IP Note”). The note was agreed for a term of 5 years, due on June 30, 2026, with prepayment allowed.

The Share Purchase Note, Membership Interest Note and IP Note together are referred to as “Related Party Notes”.

Hocoma Medical GmbH has made periodically payments on the principal and interests of the Related Party Notes, resulting from the transfer of the business and assets above.

Additionally, the two employees who remained at Hocoma AG provided services for the business of Hocoma Medical. Historically, an immaterial premium was charged to the cost of the employees.

As of March 31, 2024 and 2023, the balances of Related Party Notes were \$11,457 and \$17,301, respectively included in Note payable - related party”. The decrease resulted from the Company’s payments of principal on Related Party Notes owed to Hocoma AG.

In addition to the Related Party Notes, as of March 31, 2024 and 2023, the Company recorded a related party balance of \$(267) and \$1,992, respectively, representing cash balances owed by Hocoma AG. As part of the transfer discussed above, the Company also recorded a long-term related party receivable for \$324 as of March 31, 2024 and 2023, included in “Other assets”.

Motek Group

The Company has entered into a distribution agreement with the Motek Group. The agreement, which has been historically in place, appoints the Company as the exclusive distributor of Motek’s advanced human movement research and rehabilitation products and services designed to support efficient functional movement therapy within specified territories. Under the distribution agreement, Motek supplies the products and services to the Company at the prices detailed in the agreement, with the Company entitled to a distributor margin. Motek provides ongoing support and assistance, including training, marketing materials, and technical documentation to the Company.

For the years ended March 31, 2024 and 2023, the Company made purchases amounting to \$13,599 and \$11,869, respectively, from the Motek Group.

As part of these transactions, the Company made advance payments to Motek, included in “Due from related party,” and also had trade payables, included in “Due to related party.” The balances as of March 31, 2024 and 2023 are as follows:

	As of March 31,	
	2024	2023
Due from related party	\$ 3,367	\$ 1,934
Due to related party	\$ 8,667	\$ 5,530

14. Employee Benefit Plans

Defined Contribution Plans

The Company sponsors a defined contribution plan in the United States. The Company’s obligation is limited to its contributions made in accordance with each plan document. Employer contributions to defined contribution plans are recognized as expense. Expenses related to the Company’s plans for the years ended March 31, 2024 and 2023 were \$119 and \$105, respectively.

Defined Benefit Plans

The Company has a Swiss defined benefit plans (the “Pension Plan”) covering substantially all the employees of Hocoma Medical GmbH in Switzerland. The Pension Plan exceed the minimum benefit requirements under Swiss pension law. The Swiss plans offer retirement, disability and survivor benefits and is governed by a Pension Foundation Board. The responsibilities of this board are defined by Swiss pension law and the plan rules.

The plans offer to members at the normal retirement age of 65 a choice between a lifetime pension and a partial or full lump sum payment. Participants can choose to draw early retirement benefits starting from the age of 58 but can also continue employment and remain active members of the plan until the age of 70. Employees can make additional purchases of benefits to fund early retirement benefits. The pension amount payable to a participant is calculated by applying a conversion rate to the accumulated balance of the participant’s retirement savings account at the retirement date. The balance is based on credited vested benefits transferred from previous employers, purchases of benefits, and the employee and employer contributions that have been made to the participant’s retirement savings account, as well as the interest accrued. The annual interest rate credited to participants is determined by the Pension Foundation Board at the end of each year.

Although the Swiss plans are based on a defined contribution promise under Swiss pension law, it is accounted for as a defined benefit plan under GAAP, primarily because of the obligation to accrue interest on the participants’ retirement savings accounts and the payment of lifetime pension benefits.

An actuarial valuation in accordance with Swiss pension law is performed regularly. Should an underfunded situation on this basis occur, the Pension Foundation Board is required to take the necessary measures to ensure that full funding can be expected to be restored within a maximum period of 10 years. If a Swiss plan were to become significantly underfunded on a Swiss pension law basis, additional employer and employee contributions could be required.

The investment strategy of the Swiss plan complies with Swiss pension law, including the rules and regulations relating to diversification of plan assets, and is derived from the risk budget defined by the Pension Foundation Board on the basis of regularly performed asset and liability management analyses. The Pension Foundation Board strives for a medium- and long-term balance between assets and liabilities.

Amounts recognized in the consolidated statements of operations for the years ended March 31, 2024 and 2023, in respect of the Pension Plan were as follows:

	Years Ended March 31,	
	2024	2023
Current service cost	\$ 655	\$ 678
Interest cost	213	129
Expected return on plan assets	(296)	(194)
Actuarial loss / (gain) recognized	(161)	(179)
Actuarial loss / (gain) recognized because of settlement	(341)	(699)
Amortization of prior service credit	(145)	(135)
Net charge to statement of operations	<u>\$ (75)</u>	<u>\$ (400)</u>

Details of the employee defined benefits obligations and plan assets in respect of the Pension Plan are as follows:

	Years Ended March 31,	
	2024	2023
Change in present value of defined benefit obligation:		
Defined benefit obligation at the beginning of the year	\$ 9,337	\$ 9,500
Interest on defined obligation	213	129
Current service cost	655	678
Contributions by plan participants	444	476
Translation (gain) loss	534	(20)
Benefits paid	(289)	(1,095)
Actuarial loss arising on projected benefit obligation	118	(331)
Defined benefit obligation at the end of the year	<u>\$ 11,012</u>	<u>\$ 9,337</u>
Change in plan assets:		
Fair value of plan assets at the beginning of the year	\$ 7,761	\$ 7,353
Actual return on plan assets	(68)	457
Contributions by the employer	530	569
Contributions by plan participants	444	476
Benefits paid	(289)	(1,095)
Translation loss	440	1
Fair value of plan assets - at the end of the year	<u>\$ 8,818</u>	<u>\$ 7,761</u>
Funded status at end of the year	<u>\$ (2,194)</u>	<u>\$ (1,576)</u>

Amounts relating to these defined benefit plans with accumulated benefit obligations in excess of plan assets were as follows:

	As of March 31,	
	2024	2023
Accumulated benefit obligation	\$ 10,686	\$ 9,049
Fair value of plan assets	\$ 8,818	\$ 7,761

Amounts recognized in the Company's consolidated balance sheet related to the present value of defined benefit obligations consist of the following:

	As of March 31,	
	2024	2023
Current liabilities	—	—
Non-current liabilities	2,194	1,576
Total recognized in the consolidated balance sheet	\$ 2,194	\$ 1,576

Amounts recorded in accumulated other comprehensive income (loss) in respect of the pension plan consist of the following:

	Years Ended March 31,	
	2024	2023
Net gain (loss)	\$ 1,633	\$ 2,610
Prior service (cost) credit	837	976
Total recorded in accumulated other comprehensive income	\$ 2,470	\$ 3,586

Amortization of prior service (cost) credit is recorded in selling, general and administrative in the consolidated statements of operations.

The principal assumptions used for the purpose of actuarial valuation of the pension plan are as follows:

	As of March 31,	
	2024	2023
Discount rate	1.50%	2.10%
Expected return on plan assets	3.50%	3.50%
Expected rate of salary increase	1.00%	1.00%

The actuarial assumptions used for the defined benefit plans are based on the economic conditions prevailing in the jurisdiction in which they are offered. Changes in the defined benefit obligation are most sensitive to changes in the discount rate. The discount rate is based on the yield of high-quality corporate bonds quoted in an active market in the currency of the respective plan. A decrease in the discount rate increases the defined benefit obligation. The Company regularly reviews the actuarial assumptions used in calculating the defined benefit obligation to determine their continuing relevance.

Investment Policy

It is the objective of the plan sponsor to maintain an adequate level of diversification to balance market risk, to prudently invest to preserve capital and to provide sufficient liquidity while maximizing earnings for near-term payments of benefits accrued under the plan and to pay plan administrative expenses. The assumption used for the expected long-term rate of return on plan assets is based on the long-term expected returns for the investment mix of assets currently in the portfolio. Historical return trends for the various asset classes in the class portfolio are combined with current and anticipated future market conditions to estimate the rate of return for each class. These rates are then adjusted for anticipated future inflation to determine estimated nominal rates of return for each class.

The table below represents the Company's pension plan's weighted-average asset allocation as of March 31, 2024 and 2023 by asset category:

	As of March 31,	
	2024	2023
Equity securities	36.58%	33.99%
Debt securities	28.16%	26.43%
Other, primarily cash and cash equivalents, senior loans and mutual funds	35.26%	39.58%

The table below presents the target allocation for each major asset category for the Company's pension plan for the years ended March 31, 2024 and 2023:

	Years Ended March 31,	
	2024	2023
Equity securities	34.00%	34.00%
Debt securities	28.50%	28.00%
Other, primarily cash and cash equivalents, senior loans and mutual funds	37.50%	38.00%

The following tables provides the fair value of plan assets held by the Company's pension plan by asset category and by fair value hierarchy level:

	As of March 31, 2024			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 106	\$ —	\$ —	\$ 106
Equity securities	3,316	—	—	3,316
Debt securities	2,310	—	—	2,310
Real estate	—	1,851	—	1,851
Non-traditional assets	—	1,235	—	1,235
Total	\$ 5,732	\$ 3,086	\$ —	\$ 8,818

	As of March 31, 2023			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 186	\$ —	\$ —	\$ 186
Equity securities	2,763	—	—	2,763
Debt securities	1,987	—	—	1,987
Real estate	—	1,855	—	1,855
Non-traditional assets	—	970	—	970
Total	\$ 4,936	\$ 2,825	\$ —	\$ 7,761

For the year ending March 31, 2025, the Company expects to contribute \$652 to its pension plan.

The following table presents expected pension plan payments over the next 10 years:

Year Ending March 31,	Amount
2025	\$ 43
2026	252
2027	81
2028	88
2029	95
2030-2034	1,059

15. Income Taxes

The components of loss before income tax for the years ended March 31, 2024 and 2023 were as follows:

	Year ended March 31,	
	2024	2023
U.S. operations	\$ (11,652)	\$ (4,806)
Non-U.S. operations	4,455	5,810
Total loss before income taxes	<u>\$ (7,197)</u>	<u>\$ 1,004</u>

The provision for income taxes during the years ended March 31, 2024 and 2023 consists of the following:

	Year ended March 31,	
	2024	2023
Current:		
State	\$ —	\$ —
Federal	—	—
Foreign	347	1,435
Deferred:		
State	—	—
Federal	1	58
Foreign	—	—
Noncurrent:		
State	—	—
Federal	200	525
Foreign	698	—
Total	<u>\$ 1,246</u>	<u>\$ 2,018</u>

A reconciliation of income tax expense computed at the statutory corporate income tax rate to the effective income tax rate for the years ended March 31, 2024 and 2023 is as follows:

	Year ended March 31,	
	2024	2023
Tax expense computed at federal statutory rate	21.0%	21.0%
State tax	6.4%	(12.7)%
Change in valuation allowance	11.6%	80.0%
Foreign rate differential	9.2%	(7.7)%
Non-deductible expenses	(15.2)%	62.6%
Uncertain Tax Positions	(53.5)%	52.3%
Other	3.2%	5.5%
Total income tax expense	<u>(17.3)%</u>	<u>201.0%</u>

The Company's deferred tax position reflects the net tax effects of the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax reporting. Significant components of the deferred tax assets and liabilities are as follows:

	Year ended March 31,	
	2024	2023
Deferred tax assets:		
Net operating loss carryforwards	\$ 6,793	\$ 6,483
Pension	422	323
Accrued expenses	35	138
Section 163(j) interest expense carryforward	84	165
Capitalized R&D	332	689
GAAP to statutory adjustments	741	686
Other	217	152
Total gross deferred tax assets	8,624	8,636
Less: valuation allowance	(8,139)	(8,264)
Total deferred tax assets, net of valuation allowance	\$ 485	\$ 372
Deferred tax liabilities:		
Depreciation	\$ 6	\$ 7
GAAP to statutory adjustments	418	424
Other	173	51
Total gross deferred tax liabilities	597	482
Net deferred tax liabilities	\$ 112	\$ 110

The valuation allowance for deferred tax assets as of March 31, 2024 and 2023 primarily relates to net operating loss and interest deduction limitation carryforwards that, in the judgment of the Company, are not more-likely-than-not to be realized.

In assessing the realizability of deferred tax assets, the Company considers whether it is more-likely-than-not that some portion or all the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. The Company considers the scheduled reversal of deferred tax liabilities (including the impact of available carryback and carryforward periods), projected future taxable income, and tax-planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, the Company believes it is more-likely-than-not that it will realize the benefits of these deductible differences, net of the existing valuation allowances as of March 31, 2024 and 2023.

As of March 31, 2024 and 2023, the Company has tax effected net operating loss carryforwards in U.S. of \$5,000 and \$2,453, respectively, of which \$761 will expire starting in 2035 and the remainder which can be carried forward indefinitely. As of March 31, 2024 and 2023, the Company has U.S. state tax effected net operating loss carryforwards of approximately \$1,169 and \$464 that, if unused, will expire starting in 2035. As of March 31, 2024 and 2023, the Company has other foreign tax effected net operating loss carryforwards of \$912 and \$4,946 of which the majority can be carried forward seven years.

The Company prepares its financial statements on a consolidated basis. Income tax expense is calculated in accordance with the local tax laws of each entity in its relevant jurisdiction on a separate company basis.

A reconciliation of beginning and ending amount of unrecognized tax liability is presented below:

	Year ended March 31,	
	2024	2023
Unrecognized Tax Liability – beginning balance	\$ —	\$ —
Net Increases – tax positions in current year	—	—
Net Increases – tax positions in prior year	3,499	—
Total income tax expense	<u>\$ 3,499</u>	<u>—</u>

As of March 31, 2024 and March 31, 2023, the company had unrecognized tax benefits of \$3,499, and \$0, respectively, which related to tax positions that, if recognized, would affect the annual effective tax rate. The company recognized accrued interest and penalties in income tax expense. As of March 31, 2024 and March 31, 2023 accrued interest and penalties totaling to \$159 thousand, and \$0, respectively, is included in other long-term liabilities. The Company has identified potential penalty exposure in relation to specific information reporting requirements in the United States. Although the Company is trying to address these issues and pursue penalty abatement, it has recorded a long-term payable for the penalties, until potential relief is granted. As of March 31, 2024 and 2023, the recorded accrual balances stand at \$1,200 and \$1,000, respectively.

The Company is subject to taxation in Switzerland, the U.S., and other jurisdictions of its foreign subsidiaries. As of March 31, 2024, tax years 2020, 2021, and 2022 are subject to examination by the tax authorities in the U.S. The Company is not currently under examination by tax authorities in any jurisdiction.

16. Commitments and Contingencies

From time to time, the Company may be involved in lawsuits, claims, investigations, and proceedings, consisting of intellectual property, commercial, employment, and other matters, which arise in the ordinary course of business. In accordance with ASC 450, *Contingencies*, the Company makes a provision for a liability when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

The Company is not presently a party to any litigation the outcome of which, it believes, if determined adversely to the Company, would individually or taken together, have a material adverse effect on the Company's business, operating results, cash flows or financial condition. The Company has determined that the existence of a material loss is neither probable nor reasonably possible.

17. Leases

The Company leases office space (real estate), vehicles and office equipment under operating leases. The Company did not have any finance leases as of March 31, 2024 and 2023.

Right-of-use lease assets and lease liabilities that are reported in the Company's consolidated balance sheet as of March 31, 2024 and 2023 are as follows:

	As of March 31,	
	2024	2023
Operating lease, right-of-use assets, net	\$ 4,466	\$ 2,604
Current portion of long-term operating lease	1,572	1,005
Long-term operating lease	2,917	1,621
Total operating lease liabilities	<u>\$ 4,489</u>	<u>\$ 2,626</u>

Lease expense for lease payments is recognized on a straight-line basis over the lease term. The expense is presented within Selling, general, and administrative expense. The components of lease expense related to the Company's lease for the years ended March 31, 2024 and 2023 were:

	Years Ended March 31,	
	2024	2023
Fixed operating lease costs	\$ 1,766	\$ 1,604
Short-term lease costs	13	—
Total lease cost	\$ 1,779	\$ 1,604

Supplemental cash flow information related to leases was as follows:

	Years Ended March 31,	
	2024	2023
Operating cash flows included in the measurement of lease liabilities	\$ (1,786)	\$ (1,659)
Non-cash lease activity related to right-of-use assets obtained in exchange for new operating lease liabilities	406	128
Other non-cash changes to ROU assets due to reassessment of the lease term	2,946	—

The weighted average remaining lease term and discount rate for the Company's operating leases as of March 31, 2024 and 2023 were:

	2024	2023
Weighted-average remaining lease term (in years)	2.63	2.77
Weighted-average discount rate	4.00%	4.00%

Lease duration was determined utilizing renewal options that the Company is reasonably certain to execute.

As of March 31, 2024, maturities of operating lease liabilities for each of the following five years ending March 31 and a total thereafter were as follows:

	Operating Leases
2025	\$ 1,717
2026	1,181
2027	899
2028	893
2029	111
Thereafter	—
Total lease payments	4,801
Less: imputed interest	(312)
Total lease liability	\$ 4,489

18. Accumulated Other Comprehensive Income

The changes in accumulated other comprehensive income (loss) by component are summarized below:

	Foreign Currency Translation	Defined Benefit Plan Items	Total Accumulated Other Comprehensive (Loss) Income
Balance at March 31, 2022	\$ (3,372)	\$ 4,007	\$ 635
Transfer of defined benefit plan			
Other comprehensive income (loss) before reclassifications	(503)	592	89
Reclassifications to statements of earnings	—	(1,013)	(1,013)
Total other comprehensive loss	(503)	(421)	(924)
Balance, March 31, 2023	(3,875)	3,586	(289)
Other comprehensive income (loss) before reclassifications	1,455	(469)	986
Reclassifications to statements of earnings	—	(647)	(647)
Total other comprehensive income (loss)	1,455	(1,116)	339
Balance, March 31, 2024	<u>\$ (2,420)</u>	<u>\$ 2,470</u>	<u>\$ 50</u>

19. Subsequent Events

On June 6, 2024, the Company entered into a Securities Purchase Agreement, pursuant to which the Company issued \$3.3 million in principal amount of 8% Original Issue Discount Senior Secured Convertible Debentures (the “Debentures”). The Debentures were issued with an original issue discount of \$300 thousand, resulting in gross proceeds of approximately \$3 million and net proceeds of approximately \$2.5 million after deducting estimated offering expenses.

The Debentures are convertible into an aggregate of 660,000 shares of the Company’s Common Stock at a conversion price of \$5.00 per share, subject to adjustment. The Debentures mature on December 7, 2025, and bear interest at a rate of 8% per annum, payable monthly beginning one year from the issuance date.

Provided that no event of default has occurred or is continuing, and at least 33% of the principal amount of the Debentures has either previously been repaid or converted in accordance with the terms of the Debenture, the Company may elect, by notice to the holder of the Debentures, to extend the Maturity Date by six months upon the payment of six months’ interest on the then-outstanding principal amount.

The Debentures are secured by substantially all of the assets of the Company and its domestic subsidiaries, excluding certain specified assets. Additionally, the Company’s domestic subsidiaries have provided an unconditional guarantee of the Debentures. In connection with the issuance of the Debentures, the Company also issued warrants to purchase an aggregate of 330,000 shares of common stock at an exercise price of \$5.00 per share, with a five-year term.

DIH HOLDING US, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED) (in thousands, except share and per share data)

	As of September 30, 2024	As of March 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,759	\$ 3,225
Restricted cash	300	—
Accounts receivable, net of allowances of \$233 and \$667, respectively	6,383	5,197
Inventories, net	9,591	7,830
Due from related party	6,133	5,688
Other current assets	5,608	5,116
Total current assets	29,774	27,056
Property, and equipment, net	790	530
Capitalized software, net	1,992	2,131
Other intangible assets, net	380	380
Operating lease, right-of-use assets, net	4,182	4,466
Other tax assets	128	267
Other assets	948	905
Total assets	\$ 38,194	\$ 35,735
Liabilities and Deficit		
Current liabilities:		
Accounts payable	\$ 5,231	\$ 4,305
Employee compensation	3,813	2,664
Due to related party	10,322	10,192
Current portion of deferred revenue	5,900	5,211
Manufacturing warranty obligation	621	513
Current portion of long-term operating lease	1,494	1,572
Current maturities of convertible debt, at fair value	1,991	—
Advance payments from customers	8,945	10,562
Accrued expenses and other current liabilities (\$480 measured at fair value)	11,046	9,935
Total current liabilities	49,363	44,954
Convertible debt, net of current maturities, at fair value	928	—
Notes payable - related party	9,404	11,457
Non-current deferred revenues	4,943	4,670
Long-term operating lease	2,731	2,917
Deferred tax liabilities	86	112
Other non-current liabilities	5,134	4,171
Total liabilities	\$ 72,589	\$ 68,281
Commitments and contingencies (Note 16)		
Deficit:		
Preferred stock, \$0.00001 par value; 10,000,000 shares authorized; no shares issued and outstanding at September 30, 2024 and March 31, 2024	—	—
Common stock, \$0.0001 par value; 100,000,000 shares authorized; 34,544,935 shares issued and outstanding at September 30, 2024 and March 31, 2024	3	3
Additional paid-in-capital	3,323	2,613
Accumulated deficit	(35,756)	(35,212)
Accumulated other comprehensive income (loss)	(1,965)	50
Total deficit	\$ (34,395)	\$ (32,546)
Total liabilities and deficit	\$ 38,194	\$ 35,735

The accompanying notes are an integral part of these condensed consolidated financial statements.

DIH HOLDING US, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED) (in thousands, except per share data)

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2024	2023	2024	2023
Revenue	\$ 18,162	\$ 13,060	\$ 35,122	\$ 26,105
Cost of sales	8,605	7,652	16,110	15,300
Gross profit	9,557	5,408	19,012	10,805
Operating expenses:				
Selling, general, and administrative expense	5,758	6,372	14,368	12,209
Research and development	1,911	1,584	3,555	3,022
Total operating expenses	7,669	7,956	17,923	15,231
Operating income (loss)	1,888	(2,548)	1,089	(4,426)
Other income (expense):				
Interest expense	(26)	(155)	(161)	(275)
Other income (expense), net	(1,761)	271	(414)	(418)
Total other income (expense)	(1,787)	116	(575)	(693)
Income (loss) before income taxes	101	(2,432)	514	(5,119)
Income tax expense	335	52	1,058	278
Net loss	<u>\$ (234)</u>	<u>\$ (2,484)</u>	<u>\$ (544)</u>	<u>\$ (5,397)</u>
Net loss per share, basic and diluted	\$ (0.01)	\$ (0.10)	\$ (0.02)	\$ (0.22)
Weighted average common shares outstanding, basic and diluted	34,545	25,000	34,545	25,000

The accompanying notes are an integral part of these condensed consolidated financial statements.

DIH HOLDING US, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(UNAUDITED) (in thousands)

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2024	2023	2024	2023
Net loss	\$ (234)	\$ (2,484)	\$ (544)	\$ (5,397)
Other comprehensive (loss) income, net of tax				
Foreign currency translation adjustments, net of tax of \$0	454	(601)	(934)	240
Pension liability adjustments, net of tax of \$0	(562)	60	(1,081)	(360)
Other comprehensive (loss) income	(108)	(541)	(2,015)	(120)
Comprehensive loss	<u>\$ (342)</u>	<u>\$ (3,025)</u>	<u>\$ (2,559)</u>	<u>\$ (5,517)</u>

See accompanying notes to the condensed consolidated financial statements.

DIH HOLDING US, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
(UNAUDITED) (in thousands, except share data)

For the Three Months Ended September 30,

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Equity (Deficit)
	Shares	Amount				
Balance, June 30, 2024	34,544,935	\$ 3	\$ 3,323	\$ (35,522)	\$ (1,857)	\$ (34,053)
Net loss	—	—	—	(234)	—	(234)
Other comprehensive loss, net of tax	—	—	—	—	(108)	(108)
Balance, September 30, 2024	<u>34,544,935</u>	<u>\$ 3</u>	<u>\$ 3,323</u>	<u>\$ (35,756)</u>	<u>\$ (1,965)</u>	<u>\$ (34,395)</u>
	Shares ⁽¹⁾	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Equity (Deficit)
Balance, June 30, 2023	25,000,000	\$ 2	\$ (1,898)	\$ (29,682)	\$ 132	\$ (31,446)
Net loss	—	—	—	(2,484)	—	(2,484)
Other comprehensive loss, net of tax	—	—	—	—	(541)	(541)
Balance, September 30, 2023	<u>25,000,000</u>	<u>\$ 2</u>	<u>\$ (1,898)</u>	<u>\$ (32,166)</u>	<u>\$ (409)</u>	<u>\$ (34,471)</u>

(1) All outstanding share and per-share amounts have been restated to reflect the reverse recapitalization as established in the Business Combination Agreement as described in Note 1.

The accompanying notes are an integral part of these condensed consolidated financial statements.

DIH HOLDING US, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
(UNAUDITED) (in thousands, except share data)

For the Six Months Ended September 30,

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Equity (Deficit)
	Shares	Amount				
Balance, March 31, 2024	34,544,935	\$ 3	\$ 2,613	\$ (35,212)	\$ 50	\$ (32,546)
Net loss	—	—	—	(544)	—	(544)
Out of period adjustment related to reverse recapitalization (Note 2)	—	—	710	—	—	710
Other comprehensive loss, net of tax	—	—	—	—	(2,015)	(2,015)
Balance, September 30, 2024	<u>34,544,935</u>	<u>\$ 3</u>	<u>\$ 3,323</u>	<u>\$ (35,756)</u>	<u>\$ (1,965)</u>	<u>\$ (34,395)</u>
	Shares ⁽¹⁾	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Equity (Deficit)
Balance, March 31, 2023	25,000,000	\$ 2	\$ (1,898)	\$ (26,769)	\$ (289)	\$ (28,954)
Net loss	—	—	—	(5,397)	—	(5,397)
Other comprehensive loss, net of tax	—	—	—	—	(120)	(120)
Balance, September 30, 2023	<u>25,000,000</u>	<u>\$ 2</u>	<u>\$ (1,898)</u>	<u>\$ (32,166)</u>	<u>\$ (409)</u>	<u>\$ (34,471)</u>

(1). All outstanding share and per-share amounts have been restated to reflect the reverse recapitalization as established in the Business Combination Agreement as described in Note 1.

The accompanying notes are an integral part of these condensed consolidated financial statements.

DIH HOLDING US, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED) (in thousands)

	For the Six Months Ended September 30,	
	2024	2023
Cash flows from operating activities:		
Net loss	\$ (544)	\$ (5,397)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	351	147
Provision for credit losses	(434)	(869)
Allowance for inventory obsolescence	(108)	739
Pension contributions	(309)	(309)
Pension expense	155	136
Change in fair value of convertible debt and warrant liability	400	—
Foreign exchange (gain) loss	(38)	418
Noncash lease expense	828	770
Noncash interest expense	—	14
Deferred and other noncash income tax (income) expense	112	12
Changes in operating assets and liabilities:		
Accounts receivable	(694)	2,149
Inventories	(1,527)	(1,528)
Due from related parties	(548)	343
Due to related parties	(98)	988
Other assets	(481)	(1,350)
Operating lease liabilities	(820)	(957)
Accounts payable	813	1,764
Employee compensation	1,070	(59)
Other liabilities	(247)	197
Deferred revenue	846	1,265
Manufacturing warranty obligation	100	180
Advance payments from customers	(1,737)	2,591
Accrued expense and other current liabilities	1,376	519
Net cash provided by (used in) operating activities	(1,534)	1,763
Cash flows from investing activities:		
Purchases of property and equipment	(423)	(73)
Net cash used in investing activities	(423)	(73)
Cash flows from financing activities:		
Proceeds from issuance of convertible debt, net of issuance costs	2,809	—
Payments on related party notes payable	(2,053)	(3,744)
Net cash provided by (used in) financing activities	756	(3,744)
Effect of currency translation on cash and cash equivalents	35	15
Net decrease in cash, and cash equivalents, and restricted cash	(1,166)	(2,039)
Cash, cash equivalents and restricted cash - beginning of period	3,225	3,175
Cash, cash equivalents and restricted cash- end of period	\$ 2,059	\$ 1,136
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	\$ 1,759	\$ 1,136
Restricted cash	300	—
Total cash, cash equivalents and restricted cash	\$ 2,059	\$ 1,136
Supplemental disclosure of cash flow information:		
Interest paid	\$ 162	\$ 262
Income tax paid	\$ 15	\$ —
Supplemental disclosure of non-cash investing and financing activity:		
Out of period adjustment related to reverse recapitalization (Note 2)	\$ 710	\$ —

The accompanying notes are an integral part of these condensed consolidated financial statements.

DIH HOLDING US, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (in thousands, except share and per share data)

1. Business and Organization

Description of Business

DIH Holding US, Inc., a Delaware corporation and its consolidated subsidiaries are referred to in this Form 10-Q as “we,” “our,” “us,” the “Company,” or “DIH.” DIH is a global provider of advanced robotic devices used in physical rehabilitation, which incorporate visual stimulation in an interactive manner to enable clinical research and intensive functional rehabilitation and training in patients with walking impairments, reduced balance and/or impaired arm and hand functions. The Company’s fiscal year ends on March 31.

Merger/Business Combination with Aurora Technology Acquisition Corp.

On February 7, 2024 (the “Closing Date”), ATAK, Aurora Technology Merger Sub (“Merger Sub”) and DIH Holding US, Inc., a Nevada corporation (“Legacy DIH” or “DIH Nevada”) consummated a previously announced business combination pursuant to a business agreement dated as of February 26, 2023 (as amended, supplemented or otherwise modified from time to time, the “Business Combination Agreement,” and the transactions contemplated thereby, the “Business Combination”) following the receipt of the required approval by ATAK’s and DIH Nevada’s shareholders and the fulfillment or waiver of other customary closing conditions. Legacy DIH historically existed and functioned as part of the business of DIH Technology Ltd. (“DIH Cayman”). Upon the closing of the Business Combination, the Company owns 100% of DIH Nevada, which owns 100% of DIH US Corp. DIH US Corp owns five commercial entities located in the USA, Chile, Slovenia, Germany, and Singapore. Additionally, the Company owns 100% of Hocoma Medical GmbH, which contains the net operating assets used in the manufacturing process of the company’s products. These assets were transferred from Hocoma AG, as of July 1, 2021. The intellectual property (“IP”) of Hocoma AG was transferred to the commercial entity located in the USA. The legal entities of Hocoma AG and Motekforce Link BV and its subsidiaries (“Motek Group”) remained with DIH Cayman and were excluded from the condensed Consolidated Financial Statements. The Company agreed to use its best efforts to complete the reorganization as defined in the Business Combination Agreement as soon as possible thereafter. The reorganization has not been completed as of the date these financial statements were issued.

On February 8, 2024, the Company entered into a subscription agreement with OrbiMed Asia GP II, L.P., an existing shareholder of DIH Cayman. Pursuant to the agreement, the Company will issue 150,000 shares of Common Stock at a purchase price of \$10.00 per share for aggregate purchase price of \$1.5 million together with warrants to purchase an additional 300,000 shares of DIH Common Stock with an exercise price of \$10.00. The transaction has not closed as of the date the financial statements were issued.

Liquidity and Going Concern

Under Accounting Standards Codification (“ASC”) 205-40, Going Concern, the Company is required each reporting period, to evaluate whether there is substantial doubt regarding its ability to continue as a going concern. The accompanying condensed consolidated financial statements are prepared in accordance with U.S. GAAP applicable to a going concern. This presentation contemplates the realization of assets and the satisfaction of liabilities in the normal course of business and does not include any adjustments that might be necessary if it is unable to continue as a going concern.

As of September 30, 2024, the Company had \$1.8 million in cash and cash equivalents and \$0.3 million restricted cash. The Company’s net losses began in 2020 and continued through the six months ended September 30, 2024. The Company’s historical operating losses resulted in an accumulated deficit of \$35.8 million as of September 30, 2024. Operating losses were mainly driven by decreased sales during the COVID-19 pandemic due to social distancing measures that affected demand for rehabilitation services, increased expenditures in connection with its implementation of a new financial system (Oracle) and increased compliance costs associated with the European Union Medical Device Regulation (EU MDR). Additionally, DIH had elevated costs related to efforts of adopting to public company standards. During the six months ended September 30, 2024, the Company had negative cash flows from operating activities, negative operating results and negative working capital.

On June 6, 2024, the Company issued \$3.3 million in principal amount of convertible debt that matures on December 7, 2025. Beginning on the November 1, 2024, the Company will be required to redeem a portion of the total amount in cash or in shares of Common Stock with the election to extend the maturity date by six months as further discussed in Note 12 to the Condensed Consolidated Financial Statements. The first redemption payment was made in cash on November 1, 2024.

The Company has three notes payable to a related party which are included in “Notes payable - related party”. Each note is due on June 30, 2026 with an interest rate of 1.25% as further discussed in Note 13 to the Condensed Consolidated Financial Statements. The Company has made periodic payments on the principal and interests on the notes payable historically.

The above conditions raise substantial doubt about the Company’s ability to continue as a going concern within one year after the date of this filing.

The Company’s revenue has increased by 34.5% to \$35,122 from \$26,105 for the six months ended September 30, 2024 and 2023, respectively. Historically, the Company’s sources of liquidity have been predominantly from proceeds received from product sales and services provided. The Company anticipates sources of liquidity to include cash on hand and cash flow from operations. The Company continues to explore financing alternatives in debt or equity to fund its ongoing operations and to fulfill current obligations. The Company continues to take steps to streamline its organization and cost structure as well as improve future revenue growth.

The Company’s future liquidity needs may vary materially from those currently planned and will depend on many factors, including the more aggressive and expansive growth plan, or for any unforeseen reductions in demand, and the availability of debt or equity funding upon terms and conditions acceptable to the Company.

2. Summary of Significant Accounting Policies

Basis of Presentation

On February 7, 2024, the Company consummated the Business Combination and became a publicly-traded company and its financial statements are now presented on a consolidated basis. Prior to the Business Combination, the Company’s historical financial statements were prepared on a combined basis derived from DIH Cayman.

In connection with the Closing of the Business Combination and in accordance with the terms of the Business Combination Agreement, ATAK agreed to waive the closing condition that the reorganization be completed prior to Closing. The Company has recast historical financial statements filed in the registration statements to exclude assets, liabilities and results of operations of entities that are not controlled by the Company as of September 30, 2024. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The financial statements for all periods presented, including historical periods prior to February 7, 2024, are now referred to as “Consolidated financial statements” and have been prepared in conformity with U.S. GAAP. During the three months ended June 30, 2024, the Company recorded an out of period adjustment to reduce accounts payable and increase additional paid in capital related to payments made as part of the reverse recapitalization that were not previously recorded.

While the Company’s businesses have historically functioned together with the other businesses controlled by DIH Cayman, the Company’s businesses are largely isolated and not dependent on corporate or other support functions. DIH Cayman did not have significant corporate or operational activity and does not have shared services that it provides to its subsidiaries. The Company considered allocations from the DIH Cayman and its subsidiaries but they are insignificant because of the organizational structure such that the Company has been operating on a standalone basis historically.

As of September 30, 2024 and March 31, 2024, DIH Cayman remains the largest shareholder of the Company and continues to own 100% interest in DIH International (“DIH Hong Kong”). In the three and six months ended September 30, 2023, legacy DIH and DIH Hong Kong were wholly owned subsidiaries of DIH Cayman. Transactions with DIH Cayman, DIH Hong Kong and its subsidiaries are disclosed as related party transactions in Note 13.

The condensed consolidated financial statements (the “financial statements”) have been prepared in accordance with United States (“U.S.”) generally accepted accounting principles (“U.S. GAAP”) for interim financial information and in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, the financial statements do not include all of the information and notes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments, including normal recurring adjustments, considered necessary for a fair statement of the Company’s financial position and operating results have been included. All intercompany balances and transactions within the Company have been eliminated in the financial statements. Operating results for the three and six months ended September 30, 2024 and 2023 are not necessarily indicative of the results that may be expected for the fiscal year as a whole. The March 31, 2024 period presented on the Condensed Consolidated Balance Sheet was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP. The following tables and footnotes are presented in thousands of U.S. dollars unless otherwise stated. These condensed consolidated financial statements should be read in conjunction with the Company’s Annual Report on Form 10-K for the year ended March 31, 2024.

Foreign Currency Reporting

The functional currency for the Company's non-U.S. subsidiaries is their local currency. The assets and liabilities of foreign subsidiaries are translated into U.S. dollars using the exchange rate in effect as of the balance sheet date. Revenues and expenses are translated at the average exchange rates for each respective reporting period. Adjustments resulting from translating local currency financial statements into U.S. dollars are reflected in accumulated other comprehensive income (loss).

Transactions denominated in currencies other than the functional currency are remeasured based on the exchange rates at the time of the transaction. Foreign currency gains and losses arising primarily from changes in exchange rates on foreign currency denominated intercompany transactions and balances between foreign locations are recorded in the condensed consolidated statements of operations. Realized and unrealized gains (losses) resulting from transactions conducted in foreign currencies for the three months ended September 30, 2024 and 2023 were \$(1,415) and \$271, respectively, and \$38 and \$(418) for the six months ended September 30, 2024 and 2023, respectively.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Significant estimates made by management in connection with the preparation of the accompanying condensed consolidated financial statements include the useful lives of long-lived assets, inventory valuations, the allocation of transaction price among various performance obligations, valuation of securities, the allowance for credit losses, the fair value of financial assets, liabilities, actuarial valuation of pensions and realizability of deferred income tax asset or liabilities. Actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to credit risk primarily consists of cash and cash equivalents and accounts receivable. The Company maintains its cash and cash equivalents with highly-rated financial institutions and limits the amount of credit exposure to any one entity. We believe we do not have any significant credit risk on our cash and cash equivalents. For accounts receivable, the Company is exposed to credit risk in the event of nonpayment by customers which is limited to the amounts recorded on the condensed consolidated balance sheets. The risk associated with this concentration is mitigated by prepayment arrangements and our ongoing credit-review procedures and letters of credit or payment prior to shipment.

Major customers are defined as those individually comprising more than 10% of our trade accounts receivable or revenues. As of September 30, 2024 and March 31, 2024, no customer comprised more than 10% of total trade accounts receivables. For the three and six months ended September 30, 2024, no customer comprised more than 10% of total revenue. For the three and six months ended September 30, 2023, one customer comprised 15.9% and 16.6% of total revenue, respectively.

Accounting Pronouncements Recently Adopted

In August 2020, the FASB issued ASU No. 2020-06, *Debt – Debt with Conversion and Other Options (Subtopic 470- 20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity* ("ASU 2020-06"), which simplifies accounting for convertible instruments by removing major separation models required under current U.S. GAAP and simplifies the diluted earnings per share ("EPS") calculation in certain areas. Under the new guidance there will be no separate accounting for embedded conversion features. It removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception. The amendments in this update are effective for the Company on April 1, 2024.

Recent Accounting Pronouncements Not Yet Adopted

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. Update No. 2023-07 requires disclosure, on an annual and interim basis, of significant segment expenses that are regularly provided to the Chief operating decision maker ("CODM") and included within each reported measure of segment profit or loss in addition to disclosure of amounts for other segment items and a description of its composition. Update No. 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. We are currently evaluating the impact of adopting ASU 2023-07.

In December 2023, the FASB issued ASU No. 2023-09 (“ASU 2023-09”), Income Taxes (Topic 740): Improvements to Income Tax Disclosures. ASU 2023-09 addresses investor requests for more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. This update also includes certain other amendments to improve the effectiveness of income tax disclosures. The provisions of ASU 2023-09 are effective for annual periods beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the impact of adopting ASU 2023-09.

In November 2024, the FASB issued ASU 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses, which requires more detailed disclosures of certain categories of expenses such as employee compensation, depreciation, and intangible asset amortization that are components of existing expense captions presented on the face of the income statement. This ASU is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. Companies have the option to apply the guidance either on a retrospective or prospective basis, and early adoption is permitted. The Company is currently evaluating the impact this standard will have on its financial statement presentation and disclosures.

3. Revenue Recognition

The Company’s revenues are derived from the sales of medical rehabilitation devices and technology services. The Company’s primary customers include healthcare systems, clinics, third-party healthcare providers, distributors, and other institutions, including governmental healthcare programs and group purchasing organizations.

Disaggregation of Revenue

The Company disaggregates its revenue with customers by category and by geographic region based on customer location, see Note 4 for further information. The following represents the revenue for the three and six months ended September 30, 2024 and 2023, based on revenue category:

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2024	2023	2024	2023
Devices	\$ 15,045	\$ 10,112	\$ 28,573	\$ 20,555
Services	2,695	2,710	5,995	5,085
Other	422	238	554	465
Total revenue, net	<u>\$ 18,162</u>	<u>\$ 13,060</u>	<u>\$ 35,122</u>	<u>\$ 26,105</u>

The revenue that is recognized at a point in time was related to the revenues from devices and from service on demand. The revenue that is recognized over time was related to revenue from service contracts. Other revenue primarily relates to freight and packaging on devices and recognized at a point in time. The following represents the revenue for the three and six months ended September 30, 2024 and 2023, based on timing of recognition:

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2024	2023	2024	2023
Point in time	\$ 16,175	\$ 11,386	\$ 31,170	\$ 22,892
Over time	1,987	1,674	3,952	3,213
Total revenue	<u>\$ 18,162</u>	<u>\$ 13,060</u>	<u>\$ 35,122</u>	<u>\$ 26,105</u>

Deferred Revenue and Remaining Performance Obligations

Deferred revenue as of September 30, 2024 and March 31, 2024 was \$10,843 and \$9,881, respectively. Deferred revenue as of September 30, 2023 and March 31, 2023 was \$11,300 and \$9,996, respectively. The Company recognized revenue of \$2,147 and \$4,033, respectively during the three and six months ended September 30, 2024 that was included in deferred revenue as of March 31, 2024, and \$2,013 and \$4,953 respectively, during the three and six months ended September 30, 2023, that was included in deferred revenue as of March 31, 2023. Remaining performance obligations include goods and services that have not yet been delivered or provided under existing, noncancelable contracts. As of September 30, 2024 and March 31, 2024, the aggregate amount of the contracted revenue allocated to unsatisfied performance obligations with an original duration of one year or more was approximately \$4,943 and \$4,670, respectively. As of September 30, 2024, the Company expects to recognize revenue on the majority of these remaining performance obligations over the next 2 years.

Advance Payments From Customers

The Company receives advance payments related to customers from their orders to support the operation of the company in the production of the goods. The Company recognizes these prepayments as a liability under “Advance payments from customers” on the condensed consolidated balance sheets when they are received. Balances associated with the advance payments are reclassified to deferred revenue upon invoicing and revenue is recognized when performance obligations are fulfilled. Advance payments from customers was \$8.9 million and \$10.6 million as of September 30, 2024 and March 31, 2024, respectively. Advance payments from customers as of September 30, 2023 and March 31, 2023 was \$8,865 and \$6,225, respectively.

4. Geographical Information

The following represents revenue attributed to geographic regions based on customer location:

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2024	2023	2024	2023
Europe, Middle East and Africa (“EMEA”)	\$ 10,696	\$ 6,234	\$ 21,748	\$ 12,867
Americas	4,601	3,835	9,139	6,819
Asia Pacific (“APAC”)	2,865	2,991	4,235	6,419
Total revenue	<u>\$ 18,162</u>	<u>\$ 13,060</u>	<u>\$ 35,122</u>	<u>\$ 26,105</u>

For the three months ended September 30, 2024 and 2023, the United States represented 23% and 20% of total revenue, respectively. Russia represented 20% of total revenue for the three months ended September 30, 2023. For the six months ended September 30, 2024 and 2023, the United States represented 19% and 20% of total revenue, respectively. Russia represented 20% of total revenue for the six months ended September 30, 2023. No other countries represented greater than 10% of revenue during the three and six months ended September 30, 2024 and 2023.

Long-lived assets shown below include property and equipment, net. The following represents long-lived assets where they are physically located:

	As of September 30,		As of March 31, 2024	
	2024			
EMEA	\$ 495		\$ 276	
Americas	240		206	
APAC	55		48	
Total property and equipment, net	<u>\$ 790</u>		<u>\$ 530</u>	

5. Net Loss Per Share

Basic loss per share is calculated by dividing net loss by the weighted-average number of common shares outstanding during the period. Diluted loss per share is computed based on the sum of the weighted average number of common shares and dilutive common shares outstanding during the period. In connection with the Business Combination as described in Note 1 - Business and Organization, the Company issued earnout shares which are held in escrow until they are earned. The targets for the release of earnout shares are based on the volume weighted average prices ("VWAP") of common shares during the earnout period. The earnout shares are excluded from the calculation of basic and diluted weighted-average number of common shares outstanding until vested. For periods prior to the Business Combination, basic and diluted loss per share was calculated based on the 25.0 million shares issued to Legacy DIH shareholders at the Closing Date.

Potential shares of common stock are excluded from the computation of diluted net loss per share if their effect would have been anti-dilutive for the periods presented or if the issuance of shares is contingent upon events that did not occur by the end of the period. Diluted loss per share for the public warrants, private placement warrants and warrants issued in connection with the convertible debt is calculated under the treasury method. Diluted loss per share for the convertible debt and earn-out shares is calculated under the if-converted method.

As of September 30, 2024, there were 34,544,935 shares of Common Stock issued and outstanding, excluding earnout shares.

Computation of basic and diluted net loss per share for the three and six months ended September 30, 2024 and 2023, is as follows (in thousands, except share and per share amounts):

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2024	2023	2024	2023
Net loss	\$ (234)	\$ (2,484)	\$ (544)	\$ (5,397)
Weighted-average shares outstanding - basic and diluted	34,544,935	25,000,000	34,544,935	25,000,000
Net loss per share – basic and diluted	\$ (0.01)	\$ (0.10)	\$ (0.02)	\$ (0.22)

The following table outlines dilutive common share equivalents outstanding, which were excluded in the above diluted net loss per share calculation because they are anti-dilutive. Beginning on the November 1, 2024, the Company will be required to redeem each month at an amount of \$235.7 thousand in cash or in shares of Common Stock at the lower of (i) \$5.00 per share or (ii) 90% of the average of the five lowest VWAPs for the 10 consecutive Trading Days ending on the trading day immediately prior to redemption date. The table below assumes the conversion and redemption price of \$5.00 per share. See Note 12 for details.

	September 30,	
	2024	2023
Earnout shares	6,000,000	—
Common Stock underlying Public Warrants	10,100,000	—
Common Stock underlying Private Placement Warrants	3,235,000	—
Convertible debt (see Note 12)	660,000	—
Warrants issued with convertible debt (see Note 12)	330,000	—
Total	20,325,000	—

6. Inventories, Net

As of September 30, 2024 and March 31, 2024, inventories, net, consisted of the following:

	As of September 30,		As of March 31, 2024
	2024		
Raw materials and spare parts	\$	4,346	\$ 3,882
Work in process		4,661	4,769
Finished goods		2,580	1,283
Less: reserves		(1,996)	(2,104)
Total inventories, net	\$	9,591	\$ 7,830

7. Property and Equipment, Net

Property and equipment, net as of September 30, 2024 and March 31, 2024 consisted of the following:

	As of September 30, 2024	As of March 31, 2024
Computer software and hardware	\$ 915	\$ 849
Machinery and equipment	832	807
Leasehold improvements	1,406	1,357
Furniture and fixtures	888	871
Vehicles	71	70
Demonstration units	370	222
Property and equipment	4,482	4,176
Less: accumulated depreciation	(3,692)	(3,646)
Property and equipment, net	<u>\$ 790</u>	<u>\$ 530</u>

Depreciation expense totaled \$79 and \$68 for the three months ended September 30, 2024 and 2023, respectively, and \$170 and \$147 for the six months ended September 30, 2024 and 2023, respectively.

8. Capitalized software, net and other intangible assets, net

Capitalized software, net and other intangible assets, net as of September 30, 2024 and March 31, 2024 consisted of the following:

	As of September 30, 2024			As of March 31, 2024		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Capitalized software	\$ 2,173	\$ (181)	\$ 1,992	\$ 2,131	\$ —	\$ 2,131
Other intangible assets	\$ 380	\$ —	\$ 380	\$ 380	\$ —	\$ 380

Other intangible assets include patent and technology related intangible assets of \$380 acquired from the SafeGait asset acquisition. The weighted-average useful lives of these intangible assets are 10 years. For the three and six months ended September 30, 2024 and 2023, other intangible assets were not amortized because they were not ready for intended use.

Capitalized software, net and other intangible assets, net are subject to amortization when they are available for their intended use. Amortization expense totaled \$181 and \$181 for the three and six months ended September 30, 2024, respectively because it was ready for intended use. For the three and six months ended September 30, 2023, the Capitalized software, net were not amortized. The weighted-average useful life of capitalized software is 5 years.

Estimated annual amortization for intangible assets over the next five years are as follows:

	2025	2026	2027	2028	2029
Estimated annual amortization	\$ 236	\$ 473	\$ 473	\$ 473	\$ 473

9. Other current assets

Other current assets as of September 30, 2024 and March 31, 2024 consisted of the following:

	As of September 30, 2024	As of March 31, 2024
Deferred cost of sales	\$ 3,783	\$ 3,754
Value added tax ("VAT") receivable	873	635
Advance payments	696	414
Other current assets	256	313
Total other current assets	<u>\$ 5,608</u>	<u>\$ 5,116</u>

Deferred cost of sales represents products in transit or delivered to customers prior to the Company recognizing the associated revenue and deferred extended warranty contract costs in connection with the products the Company purchases from Motek Group, where Motek provides the warranty service and the associated revenue has not yet been recognized. As of September 30, 2024, deferred product cost and deferred warranty cost was \$1,915 and \$1,868 respectively. As of March 31, 2024, deferred product cost and deferred warranty cost was \$2,172 and \$1,582, respectively.

10. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities as of September 30, 2024 and March 31, 2024 consisted of the following:

	As of September 30, 2024	As of March 31, 2024
Taxes payable	\$ 3,309	\$ 2,554
Other payables and current liabilities	7,737	7,381
Total accrued expenses and other current liabilities	<u>\$ 11,046</u>	<u>\$ 9,935</u>

11. Other Non-Current Liabilities

Other non-current liabilities as of September 30, 2024 and March 31, 2024 consisted of the following:

	As of September 30, 2024	As of March 31, 2024
Provisions	\$ 1,909	\$ 1,977
Pension liabilities	3,225	2,194
Total other non-current liabilities	<u>\$ 5,134</u>	<u>\$ 4,171</u>

The company has recorded non-current liabilities related to tax positions in certain jurisdictions in which, upon examination, may require additional tax payments to be made. In addition, the company has recorded potential interest and penalties related to these uncertain tax positions.

12. Convertible Debt and Warrant

On June 6, 2024, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with the purchasers named therein (the "Purchasers"), pursuant to which the Company issued \$3.3 million in principal amount of 8% Original Issue Discount Senior Secured Convertible Debentures (the "Debentures" or "Convertible Debt"). The Debentures were issued with an original issue discount of \$0.3 million, resulting in gross proceeds of \$3 million and net proceeds of approximately \$2.8 million including \$0.3 million deposited into a bank account as additional security for the Debentures after deducting offering expenses. At election of the holder, the Debentures are convertible into an aggregate of 660,000 shares of the Company's Common Stock at a conversion price of \$5.00 per share, subject to adjustment in whole or in part from the issuance date. The Debentures mature on December 7, 2025 (the "Maturity Date"), and bear interest at a rate of 8% per annum, payable monthly beginning one year from the issuance date.

The Company may provide an irrevocable election to redeem some or all of the then outstanding principal amount of the Debenture (in minimum increments of \$0.3 million unless the outstanding principal amount is less than \$0.3 million) for cash. Beginning on the November 1, 2024, the Company will be required to redeem an amount of the Debentures equal to \$235.7 thousand, together with all other amounts owed to the Purchaser. Such amount shall be payable in cash or in shares of Common Stock based on a conversion price equal to the lesser of (i) the then Conversion Price and (ii) 90% of the average of the five lowest VWAPs for the 10 consecutive Trading Days ending on the trading day immediately prior to redemption date.

Provided that no event of default has occurred or is continuing, and at least 33% of the principal amount of the Debentures has either previously been repaid or converted in accordance with the terms of the Debenture, the Company may elect, by notice to the holder of the Debentures, to extend the Maturity Date by six months upon the payment of six months' interest on the then-outstanding principal amount. The monthly redemption amount is then adjusted to correspond to the extended maturity date.

The Debentures are secured by substantially all of the assets of the Company and its domestic subsidiaries, excluding certain specified assets. Additionally, the Company's domestic subsidiaries have provided an unconditional guarantee of the Debentures.

In connection with the issuance of the Debentures, the Company also issued warrants to purchase an aggregate of 330,000 shares of common stock at an exercise price of \$5.00 per share, with a five-year term.

Upon adoption of ASU 2020-06, the Company accounted for the convertible debt along with the associated conversion feature as a single liability measured at fair value to simplify the accounting for the convertible instrument. The fair value of the convertible debt was measured using a Monte Carlo simulation model. The change in fair value is presented in other comprehensive income to the extent that it is attributable to credit risk. The remaining portion of the change in fair value is recognized in other income (expense), net in the condensed consolidated results of operations.

The Company evaluated the freestanding warrants issued in connection with issuance of the convertible debt under ASC 815 and determined that they were classified as liability on the condensed consolidated balance sheets. The fair value of the warrant on the issuance date calculated using a Monte Carlo simulation model. The proceeds from the issuance of the convertible debt were allocated to the warrants and convertible note under the relative fair value method.

The Monte Carlo simulation model required certain assumptions, including a risk-free rate of 3.78%, a credit spread of 27.4% and an estimated volatility of 62.5%, respectively as of September 30, 2024. The risk-free interest rate assumption was based on U.S. treasury constant maturity yields on the issuance date with a term corresponding to the expected length of the remaining term. The credit spread was derived based on the terms and economics of the instruments and to reconcile the model values of the basket (consisting of convertible notes and warrants) with the proceeds generated from the issuance and sale of the basket in an arm's-length transaction on the inception date. Due to the Company's limited trading history, the estimated volatility assumption was based upon the observed historical volatilities of the designated peer group and consideration of volatility haircut concepts, typical in practice in the valuation of convertible instruments. There was no dividend yield utilized in the Monte Carlo simulation model as the Company has not paid any cash dividends. Such assumptions were applied to both the convertible debt and warrant liability as unobservable inputs. The convertible debt and warrant were considered Level 3 in the fair value hierarchy. The Company assesses the credit spread at each reporting date in valuation to determine the amount that should be recorded to other comprehensive income.

As of the issuance date, the debenture was measured at \$2,638 and the warrant was measured at \$362. A total of \$191 debt issuance costs was recorded in "Selling, general, and administrative expense" in the condensed consolidated statements of operations.

As of September 30, 2024, the fair value of the debenture was measured at \$2,920 recorded to "Current maturities of convertible debt" and "Convertible debt, net of current maturities" in the condensed consolidated balance sheets. The warrant was measured at \$480 recorded to "Accrued expenses and other current liabilities" in the condensed consolidated balance sheets. The Company recorded \$295 and \$400 change in the fair value of the debenture and the warrant to the "Other income (expense), net" in the condensed consolidated statements of operations for the three and six months ended September 30, 2024.

13. Related Party Transactions

Parties are considered related to the Company if the parties, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with the Company. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management and other parties with which the Company may deal with if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. The Company discloses all related party transactions.

Reorganization and Transaction with DIH Cayman and DIH Hong Kong

The Company's businesses have historically functioned together with the other businesses controlled by DIH Cayman. DIH Cayman remains the largest shareholder of the Company and continues to own 100% interest in DIH International ("DIH Hong Kong") as of September 30, 2024.

Subsequent to the year ended March 31, 2022, the Company did not incur significant transactions with DIH Cayman or DIH Hong Kong. The balances recorded under "Due from related party" and "Due to related party" are derived from historical transactions. The table below summarizes related party balances with DIH Hong Kong excluding Hocoma AG and Motek as of September 30, 2024 and March 31, 2024

	September 30, 2024	March 31, 2024
Due from related party	\$ 2,641	\$ 2,586
Due to related party	\$ 1,504	\$ 1,470

Hocoma AG and share transfers

On July 1, 2021, Hocoma AG entered into a series of agreements with the Company and its subsidiaries to transfer all business aspects of development and production of mechanical and electronic devices in the fields of medical technology and biotechnology to Hocoma Medical GmbH as disclosed in the Company's Annual Report on Form 10-K for the year ended March 31, 2024. In connection with the transactions, the Company incurred three related party notes payable to Hocoma AG amounting to \$10.47 million, \$7.80 million and \$1.57 million, respectively. The three related party notes payable are referred to as "Related Party Notes". Each of the Related Party Notes Payable is due on June 30, 2026 with interest rate of 1.25%. The Company has made periodic payments on Related Party Notes payable with proceeds from its operations.

As of September 30, 2024 and March 31, 2024, the balances of Related Party Notes were \$9.4 million and \$11.5 million, respectively included in "Note payable - related party". The decrease resulted from the Company's payments of principal on Related Party Notes owed to Hocoma AG.

In addition to the Related Party Notes, as of September 30, 2024 and March 31, 2024, the Company recorded a related party balance of \$321 and \$(267), respectively, representing cash balances owed by and owed to Hocoma AG. As part of the transfer discussed above, the Company also recorded a long-term related party receivable for \$324 as of September 30, 2024 and March 31, 2024, included in "Other assets".

Motek Group

The Company has entered into a distribution agreement with the Motek Group. The agreement, which has been historically in place, appoints the Company as the exclusive distributor of Motek's advanced human movement research and rehabilitation products and services designed to support efficient functional movement therapy within specified territories. Under the distribution agreement, Motek supplies the products and services to the Company at the prices detailed in the agreement. Motek provides ongoing support and assistance, including training, marketing materials, and technical documentation to the Company. In connection with the products the Company purchased from Motek Group, the Company purchased warranty associated with the products. Upon distribution of Motek products, the cost of warranty are recorded to deferred cost of sales in "Other current assets" prior to the Company recognizing warranty revenue.

For the three months ended September 30, 2024 and 2023, the Company made purchases amounting to \$1,978 and \$3,189, respectively, from the Motek Group. For the six months ended September 30, 2024 and 2023, the Company made purchases amounting to \$4,973 and \$5,958, respectively, from the Motek Group.

As part of these transactions, the Company made advance payments to Motek, included in "Due from related party," and also had trade payables, included in "Due to related party." The balances as of September 30, 2024 and March 31, 2024 are as follows:

	September 30, 2024	March 31, 2024
Due from related party	\$ 3,169	\$ 3,367
Due to related party	\$ 8,762	\$ 8,667

14. Employee Benefit Plans

Defined Contribution Plans

The Company sponsors a defined contribution plan in the United States. The Company's obligation is limited to its contributions made in accordance with each plan document. Employer contributions to defined contribution plans are recognized as expense recorded in the "Selling, general, and administrative expense". Expenses related to the Company's plans were \$26 and \$46 for the three months ended September 30, 2024 and 2023, respectively, and \$66 and \$78 for the six months ended September 30, 2024 and 2023, respectively.

Defined Benefit Plans

The Company has a Swiss defined benefit plans (the “Pension Plan”) covering substantially all the employees of Hocoma Medical GmbH in Switzerland. The Pension Plan meets the benefit requirements under Swiss pension law. The Swiss plans offer retirement, disability and survivor benefits and is governed by a Pension Foundation Board. The responsibilities of this board are defined by Swiss pension law and the plan rules. Expenses from defined benefit plan are allocated to Cost of Sales, Selling, general, and administrative expense and Research and development.

Amounts recognized in the condensed consolidated statements of operations for the three and six months ended September 30, 2024 and 2023, in respect of the Pension Plan were as follows:

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2024	2023	2024	2023
Current service cost	\$ 180	\$ 171	\$ 353	\$ 330
Interest cost	50	52	101	102
Expected return on plan assets	(97)	(73)	(195)	(142)
Actuarial loss / (gain) recognized	(14)	(42)	(27)	(81)
Actuarial loss / (gain) recognized because of settlement	(4)	-	(4)	-
Amortization of prior service credit	(37)	(38)	(73)	(73)
Net charge to statement of operations	\$ 78	\$ 70	\$ 155	\$ 136

15. Income Taxes

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2024	2023	2024	2023
Income tax expense/(benefit)	\$ 335	\$ 52	\$ 1,058	\$ 278
Effective tax rate	332%	(2)%	206%	(5)%

The effective rate for the three and six month period ended September 30, 2024 is higher than the statutory rate due to losses in certain jurisdictions that did not create a benefit, combined with income in others creating tax expense. The effective tax rate for the three month and six month period ended September 30, 2024 isn't comparable to the three month and six month period ended September 30, 2023 due to the pre-tax book income for three month and six month period ended September 30 2024 being close to break even.

The Company prepares its financial statements on a consolidated basis. Income tax expense is calculated in accordance with the local tax laws of each entity in its relevant jurisdiction on a separate company basis.

As of September 30, 2024 and September 30, 2023, the Company had unrecognized tax benefits of \$4,250 and \$0, respectively, which related to tax positions that, if recognized, would affect the annual effective tax rate. The company recognized accrued interest and penalties in income tax expense. As of September 30, 2024 and September 30, 2023 accrued interest and penalties totaling to \$76 and \$0 respectively is included in long-term liabilities. The Company has identified potential penalty exposure in relation to specific information reporting requirements in the United States. Although the Company is trying to address these issues and pursue penalty abatement, it has recorded a long-term payable for the penalties, until potential relief is granted. As of September 30, 2024 and September 30, 2023, the recorded accrual balances stand at \$1,200 and \$1,200, respectively.

16. Commitments and Contingencies

From time to time, the Company may be involved in lawsuits, claims, investigations, and proceedings, consisting of intellectual property, commercial, employment, and other matters, which arise in the ordinary course of business. In accordance with ASC 450, *Contingencies*, the Company makes a provision for a liability when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

The Company is not presently a party to any litigation the outcome of which, it believes, if determined adversely to the Company, would individually or taken together, have a material adverse effect on the Company's business, operating results, cash flows or financial condition. The Company has determined that the existence of a material loss is neither probable nor reasonably possible.

17. Leases

The Company leases office space (real estate), vehicles and office equipment under operating leases. The Company did not have any finance leases as of September 30, 2024 and March 31, 2024.

Right-of-use lease assets and lease liabilities that are reported in the Company's condensed consolidated balance sheet as of September 30, 2024 and March 31, 2024 are as follows:

	As of September 30, 2024	As of March 31, 2024
Operating lease, right-of-use assets, net	\$ 4,182	\$ 4,466
Current portion of long-term operating lease	1,494	1,572
Long-term operating lease	2,731	2,917
Total operating lease liabilities	<u>\$ 4,225</u>	<u>\$ 4,489</u>

Lease expense for lease payments is recognized on a straight-line basis over the lease term. The expense is presented within Selling, general, and administrative expense. The components of lease expense related to the Company's lease for the three and six months ended September 30, 2024 and 2023 were:

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2024	2023	2024	2023
Fixed operating lease costs	\$ 449	\$ 436	\$ 950	\$ 861
Short-term lease costs	11	14	24	27
Total lease cost	<u>\$ 460</u>	<u>\$ 450</u>	<u>\$ 974</u>	<u>\$ 888</u>

Supplemental cash flow information related to leases was as follows:

	For the Six Months Ended September 30,	
	2024	2023
Operating cash flows included in the measurement of lease liabilities	\$ (967)	\$ (874)
Non-cash lease activity related to right-of-use assets obtained in exchange for new operating lease liabilities	123	169
Other non-cash changes to ROU assets due to reassessment of the lease term	(130)	2,305

The weighted average remaining lease term and discount rate for the Company's operating leases as of September 30, 2024 and March 31, 2024 were:

	As of September 30, 2024	As of March 31, 2024
Weighted-average remaining lease term (in years)	2.37	2.63
Weighted-average discount rate	4.00%	4.00%

Lease duration was determined utilizing renewal options that the Company is reasonably certain to execute.

As of September 30, 2024, maturities of operating lease liabilities for each of the following five years ending March 31 and a total thereafter were as follows:

	Operating Leases	
2025	\$	894
2026		1,276
2027		1,049
2028		1,045
2029		223
2030		22
Thereafter		—
Total lease payments		4,509
Less: imputed interest		(284)
Total lease liability	\$	<u>4,225</u>

18. Accumulated Other Comprehensive Income

The changes in accumulated other comprehensive income (loss) by component are summarized below:

	For the Three Months Ended September 30,		
	Foreign Currency Translation	Defined Benefit Plan Items	Total Accumulated Other Comprehensive (Loss) Income
Balance, June 30, 2024	\$ (3,808)	\$ 1,951	\$ (1,857)
Other comprehensive income (loss) before reclassifications	454	(362)	92
Reclassifications to statements of earnings	—	(200)	(200)
Total other comprehensive loss	454	(562)	(108)
Balance, September 30, 2024	<u>(3,354)</u>	<u>1,389</u>	<u>(1,965)</u>
Balance, June 30, 2023	\$ (3,034)	\$ 3,166	\$ 132
Other comprehensive income (loss) before reclassifications	(601)	139	(462)
Reclassifications to statements of earnings	—	(79)	(79)
Total other comprehensive loss	(601)	60	(541)
Balance, September 30, 2023	<u>(3,635)</u>	<u>3,226</u>	<u>(409)</u>
	For the Six Months Ended September 30,		
	Foreign Currency Translation	Defined Benefit Plan Items	Total Accumulated Other Comprehensive (Loss) Income
Balance, March 31, 2024	\$ (2,420)	\$ 2,470	\$ 50
Transfer of defined benefit plan	—	(228)	(228)
Other comprehensive income (loss) before reclassifications	(934)	(604)	(1,538)
Reclassifications to statements of earnings	—	(249)	(249)
Total other comprehensive loss	(934)	(1,081)	(2,015)
Balance, September 30, 2024	<u>(3,354)</u>	<u>1,389</u>	<u>(1,965)</u>
Balance, March 31, 2023	\$ (3,875)	\$ 3,586	\$ (289)
Other comprehensive income (loss) before reclassifications	240	(205)	35
Reclassifications to statements of earnings	—	(155)	(155)
Total other comprehensive loss	240	(360)	(120)
Balance, September 30, 2023	<u>(3,635)</u>	<u>3,226</u>	<u>(409)</u>

PART II

INFORMATION NOT REQUIRED IN THE PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth all expenses to be paid by DIH (the “Registrant”) in connection with the sale of the Common Stock being registered. The security holders will not bear any portion of such expenses. All amounts shown are estimates except for the registration fee.

SEC registration fee	\$	3,060
Legal fees and expenses		260,000
Accounting fees and expenses		99,850
Printing, transfer agent fees and miscellaneous expenses		12,090
Total	\$	375,000

Item 14. Indemnification of Directors and Officers.

Section 102 of the General Corporation Law of the State of Delaware (“DGCL”) permits a corporation to eliminate or limit the personal liability of directors and officers of a corporation to the corporation or its stockholders for monetary damages for a breach of fiduciary duty as a director or officer, except where the director or officer breached his or her duty of loyalty to the corporation or its stockholders, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase or redemption in violation of the DGCL or derived an improper personal benefit, or, with respect to any officer, any action by or in the right of the corporation. The Registrant’s restated certificate of incorporation (the “Certificate of Incorporation”) contains provisions that limit the liability of our directors and officers for monetary damages to the fullest extent permitted by the DGCL. Consequently, the Registrant’s directors and officers will not be personally liable to the Registrant or its stockholders for monetary damages for any breach of fiduciary duty as a director or officer, except liability for the following:

- any breach of their duty of loyalty to the Registrant or its stockholders;
- acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- with respect to any director, unlawful payments of dividends or unlawful stock repurchases or redemptions in violation of the DGCL;
- any transaction from which the director or officer derived an improper personal benefit; or
- with respect to any officer, any action by or in the right of the corporation.

The Certificate of Incorporation also provides that if the DGCL is amended to permit further elimination or limitation of the personal liability of directors or officers, then the liability of the Registrant’s directors and officers will be eliminated or limited to the fullest extent permitted by the DGCL, as so amended.

Section 145 of the DGCL provides that a corporation has the power to indemnify a director, officer, employee or agent of the corporation, or a person serving at the request of the corporation for another corporation, partnership, joint venture, trust or other enterprise in related capacities against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with an action, suit or proceeding to which he or she was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of such position, if such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, in any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful, except that, in the case of actions brought by or in the right of the corporation, no indemnification shall be made with respect to judgments, fines and amounts paid in settlement in connection with such action, suit or proceeding or with respect to any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or other adjudicating court determines that, despite the adjudication of liability but in view of all of the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper. The Certificate of Incorporation permits the Registrant to indemnify its directors, officers, employees and other agents to the maximum extent permitted by the DGCL, and the Registrant's bylaws (the "Bylaws") provide that the Registrant will indemnify its directors and officers and permit the Registrant to indemnify its employees and other agents, in each case to the extent not prohibited by the DGCL or any other applicable law.

The Registrant has entered, and expects to continue to enter, into indemnification agreements with its directors and officers, that may be broader than the specific indemnification provisions contained in the DGCL. These agreements, among other things, require the Registrant to indemnify its directors and officers against liabilities that may arise by reason of their status or service. These indemnification agreements also require the Registrant to advance all expenses actually and reasonably incurred by the directors and executive officers in connection with any proceeding. The Registrant also maintains directors' and officers' liability insurance.

Item 15. Recent Sales of Unregistered Securities.

In connection with the consummation of the Business Combination, on February 7, 2024, DIH issued 229,796 shares of its Common Stock to Maxim Group LLC and to other vendors as partial payment of expenses owed.

On June 6, 2024, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with the purchaser named therein (the "Purchaser"), pursuant to which the Company sold on June 7, 2024, in a private placement, an aggregate of \$3,300,000 in principal amount of 8% Original Issue Discount Senior Secured Convertible Debenture (the "Debenture"), initially convertible into an aggregate of 660,000 shares of the Company's Common Stock, par value \$0.0001 at a conversion price of \$5.00 (the "Conversion Shares"). The Debenture has an aggregate face value of \$3,300,000 and was issued with an original issue discount of \$300,000. In connection with the purchase of the Debenture, the Purchaser received a warrant to purchase shares of Common Stock (the "Warrant") equal to 50% of such Purchaser's Conversion Shares or an aggregate of 330,000 shares (the "Warrant Shares"). The Warrant has a per share exercise price of \$5.00 and a five-year term.

The Debentures and the Warrants were sold pursuant to an exemption from registration under the Securities Act of 1933, as amended (the "Securities Act"), available under Section 4(a)(2) and Rule 506(b) of Regulation D promulgated thereunder. The Conversion Shares and the Warrant Shares will be issued pursuant to the same exemption or pursuant to the exemption provided by Section 3(a)(9) of the Securities Act. Accordingly, the securities issued in the private placement may not be offered or sold in the United States except pursuant to an effective registration statement or an applicable exemption from the registration requirements of the Securities Act and such applicable state securities laws.

Item 16. Exhibits and Financial Statements Schedules.

(a) Exhibits

The following exhibits are filed as part of this registration statement:

Exhibit Number	Description
1.1+	Form of Placement Agency Agreement
2.1	Business Combination Agreement, dated as of February 26, 2023 (as amended, supplemented or otherwise modified from time to time, the "Business Combination Agreement"), by and among ATAK, Aurora Technology Merger Sub Corp., a Nevada corporation and a direct, wholly-owned subsidiary of ATAK, and DIH Holding US, Inc., a Nevada corporation (incorporated by reference to exhibit 2.1 to the Form 8-K filed by DIH with the SEC on February 20, 2024).
2.2	Amended and Restated Registration Rights Agreement, dated as of February 7, 2024, by and among, (i) Aurora Technology Acquisition Corp., a Delaware corporation (formerly a Cayman Islands exempted company), (ii) ATAC Sponsor LLC, a Delaware limited liability company, (iii) Maxim Group LLC, (iv) the Sponsor equityholders as set forth on Exhibit A thereto, (v) certain equityholders designated on Exhibit B thereto and (vi) any other parties listed on the signature pages thereto and any other person or entity who thereafter becomes a party to the Agreement pursuant to Section 6.2 thereto ((incorporated by reference to exhibit 2.4 to the Form 8-K filed by DIH with the SEC on February 20, 2024).
3.1	Amended and Restated Certificate of Incorporation of DIH Holding US, Inc. filed with the Delaware Secretary of State on December February 7, 2024 (incorporated by reference to exhibit 3.1 to the Form 8-K filed by DIH with the SEC on February 20, 2024).
3.2	Amended and Restated Bylaws of DIH Holding US, Inc. (incorporated by reference to exhibit 3.2 to the Form 8-K filed by DIH with the SEC on February 20, 2024).
4.1	Description of Securities (incorporated by reference to Exhibit 4.1 to the Form 10-K filed by DIH with the SEC on July 15, 2024).
4.2	Warrant Agreement (incorporated by reference to Exhibit 4.4 to the Form 10-K filed by DIH with the SEC on July 15, 2024).
4.3	Debenture dated June 7, 2024 (incorporated by reference to Exhibit 4.3 to the Form 10-K filed by DIH with the SEC on July 15, 2024).
4.4+	Form of Class A Warrant
4.5+	Form of Pre-Funded Warrant
4.6+	Form of Warrant Agency Agreement between DIH and Continental Stock Transfer & Trust Company
5.1+	Opinion of Loeb & Loeb LLP
10.1*	DIH Holding US, Inc. Equity Incentive Plan (incorporated by reference to exhibit 10.1 to the Form S-8 filed by DIH with the SEC on July 15, 2024).
10.2	Form of Securities Purchase Agreement dated June 6, 2024 (incorporated by reference to Exhibit 10.2 to the Form 10-K filed by DIH with the SEC on July 15, 2024).
10.3	Security Agreement dated June 6, 2024 (incorporated by reference to Exhibit 10.3 to the Form 10-K filed by DIH with the SEC on July 15, 2024).
10.4	Subsidiary Guarantee Agreement dated June 6, 2024 (incorporated by reference to Exhibit 10.4 to the Form 10-K filed by DIH with the SEC on July 15, 2024).
10.5	Form of Deposit Account Control Agreement (incorporated by reference to Exhibit 10.5 to the Form 10-K filed by DIH with the SEC on July 15, 2024).
10.6	Registration Rights Agreement dated June 6, 2024 (incorporated by reference to Exhibit 10.6 to the Form 10-K filed by DIH with the SEC on July 15, 2024).
10.7	Form of Voting Agreement (incorporated by reference to Exhibit 10.7 to the Form 10-K filed by DIH with the SEC on July 15, 2024).
10.8+	Form of Lock Up Agreement.
10.9	Subscription Agreement dated February 8, 2024 (incorporated by reference to Exhibit 10.9 to the Form 10-K filed by DIH with the SEC on July 15, 2024).
10.10+	Form of Securities Purchase Agreement
14	Code of Ethics (incorporated by reference to Exhibit 14 to the Form 10-K filed by DIH with the SEC on July 15, 2024).
19*	Insider Trading Policy (incorporated by reference to Exhibit 19 to the Form 10-K filed by DIH with the SEC on July 15, 2024).
21*	List of Subsidiaries (incorporated by reference to Exhibit 21 to the Form 10-K filed by DIH with the SEC on July 15, 2024).

- 23.1+ [Consent of independent registered public accounting firm of DIH HOLDING US, Inc.](#)
- 23.2+ [Consent of Loeb & Loeb LLP \(included in Exhibit 5.1\).](#)
- 24.1+ [Power of Attorney \(included on the signature page to this Registration Statement\)](#)
- 101.INS+ Inline XBRL Instance Document.
- 101.SCH+ Inline XBRL Taxonomy Extension Schema Document.
- 101.CAL+ Inline XBRL Taxonomy Extension Calculation Linkbase Document.
- 101.DEF+ Inline XBRL Taxonomy Extension Definition Linkbase Document.
- 101.LAB+ Inline XBRL Taxonomy Extension Labels Linkbase Document.
- 101.PRE+ Inline XBRL Taxonomy Extension Presentation Linkbase Document.
- 104+ Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).
- 107** [Filing Fee Table.](#)
- + Filed herewith.
- * Indicates management contract or compensatory plan or arrangement.
- ** Previously filed.

Item 17. Undertakings.

The undersigned registrant hereby undertakes:

- (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:
 - (i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933, as amended (the “Securities Act”);
 - (ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the “Calculation of Registration Fee” table in the effective registration statement; and
 - (iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement. *provided, however*, that: Paragraphs (a)(1)(i), (a)(1)(ii) and (a)(1)(iii) of this section do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the SEC by the registrant pursuant to Section 13 or Section 15(d) of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”), that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.
- (2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- (3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.
- (4) That, for the purpose of determining liability under the Securities Act to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.
- (5) That, for the purpose of determining liability of the registrant under the Securities Act to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:
 - (i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;
 - (ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;
 - (iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and
 - (iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, on the 8th day of January, 2025.

DIH HOLDING US, INC.

By: /s/ Jason Chen

Name: Jason Chen

Title: Chief Executive Officer and Chairman

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned constitutes and appoints Jason Chen, each acting alone, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for such person and in his or her name, place and stead, in any and all capacities, to sign this Registration Statement on Form S-1 (including all pre-effective and post-effective amendments and registration statements filed pursuant to Rule 462 under the Securities Act of 1933, as amended), and to file the same, with all exhibits thereto, and other documents in connection therewith, with the U.S. Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, each acting alone, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming that all such attorneys-in-fact and agents, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Jason Chen</u> Jason Chen	Chief Executive Officer, and Chairman (Principal Executive Officer)	January 8, 2025
<u>/s/ Lynden Bass</u> Lynden Bass	Chief Financial Officer and Director (Principal Financial and Accounting Officer)	January 8, 2025
<u>/s/ Dietmar Dold</u> Dietmar Dold	Chief Operating Officer	January 8, 2024
<u>/s/ Patrick Bruno</u> Patrick Bruno	Chief Marketing Officer and Director	January 8, 2025
<u>/s/ Max Baucus</u> Max Baucus	Director	January 8, 2025
<u>/s/ F. Samuel Eberts III</u> F. Samuel Eberts III	Director	January 8, 2025
<u>/s/ Ken Ludlum</u> Ken Ludlum	Director	January 8, 2025
<u>/s/ Cathryn Chen</u> Cathryn Chen	Director	January 8, 2025

PLACEMENT AGENCY AGREEMENT

[], 2025

Maxim Group LLC
300 Park Avenue, 16th Floor
New York, NY 10022

Ladies and Gentlemen:

This letter (the “Agreement”) constitutes the agreement between Maxim Group LLC (“Maxim” or the “Placement Agent”) and DIH Holding US, Inc., a Delaware corporation (the “Company”), pursuant to which the Placement Agent shall serve as the placement agent for the Company, on a “reasonable best efforts” basis, in connection with the proposed placement (the “Placement”) of up to \$[] of registered units (the “Units”) of the Company, each Unit consisting of either (a) (i) one share (the “Shares”) of the Company’s common stock \$0.0001 par value per share (the “Common Stock”) and (ii) one Class A Warrant to purchase one share of Common Stock (the “Warrants” and such Units, the “Common Units”) or (b) (i) one pre-funded common stock purchase warrant to purchase one share of Common Stock (the “Pre-Funded Warrants”) and (iii) one Warrant (the “Pre-Funded Unit”) (the shares of Common Stock underlying the Pre-Funded Warrants and the Warrants, the “Warrant Shares”, and the Shares, the Pre-Funded Warrants, the Warrants and the Warrant Shares, the “Securities”), to be sold by the Company directly to various investors (each, an “Investor” and, collectively, the “Investors”). The documents executed and delivered by the Company and the Investors in connection with the Offering (as defined below), including, without limitation, a securities purchase agreement (the “Purchase Agreement”), shall be collectively referred to herein as the “Transaction Documents.” The purchase price to the Investors for each Common Unit is \$[], the purchase price to the Investors for each Pre-Funded Unit is \$[], the exercise price to the Investor for each share of Common Stock issuable upon exercise of the Pre-Funded Warrants is \$0.0001, and the exercise price to the Investors for each share of Common Stock issuable upon exercise of the Warrants is \$[]. The Placement Agent may retain other brokers or dealers to act as sub-agents or selected-dealers on its behalf in connection with the Offering.

The Company hereby confirms its agreement with the Placement Agent as follows:

Section 1. Agreement to Act as Placement Agent.

(a) On the basis of the representations, warranties and agreements of the Company herein contained, and subject to all the terms and conditions of this Agreement, the Placement Agent shall be the exclusive placement agent in connection with the offering and sale by the Company of the Securities pursuant to the Company’s registration statement on Form S-1 (File No. 333-283853) (and including any registration statement prepared and filed by the Company in accordance with Rule 462(b) pursuant to the Securities Act) (the “Registration Statement”), with the terms of such offering (the “Offering”) to be subject to market conditions and negotiations between the Company, the Placement Agent and the prospective Investors. The Placement Agent will act on a reasonable best efforts basis and the Company agrees and acknowledges that there is no guarantee of the successful placement of the Securities, or any portion thereof, in the prospective Offering. Under no circumstances will the Placement Agent or any of its “Affiliates” (as defined below) be obligated to underwrite or purchase any of the Securities for its own account or otherwise provide any financing. The Placement Agent shall act solely as the Company’s agent and not as principal. The Placement Agent shall have no authority to bind the Company or any Investor or impose any obligation on the Company with respect to any prospective offer to purchase Securities, issuance of Securities or completion of the Placement, and the Company shall have the sole right to accept offers to purchase Securities and may reject any such offer, in whole or in part. Subject to the terms and conditions hereof, payment of the purchase price for, and delivery of, the Securities shall be made at one or more closings (each a “Closing” and the date on which each Closing occurs, a “Closing Date”). The Closing of the issuance of the Securities shall occur via “Delivery Versus Payment”, i.e., on the Closing Date, the Company shall issue the Securities directly to the account designated by the Placement Agent and, upon receipt of such Securities, the Placement Agent shall electronically deliver such Securities to the applicable Investor and payment shall be made by the Placement Agent (or its clearing firm) by wire transfer to the Company. As compensation for services rendered, on each Closing Date, the Company shall pay to the Placement Agent a cash fee equal to 7.0% of the gross proceeds received by the Company from the sale of the Securities at the Closing, provided, however, that with respect to gross proceeds from the Offering provided by OrbiMed Asia GP II, L.P., or its affiliates, LH Financial (Five Narrow Lane) or its affiliates, any other investor introduced to the Placement Agent by the Company or the Company’s other existing investors as of the date of the Engagement Agreement (as hereinafter defined), the cash fee shall be equal to 3.5%.

(b) The term of the Placement Agent's exclusive engagement will be as set forth in the Engagement Agreement. Notwithstanding anything to the contrary contained herein, the provisions concerning confidentiality, indemnification and contribution contained herein and the Company's obligations contained in the indemnification provisions will survive any expiration or termination of this Agreement, and the Company's obligation to pay fees actually earned and payable and to reimburse expenses actually incurred and reimbursable pursuant to Section 1 hereof and which are permitted to be reimbursed under FINRA Rule 5110(g)(4)(A), will survive any expiration or termination of this Agreement. Nothing in this Agreement shall be construed to limit the ability of the Placement Agent or its Affiliates to pursue, investigate, analyze, invest in, or engage in investment banking, financial advisory or any other business relationship with Persons (as defined below) other than the Company. As used herein (i) "Persons" means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind and (ii) "Affiliate" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person as such terms are used in and construed under Rule 405 under the Securities Act of 1933, as amended (the "Securities Act").

(c) Upon a Closing of the Offering, if within twelve (12) months following such time, the Company completes any financing of equity, equity-linked or debt or other capital raising activity with, or receives any proceeds from, any of the investors contacted or introduced by the Placement Agent during the period beginning on the date of the Engagement Agreement and through the Closing Date, then the Company will pay the Placement Agent upon the closing of such financing or receipt of such proceeds the compensation equivalent to that set forth herein.

Section 2. Representations, Warranties and Covenants of the Company. The Company hereby represents, warrants and covenants to the Placement Agent as of the date hereof, and as of each Closing Date, as follows:

(a) Securities Law Filings. The Company has filed with the Securities and Exchange Commission (the "Commission") the Registration Statement under the Securities Act, which was initially filed on December 17, 2024, as amended, and declared effective on January [], 2025 for the registration of the Securities under the Securities Act. Following the determination of pricing among the Company and the prospective Investors introduced to the Company by the Placement Agent, the Company will file with the Commission pursuant to Rules 430A and 424(b) under the Securities Act, and the rules and regulations (the "Rules and Regulations") of the Commission promulgated thereunder, a final prospectus relating to the placement of the Securities, their respective pricings and the plan of distribution thereof and will advise the Placement Agent of all further information (financial and other) with respect to the Company required to be set forth therein. Such registration statement, at any given time, including the exhibits thereto filed at such time, as amended at such time, is hereinafter called the "Registration Statement"; such prospectus in the form in which it appears in the Registration Statement at the time of effectiveness is hereinafter called the "Preliminary Prospectus"; and the final prospectus, in the form in which it will be filed with the Commission pursuant to Rules 430A and/or 424(b) (including the Preliminary Prospectus as it may be amended or supplemented) is hereinafter called the "Final Prospectus." The Registration Statement at the time it originally became effective is hereinafter called the "Original Registration Statement." Any reference in this Agreement to the Registration Statement, the Original Registration Statement, the Preliminary Prospectus or the Final Prospectus shall be deemed to refer to and include the documents incorporated by reference therein (the "Incorporated Documents"), if any, which were or are filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), at any given time, as the case may be; and any reference in this Agreement to the terms "amend," "amendment" or "supplement" with respect to the Registration Statement, the Original Registration Statement, the Preliminary Prospectus or the Final Prospectus shall be deemed to refer to and include the filing of any document under the Exchange Act after the date of this Agreement, or the issue date of the Preliminary Prospectus or the Final Prospectus, as the case may be, deemed to be incorporated therein by reference. All references in this Agreement to financial statements and schedules and other information which is "contained," "included," "described," "referenced," "set forth" or "stated" in the Registration Statement, the Preliminary Prospectus or the Final Prospectus (and all other references of like import) shall be deemed to mean and include all such financial statements and schedules and other information which is or is deemed to be incorporated by reference in the Registration Statement, the Preliminary Prospectus or the Final Prospectus, as the case may be. As used in this paragraph and elsewhere in this Agreement, "Time of Sale Disclosure Package" means the Preliminary Prospectus, any securities purchase agreement between the Company and the Investors, the final terms of the Offering provided to the Investors (orally or in writing) and any issuer free writing prospectus as defined in Rule 433 of the Act (each, an "Issuer Free Writing Prospectus"), if any, that the parties hereto shall hereafter expressly agree in writing to treat as part of the Time of Sale Disclosure Package. The term "any Prospectus" shall mean, as the context requires, the Preliminary Prospectus, the Final Prospectus, and any supplement to either thereof. The Company has not received any notice that the Commission has issued or intends to issue a stop order suspending the effectiveness of the Registration Statement or the use of the Preliminary Prospectus or any prospectus supplement or intends to commence a proceeding for any such purpose.

(b) Assurances. The Original Registration Statement, as amended (and any further documents to be filed with the Commission) contains all exhibits and schedules as required by the Securities Act. Each of the Registration Statement and any post-effective amendment thereto, at the time it became effective, complied in all material respects with the Securities Act and the applicable Rules and Regulations and did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. The Preliminary Prospectus and the Final Prospectus, each as of its respective date, comply or will comply in all material respects with the Securities Act and the applicable Rules and Regulations. Each of the Preliminary Prospectus and the Final Prospectus, as amended or supplemented, did not and will not contain as of the date thereof any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The Incorporated Documents, when they were filed with the Commission, conformed in all material respects to the requirements of the Exchange Act and the applicable Rules and Regulations promulgated thereunder, and none of such documents, when they were filed with the Commission, contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein (with respect to Incorporated Documents incorporated by reference in the Preliminary Prospectus or Final Prospectus), in light of the circumstances under which they were made not misleading. No post-effective amendment to the Registration Statement reflecting any facts or events arising after the date thereof which represent, individually or in the aggregate, a fundamental change in the information set forth therein is required to be filed with the Commission. Except for this Agreement and the Transaction Documents, there are no documents required to be filed with the Commission in connection with the transaction contemplated hereby that (x) have not been filed as required pursuant to the Securities Act or (y) will not be filed within the requisite time period. Except for this Agreement and the Transaction Documents, there are no contracts or other documents required to be described in the Preliminary Prospectus or Final Prospectus, or to be filed as exhibits or schedules to the Registration Statement, which have not been described or filed as required.

(c) Offering Materials. Neither the Company nor any of its directors and officers has distributed and none of them will distribute, prior to each Closing Date, any offering material in connection with the offering and sale of the Securities other than the Time of Sale Disclosure Package.

(d) Authorization; Enforcement. The Company has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by this Agreement and the Time of Sale Disclosure Package and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of each of this Agreement by the Company and the consummation by it of the transactions contemplated hereby and thereby have been duly authorized by all necessary action on the part of the Company and no further action is required by the Company, the Company's Board of Directors (the "Board of Directors") or the Company's shareholders in connection therewith other than in connection with the Required Approvals (as defined in the Purchase Agreement). This Agreement has been duly executed by the Company and, when delivered in accordance with the terms hereof, will constitute the valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(e) No Conflicts. The execution, delivery and performance by the Company of this Agreement and the transactions contemplated pursuant to the Time of Sale Disclosure Package, the issuance and sale of the Securities and the consummation by it of the transactions contemplated hereby and thereby to which it is a party do not and will not (i) conflict with or violate any provision of the Company's or any Subsidiary's certificate or articles of incorporation, bylaws or other organizational or charter documents, or (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, result in the creation of any Lien upon any of the properties or assets of the Company or any Subsidiary, or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement, credit facility, debt or other instrument (evidencing a Company or Subsidiary debt or otherwise) or other understanding to which the Company or any Subsidiary is a party or by which any property or asset of the Company or any Subsidiary is bound or affected, or (iii) subject to the Required Approvals, conflict with or result in a violation of any law, rule, regulation, order, judgment, injunction, decree or other restriction of any court or governmental authority to which the Company or a Subsidiary is subject (including federal and state securities laws and regulations), or by which any property or asset of the Company or a Subsidiary is bound or affected; except in the case of each of clauses (ii) and (iii), such as could not have or reasonably be expected to result in a Material Adverse Effect, as defined in the Securities Purchase Agreement.

(f) Certificates. Any certificate signed by an officer of the Company and delivered to the Placement Agent or to counsel for the Placement Agent shall be deemed to be a representation and warranty by the Company to the Placement Agent as to the matters set forth therein.

(g) Reliance. The Company acknowledges that the Placement Agent will rely upon the accuracy and truthfulness of the foregoing representations and warranties and hereby consents to such reliance.

(h) Forward-Looking Statements. No forward-looking statements (within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act) contained in the Time of Sale Disclosure Package has been made or reaffirmed without a reasonable basis or has been disclosed other than in good faith.

(i) Statistical or Market-Related Data. Any statistical, industry-related and market-related data included or incorporated by reference in the Time of Sale Disclosure Package, are based on or derived from sources that the Company reasonably and in good faith believes to be reliable and accurate, and such data agree with the sources from which they are derived.

(j) Certain Fees; FINRA Affiliations. Except as set forth in the Registration Statement and Prospectus, no brokerage or finder's fees or commissions are or will be payable by the Company, any Subsidiary or Affiliate of the Company to any broker, financial advisor or consultant, finder, placement agent, investment banker, bank or other Person with respect to the transactions contemplated by the Transaction Documents. There are no other arrangements, agreements or understandings of the Company or, to the Company's knowledge, any of its shareholders that may affect the Placement Agent's compensation, as determined by FINRA. Other than payments to the Placement Agent for this Offering or as set forth in the Registration Statement and Prospectus, the Company has not made and has no agreements, arrangements or understanding to make any direct or indirect payments (in cash, securities or otherwise) to: (i) any person, as a finder's fee, consulting fee or otherwise, in consideration of such person raising capital for the Company or introducing to the Company persons who raised or provided capital to the Company; (ii) any FINRA member participating in the offering as defined in FINRA Rule 5110 (a "Participating Member"); or (iii) any person or entity that has any direct or indirect affiliation or association with any Participating Member, within the 180-day period preceding the initial filing of the Registration Statement through the 60-day period after the Effective Date. None of the net proceeds of the Offering will be paid by the Company to any Participating Member or its affiliates, except as specifically authorized herein. To the Company's knowledge, no officer, director or any beneficial owner of 10% or more of the Company's Common Stock or Common Stock Equivalents (as defined in the Securities Purchase Agreement) has any direct or indirect affiliation or association with any Participating Member in the Offering. Except for securities purchased on the open market, no Company Affiliate is an owner of stock or other securities of any Participating Member. No Company Affiliate has made a subordinated loan to any Participating Member. No proceeds from the sale of the Securities (excluding Placement Agent compensation as disclosed in the Registration Statement and the Prospectus) will be paid to any Participating Member, any persons associated with a Participating Member or an affiliate of a Participating Member. Except as disclosed in the Prospectus, the Company has not issued any warrants or other securities or granted any options, directly or indirectly, to the Placement Agent within the 180-day period prior to the initial filing date of the Prospectus. Except for securities issued to the Placement Agent as disclosed in the Prospectus, no person to whom securities of the Company have been privately issued within the 180-day period prior to the initial filing date of the Prospectus is a Participating Member, is a person associated with a Participating Member or is an affiliate of a Participating Member. To the Company's knowledge, no Participating Member in the Offering has a conflict of interest with the Company. For this purpose, a "conflict of interest" exists when a Participating Member, the parent or affiliate of a Participating Member or any person associated with a Participating Member in the aggregate beneficially own 10% or more of the Company's outstanding subordinated debt or common equity, or 10% or more of the Company's preferred equity. "FINRA member participating in the Offering" includes any associated person of a Participating Member in the Offering, any member of such associated person's immediate family and any affiliate of a Participating Member in the Offering. When used in this Section 3.1(j) the term "affiliate of a FINRA member" or "affiliated with a FINRA member" means an entity that controls, is controlled by or is under common control with a FINRA member. The Company will advise the Placement Agent and its legal counsel, Ellenoff Grossman & Schole LLP (the "Placement Agent Counsel") if it learns that any officer, director or owner of 10% or more of the Company's outstanding Common Stock or Common Stock Equivalents is or becomes an affiliate or associated person of a Participating Member.

(k) Board of Directors. The Board of Directors is comprised of the persons set forth under the heading of the Company's Annual Report on Form 10-K captioned "Directors, Executive Officers and Corporate Governance." The qualifications of the persons serving as board members and the overall composition of the Board of Directors comply with the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder applicable to the Company and the rules of the Nasdaq Global Market (the "Trading Market"). In addition, at least a majority of the persons serving on the Board of Directors qualify as "independent" as defined under the rules of the Trading Market.

(l) D&O Questionnaires. To the Company's knowledge, all information contained in the questionnaires most recently completed by each of the Company's directors and officers is true and correct in all respects and the Company has not become aware of any information which would cause the information disclosed in such questionnaires to become inaccurate and incorrect.

(m) Representations, Warranties and Covenants Incorporated by Reference. Each of the representations, warranties and covenants (together with any related disclosure schedules thereto) made to the Investors in the Purchase Agreement is hereby incorporated herein by reference (as though fully restated herein) and is hereby made to, and in favor of, the Placement Agent.

Section 3. Representations, Warranties and Covenants of the Placement Agent. The Placement Agent hereby represents, warrants and covenants to the Company as of the date hereof, and as of each Closing Date, that it (i) is a member in good standing of FINRA, (ii) is registered as a broker/dealer under the Exchange Act, (iii) is licensed as a broker/dealer under the laws of the States applicable to the offers and sales of the Securities by such Placement Agent, (iv) is and will be a body corporate validly existing under the laws of its place of incorporation, and (v) has full power and authority to enter into and perform its obligations under this Agreement. The Placement Agent will immediately notify the Company in writing of any change in its status as such. The Placement Agent covenants that it will use its reasonable best efforts to conduct the Placement hereunder in compliance with the provisions of this Agreement and the requirements of applicable law.

Section 4. Delivery and Payment. Each Closing shall occur at the offices of the Placement Agent Counsel at 1345 Avenue of the Americas, New York, New York 10105 (or at such other place as shall be agreed upon by the Placement Agent and the Company). Subject to the terms and conditions hereof, at each Closing payment of the purchase price for the Securities sold on such Closing Date shall be made by Federal Funds wire transfer, against delivery of such Securities, and such Securities shall be registered in such name or names and shall be in such denominations, as the Placement Agent may request at least one business day before the time of purchase (as defined below).

Deliveries of the documents with respect to the purchase of the Securities, if any, shall be made at the offices of Placement Agent Counsel. All actions taken at a Closing shall be deemed to have occurred simultaneously.

Section 5. Covenants and Agreements of the Company. The Company further covenants and agrees with the Placement Agent as follows:

(a) Registration Statement Matters. The Company will advise the Placement Agent promptly after it receives notice thereof of the time when any amendment to the Registration Statement has been filed or becomes effective or any supplement to the Final Prospectus has been filed and will furnish the Placement Agent with copies thereof. The Company will file promptly all reports and any definitive proxy or information statements required to be filed by the Company with the Commission pursuant to Section 13(a), 14 or 15(d) of the Exchange Act subsequent to the date of any Prospectus and for so long as the delivery of a prospectus is required in connection with the Offering. The Company will advise the Placement Agent, promptly after it receives notice thereof (i) of any request by the Commission to amend the Registration Statement or to amend or supplement any Prospectus or for additional information, (ii) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto or any order directed at any Incorporated Document, if any, or any amendment or supplement thereto or any order preventing or suspending the use of the Preliminary Prospectus or the Final Prospectus or any prospectus supplement or any amendment or supplement thereto or any post-effective amendment to the Registration Statement, of the suspension of the qualification of the Securities for offering or sale in any jurisdiction, of the institution or threatened institution of any proceeding for any such purpose, or of any request by the Commission for the amending or supplementing of the Registration Statement or a Prospectus or for additional information, (iii) of the issuance by any state securities commission of any proceedings for the suspension of the qualification of the Securities for offering or sale in any jurisdiction or of the initiation, or the threatening, of any proceeding for that purpose; (iv) of the mailing and delivery to the Commission for filing of any amendment or supplement to the Registration Statement or Prospectus; (v) of the receipt of any comments or request for any additional information from the Commission; and (vi) of the happening of any event during the period described in this Section 4(a) that, in the judgment of the Company, makes any statement of a material fact made in the Registration Statement or the Prospectus untrue or that requires the making of any changes in the Registration Statement or the Prospectus in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The Company shall use its best efforts to prevent the issuance of any such stop order or prevention or suspension of such use. If the Commission shall enter any such stop order or order or notice of prevention or suspension at any time, the Company will use its best efforts to obtain the lifting of such order at the earliest possible moment, or will file a new registration statement and use its best efforts to have such new registration statement declared effective as soon as practicable. Additionally, the Company agrees that it shall comply with the provisions of Rules 424(b), 430A, 430B and 430C, as applicable, under the Securities Act, including with respect to the timely filing of documents thereunder, and will use its reasonable efforts to confirm that any filings made by the Company under such Rule 424(b) are received in a timely manner by the Commission.

(b) Blue Sky Compliance. The Company will cooperate with the Placement Agent and the Investors in endeavoring to qualify the Securities for sale under the securities laws of such jurisdictions (United States and foreign) as the Placement Agent and the Investors may reasonably request and will make such applications, file such documents, and furnish such information as may be reasonably required for that purpose, provided the Company shall not be required to qualify as a foreign corporation or to file a general consent to service of process in any jurisdiction where it is not now so qualified or required to file such a consent, and provided further that the Company shall not be required to produce any new disclosure document. The Company will, from time to time, prepare and file such statements, reports and other documents as are or may be required to continue such qualifications in effect for so long a period as the Placement Agent may reasonably request for distribution of the Securities. The Company will advise the Placement Agent promptly of the suspension of the qualification or registration of (or any such exemption relating to) the Securities for offering, sale or trading in any jurisdiction or any initiation or threat of any proceeding for any such purpose, and in the event of the issuance of any order suspending such qualification, registration or exemption, the Company shall use its best efforts to obtain the withdrawal thereof at the earliest possible moment.

(c) Amendments and Supplements to a Prospectus and Other Matters. The Company will comply with the Securities Act and the Exchange Act, and the rules and regulations of the Commission thereunder, so as to permit the completion of the distribution of the Securities as contemplated in this Agreement, the Incorporated Documents and any Prospectus. If during the period in which a prospectus is required by law to be delivered in connection with the distribution of Securities contemplated by the Incorporated Documents or any Prospectus (the "Prospectus Delivery Period"), any event shall occur as a result of which, in the judgment of the Company or in the opinion of the Placement Agent or counsel for the Placement Agent, it becomes necessary to amend or supplement the Incorporated Documents or any Prospectus in order to make the statements therein, in the light of the circumstances under which they were made, as the case may be, not misleading, or if it is necessary at any time to amend or supplement the Incorporated Documents or any Prospectus or to file under the Exchange Act any Incorporated Document to comply with any law, the Company will promptly prepare and file with the Commission, and furnish at its own expense to the Placement Agent and to dealers, an appropriate amendment to the Registration Statement or supplement to the Registration Statement, the Incorporated Documents or any Prospectus that is necessary in order to make the statements in the Incorporated Documents and any Prospectus as so amended or supplemented, in the light of the circumstances under which they were made, as the case may be, not misleading, or so that the Registration Statement, the Incorporated Documents or any Prospectus, as so amended or supplemented, will comply with law. Before amending the Registration Statement or supplementing the Incorporated Documents or any Prospectus in connection with the Offering, the Company will furnish the Placement Agent with a copy of such proposed amendment or supplement and will not file any such amendment or supplement to which the Placement Agent reasonably objects.

(d) Copies of any Amendments and Supplements to a Prospectus. The Company will furnish the Placement Agent, without charge, during the period beginning on the date hereof and ending on the later of the last Closing Date of the Offering, as many copies of any Prospectus or prospectus supplement and any amendments and supplements thereto, as the Placement Agent may reasonably request.

(e) Free Writing Prospectus. The Company covenants that it will not, unless it obtains the prior written consent of the Placement Agent, make any offer relating to the Securities that would constitute a Company Free Writing Prospectus or that would otherwise constitute a “free writing prospectus” (as defined in Rule 405 of the Securities Act) required to be filed by the Company with the Commission or retained by the Company under Rule 433 of the Securities Act. In the event that the Placement Agent expressly consents in writing to any such free writing prospectus (a “Permitted Free Writing Prospectus”), the Company covenants that it shall (i) treat each Permitted Free Writing Prospectus as an Company Free Writing Prospectus, and (ii) comply with the requirements of Rule 164 and 433 of the Securities Act applicable to such Permitted Free Writing Prospectus, including in respect of timely filing with the Commission, legending and record keeping.

(f) Transfer Agent. The Company will maintain, at its expense, a registrar and transfer agent for the Shares.

(g) Earnings Statement. As soon as practicable and in accordance with applicable requirements under the Securities Act, but in any event not later than 18 months after the last Closing Date, the Company will make generally available to its security holders and to the Placement Agent an earnings statement, covering a period of at least 12 consecutive months beginning after the last Closing Date, that satisfies the provisions of Section 11(a) and Rule 158 under the Securities Act.

(h) Periodic Reporting Obligations. During the Prospectus Delivery Period, the Company will duly file, on a timely basis, with the Commission and the Trading Market all reports and documents required to be filed under the Exchange Act within the time periods and in the manner required by the Exchange Act.

(i) Additional Documents. The Company will enter into any subscription, purchase or other customary agreements as the Placement Agent or the Investors shall reasonably deem necessary or appropriate to consummate the Offering, all of which will be in form and substance reasonably acceptable to the Placement Agent and the Investors. The Company agrees that the Placement Agent may rely upon, and each is a third party beneficiary of, the representations and warranties, and applicable covenants, set forth in any such purchase, subscription or other agreement with Investors in the Offering.

(j) No Manipulation of Price. Neither the Company, nor to its knowledge, any of its employees, directors or shareholders, has taken or will take, directly or indirectly, any action designed to or that has constituted or that might reasonably be expected to cause or result in, under the Exchange Act, or otherwise stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities.

(k) Acknowledgment. The Company acknowledges that any advice given by the Placement Agent to the Company is solely for the benefit and use of the Board of Directors of the Company and may not be used, reproduced, disseminated, quoted or referred to, without the Placement Agent’s prior written consent.

(l) Announcement of Offering. The Company acknowledges and agrees that the Placement Agent may, subsequent to the Closing, make public its involvement with the Offering.

(m) Reliance on Others. The Company confirms that it will rely on its own counsel and accountants for legal and accounting advice.

(n) Research Matters. By entering into this Agreement, the Placement Agent does not provide any promise, either explicitly or implicitly, of favorable or continued research coverage of the Company and the Company hereby acknowledges and agrees that the Placement Agent's selection as a placement agent for the Offering was in no way conditioned, explicitly or implicitly, on the Placement Agent providing favorable or any research coverage of the Company. In accordance with FINRA Rule 2241(b)(2), the parties acknowledge and agree that the Placement Agent has not directly or indirectly offered favorable research, a specific rating or a specific price target, or threatened to change research, a rating or a price target, to the Company or inducement for the receipt of business or compensation. The Company hereby waives and releases, to the fullest extent permitted by law, any claims that the Company may have against the Placement Agent with respect to any conflict of interest that may arise from the fact that the views expressed by their independent research analysts and research departments may be different from or inconsistent with the views or advice communicated to the Company by the Placement Agent's investment banking divisions. The Company acknowledges that the Placement Agent is a full service securities firm and as such from time to time, subject to applicable securities laws, may effect transactions for its own account or the account of its customers and hold long or short position in debt or equity securities of the Company.

(o) Subsequent Equity Sales.

(i) From the date hereof until ninety (90) days after the Closing Date, neither the Company nor any Subsidiary shall (i) issue, enter into any agreement to issue or announce the issuance or proposed issuance of any Common Stock or Common Stock Equivalents or (ii) file any registration statement or amendment or supplement thereto, other than the Prospectus or filing a registration statement on Form S-8 in connection with any employee benefit plan, in each case without prior written consent of the Placement Agent.

(ii) From the date hereof until six (6) months after the Closing Date, the Company shall be prohibited from effecting or entering into an agreement to effect any issuance by the Company or any of its Subsidiaries of Common Stock or Common Stock Equivalents (or a combination of units thereof) involving a Variable Rate Transaction. "Variable Rate Transaction" means a transaction in which the Company (i) issues or sells any debt or equity securities that are convertible into, exchangeable or exercisable for, or include the right to receive additional shares of Common Stock either (A) at a conversion price, exercise price or exchange rate or other price that is based upon and/or varies with the trading prices of or quotations for the shares of Common Stock at any time after the initial issuance of such debt or equity securities, or (B) with a conversion, exercise or exchange price that is subject to being reset at some future date after the initial issuance of such debt or equity security or upon the occurrence of specified or contingent events directly or indirectly related to the business of the Company or the market for the Common Stock or (ii) enters into, or effects a transaction under, any agreement, including, but not limited to, an equity line of credit or an "at-the-market offering", whereby the Company may issue securities at a future determined price; provided, however, that 90 days after the Closing Date, the issuance of shares of Common Stock in an "at the market" offering with the Placement Agent as sales agent shall not be deemed a Variable Rate Transaction. Any Purchaser shall be entitled to obtain injunctive relief against the Company to preclude any such issuance, which remedy shall be in addition to any right to collect damages.

(iii) Notwithstanding the foregoing, this Section 4(o) shall not apply in respect of an Exempt Issuance, except that no Variable Rate Transaction shall be an Exempt Issuance. An “Exempt Issuance” means the issuance of (a) Common Stock or equity awards to employees, officers or directors of the Company pursuant to any stock or option plan duly adopted for such purpose, by a majority of the non-employee members of the Board of Directors or a majority of the members of a committee of non-employee directors established for such purpose for services rendered to the Company, (b) securities upon the exercise or exchange of or conversion of any Securities issued hereunder and/or other securities exercisable or exchangeable for or convertible into Common Stock issued and outstanding on the date of this Agreement, provided that such securities have not been amended since the date of this Agreement to increase the number of such securities or to decrease the exercise price, exchange price or conversion price of such securities (other than in connection with automatic price resets, stock splits, adjustments or combinations as set forth in such securities or as a result of the anti-dilution provisions contained in any such Securities) or to extend the term of such securities, (c) shares of Common Stock in lieu of cash redemption payments pursuant to the terms of the 8% Original Issue Discount Senior Secured Convertible Debentures (d) agreements and securities issued pursuant thereto in connection with acquisitions or strategic transactions approved by a majority of the disinterested directors of the Company, provided that such securities, if issued prior to the expiration of the prohibition period, are issued as “restricted securities” (as defined in Rule 144) and carry no registration rights that require or permit the filing of any registration statement in connection therewith during the six month period following the Closing Date (it being understood that nothing shall prohibit the filing of any registration statement after the expiration of the prohibition period), and provided that any such issuance shall only be to a Person (or to the equityholders of a Person) which is, itself or through its subsidiaries, an operating company or an owner of an asset in a business synergistic with the business of the Company and shall provide to the Company additional benefits in addition to the investment of funds, but shall not include a transaction in which the Company is issuing securities primarily for the purpose of raising capital or to an entity whose primary business is investing in securities.

(p) Lock-Up Agreements. The Company shall not amend, modify, waive or terminate any provision of any of the Lock-Up Agreements except to extend the term of the lock-up period and shall enforce the provisions of each Lock-Up Agreement in accordance with its terms. If any party to a Lock-Up Agreement breaches any provision of a Lock-Up Agreement, the Company shall promptly use its best efforts to seek specific performance of the terms of such Lock-Up Agreement.

(q) FINRA. The Company shall advise the Placement Agent (who shall make an appropriate filing with FINRA) if it is aware that any officer, director, 10% or greater shareholder of the Company or Person that received the Company’s unregistered equity securities in the past 180 days is or becomes an affiliate or associated person of a FINRA member firm prior to the earlier of the termination of this Agreement or the 60-day period after the Effective Date

Section 6. Conditions of the Obligations of the Placement Agent. The obligations of the Placement Agent hereunder shall be subject to the accuracy of the representations and warranties in all material respects (except for representations and warranties qualified by materiality, in which case, in all respects) on the part of the Company set forth in Section 2 hereof, in each case as of the date hereof and as of each Closing Date as though then made, to the timely performance by each of the Company of its covenants and other obligations hereunder on and as of such dates, and to each of the following additional conditions:

(a) Accountants' Comfort Letters. On the date hereof, the Placement Agent shall have received, and the Company shall have caused to be delivered to the Placement Agent, letters from BDO AG and BDO USA addressed to the Placement Agent, dated as of the date hereof, in form and substance satisfactory to the Placement Agent. The letters shall not disclose any change in the condition (financial or other), earnings, operations, business or prospects of the Company from that set forth in the Incorporated Documents or the applicable Prospectus or prospectus supplement, which, in the Placement Agent's sole judgment, is material and adverse and that makes it, in the Placement Agent's sole judgment, impracticable or inadvisable to proceed with the Offering of the Securities as contemplated by such Prospectus.

(b) Compliance with Registration Requirements; No Stop Order; No Objection from the FINRA. Each Prospectus (in accordance with Rule 424(b)) and "free writing prospectus" (as defined in Rule 405 of the Securities Act), if any, shall have been duly filed with the Commission, as appropriate; no stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission; no order preventing or suspending the use of any Prospectus shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission; no order having the effect of ceasing or suspending the distribution of the Securities or any other securities of the Company shall have been issued by any securities commission, securities regulatory authority or stock exchange and no proceedings for that purpose shall have been instituted or shall be pending or, to the knowledge of the Company, contemplated by any securities commission, securities regulatory authority or stock exchange; all requests for additional information on the part of the Commission shall have been complied with; and FINRA shall have raised no objection to the fairness and reasonableness of the placement terms and arrangements.

(c) Corporate Proceedings. All corporate proceedings and other legal matters in connection with this Agreement, the Registration Statement and each Prospectus, and the registration, sale and delivery of the Securities, shall have been completed or resolved in a manner reasonably satisfactory to the Placement Agent's counsel, and such counsel shall have been furnished with such papers and information as it may reasonably have requested to enable such counsel to pass upon the matters referred to in this Section 5.

(d) No Material Adverse Change. Subsequent to the execution and delivery of this Agreement and prior to each Closing Date, in the Placement Agent's sole reasonable judgment after consultation with the Company, there shall not have occurred any Material Adverse Effect or any material adverse change or development involving a prospective material adverse change in the condition or the business activities, financial or otherwise, of the Company from the latest dates as of which such condition is set forth in the Registration Statement and Prospectus ("Material Adverse Change").

(e) Opinion of Counsel for the Company. The Placement Agent shall have received on each Closing Date the favorable opinion of Loeb & Loeb LLP, counsel to the Company, dated as of such Closing Date, including, without limitation, a negative assurance letter addressed to the Placement Agent and in form and substance satisfactory to the Placement Agent.

(f) Officers' Certificate. The Placement Agent shall have received on each Closing Date a certificate of the Company, dated as of such Closing Date, signed by the Chief Executive Officer and Chief Financial Officer of the Company, to the effect that, and the Placement Agent shall be satisfied that, the signers of such certificate have reviewed the Registration Statement, the Incorporated Documents, the Prospectus, and this Agreement and to the further effect that:

(i) The representations and warranties of the Company in this Agreement are true and correct in all material respects (except for representations and warranties qualified by materiality, in which case, in all respects), as if made on and as of such Closing Date, and the Company has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to such Closing Date, except for such changes as are contemplated by this Agreement and except as to representations and warranties that were expressly limited to a state of facts existing at a time prior to the applicable Closing Date;

(ii) No stop order suspending the effectiveness of the Registration Statement or the use of the Prospectus has been issued and no proceedings for that purpose have been instituted or are pending or, to the Company's knowledge, threatened under the Securities Act; no order having the effect of ceasing or suspending the distribution of the Securities or any other securities of the Company has been issued by any securities commission, securities regulatory authority or stock exchange in the United States and no proceedings for that purpose have been instituted or are pending or, to the knowledge of the Company, contemplated by any securities commission, securities regulatory authority or stock exchange in the United States;

(iii) When the Registration Statement became effective, at the time of sale, and at all times subsequent thereto up to the delivery of such certificate, the Registration Statement and the Incorporated Documents, if any, when such documents became effective or were filed with the Commission, and any Prospectus, contained all material information required to be included therein by the Securities Act and the Exchange Act and the applicable rules and regulations of the Commission thereunder, as the case may be, and in all material respects conformed to the requirements of the Securities Act and the Exchange Act and the applicable rules and regulations of the Commission thereunder, as the case may be, and the Registration Statement and the Incorporated Documents, if any, and any Prospectus, did not and do not include any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (provided, however, that the preceding representations and warranties contained in this paragraph (iii) shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by the Placement Agent expressly for use therein) and, since the effective date of the Registration Statement, there has occurred no event required by the Securities Act and the rules and regulations of the Commission thereunder to be set forth in the Incorporated Documents which has not been so set forth; and

(iv) Subsequent to the respective dates as of which information is given in the Registration Statement, the Incorporated Documents and any Prospectus, there has not been: (a) any Material Adverse Change; (b) any transaction that is material to the Company and the Subsidiaries taken as a whole, except transactions entered into in the ordinary course of business; (c) any obligation, direct or contingent, that is material to the Company and the Subsidiaries taken as a whole, incurred by the Company or any Subsidiary, except obligations incurred in the ordinary course of business; (d) any material change in the capital stock (except changes thereto resulting from the exercise of outstanding stock options or warrants or conversion of outstanding preferred stock) or outstanding indebtedness of the Company or any Subsidiary; (e) any dividend or distribution of any kind declared, paid or made on the capital stock of the Company; or (f) any loss or damage (whether or not insured) to the property of the Company or any Subsidiary which has been sustained or will have been sustained which has a Material Adverse Effect.

(g) Regulatory Certificate and Intellectual Property Certificate. On the Closing Date, the Placement Agent shall have received a certificate from the Company's Chief Executive Officer with respect to certain regulatory matters, dated as of the Closing Date, addressed to the Placement Agent in form and substance satisfactory to the Placement Agent. On the Closing Date, the Placement Agent shall have received a certificate from the Company's Chief Executive Officer with respect to certain intellectual property matters, dated as of the Closing Date, addressed to the Placement Agent in form and substance satisfactory to the Placement Agent.

(h) Bring-down Comfort Letters. On each Closing Date, the Placement Agent shall have received from BDO AG, or such other independent registered public accounting firm of the Company, a letter dated as of such Closing Date, in form and substance satisfactory to the Placement Agent, to the effect that they reaffirm the statements made in the letter furnished pursuant to subsection (a) of this Section 5, except that the specified date referred to therein for the carrying out of procedures shall be no more than two business days prior to such Closing Date.

(i) Stock Exchange Listing. The Common Stock shall be registered under the Exchange Act and shall be listed on the Trading Market, and the Company shall not have taken any action designed to terminate, or likely to have the effect of terminating, the registration of the Common Stock under the Exchange Act or delisting or suspending from trading the Common Stock from the Trading Market, nor shall the Company have received any information suggesting that the Commission or the Trading Market is contemplating terminating such registration or listing.

(j) Lock-Up Agreements. On the Closing Date, the Placement Agent shall have received the executed lock-up agreement from each of the Company's directors and executive officers and any stockholders holding 5% or more of the Company's voting securities.

(k) Warrant Agency Agreement. On the Closing Date the duly executed warrant agency agreement executed by and between the Company and the transfer agent.

(l) Additional Documents. On or before each Closing Date, the Placement Agent and counsel for the Placement Agent shall have received such information and documents as they may reasonably require for the purposes of enabling them to pass upon the issuance and sale of the Securities as contemplated herein, or in order to evidence the accuracy of any of the representations and warranties, or the satisfaction of any of the conditions or agreements, herein contained.

If any condition specified in this Section 5 is not satisfied when and as required to be satisfied, this Agreement may be terminated by the Placement Agent by notice to the Company at any time on or prior to a Closing Date, which termination shall be without liability on the part of any party to any other party, except that Section 6 (Payment of Expenses), Section 7 (Indemnification and Contribution) and Section 8 (Representations and Indemnities to Survive Delivery) shall at all times be effective and shall survive such termination.

Section 7. Payment of Expenses. The Company shall be responsible for and pay all expenses relating to the Offering, including, without limitation, all filing fees and communication expenses relating to the registration of the Securities to be sold in the Offering with the Commission and the filing of the offering materials with FINRA; all fees and expenses relating to the listing of such Securities on such stock exchange as the Company and the Placement Agent together determine; all fees, expenses and disbursements relating to background checks of the Company's officers and directors; all fees, expenses and disbursements relating to the registration or qualification of such Securities under the "blue sky" securities laws of such states and other jurisdictions as the Placement Agent may reasonably designate (including, without limitation, all filing and registration fees, and the fees and disbursements of the Placement Agent's counsel at Closing); all fees and expenses associated with the i-Deal system and NetRoadshow not to exceed \$3,000; the costs of all mailing and printing of the Offering documents (including the transaction documents, any Blue Sky Surveys and, if appropriate, any Agreement Among Underwriters, Selected Dealers' Agreement, placement agents' questionnaire and power of attorney), Registration Statements, Prospectuses and all amendments, supplements and exhibits thereto and as many preliminary and final Prospectuses as the Placement Agent may reasonably deem necessary; the costs and expenses of the public relations firm referred to in the Engagement Letter; the costs of preparing, printing and delivering certificates representing such Securities; fees and expenses of the transfer agent for such Securities; stock transfer taxes, if any, payable upon the transfer of securities from the Company to the Placement Agent; the fees and expenses of the Company's accountants and the fees and expenses of the Placement Agent and the Company's legal counsel and other agents and representatives. Upon the Placement Agent's request, the Company shall provide funds to pay all such fees, expenses and disbursements. For the sake of clarity, it is understood and agreed that (i) the Company shall be responsible for the Placement Agent's legal fees, costs and expenses in connection with the Offering irrespective of whether the Offering is consummated, and (ii) the maximum amount of legal fees, costs and expenses incurred by the Placement Agent that the Company shall be responsible for shall not exceed \$125,000 in the event of a Closing, and shall not exceed \$25,000 in the event that there is not a Closing.

Section 8. Indemnification and Contribution.

(a) The Company agrees to indemnify and hold harmless the Placement Agent, its affiliates and each person controlling the Placement Agent (within the meaning of Section 15 of the Securities Act), and the directors, officers, agents and employees of the Placement Agent, its affiliates and each such controlling person (the Placement Agent, and each such entity or person, an "Indemnified Person") from and against any losses, claims, damages, judgments, assessments, costs and other liabilities (collectively, the "Liabilities"), and shall reimburse each Indemnified Person for all fees and expenses (including the reasonable fees and expenses of one counsel for all Indemnified Persons, except as otherwise expressly provided herein) (collectively, the "Expenses") as they are incurred by an Indemnified Person in investigating, preparing, pursuing or defending any actions, whether or not any Indemnified Person is a party thereto, (i) caused by, or arising out of or in connection with, any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, any Incorporated Document, or any Prospectus or by any omission or alleged omission to state therein a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (other than untrue statements or alleged untrue statements in, or omissions or alleged omissions from, information relating to an Indemnified Person furnished in writing by or on behalf of such Indemnified Person expressly for use in the Incorporated Documents) or (ii) otherwise arising out of or in connection with advice or services rendered or to be rendered by any Indemnified Person pursuant to this Agreement, the transactions contemplated thereby or any Indemnified Person's actions or inactions in connection with any such advice, services or transactions; provided, however, that, in the case of clause (ii) only, the Company shall not be responsible for any Liabilities or Expenses of any Indemnified Person that are finally judicially determined to have resulted solely from such Indemnified Person's (x) gross negligence or willful misconduct in connection with any of the advice, actions, inactions or services referred to above or (y) use of any offering materials or information concerning the Company in connection with the offer or sale of the Securities in the Offering which were not authorized for such use by the Company and which use constitutes gross negligence or willful misconduct. The Company also agrees to reimburse each Indemnified Person for all Expenses as they are incurred in connection with enforcing such Indemnified Person's rights under this Agreement.

(b) Upon receipt by an Indemnified Person of actual notice of an action against such Indemnified Person with respect to which indemnity may be sought under this Agreement, such Indemnified Person shall promptly notify the Company in writing; provided that failure by any Indemnified Person so to notify the Company shall not relieve the Company from any liability which the Company may have on account of this indemnity or otherwise to such Indemnified Person, except to the extent the Company shall have been prejudiced by such failure. The Company shall, if requested by the Placement Agent, assume the defense of any such action including the employment of counsel reasonably satisfactory to the Placement Agent, which counsel may also be counsel to the Company. Any Indemnified Person shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless: (i) the Company has failed promptly to assume the defense and employ counsel or (ii) the named parties to any such action (including any impeded parties) include such Indemnified Person and the Company, and such Indemnified Person shall have been advised in the reasonable opinion of counsel that there is an actual conflict of interest that prevents the counsel selected by the Company from representing both the Company (or another client of such counsel) and any Indemnified Person; provided that the Company shall not in such event be responsible hereunder for the fees and expenses of more than one firm of separate counsel for all Indemnified Persons in connection with any action or related actions, in addition to any local counsel. The Company shall not be liable for any settlement of any action effected without its written consent (which shall not be unreasonably withheld). In addition, the Company shall not, without the prior written consent of the Placement Agent (which shall not be unreasonably withheld), settle, compromise or consent to the entry of any judgment in or otherwise seek to terminate any pending or threatened action in respect of which indemnification or contribution may be sought hereunder (whether or not such Indemnified Person is a party thereto) unless such settlement, compromise, consent or termination includes an unconditional release of each Indemnified Person from all Liabilities arising out of such action for which indemnification or contribution may be sought hereunder. The indemnification required hereby shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as such expense, loss, damage or liability is incurred and is due and payable.

(c) In the event that the foregoing indemnity is unavailable to an Indemnified Person other than in accordance with this Agreement, the Company shall contribute to the Liabilities and Expenses paid or payable by such Indemnified Person in such proportion as is appropriate to reflect (i) the relative benefits to the Company, on the one hand, and to the Placement Agent and any other Indemnified Person, on the other hand, of the matters contemplated by this Agreement or (ii) if the allocation provided by the immediately preceding clause is not permitted by applicable law, not only such relative benefits but also the relative fault of the Company, on the one hand, and the Placement Agent and any other Indemnified Person, on the other hand, in connection with the matters as to which such Liabilities or Expenses relate, as well as any other relevant equitable considerations; provided that in no event shall the Company contribute less than the amount necessary to ensure that all Indemnified Persons, in the aggregate, are not liable for any Liabilities and Expenses in excess of the amount of fees actually received by the Placement Agent pursuant to this Agreement. For purposes of this paragraph, the relative benefits to the Company, on the one hand, and to the Placement Agent on the other hand, of the matters contemplated by this Agreement shall be deemed to be in the same proportion as (a) the total value paid or contemplated to be paid to or received or contemplated to be received by the Company in the transaction or transactions that are within the scope of this Agreement, whether or not any such transaction is consummated, bears to (b) the fees paid to the Placement Agent under this Agreement. Notwithstanding the above, no person guilty of fraudulent misrepresentation within the meaning of Section 11(f) of the Securities Act, as amended, shall be entitled to contribution from a party who was not guilty of fraudulent misrepresentation.

(d) The Company also agrees that no Indemnified Person shall have any liability (whether direct or indirect, in contract or tort or otherwise) to the Company for or in connection with advice or services rendered or to be rendered by any Indemnified Person pursuant to this Agreement, the transactions contemplated thereby or any Indemnified Person's actions or inactions in connection with any such advice, services or transactions except for Liabilities (and related Expenses) of the Company that are finally judicially determined to have resulted solely from such Indemnified Person's gross negligence or willful misconduct in connection with any such advice, actions, inactions or services.

(e) The reimbursement, indemnity and contribution obligations of the Company set forth herein shall apply to any modification of this Agreement and shall remain in full force and effect regardless of any termination of, or the completion of any Indemnified Person's services under or in connection with, this Agreement.

Section 9. Representations and Indemnities to Survive Delivery. The respective indemnities, agreements, representations, warranties and other statements of the Company or any person controlling the Company, of its officers, and of the Placement Agent set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation made by or on behalf of the Placement Agent, the Company, or any of its or their partners, officers or directors or any controlling person, as the case may be, and will survive delivery of and payment for the Securities sold hereunder and any termination of this Agreement. A successor to a Placement Agent, or to the Company, its directors or officers or any person controlling the Company, shall be entitled to the benefits of the indemnity, contribution and reimbursement agreements contained in this Agreement.

Section 10. Notices. All communications hereunder shall be in writing and shall be mailed, hand delivered, e-mailed or telecopied and confirmed to the parties hereto as follows:

If to the Placement Agent to the address set forth above, attention: James Siegal, email: jsiegel@maximgrp.com

With a copy to:

Ellenoff Grossman & Schole LLP
1345 Avenue of the Americas, 11th Floor
New York, New York 10105
E-mail: mbernstein@egsllp.com
Attention: Matthew Bernstein

If to the Company:

DIH Holding US, Inc.
77 Accord Drive, Suite D-1
Norwell, MA 02062
E-mail: jason.chen@dih.com
Attention: Jason Chen

With a copy to:

Loeb & Loeb LLP
901 New York Avenue
Washington, D.C. 20001
Mitchell Nussbaum
E-mail: mnussbaum@loeb.com
Attention: Mitchell Nussbaum

Any party hereto may change the address for receipt of communications by giving written notice to the others.

Section 11. Successors. This Agreement will inure to the benefit of and be binding upon the parties hereto, and to the benefit of the employees, officers and directors and controlling persons referred to in Section 7 hereof, and to their respective successors, and personal representative, and no other person will have any right or obligation hereunder.

Section 12. Partial Unenforceability. The invalidity or unenforceability of any section, paragraph or provision of this Agreement shall not affect the validity or enforceability of any other section, paragraph or provision hereof. If any Section, paragraph or provision of this Agreement is for any reason determined to be invalid or unenforceable, there shall be deemed to be made such minor changes (and only such minor changes) as are necessary to make it valid and enforceable.

Section 13. Governing Law. This Agreement will be governed by, and construed in accordance with, the laws of the State of New York applicable to agreements made and to be performed entirely in such State, without regard to the conflicts of laws principles thereof. This Agreement may not be assigned by either party without the prior written consent of the other party. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and permitted assigns. Any right to trial by jury with respect to any dispute arising under this Agreement or any transaction or conduct in connection herewith is waived. Any dispute arising under this Agreement may be brought into the courts of the State of New York or into the Federal Court located in New York, New York and, by execution and delivery of this Agreement, the Company hereby accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of aforesaid courts. Each party hereto hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by delivering a copy thereof via overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. The Company agrees that a final judgment in any such action, proceeding or counterclaim brought in any such court shall be conclusive and binding upon the Company and may be enforced in any other courts to the jurisdiction of which the Company is or may be subject, by suit upon such judgment. If either party to this Agreement shall commence an action or proceeding to enforce any provisions of a Transaction Document, then the prevailing party in such action or proceeding shall be reimbursed by the other party for its attorney's fees and other costs and expenses incurred with the investigation, preparation and prosecution of such action or proceeding.

Section 14. General Provisions.

(a) This Agreement constitutes the entire agreement of the parties to this Agreement and supersedes all prior written or oral and all contemporaneous oral agreements, understandings and negotiations with respect to the subject matter hereof. Notwithstanding anything herein to the contrary, the Engagement Agreement, dated October 4, 2024 ("Engagement Agreement"), between the Company and the Placement Agent shall continue to be effective and the terms therein shall continue to survive and be enforceable by the Placement Agent in accordance with its terms (including, for the avoidance of doubt, the indemnification provisions included therein), provided that, in the event of a conflict between the terms of the Engagement Agreement and this Agreement, the terms of this Agreement shall prevail. This Agreement may be executed in two or more counterparts, each one of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement may not be amended or modified unless in writing by all of the parties hereto, and no condition herein (express or implied) may be waived unless waived in writing by each party whom the condition is meant to benefit. Section headings herein are for the convenience of the parties only and shall not affect the construction or interpretation of this Agreement.

(b) The Company acknowledges that in connection with the offering of the Securities: (i) the Placement Agent's responsibility to the Company is solely contractual and commercial in nature, (ii) the Placement Agent has acted at arms length, are not agents of, and owe no fiduciary duties to the Company or any other person, (iii) the Placement Agent owes the Company only those duties and obligations set forth in this Agreement and (iv) the Placement Agent may have interests that differ from those of the Company. The Company waives to the fullest extent permitted by applicable law any claims it may have against the Placement Agent arising from a breach or alleged breach of fiduciary duty in connection with the offering of the Securities.

[The remainder of this page has been intentionally left blank.]

If the foregoing is in accordance with your understanding of our agreement, please sign below whereupon this instrument, along with all counterparts hereof, shall become a binding agreement in accordance with its terms.

Very truly yours,

DIH HOLDING US, INC.
a Delaware corporation

By: _____
Name: Jason Chen
Title: Chief Executive Officer

The foregoing Placement Agency Agreement is hereby confirmed and accepted as of the date first above written.

MAXIM GROUP LLC

By: _____
Name:
Title:

CLASS A COMMON STOCK PURCHASE WARRANT

DIH HOLDING US, INC.

Warrant Shares: _____

Initial Exercise Date: _____, 2025

THIS CLASS A COMMON STOCK PURCHASE WARRANT (the "Warrant") certifies that, for value received, _____ or its assigns (the "Holder") is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after the date hereof (the "Initial Exercise Date") and on or prior to 5:00 p.m. (New York City time) on [____], 2030 (the "Termination Date") but not thereafter, to subscribe for and purchase from DIH HOLDING US, INC., a Delaware corporation (the "Company"), up to _____ shares (as subject to adjustment hereunder, the "Warrant Shares") of Common Stock. The purchase price of one share of Common Stock under this Warrant shall be equal to the Exercise Price, as defined in Section 2(b). This Warrant shall initially be issued and maintained in the form of a security held in book-entry form and the Depository Trust Company or its nominee ("DTC") shall initially be the sole registered holder of this Warrant, subject to a Holder's right to elect to receive a Warrant in certificated form pursuant to the terms of the Warrant Agency Agreement, in which case this sentence shall not apply.

Section 1. Definitions. In addition to the terms defined elsewhere in this Warrant, the following terms have the meanings indicated in this Section 1:

"Affiliate" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 405 under the Securities Act.

"Bid Price" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the bid price of the Common Stock for the time in question (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Stock is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Common Stock are then reported on the Pink Open Market (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Holders of a majority in interest of the Warrants then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

"Board of Directors" means the board of directors of the Company.

“Business Day” means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed; provided, however, for clarification, commercial banks shall not be deemed to be authorized or required by law to remain closed due to “stay at home”, “shelter-in-place”, “non-essential employee” or any other similar orders or restrictions or the closure of any physical branch locations at the direction of any governmental authority so long as the electronic funds transfer systems (including for wire transfers) of commercial banks in The City of New York generally are open for use by customers on such day.

“Commission” means the United States Securities and Exchange Commission.

“Common Stock” means the Class A common stock of the Company, par value \$0.0001 per share, and any other class of securities into which such securities may hereafter be reclassified or changed.

“Common Stock Equivalents” means any securities of the Company or the Subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, right, option, warrant or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Person” means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

“Purchase Agreement” means the securities purchase agreement, dated as of [_____], 2025, by and between the Company and each of the purchasers signatory thereto.

“Registration Statement” means the Company’s registration statement on Form S-1 (File No. 333-283853).

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Subsidiary” means any subsidiary of the Company and shall, where applicable, also include any direct or indirect subsidiary of the Company formed or acquired after the date hereof.

“Trading Day” means a day on which the Common Stock is traded on a Trading Market.

“Trading Market” means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market or the New York Stock Exchange (or any successors to any of the foregoing).

“Transaction Documents” means the Purchase Agreement, the Lock-Up Agreement, this Warrant, the Prefunded Warrants (as defined in the Purchase Agreement), the Warrant Agency Agreement, all exhibits and schedules thereto and hereto and any other documents or agreements executed in connection with the transactions contemplated hereunder.

“Transfer Agent” means Continental Stock Transfer & Trust Company, the current transfer agent of the Company, with a mailing address of 1 State Street, 30th Floor, New York, New York 10004 and an email address of sjones@continentalstock.com, and any successor transfer agent of the Company.

“VWAP” means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Stock is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Common Stock are then reported on the Pink Open Market (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the holders of a majority in interest of the Warrants then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

“Warrant Agency Agreement” means that certain warrant agency agreement, dated on or about the Initial Exercise Date, between the Company and the Warrant Agent.

“Warrant Agent” means the Transfer Agent and any successor warrant agent of the Company.

“Warrants” means this Warrant and other Common Stock purchase warrants issued by the Company pursuant to the Registration Statement.

Section 2. Exercise.

a) **Exercise of Warrant.** Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or after the Initial Exercise Date and on or before the Termination Date by delivery to the Company of a duly executed PDF copy submitted by e-mail (or e-mail attachment) of the Notice of Exercise in the form annexed hereto (the “Notice of Exercise”). Within the earlier of (i) one (1) Trading Day and (ii) the number of Trading Days comprising the Standard Settlement Period (as defined in Section 2(d)(i) herein) following the date of exercise as aforesaid, the Holder shall deliver the aggregate Exercise Price for the Warrant Shares specified in the applicable Notice of Exercise by wire transfer or cashier’s check drawn on a United States bank unless the cashless exercise procedure specified in Section 2(c) below is specified in the applicable Notice of Exercise. No ink-original Notice of Exercise shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Exercise be required. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation within three (3) Trading Days of the date on which the final Notice of Exercise is delivered to the Company. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. The Company shall deliver any objection to any Notice of Exercise within one (1) Trading Day of receipt of such notice. **The Holder and any assignee, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, following the purchase of a portion of the Warrant Shares hereunder, the number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof.**

Notwithstanding the foregoing in this Section 2(a), a holder whose interest in this Warrant is a beneficial interest in certificate(s) representing this Warrant held in book-entry form through DTC (or another established clearing corporation performing similar functions), shall effect exercises made pursuant to this Section 2(a) by delivering to DTC (or such other clearing corporation, as applicable) the appropriate instruction form for exercise, complying with the procedures to effect exercise that are required by DTC (or such other clearing corporation, as applicable), subject to a Holder’s right to elect to receive a Warrant in certificated form pursuant to the terms of the Warrant Agency Agreement, in which case this sentence shall not apply.

b) **Exercise Price.** The exercise price per share of Common Stock under this Warrant shall be \$[_____], subject to adjustment hereunder (the “Exercise Price”).

c) **Cashless Exercise.** If at the time of exercise hereof there is no effective registration statement registering, or the prospectus contained therein is not available for the issuance of the Warrant Shares to the Holder, then this Warrant may also be exercised, in whole or in part, at such time by means of a “cashless exercise” in which the Holder shall be entitled to receive a number of Warrant Shares equal to the quotient obtained by dividing [(A-B) (X)] by (A), where:

(A) = as applicable: (i) the VWAP on the Trading Day immediately preceding the date of the applicable Notice of Exercise if such Notice of Exercise is (1) delivered pursuant to Section 2(a) hereof on a day that is not a Trading Day or (2) delivered pursuant to Section 2(a) hereof on a Trading Day prior to the opening of “regular trading hours” (as defined in Rule 600(b) of Regulation NMS promulgated under the federal securities laws) on such Trading Day, (ii) the highest Bid Price of the Common Stock on the principal Trading Market as reported by Bloomberg L.P. (“Bloomberg”) within two (2) hours of the time of the Holder’s delivery of the Notice of Exercise pursuant to Section 2(a) hereof if such Notice of Exercise is delivered during “regular trading hours,” or within until two (2) hours after the close of “regular trading hours,” on a Trading Day or (iii) the VWAP on the date of the applicable Notice of Exercise if the date of such Notice of Exercise is a Trading Day and such Notice of Exercise is delivered pursuant to Section 2(a) hereof after two (2) hours following the close of “regular trading hours” on such Trading Day;

(B) = the Exercise Price of this Warrant, as adjusted hereunder; and

(X) = the number of Warrant Shares that would be issuable upon exercise of this Warrant in accordance with the terms of this Warrant if such exercise were by means of a cash exercise rather than a cashless exercise.

If Warrant Shares are issued in such a cashless exercise, the parties acknowledge and agree that in accordance with Section 3(a)(9) of the Securities Act, the Warrant Shares shall take on the registered characteristics of the Warrants being exercised. The Company agrees not to take any position contrary to this Section 2(c).

d) Mechanics of Exercise.

i. Delivery of Warrant Shares Upon Exercise. The Company shall cause the Warrant Shares purchased hereunder to be transmitted by the Transfer Agent to the Holder by crediting the account of the Holder's or its designee's balance account with The Depository Trust Company through its Deposit or Withdrawal at Custodian system ("DWAC") if the Company is then a participant in such system and either (A) there is an effective registration statement permitting the issuance of the Warrant Shares to or resale of the Warrant Shares by Holder or (B) this Warrant is being exercised via cashless exercise, and otherwise by physical delivery of a certificate, registered in the Company's share register in the name of the Holder or its designee, for the number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the address specified by the Holder in the Notice of Exercise by the date that is the earlier of (i) one (1) Trading Day after the delivery to the Company of the Notice of Exercise and (ii) the number of Trading Days comprising the Standard Settlement Period after the delivery to the Company of the Notice of Exercise (such date, the "Warrant Share Delivery Date"). Upon delivery of the Notice of Exercise, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date of delivery of the Warrant Shares, provided that payment of the aggregate Exercise Price (other than in the case of a cashless exercise) is received within the earlier of (i) one (1) Trading Day and (ii) the number of Trading Days comprising the Standard Settlement Period following delivery of the Notice of Exercise. If the Company fails for any reason to deliver to the Holder the Warrant Shares subject to a Notice of Exercise by the Warrant Share Delivery Date, the Company shall pay to the Holder, in cash, as liquidated damages and not as a penalty, for each \$1,000 of Warrant Shares subject to such exercise (based on the VWAP of the Common Stock on the date of the applicable Notice of Exercise), \$10 per Trading Day (increasing to \$20 per Trading Day on the third Trading Day after the Warrant Share Delivery Date) for each Trading Day after such Warrant Share Delivery Date until such Warrant Shares are delivered or Holder rescinds such exercise. The Company agrees to maintain a transfer agent that is a participant in the FAST program so long as this Warrant remains outstanding and exercisable. As used herein, "Standard Settlement Period" means the standard settlement period, expressed in a number of Trading Days, on the Company's primary Trading Market with respect to the Common Stock as in effect on the date of delivery of the Notice of Exercise. Notwithstanding the foregoing, with respect to any Notice(s) of Exercise delivered on or prior to 12:00 p.m. (New York City time) on the Initial Exercise Date, which may be delivered at any time after the time of execution of the Purchase Agreement, the Company agrees to deliver the Warrant Shares subject to such notice(s) by 4:00 p.m. (New York City time) on the Initial Exercise Date and the Initial Exercise Date shall be the Warrant Share Delivery Date for purposes hereunder, provided that payment of the aggregate Exercise Price (other than in the case of a cashless exercise) is received by such Warrant Share Delivery Date.

ii. Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant certificate, at the time of delivery of the Warrant Shares, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

iii. Rescission Rights. If the Company fails to cause the Transfer Agent to transmit to the Holder the Warrant Shares pursuant to Section 2(d)(i) by the Warrant Share Delivery Date, then the Holder will have the right to rescind such exercise.

iv. Compensation for Buy-In on Failure to Timely Deliver Warrant Shares Upon Exercise. In addition to any other rights available to the Holder, if the Company fails to cause the Transfer Agent to transmit to the Holder the Warrant Shares in accordance with the provisions of Section 2(d)(i) above pursuant to an exercise on or before the Warrant Share Delivery Date, and if after such date the Holder is required by its broker to purchase (in an open market transaction or otherwise) or the Holder's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by the Holder of the Warrant Shares which the Holder anticipated receiving upon such exercise (a "Buy-In"), then the Company shall (A) pay in cash to the Holder the amount, if any, by which (x) the Holder's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased exceeds (y) the amount obtained by multiplying (1) the number of Warrant Shares that the Company was required to deliver to the Holder in connection with the exercise at issue times (2) the price at which the sell order giving rise to such purchase obligation was executed, and (B) at the option of the Holder, either reinstate the portion of the Warrant and equivalent number of Warrant Shares for which such exercise was not honored (in which case such exercise shall be deemed rescinded) or deliver to the Holder the number of shares of Common Stock that would have been issued had the Company timely complied with its exercise and delivery obligations hereunder. For example, if the Holder purchases Common Stock having a total purchase price of \$11,000 to cover a Buy-In with respect to an attempted exercise of shares of Common Stock with an aggregate sale price giving rise to such purchase obligation of \$10,000, under clause (A) of the immediately preceding sentence the Company shall be required to pay the Holder \$1,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of the Company, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver shares of Common Stock upon exercise of the Warrant as required pursuant to the terms hereof.

v. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such exercise, the Company shall, at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price or round up to the next whole share.

vi. Charges, Taxes and Expenses. Issuance of Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the issuance of such Warrant Shares, all of which taxes and expenses shall be paid by the Company, and such Warrant Shares shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; provided, however, that, in the event that Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto. The Company shall pay all Transfer Agent fees required for same-day processing of any Notice of Exercise and all fees to the Depository Trust Company (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the Warrant Shares.

vii. Closing of Books. The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

e) Holder's Exercise Limitations. The Company shall not effect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant, pursuant to Section 2 or otherwise, to the extent that after giving effect to such issuance after exercise as set forth on the applicable Notice of Exercise, the Holder (together with the Holder's Affiliates, and any other Persons acting as a group together with the Holder or any of the Holder's Affiliates (such Persons, "Attribution Parties")), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates and Attribution Parties shall include the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (i) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by the Holder or any of its Affiliates or Attribution Parties and (ii) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company (including, without limitation, any other Common Stock Equivalents) subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its Affiliates or Attribution Parties. Except as set forth in the preceding sentence, for purposes of this Section 2(e), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder, it being acknowledged by the Holder that the Company is not representing to the Holder that such calculation is in compliance with Section 13(d) of the Exchange Act and the Holder is solely responsible for any schedules required to be filed in accordance therewith. To the extent that the limitation contained in this Section 2(e) applies, the determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable shall be in the sole discretion of the Holder, and the submission of a Notice of Exercise shall be deemed to be the Holder's determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable, in each case subject to the Beneficial Ownership Limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 2(e), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as reflected in (A) the Company's most recent periodic or annual report filed with the Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or the Transfer Agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Company shall within one Trading Day confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder or its Affiliates or Attribution Parties since the date as of which such number of outstanding shares of Common Stock was reported. The "Beneficial Ownership Limitation" shall be 4.99% (or, upon election by a Holder prior to the issuance of any Warrants, 9.99%) of the number of shares of Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon exercise of this Warrant. The Holder, upon notice to the Company, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 2(e), provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon exercise of this Warrant held by the Holder and the provisions of this Section 2(e) shall continue to apply. Any increase in the Beneficial Ownership Limitation will not be effective until the 61st day after such notice is delivered to the Company. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 2(e) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Warrant.

Section 3. Certain Adjustments.

a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of this Warrant), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (iv) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event, and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this Section 3(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or reclassification.

b) Intentionally omitted.

c) Subsequent Rights Offerings. In addition to any adjustments pursuant to Section 3(a) above, if at any time the Company grants, issues or sells any Common Stock Equivalents or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of Common Stock (the "Purchase Rights"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights (provided, however, that, to the extent that the Holder's right to participate in any such Purchase Right would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Purchase Right to such extent (or beneficial ownership of such shares of Common Stock as a result of such Purchase Right to such extent) and such Purchase Right to such extent shall be held in abeyance for the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

d) Pro Rata Distributions. During such time as this Warrant is outstanding, if the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "Distribution"), at any time after the issuance of this Warrant, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the participation in such Distribution (provided, however, that, to the extent that the Holder's right to participate in any such Distribution would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Distribution to such extent (or in the beneficial ownership of any shares of Common Stock as a result of such Distribution to such extent) and the portion of such Distribution shall be held in abeyance for the benefit of the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation). To the extent that this Warrant has not been partially or completely exercised at the time of such Distribution, such portion of the Distribution shall be held in abeyance for the benefit of the Holder until the Holder has exercised this Warrant.

e) Fundamental Transaction. If, at any time while this Warrant is outstanding, (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person (other than for the purpose of changing the Company's name, jurisdiction of incorporation or forming or collapsing a holding company), (ii) the Company or any Subsidiary, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of greater than 50% of the outstanding Common Stock or greater than 50% of the voting power of the common equity of the Company, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, or (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off, merger or scheme of arrangement) with another Person or group of Persons whereby such other Person or group acquires greater than 50% of the outstanding shares of Common Stock or greater than 50% of the voting power of the common equity of the Company (each a "Fundamental Transaction"), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction, at the option of the Holder (without regard to any limitation in Section 2(f) on the exercise of this Warrant), the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration (the "Alternate Consideration") receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such Fundamental Transaction (without regard to any limitation in Section 2(f) on the exercise of this Warrant). For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. Notwithstanding anything to the contrary, in the event of a Fundamental Transaction, the Company or any Successor Entity (as defined below) shall, at the Holder's option, exercisable at any time concurrently with, or within 30 days after, the consummation of the Fundamental Transaction (or, if later, the date of the public announcement of the applicable Fundamental Transaction), purchase this Warrant from the Holder by paying to the Holder an amount equal to the Black Scholes Value (as defined below) of the remaining unexercised portion of this Warrant on the date of the consummation of such Fundamental Transaction; provided, however, that, if the Fundamental Transaction is not within the Company's control, including not approved by the Company's Board of Directors, the Holder shall only be entitled to receive from the Company or any Successor Entity, as of the date of the consummation of such Fundamental Transaction, the same type or form of consideration (and in the same proportion), at the Black Scholes Value of the unexercised portion of this Warrant, that is being offered and paid to the holders of Common Stock of the Company in connection with the Fundamental Transaction, whether that consideration be in the form of cash, stock or any combination thereof, or whether the holders of Common Stock are given the choice to receive from among alternative forms of consideration in connection with the Fundamental Transaction; provided, further, that if holders of Common Stock of the Company are not offered or paid any consideration in such Fundamental Transaction, such holders of Common Stock will be deemed to have received common stock of the Successor Entity (which Successor Entity may be the Company following such Fundamental Transaction) in such Fundamental Transaction. "Black Scholes Value" means the value of this Warrant based on the Black-Scholes Option Pricing Model obtained from the "OV" function on Bloomberg, L.P. ("Bloomberg") determined as of the day of consummation of the applicable Fundamental Transaction for pricing purposes and reflecting (A) a risk-free interest rate corresponding to the U.S. Treasury rate for a period equal to the time between the date of the public announcement of the applicable contemplated Fundamental Transaction and the Termination Date, (B) an expected volatility equal to the 100 day volatility as obtained from the HVT function on Bloomberg (determined utilizing a 365 day annualization factor) as of the Trading Day immediately following the public announcement of the applicable contemplated Fundamental Transaction, (C) the underlying price per share used in such calculation shall be the sum of the price per share being offered in cash, if any, plus the value of any non-cash consideration, if any, being offered in such Fundamental Transaction, (D) a remaining option time equal to the time between the date of the public announcement of the applicable contemplated Fundamental Transaction and the Termination Date and (E) a zero cost of borrow. The payment of the Black Scholes Value will be made by wire transfer of immediately available funds (or such other consideration) within the later of (i) five Business Days of the Holder's election and (ii) the date of consummation of the Fundamental Transaction. The Company shall cause any successor entity in a Fundamental Transaction in which the Company is not the survivor (the "Successor Entity") to assume in writing all of the obligations of the Company under this Warrant in accordance with the provisions of this Section 3(e) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the Holder, deliver to the Holder in exchange for this Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant which is exercisable for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction, and with an exercise price which applies the exercise price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such exercise price being for the purpose of protecting the economic value of this Warrant immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall be added to the term "Company" under this Warrant (so that from and after the occurrence or consummation of such Fundamental Transaction, each and every provision of this Warrant and the other Transaction Documents referring to the "Company" shall refer instead to each of the Company and the Successor Entity or Successor Entities, jointly and severally), and the Successor Entity or Successor Entities, jointly and severally with the Company, may exercise every right and power of the Company prior thereto and the Successor Entity or Successor Entities shall assume all of the obligations of the Company prior thereto under this Warrant and the other Transaction Documents with the same effect as if the Company and such Successor Entity or Successor Entities, jointly and severally, had been named as the Company herein. For the avoidance of doubt, the Holder shall be entitled to the benefits of the provisions of this Section 3(e) regardless of (i) whether the Company has sufficient authorized shares of Common Stock for the issuance of Warrant Shares and/or (ii) whether a Fundamental Transaction occurs prior to the Initial Exercise Date.

f) Calculations. All calculations under this Section 3 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 3, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

g) Notice to Holder.

i. Adjustment to Exercise Price. Whenever the Exercise Price is adjusted pursuant to any provision of this Section 3, the Company shall promptly deliver to the Holder by email a notice setting forth the Exercise Price after such adjustment and any resulting adjustment to the number of Warrant Shares and setting forth a brief statement of the facts requiring such adjustment.

ii. Notice to Allow Exercise by Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Company shall authorize the granting to all holders of the Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Company (or any of its Subsidiaries) is a party, any sale or transfer of all or substantially all of its assets, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property, or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be delivered by email to the Holder at its last email address as it shall appear upon the Warrant Register of the Company, at least 20 calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange; provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided in this Warrant constitutes, or contains, material, non-public information regarding the Company or any of the Subsidiaries, the Company shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K. The Holder shall remain entitled to exercise this Warrant during the period commencing on the date of such notice to the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

h) Voluntary Adjustment By Company. Subject to the rules and regulations of the Trading Market, the Company may at any time during the term of this Warrant reduce the then current Exercise Price to any amount and for any period of time deemed appropriate by the Board of Directors of the Company.

Section 4. Transfer of Warrant.

a) Transferability. This Warrant and all rights hereunder (including, without limitation, any registration rights) are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company or its designated agent, together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees, as applicable, and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company unless the Holder has assigned this Warrant in full, in which case, the Holder shall surrender this Warrant to the Company within three (3) Trading Days of the date on which the Holder delivers an assignment form to the Company assigning this Warrant in full. The Warrant, if properly assigned in accordance herewith, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

b) New Warrants. If this Warrant is not held in global form through DTC (or any successor depository), this Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 4(a), as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice. All Warrants issued on transfers or exchanges shall be dated the initial issuance date of this Warrant and shall be identical with this Warrant except as to the number of Warrant Shares issuable pursuant thereto.

c) Warrant Register. The Warrant Agent shall register this Warrant, upon records to be maintained by the Warrant Agent for that purpose (the "Warrant Register"), in the name of the record Holder hereof from time to time. The Company and the Warrant Agent may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

Section 5. Miscellaneous.

a) No Rights as Stockholder Until Exercise; No Settlement in Cash. This Warrant does not entitle the Holder to any voting rights, dividends or other rights as a stockholder of the Company prior to the exercise hereof as set forth in Section 2(d)(i), except as expressly set forth in Section 3. Without limiting any rights of a Holder to receive Warrant Shares on a "cashless exercise" pursuant to Section 2(c) or to receive cash payments pursuant to Section 2(d)(i) and Section 2(d)(iv) herein, in no event shall the Company be required to net cash settle an exercise of this Warrant.

b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

c) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then such action may be taken or such right may be exercised on the next succeeding Business Day.

d) Authorized Shares.

The Company covenants that, during the period the Warrant is outstanding, it will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of issuing the necessary Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Common Stock may be listed. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant and payment for such Warrant Shares in accordance herewith, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges created by the Company in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).

Except and to the extent as waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its certificate of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment. Without limiting the generality of the foregoing, the Company will (i) not increase the par value of any Warrant Shares above the amount payable therefor upon such exercise immediately prior to such increase in par value, (ii) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares upon the exercise of this Warrant and (iii) use commercially reasonable efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof, as may be, necessary to enable the Company to perform its obligations under this Warrant.

Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

e) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof. Each party agrees that all legal proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Warrant (whether brought against a party hereto or their respective affiliates, directors, officers, shareholders, partners, members, employees or agents) shall be commenced exclusively in the state and federal courts sitting in the City of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City of New York, Borough of Manhattan for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is improper or is an inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Warrant and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law. If either party shall commence an action, suit or proceeding to enforce any provisions of this Warrant, the prevailing party in such action, suit or proceeding shall be reimbursed by the other party for their reasonable attorneys' fees and other costs and expenses incurred with the investigation, preparation and prosecution of such action or proceeding.

f) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered, and the Holder does not utilize cashless exercise, will have restrictions upon resale imposed by state and federal securities laws.

g) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice the Holder's rights, powers or remedies. Without limiting any other provision of this Warrant, if the Company willfully and knowingly fails to comply with any provision of this Warrant or the Purchase Agreement, which results in any material damages to the Holder, the Company shall pay to the Holder such amounts as shall be sufficient to cover any costs and expenses including, but not limited to, reasonable attorneys' fees, including those of appellate proceedings, incurred by the Holder in collecting any amounts due pursuant hereto or in otherwise enforcing any of its rights, powers or remedies hereunder.

h) Notices. Any and all notices or other communications or deliveries to be provided by the Holders hereunder including, without limitation, any Notice of Exercise, shall be in writing and delivered personally, by e-mail, or sent by a nationally recognized overnight courier service, addressed to the Company, at 77 Accord Park Drive, Suite D-1, Norwell, MA 02061, Attention: Jason Chen, email address: jason.chen@dih.com, or such other email address or address as the Company may specify for such purposes by notice to the Holders. Any and all notices or other communications or deliveries to be provided by the Company hereunder shall be in writing and delivered personally, by e-mail, or sent by a nationally recognized overnight courier service addressed to each Holder at the e-mail address or address of such Holder appearing on the books of the Company. Any notice or other communication or deliveries hereunder shall be deemed given and effective on the earliest of (i) the time of transmission, if such notice or communication is delivered via e-mail at the e-mail address set forth in this Section prior to 5:30 p.m. (New York City time) on any date, (ii) the next Trading Day after the time of transmission, if such notice or communication is delivered via e-mail at the e-mail address set forth in this Section on a day that is not a Trading Day or later than 5:30 p.m. (New York City time) on any Trading Day, (iii) the second Trading Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given. To the extent that any notice provided hereunder constitutes, or contains, material, non-public information regarding the Company or any Subsidiaries, the Company shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K.

i) Limitation of Liability. No provision hereof, in the absence of any affirmative action by the Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

j) Remedies. The Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.

k) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of any Holder from time to time of this Warrant and shall be enforceable by the Holder or holder of Warrant Shares.

l) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company, on the one hand, and the Holder or the beneficial owner of this Warrant, on the other hand.

m) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

n) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

o) Warrant Agency Agreement. If this Warrant is held in global form through DTC (or any successor depository), this Warrant is issued subject to the Warrant Agency Agreement. To the extent any provision of this Warrant conflicts with the express provisions of the Warrant Agency Agreement, the provisions of this Warrant shall govern and be controlling.

(Signature Page Follows)

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first above indicated.

DIH HOLDING US, INC.

By: _____
Name: Jason Chen
Title: Chief Executive Officer and Chairman

NOTICE OF EXERCISE

TO: DIH HOLDING US, INC.

(1) The undersigned hereby elects to purchase _____ Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of (check applicable box):

in lawful money of the United States; or

if permitted the cancellation of such number of Warrant Shares as is necessary, in accordance with the formula set forth in subsection 2(c), to exercise this Warrant with respect to the maximum number of Warrant Shares purchasable pursuant to the cashless exercise procedure set forth in subsection 2(c).

(3) Please issue said Warrant Shares in the name of the undersigned or in such other name as is specified below:

The Warrant Shares shall be delivered to the following DWAC Account Number:

[SIGNATURE OF HOLDER]

Name of Investing Entity: _____

Signature of Authorized Signatory of Investing Entity: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

Date: _____

ASSIGNMENT FORM

(To assign the foregoing Warrant, execute this form and supply required information. Do not use this form to purchase shares.)

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby assigned to

Name: _____
(Please Print)

Address: _____
(Please Print)

Phone Number: _____

Email Address: _____

Dated: _____, _____

Holder's Signature: _____

Holder's Address: _____

PREFUNDED PURCHASE WARRANT

DIH HOLDING US, INC.

Warrant Shares: _____

Initial Exercise Date: _____, 2025

THIS PREFUNDED PURCHASE WARRANT (the "Warrant") certifies that, for value received, _____ or its assigns (the "Holder") is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after the date hereof (the "Initial Exercise Date") and until this Warrant is exercised in full (the "Termination Date") but not thereafter, to subscribe for and purchase from DIH HOLDING US, INC., a Delaware corporation (the "Company"), up to _____ shares (as subject to adjustment hereunder, the "Warrant Shares") of Common Stock. The purchase price of one share of Common Stock under this Warrant shall be equal to the Exercise Price, as defined in Section 2(b). [This Warrant shall initially be issued and maintained in the form of a security held in book-entry form and the Depository Trust Company or its nominee ("DTC") shall initially be the sole registered holder of this Warrant, subject to a Holder's right to elect to receive a Warrant in certificated form pursuant to the terms of the Warrant Agency Agreement, in which case this sentence shall not apply.]

Section 1. Definitions. In addition to the terms defined elsewhere in this Warrant, the following terms have the meanings indicated in this Section 1:

"Affiliate" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 405 under the Securities Act.

"Bid Price" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the bid price of the Common Stock for the time in question (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Stock is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Common Stock are then reported on the Pink Open Market (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Holders of a majority in interest of the Warrants then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

"Board of Directors" means the board of directors of the Company.

“Business Day” means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed; provided, however, for clarification, commercial banks shall not be deemed to be authorized or required by law to remain closed due to “stay at home”, “shelter-in-place”, “non-essential employee” or any other similar orders or restrictions or the closure of any physical branch locations at the direction of any governmental authority so long as the electronic funds transfer systems (including for wire transfers) of commercial banks in The City of New York generally are open for use by customers on such day.

“Commission” means the United States Securities and Exchange Commission.

“Common Stock” means the Class A common stock of the Company, par value \$0.0001 per share, and any other class of securities into which such securities may hereafter be reclassified or changed.

“Common Stock Equivalents” means any securities of the Company or the Subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, right, option, warrant or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Person” means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

“Purchase Agreement” means the securities purchase agreement, dated as of [_____], 2025, by and between the Company and each of the purchasers signatory thereto.

“Registration Statement” means the Company’s registration statement on Form S-1 (File No. 333-283853).

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Subsidiary” means any subsidiary of the Company and shall, where applicable, also include any direct or indirect subsidiary of the Company formed or acquired after the date hereof.

“Trading Day” means a day on which the Common Stock is traded on a Trading Market.

“Trading Market” means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market or the New York Stock Exchange (or any successors to any of the foregoing).

“Transaction Documents” means the Purchase Agreement, the Lock-Up Agreement, this Warrant, the Prefunded Warrants (as defined in the Purchase Agreement), [the Warrant Agency Agreement], all exhibits and schedules thereto and hereto and any other documents or agreements executed in connection with the transactions contemplated hereunder.

“Transfer Agent” means Continental Stock Transfer & Trust Company, the current transfer agent of the Company, with a mailing address of 1 State Street, 30th Floor, New York, New York 10004 and an email address of sjones@continentalstock.com, and any successor transfer agent of the Company.

“VWAP” means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Stock is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Common Stock are then reported on the Pink Open Market (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the holders of a majority in interest of the Warrants then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

“Warrant Agency Agreement” means that certain warrant agency agreement, dated on or about the Initial Exercise Date, between the Company and the Warrant Agent.

“Warrant Agent” means the Transfer Agent and any successor warrant agent of the Company.

“Warrants” means this Warrant and other Common Stock purchase warrants issued by the Company pursuant to the Registration Statement.

Section 2. Exercise.

a) Exercise of Warrant. Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or after the Initial Exercise Date and on or before the Termination Date by delivery to the Company of a duly executed PDF copy submitted by e-mail (or e-mail attachment) of the Notice of Exercise in the form annexed hereto (the "Notice of Exercise"). Within the earlier of (i) one (1) Trading Day and (ii) the number of Trading Days comprising the Standard Settlement Period (as defined in Section 2(d)(i) herein) following the date of exercise as aforesaid, the Holder shall deliver the aggregate Exercise Price for the Warrant Shares specified in the applicable Notice of Exercise by wire transfer or cashier's check drawn on a United States bank unless the cashless exercise procedure specified in Section 2(c) below is specified in the applicable Notice of Exercise. No ink-original Notice of Exercise shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Exercise be required. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation within three (3) Trading Days of the date on which the final Notice of Exercise is delivered to the Company. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. The Company shall deliver any objection to any Notice of Exercise within one (1) Trading Day of receipt of such notice. **The Holder and any assignee, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, following the purchase of a portion of the Warrant Shares hereunder, the number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof.**

Notwithstanding the foregoing in this Section 2(a), a holder whose interest in this Warrant is a beneficial interest in certificate(s) representing this Warrant held in book-entry form through DTC (or another established clearing corporation performing similar functions), shall effect exercises made pursuant to this Section 2(a) by delivering to DTC (or such other clearing corporation, as applicable) the appropriate instruction form for exercise, complying with the procedures to effect exercise that are required by DTC (or such other clearing corporation, as applicable), subject to a Holder's right to elect to receive a Warrant in certificated form pursuant to the terms of the Warrant Agency Agreement, in which case this sentence shall not apply.

b) Exercise Price. The aggregate exercise price of this Warrant, except for a nominal exercise price of \$0.0001 per Warrant Share, was pre-funded to the Company on or prior to the Initial Exercise Date and, consequently, no additional consideration (other than the nominal exercise price of \$0.0001 per Warrant Share) shall be required to be paid by the Holder to any Person to effect any exercise of this Warrant. The Holder shall not be entitled to the return or refund of all, or any portion, of such pre-paid aggregate exercise price under any circumstance or for any reason whatsoever. The remaining unpaid exercise price per share of Common Stock under this Warrant shall be \$0.0001, subject to adjustment hereunder (the "Exercise Price").

c) Cashless Exercise. This Warrant may also be exercised, in whole or in part, at such time by means of a “cashless exercise” in which the Holder shall be entitled to receive a number of Warrant Shares equal to the quotient obtained by dividing [(A-B) (X)] by (A), where:

(A) = as applicable: (i) the VWAP on the Trading Day immediately preceding the date of the applicable Notice of Exercise if such Notice of Exercise is (1) delivered pursuant to Section 2(a) hereof on a day that is not a Trading Day or (2) delivered pursuant to Section 2(a) hereof on a Trading Day prior to the opening of “regular trading hours” (as defined in Rule 600(b) of Regulation NMS promulgated under the federal securities laws) on such Trading Day, (ii) the highest Bid Price of the Common Stock on the principal Trading Market as reported by Bloomberg L.P. (“Bloomberg”) within two (2) hours of the time of the Holder’s delivery of the Notice of Exercise pursuant to Section 2(a) hereof if such Notice of Exercise is delivered during “regular trading hours,” or within until two (2) hours after the close of “regular trading hours,” on a Trading Day or (iii) the VWAP on the date of the applicable Notice of Exercise if the date of such Notice of Exercise is a Trading Day and such Notice of Exercise is delivered pursuant to Section 2(a) hereof after two (2) hours following the close of “regular trading hours” on such Trading Day;

(B) = the Exercise Price of this Warrant, as adjusted hereunder; and

(X) = the number of Warrant Shares that would be issuable upon exercise of this Warrant in accordance with the terms of this Warrant if such exercise were by means of a cash exercise rather than a cashless exercise.

If Warrant Shares are issued in such a cashless exercise, the parties acknowledge and agree that in accordance with Section 3(a)(9) of the Securities Act, the Warrant Shares shall take on the registered characteristics of the Warrants being exercised. The Company agrees not to take any position contrary to this Section 2(c).

d) Mechanics of Exercise.

i. Delivery of Warrant Shares Upon Exercise. The Company shall cause the Warrant Shares purchased hereunder to be transmitted by the Transfer Agent to the Holder by crediting the account of the Holder's or its designee's balance account with The Depository Trust Company through its Deposit or Withdrawal at Custodian system ("DWAC") if the Company is then a participant in such system and either (A) there is an effective registration statement permitting the issuance of the Warrant Shares to or resale of the Warrant Shares by Holder or (B) this Warrant is being exercised via cashless exercise, and otherwise by physical delivery of a certificate, registered in the Company's share register in the name of the Holder or its designee, for the number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the address specified by the Holder in the Notice of Exercise by the date that is the earlier of (i) one (1) Trading Day after the delivery to the Company of the Notice of Exercise and (ii) the number of Trading Days comprising the Standard Settlement Period after the delivery to the Company of the Notice of Exercise (such date, the "Warrant Share Delivery Date"). Upon delivery of the Notice of Exercise, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date of delivery of the Warrant Shares, provided that payment of the aggregate Exercise Price (other than in the case of a cashless exercise) is received within the earlier of (i) one (1) Trading Day and (ii) the number of Trading Days comprising the Standard Settlement Period following delivery of the Notice of Exercise. If the Company fails for any reason to deliver to the Holder the Warrant Shares subject to a Notice of Exercise by the Warrant Share Delivery Date, the Company shall pay to the Holder, in cash, as liquidated damages and not as a penalty, for each \$1,000 of Warrant Shares subject to such exercise (based on the VWAP of the Common Stock on the date of the applicable Notice of Exercise), \$10 per Trading Day (increasing to \$20 per Trading Day on the third Trading Day after the Warrant Share Delivery Date) for each Trading Day after such Warrant Share Delivery Date until such Warrant Shares are delivered or Holder rescinds such exercise. The Company agrees to maintain a transfer agent that is a participant in the FAST program so long as this Warrant remains outstanding and exercisable. As used herein, "Standard Settlement Period" means the standard settlement period, expressed in a number of Trading Days, on the Company's primary Trading Market with respect to the Common Stock as in effect on the date of delivery of the Notice of Exercise. Notwithstanding the foregoing, with respect to any Notice(s) of Exercise delivered on or prior to 12:00 p.m. (New York City time) on the Initial Exercise Date, which may be delivered at any time after the time of execution of the Purchase Agreement, the Company agrees to deliver the Warrant Shares subject to such notice(s) by 4:00 p.m. (New York City time) on the Initial Exercise Date and the Initial Exercise Date shall be the Warrant Share Delivery Date for purposes hereunder, provided that payment of the aggregate Exercise Price (other than in the case of a cashless exercise) is received by such Warrant Share Delivery Date.

ii. Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant certificate, at the time of delivery of the Warrant Shares, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

iii. Rescission Rights. If the Company fails to cause the Transfer Agent to transmit to the Holder the Warrant Shares pursuant to Section 2(d)(i) by the Warrant Share Delivery Date, then the Holder will have the right to rescind such exercise.

iv. Compensation for Buy-In on Failure to Timely Deliver Warrant Shares Upon Exercise. In addition to any other rights available to the Holder, if the Company fails to cause the Transfer Agent to transmit to the Holder the Warrant Shares in accordance with the provisions of Section 2(d)(i) above pursuant to an exercise on or before the Warrant Share Delivery Date, and if after such date the Holder is required by its broker to purchase (in an open market transaction or otherwise) or the Holder's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by the Holder of the Warrant Shares which the Holder anticipated receiving upon such exercise (a "Buy-In"), then the Company shall (A) pay in cash to the Holder the amount, if any, by which (x) the Holder's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased exceeds (y) the amount obtained by multiplying (1) the number of Warrant Shares that the Company was required to deliver to the Holder in connection with the exercise at issue times (2) the price at which the sell order giving rise to such purchase obligation was executed, and (B) at the option of the Holder, either reinstate the portion of the Warrant and equivalent number of Warrant Shares for which such exercise was not honored (in which case such exercise shall be deemed rescinded) or deliver to the Holder the number of shares of Common Stock that would have been issued had the Company timely complied with its exercise and delivery obligations hereunder. For example, if the Holder purchases Common Stock having a total purchase price of \$11,000 to cover a Buy-In with respect to an attempted exercise of shares of Common Stock with an aggregate sale price giving rise to such purchase obligation of \$10,000, under clause (A) of the immediately preceding sentence the Company shall be required to pay the Holder \$1,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of the Company, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver shares of Common Stock upon exercise of the Warrant as required pursuant to the terms hereof.

v. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such exercise, the Company shall, at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price or round up to the next whole share.

vi. Charges, Taxes and Expenses. Issuance of Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the issuance of such Warrant Shares, all of which taxes and expenses shall be paid by the Company, and such Warrant Shares shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; provided, however, that, in the event that Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto. The Company shall pay all Transfer Agent fees required for same-day processing of any Notice of Exercise and all fees to the Depository Trust Company (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the Warrant Shares.

vii. Closing of Books. The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

e) Holder's Exercise Limitations. The Company shall not effect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant, pursuant to Section 2 or otherwise, to the extent that after giving effect to such issuance after exercise as set forth on the applicable Notice of Exercise, the Holder (together with the Holder's Affiliates, and any other Persons acting as a group together with the Holder or any of the Holder's Affiliates (such Persons, "Attribution Parties")), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates and Attribution Parties shall include the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (i) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by the Holder or any of its Affiliates or Attribution Parties and (ii) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company (including, without limitation, any other Common Stock Equivalents) subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its Affiliates or Attribution Parties. Except as set forth in the preceding sentence, for purposes of this Section 2(e), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder, it being acknowledged by the Holder that the Company is not representing to the Holder that such calculation is in compliance with Section 13(d) of the Exchange Act and the Holder is solely responsible for any schedules required to be filed in accordance therewith. To the extent that the limitation contained in this Section 2(e) applies, the determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable shall be in the sole discretion of the Holder, and the submission of a Notice of Exercise shall be deemed to be the Holder's determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable, in each case subject to the Beneficial Ownership Limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 2(e), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as reflected in (A) the Company's most recent periodic or annual report filed with the Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or the Transfer Agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Company shall within one Trading Day confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder or its Affiliates or Attribution Parties since the date as of which such number of outstanding shares of Common Stock was reported. The "Beneficial Ownership Limitation" shall be 4.99% (or, upon election by a Holder prior to the issuance of any Warrants, 9.99%) of the number of shares of Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon exercise of this Warrant. The Holder, upon notice to the Company, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 2(e), provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon exercise of this Warrant held by the Holder and the provisions of this Section 2(e) shall continue to apply. Any increase in the Beneficial Ownership Limitation will not be effective until the 61st day after such notice is delivered to the Company. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 2(e) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Warrant.

Section 3. Certain Adjustments.

a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of this Warrant), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (iv) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event, and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this Section 3(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or reclassification.

b) Intentionally omitted.

c) Subsequent Rights Offerings. In addition to any adjustments pursuant to Section 3(a) above, if at any time the Company grants, issues or sells any Common Stock Equivalents or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of Common Stock (the "Purchase Rights"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights (provided, however, that, to the extent that the Holder's right to participate in any such Purchase Right would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Purchase Right to such extent (or beneficial ownership of such shares of Common Stock as a result of such Purchase Right to such extent) and such Purchase Right to such extent shall be held in abeyance for the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

d) Pro Rata Distributions. During such time as this Warrant is outstanding, if the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "Distribution"), at any time after the issuance of this Warrant, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the participation in such Distribution (provided, however, that, to the extent that the Holder's right to participate in any such Distribution would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Distribution to such extent (or in the beneficial ownership of any shares of Common Stock as a result of such Distribution to such extent) and the portion of such Distribution shall be held in abeyance for the benefit of the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation). To the extent that this Warrant has not been partially or completely exercised at the time of such Distribution, such portion of the Distribution shall be held in abeyance for the benefit of the Holder until the Holder has exercised this Warrant.

e) Fundamental Transaction. If, at any time while this Warrant is outstanding, (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person (other than for the purpose of changing the Company's name, jurisdiction of incorporation or forming or collapsing a holding company), (ii) the Company or any Subsidiary, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of greater than 50% of the outstanding Common Stock or greater than 50% of the voting power of the common equity of the Company, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, or (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off, merger or scheme of arrangement) with another Person or group of Persons whereby such other Person or group acquires greater than 50% of the outstanding shares of Common Stock or greater than 50% of the voting power of the common equity of the Company (each a "Fundamental Transaction"), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction, at the option of the Holder (without regard to any limitation in Section 2(f) on the exercise of this Warrant), the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration (the "Alternate Consideration") receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such Fundamental Transaction (without regard to any limitation in Section 2(f) on the exercise of this Warrant). For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. The Company shall cause any successor entity in a Fundamental Transaction in which the Company is not the survivor (the "Successor Entity") to assume in writing all of the obligations of the Company under this Warrant in accordance with the provisions of this Section 3(e) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the Holder, deliver to the Holder in exchange for this Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant which is exercisable for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction, and with an exercise price which applies the exercise price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such exercise price being for the purpose of protecting the economic value of this Warrant immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall be added to the term "Company" under this Warrant (so that from and after the occurrence or consummation of such Fundamental Transaction, each and every provision of this Warrant and the other Transaction Documents referring to the "Company" shall refer instead to each of the Company and the Successor Entity or Successor Entities, jointly and severally), and the Successor Entity or Successor Entities, jointly and severally with the Company, may exercise every right and power of the Company prior thereto and the Successor Entity or Successor Entities shall assume all of the obligations of the Company prior thereto under this Warrant and the other Transaction Documents with the same effect as if the Company and such Successor Entity or Successor Entities, jointly and severally, had been named as the Company herein. For the avoidance of doubt, the Holder shall be entitled to the benefits of the provisions of this Section 3(e) regardless of (i) whether the Company has sufficient authorized shares of Common Stock for the issuance of Warrant Shares and/or (ii) whether a Fundamental Transaction occurs prior to the Initial Exercise Date.

f) Calculations. All calculations under this Section 3 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 3, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

g) Notice to Holder.

i. Adjustment to Exercise Price. Whenever the Exercise Price is adjusted pursuant to any provision of this Section 3, the Company shall promptly deliver to the Holder by email a notice setting forth the Exercise Price after such adjustment and any resulting adjustment to the number of Warrant Shares and setting forth a brief statement of the facts requiring such adjustment.

ii. Notice to Allow Exercise by Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Company shall authorize the granting to all holders of the Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Company (or any of its Subsidiaries) is a party, any sale or transfer of all or substantially all of its assets, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property, or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be delivered by email to the Holder at its last email address as it shall appear upon the Warrant Register of the Company, at least 20 calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange; provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided in this Warrant constitutes, or contains, material, non-public information regarding the Company or any of the Subsidiaries, the Company shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K. The Holder shall remain entitled to exercise this Warrant during the period commencing on the date of such notice to the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

Section 4. Transfer of Warrant.

a) Transferability. This Warrant and all rights hereunder (including, without limitation, any registration rights) are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company or its designated agent, together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees, as applicable, and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company unless the Holder has assigned this Warrant in full, in which case, the Holder shall surrender this Warrant to the Company within three (3) Trading Days of the date on which the Holder delivers an assignment form to the Company assigning this Warrant in full. The Warrant, if properly assigned in accordance herewith, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

b) New Warrants. If this Warrant is not held in global form through DTC (or any successor depository), this Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 4(a), as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice. All Warrants issued on transfers or exchanges shall be dated the initial issuance date of this Warrant and shall be identical with this Warrant except as to the number of Warrant Shares issuable pursuant thereto.

c) Warrant Register. The Warrant Agent shall register this Warrant, upon records to be maintained by the Warrant Agent for that purpose (the "Warrant Register"), in the name of the record Holder hereof from time to time. The Company and the Warrant Agent may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

Section 5. Miscellaneous.

a) No Rights as Stockholder Until Exercise; No Settlement in Cash. This Warrant does not entitle the Holder to any voting rights, dividends or other rights as a stockholder of the Company prior to the exercise hereof as set forth in Section 2(d)(i), except as expressly set forth in Section 3. Without limiting any rights of a Holder to receive Warrant Shares on a "cashless exercise" pursuant to Section 2(c) or to receive cash payments pursuant to Section 2(d)(i) and Section 2(d)(iv) herein, in no event shall the Company be required to net cash settle an exercise of this Warrant.

b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

c) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then such action may be taken or such right may be exercised on the next succeeding Business Day.

d) Authorized Shares.

The Company covenants that, during the period the Warrant is outstanding, it will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of issuing the necessary Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Common Stock may be listed. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant and payment for such Warrant Shares in accordance herewith, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges created by the Company in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).

Except and to the extent as waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its certificate of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment. Without limiting the generality of the foregoing, the Company will (i) not increase the par value of any Warrant Shares above the amount payable therefor upon such exercise immediately prior to such increase in par value, (ii) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares upon the exercise of this Warrant and (iii) use commercially reasonable efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof, as may be, necessary to enable the Company to perform its obligations under this Warrant.

Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

e) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof. Each party agrees that all legal proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Warrant (whether brought against a party hereto or their respective affiliates, directors, officers, shareholders, partners, members, employees or agents) shall be commenced exclusively in the state and federal courts sitting in the City of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City of New York, Borough of Manhattan for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is improper or is an inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Warrant and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law. If either party shall commence an action, suit or proceeding to enforce any provisions of this Warrant, the prevailing party in such action, suit or proceeding shall be reimbursed by the other party for their reasonable attorneys' fees and other costs and expenses incurred with the investigation, preparation and prosecution of such action or proceeding.

f) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered, and the Holder does not utilize cashless exercise, will have restrictions upon resale imposed by state and federal securities laws.

g) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice the Holder's rights, powers or remedies. Without limiting any other provision of this Warrant, if the Company willfully and knowingly fails to comply with any provision of this Warrant or the Purchase Agreement, which results in any material damages to the Holder, the Company shall pay to the Holder such amounts as shall be sufficient to cover any costs and expenses including, but not limited to, reasonable attorneys' fees, including those of appellate proceedings, incurred by the Holder in collecting any amounts due pursuant hereto or in otherwise enforcing any of its rights, powers or remedies hereunder.

h) Notices. Any and all notices or other communications or deliveries to be provided by the Holders hereunder including, without limitation, any Notice of Exercise, shall be in writing and delivered personally, by e-mail, or sent by a nationally recognized overnight courier service, addressed to the Company, at 77 Accord Park Drive, Suite D-1, Norwell, MA 02061, Attention: Jason Chen, email address: jason.chen@dih.com, or such other email address or address as the Company may specify for such purposes by notice to the Holders. Any and all notices or other communications or deliveries to be provided by the Company hereunder shall be in writing and delivered personally, by e-mail, or sent by a nationally recognized overnight courier service addressed to each Holder at the e-mail address or address of such Holder appearing on the books of the Company. Any notice or other communication or deliveries hereunder shall be deemed given and effective on the earliest of (i) the time of transmission, if such notice or communication is delivered via e-mail at the e-mail address set forth in this Section prior to 5:30 p.m. (New York City time) on any date, (ii) the next Trading Day after the time of transmission, if such notice or communication is delivered via e-mail at the e-mail address set forth in this Section on a day that is not a Trading Day or later than 5:30 p.m. (New York City time) on any Trading Day, (iii) the second Trading Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given. To the extent that any notice provided hereunder constitutes, or contains, material, non-public information regarding the Company or any Subsidiaries, the Company shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K.

i) Limitation of Liability. No provision hereof, in the absence of any affirmative action by the Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

j) Remedies. The Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.

k) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of any Holder from time to time of this Warrant and shall be enforceable by the Holder or holder of Warrant Shares.

l) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company, on the one hand, and the Holder or the beneficial owner of this Warrant, on the other hand.

m) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

n) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

o) Warrant Agency Agreement. If this Warrant is held in global form through DTC (or any successor depository), this Warrant is issued subject to the Warrant Agency Agreement. To the extent any provision of this Warrant conflicts with the express provisions of the Warrant Agency Agreement, the provisions of this Warrant shall govern and be controlling.

(Signature Page Follows)

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first above indicated.

DIH HOLDING US, INC.

By: _____

Name: Jason Chen

Title: Chief Executive Officer and Chairman

[Signature Page to Prefunded Warrant]

NOTICE OF EXERCISE

TO: DIH HOLDING US, INC.

(1) The undersigned hereby elects to purchase _____ Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of (check applicable box):

in lawful money of the United States; or

if permitted the cancellation of such number of Warrant Shares as is necessary, in accordance with the formula set forth in subsection 2(c), to exercise this Warrant with respect to the maximum number of Warrant Shares purchasable pursuant to the cashless exercise procedure set forth in subsection 2(c).

(3) Please issue said Warrant Shares in the name of the undersigned or in such other name as is specified below:

The Warrant Shares shall be delivered to the following DWAC Account Number:

[SIGNATURE OF HOLDER]

Name of Investing Entity: _____

Signature of Authorized Signatory of Investing Entity: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

Date: _____

ASSIGNMENT FORM

(To assign the foregoing Warrant, execute this form and supply required information. Do not use this form to purchase shares.)

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby assigned to

Name: _____
(Please Print)

Address: _____
(Please Print)

Phone Number: _____

Email Address: _____

Dated: _____, _____

Holder's Signature: _____

Holder's Address: _____

WARRANT AGENCY AGREEMENT

WARRANT AGENCY AGREEMENT, dated as of _____, 2025 (“Agreement”), by and between DIH HOLDING US, INC., a Delaware corporation (the “Company”), and Continental Stock Transfer & Trust Company, a New York New York corporation (the “Warrant Agent”).

WITNESSETH

WHEREAS, pursuant to a registered offering by the Company of up to \$10 million of units comprised of shares of the Company’s Common Stock (as defined below) (or prefunded warrants (the “Prefunded Warrants”) in lieu of shares of Common Stock) and Class A Warrants (the “Common Stock Purchase Warrant”, together with the Prefunded Warrants, the “Warrants”);

WHEREAS, pursuant to an offering by the Company of Warrants (as defined below), the Company wishes to issue Warrants in book entry form entitling the respective holders of the Warrants (each a “Holder”, and collectively, the “Holders”, which term shall include a Holder’s transferees, successors and assigns and “Holder” shall include, if the Warrants are held in “street name”, a Participant (as defined below) or a designee appointed by such Participant) to purchase shares of Common Stock (as defined below) underlying the Warrants (as defined below) upon the terms and subject to the conditions hereinafter set forth (the “Offering”);

WHEREAS, the Company wishes the Warrant Agent to act on behalf of the Company, and the Warrant Agent is willing to act on behalf of the Company, in connection with the issuance, registration, transfer, exchange, exercise and replacement of the Warrants.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein set forth, the parties hereby agree as follows:

Section 1. Certain Definitions. For purposes of this Agreement, the following terms have the meanings indicated:

- (a) “Affiliate” has the meaning ascribed to it in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”).
 - (b) “Business Day” means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which the Nasdaq Stock Market is authorized or required by law or other governmental action to close.
 - (c) “Close of Business” on any given date means 5:00 p.m., New York City time, on such date; provided, however, that if such date is not a Business Day, it means 5:00 p.m., New York City time, on the next succeeding Business Day.
 - (e) “Common Stock” means the Class A common stock of the Company, par value \$0.0001 per share, and any other class of securities into which such securities may hereafter be reclassified or changed.
 - (f) “Person” means an individual, corporation, association, partnership, limited liability company, joint venture, trust, unincorporated organization, government or political subdivision thereof or governmental agency or other entity.
 - (g) “Trading Day” means any day on which the Common Stock is traded on the Company’s primary trading market, or, if the trading market is not the principal trading market for the Common Stock, then on the principal securities exchange or securities market in the United States on which the Common Stock is then traded.
 - (h) “Warrants” means, collectively, the Common Stock Purchase Warrants and the Prefunded Warrants.
 - (i) “Warrant Certificate” means a certificate in substantially the form attached as Exhibit 1-A or Exhibit 1-B hereto, as the case may be, representing the right to purchase such number of Warrant Shares (as defined below) as is indicated therein, provided that any reference to the delivery of a Warrant Certificate in this Agreement shall include delivery of notice from the Depository or a Participant (each as defined below) of the transfer or exercise of the Warrant in the form of a Global Warrant (as defined below).
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(h) “Warrant Shares” means the shares of Common Stock underlying the Warrants and issuable upon exercise of the Warrants.

All other capitalized terms used but not otherwise defined herein shall have the meaning ascribed to such terms in the Warrant Certificates.

Section 2. Appointment of Successor Warrant Agent. The Company hereby appoints the Warrant Agent to act as agent for the Company in accordance with the express terms or conditions hereof (and no implied terms and conditions), and the Warrant Agent hereby accepts such appointment. The Company may from time to time appoint such Co-Warrant Agents as it may, in its sole discretion, deem necessary or desirable upon ten (10) calendar days’ prior written notice to the Warrant Agent. The Warrant Agent shall have no duty to supervise, and shall in no event be liable for, the acts or omissions of any such Co-Warrant Agent. In the event the Company appoints one or more co-Warrant Agents, the respective duties of the Warrant Agent and any Co-Warrant Agent shall be as the Company shall reasonably determine, provided that such duties and determination are consistent with the terms and provisions of this Agreement.

Section 3. Global Warrants.

(a) The Warrants shall be issuable in book entry form. All of the Warrants shall initially be represented by one or more Global Warrants (the “Global Warrants” and, each, a “Global Warrant”), deposited with the Warrant Agent and registered in the name of Cede & Co., a nominee of The Depository Trust Company (the “Depository”), or as otherwise directed by the Depository. Ownership of beneficial interests in the Warrants, shall be shown on, and the transfer of such ownership shall be effected through, records maintained by (i) the Depository or its nominee for each Global Warrant or (ii) institutions that have accounts with the Depository (such institution, with respect to a Warrant in its account, a “Participant”). For purposes of Regulation SHO, a holder whose interest in a Global Warrant is a beneficial interest in certificate(s) representing such Warrant held in book-entry form through the Depository shall be deemed to have exercised its interest in such Warrant upon instructing its broker that is a Participant to exercise its interest in such Warrant, provided that in each such case payment of the applicable aggregate Exercise Price (other than in the case of a cashless exercise) is delivered by such Participant within the earlier of (i) two Trading Days and (ii) the number of Trading Days comprising the Standard Settlement Period, in each case following such instruction. As used herein, “Standard Settlement Period” means the standard settlement period, expressed in a number of Trading Days, on the Company’s primary trading market with respect to the Common Stock as in effect on the date of delivery of the Exercise Notice.

(b) If the Depository subsequently ceases to make its book-entry settlement system available for the Warrants, the Company may instruct the Warrant Agent regarding other arrangements for book-entry settlement. In the event that the Warrants are not eligible for, or it is no longer necessary to have the Warrants available in, book-entry form, the Warrant Agent shall provide written instructions to the Depository to deliver to the Warrant Agent for cancellation each Global Warrant, and the Company shall instruct the Warrant Agent in writing to deliver to each Holder a Warrant Certificate.

(c) A Holder has the right to elect at any time or from time to time a Warrant Exchange (as defined below) pursuant to a Warrant Certificate Request Notice (as defined below). Upon written notice by a Holder to the Warrant Agent for the exchange of some or all of such Holder’s Global Warrants for a Warrant Certificate, evidencing the same number of Warrants, which request shall be in the form attached hereto as Annex A (a “Warrant Certificate Request Notice” and the date of delivery of such Warrant Certificate Request Notice by the Holder, the “Warrant Certificate Request Notice Date” and the deemed surrender upon delivery by the Holder of a number of Global Warrants for the same number of Warrants evidenced by a Warrant Certificate, a “Warrant Exchange”), the Warrant Agent shall promptly effect the Warrant Exchange and shall promptly issue and deliver, at the expense of the Company, to the Holder a Warrant Certificate, for such number of Warrants in the name set forth in the Warrant Certificate Request Notice. Such Warrant Certificate shall be dated the original issue date of the Warrants, shall be executed by manual signature by an authorized signatory of the Company, and shall be in the form attached hereto as Exhibit 1-A. In connection with a Warrant Exchange, the Company agrees to deliver, or to direct the Warrant Agent to deliver, the Warrant Certificate, to the Holder within three (3) Business Days of the Warrant Certificate Request Notice pursuant to the delivery instructions in the Warrant Certificate Request Notice (“Warrant Certificate Delivery Date”). Notwithstanding anything herein to the contrary, the Company shall act as warrant agent with respect to any physical Warrant Certificate issued pursuant to this section. If the Company fails for any reason to deliver to the Holder the Warrant Certificate subject to the Warrant Certificate Request Notice by the Warrant Certificate Delivery Date, the Company shall pay to the Holder, in cash, as liquidated damages and not as a penalty, for each \$1,000 of Warrant Shares evidenced by such Warrant Certificate (based on the VWAP (as defined in the Warrants) of the Common Stock on the Warrant Certificate Request Notice Date), \$10 per Business Day for each Business Day after such Warrant Certificate Delivery Date until such Warrant Certificate is delivered or, prior to delivery of such Warrant Certificate, the Holder rescinds such Warrant Exchange. In no event shall the Warrant Agent be liable for the Company’s failure to deliver the Warrant Certificate by the Warrant Certificate Delivery Date. The Company covenants and agrees that, upon the date of delivery of the Warrant Certificate Request Notice, the Holder shall be deemed to be the holder of the Warrant Certificate, as applicable, and, notwithstanding anything to the contrary set forth herein, the Warrant Certificate shall be deemed for all purposes to contain all of the terms and conditions of the Warrants, evidenced by such Warrant Certificate, and the terms of this Agreement, other than Sections 3(c) and 9 herein, shall not apply to the Warrants evidenced by the Warrant Certificate.

Section 4. Form of Warrant Certificates. The Warrant Certificate, together with the form of election to purchase Common Stock (“Exercise Notice”) and the form of assignment to be printed on the reverse thereof, shall be in the form of Exhibit 1-A hereto.

Section 5. Countersignature and Registration. The Warrant Certificates shall be executed on behalf of the Company by its Chief Executive Officer, Chief Financial Officer or Vice President, either manually or by .pdf via email signature. The Warrant Certificates shall be countersigned by the Warrant Agent either manually or by .pdf via email signature and shall not be valid for any purpose unless so countersigned. In case any officer of the Company who shall have signed any of the Warrant Certificates shall cease to be such officer of the Company before countersignature by the Warrant Agent and issuance and delivery by the Company, such Warrant Certificates, nevertheless, may be countersigned by the Warrant Agent, issued and delivered with the same force and effect as though the Person who signed such Warrant Certificate had not ceased to be such officer of the Company; and any Warrant Certificate may be signed on behalf of the Company by any Person who, at the actual date of the execution of such Warrant Certificate, shall be a proper officer of the Company to sign such Warrant Certificate, although at the date of the execution of this Agreement any such Person was not such an officer.

The Warrant Agent will keep or cause to be kept, at its office designated for such purposes, books for registration and transfer of the Warrant Certificates issued hereunder. Such books shall show the names and addresses of the respective Holders of the Warrant Certificates, the number of warrants evidenced on the face of each such Warrant Certificate and the date of each such Warrant Certificate. The Warrant Agent will create a special account for the issuance of Warrant Certificates.

Section 6. Transfer, Split Up, Combination and Exchange of Warrant Certificates; Mutilated, Destroyed, Lost or Stolen Warrant Certificates. With respect to the Global Warrant, subject to the provisions of the Warrant Certificate, and the last sentence of this first paragraph of Section 6 and subject to applicable law, rules or regulations, or any “stop transfer” instructions the Company may give to the Warrant Agent, at any time after the closing date of the Offering, and at or prior to the Close of Business on the Termination Date (as such term is defined in the Warrant Certificate), any Warrant Certificate or Warrant Certificates or Global Warrant or Global Warrants may be transferred, split up, combined or exchanged for another Warrant Certificate or Warrant Certificates or Global Warrant or Global Warrants, entitling the Holder to purchase a like number of shares of Common Stock as the Warrant Certificate or Warrant Certificates or Global Warrant or Global Warrants surrendered then entitled such Holder to purchase. Any Holder desiring to transfer, split up, combine or exchange any Warrant Certificate or Global Warrant shall make such request in writing delivered to the Warrant Agent and shall surrender the Warrant Certificate or Warrant Certificates, together with the required form of assignment and certificate duly executed and properly completed and such other documentation as the Warrant Agent may reasonably request, to be transferred, split up, combined or exchanged at the office of the Warrant Agent designated for such purpose, provided that no such surrender is applicable to the Holder of a Global Warrant. Any requested transfer of Warrants, whether in book-entry form or certificate form, shall be accompanied by evidence of authority of the party making such request that may be reasonably required by the Warrant Agent. Thereupon the Warrant Agent shall, subject to the last sentence of this first paragraph of Section 6, countersign and deliver to the Person entitled thereto a Warrant Certificate or Warrant Certificates, as the case may be, as so requested. The Company may require payment from the Holder of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer, split up, combination or exchange of Warrant Certificates. The Warrant Agent shall not have any duty or obligation to take any action under any section of this Agreement that requires the payment of taxes and/or charges unless and until it is satisfied that all such payments have been made.

Upon receipt by the Warrant Agent of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of a Warrant Certificate, which evidence shall include an affidavit of loss, or in the case of mutilated certificates, the certificate or portion thereof remaining, and, in case of loss, theft or destruction, of indemnity or security reasonably acceptable to the Company and the Warrant Agent, and satisfaction of any other reasonable requirements established by Section 8-405 of the Uniform Commercial Code as in effect in the State of Delaware, and reimbursement to the Company and the Warrant Agent of all reasonable expenses incidental thereto, and upon surrender to the Warrant Agent and cancellation of the Warrant Certificate if mutilated, the Company will make and deliver a new Warrant Certificate of like tenor to the Warrant Agent for delivery to the Holder in lieu of the Warrant Certificate so lost, stolen, destroyed or mutilated.

Section 7. Exercise of Warrants; Exercise Price; Termination Date.

(a) The Warrants shall be exercisable commencing on the Initial Exercise Date. The Warrants shall cease to be exercisable on the Termination Date (as such term is defined in the Warrant Certificate). Subject to the foregoing and to Section 7(b) below, the Holder of a Warrant may exercise the Warrant, in whole or in part upon surrender of the Warrant Certificate, if required, with the properly completed and duly executed Exercise Notice and payment of the Exercise Price (unless exercised via a cashless exercise), which may be made, at the option of the Holder, by wire transfer or by certified or official bank check in United States dollars, to the Warrant Agent at the office of the Warrant Agent designated for such purposes. In the case of the Holder of a Global Warrant, the Holder shall deliver the duly executed Exercise Notice and the payment of the Exercise Price as described herein. Notwithstanding any other provision in this Agreement, a holder whose interest in a Global Warrant is a beneficial interest in a Global Warrant held in book-entry form through the Depository (or another established clearing corporation performing similar functions) shall effect exercises by delivering to the Depository (or such other clearing corporation, as applicable) the appropriate instruction form for exercise, complying with the procedures to effect exercise that is required by the Depository (or such other clearing corporation, as applicable). The Company acknowledges that the bank accounts maintained by the Warrant Agent in connection with the services provided under this Agreement will be in its name and that the Warrant Agent may receive investment earnings in connection with the investment at Warrant Agent risk and for its benefit of funds held in those accounts from time to time. Neither the Company nor the Holders will receive interest on any deposits or Exercise Price. No ink-original Exercise Notice shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Exercise Notice be required.

(b) Upon receipt of an Exercise Notice for a Cashless Exercise, the Warrant Agent shall deliver a copy of the Exercise Notice to the Company and request from the Company, and the Company shall promptly calculate and transmit to the Warrant Agent in writing, the number of Warrant Shares issuable in connection with such Cashless Exercise. The Warrant Agent shall have no obligation under this Agreement to calculate, the number of Warrant Shares issuable in connection with a Cashless Exercise, nor shall the Warrant Agent have any duty or obligation to investigate or confirm whether the Company's determination of the number of Warrant Shares issuable upon such exercise, pursuant to this Section 7, is accurate or correct.

(c) Upon the Warrant Agent's receipt of a Warrant Certificate, at or prior to the Close of Business on the Termination Date set forth in such Warrant Certificate, with the executed Exercise Notice and payment of the Exercise Price for the shares to be purchased (other than in the case of a Cashless Exercise) and an amount equal to any applicable tax, or governmental charge referred to in Section 6 by wire transfer, or by certified check or bank draft payable to the order of the Company (or, in the case of the Holder of a Global Warrant, the delivery of the executed Exercise Notice and the payment of the Exercise Price (other than in the case of a Cashless Exercise) and any other applicable amounts as set forth herein), the Warrant Agent shall cause the Warrant Shares underlying such Warrant Certificate, or Global Warrant, to be delivered to or upon the order of the Holder of such Warrant Certificate, or Global Warrant, registered in such name or names as may be designated by such Holder, no later than the Warrant Share Delivery Date (as such term is defined in the Warrant Certificate). If the Company is then a participant in the DWAC system of the Depository and either (A) there is an effective registration statement permitting the issuance of the Warrant Shares to or resale of the Warrant Shares by Holder or (B) the Warrant is being exercised via Cashless Exercise, then the certificates for Warrant Shares shall be transmitted by the Warrant Agent to the Holder by crediting the account of the Holder's broker with the Depository through its DWAC system. For the avoidance of doubt, if the Company becomes obligated to pay any amounts to any Holders pursuant to Sections 2(d)(i) or 2(d)(iv) of the Warrant Certificate, such obligation shall be solely that of the Company and not that of the Warrant Agent. Notwithstanding anything else to the contrary in this Agreement, except in the case of a Cashless Exercise, if any Holder fails to duly deliver payment to the Warrant Agent of an amount equal to the aggregate Exercise Price of the Warrant Shares to be purchased upon exercise of such Holder's Warrant as set forth in Section 7(a) hereof by the Warrant Share Delivery Date, the Warrant Agent will not be obligated to deliver such Warrant Shares (via DWAC or otherwise) until following receipt of such payment, and the applicable Warrant Share Delivery Date shall be deemed extended by one day for each day (or part thereof) until such payment is delivered to the Warrant Agent.

(d) The Warrant Agent shall deposit all funds received by it in payment of the Exercise Price for all Warrants in the account of the Company maintained with the Warrant Agent for such purpose (or to such other account as directed by the Company in writing) and shall advise the Company via email at the end of each day on which exercise notices are received, or funds for the exercise of any Warrant are received, of the amount so deposited to its account.

(e) In case the Holder of any Warrant Certificate shall exercise fewer than all Warrants evidenced thereby, upon the request of the Holder, a new Warrant Certificate evidencing the number of Warrants equivalent to the number of Warrants remaining unexercised may be issued by the Warrant Agent to the Holder of such Warrant Certificate or to his duly authorized assigns in accordance with Section 2(d)(ii) of the Warrant Certificate, subject to the provisions of Section 6 hereof.

Section 8. Cancellation and Destruction of Warrant Certificates. All Warrant Certificates surrendered for the purpose of exercise, transfer, split up, combination or exchange shall, if surrendered to the Company or to any of its agents, be delivered to the Warrant Agent for cancellation or in canceled form, or, if surrendered to the Warrant Agent, shall be canceled by it, and no Warrant Certificates shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Agreement. The Company shall deliver to the Warrant Agent for cancellation and retirement, and the Warrant Agent shall so cancel and retire any other Warrant Certificate purchased or acquired by the Company otherwise than upon the exercise thereof. The Warrant Agent shall deliver all canceled Warrant Certificates to the Company, or shall, at the written request of the Company, destroy such canceled Warrant Certificates, and in such case shall deliver a certificate of destruction thereof to the Company, subject to any applicable law, rule or regulation requiring the Warrant Agent to retain such canceled certificates.

Section 9. Certain Representations; Reservation and Availability of Shares of Common Stock or Cash.

(a) This Agreement has been duly authorized, executed and delivered by the Company and, assuming due authorization, execution and delivery hereof by the Warrant Agent, constitutes a valid and legally binding obligation of the Company enforceable against the Company in accordance with its terms, and the Warrants have been duly authorized, executed and issued by the Company and, assuming due execution thereof by the Warrant Agent pursuant hereto and payment therefor by the Holders, constitute valid and legally binding obligations of the Company enforceable against the Company in accordance with their terms and entitled to the benefits hereof; in each case except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally or by general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(b) As of the date hereof, the authorized capital stock of the Company consists of (i) 100,000,000 shares of Common Stock, of which [____] shares of Common Stock are issued and outstanding, and [____] shares of Common Stock are reserved for issuance upon exercise of the Warrants, (ii) 10,000,000 shares of preferred stock, none of which is issued and outstanding; and (iii) 4,300,000 shares of Common Stock are authorized for issuance to employees, consultants and directors pursuant to the Company's stock plan, under which options to purchase [____] shares are issued and outstanding. There are no other outstanding obligations, warrants, options or other rights to subscribe for or purchase from the Company any class of capital stock of the Company.

(c) The Company covenants and agrees that it will cause to be reserved and kept available out of its authorized and unissued shares of Common Stock or its authorized and issued shares of Common Stock held in its treasury, free from preemptive rights, the number of shares of Common Stock that will be sufficient to permit the exercise in full of all outstanding Warrants.

(d) The Warrant Agent will create a special account for the issuance of Common Stock upon the exercise of Warrants.

(e) The Company further covenants and agrees that it will pay when due and payable any and all federal and state transfer taxes and charges which may be payable in respect of the original issuance or delivery of the Warrant Certificates or certificates evidencing Common Stock upon exercise of the Warrants. The Company shall not, however, be required to pay any tax or governmental charge which may be payable in respect of any transfer involved in the transfer or delivery of Warrant Certificates or the issuance or delivery of certificates for Common Stock in a name other than that of the Holder of the Warrant Certificate evidencing Warrants surrendered for exercise or to issue or deliver any certificate for shares of Common Stock upon the exercise of any Warrants until any such tax or governmental charge shall have been paid (any such tax or governmental charge being payable by the Holder of such Warrant Certificate at the time of surrender) or until it has been established to the Company's and the Warrant Agent's reasonable satisfaction that no such tax or governmental charge is due.

Section 10. Common Stock Record Date. Each Person in whose name any certificate for shares of Common Stock is issued (or to whose broker's account is credited shares of Common Stock through the DWAC system) upon the exercise of Warrants shall for all purposes be deemed to have become the holder of record for the Common Stock represented thereby on, and such certificate shall be dated, the date on which submission of the Exercise Notice was made, provided that the Warrant Certificate evidencing such Warrant was duly surrendered (but only if required herein) and payment of the Exercise Price (and any applicable transfer taxes) was received on or prior to the Warrant Share Delivery Date; provided, however, that, if the date of submission of the Exercise Notice is a date upon which the Common Stock transfer books of the Company are closed, such Person shall be deemed to have become the record holder of such shares on, and such certificate shall be dated, the next succeeding day on which the Common Stock transfer books of the Company are open.

Section 11. Adjustment of Exercise Price, Number of Shares of Common Stock or Number of the Company Warrants. The Exercise Price, the number of shares covered by each Warrant and the number of Warrants outstanding are subject to adjustment from time to time as provided in Section 3 of the Warrant Certificate. In the event that at any time, as a result of an adjustment made pursuant to Section 3 of the Warrant Certificate, the Holder of any Warrant thereafter exercised shall become entitled to receive any shares of capital stock of the Company other than shares of Common Stock, thereafter the number of such other shares so receivable upon exercise of any Warrant shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the shares contained in Section 3 of the Warrant Certificate, and the provisions of Sections 7, 9 and 13 of this Agreement with respect to the shares of Common Stock shall apply on like terms to any such other shares. All Warrants originally issued by the Company subsequent to any adjustment made to the Exercise Price pursuant to the Warrant Certificate shall evidence the right to purchase, at the adjusted Exercise Price, the number of shares of Common Stock purchasable from time to time hereunder upon exercise of the Warrants, all subject to further adjustment as provided herein.

Section 12. Certification of Adjusted Exercise Price or Number of Shares of Common Stock. Whenever the Exercise Price or the number of shares of Common Stock issuable upon the exercise of each Warrant Certificate is adjusted as provided in Section 11 or 13, the Company shall (a) promptly prepare a certificate setting forth the Exercise Price of each Warrant Certificate, as so adjusted, and a brief, reasonably detailed statement of the facts accounting for such adjustment, (b) promptly file with the Warrant Agent and with each transfer agent for the Common Stock a copy of such certificate and (c) instruct the Warrant Agent, at the Company's expense, to send a brief summary thereof to each Holder of a Warrant Certificate. The Warrant Agent shall be fully protected in relying on such certificate and on any adjustment or statement therein contained and shall have no duty or liability with respect to and shall not be deemed to have knowledge of any such adjustment or any such event unless and until it shall have received such certificate.

Section 13. Fractional Shares of Common Stock.

(a) The Company shall not issue fractions of Warrants or distribute Warrant Certificates which evidence fractional Warrants. Whenever any fractional Warrant would otherwise be required to be issued or distributed, the actual issuance or distribution shall reflect a rounding of such fraction to the nearest whole Warrant (rounded up).

(b) The Company shall not issue fractions of shares of Common Stock upon exercise of Warrants or distribute stock certificates which evidence fractional shares of Common Stock. Whenever any fraction of a share of Common Stock would otherwise be required to be issued or distributed, the actual issuance or distribution in respect thereof shall be made in accordance with Section 2(d)(v) of the Warrant Certificate.

Section 14. Concerning the Warrant Agent.

(a) The Company agrees to pay to the Warrant Agent, pursuant to the fee schedule mutually agreed upon by the parties hereto and provided separately on the date hereof, for all services rendered by it hereunder and, from time to time, its reasonable expenses and counsel fees and other disbursements incurred in the preparation, delivery, negotiation, amendment, administration and execution of this Agreement and the exercise and performance of its duties hereunder.

(b) The Company covenants and agrees to indemnify and to hold the Warrant Agent harmless against any costs, expenses (including reasonable fees and expenses of its legal counsel), losses or damages, which may be paid, incurred or suffered by or to which it may become subject, arising from or out of, directly or indirectly, any claims or liability resulting from its actions or omissions as Warrant Agent pursuant hereto; provided, that such covenant and agreement does not extend to, and the Warrant Agent shall not be indemnified with respect to, such costs, expenses, losses and damages incurred or suffered by the Warrant Agent as a result of, or arising out of, its gross negligence, bad faith, or willful misconduct (each as determined by a final non-appealable court of competent jurisdiction). Notwithstanding anything in this Agreement to the contrary, any liability of the Warrant Agent under this Agreement will be limited to the amount of annual fees paid by the Company to the Warrant Agent during the twelve (12) months immediately preceding the event for which recovery from the Warrant Agent is being sought. The costs and expenses incurred by the Warrant Agent in enforcing this right of indemnification shall be paid by the Company.

(c) Upon the assertion of a claim for which the Company may be required to indemnify the Warrant Agent, the Warrant Agent shall promptly notify the Company of such assertion, and shall keep the other party reasonably advised with respect to material developments concerning such claim. However, failure to give such notice shall not affect the Warrant Agent's right to and the Company's obligations for indemnification hereunder.

(d) Neither party to this Agreement shall be liable to the other party for any consequential, indirect, punitive, special or incidental damages under any provisions of this Agreement or for any consequential, indirect, punitive, special or incidental damages arising out of any act or failure to act hereunder even if that party has been advised of or has foreseen the possibility of such damages.

(e) Notwithstanding anything contained herein to the contrary, the rights and obligations of the parties set forth in this Section 14 shall survive termination of this Agreement, the expiration of the Warrants and/or the resignation, removal or replacement of the Warrant Agent.

Section 15. Purchase or Consolidation or Change of Name of Warrant Agent. Any Person into which the Warrant Agent or any successor Warrant Agent may be merged or with which it may be consolidated, or any Person resulting from any merger or consolidation to which the Warrant Agent or any successor Warrant Agent shall be party, or any Person succeeding to the stock transfer or other shareholder services business of the Warrant Agent or any successor Warrant Agent, shall be the successor to the Warrant Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such Person would be eligible for appointment as a successor Warrant Agent under the provisions of Section 17. In case at the time such successor Warrant Agent shall succeed to the agency created by this Agreement any of the Warrant Certificates shall have been countersigned but not delivered, any such successor Warrant Agent may adopt the countersignature of the predecessor Warrant Agent and deliver such Warrant Certificates so countersigned; and in case at that time any of the Warrant Certificates shall not have been countersigned, any successor Warrant Agent may countersign such Warrant Certificates either in the name of the predecessor Warrant Agent or in the name of the successor Warrant Agent; and in all such cases, such Warrant Certificates shall have the full force provided in the Warrant Certificates and in this Agreement.

In case at any time the name of the Warrant Agent shall be changed and at such time any of the Warrant Certificates shall have been countersigned but not delivered, the Warrant Agent may adopt the countersignature under its prior name and deliver Warrant Certificates so countersigned; and in case at that time any of the Warrant Certificates shall not have been countersigned, the Warrant Agent may countersign such Warrant Certificates either in its prior name or in its changed name; and in all such cases, such Warrant Certificates shall have the full force provided in the Warrant Certificates and in this Agreement.

Section 16. Duties of Warrant Agent. The Warrant Agent undertakes the duties and obligations imposed by this Agreement upon the following express terms and conditions (and no implied terms and conditions), by all of which the Company, by its acceptance hereof, shall be bound and shall not assume any obligations or relationship of agency or trust with any of the Holders of the Warrants or any other Person:

(a) The Warrant Agent may consult with legal counsel selected by it (who may be legal counsel for the Company), and the opinion and advice of such counsel shall be full and complete authorization and protection to the Warrant Agent as to any action taken or omitted by it in accordance with such opinion or advice.

(b) Whenever in the performance of its duties under this Agreement the Warrant Agent shall deem it necessary or desirable that any fact or matter be proved or established by the Company prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by the Chief Executive Officer, Chief Financial Officer or Vice President of the Company; and such certificate shall be full authorization and protection to the Warrant Agent, and the Warrant Agent shall incur no liability for or in respect of any action taken, suffered or omitted to be taken by it under the provisions of this Agreement in reliance upon such certificate. The Warrant Agent shall have no duty to act without such a certificate as set forth in this Section 16(b).

(c) Subject to the limitation set forth in Section 14, the Warrant Agent shall be liable hereunder only for its own gross negligence, bad faith or willful misconduct (each as determined in a final, non-appealable judgment of a court of competent jurisdiction).

(d) The Warrant Agent shall not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the Warrant Certificates (including in the case of any notation in book-entry form to reflect ownership), except its countersignature thereof, by the Company or be required to verify the same, but all such statements and recitals are and shall be deemed to have been made by the Company only.

(e) The Warrant Agent shall not have any liability or be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due execution hereof by the Warrant Agent) or in respect of the validity or execution of any Warrant Certificate (except its countersignature thereof); nor shall it be responsible for any breach by the Company of any covenant or condition contained in this Agreement or in any Warrant Certificate; nor shall it be responsible for the adjustment of the Exercise Price or the making of any change in the number of shares of Common Stock required under the provisions of Section 11 or 13 or responsible for the manner, method or amount of any such change or adjustment or the ascertaining of the existence of facts that would require any such adjustment or change (except with respect to the exercise of Warrants evidenced by Warrant Certificates after actual notice of any adjustment of the Exercise Price); nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any shares of Common Stock to be issued pursuant to this Agreement or any Warrant Certificate or as to whether any shares of Common Stock will, when issued, be duly authorized, validly issued, fully paid and nonassessable.

(f) Each party hereto agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the other party hereto for the carrying out or performing by any party of the provisions of this Agreement.

(g) The Warrant Agent is hereby authorized to accept instructions with respect to the performance of its duties hereunder from the Chief Executive Officer or Chief Financial Officer of the Company, and to apply to such officers for advice or instructions in connection with its duties, and it shall not be liable and shall be indemnified and held harmless for any action taken or suffered to be taken by it in good faith in accordance with instructions of any such officer, provided Warrant Agent carries out such instructions without gross negligence, bad faith or willful misconduct.

(h) The Warrant Agent and any shareholder, director, officer or employee of the Warrant Agent may buy, sell or deal in any of the Warrants or other securities of the Company or become pecuniarily interested in any transaction in which the Company may be interested, or contract with or lend money to the Company or otherwise act as fully and freely as though it were not Warrant Agent under this Agreement. Nothing herein shall preclude the Warrant Agent from acting in any other capacity for the Company or for any other Person. In the event that the Warrant Agent seeks to exercise a Warrant, and provides the Company with (i) an opinion of counsel to the effect that a public sale or transfer of the Common Stock issuable upon exercise of the Warrant may be made without registration under the 1933 Act and such sale or transfer is effected or (ii) the Purchaser provides reasonable assurances that the Securities can be sold pursuant to an effective registration statement under the Securities Act of 1933, as amended, Rule 144, Section 4(a)(1), or other applicable exemption, the Company shall permit the transfer, and, in the case of the Common Stock issuable upon exercise of the Warrant, promptly instruct its transfer agent to issue one or more certificates, free from restrictive legend, in such name and in such denominations as specified by the Holder. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder by vitiating the intent and purpose of the transactions contemplated hereby. Accordingly, the Company acknowledges that the remedy at law for a breach of its obligations under this Section 16(h) may be inadequate and agrees, in the event of a breach or threatened breach by the Company of the provisions of this Section, that the Holder shall be entitled, in addition to all other available remedies, to an injunction restraining any breach and requiring immediate transfer, without the necessity of showing economic loss and without any bond or other security being required.

(i) The Warrant Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorney or agents, and the Warrant Agent shall not be answerable or accountable for any act, default, neglect or misconduct of any such attorney or agents or for any loss to the Company resulting from any such act, default, neglect or misconduct, absent gross negligence or bad faith in the selection and continued employment thereof (which gross negligence and bad faith must be determined by a final, non-appealable judgment of a court of competent jurisdiction).

(j) The Warrant Agent shall not be obligated to expend or risk its own funds or to take any action that it believes would expose or subject it to expense or liability or to a risk of incurring expense or liability, unless it has been furnished with assurances of repayment or indemnity satisfactory to it.

(k) The Warrant Agent shall not be liable or responsible for any failure of the Company to comply with any of its obligations relating to any registration statement filed with the Securities and Exchange Commission or this Agreement, including without limitation obligations under applicable regulation or law.

(l) The Warrant Agent may rely on and be fully authorized and protected in acting or failing to act upon (a) any guaranty of signature by an "eligible guarantor institution" that is a member or participant in the Securities Transfer Agents Medallion Program or other comparable "signature guarantee program" or insurance program in addition to, or in substitution for, the foregoing; or (b) any law, act, regulation or any interpretation of the same even though such law, act, or regulation may thereafter have been altered, changed, amended or repealed.

(m) In the event the Warrant Agent believes any ambiguity or uncertainty exists hereunder or in any notice, instruction, direction, request or other communication, paper or document received by the Warrant Agent hereunder, the Warrant Agent, may, in its sole discretion, refrain from taking any action, and shall be fully protected and shall not be liable in any way to Company, the holder of any Warrant or any other Person for refraining from taking such action, unless the Warrant Agent receives written instructions signed by the Company which eliminates such ambiguity or uncertainty to the satisfaction of Warrant Agent.

(n) This Section 16 shall survive the expiration of the Warrants, the termination of this Agreement and the resignation, replacement or removal of the Warrant Agent. The costs and expenses incurred in enforcing this right of indemnification shall be paid by the Company.

Section 17. Change of Warrant Agent. The Warrant Agent may resign and be discharged from its duties under this Agreement upon thirty (30) days' notice in writing sent to the Company and, in the event that the Warrant Agent or one of its affiliates is not also the transfer agent for the Company, to each transfer agent of the Common Stock. In the event the transfer agency relationship in effect between the Company and the Warrant Agent terminates, the Warrant Agent will be deemed to have resigned automatically and be discharged from its duties under this Agreement as of the effective date of such termination, and the Company shall be responsible for sending any required notice thereunder. The Company may remove the Warrant Agent or any successor Warrant Agent upon thirty (30) days' notice in writing, sent to the Warrant Agent or successor Warrant Agent, as the case may be, and to each transfer agent of the Common Stock, and to the Holders of the Warrant Certificates. If the Warrant Agent shall resign or be removed or shall otherwise become incapable of acting, the Company shall appoint a successor to the Warrant Agent. If the Company shall fail to make such appointment within a period of thirty (30) days after such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Warrant Agent or by the Holder of a Warrant Certificate (who shall, with such notice, submit this Warrant Certificate for inspection by the Company), then the Holder of any Warrant Certificate may apply to any court of competent jurisdiction for the appointment of a new Warrant Agent, provided that, for purposes of this Agreement, the Company shall be deemed to be the Warrant Agent until a new warrant agent is appointed. Any successor Warrant Agent, whether appointed by the Company or by such a court, shall be a Person, other than a natural person, organized and doing business under the laws of the United States or of a state thereof, in good standing, which is authorized under such laws to exercise stock transfer powers and is subject to supervision or examination by federal or state authority and which has at the time of its appointment as Warrant Agent a combined capital and surplus of at least \$50,000,000. After appointment, the successor Warrant Agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Warrant Agent without further act or deed; but the predecessor Warrant Agent shall deliver and transfer to the successor Warrant Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose but such predecessor Warrant Agent shall not be required to make any additional expenditure (without prompt reimbursement by the Company) or assume any additional liability in connection with the foregoing. Not later than the effective date of any such appointment, the Company shall file notice thereof in writing with the predecessor Warrant Agent and each transfer agent of the Common Stock and mail a notice thereof in writing to the Holders of the Warrant Certificates. However, failure to give any notice provided for in this Section 17, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Warrant Agent or the appointment of the successor Warrant Agent, as the case may be.

Section 18. Issuance of New Warrant Certificates. Notwithstanding any of the provisions of this Agreement or of the Warrants to the contrary, the Company may, at its option, issue new Warrant Certificates evidencing Warrants in such form as may be approved by its Board of Directors to reflect any adjustment or change in the Exercise Price per share and the number or kind or class of shares of stock or other securities or property purchasable under the several Warrant Certificates made in accordance with the provisions of this Agreement.

Section 19. Notices. Notices or demands authorized by this Agreement to be given or made (i) by the Warrant Agent or by the Holder of any Warrant Certificate to or on the Company, (ii) by the Company or by the Holder of any Warrant Certificate to or on the Warrant Agent or (iii) by the Company or the Warrant Agent to the Holder of any Warrant Certificate, shall be deemed given when in writing (a) on the date delivered, if delivered personally, (b) on the first Business Day following the deposit thereof with Federal Express or another recognized overnight courier, if sent by Federal Express or another recognized overnight courier, (c) on the fourth Business Day following the mailing thereof with postage prepaid, if mailed by registered or certified mail (return receipt requested), and (d) the time of transmission, if such notice or communication is delivered via e-mail attachment at or prior to 5:30 p.m. (New York City time) on a Business Day and (e) the next Business Day after the date of transmission, if such notice or communication is delivered via e-mail attachment on a day that is not a Business Day or later than 5:30 p.m. (New York City time) on any Business Day, in each case to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) If to the Company, to:

DIH HOLDING US, INC.
77 Accord Park Drive, Suite D-1
Norwell, MA 02061
E-mail: jason.chen@dih.com
Attn: Jason Chen

With a copy (which shall not constitute notice) to:

Loeb & Loeb LLP
901 New York Avenue
Washington, D.C. 20001
E-mail: jguilfoyle.com
Attn: Joan Guilfoyle, Esq.

(b) If to the Warrant Agent, to:

Continental Stock Transfer & Trust Company
1 State Street, 30th Floor
New York, NY 10004
E-mail: sjones@continentalstock.com
Attn: Stephen Jones

For any notice delivered by email to be deemed given or made, such notice must be followed by notice sent by overnight courier service to be delivered on the next Business Day following such email, unless the recipient of such email has acknowledged via return email receipt of such email.

(c) If to the Holder of any Warrant Certificate, to the address of such Holder as shown on the registry books of the Company. Any notice required to be delivered by the Company to the Holder of any Warrant may be given by the Warrant Agent on behalf of the Company. Notwithstanding any other provision of this Agreement, where this Agreement provides for notice of any event to a Holder of any Warrant, such notice shall be sufficiently given if given to the Depository (or its designee) pursuant to the procedures of the Depository or its designee. To the extent that any notice provided hereunder constitutes, or contains, material, non-public information regarding the Company or any Subsidiaries, the Company shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K.

Section 20. Supplements and Amendments.

(a) The Company and the Warrant Agent may from time to time supplement or amend this Agreement without the approval of any Holders of Global Warrants in order to (i) add to the covenants and agreements of the Company for the benefit of the Holders of the Global Warrants, (ii) to surrender any rights or power reserved to or conferred upon the Company in this Agreement, (iii) to cure any ambiguity, (iv) to correct or supplement any provision contained herein which may be defective or inconsistent with any other provisions herein, or (v) to make any other provisions with regard to matters or questions arising hereunder which the Company and the Warrant Agent may deem necessary or desirable, provided that such addition, correction or surrender shall not adversely affect the interests of the Holders of the Global Warrants or Warrant Certificates in any material respect.

(b) In addition to the foregoing, with the consent of Holders of Warrants entitled, upon exercise thereof, to receive not less than a majority of the shares of Common Stock issuable thereunder, the Company and the Warrant Agent may modify this Agreement for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Agreement or modifying in any manner the rights of the Holders of the Global Warrants; provided, however, that that (i) if any amendment, modification or waiver disproportionately and adversely impacts a Holder (or group of Holders), the consent of such disproportionately impacted Holder (or group of Holders) shall also be required and (ii) no modification of the terms (including but not limited to the adjustments described in Section 11) upon which the Warrants are exercisable or reducing the percentage required for consent to modification of this Agreement may be made without the consent of the Holder of each outstanding warrant certificate affected thereby; provided further, however, that no amendment hereunder shall affect any terms of any Warrant Certificate issued in a Warrant Exchange. As a condition precedent to the Warrant Agent's execution of any amendment, the Company shall deliver to the Warrant Agent a certificate from a duly authorized officer of the Company that states that the proposed amendment complies with the terms of this Section 20. No supplement or amendment to this Agreement shall be effective unless duly executed by the Warrant Agent.

Section 21. Successors. All covenants and provisions of this Agreement by or for the benefit of the Company or the Warrant Agent shall bind and inure to the benefit of their respective successors and assigns hereunder.

Section 22. Benefits of this Agreement. Nothing in this Agreement shall be construed to give any Person other than the Company, the Holders of Warrant Certificates and the Warrant Agent any legal or equitable right, remedy or claim under this Agreement; but this Agreement shall be for the sole and exclusive benefit of the Company, the Warrant Agent and the Holders of the Warrant Certificates.

Section 23. Governing Law; Jurisdiction. This Agreement and each Warrant Certificate issued hereunder shall be governed by, and construed in accordance with, the laws of the State of New York without giving effect to the conflicts of law principles thereof. The Company hereby agrees that any action, proceeding or claim against it arising out of or relating in any way to this Agreement shall be brought and enforced in the courts of the State of New York or the United States District Court for the Southern District of New York, and irrevocably submits to such jurisdiction, which jurisdiction shall be exclusive. The Company hereby waives any objection to such exclusive jurisdiction and that such courts represent an inconvenience forum.

Section 24. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument. A signature to this Agreement transmitted electronically shall have the same authority, effect and enforceability as an original signature.

Section 25. Captions. The captions of the sections of this Agreement have been inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

Section 26. Severability. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Agreement; provided, however, that if such prohibited and invalid provision shall adversely affect the rights, immunities, liabilities, duties or obligations of the Warrant Agent, the Warrant Agent shall be entitled to resign immediately upon written notice to the Company.

Section 27. Conflicts. To the extent any provision of this Agreement conflicts with the express provisions of the Warrant Certificate, the provisions of the Warrant Certificate shall govern and be controlling.

Section 28. Force Majeure. Notwithstanding anything to the contrary contained herein, the Warrant Agent will not be liable for any delays or failures in performance resulting from acts beyond its reasonable control, including, without limitation, acts of God, terrorist acts, shortage of supply, breakdowns or malfunctions, interruptions or malfunction of computer facilities, or loss of data due to power failures or mechanical difficulties with information storage or retrieval systems, labor difficulties, war, or civil unrest.

Section 29. Entire Agreement. The parties hereto acknowledge that there are no agreements or understandings, written or oral, between them with respect to matters contemplated hereunder other than as set forth herein and the Warrant Certificates, that this Agreement and the Warrant Certificates contain the entire agreement between them with respect to the subject matter hereof and thereof.

Section 30. Fees; Expenses. As consideration for the services provided by the Warrant Agent (the "Services"), the Company shall pay to the Warrant Agent the fees set forth on Schedule 1 hereto (the "Fees"). If the Company requests that the Warrant Agent provide additional services not contemplated hereby, the Company shall pay to the Warrant Agent fees for such services at the Warrant Agent's reasonable and customary rates, such fees to be governed by the terms of a separate agreement to be mutually agreed to and entered into by the Parties at such time (the "Additional Service Fee"; together with the Fees, the "Service Fees").

(a) The Company shall reimburse the Warrant Agent for all reasonable and documented expenses incurred by the Warrant Agent (including, without limitation, reasonable and documented fees and disbursements of counsel) in connection with the Services (the "Expenses"); provided, however, that the Warrant Agent reserves the right to request advance payment for any out-of-pocket expenses. The Company agrees to pay all Service Fees and Expenses within thirty (30) days following receipt of an invoice from the Warrant Agent.

(b) The Company agrees and acknowledges that the Warrant Agent may adjust the Service Fees annually, on or about each anniversary date of this Agreement, by the annual percentage of change in the latest Consumer Price Index of All Urban Consumers United States City Average, as published by the U.S. Department of Labor, Bureau of Labor Statistics.

(c) Upon termination of this Agreement for any reason, the Warrant Agent shall assist the Company with the transfer of records of the Company held by the Warrant Agent. The Warrant Agent shall be entitled to reasonable additional compensation and reimbursement of any Expenses for the preparation and delivery of such records to the successor agent or to the Company, and for maintaining records and/or Stock Certificates that are received after the termination of this Agreement (the "Record Transfer Services").

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

DIH HOLDING US, INC.

By: _____
Name: Jason Chen
Title: Chief Executive Officer and Chairman

Continental Stock Transfer & Trust Company

By: _____
Name: _____
Title: _____

[Signature Page to Warrant Agency Agreement]

Annex A: Form of Warrant Certificate Request Notice

WARRANT CERTIFICATE REQUEST NOTICE

To: Continental Stock Transfer & Trust Company, as Warrant Agent for DIH HOLDING US, INC. (the "Company")

The undersigned Holder of Common Stock Purchase Warrants ("Warrants") in the form of Global Warrants issued by the Company hereby elects to receive a Warrant Certificate evidencing the Warrants held by the Holder as specified below:

1. Name of Holder of Warrants in form of Global Warrants: _____
2. Name of Holder in Warrant Certificate (if different from name of Holder of Warrants in form of Global Warrants):

3. Number of Warrants in name of Holder in form of Global Warrants: _____
4. Number of Warrants for which Warrant Certificate shall be issued: _____
5. Number of Warrants in name of Holder in form of Global Warrants after issuance of Warrant Certificate, if any: _____
6. Warrant Certificate shall be delivered to the following address:

The undersigned hereby acknowledges and agrees that, in connection with this Warrant Exchange and the issuance of the Warrant Certificate, the Holder is deemed to have surrendered the number of Warrants in form of Global Warrants in the name of the Holder equal to the number of Warrants evidenced by the Warrant Certificate.

[SIGNATURE OF HOLDER]

Name of Investing Entity: _____

Signature of Authorized Signatory of Investing Entity: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

Date: _____

Exhibit 1-A: Form of Class A Warrant Certificate

Exhibit 1-B: Form of Prefunded Warrant Certificate

Schedule 1

Fees

Monthly Warrant Administration Fee (per Warrant Issue)

\$____.00

EXCHANGE OF WARRANTS INTO SHARES OF COMMON STOCK

Per Manual Exercise of Warrants (until established on DTC WARR System)

\$____.00

SPECIAL SERVICES

Services not included herein (including, without limitation, trustee and custodial services, exchange/tender offer services and stock dividend disbursement services) but requested by the Company may be subject to additional charges.

OUT-OF-POCKET EXPENSES

All customary out-of-pocket expenses will be billed in addition to the foregoing fees. These charges include, but are not limited to, printing and stationery, freight and materials delivery, postage and handling.

The foregoing fees apply to services ordinarily rendered by the Warrant Agent and are subject to reasonable adjustment based on final review of documents.

**LOEB & LOEB LLP**345 Park Avenue
New York, NY 10154**Main** 212.407.4000
Fax 212.407.4990

January 8, 2025

DIH Holding US, Inc.
77 Accord Park Drive, Suite D-1
Norwell, MA 02061

Re: Sale of Securities registered pursuant to Registration Statement on Form S-1

Ladies and Gentlemen:

We have acted as counsel to DIH Holding US, Inc., a Delaware corporation (the “Company”), in connection with the preparation and filing with the Securities and Exchange Commission, pursuant to the Securities Act of 1933, as amended (the “Securities Act”), of the Company’s Registration Statement on Form S-1, as amended (File No. 333-283853) (the “Registration Statement”). The Company has retained Maxim Group, LLC to act as exclusive placement agent to use its reasonable best efforts to solicit offers for the purchase of up to \$10 million of the following securities covered by the Registration Statement (the “Securities”), which are to be offered and sold directly by the Company pursuant to that certain securities purchase agreement between the Company and each purchaser party thereto (the “Securities Purchase Agreement”):

- i. units (the “Units”), each consisting of one share of class A common stock, par value \$.0001 per share (“Class A Common Stock”), or at the option of such purchaser, one pre-funded warrant to purchase one share of Class A Common Stock (each, a “Pre-Funded Warrant”) in lieu thereof, and one Class A Warrant (“Class A Warrant”) to purchase one share of Class A Common Stock;
- ii. shares of Class A Common Stock underlying the Pre-Funded Warrants (“Pre-Funded Warrant Shares”); and
- iii. shares of Class A Common Stock underlying the Class A Warrants (“Class A Warrant Shares”).

We understand that the Securities will be issued to purchasers participating in the Offering pursuant to the Securities Purchase Agreement and in the manner described in the Registration Statement. In addition, we understand that Continental Stock Transfer & Trust Company (the “Warrant Agent”) will serve as the warrant agent for the Warrants and Pre-Funded Warrants pursuant to a warrant agency agreement with the Company, substantially in the form filed as an exhibit to the Registration Statement (the “Warrant Agency Agreement”).

In connection with the foregoing, we have examined originals or copies of such corporate records of the Company, certificates and other communications of public officials, certificates of officers of the Company and such other documents as we have deemed relevant or necessary for the purpose of rendering the opinions expressed herein. As to questions of fact material to those opinions, we have, to the extent we deemed appropriate, relied on certificates of officers of the Company and on certificates and other communications of public officials. We have assumed the genuineness of all signatures on, and the authenticity of, all documents submitted to us as originals, the conformity to authentic original documents of all documents submitted to us as copies thereof, the due authorization, execution and delivery by the parties thereto other than the Company of all documents examined by us, and the legal capacity of each individual who signed any of those documents. In addition, we have assumed that (a) each of the Securities Purchase Agreement, Class A Warrants, Pre-Funded Warrants, Placement Agency Agreement and Warrant Agency Agreement (the "Transaction Documents") will be duly executed and delivered by all parties thereto, (b) the Placement Agent has the power, corporate or otherwise, to enter into and perform its obligations under the Placement Agency Agreement and that the Placement Agency Agreement will be a valid and binding obligation of the Placement Agent, (c) the Warrant Agent has the power, corporate or otherwise, to enter into and perform its obligations under the Warrant Agency Agreement, and that the Warrant Agency Agreement will be a valid and binding obligation of the Warrant Agent, (d) there will not have occurred, prior to the date of the issuance of the Class A Warrant Shares or Pre-Funded Warrant Shares: (i) any change in law affecting the validity or enforceability of the Class A Warrants or Pre-Funded Warrants, or (ii) any amendments to the Transaction Documents, (e) at the time of the issuance and sale of the Securities: (i) the Company is validly existing and in good standing under the law of the State of Delaware, (ii) the Company has not amended its certificate of incorporation or bylaws, (iii) the board of directors of the Company and any committee thereof has not taken any action to amend, rescind or otherwise reduce its prior authorization of the issuance of the Securities and (iv) the Company will receive consideration in excess of par value for the issuance of the Shares, Class A Warrant Shares and Pre-Funded Warrant Shares, (f) the Registration Statement becomes and remains effective, and the prospectus which is a part of the Registration Statement, and the prospectus delivery requirements with respect thereto, fulfill all of the requirements of the Securities Act, throughout all periods relevant to the opinion, (g) the Securities will be offered in the manner and on the terms identified or referred to in the Registration Statement, including all amendments thereto, and in the prospectus forming a part thereof; and (h) all offers and sales of the Securities will be made in compliance with the securities laws of the states having jurisdiction thereof.

Based upon the foregoing, and subject to the additional qualifications set forth below, we are of the opinion that:

1. the Units have been duly authorized for issuance and, when issued and paid for in accordance with the terms of the Securities Purchase Agreement and in the manner described in the Registration Statement, will be valid and legally binding obligations of the Company;

2. the shares of Class A Common Stock comprising the Units have been duly authorized for issuance and, when issued and paid for in accordance with the terms of the Securities Purchase Agreement and in the manner described in the Registration Statement, will be validly issued, fully paid and non-assessable;



3. the Class A Warrants have been duly authorized for issuance and, when issued, sold and delivered by the Company in accordance with and in the manner described in the Registration Statement, the Securities Purchase Agreement and the Warrant Agency Agreement, will be validly issued and will constitute a valid and binding obligation of the Company enforceable against the Company in accordance with its terms;

4. the Class A Warrant Shares have been duly authorized for issuance and, when issued and delivered by the Company upon valid exercise of the Class A Warrants and against receipt of the exercise price therefor, in accordance with and in the manner described in the Registration Statement, the Class A Warrants and the Warrant Agency Agreement, will be validly issued, fully paid and non-assessable;

5. the Pre-Funded Warrants have been duly authorized for issuance and, when issued, sold and delivered by the Company in accordance with and in the manner described in the Registration Statement, the Securities Purchase Agreement and the Warrant Agency Agreement, will be validly issued and will constitute a valid and binding obligation of the Company enforceable against the Company in accordance with its terms; and

6. the Pre-Funded Warrant Shares have been duly authorized for issuance and, when issued and delivered by the Company upon valid exercise of the Pre-Funded Warrants and against receipt of the exercise price therefor, in accordance with and in the manner described in the Registration Statement, the Pre-Funded Warrants and the Warrant Agency Agreement, will be validly issued, fully paid and non-assessable.

The foregoing opinions are subject to (i) bankruptcy, insolvency, moratorium, fraudulent conveyance, fraudulent transfer and other similar laws affecting the rights and remedies of creditors generally, and (ii) constitutional and public policy limitations and general principles of equity (regardless of whether enforcement may be sought in a proceeding in equity or at law). In addition, we express no opinion as to: the right to collect any payment to the extent that such payment constitutes a penalty, premium, forfeiture or late payment charge; the enforceability of the governing law, consent to jurisdiction and forum selection provisions contained in any of the Transaction Documents; waivers of right to trial by jury or defense; or any purported right of indemnification or exculpation with respect to illegal acts, intentional torts, violation of securities laws, negligence or willful misconduct. No opinion is expressed herein as to compliance with or the effect of federal or state securities or blue sky laws.

The opinions expressed herein are limited exclusively to (i) the applicable provisions of the Delaware General Corporation Law, and (ii) the laws of the State of New York as currently in effect, and we are expressing no opinion as to the effect of the laws of any other jurisdiction.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference made to us under the caption "Legal Matters" in the prospectus constituting part of the Registration Statement. In giving this consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Act, the rules and regulations of the Securities and Exchange Commission promulgated thereunder or Item 509 of Regulation S-K promulgated under the Act.

Very truly yours,

/s/ Loeb & Loeb LLP

Loeb & Loeb LLP

LOCK-UP AGREEMENT

_____, 2025

Maxim Group LLC,
as placement agent in the Offering (as defined below)

Re: DIH Holding US, Inc. Offering

Ladies and Gentlemen:

The undersigned irrevocably agrees with the Company that, from the date hereof until six (6) months following the closing of the offering of registered securities by DIH Holding US, Inc. (the "Company") pursuant to an effective registration statement on Form S-1 (File No. 333-283853) (the "Offering") (such period, the "Restriction Period") for which Offering Maxim Group LLC (the "Placement Agent") is acting as exclusive placement agent of the Company, the undersigned will not, without the prior written consent of the Placement Agent, offer, sell, contract to sell, hypothecate, pledge or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the undersigned or any Affiliate (as defined in the Purchase Agreement (as defined below)) of the undersigned or any person in privity with the undersigned or any Affiliate of the undersigned), directly or indirectly, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), with respect to, any shares of Class A common stock, par value \$0.0001 per share of the Company ("Common Stock") or securities convertible, exchangeable or exercisable into or for shares of Common Stock of the Company beneficially owned, held or hereafter acquired by the undersigned (the "Securities") set forth on the signature page hereto, or make any demand for or exercise any right or cause to be filed a registration, including any amendments thereto, with respect to the registration of any shares of Common Stock or Common Stock Equivalents or publicly disclose the intention to do any of the foregoing. Beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act.

Notwithstanding the foregoing, and subject to the conditions below, the undersigned may transfer the Securities provided that (1) the Company receives a signed lock-up letter agreement (in the form of this letter agreement (the "Letter Agreement")) for the balance of the Restriction Period from each donee, trustee, distributee, or transferee, as the case may be, prior to such transfer, (2) any such transfer shall not involve a disposition for value, (3) such transfer is not required to be reported with the Securities and Exchange Commission other than on a Form 4 in accordance with the Exchange Act and no report of such transfer shall be made voluntarily, and (4) neither the undersigned nor any donee, trustee, distributee or transferee, as the case may be, otherwise voluntarily effects any public filing or report regarding such transfers, with respect to transfer:

- i) as a *bona fide* gift or gifts;
-

- ii) to any immediate family member or to any trust for the direct or indirect benefit of the undersigned or the immediate family of the undersigned (for purposes of this Letter Agreement, “immediate family” shall mean any relationship by blood, marriage or adoption, not more remote than first cousin);
- iii) to any corporation, partnership, limited liability company, or other business entity all of the equity holders of which consist of the undersigned and/or the immediate family of the undersigned;
- iv) if the undersigned is a corporation, partnership, limited liability company, trust or other business entity (a) to another corporation, partnership, limited liability company, trust or other business entity that is an Affiliate of the undersigned or (b) in the form of a distribution to limited partners, limited liability company members or stockholders of the undersigned;
- v) if the undersigned is a trust, to the beneficiary of such trust; or
- vi) by will, other testamentary document or intestate succession to the legal representative, heir, beneficiary or a member of the immediate family of the undersigned.

In addition, notwithstanding the foregoing, this Letter Agreement shall not restrict the delivery of shares of Common Stock to the undersigned upon (i) exercise of any options granted under any employee benefit plan of the Company; provided that any shares of Common Stock or Securities acquired in connection with any such exercise will be subject to the restrictions set forth in this Letter Agreement, or (ii) the exercise of warrants; provided that such shares of Common Stock delivered to the undersigned in connection with such exercise are subject to the restrictions set forth in this Letter Agreement.

Furthermore, the undersigned may enter into any new plan established in compliance with Rule 10b5-1 of the Exchange Act; provided that (i) such plan may only be established if no public announcement or filing with the Securities and Exchange Commission, or other applicable regulatory authority, is made in connection with the establishment of such plan during the Restriction Period and (ii) no sale of shares of Common Stock are made pursuant to such plan during the Restriction Period.

For purposes herein, the “Purchase Agreement” means the Securities Purchase Agreement, dated on or about the date hereof, between the Company and the purchasers signatory thereto for the purchase of securities in the Offering.

The undersigned acknowledges that the execution, delivery and performance of this Letter Agreement is a material inducement to the Placement Agent to place the Offering and that the Placement Agent shall be a third party beneficiary of this Letter Agreement and the Company shall be entitled to specific performance of the undersigned's obligations hereunder. The undersigned hereby represents that the undersigned has the power and authority to execute, deliver and perform this Letter Agreement, that the undersigned has received adequate consideration therefor and that the undersigned will indirectly benefit from the closing of the transactions contemplated by the Offering. To the extent the terms of this Letter Agreement (as amended, supplemented, restated or otherwise modified from time to time) directly conflicts with a provision in the Purchase Agreement, the terms of this Letter Agreement shall control. Notwithstanding anything to the contrary contained herein, in the event that the Purchase Agreement is terminated in accordance with its terms, this Letter Agreement shall automatically terminate and become null and void, and the parties shall not have any rights or obligation hereunder.

This Letter Agreement may not be amended or otherwise modified in any respect without the written consent of each of the Company, the Placement Agent and the undersigned. This Letter Agreement shall be construed and enforced in accordance with the laws of the State of New York without regard to the principles of conflict of laws. The undersigned hereby irrevocably submits to the exclusive jurisdiction of the United States District Court sitting in the Southern District of New York and the courts of the State of New York located in Manhattan, for the purposes of any suit, action or proceeding arising out of or relating to this Letter Agreement, and hereby waives, and agrees not to assert in any such suit, action or proceeding, any claim that (i) it is not personally subject to the jurisdiction of such court, (ii) the suit, action or proceeding is brought in an inconvenient forum, or (iii) the venue of the suit, action or proceeding is improper. The undersigned hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by receiving a copy thereof sent to the Company at the address in effect for notices to it under the Purchase Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. The undersigned hereby waives any right to a trial by jury. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. The undersigned agrees and understands that this Letter Agreement does not intend to create any relationship between the undersigned and the Placement Agent and that no issuance or sale of the Securities is created or intended by virtue of this Letter Agreement.

This Letter Agreement shall be binding on successors and assigns of the undersigned with respect to the Securities and any such successor or assign shall enter into a similar agreement for the benefit of the Placement Agent.

*** SIGNATURE PAGE FOLLOWS***

This Letter Agreement may be executed in two or more counterparts, all of which when taken together may be considered one and the same agreement.

Signature

Print Name

Position in Company, if any

Address for Notice:

Number of Shares of Common Stock Beneficially Owned
and Subject to this Letter Agreement: _____

By signing below, the Company agrees to enforce the restrictions on transfer set forth in this Letter Agreement.

DIH HOLDING US, INC.

By: _____

Name: Jason Chen

Title: Chief Executive Officer and Chairman

[Signature Page to Lock-Up Agreement]

SECURITIES PURCHASE AGREEMENT

This Securities Purchase Agreement (this "Agreement") is dated as of [____ ____], 2025, between DIH HOLDING US, INC., a Delaware corporation (the "Company"), and each purchaser identified on the signature pages hereto (each, including its successors and assigns, a "Purchaser" and collectively the "Purchasers").

WHEREAS, subject to the terms and conditions set forth in this Agreement and pursuant to an effective registration statement under the Securities Act (as defined below), the Company desires to issue and sell to each Purchaser, and each Purchaser, severally and not jointly, desires to purchase from the Company, securities of the Company as more fully described in this Agreement.

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants contained in this Agreement, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Company and each Purchaser agree as follows:

**ARTICLE I.
DEFINITIONS**

1.1 Definitions. In addition to the terms defined elsewhere in this Agreement, for all purposes of this Agreement, the following terms have the meanings set forth in this Section 1.1:

"Acquiring Person" shall have the meaning ascribed to such term in Section 4.5.

"Action" shall have the meaning ascribed to such term in Section 3.1(j).

"Affiliate" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person as such terms are used in and construed under Rule 405 under the Securities Act.

"Board of Directors" means the board of directors of the Company.

"Business Day" means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed; provided, however, for clarification, commercial banks shall not be deemed to be authorized or required by law to remain closed due to "stay at home", "shelter-in-place", "non-essential employee" or any other similar orders or restrictions or the closure of any physical branch locations at the direction of any governmental authority so long as the electronic funds transfer systems (including for wire transfers) of commercial banks in The City of New York are generally open for use by customers on such day.

"Closing" means the closing of the purchase and sale of the Securities pursuant to Section 2.1.

“Closing Date” means the Trading Day on which all of the Transaction Documents have been executed and delivered by the applicable parties thereto, and all conditions precedent to (i) the Purchasers’ obligations to pay the Subscription Amount and (ii) the Company’s obligations to deliver the Securities, in each case, have been satisfied or waived, but in no event later than the first (1st) Trading Day following the date hereof (or the second (2nd) Trading Day following the date hereof if this Agreement is signed on a day that is not a Trading Day or after 4:00 p.m. (New York City time) and before midnight (New York City time) on a Trading Day).

“Commission” means the United States Securities and Exchange Commission.

“Common Stock” means the Class A common stock of the Company, par value \$0.0001 per share, and any other class of securities into which such securities may hereafter be reclassified or changed.

“Common Stock Equivalents” means any securities of the Company or the Subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, right, option, warrant or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

“Common Warrants” means the Class A common stock purchase warrants delivered to the Purchasers at the Closing in accordance with Section 2.2(a) hereof, which warrants shall be exercisable immediately and have a term of exercise equal to five (5) years, in the form of Exhibit A attached hereto.

“Common Warrants Shares” means the shares of Common Stock issuable upon exercise of the Common Warrants.

“Company Counsel” means Loeb & Loeb LLP, with offices located at 345 Park Avenue, New York, New York 10154.

“Disclosure Schedules” means the Disclosure Schedules of the Company delivered concurrently herewith.

“Disclosure Time” means, (i) if this Agreement is signed on a day that is not a Trading Day or after 9:00 a.m. (New York City time) and before midnight (New York City time) on any Trading Day, 9:01 a.m. (New York City time) on the Trading Day immediately following the date hereof, unless otherwise instructed as to an earlier time by the Placement Agent, and (ii) if this Agreement is signed between midnight (New York City time) and 9:00 a.m. (New York City time) on any Trading Day, no later than 9:01 a.m. (New York City time) on the date hereof, unless otherwise instructed as to an earlier time by the Placement Agent.

“EGS” means Ellenoff Grossman & Schole LLP, with offices located at 1345 Avenue of the Americas, New York, New York 10105-0302.

“Evaluation Date” shall have the meaning ascribed to such term in Section 3.1(s).

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Exempt Issuance” means the issuance of (a) shares of Common Stock or options to employees, officers or directors of the Company pursuant to any stock or option plan duly adopted for such purpose, by a majority of the non-employee members of the Board of Directors or a majority of the members of a committee of non-employee directors established for such purpose for services rendered to the Company, (b) securities upon the exercise or exchange of or conversion of any Securities issued hereunder and/or other securities exercisable or exchangeable for or convertible into shares of Common Stock issued and outstanding on the date of this Agreement, provided that such securities have not been amended since the date of this Agreement to increase the number of such securities or to decrease the exercise price, exchange price or conversion price of such securities (other than in connection with stock splits or combinations or as a result of the anti-dilution provisions contained in any such Securities) or to extend the term of such securities, (c) shares of Common Stock in lieu of cash redemption payments pursuant to the terms of the 8% Original Issue Discount Senior Secured Convertible Debentures, (d) agreements and securities issued pursuant thereto in connection with acquisitions or strategic transactions approved by a majority of the disinterested directors of the Company, provided that such securities, if issued prior to the expiration of the prohibition period in Section 4.12(a) herein, are issued as “restricted securities” (as defined in Rule 144) and carry no registration rights that require or permit the filing of any registration statement in connection therewith during the prohibition period in Section 4.12(a) herein (it being understood that nothing shall prohibit the filing of any registration statement after the expiration of the prohibition period), and provided that any such issuance shall only be to a Person (or to the equityholders of a Person) which is, itself or through its subsidiaries, an operating company or an owner of an asset in a business synergistic with the business of the Company and shall provide to the Company additional benefits in addition to the investment of funds, but shall not include a transaction in which the Company is issuing securities primarily for the purpose of raising capital or to an entity whose primary business is investing in securities and (e) securities issued to other purchasers participating in this offering.

“FCPA” means the Foreign Corrupt Practices Act of 1977, as amended.

“FDA” shall have the meaning ascribed to such term in Section 3.1(hh).

“FDCA” shall have the meaning ascribed to such term in Section 3.1(hh).

“GAAP” shall have the meaning ascribed to such term in Section 3.1(h).

“Indebtedness” shall have the meaning ascribed to such term in Section 3.1(aa).

“Intellectual Property Rights” shall have the meaning ascribed to such term in Section 3.1(p).

“Liens” means a lien, charge, pledge, security interest, encumbrance, right of first refusal, preemptive right or other restriction.

“Lock-Up Agreement” means the Lock-Up Agreement, dated as of the date hereof, by and among the Company and the directors, officers, and 5% stockholders of the Company, in the form of Exhibit D attached hereto.

“Material Adverse Effect” shall have the meaning assigned to such term in Section 3.1(b).

“Material Permits” shall have the meaning ascribed to such term in Section 3.1(n).

“Medical Device Product” shall have the meaning ascribed to such term in Section 3.1(hh).

“Per Share Purchase Price” equals \$[_____], subject to adjustment for reverse and forward stock splits, stock dividends, stock combinations and other similar transactions of the Common Stock that occur after the date of this Agreement and prior to the Closing Date, provided that the purchase price per Prefunded Warrant shall be the Per Share Purchase Price minus \$0.0001.

“Person” means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

“Placement Agent” means Maxim Group LLC.

“Prefunded Warrant” means, collectively, the Prefunded Common Stock purchase warrants delivered to the Purchasers at the Closing in accordance with Section 2.2(a) hereof, which Prefunded Warrants shall be exercisable immediately and shall expire when exercised in full, in the form of Exhibit B attached hereto.

“Prefunded Warrant Shares” means the Common Stock issuable upon exercise of the Prefunded Warrants.

“Preliminary Prospectus” means any preliminary prospectus included in the Registration Statement, as originally filed or as part of any amendment thereto, or filed with the Commission pursuant to Rule 424(a) of the rules and regulations of the Commission under the Securities Act.

“Pricing Prospectus” means (i) the Preliminary Prospectus relating to the Securities that was included in the Registration Statement immediately prior to [] [a.m/p.m.] (New York City time) on the date hereof and (ii) any free writing prospectus (as defined in the Securities Act) identified on Schedule I hereto, taken together.

“Proceeding” means an action, claim, suit, investigation or proceeding (including, without limitation, an informal investigation or partial proceeding, such as a deposition), whether commenced or threatened.

“Prospectus” means the final prospectus filed for the Registration Statement.

“Purchaser Party” shall have the meaning ascribed to such term in Section 4.8.

“Registration Statement” means the effective registration statement on Form S-1 with Commission File No. 333-283853 which registers the sale of the Shares, the Warrants and the Warrant Shares to the Purchasers, including all information, documents and exhibits filed with or incorporated by reference into such registration statement, and includes any Rule 462(b) Registration Statement.

“Required Approvals” shall have the meaning ascribed to such term in Section 3.1(e).

“Rule 144” means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

“Rule 424” means Rule 424 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

“Rule 462(b) Registration Statement” means any registration statement prepared by the Company registering additional Securities, which was filed with the Commission on or prior to the date hereof and became automatically effective pursuant to Rule 462(b) promulgated by the Commission pursuant to the Securities Act.

“SEC Reports” shall have the meaning ascribed to such term in Section 3.1(h).

“Securities” means the Shares, the Warrants and the Warrant Shares.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Shares” means the shares of Common Stock issued or issuable to each Purchaser pursuant to this Agreement.

“Short Sales” means all “short sales” as defined in Rule 200 of Regulation SHO under the Exchange Act (but shall not be deemed to include locating and/or borrowing shares of Common Stock).

“Subscription Amount” means, as to each Purchaser, the aggregate amount to be paid for Shares and/or Prefunded Warrants and Common Warrants purchased hereunder as specified below such Purchaser’s name on the signature page of this Agreement and next to the heading “Subscription Amount,” in United States dollars and in immediately available funds (minus, if applicable, a Purchaser’s aggregate exercise price of the Prefunded Warrants, which amounts shall be paid as and when such Prefunded Warrants are exercised).

“Subsidiary” means any subsidiary of the Company as set forth on Schedule 3.1(a), and shall, where applicable, also include any direct or indirect subsidiary of the Company formed or acquired after the date hereof.

“Trading Day” means a day on which the principal Trading Market is open for trading.

“Trading Market” means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market or the New York Stock Exchange (or any successors to any of the foregoing).

“Transaction Documents” means this Agreement, the Lock-Up Agreement, the Warrants, the Warrant Agency Agreement, all exhibits and schedules thereto and hereto and any other documents or agreements executed in connection with the transactions contemplated hereunder.

“Transfer Agent” means Continental Stock Transfer & Trust Company, the current transfer agent of the Company, with a mailing address of 1 State Street, 30th Floor, New York, New York 10004 and an email address of sjones@continentalstock.com, and any successor transfer agent of the Company.

“Units” means units of the Company, each consisting of one share of Common Stock and one Common Warrant or one Pre-Funded Warrant to purchase one share of Common Stock and one Common Warrant to purchase up to one share of Common Stock.

“Variable Rate Transaction” shall have the meaning ascribed to such term in Section 4.12(b).

“Warrant Agency Agreement” means the warrant agency agreement dated on or about the date hereof, among the Company and Continental Stock Transfer & Trust Company in the form of Exhibit C attached hereto.

“Warrants” means, collectively, the Common Warrants and the Prefunded Warrants.

“Warrant Shares” means the shares of Common Stock issuable upon exercise of the Warrants.

ARTICLE II.
PURCHASE AND SALE

2.1 Closing. On the Closing Date, upon the terms and subject to the conditions set forth herein, the Company agrees to sell, and the Purchasers, severally and not jointly, agree to purchase, up to an aggregate of \$[_____] of Units; provided, however, that, to the extent that a Purchaser determines, in its sole discretion, that such Purchaser (together with such Purchaser's Affiliates, and any Person acting as a group together with such Purchaser or any of such Purchaser's Affiliates) would beneficially own in excess of the Beneficial Ownership Limitation, or as such Purchaser may otherwise choose, in lieu of purchasing Shares, such Purchaser may elect to purchase Prefunded Warrants in lieu of Shares in such manner to result in the same aggregate purchase price being paid by such Purchaser to the Company. The "Beneficial Ownership Limitation" shall be 4.99% (or, at the election of the Purchaser at Closing, 9.99%) of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of the Securities on the Closing Date. In each case, the election to receive Prefunded Warrants is solely at the option of the Purchaser. Each Purchaser shall deliver to the Company, via wire transfer, immediately available funds equal to such Each Purchaser's Subscription Amount as set forth on the signature page hereto executed by such Purchaser shall be made available for "Delivery Versus Payment" settlement with the Company or its designee. The Company shall deliver to each Purchaser its respective Shares, Prefunded Warrant and a Common Warrant as determined pursuant to Section 2.2(a), and the Company and each Purchaser shall deliver the other items set forth in Section 2.2 deliverable at the Closing. Upon satisfaction of the covenants and conditions set forth in Sections 2.2 and 2.3, the Closing shall occur at the offices of EGS or such other location as the parties shall mutually agree take place remotely by electronic transfer of the Closing documentation. Unless otherwise directed by the Placement Agent, settlement of the Shares shall occur via "Delivery Versus Payment" ("DVP") (i.e., on the Closing Date, the Company shall issue the Shares registered in the Purchasers' names and addresses and released by the Transfer Agent directly to the account(s) at the Placement Agent identified by each Purchaser; upon receipt of such Shares, the Placement Agent shall promptly electronically deliver such Shares to the applicable Purchaser, and payment therefor shall be made by the Placement Agent (or its clearing firm) by wire transfer to the Company). Notwithstanding anything herein to the contrary, if at any time on or after the time of execution of this Agreement by the Company and an applicable Purchaser, through, and including the time immediately prior to the Closing (the "Pre-Settlement Period"), such Purchaser sells to any Person all, or any portion, of the Shares to be issued hereunder to such Purchaser at the Closing (collectively, the "Pre-Settlement Shares"), such Purchaser shall, automatically hereunder (without any additional required actions by such Purchaser or the Company), be deemed to be unconditionally bound to purchase, such Pre-Settlement Shares at the Closing; provided, that the Company shall not be required to deliver any Pre-Settlement Shares to such Purchaser prior to the Company's receipt of the purchase price of such Pre-Settlement Shares hereunder; and provided further that the Company hereby acknowledges and agrees that the forgoing shall not constitute a representation or covenant by such Purchaser as to whether or not during the Pre-Settlement Period such Purchaser shall sell any shares of Common Stock to any Person and that any such decision to sell any shares of Common Stock by such Purchaser shall solely be made at the time such Purchaser elects to effect any such sale, if any. Notwithstanding anything to the contrary herein and a Purchaser's Subscription Amount set forth on the signature pages attached hereto, the number of Shares purchased by a Purchaser (and its Affiliates) hereunder shall not, when aggregated with all other shares of Common Stock owned by such Purchaser (and its Affiliates) at such time, result in such Purchaser beneficially owning (as determined in accordance with Section 13(d) of the Exchange Act) in excess of 9.9% of the then issued and outstanding Common Stock outstanding at the Closing (the "Beneficial Ownership Maximum"), and such Purchaser's Subscription Amount, to the extent it would otherwise exceed the Beneficial Ownership Maximum immediately prior to the Closing, shall be conditioned upon the issuance of Shares at the Closing to the other Purchasers signatory hereto. To the extent that a Purchaser's beneficial ownership of the Shares would otherwise be deemed to exceed the Beneficial Ownership Maximum, such Purchaser's Subscription Amount shall automatically be reduced as necessary in order to comply with this paragraph. Notwithstanding the foregoing, with respect to any Notice(s) of Exercise (as defined in the Warrants) delivered on or prior to 12:00 p.m. (New York City time) on the Closing Date, which may be delivered at any time after the time of execution of this Agreement, the Company agrees to deliver the Warrant Shares subject to such notice(s) by 4:00 p.m. (New York City time) on the Closing Date and the Closing Date shall be the Warrant Share Delivery Date (as defined in the Warrants) for purposes hereunder.

2.2 Deliveries.

(a) On or prior to the Closing Date (except as indicated below), the Company shall deliver or cause to be delivered to each Purchaser the following:

(i) this Agreement duly executed by the Company;

(ii) a legal opinion of Company Counsel, directed to the Placement Agent and the Purchasers, in a form and substance reasonably satisfactory to the Placement Agent;

(iii) subject to Section 2.1, the Company shall have provided each Purchaser with the Company's wire instructions, on Company letterhead and executed by the Company's Chief Executive Officer or Chief Financial Officer;

(iv) subject to Section 2.1, a copy of the irrevocable instructions to the Transfer Agent instructing the Transfer Agent to deliver on an expedited basis via The Depository Trust Company Deposit or Withdrawal at Custodian system ("DWAC") Shares equal to such Purchaser's Subscription Amount divided by the Per Share Purchase Price, registered in the name of such Purchaser (minus the number of shares of Common Stock issuable upon exercise of such Purchaser's Prefunded Warrants, if applicable);

(v) a Common Warrant registered in the name of such Purchaser to purchase up to a number of shares of Common Stock equal to 100% of the sum of such Purchaser's Shares and Prefunded Warrant Shares issuable on the date hereof, with an exercise price equal to \$[____], subject to adjustment therein;

(vi) for each Purchaser of Prefunded Warrants pursuant to Section 2.1, a Prefunded Warrant registered in the name of such Purchaser to purchase up to a number of shares of Common Stock equal to the portion of such Purchaser's Subscription Amount applicable to Prefunded Warrant divided by the Per Share Purchase Price minus \$0.0001, with an exercise price equal to \$0.0001, subject to adjustment therein;

(vii) on the date hereof, the duly executed Lock-Up Agreements;

(viii) on the date hereof, the duly executed Warrant Agency Agreement; and

(ix) the Pricing Prospectus and Prospectus (which may be delivered in accordance with Rule 172 under the Securities Act).

(b) On or prior to the Closing Date, each Purchaser shall deliver or cause to be delivered to the Company the following:

(i) this Agreement duly executed by such Purchaser; and

(ii) such Purchaser's Subscription Amount, which shall be made available for "Delivery Versus Payment" settlement with the Company or its designee.

2.3 Closing Conditions.

(a) The obligations of the Company hereunder in connection with the Closing are subject to the following conditions being met:

(i) the accuracy in all material respects (or, to the extent representations or warranties are qualified by materiality, in all respects) on the Closing Date of the representations and warranties of the Purchasers contained herein (unless as of a specific date therein in which case they shall be accurate in all material respects (or, to the extent representations or warranties are qualified by materiality, in all respects) as of such date);

(ii) all obligations, covenants and agreements of each Purchaser required to be performed at or prior to the Closing Date shall have been performed; and

(iii) the delivery by each Purchaser of the items set forth in Section 2.2(b) of this Agreement.

(b) The respective obligations of the Purchasers hereunder in connection with the Closing are subject to the following conditions being met:

(i) the accuracy in all material respects (or, to the extent representations or warranties are qualified by materiality or Material Adverse Effect, in all respects) when made and on the Closing Date of the representations and warranties of the Company contained herein (unless as of a specific date therein in which case they shall be accurate in all material respects or, to the extent representations or warranties are qualified by materiality or Material Adverse Effect, in all respects) as of such date);

(ii) all obligations, covenants and agreements of the Company required to be performed at or prior to the Closing Date shall have been performed;

(iii) the delivery by the Company of the items set forth in Section 2.2(a) of this Agreement;

(iv) there shall have been no Material Adverse Effect with respect to the Company; and

(v) from the date hereof to the Closing Date, trading in the Common Stock shall not have been suspended by the Commission or the Company's principal Trading Market, and, at any time prior to the Closing Date, trading in securities generally as reported by Bloomberg L.P. shall not have been suspended or limited, or minimum prices shall not have been established on securities whose trades are reported by such service, or on any Trading Market, nor shall a banking moratorium have been declared either by the United States or New York State authorities nor shall there have occurred any material outbreak or escalation of hostilities or other national or international calamity of such magnitude in its effect on, or any material adverse change in, any financial market which, in each case, in the reasonable judgment of such Purchaser, makes it impracticable or inadvisable to purchase the Securities at the Closing.

ARTICLE III. REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Company. Except as set forth in the Company's SEC Reports or in the Disclosure Schedules, which Disclosure Schedules shall be deemed a part hereof and shall qualify any representation made herein to the extent of the disclosure contained in the corresponding section of the Disclosure Schedules, the Company hereby makes the following representations and warranties to each Purchaser:

(a) Subsidiaries. All of the subsidiaries of the Company are set forth on Schedule 3.1(a) or the Company's SEC Reports. The Company owns, directly or indirectly, all of the capital stock or other equity interests of each Subsidiary free and clear of any Liens, and all of the issued and outstanding shares of capital stock of each Subsidiary are validly issued and are fully paid, non-assessable and free of preemptive and similar rights to subscribe for or purchase securities. If the Company has no subsidiaries, all other references to the Subsidiaries or any of them in the Transaction Documents shall be disregarded.

(b) Organization and Qualification. The Company and each of the Subsidiaries is an entity duly incorporated or otherwise organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, with the requisite power and authority to own and use its properties and assets and to carry on its business as currently conducted. Neither the Company nor any Subsidiary is in violation nor default of any of the provisions of its respective certificate or articles of incorporation, bylaws or other organizational or charter documents. Each of the Company and the Subsidiaries is duly qualified to conduct business and is in good standing as a foreign corporation or other entity in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, could not have or reasonably be expected to result in: (i) a material adverse effect on the legality, validity or enforceability of any Transaction Document, (ii) a material adverse effect on the results of operations, assets, business, prospects or condition (financial or otherwise) of the Company and the Subsidiaries, taken as a whole, or (iii) a material adverse effect on the Company's ability to perform in any material respect on a timely basis its obligations under any Transaction Document (any of (i), (ii) or (iii), a "Material Adverse Effect") and no Proceeding has been instituted in any such jurisdiction revoking, limiting or curtailing or seeking to revoke, limit or curtail such power and authority or qualification.

(c) Authorization; Enforcement. The Company has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by this Agreement and each of the other Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of this Agreement and each of the other Transaction Documents by the Company and the consummation by it of the transactions contemplated hereby and thereby have been duly authorized by all necessary action on the part of the Company and no further action is required by the Company, the Board of Directors or the Company's stockholders in connection herewith or therewith other than in connection with the Required Approvals. This Agreement and each other Transaction Document to which it is a party has been (or upon delivery will have been) duly executed by the Company and, when delivered in accordance with the terms hereof and thereof, will constitute the valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(d) No Conflicts. The execution, delivery and performance by the Company of this Agreement and the other Transaction Documents to which it is a party, the issuance and sale of the Securities and the consummation by it of the transactions contemplated hereby and thereby do not and will not (i) conflict with or violate any provision of the Company's or any Subsidiary's certificate or articles of incorporation, bylaws or other organizational or charter documents, or (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, result in the creation of any Lien upon any of the properties or assets of the Company or any Subsidiary, or give to others any rights of termination, amendment, anti-dilution or similar adjustments, acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement, credit facility, debt or other instrument (evidencing a Company or Subsidiary debt or otherwise) or other understanding to which the Company or any Subsidiary is a party or by which any property or asset of the Company or any Subsidiary is bound or affected, or (iii) subject to the Required Approvals, conflict with or result in a violation of any law, rule, regulation, order, judgment, injunction, decree or other restriction of any court or governmental authority to which the Company or a Subsidiary is subject (including federal and state securities laws and regulations), or by which any property or asset of the Company or a Subsidiary is bound or affected; except in the case of each of clauses (ii) and (iii), such as could not have or reasonably be expected to result in a Material Adverse Effect.

(e) Filings, Consents and Approvals. The Company is not required to obtain any consent, waiver, authorization or order of, give any notice to, or make any filing or registration with, any court or other federal, state, local or other governmental authority or other Person in connection with the execution, delivery and performance by the Company of the Transaction Documents, other than: (i) the filings required pursuant to Section 4.4 of this Agreement, (ii) the filing with the Commission of the Prospectus, (iii) application(s) to each applicable Trading Market for the listing of the Shares and Warrant Shares for trading thereon in the time and manner required thereby, (iv) such consents as have already been obtained, and (v) such filings as are required to be made under applicable state securities laws (collectively, the “Required Approvals”).

(f) Issuance of the Securities; Registration. The Securities are duly authorized and, when issued and paid for in accordance with the applicable Transaction Documents, will be duly and validly issued, fully paid and nonassessable, free and clear of all Liens imposed by the Company. The Warrant Shares, when issued in accordance with the terms of the Warrants, will be validly issued, fully paid and nonassessable, free and clear of all Liens imposed by the Company. The Company has reserved from its duly authorized capital stock the maximum number of shares of Common Stock issuable pursuant to this Agreement and the Warrants. The Company has prepared and filed the Registration Statement in conformity with the requirements of the Securities Act, which became effective on [____], 2025 (the “Effective Date”), including the Prospectus, and such amendments and supplements thereto as may have been required to the date of this Agreement. The Registration Statement is effective under the Securities Act and no stop order preventing or suspending the effectiveness of the Registration Statement or suspending or preventing the use of any Preliminary Prospectus or the Prospectus has been issued by the Commission and no proceedings for that purpose have been instituted or, to the knowledge of the Company, are threatened by the Commission. The Company, if required by the rules and regulations of the Commission, shall file the Prospectus with the Commission pursuant to Rule 424(b). At the time the Registration Statement and any amendments thereto became effective, at the date of this Agreement and at the Closing Date, the Registration Statement and any amendments thereto conformed and will conform in all material respects to the requirements of the Securities Act and did not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading; and the Pricing Prospectus and Prospectus and any amendments or supplements thereto, at the time the Pricing Prospectus or the Prospectus, as applicable, or any amendment or supplement thereto was issued and at the Closing Date, conformed and will conform in all material respects to the requirements of the Securities Act and did not and will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(g) Capitalization. The capitalization of the Company as of the date hereof is as set forth on Schedule 3.1(g), which Schedule 3.1(g) shall also include the number of shares of Common Stock owned beneficially, and of record, by Affiliates of the Company as of the date hereof. Except as set forth on Schedule 3.1(g), the Company has not issued any capital stock since its most recently filed periodic report under the Exchange Act, other than pursuant to the exercise of employee stock options under the Company's stock option plans, the issuance of shares of Common Stock to employees pursuant to the Company's equity incentive plan and pursuant to the conversion and/or exercise of Common Stock Equivalents outstanding as of the date of the most recently filed periodic report under the Exchange Act. Except as set forth on Schedule 3.1(g), no Person has any right of first refusal, preemptive right, right of participation, or any similar right to participate in the transactions contemplated by the Transaction Documents. Except as a result of the purchase and sale of the Securities and as set forth on Schedule 3.1(g), there are no outstanding options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities, rights or obligations convertible into or exercisable or exchangeable for, or giving any Person any right to subscribe for or acquire, any shares of Common Stock or the capital stock of any Subsidiary, or contracts, commitments, understandings or arrangements by which the Company or any Subsidiary is or may become bound to issue additional shares of Common Stock or Common Stock Equivalents or capital stock of any Subsidiary. The issuance and sale of the Securities will not obligate the Company or any Subsidiary to issue shares of Common Stock or other securities to any Person (other than the Purchasers). There are no outstanding securities or instruments of the Company or any Subsidiary with any provision that adjusts the exercise, conversion, exchange or reset price of such security or instrument upon an issuance of securities by the Company or any Subsidiary. Except as set forth on Schedule 3.1(g), there are no outstanding securities or instruments of the Company or any Subsidiary that contain any redemption or similar provisions, and there are no contracts, commitments, understandings or arrangements by which the Company or any Subsidiary is or may become bound to redeem a security of the Company or such Subsidiary. The Company does not have any stock appreciation rights or "phantom stock" plans or agreements or any similar plan or agreement. All of the outstanding shares of capital stock of the Company are duly authorized, validly issued, fully paid and nonassessable, have been issued in compliance with all federal and state securities laws, and none of such outstanding shares was issued in violation of any preemptive rights or similar rights to subscribe for or purchase securities. No further approval or authorization of any stockholder, the Board of Directors or others is required for the issuance and sale of the Securities. There are no stockholders agreements, voting agreements or other similar agreements with respect to the Company's capital stock to which the Company is a party or, to the knowledge of the Company, between or among any of the Company's stockholders.

(h) SEC Reports; Financial Statements. Except as set forth on Schedule 3.1(h), the Company has filed all reports, schedules, forms, statements and other documents required to be filed by the Company under the Securities Act and the Exchange Act, including pursuant to Section 13(a) or 15(d) thereof, for the two years preceding the date hereof (or such shorter period as the Company was required by law or regulation to file such material) (the foregoing materials, including the exhibits thereto and documents incorporated by reference therein, together with the Pricing Prospectus and the Prospectus, being collectively referred to herein as the "SEC Reports") on a timely basis or has received a valid extension of such time of filing and has filed any such SEC Reports prior to the expiration of any such extension. As of their respective dates, the SEC Reports complied in all material respects with the requirements of the Securities Act and the Exchange Act, as applicable, and none of the SEC Reports, when filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The financial statements of the Company included in the SEC Reports comply in all material respects with applicable accounting requirements and the rules and regulations of the Commission with respect thereto as in effect at the time of filing. Such financial statements have been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis during the periods involved ("GAAP"), except as may be otherwise specified in such financial statements or the notes thereto and except that unaudited financial statements may not contain all footnotes required by GAAP, and fairly present in all material respects the financial position of the Company and its consolidated Subsidiaries as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal, immaterial, year-end audit adjustments.

(i) Material Changes; Undisclosed Events, Liabilities or Developments. Since the date of the latest audited financial statements included within the SEC Reports, except as set forth in the SEC Reports or on Schedule 3.1(i), (i) there has been no event, occurrence or development that has had or that could reasonably be expected to result in a Material Adverse Effect, (ii) the Company has not incurred any liabilities (contingent or otherwise) other than (A) trade payables and accrued expenses incurred in the ordinary course of business consistent with past practice and (B) liabilities not required to be reflected in the Company's financial statements pursuant to GAAP or disclosed in filings made with the Commission, (iii) the Company has not altered its method of accounting except as required by GAAP, (iv) the Company has not declared or made any dividend or distribution of cash or other property to its stockholders or purchased, redeemed or made any agreements to purchase or redeem any shares of its capital stock and (v) the Company has not issued any equity securities to any officer, director or Affiliate, except pursuant to existing Company equity incentive plans. The Company does not have pending before the Commission any request for confidential treatment of information. Except for the issuance of the Securities contemplated by this Agreement or as set forth on Schedule 3.1(i), no event, liability, fact, circumstance, occurrence or development has occurred or exists or is reasonably expected to occur or exist with respect to the Company or its Subsidiaries or their respective businesses, prospects, properties, operations, assets or financial condition that would be required to be disclosed by the Company under applicable securities laws at the time this representation is made or deemed made that has not been publicly disclosed at least 1 Trading Day prior to the date that this representation is made.

(j) Litigation. Except as set forth on Schedule 3.1(j), there is no action, suit, inquiry, notice of violation, proceeding or investigation pending or, to the knowledge of the Company, threatened against or affecting the Company, any Subsidiary or any of their respective properties before or by any court, arbitrator, governmental or administrative agency or regulatory authority (federal, state, county, local or foreign) (collectively, an "Action"). None of the Actions set forth on Schedule 3.1(j), (i) adversely affects or challenges the legality, validity or enforceability of any of the Transaction Documents or the Securities or (ii) could, if there were an unfavorable decision, have or reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any Subsidiary, nor any director or officer thereof, is or has been the subject of any Action involving a claim of violation of or liability under federal or state securities laws or a claim of breach of fiduciary duty. Except as set forth in Schedule 3.1(j), there has not been, and to the knowledge of the Company, there is not pending or contemplated, any investigation by the Commission involving the Company or any current or former director or officer of the Company. The Commission has not issued any stop order or other order suspending the effectiveness of any registration statement filed by the Company or any Subsidiary under the Exchange Act or the Securities Act.

(k) Labor Relations. No labor dispute exists or, to the knowledge of the Company, is imminent with respect to any of the employees of the Company, which could reasonably be expected to result in a Material Adverse Effect. None of the Company's or its Subsidiaries' employees is a member of a union that relates to such employee's relationship with the Company or such Subsidiary, and neither the Company nor any of its Subsidiaries is a party to a collective bargaining agreement, and the Company and its Subsidiaries believe that their relationships with their employees are good. To the knowledge of the Company, no executive officer of the Company or any Subsidiary, is, or is now expected to be, in violation of any material term of any employment contract, confidentiality, disclosure or proprietary information agreement or non-competition agreement, or any other contract or agreement or any restrictive covenant in favor of any third party, and the continued employment of each such executive officer does not subject the Company or any of its Subsidiaries to any liability with respect to any of the foregoing matters. The Company and its Subsidiaries are in compliance with all U.S. federal, state, local and foreign laws and regulations relating to employment and employment practices, terms and conditions of employment and wages and hours, except where the failure to be in compliance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(l) Compliance. Neither the Company nor any Subsidiary: (i) is in material default under or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by the Company or any Subsidiary under), nor has the Company or any Subsidiary received notice of a claim that it is in material default under or that it is in violation of, any indenture, loan or credit agreement or any other agreement or instrument to which it is a party or by which it or any of its properties is bound (whether or not such default or violation has been waived), (ii) is in violation of any judgment, decree or order of any court, arbitrator or other governmental authority or (iii) to the knowledge of the Company, is or has been in violation of any statute, rule, ordinance or regulation of any governmental authority, including without limitation all foreign, federal, state and local laws relating to taxes, environmental protection, occupational health and safety, product quality and safety and employment and labor matters, except in each case as could not have or reasonably be expected to result in a Material Adverse Effect.

(m) Environmental Laws. To the knowledge of the Company, the Company and its Subsidiaries (i) are in compliance with all federal, state, local and foreign laws relating to pollution or protection of human health or the environment (including ambient air, surface water, groundwater, land surface or subsurface strata), including laws relating to emissions, discharges, releases or threatened releases of chemicals, pollutants, contaminants, or toxic or hazardous substances or wastes (collectively, "Hazardous Materials") into the environment, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials, as well as all authorizations, codes, decrees, demands, or demand letters, injunctions, judgments, licenses, notices or notice letters, orders, permits, plans or regulations, issued, entered, promulgated or approved thereunder ("Environmental Laws"); (ii) have received all permits licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses; and (iii) are in compliance with all terms and conditions of any such permit, license or approval where in each clause (i), (ii) and (iii), the failure to so comply could be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect.

(n) Regulatory Permits. The Company and the Subsidiaries possess all certificates, authorizations and permits issued by the appropriate federal, state, local or foreign regulatory authorities necessary to conduct their respective businesses as described in the SEC Reports, except where the failure to possess such permits could not reasonably be expected to result in a Material Adverse Effect ("Material Permits"), and neither the Company nor any Subsidiary has received any notice of proceedings relating to the revocation or modification of any Material Permit.

(o) Title to Assets. The Company and the Subsidiaries have good and marketable title in fee simple to all real property owned by them and good and marketable title in all personal property owned by them that is material to the business of the Company and the Subsidiaries, in each case, except as disclosed on Schedule 3.1(o), free and clear of all Liens, except for (i) Liens as do not materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by the Company and the Subsidiaries and (ii) Liens for the payment of federal, state or other taxes, for which appropriate reserves have been made therefor in accordance with GAAP and, the payment of which is neither delinquent nor subject to penalties. Any real property and facilities held under lease by the Company and the Subsidiaries are held by them under valid, subsisting and enforceable leases with which the Company and the Subsidiaries are in compliance.

(p) Intellectual Property. The Company and the Subsidiaries have, or have rights to use, all patents, patent applications, trademarks, trademark applications, service marks, trade names, trade secrets, inventions, copyrights, licenses and other intellectual property rights and similar rights necessary or required for use in connection with their respective businesses as described in the SEC Reports and which the failure to so have could have a Material Adverse Effect (collectively, the "Intellectual Property Rights"). Neither the Company nor any Subsidiary has received a notice (written or otherwise) that any of, the Intellectual Property Rights has expired, terminated or been abandoned, or is expected to expire or terminate or be abandoned, within two (2) years from the date of this Agreement. Except as set forth on Schedule 3.1(p), neither the Company nor any Subsidiary has received, since the date of the latest audited financial statements included within the SEC Reports, a written notice of a claim or otherwise has any knowledge that the Intellectual Property Rights violate or infringe upon the rights of any Person, except as could not have or reasonably be expected to not have a Material Adverse Effect. To the knowledge of the Company, all such Intellectual Property Rights are enforceable and there is no existing infringement by another Person of any of the Intellectual Property Rights. The Company and its Subsidiaries have taken reasonable security measures to protect the secrecy, confidentiality and value of all of their intellectual properties, except where failure to do so could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Company has no knowledge of any facts that would preclude it from having valid license rights or clear title to the Intellectual Property Rights. The Company has no knowledge that it lacks or will be unable to obtain any rights or licenses to use all Intellectual Property Rights that are necessary to conduct its business as described in the Pricing Prospectus and Prospectus.

(q) Insurance. The Company and the Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which the Company and the Subsidiaries are engaged, including, but not limited to, directors and officers insurance coverage at least equal to the aggregate Subscription Amount. Neither the Company nor any Subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business without a significant increase in cost.

(r) Transactions With Affiliates and Employees. Except as set forth on Schedule 3.1(r), none of the officers or directors of the Company or any Subsidiary and, to the knowledge of the Company, none of the employees of the Company or any Subsidiary is presently a party to any transaction with the Company or any Subsidiary (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, providing for the borrowing of money from or lending of money to or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of the Company, any entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee, stockholder, member or partner, in each case in excess of \$120,000 other than for (i) payment of salary or consulting fees for services rendered, (ii) reimbursement for expenses incurred on behalf of the Company and (iii) other employee benefits, including stock option agreements under any stock option plan of the Company.

(s) Sarbanes-Oxley; Internal Accounting Controls. The Company and the Subsidiaries are in compliance with any and all applicable requirements of the Sarbanes-Oxley Act of 2002, as amended that are effective as of the date hereof, and any and all applicable rules and regulations promulgated by the Commission thereunder that are effective as of the date hereof and as of the Closing Date. The Company and the Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization, and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The Company and the Subsidiaries have established disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and the Subsidiaries and designed such disclosure controls and procedures to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms. The Company's certifying officers have evaluated the effectiveness of the disclosure controls and procedures of the Company and the Subsidiaries as of the end of the period covered by the most recently filed periodic report under the Exchange Act (such date, the "Evaluation Date"). The Company presented in its most recently filed periodic report under the Exchange Act the conclusions of the certifying officers about the effectiveness of the disclosure controls and procedures based on their evaluations as of the Evaluation Date. Since the Evaluation Date, there have been no changes in the internal control over financial reporting (as such term is defined in the Exchange Act) of the Company and its Subsidiaries that have materially affected, or is reasonably likely to materially affect, the internal control over financial reporting of the Company and its Subsidiaries.

(t) Certain Fees. Except for fees payable by the Company to the Placement Agent, no brokerage or finder's fees or commissions are or will be payable by the Company or any Subsidiary to any broker, financial advisor or consultant, finder, placement agent, investment banker, bank or other Person with respect to the transactions contemplated by the Transaction Documents. The Purchasers shall have no obligation with respect to any fees or with respect to any claims made by or on behalf of other Persons for fees of a type contemplated in this Section that may be due in connection with the transactions contemplated by the Transaction Documents.

(u) Investment Company. The Company is not, and is not an Affiliate of, and immediately after receipt of payment for the Securities, will not be or be an Affiliate of, an "investment company" within the meaning of the Investment Company Act of 1940, as amended. The Company shall conduct its business in a manner so that it will not become an "investment company" subject to registration under the Investment Company Act of 1940, as amended.

(v) Registration Rights. No Person has any right to cause the Company or any Subsidiary to effect the registration under the Securities Act of any securities of the Company or any Subsidiary.

(w) Listing and Maintenance Requirements. The Common Stock is registered pursuant to Section 12(b) of the Exchange Act, and the Company has taken no action designed to, or which to its knowledge is likely to have the effect of, terminating the registration of the Common Stock under the Exchange Act nor has the Company received any notification that the Commission is contemplating terminating such registration. Except as set forth on Schedule 3.1(w), the Company has not, in the 12 months preceding the date hereof, received notice from any Trading Market on which the Common Stock is or has been listed or quoted to the effect that the Company is not in compliance with the listing or maintenance requirements of such Trading Market. The Company is, and has no reason to believe that it will not in the foreseeable future continue to be, in compliance with all such listing and maintenance requirements. The Common Stock is currently eligible for electronic transfer through the Depository Trust Company or another established clearing corporation and the Company is current in payment of the fees to the Depository Trust Company (or such other established clearing corporation) in connection with such electronic transfer.

(x) Application of Takeover Protections. The Company and the Board of Directors have taken all necessary action, if any, in order to render inapplicable any control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or other similar anti-takeover provision under the Company's certificate of incorporation (or similar charter documents) or the laws of its state of incorporation that is or could become applicable to the Purchasers as a result of the Purchasers and the Company fulfilling their obligations or exercising their rights under the Transaction Documents, including without limitation as a result of the Company's issuance of the Securities and the Purchasers' ownership of the Securities.

(y) Disclosure. Except with respect to the material terms and conditions of the transactions contemplated by the Transaction Documents, the Company confirms that neither it nor any other Person acting on its behalf has provided any of the Purchasers or their agents or counsel with any information that it believes constitutes or might constitute material, non-public information which is not otherwise disclosed in the Pricing Prospectus and the Prospectus. The Company understands and confirms that the Purchasers will rely on the foregoing representation in effecting transactions in securities of the Company. All of the disclosure furnished by or on behalf of the Company to the Purchasers regarding the Company and its Subsidiaries, their respective businesses and the transactions contemplated hereby, including the Disclosure Schedules to this Agreement, is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. The press releases disseminated by the Company during the twelve months preceding the date of this Agreement taken as a whole do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made and when made, not misleading. The Company acknowledges and agrees that no Purchaser makes or has made any representations or warranties with respect to the transactions contemplated hereby other than those specifically set forth in Section 3.2 hereof.

(z) No Integrated Offering. Assuming the accuracy of the Purchasers' representations and warranties set forth in Section 3.2, neither the Company, nor any of its Affiliates, nor any Person acting on its or their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would cause this offering of the Securities to be integrated with prior offerings by the Company for purposes of any applicable shareholder approval provisions of any Trading Market on which any of the securities of the Company are listed or designated.

(aa) Solvency. Based on the consolidated financial condition of the Company as of the Closing Date, after giving effect to the receipt by the Company of the proceeds from the sale of the Securities hereunder, (i) the fair saleable value of the Company's assets exceeds the amount that will be required to be paid on or in respect of the Company's existing debts and other liabilities (including known contingent liabilities) as they mature, (ii) the Company's assets do not constitute unreasonably small capital to carry on its business as now conducted and as proposed to be conducted including its capital needs taking into account the particular capital requirements of the business conducted by the Company, consolidated and projected capital requirements and capital availability thereof, and (iii) the current cash flow of the Company, together with the proceeds the Company would receive, were it to liquidate all of its assets, after taking into account all anticipated uses of the cash, would be sufficient to pay all amounts on or in respect of its liabilities when such amounts are required to be paid. The Company does not intend to incur debts beyond its ability to pay such debts as they mature (taking into account the timing and amounts of cash to be payable on or in respect of its debt). The Company has no knowledge of any facts or circumstances which lead it to believe that it will file for reorganization or liquidation under the bankruptcy or reorganization laws of any jurisdiction within one year from the Closing Date. Schedule 3.1(aa) sets forth as of the date hereof all outstanding secured and unsecured Indebtedness of the Company or any Subsidiary, or for which the Company or any Subsidiary has commitments. For the purposes of this Agreement, "Indebtedness" means (x) any liabilities for borrowed money or amounts owed in excess of \$50,000 (other than trade accounts payable incurred in the ordinary course of business), (y) all guaranties, endorsements and other contingent obligations in respect of indebtedness of others, whether or not the same are or should be reflected in the Company's consolidated balance sheet (or the notes thereto), except guaranties by endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business; and (z) the present value of any lease payments in excess of \$50,000 due under leases required to be capitalized in accordance with GAAP. Neither the Company nor any Subsidiary is in default with respect to any Indebtedness.

(bb) Tax Status. Except for matters that would not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect, the Company and its Subsidiaries each (i) has made or filed all United States federal, state and local income and all foreign income and franchise tax returns, reports and declarations required by any jurisdiction to which it is subject, (ii) has paid all taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such returns, reports and declarations and (iii) has set aside on its books provision reasonably adequate for the payment of all material taxes for periods subsequent to the periods to which such returns, reports or declarations apply. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers of the Company or of any Subsidiary know of no basis for any such claim.

(cc) Foreign Corrupt Practices. Neither the Company nor any Subsidiary, nor to the knowledge of the Company or any Subsidiary, any agent or other person acting on behalf of the Company or any Subsidiary, has (i) directly or indirectly, used any funds for unlawful contributions, gifts, entertainment or other unlawful expenses related to foreign or domestic political activity, (ii) made any unlawful payment to foreign or domestic government officials or employees or to any foreign or domestic political parties or campaigns from corporate funds, (iii) failed to disclose fully any contribution made by the Company or any Subsidiary (or made by any person acting on its behalf of which the Company is aware) which is in violation of law, or (iv) violated in any material respect any provision of FCPA.

(dd) Accountants. The Company's accounting firm is set forth on Schedule 3.1(dd) of the Disclosure Schedules. To the knowledge and belief of the Company, such accounting firm (i) is a registered public accounting firm as required by the Exchange Act and (ii) shall express its opinion with respect to the financial statements to be included in the Company's Annual Report for the fiscal year ending March 31, 2025.

(ee) Acknowledgment Regarding Purchasers' Purchase of Securities. The Company acknowledges and agrees that each of the Purchasers is acting solely in the capacity of an arm's length purchaser with respect to the Transaction Documents and the transactions contemplated thereby. The Company further acknowledges that no Purchaser is acting as a financial advisor or fiduciary of the Company (or in any similar capacity) with respect to the Transaction Documents and the transactions contemplated thereby and any advice given by any Purchaser or any of their respective representatives or agents in connection with the Transaction Documents and the transactions contemplated thereby is merely incidental to the Purchasers' purchase of the Securities. The Company further represents to each Purchaser that the Company's decision to enter into this Agreement and the other Transaction Documents has been based solely on the independent evaluation of the transactions contemplated hereby by the Company and its representatives.

(ff) Acknowledgment Regarding Purchaser's Trading Activity. Anything in this Agreement or elsewhere herein to the contrary notwithstanding (except for Sections 3.2(f) and 4.14 hereof), it is understood and acknowledged by the Company that: (i) none of the Purchasers has been asked by the Company to agree, nor has any Purchaser agreed, to desist from purchasing or selling, long and/or short, securities of the Company, or "derivative" securities based on securities issued by the Company or to hold the Securities for any specified term; (ii) past or future open market or other transactions by any Purchaser, specifically including, without limitation, Short Sales or "derivative" transactions, before or after the closing of this or future private placement transactions, may negatively impact the market price of the Company's publicly-traded securities; (iii) any Purchaser, and counter-parties in "derivative" transactions to which any such Purchaser is a party, directly or indirectly, presently may have a "short" position in the Common Stock, and (iv) each Purchaser shall not be deemed to have any affiliation with or control over any arm's length counter-party in any "derivative" transaction. The Company further understands and acknowledges that (y) one or more Purchasers may engage in hedging activities at various times during the period that the Securities are outstanding, including, without limitation, during the periods that the value of the Warrant Shares deliverable with respect to Securities are being determined, and (z) such hedging activities (if any) could reduce the value of the existing stockholders' equity interests in the Company at and after the time that the hedging activities are being conducted. The Company acknowledges that such aforementioned hedging activities do not constitute a breach of any of the Transaction Documents.

(gg) Regulation M Compliance. The Company has not, and to its knowledge no one acting on its behalf has, (i) taken, directly or indirectly, any action designed to cause or to result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of any of the Securities, (ii) sold, bid for, purchased, or, paid any compensation for soliciting purchases of, any of the Securities, or (iii) paid or agreed to pay to any Person any compensation for soliciting another to purchase any other securities of the Company, other than, in the case of clauses (ii) and (iii), compensation paid to the Placement Agent in connection with the placement of the Securities.

(hh) FDA. As to each product subject to the jurisdiction of the U.S. Food and Drug Administration (“FDA”) under the Federal Food, Drug and Cosmetic Act, as amended, and the regulations thereunder (“FDCA”) that is manufactured, packaged, labeled, tested, distributed, sold, and/or marketed by the Company or any of its Subsidiaries (each such product, a “Medical Device Product”), such Medical Device Product is being manufactured, packaged, labeled, tested, distributed, sold and/or marketed by the Company in material compliance with all applicable requirements under FDCA and similar laws, rules and regulations relating to registration, investigational use, premarket clearance, licensure, or application approval, good manufacturing practices, good laboratory practices, good clinical practices, product listing, quotas, labeling, advertising, record keeping and filing of reports, except where the failure to be in compliance would not have a Material Adverse Effect. There is no pending, completed or, to the Company’s knowledge, threatened, action (including any lawsuit, arbitration, or legal or administrative or regulatory proceeding, charge, complaint, or investigation) against the Company or any of its Subsidiaries, and none of the Company or any of its Subsidiaries has received any notice, warning letter or other communication from the FDA or any other governmental entity, which (i) contests the premarket clearance, licensure, registration, or approval of, the uses of, the distribution of, the manufacturing or packaging of, the testing of, the sale of, or the labeling and promotion of any Medical Device Product, (ii) withdraws its approval of, requests the recall, suspension, or seizure of, or withdraws or orders the withdrawal of advertising or sales promotional materials relating to, any Medical Device Product, (iii) imposes a clinical hold on any clinical investigation by the Company or any of its Subsidiaries, (iv) enjoins production at any facility of the Company or any of its Subsidiaries, (v) enters or proposes to enter into a consent decree of permanent injunction with the Company or any of its Subsidiaries, or (vi) otherwise alleges any violation of any laws, rules or regulations by the Company or any of its Subsidiaries, and which, either individually or in the aggregate, would have a Material Adverse Effect. The properties, business and operations of the Company have been and are being conducted in all material respects in accordance with all applicable laws, rules and regulations of the FDA. The Company has not been informed by the FDA that the FDA will prohibit the marketing, sale, license or use in the United States of any product proposed to be developed, produced or marketed by the Company nor has the FDA expressed any concern as to approving or clearing for marketing any product being developed or proposed to be developed by the Company.

(ii) Cybersecurity. (i)(x) To the knowledge of the Company, there has been no security breach or other compromise of or relating to any of the Company's or any Subsidiary's information technology and computer systems, networks, hardware, software, data (including the data of its respective customers, employees, suppliers, vendors and any third party data maintained by or on behalf of it), equipment or technology (collectively, "IT Systems and Data") and (y) the Company and the Subsidiaries have not been notified of, and has no knowledge of any event or condition that would reasonably be expected to result in, any security breach or other compromise to its IT Systems and Data; (ii) the Company and the Subsidiaries are presently in compliance with all applicable laws or statutes and all judgments, orders, rules and regulations of any court or arbitrator or governmental or regulatory authority, internal policies and contractual obligations relating to the privacy and security of IT Systems and Data and to the protection of such IT Systems and Data from unauthorized use, access, misappropriation or modification, except as would not, individually or in the aggregate, have a Material Adverse Effect; (iii) the Company and the Subsidiaries have implemented and maintained commercially reasonable safeguards to maintain and protect its material confidential information and the integrity, continuous operation, redundancy and security of all IT Systems and Data; and (iv) the Company and the Subsidiaries have implemented backup and disaster recovery technology consistent with industry standards and practices.

(jj) Compliance with Data Privacy Laws. (i) The Company and the Subsidiaries are, and at all times during the last three (3) years were, to the knowledge of the Company, in compliance with all applicable state, federal and foreign data privacy and security laws and regulations, including, without limitation, the European Union General Data Protection Regulation ("GDPR") (EU 2016/679) (collectively, "Privacy Laws"); (ii) the Company and the Subsidiaries have in place, comply with, and take appropriate steps reasonably designed to ensure compliance with their policies and procedures relating to data privacy and security and the collection, storage, use, disclosure, handling and analysis of Personal Data (as defined below) (the "Policies"); (iii) the Company provides accurate notice of its applicable Policies to its customers, employees, third party vendors and representatives as required by the Privacy Laws; and (iv) applicable Policies provide accurate and sufficient notice of the Company's then-current privacy practices relating to its subject matter, and do not contain any material omissions of the Company's then-current privacy practices, as required by Privacy Laws. "Personal Data" means (i) a natural person's name, street address, telephone number, email address, photograph, social security number, bank information, or customer or account number; (ii) any information which would qualify as "personally identifying information" under the Federal Trade Commission Act, as amended; (iii) "personal data" as defined by GDPR; and (iv) any other piece of information that allows the identification of such natural person, or his or her family, or permits the collection or analysis of any identifiable data related to an identified person's health or sexual orientation. (i) None of such disclosures made or contained in any of the Policies have been inaccurate, misleading, or deceptive in violation of any Privacy Laws and (ii) the execution, delivery and performance of the Transaction Documents will not result in a breach of any Privacy Laws or Policies. Neither the Company nor the Subsidiaries (i) to the knowledge of the Company, has received written notice of any actual or potential liability of the Company or the Subsidiaries under, or actual or potential violation by the Company or the Subsidiaries of, any of the Privacy Laws; (ii) is currently conducting or paying for, in whole or in part, any investigation, remediation or other corrective action pursuant to any regulatory request or demand pursuant to any Privacy Law; or (iii) is a party to any order, decree, or agreement by or with any court or arbitrator or governmental or regulatory authority that imposed any obligation or liability under any Privacy Law.

(kk) Stock Option Plans. Each stock option granted by the Company under the Company's stock option plan was granted (i) in accordance with the terms of the Company's stock option plan and (ii) with an exercise price at least equal to the fair market value of the Common Stock on the date such stock option would be considered granted under GAAP and applicable law. No stock option granted under the Company's stock option plan has been backdated. The Company has not knowingly granted, and there is no and has been no Company policy or practice to knowingly grant, stock options prior to, or otherwise knowingly coordinate the grant of stock options with, the release or other public announcement of material information regarding the Company or its Subsidiaries or their financial results or prospects.

(ll) Office of Foreign Assets Control. Neither the Company nor any Subsidiary nor, to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company or any Subsidiary is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("OFAC").

(mm) U.S. Real Property Holding Corporation. The Company is not and has never been a U.S. real property holding corporation within the meaning of Section 897 of the Internal Revenue Code of 1986, as amended, and the Company shall so certify upon Purchaser's request.

(nn) Bank Holding Company Act. Neither the Company nor any of its Subsidiaries or Affiliates is subject to the Bank Holding Company Act of 1956, as amended (the "BHCA") and to regulation by the Board of Governors of the Federal Reserve System (the "Federal Reserve"). Neither the Company nor any of its Subsidiaries or Affiliates owns or controls, directly or indirectly, five percent (5%) or more of the outstanding shares of any class of voting securities or twenty-five percent or more of the total equity of a bank or any entity that is subject to the BHCA and to regulation by the Federal Reserve. Neither the Company nor any of its Subsidiaries or Affiliates exercises a controlling influence over the management or policies of a bank or any entity that is subject to the BHCA and to regulation by the Federal Reserve.

(oo) Money Laundering. The operations of the Company and its Subsidiaries are and have been conducted at all times in compliance with applicable financial record-keeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, applicable money laundering statutes and applicable rules and regulations thereunder (collectively, the “Money Laundering Laws”), and no Action or Proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any Subsidiary with respect to the Money Laundering Laws is pending or, to the knowledge of the Company or any Subsidiary, threatened.

3.2 Representations and Warranties of the Purchasers. Each Purchaser, for itself and for no other Purchaser, hereby represents and warrants as of the date hereof and as of the Closing Date to the Company as follows (unless as of a specific date therein, in which case they shall be accurate as of such date):

(a) Organization; Authority. Such Purchaser is either an individual or an entity duly incorporated or formed, validly existing and in good standing under the laws of the jurisdiction of its incorporation or formation with full right, corporate, partnership, limited liability company or similar power and authority to enter into and to consummate the transactions contemplated by the Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of the Transaction Documents and performance by such Purchaser of the transactions contemplated by the Transaction Documents have been duly authorized by all necessary corporate, partnership, limited liability company or similar action, as applicable, on the part of such Purchaser. Each Transaction Document to which it is a party has been duly executed by such Purchaser, and when delivered by such Purchaser in accordance with the terms hereof, will constitute the valid and legally binding obligation of such Purchaser, enforceable against it in accordance with its terms, except: (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors’ rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(b) Understandings or Arrangements. Such Purchaser is acquiring the Securities as principal for its own account and has no direct or indirect arrangement or understandings with any other persons to distribute or regarding the distribution of such Securities (this representation and warranty not limiting such Purchaser’s right to sell the Securities pursuant to the Registration Statement or otherwise in compliance with applicable federal and state securities laws). Such Purchaser is acquiring the Securities hereunder in the ordinary course of its business.

(c) Purchaser Status. At the time such Purchaser was offered the Securities, it was, and as of the date hereof it is, and on each date on which it exercises any Warrants, it will be an “accredited investor” as defined in Rule 501(a)(1), (a)(2), (a)(3), (a)(7), (a)(8), (a)(9), (a)(12), or (a)(13) under the Securities Act.

(d) Experience of Such Purchaser. Such Purchaser, either alone or together with its representatives, has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the Securities, and has so evaluated the merits and risks of such investment. Such Purchaser is able to bear the economic risk of an investment in the Securities and, at the present time, is able to afford a complete loss of such investment.

(e) Access to Information. Such Purchaser acknowledges that it has had the opportunity to review the Transaction Documents (including all exhibits and schedules thereto) and the SEC Reports and has been afforded, (i) the opportunity to ask such questions as it has deemed necessary of, and to receive answers from, representatives of the Company concerning the terms and conditions of the offering of the Securities and the merits and risks of investing in the Securities; (ii) access to information about the Company and its financial condition, results of operations, business, properties, management and prospects sufficient to enable it to evaluate its investment; and (iii) the opportunity to obtain such additional information that the Company possesses or can acquire without unreasonable effort or expense that is necessary to make an informed investment decision with respect to the investment. Such Purchaser acknowledges and agrees that neither the Placement Agent nor any Affiliate of the Placement Agent has provided such Purchaser with any information or advice with respect to the Securities nor is such information or advice necessary or desired. Neither the Placement Agent nor any Affiliate has made or makes any representation as to the Company or the quality of the Securities and the Placement Agent and any Affiliate may have acquired non-public information with respect to the Company which such Purchaser agrees need not be provided to it. In connection with the issuance of the Securities to such Purchaser, neither the Placement Agent nor any of its Affiliates has acted as a financial advisor or fiduciary to such Purchaser.

(f) Certain Transactions and Confidentiality. Other than consummating the transactions contemplated hereunder, such Purchaser has not, nor has any Person acting on behalf of or pursuant to any understanding with such Purchaser, directly or indirectly executed any purchases or sales, including Short Sales, of the securities of the Company during the period commencing as of the time that such Purchaser first received a term sheet (written or oral) from the Company or any other Person representing the Company setting forth the material pricing terms of the transactions contemplated hereunder and ending immediately prior to the execution hereof. Notwithstanding the foregoing, in the case of a Purchaser that is a multi-managed investment vehicle whereby separate portfolio managers manage separate portions of such Purchaser's assets and the portfolio managers have no direct knowledge of the investment decisions made by the portfolio managers managing other portions of such Purchaser's assets, the representation set forth above shall only apply with respect to the portion of assets managed by the portfolio manager that made the investment decision to purchase the Securities covered by this Agreement. Other than to other Persons party to this Agreement or to such Purchaser's representatives, including, without limitation, its officers, directors, partners, legal and other advisors, employees, agents and Affiliates, such Purchaser has maintained the confidentiality of all disclosures made to it in connection with this transaction (including the existence and terms of this transaction). Notwithstanding the foregoing, for the avoidance of doubt, nothing contained herein shall constitute a representation or warranty, or preclude any actions, with respect to locating or borrowing shares in order to effect Short Sales or similar transactions in the future.

The Company acknowledges and agrees that the representations contained in this Section 3.2 shall not modify, amend or affect such Purchaser's right to rely on the Company's representations and warranties contained in this Agreement or any representations and warranties contained in any other Transaction Document or any other document or instrument executed and/or delivered in connection with this Agreement or the consummation of the transactions contemplated hereby. Notwithstanding the foregoing, for the avoidance of doubt, nothing contained herein shall constitute a representation or warranty, or preclude any actions, with respect to locating or borrowing shares in order to effect Short Sales or similar transactions in the future.

ARTICLE IV.
OTHER AGREEMENTS OF THE PARTIES

4.1 Shares and Warrant Shares. The Shares and Warrants shall be issued free of restrictive legends under the Securities Act. If all or any portion of a Warrant is exercised at a time when there is an effective registration statement to cover the issuance or resale of the Warrant Shares or if the Warrant is exercised via cashless exercise, the Warrant Shares issued pursuant to any such exercise shall be issued free of all legends. If at any time following the date hereof the Registration Statement (or any subsequent registration statement registering the sale or resale of the Warrant Shares) is not effective or is not otherwise available for the sale or resale of the Warrant Shares, the Company shall immediately notify the holders of the Warrants in writing that such registration statement is not then effective and thereafter shall promptly notify such holders when the registration statement is effective again and available for the sale or resale of the Warrant Shares (it being understood and agreed that the foregoing shall not limit the ability of the Company to issue, or any Purchaser to sell, any of the Warrant Shares in compliance with applicable federal and state securities laws). The Company shall use best efforts to keep a registration statement (including the Registration Statement) registering the issuance or resale of the Warrant Shares effective during the term of the Warrants.

4.2 Furnishing of Information. Until the earliest of the time that (i) no Purchaser owns Securities or (ii) the Warrants have expired or been exercised in full, the Company covenants to timely file (or obtain extensions in respect thereof and file within the applicable grace period) all reports required to be filed by the Company after the date hereof pursuant to the Exchange Act even if the Company is not then subject to the reporting requirements of the Exchange Act.

4.3 Integration. The Company shall not sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in Section 2 of the Securities Act) that would be integrated with the offer or sale of the Securities for purposes of the rules and regulations of any Trading Market such that it would require shareholder approval prior to the closing of such other transaction unless shareholder approval is obtained before the closing of such subsequent transaction.

4.4 Securities Laws Disclosure; Publicity. The Company shall (a) by the Disclosure Time, issue a press release disclosing the material terms of the transactions contemplated hereby, and (b) file a Current Report on Form 8-K, including the Transaction Documents as exhibits thereto, with the Commission within the time required by the Exchange Act. From and after the issuance of such press release, the Company represents to the Purchasers that it shall have publicly disclosed all material, non-public information delivered to any of the Purchasers by the Company or any of its Subsidiaries, or any of their respective officers, directors, employees, Affiliates or agents, including, without limitation, the Placement Agent, in connection with the transactions contemplated by the Transaction Documents. In addition, effective upon the issuance of such press release, the Company acknowledges and agrees that any and all confidentiality or similar obligations under any agreement, whether written or oral, between the Company, any of its Subsidiaries or any of their respective officers, directors, employees, Affiliates or agents, including, without limitation, the Placement Agent, on the one hand, and any of the Purchasers or any of their Affiliates on the other hand, shall terminate and be of no further force or effect. The Company understands and confirms that each Purchaser shall be relying on the foregoing covenant in effecting transactions in securities of the Company. The Company and each Purchaser shall consult with each other in issuing any other press releases with respect to the transactions contemplated hereby, and neither the Company nor any Purchaser shall issue any such press release nor otherwise make any such public statement without the prior consent of the Company, with respect to any press release of any Purchaser, or without the prior consent of each Purchaser, with respect to any press release of the Company, which consent shall not unreasonably be withheld or delayed, except if such disclosure is required by law, in which case the disclosing party shall promptly provide the other party with prior notice of such public statement or communication. Notwithstanding the foregoing, the Company shall not publicly disclose the name of any Purchaser, or include the name of any Purchaser in any filing with the Commission or any regulatory agency or Trading Market, without the prior written consent of such Purchaser, except (a) as required by federal securities law in connection with the filing of final Transaction Documents with the Commission and (b) to the extent such disclosure is required by law or Trading Market regulations, in which case the Company shall provide the Purchasers with prior notice of such disclosure permitted under this clause (b) and reasonably cooperate with such Purchaser regarding such disclosure.

4.5 Shareholder Rights Plan. No claim will be made or enforced by the Company or, with the consent of the Company, any other Person, that any Purchaser is an “Acquiring Person” under any control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or similar anti-takeover plan or arrangement in effect or hereafter adopted by the Company, or that any Purchaser could be deemed to trigger the provisions of any such plan or arrangement, by virtue of receiving Securities under the Transaction Documents or under any other agreement between the Company and the Purchasers.

4.6 Non-Public Information. Except with respect to the material terms and conditions of the transactions contemplated by the Transaction Documents, which shall be disclosed pursuant to Section 4.4, the Company covenants and agrees that neither it, nor any other Person acting on its behalf will provide any Purchaser or its agents or counsel with any information that constitutes, or the Company reasonably believes constitutes, material non-public information, unless prior thereto such Purchaser shall have consented in writing to the receipt of such information and agreed in writing with the Company to keep such information confidential. The Company understands and confirms that each Purchaser shall be relying on the foregoing covenant in effecting transactions in securities of the Company. To the extent that the Company, any of its Subsidiaries, or any of their respective officers, directors, agents, employees or Affiliates delivers any material, non-public information to a Purchaser without such Purchaser’s consent, the Company hereby covenants and agrees that such Purchaser shall not have any duty of confidentiality to the Company, any of its Subsidiaries, or any of their respective officers, directors, employees, Affiliates or agents, including, without limitation, the Placement Agent, or a duty to the Company, any of its Subsidiaries or any of their respective officers, directors, employees, Affiliates or agents, including, without limitation, the Placement Agent, not to trade on the basis of, such material, non-public information, provided that the Purchaser shall remain subject to applicable law. To the extent that any notice provided pursuant to any Transaction Document constitutes, or contains, material, non-public information regarding the Company or any Subsidiaries, the Company shall simultaneously with the delivery of such notice file such notice with the Commission pursuant to a Current Report on Form 8-K. The Company understands and confirms that each Purchaser shall be relying on the foregoing covenant in effecting transactions in securities of the Company.

4.7 Use of Proceeds. Except as set forth in the Pricing Prospectus and the Prospectus, the Company shall use the net proceeds from the sale of the Securities hereunder for working capital purposes and shall not use such proceeds: (a) for the satisfaction of any portion of the Company's debt (other than payment of trade payables in the ordinary course of the Company's business and prior practices), (b) for the redemption of any Common Stock or Common Stock Equivalents, (c) for the settlement of any outstanding litigation or (d) in violation of FCPA or OFAC regulations.

4.8 Indemnification of Purchasers. Subject to the provisions of this Section 4.8, the Company will indemnify and hold each Purchaser and its directors, officers, shareholders, members, partners, employees and agents (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding a lack of such title or any other title), each Person who controls such Purchaser (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, shareholders, agents, members, partners or employees (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding a lack of such title or any other title) of such controlling persons (each, a "Purchaser Party") harmless from any and all losses, liabilities, obligations, claims, contingencies, damages, costs and expenses, including all judgments, amounts paid in settlements, court costs and reasonable attorneys' fees and costs of investigation that any such Purchaser Party may suffer or incur as a result of or relating to (a) any material breach of any of the representations, warranties, covenants or agreements made by the Company in this Agreement or in the other Transaction Documents or (b) any action instituted against the Purchaser Parties in any capacity, or any of them or their respective Affiliates, by any stockholder of the Company who is not an Affiliate of such Purchaser Party, with respect to any of the transactions contemplated by the Transaction Documents (unless such action is solely based upon a material breach of such Purchaser Party's representations, warranties or covenants under the Transaction Documents or any agreements or understandings such Purchaser Party may have with any such stockholder or any violations by such Purchaser Party of state or federal securities laws or any conduct by such Purchaser Party which is finally judicially determined to constitute fraud, gross negligence or willful misconduct). If any action shall be brought against any Purchaser Party in respect of which indemnity may be sought pursuant to this Agreement, such Purchaser Party shall promptly notify the Company in writing, and, the Company shall have the right to assume the defense thereof with counsel of its own choosing reasonably acceptable to the Purchaser Party. Any Purchaser Party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Purchaser Party except to the extent that (i) the employment thereof has been specifically authorized by the Company in writing, (ii) the Company has failed after a reasonable period of time to assume such defense and to employ counsel or (iii) in such action there is, in the reasonable opinion of counsel a material conflict on any material issue between the position of the Company and the position of such Purchaser Party, in which case the Company shall be responsible for the reasonable fees and expenses of no more than one such separate counsel. The Company will not be liable to any Purchaser Party under this Agreement (y) for any settlement by a Purchaser Party effected without the Company's prior written consent, which shall not be unreasonably withheld or delayed; or (z) to the extent, but only to the extent that a loss, claim, damage or liability is attributable to any Purchaser Party's breach of any of the representations, warranties, covenants or agreements made by such Purchaser Party in this Agreement or in the other Transaction Documents. The indemnification required by this Section 4.8 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or are incurred. The indemnity agreements contained herein shall be in addition to any cause of action or similar right of any Purchaser Party against the Company or others and any liabilities the Company may be subject to pursuant to law.

4.9 Reservation of Common Stock. As of the date hereof, the Company has reserved and the Company shall continue to reserve and keep available at all times, free of preemptive rights, a sufficient number of shares of Common Stock for the purpose of enabling the Company to issue Shares pursuant to this Agreement and Warrant Shares pursuant to any exercise of the Warrants.

4.10 Listing of Common Stock. The Company hereby agrees to use best efforts to maintain the listing or quotation of the Common Stock on the Trading Market on which it is currently listed, and concurrently with the Closing, the Company shall apply to list or quote all of the Shares and Warrant Shares on such Trading Market and promptly secure the listing of all of the Shares and Warrant Shares on such Trading Market. The Company further agrees, if the Company applies to have the Common Stock traded on any other Trading Market, it will then include in such application all of the Shares and Warrant Shares, and will take such other action as is necessary to cause all of the Shares and Warrant Shares to be listed or quoted on such other Trading Market as promptly as possible. The Company will then take all action reasonably necessary to continue the listing and trading of its Common Stock on a Trading Market and will comply in all respects with the Company's reporting, filing and other obligations under the bylaws or rules of the Trading Market. The Company agrees to maintain the eligibility of the Common Stock for electronic transfer through the Depository Trust Company or another established clearing corporation, including, without limitation, by timely payment of fees to the Depository Trust Company or such other established clearing corporation in connection with such electronic transfer.

4.11 [Reserved].

4.12 Subsequent Equity Sales.

(a) From the date hereof until ninety (90) days after the Closing Date, neither the Company nor any Subsidiary shall (i) issue, enter into any agreement to issue or announce the issuance or proposed issuance of any shares of Common Stock or Common Stock Equivalents or (ii) file any registration statement or amendment or supplement thereto, other than the Prospectus, or filing a registration statement on Form S-8 in connection with any employee benefit plan.

(b) From the date hereof until six (6) months after the Closing Date, the Company shall be prohibited from effecting or entering into an agreement to effect any issuance by the Company or any of its Subsidiaries of Common Stock or Common Stock Equivalents (or a combination of units thereof) involving a Variable Rate Transaction. "Variable Rate Transaction" means a transaction in which the Company (i) issues or sells any debt or equity securities that are convertible into, exchangeable or exercisable for, or include the right to receive additional shares of Common Stock either (A) at a conversion price, exercise price or exchange rate or other price that is based upon and/or varies with the trading prices of or quotations for the shares of Common Stock at any time after the initial issuance of such debt or equity securities, or (B) with a conversion, exercise or exchange price that is subject to being reset at some future date after the initial issuance of such debt or equity security or upon the occurrence of specified or contingent events directly or indirectly related to the business of the Company or the market for the Common Stock or (ii) enters into, or effects a transaction under, any agreement, including, but not limited to, an equity line of credit or an "at-the-market offering", whereby the Company may issue securities at a future determined price regardless of whether shares pursuant to such agreement have actually been issued and regardless of whether such agreement is subsequently canceled; provided, however, that, after 90 days after the Closing Date, the entry into and/or issuance of shares of Common Stock in an "at the market" offering with the Placement Agent as sales agent shall not be deemed a Variable Rate Transaction. Any Purchaser shall be entitled to obtain injunctive relief against the Company to preclude any such issuance, which remedy shall be in addition to any right to collect damages.

(c) Notwithstanding the foregoing, this Section 4.12 shall not apply in respect of an Exempt Issuance, except that no Variable Rate Transaction shall be an Exempt Issuance.

4.13 Equal Treatment of Purchasers. No consideration (including any modification of any Transaction Document) shall be offered or paid to any Person to amend or consent to a waiver or modification of any provision of the Transaction Documents unless the same consideration is also offered to all of the parties to the Transaction Documents. For clarification purposes, this provision constitutes a separate right granted to each Purchaser by the Company and negotiated separately by each Purchaser, and is intended for the Company to treat the Purchasers as a class and shall not in any way be construed as the Purchasers acting in concert or as a group with respect to the purchase, disposition or voting of Securities or otherwise.

4.14 Certain Transactions and Confidentiality. Each Purchaser, severally and not jointly with the other Purchasers, covenants that neither it nor any Affiliate acting on its behalf or pursuant to any understanding with it will execute any purchases or sales, including Short Sales of any of the Company's securities during the period commencing with the execution of this Agreement and ending at such time that the transactions contemplated by this Agreement are first publicly announced pursuant to the initial press release as described in Section 4.4. Each Purchaser, severally and not jointly with the other Purchasers, covenants that until such time as the transactions contemplated by this Agreement are publicly disclosed by the Company pursuant to the initial press release as described in Section 4.4, such Purchaser will maintain the confidentiality of the existence and terms of this transaction and the information included in the Disclosure Schedules (other than as disclosed to its legal and other representatives). Notwithstanding the foregoing and notwithstanding anything contained in this Agreement to the contrary, the Company expressly acknowledges and agrees that (i) no Purchaser makes any representation, warranty or covenant hereby that it will not engage in effecting transactions in any securities of the Company after the time that the transactions contemplated by this Agreement are first publicly announced pursuant to the initial press release as described in Section 4.4, (ii) no Purchaser shall be restricted or prohibited from effecting any transactions in any securities of the Company in accordance with applicable securities laws from and after the time that the transactions contemplated by this Agreement are first publicly announced pursuant to the initial press release as described in Section 4.4 and (iii) no Purchaser shall have any duty of confidentiality or duty not to trade in the securities of the Company to the Company, any of its Subsidiaries, or any of their respective officers, directors, employees, Affiliates, or agent, including, without limitation, the Placement Agent, after the issuance of the initial press release as described in Section 4.4. Notwithstanding the foregoing, in the case of a Purchaser that is a multi-managed investment vehicle whereby separate portfolio managers manage separate portions of such Purchaser's assets and the portfolio managers have no direct knowledge of the investment decisions made by the portfolio managers managing other portions of such Purchaser's assets, the covenant set forth above shall only apply with respect to the portion of assets managed by the portfolio manager that made the investment decision to purchase the Securities covered by this Agreement.

4.15 Capital Changes. Until the one year anniversary of the Closing Date, the Company shall not undertake a reverse or forward stock split or reclassification of the Common Stock without the prior written consent of the Purchasers holding a majority in interest of the Shares and Prefunded Warrants, other than a reverse stock split that is required, in the good faith determination of the Board of Directors, to maintain the listing of the Common Stock on the Trading Market.

4.16 Exercise Procedures. The form of Notice of Exercise included in the Warrants set forth the totality of the procedures required of the Purchasers in order to exercise the Warrants. No additional legal opinion, other information or instructions shall be required of the Purchasers to exercise their Warrants. Without limiting the preceding sentences, no ink-original Notice of Exercise shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Exercise form be required in order to exercise the Warrants. The Company shall honor exercises of the Warrants and shall deliver Warrant Shares in accordance with the terms, conditions and time periods set forth in the Transaction Documents.

4.17 Lock-Up Agreements. The Company shall not amend, modify, waive or terminate any provision of any of the Lock-Up Agreements except to extend the term of the lock-up period and shall enforce the provisions of each Lock-Up Agreement in accordance with its terms. If any party to a Lock-Up Agreement breaches any provision of a Lock-Up Agreement, the Company shall promptly use its best efforts to seek specific performance of the terms of such Lock-Up Agreement.

ARTICLE V.
MISCELLANEOUS

5.1 Termination. This Agreement may be terminated by any Purchaser, as to such Purchaser's obligations hereunder only and without any effect whatsoever on the obligations between the Company and the other Purchasers, by written notice to the other parties, if the Closing has not been consummated on or before the fifth (5th) Trading Day following the date hereof; provided, however, that no such termination will affect the right of any party to sue for any breach by any other party (or parties).

5.2 Fees and Expenses. Except as expressly set forth in the Transaction Documents to the contrary, each party shall pay the fees and expenses of its advisers, counsel, accountants and other experts, if any, and all other expenses incurred by such party incident to the negotiation, preparation, execution, delivery and performance of this Agreement. The Company shall pay all Transfer Agent fees (including, without limitation, any fees required for same-day processing of any instruction letter delivered by the Company and any exercise notice delivered by a Purchaser), stamp taxes and other taxes and duties levied in connection with the delivery of any Securities to the Purchasers.

5.3 Entire Agreement. The Transaction Documents, together with the exhibits and schedules thereto, the Pricing Prospectus and the Prospectus, contain the entire understanding of the parties with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, oral or written, with respect to such matters, which the parties acknowledge have been merged into such documents, exhibits and schedules.

5.4 Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of: (a) the time of transmission, if such notice or communication is delivered via email attachment at the email address as set forth on the signature pages attached hereto at or prior to 5:30 p.m. (New York City time) on a Trading Day, (b) the next Trading Day after the time of transmission, if such notice or communication is delivered via email attachment at the email address as set forth on the signature pages attached hereto on a day that is not a Trading Day or later than 5:30 p.m. (New York City time) on any Trading Day, (c) the second (2nd) Trading Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service or (d) upon actual receipt by the party to whom such notice is required to be given. The address for such notices and communications shall be as set forth on the signature pages attached hereto.

5.5 Amendments; Waivers. No provision of this Agreement may be waived, modified, supplemented or amended except in a written instrument signed, in the case of an amendment, by the Company and Purchasers which purchased at least 50.1% in interest of the Shares and Prefunded Warrants based on the initial Subscription Amounts hereunder (or, prior to the Closing, the Company and each Purchaser) or, in the case of a waiver, by the party against whom enforcement of any such waived provision is sought, provided that if any amendment, modification or waiver disproportionately and adversely impacts a Purchaser (or multiple Purchasers), the consent of such disproportionately impacted Purchaser (or at least 50.1% in interest of such multiple Purchasers) shall also be required. No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right. Any proposed amendment or waiver that disproportionately, materially and adversely affects the rights and obligations of any Purchaser relative to the comparable rights and obligations of the other Purchasers shall require the prior written consent of such adversely affected Purchaser. Any amendment effected in accordance with this Section 5.5 shall be binding upon each Purchaser and holder of Securities and the Company.

5.6 Headings. The headings herein are for convenience only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

5.7 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns. The Company may not assign this Agreement or any rights or obligations hereunder without the prior written consent of each Purchaser (other than by merger). Any Purchaser may assign any or all of its rights under this Agreement to any Person to whom such Purchaser assigns or transfers any Securities, provided that such transferee agrees in writing to be bound, with respect to the transferred Securities, by the provisions of the Transaction Documents that apply to the "Purchasers."

5.8 No Third-Party Beneficiaries. The Placement Agent shall be the third party beneficiary of the representations, warranties, and covenants of the Company in this Agreement and the representations, warranties, and covenants of the Purchasers in this Agreement. This Agreement is intended for the benefit of the parties hereto and their respective successors and permitted assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other Person, except as otherwise set forth in Section 4.8 and this Section 5.8.

5.9 Governing Law. All questions concerning the construction, validity, enforcement and interpretation of the Transaction Documents shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof. Each party agrees that all legal Proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Agreement and any other Transaction Documents (whether brought against a party hereto or its respective affiliates, directors, officers, shareholders, partners, members, employees or agents) shall be commenced exclusively in the state and federal courts sitting in the City of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City of New York, Borough of Manhattan for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of any of the Transaction Documents), and hereby irrevocably waives, and agrees not to assert in any Action or Proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such Action or Proceeding is improper or is an inconvenient venue for such Proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such Action or Proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law. If any party shall commence an Action or Proceeding to enforce any provisions of the Transaction Documents, then, in addition to the obligations of the Company under Section 4.8, the prevailing party in such Action or Proceeding shall be reimbursed by the non-prevailing party for its reasonable attorneys' fees and other costs and expenses incurred with the investigation, preparation and prosecution of such Action or Proceeding.

5.10 Survival. The representations and warranties contained herein shall survive the Closing and the delivery of the Securities.

5.11 Execution. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to each other party, it being understood that the parties need not sign the same counterpart. In the event that any signature is delivered by e-mail delivery (including any electronic signature covered by the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act, the Electronic Signatures and Records Act or other applicable law, e.g., www.docusign.com) or other transmission method, such signature shall be deemed to have been duly and validly delivered and shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such “.pdf” signature page were an original thereof.

5.12 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

5.13 Rescission and Withdrawal Right. Notwithstanding anything to the contrary contained in (and without limiting any similar provisions of) any of the other Transaction Documents, whenever any Purchaser exercises a right, election, demand or option under a Transaction Document and the Company does not timely perform its related obligations within the periods therein provided, then such Purchaser may rescind or withdraw, in its sole discretion from time to time upon written notice to the Company, any relevant notice, demand or election in whole or in part without prejudice to its future actions and rights; provided, however, that, in the case of a rescission of an exercise of a Warrant, the applicable Purchaser shall be required to return any shares of Common Stock subject to any such rescinded exercise notice concurrently with the return to such Purchaser of the aggregate exercise price paid to the Company for such shares and the restoration of such Purchaser’s right to acquire such shares pursuant to such Purchaser’s Warrant (including, issuance of a replacement warrant certificate evidencing such restored right).

5.14 Replacement of Securities. If any certificate or instrument evidencing any Securities is mutilated, lost, stolen or destroyed, the Company shall issue or cause to be issued in exchange and substitution for and upon cancellation thereof (in the case of mutilation), or in lieu of and substitution therefor, a new certificate or instrument, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction. The applicant for a new certificate or instrument under such circumstances shall also pay any reasonable third-party costs (including customary indemnity) associated with the issuance of such replacement Securities.

5.15 Remedies. In addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, each of the Purchasers and the Company will be entitled to specific performance under the Transaction Documents. The parties agree that monetary damages may not be adequate compensation for any loss incurred by reason of any breach of obligations contained in the Transaction Documents and hereby agree to waive and not to assert in any Action for specific performance of any such obligation the defense that a remedy at law would be adequate.

5.16 Payment Set Aside. To the extent that the Company makes a payment or payments to any Purchaser pursuant to any Transaction Document or a Purchaser enforces or exercises its rights thereunder, and such payment or payments or the proceeds of such enforcement or exercise or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, recovered from, disgorged by or are required to be refunded, repaid or otherwise restored to the Company, a trustee, receiver or any other Person under any law (including, without limitation, any bankruptcy law, state or federal law, common law or equitable cause of action), then to the extent of any such restoration the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred.

5.17 Independent Nature of Purchasers' Obligations and Rights. The obligations of each Purchaser under any Transaction Document are several and not joint with the obligations of any other Purchaser, and no Purchaser shall be responsible in any way for the performance or non-performance of the obligations of any other Purchaser under any Transaction Document. Nothing contained herein or in any other Transaction Document, and no action taken by any Purchaser pursuant hereto or thereto, shall be deemed to constitute the Purchasers as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Purchasers are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by the Transaction Documents. Each Purchaser shall be entitled to independently protect and enforce its rights including, without limitation, the rights arising out of this Agreement or out of the other Transaction Documents, and it shall not be necessary for any other Purchaser to be joined as an additional party in any Proceeding for such purpose. Each Purchaser has been represented by its own separate legal counsel in its review and negotiation of the Transaction Documents. For reasons of administrative convenience only, each Purchaser and its respective counsel have chosen to communicate with the Company through EGS. EGS does not represent any of the Purchasers and only represents the Placement Agent. The Company has elected to provide all Purchasers with the same terms and Transaction Documents for the convenience of the Company and not because it was required or requested to do so by any of the Purchasers. It is expressly understood and agreed that each provision contained in this Agreement and in each other Transaction Document is between the Company and a Purchaser, solely, and not between the Company and the Purchasers collectively and not between and among the Purchasers.

5.18 Liquidated Damages. The Company's obligations to pay any partial liquidated damages or other amounts owing under the Transaction Documents is a continuing obligation of the Company and shall not terminate until all unpaid partial liquidated damages and other amounts have been paid notwithstanding the fact that the instrument or security pursuant to which such partial liquidated damages or other amounts are due and payable shall have been canceled.

5.19 Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then such action may be taken or such right may be exercised on the next succeeding Business Day.

5.20 Construction. The parties agree that each of them and/or their respective counsel have reviewed and had an opportunity to revise the Transaction Documents and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of the Transaction Documents or any amendments thereto. In addition, each and every reference to share prices and shares of Common Stock in any Transaction Document shall be subject to adjustment for reverse and forward stock splits, stock dividends, stock combinations and other similar transactions of the Common Stock that occur after the date of this Agreement.

5.21 **WAIVER OF JURY TRIAL. IN ANY ACTION, SUIT, OR PROCEEDING IN ANY JURISDICTION BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY, THE PARTIES EACH KNOWINGLY AND INTENTIONALLY, TO THE GREATEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY AND EXPRESSLY WAIVES FOREVER TRIAL BY JURY.**

(Signature Pages Follow)

IN WITNESS WHEREOF, the parties hereto have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

DIH HOLDING US, INC.

Address for Notice:

By: _____

Name: _____

E-Mail:

Title: _____

With a copy to (which shall not constitute notice):

*[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK
SIGNATURE PAGE FOR PURCHASER FOLLOWS]*

[PURCHASER SIGNATURE PAGES TO DIH HOLDING US, INC. SECURITIES PURCHASE AGREEMENT]

IN WITNESS WHEREOF, the undersigned have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

Name of Purchaser: _____

Signature of Authorized Signatory of Purchaser: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

Email Address of Authorized Signatory: _____

Address for Notice to Purchaser:

Address for Delivery of Warrants to Purchaser (if not same as address for notice):

Subscription Amount: \$ _____

Shares: _____

Prefunded Warrant Shares: _____ Beneficial Ownership Blocker 4.99% or 9.99%

Common Warrant Shares: _____ Beneficial Ownership Blocker 4.99% or 9.99%

EIN Number: _____

Notwithstanding anything contained in this Agreement to the contrary, by checking this box (i) the obligations of the above-signed to purchase the securities set forth in this Agreement to be purchased from the Company by the above-signed, and the obligations of the Company to sell such securities to the above-signed, shall be unconditional and all conditions to Closing shall be disregarded, (ii) the Closing shall occur on the first (1st) Trading Day following the date of this Agreement and (iii) any condition to Closing contemplated by this Agreement (but prior to being disregarded by clause (i) above) that required delivery by the Company or the above-signed of any agreement, instrument, certificate or the like or purchase price (as applicable) shall no longer be a condition and shall instead be an unconditional obligation of the Company or the above-signed (as applicable) to deliver such agreement, instrument, certificate or the like or purchase price (as applicable) to such other party on the Closing Date.

[SIGNATURE PAGES CONTINUE]

Consent of Independent Registered Public Accounting Firm

We hereby consent to the use in the Prospectus constituting a part of this Registration Statement of our report dated July 15, 2024, relating to the consolidated financial statements of DIH Holding US, Inc. (the Company), which is contained in that Prospectus.

We also consent to the reference to us under the caption “Experts” in the Prospectus.

/s/ Christoph Tschumi
Christoph Tschumi

/s/ Marc Furlato
Marc Furlato

BDO AG
Zurich, Switzerland

January 8, 2025
