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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 29, 2024

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

Delaware	**001-41250**	**98-1624542**
(State or other jurisdiction of incorporation)	(Commission File Number)	

77 Accord Park Drive; Suite D-1, Norwell, MA	**02061**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (617) 871-2101

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Class A Common Stock	DHAI	The Nasdaq Stock Market LLC
Warrants	DHAIW	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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 13(a) of the Exchange Act. ☐

Item 2.02. Results of Operations and Financial Condition

The disclosure set forth in Item 8.01 is incorporated herein by reference

Item 8.01. Other Events

As previously disclosed, on February 7, 2024 (the "Closing Date"), DIH Holding US, Inc., a Delaware corporation (the **"Registrant"** and formerly known as Aurora Technology Acquisition Corp.) consummated the transactions contemplated by the Business Combination 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**") by and among the Registrant, DIH Holding US, Inc., a Nevada corporation (**"Legacy DIH"**) and Aurora Technology Merger Corp., a Nevada corporation (**"Merger Sub"**). In connection with the consummation of the Business Combination, the Registrant changed its fiscal year end from December 31 to March 31.

On February 20, 2024, the Registrant filed a Current Report on Form 8-K which included financial data of the Registrant and DIH through September 30, 2023 as well as pro forma data as of September 30, 2023 which showed the impact of the closing of the Business Combination. In accordance with the requirements of the Securities and Exchange Commission, the Registrant is filing this 8-K to provide updated financial information of Legacy DIH as well as updated pro forma financial data through December 31, 2023. Specifically, the following documents are filed as exhibits hereto:

- Unaudited Consolidated Financial Statements of DIH Holding US, Inc. (Nevada) as of and for the nine months ended December 31, 2023;
- Management's Discussion and Analysis of Financial Condition and Results of Operations of DIH as of and for the nine months ended December 31, 2023 and 2022; and
- Unaudited Condensed Combined Pro Forma Financial Information and the notes thereto.

Concurrent herewith, the Registrant has filed an Annual Report on Form 10-K which includes the audited financial statements of the Registrant as of and for the years ending December 31, 2023 and 2022.

Item 9.01. Financial Statements and Exhibits.

(a)-(b) Financial Statements.

(c) Exhibits.

Exhibit No.	Description
99.1	Unaudited Financial Statements of DIH Holding US, Inc. (Nevada) as of and for the nine months ended December 31, 2023
99.2	Management's Discussion and Analysis of Financial Condition and Results of Operations of DIH as of and for the nine months ended December 31, 2023 and 2022
99.3	Unaudited condensed combined pro forma financial information and the accompanying notes
104	Cover Page Interactive Data File (Formatted in Inline XBRL)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: April 29, 2024

DIH HOLDING US, INC.

By: */s/ Jason Chen*
Name: Jason Chen
Title: Chief Executive Officer and Chairman

Exhibit No. 99.1

DIH Holding US, Inc. and Subsidiaries

Unaudited Interim Condensed Combined Financial Statements as of and for the nine months ended December 31, 2023 and 2022.

DIH HOLDING US, INC. AND SUBSIDIARIES
INDEX TO CONDENSED COMBINED FINANCIAL STATEMENTS

DIH HOLDING US, INC. AND SUBSIDIARIES
INTERIM CONDENSED COMBINED BALANCE SHEETS
(UNAUDITED) (in thousands)

	As of December 31, 2023	As of March 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 2,838	$ 5,560
Restricted cash	583	415
Accounts receivable, net of allowances of $964 and $1,771, respectively	5,556	6,079
Inventories, net	7,494	6,121
Promissory note - related party	405	—
Due from related party	119	7,400
Other current assets	7,323	5,210
Total current assets	24,318	30,785
Property, and equipment, net	676	826
Capitalized software, net	2,093	2,203
Other intangible assets, net	380	380
Operating lease, right-of-use assets, net	5,081	3,200
Deferred tax assets	252	1
Other assets	48	39
Total assets	$ 32,848	$ 37,434
Liabilities and Equity (Deficit)		
Current liabilities:		
Accounts payable	$ 5,097	$ 3,200
Employee compensation	3,155	3,678
Due to related party	—	7,322
Current maturities of long-term debt	1,135	1,514
Revolving credit facilities	10,311	12,976
Current portion of deferred revenue	6,860	8,395
Manufacturing warranty obligation	1,190	979
Current portion of long-term operating lease	1,787	1,255
Advance payments from customers	12,152	6,878
Accrued expenses and other current liabilities	13,175	12,411
Total current liabilities	54,862	58,608
Long-term debt, net of current maturities	—	489
Non-current deferred revenues	4,284	2,282
Long-term operating lease	3,319	1,970
Deferred tax liabilities	388	391
Other non-current liabilities	3,943	2,748
Total liabilities	$ 66,796	$ 66,488
Commitments and contingencies (Note 15)		
Equity (Deficit):		
Net parent company investment	(37,140)	(32,977)
Accumulated other comprehensive income	3,192	3,923
Total (deficit)	$ (33,948)	$ (29,054)
Total liabilities and (deficit)	$ 32,848	$ 37,434

See accompanying notes to the condensed combined financial statements.

DIH HOLDING US, INC. AND SUBSIDIARIES
INTERIM CONDENSED COMBINED STATEMENTS OF OPERATIONS
(UNAUDITED) (in thousands)

	For the Nine Months Ended December 31,	
	2023	**2022**
Revenue	$ 47,121	$ 33,168
Cost of sales	23,945	14,983
Gross profit	23,176	18,185
Operating expenses:		
Selling, general, and administrative expense	19,892	18,270
Research and development	5,852	5,959
Total operating expenses	25,744	24,229
Operating loss	(2,568)	(6,044)
Other income (expense):		
Interest expense	(744)	(575)
Other income (expense), net	(202)	690
Total other income (expense)	(946)	115
Loss before income taxes	(3,514)	(5,929)
Income tax expense (benefit)	638	770
Net loss	$ (4,152)	$ (6,699)

See accompanying notes to the condensed combined financial statements.

DIH HOLDING US, INC. AND SUBSIDIARIES
INTERIM CONDENSED COMBINED STATEMENTS OF COMPREHENSIVE LOSS
(UNAUDITED) (in thousands)

	For the Nine Months Ended December 31,	
	2023	**2022**
Net loss	$ (4,152)	$ (6,699)
Other comprehensive (loss) income, net of tax:		
Foreign currency translation adjustments	471	538
Pension liability adjustments	(1,202)	(230)
Other comprehensive (loss) income	(731)	308
Comprehensive loss	(4,883)	(6,391)

See accompanying notes to the condensed combined financial statements.

DIH HOLDING US, INC. AND SUBSIDIARIES
INTERIM CONDENSED COMBINED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)
(UNAUDITED) (in thousands)

	Net Parent Company Investment	Accumulated Other Comprehensive Income (Loss)	Total Equity (Deficit)
Balance, March 31, 2022	$ (30,503)	$ 4,081	$ (26,422)
Net loss	(6,699)	-	(6,699)
Other comprehensive income, net of tax	-	308	308
Balance, December 31, 2022	$ (37,202)	$ 4,389	$ (32,813)

	Net Parent Company Investment	Accumulated Other Comprehensive Income (Loss)	Total Equity (Deficit)
Balance, March 31, 2023	$ (32,977)	$ 3,923	$ (29,054)
Net loss	(4,152)	-	(4,152)
Other comprehensive loss, net of tax	-	(731)	(731)
Net transactions with parent	(11)	-	(11)
Balance, December 31, 2023	$ (37,140)	$ 3,192	$ (33,948)

See accompanying notes to the condensed combined financial statements.

DIH HOLDING US, INC. AND SUBSIDIARIES
INTERIM CONDENSED COMBINED STATEMENTS OF CASH FLOWS
(UNAUDITED) (in thousands)

	For the Nine Months Ended December 31,	
	2023	2022
Cash flows from operating activities:		
Net loss	$ (4,152)	$ (6,699)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	388	93
Provision for credit losses	(807)	1,549
Allowance for inventory obsolescence	675	(205)
(Gain) /Loss on disposal of fixed assets	(15)	(3)
Pension contributions	(478)	(441)
Pension (income) expense	201	(614)
Foreign exchange (gain) loss	201	(685)
Noncash lease expense	1,503	1,258
Noncash interest expense	2	177
Deferred income tax	(258)	(18)
Changes in operating assets and liabilities:		
Accounts receivable	1,316	375
Inventories	(1,748)	(3,054)
Due from related parties	-	(9)
Due to related parties	-	1,283
Other assets	(1,979)	(1,851)
Operating lease liabilities	(1,425)	(1,111)
Accounts payable	1,602	851
Employee compensation	(549)	13
Other liabilities	202	591
Deferred revenue	819	1,048
Manufacturing warranty obligation	211	(116)
Advance payments from customers	5,573	8,037
Accrued expense and other current liabilities	634	1,545
Net cash provided by operating activities	1,916	2,014
Cash flows from investing activities:		
Purchases of property and equipment	(141)	(52)
Proceeds from sale of property and equipment	65	-
Capitalized software development costs	-	(13)
Payments to related party for promissory note	(405)	-
Net cash used in investing activities	(481)	(65)
Cash flows from financing activities:		
Payments on credit facilities	(3,123)	(2,074)
Payments on long term debt	(937)	(692)
Net cash used in financing activities	(4,060)	(2,766)
Effect of currency translation on cash and cash equivalents	71	(232)
Net decrease in cash, and cash equivalents, and restricted cash	(2,554)	(1,049)
Cash, and cash equivalents, and restricted cash - beginning of year	5,975	3,687
Cash, and cash equivalents, and restricted cash - end of year	$ 3,421	$ 2,638
Cash and cash equivalents - end of year	$ 2,838	$ 2,247
Restricted cash - end of year	583	391
Total cash, and cash equivalents, and restricted cash - end of year	$ 3,421	$ 2,638
Supplemental disclosure of cash flow information:		
Interest paid	$ 740	$ 397
Income tax paid	$ -	$ 17
Supplemental disclosure of non-cash investing and financing activity:		
Settlement of related party receivables and payables	$ 7,322	$ -

See accompanying notes to the condensed combined financial statements.

1. Business and Organization

Description of Business

DIH Holding US, Inc. and its subsidiaries (the "Company" or "DIH"), 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 26, 2023, the Company and Aurora Tech Acquisition Corp. ("ATAK"), a special purpose acquisition company ("SPAC"), entered into a definitive business combination agreement ("Business Combination Agreement") under which ATAK combined with the Company on February 7, 2024. The Company's Class A common stock and public warrants began trading on the Nasdaq Stock Market LLC under the symbols "DHAI" and "DHAIW" respectively, on February 9, 2024.

In addition to the Aggregate Base Consideration, DIH stockholders 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 New DIH Class A 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 New DIH Class A 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 New DIH Class A 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 New DIH Class A Common Stock is equal to or exceeds $16.50 for any 20 trading days during the Earnout Period.

Liquidity and Capital Resources

As of December 31, 2023, the Company had $2,838 in cash and cash equivalents. The Company's sources of liquidity have been predominantly from fees received from product sales, services provided, proceeds from lines of credit and long term debt. The Company's sources of liquidity have enabled the Company to expand the physical footprint, capacity and grow its personnel to expand capabilities and enter new markets.

The Company's net losses began in 2020 and continued through the nine months ended December 31, 2023. The Company's historical operating losses resulted in an accumulated deficit of $(33,948) as of December 31, 2023. 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 nine months ended December 31, 2023, 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 42.1%, from $33,168 to $47,121, for the nine months ended December 31, 2022 and 2023, respectively. The Company plans to continue to fund its growth through cash flows from operations and future debt and equity financing. As of the date the these combined financial statements are issued, the Company believes that its current cash and cash equivalents, together with cash provided by operating activities will provide adequate liquidity for the next twelve months.

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 in the case of becoming a public company, or for any unforeseen reductions in demand. The Company is currently evaluating the impact on its ability to continue as a going concern due to the completion of the Business Combination with ATAK on February 7, 2024 (see Note 17).

2. Summary of Significant Accounting Policies

Basis of Presentation

The Company has historically existed and functioned as part of the business of DIH Technology Ltd. ("DIH Cayman" or the "Parent"). The accompanying condensed combined financial statements are prepared in conformity with accounting principles generally accepted in the United States ("GAAP"). The condensed combined financial statements reflect the results of certain DIH Cayman legal entities subject to the business combination with ATAK, as explicitly stated in the Business Combination Agreement. These legal entities include DIH Holding US (which is prepared on a consolidated basis), Hocoma AG and Motekforce Link BV and their respective subsidiaries. Each of these legal entities' respective historical operations, including results of operations, assets and liabilities, and cash flows have been fully reflected in these condensed combined financial statements.

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 does 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 Parent and its subsidiaries but they are insignificant because of the organizational structure such that these condensed combined financial statements are comprised of legal entities that had complete standalone financial statements available.

During the nine months ended December 31, 2023 and 2022, the Company and DIH International ("DIH Hong Kong") were subsidiaries of DIH Cayman and were under common control of DIH Cayman. Significant intercompany transactions and balances have been eliminated on combination. In preparation of the condensed combined financial statement information presented herein, the Company evaluated its transactions with DIH Cayman to determine if they are to be included in the condensed combined financial statement information presented. Transactions with DIH China, a subsidiary of DIH Hong Kong, related to distribution services provided to the Company are disclosed as related party transactions in Note 12.

Subsidiaries are entities controlled by the Company. 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 of subsidiaries are included in the condensed combined financial statements from the date that control commences until the date that control ceases. These companies are controlled by common owners and management.

The deficit balance in these condensed combined financial statements represents the excess of total liabilities over total assets, including intercompany balances between us and related parties (net parent company investment) and accumulated other comprehensive loss. Net parent company investment is primarily impacted by contributions from related parties which are the result of net funding provided by or distributed to related parties. The total net effect of the settlement of related party intercompany transactions is reflected in the condensed combined statements of cash flows as a financing activity and in the condensed combined balance sheets as net parent company investment.

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported condensed combined results of operations.

Unaudited Interim Condensed Combined Financial Information

The unaudited interim condensed combined financial statements have been prepared on the same basis as the audited annual combined financial statements, and in the opinion of management, reflect all normal recurring adjustments necessary for the fair presentation of the Company's financial position as of December 31, 2023, the results of its operations for the nine months ended December 31, 2023 and 2022 and its cash flows for the nine months ended December 31, 2023 and 2022. These unaudited condensed combined financial statements should be read in conjunction with the audited combined financial statements as of and for the years ended March 31, 2023 and 2022, and the notes thereto, included in the Proxy Statement/Prospectus filed on May 12, 2023.

The results for the nine months ended December 31, 2023 are not necessarily indicative of results to be expected for the year ended March 31, 2024, or any other interim periods, or any future year or period.

Foreign Currency Reporting

The functional currency for the Company's non-U.S. subsidiaries is the 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 condensed combined statements of operations. Realized and unrealized gains (losses) resulting from transactions conducted in foreign currencies for the nine months ended December 31, 2023 and 2022 were $(201) and $684, respectively.

Use of Estimates

The preparation of financial statements in conformity with 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 combined 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 combined financial statements include the useful lives of long-lived assets, inventory valuations, the allocation of transaction price among various performance obligations, the provision 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 combined balance sheets. The risk associated with this concentration is mitigated by 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 December 31, 2023, no customer represented more than 10% of total trade accounts receivables. As of March 31, 2023, one customer comprised 11.1% of total trade accounts receivables. For the nine months ended December 31, 2023, one customer comprised 10.6% of total revenue. For the nine months ended December 31, 2022, one customer comprised 17.1% of total revenue.

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 condensed combined financial statements.

(in thousands)

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. The Company is currently evaluating the impact of adoption of this guidance its financial statements.

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 nine months ended December 31, 2023 and 2022, based on revenue category:

	For the Nine Months Ended December 31,	
	2023	**2022**
Devices	$ 36,887	$ 25,040
Services	8,814	7,510
Other	1,420	618
Total revenue, net	$ 47,121	$ 33,168

The majority of the revenue that is recognized at a point in time was primarily related to the revenues from devices and the majority of 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.

(in thousands)

Deferred Revenue and Remaining Performance Obligations

Deferred revenue as of December 31, 2023 and March 31, 2023 was $11,144 and $10,677, respectively. During the nine months ended December 31, 2023 and 2022, the Company recognized $5,321 and $5,817 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 December 31, 2023 and March 31, 2023, the aggregate amount of the contracted revenue allocated to unsatisfied performance obligations with an original duration of one year or more was approximately $4,284 and $3,119, respectively. As of December 31, 2023 and March 31, 2023, the Company expects to recognize revenue on the majority of these remaining performance obligations over the next two years and four years, respectively.

Advance Payments From Customers

The Company receives advance payments from 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 combined balance sheets when they are received. Revenue associated with the advance payments is recognized when performance obligation is fulfilled. Advance payments from customers was $12.2 million and $6.9 million as of December 31, 2023 and March 31, 2023, respectively.

4. Geographical Information

The following represents revenue attributed to geographic regions based on customer location:

	For the Nine Months Ended December 31,	
	2023	2022
Europe, Middle East and Africa ("EMEA")	$ 26,860	$ 19,233
Americas	10,617	8,388
Asia Pacific ("APAC")	9,644	5,547
Total revenue	$ 47,121	$ 33,168

Long-lived assets shown below include property and equipment, net. The following represents long-lived assets where they are physically located:

	As of December 31, 2023	As of March 31, 2023
EMEA	$ 363	$ 320
Americas	202	390
APAC	111	116
Total property and equipment, net	$ 676	$ 826

(in thousands)

5. Inventories, Net

As of December 31, 2023 and March 31, 2023, inventories, net, consisted of the following:

	As of December 31, 2023	As of March 31, 2023
Raw materials and spare parts	$ 4,943	$ 5,908
Work in process	4,332	1,146
Finished goods	420	593
Less: reserves	(2,201)	(1,526)
Total inventories, net	$ 7,494	$ 6,121

6. Property and Equipment, Net

Property and equipment, net as of December 31, 2023 and March 31, 2023 consisted of the following:

	As of December 31, 2023	As of March 31, 2023
Computer software and hardware	$ 946	$ 1,033
Machinery and equipment	1,099	1,320
Leasehold improvements	1,341	1,436
Furniture and fixtures	853	858
Vehicles	69	55
Demonstration units	461	654
Property and equipment	4,769	5,356
Less: accumulated depreciation	(4,093)	(4,530)
Property and equipment, net	$ 676	$ 826

Depreciation expense totaled $287 and $61 for the nine months ended December 31, 2023 and 2022, respectively.

7. Capitalized software, net and other intangible assets, net

Capitalized software, net and other intangible assets, net as of December 31, 2023 and March 31, 2023 consisted of the following:

	As of December 31, 2023			As of March 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Capitalized software	$ 2,318	$ (225)	$ 2,093	$ 2,326	$ (123)	$ 2,203
Other intangible assets	$ 380	$ -	$ 380	$ 380	$ -	$ 380

Substantially all capitalized software, net and other intangible assets, net are subject to amortization when they are available for their intended use. For the nine months ended December 31, 2023 and 2022, amortization expense was $101 and $32, respectively.

(in thousands)

Estimated annual amortization for intangible assets over the next five years are as follows:

	Remainder of 2024	2025	2026	2027	2028
Estimated annual amortization	$ 3	$ 108	$ 457	$ 457	$ 457

8. Other current assets

Other current assets as of December 31, 2023 and March 31, 2023 consisted of the following:

	As of December 31, 2023	As of March 31, 2023
Other receivables	$ 2,636	$ 1,963
Other current assets	4,687	3,247
Total other current assets	$ 7,323	$ 5,210

9. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities as of December 31, 2023 and March 31, 2023 consisted of the following:

	As of December 31, 2023	As of March 31, 2023
Taxes payable	8,678	3,823
Other payables and current liabilities	4,497	8,588
Total accrued expenses and other current liabilities	$ 13,175	$ 12,411

10. Other Non-Current Liabilities

Other non-current liabilities as of December 31, 2023 and March 31, 2023 consisted of the following:

	As of December 31, 2023	As of March 31, 2023
Provisions	$ 1,271	$ 1,071
Pension liabilities	2,672	1,677
Total other non-current liabilities	$ 3,943	$ 2,748

11. Lines of Credit and Long-Term Debt

Lines of Credit

On July 23, 2020, the Company entered into a framework agreement for a CHF 7,600 revolving credit facility with Credit Suisse (Switzerland) Ltd. (the "Credit Suisse Credit Facility"). Interest rates on advances on the Credit Suisse Credit Facility are agreed upon with Credit Suisse. For the nine months ended December 31, 2023 and 2022, the weighted average rates were 4.94% and 3.65%, respectively. Advances have maximum terms up to twelve months and are subject to extension. The Company is subject to certain covenants under the terms of the Credit Suisse Credit Facility including minimum EBITDA covenants and financial reporting requirements. Additionally, the Credit Suisse Credit Facility contains a subjective acceleration clause in the event that the lender determines that a material adverse change has occurred within the business, operations, or financial condition of the Company. On February 1, 2023, the Company and Credit Suisse entered into an amendment to the Credit Suisse framework agreement that provided a waiver of the Company's failure to comply with the EBITDA covenant and financial reporting obligation as of March 31, 2022. Additionally, the amendment to the Credit Suisse framework agreement reduced the credit line to CHF 100 monthly payments starting January 31, 2023 and increasing to CHF 200 monthly payments starting April 30, 2023. In connection with the February 1, 2023 amendment, the Company paid CHF 33 in fees to Credit Suisse in the fourth quarter of fiscal 2023. The balance on the Credit Suisse Credit Facility was $5,492 and $6,813 as of December 31, 2023 and March 31, 2023, respectively. Based on the stated terms and the existence of the subjective acceleration clause, the Credit Suisse Credit Facility is reflected in the current liabilities section of the condensed combined balance sheets.

On July 12, 2016, the Company entered into a framework agreement for a CHF 7,000 revolving credit facility with UBS Switzerland AG (the "UBS Credit Facility"). The Company can draw on the facility in various forms including fixed advances and Secured Overnight Financing Rate ("SOFR") loans. Interest rates on advances on the UBS Credit Facility are based on the type of draw and can be adjusted at any time based on current market conditions. For the nine months ended December 31, 2023 and 2022, the weighted average interest rates on the UBS Credit Facility were 5.07% and 4.68%, respectively. Additionally, the Company must pay a 0.25% quarterly commission on average borrowings and a 0.75% fixed commitment fee on the undrawn portion of the UBS Credit Facility. Advances have maximum terms up to twelve months and are subject to extension. The Company is subject to certain covenants under the terms of the UBS Credit Facility including financial reporting requirements. Additionally, the UBS Credit Facility contains a subjective acceleration clause in the event that the lender determines that a material adverse change has occurred within the business, operations, or financial condition of the Company. On March 1, 2022, the Company and UBS entered into an amendment to the UBS framework agreement that reduced the credit line to CHF 200 one-time payment as of April 31, 2022 and reduced the credit line to CHF 100 monthly payments starting May 31, 2022. On February 2, 2023, the Company and UBS entered into an amendment to increase the monthly payments to CHF 200 starting April 30, 2023. On March 29, 2023, UBS provided the Company a waiver for the Company's failure to comply with the financial reporting obligation as of March 31, 2022. The balance on the UBS Credit Facility was $4,819 and $6,163 as of December 31, 2023 and March 31, 2023, respectively. Based on the stated terms and the existence of the subjective acceleration clause, the UBS Credit Facility is reflected in the current liabilities section of the condensed combined balance sheets.

As of November 30, 2023, Credit Suisse and UBS each agreed to certain amendments to the Credit Suisse Credit Facility and the UBS Credit Facility. Specifically, the scheduled repayments of CHF 200 for each bank due at the end of November 2023 and December 2023 were suspended and should be paid on January 31, 2024 together with the scheduled January monthly repayment. The monthly repayments of CHF 200 for each bank from February 29, 2024 and subsequent periods remain unchanged. Subsequently, Credit Suisse and UBS each agreed to amend the payment schedule to reduce payments from January 2024 to May 2024 to CHF 100 each month and payments in June of CHF 1.1 million. Monthly payments for subsequent periods remain unchanged at CHF 200. Through the date that the financial statements were issued, the company fulfilled its obligations by making the scheduled repayments in accordance with the amended terms of both the Credit Suisse and UBS Credit Facilities.

(in thousands)

COVID-19 Loan and COVID-19 Loan Plus Credit Facilities

In September 2020, the Federal COVID-19 Act was approved by the Swiss Parliament, and subsequently enacted in Switzerland. Under the Federal COVID-19 Act and the corresponding COVID-19 Hardship Ordinance and COVID-19 Loss of Earning Ordinance, the Swiss Federal Council was granted a number of powers to implement measures to address the consequences of the global COVID-19 pandemic including federal loans under the COVID-19 Loan and COVID-19 Loan Plus (“COVID-19 Plus”) programs for businesses meeting certain requirements.

The Company obtained a COVID-19 loan with UBS on May 19, 2020 for up to CHF 500 maturing on June 30, 2024. The COVID-19 loan does not accrue interest. On December 17, 2021, the Company and UBS entered into an amendment to the COVID-19 loan agreement that reduced the credit line by CHF 50 quarterly payments starting March 31, 2022 and five CHF 50 payments in the year ending March 31, 2024. The balance on the COVID-19 loan was $168 and $324 at December 31, 2023 and March 31, 2023, respectively.

The Company obtained a COVID-19 Plus credit facility with UBS on May 19, 2020 for up to CHF 2,760, maturing on June 30, 2024. The COVID-19 Plus credit facility has an 85% federal share accruing interest at 0.5% and a 15% bank share accruing interest at a rate determined by the bank based on market conditions (0.5% at March 31, 2023 and 2022, respectively). On January 7, 2022, the Company and UBS entered into an amendment to the COVID-19 Plus credit facility loan agreement that reduced the Company maximum credit limit to CHF 2,243 and reduced the credit line by CHF 173 quarterly payments starting March 31, 2022, CHF 230 quarterly payments starting March 31, 2023 and five CHF 230 payments in the year ending March 31, 2024. The balance on the COVID-19 Plus credit facility was $967 and $1,679 at December 31, 2023 and March 31, 2023, respectively.

The following table presents the aggregate annual maturities of long-term debt as of December 31, 2023:

	Amount
Remainder of 2024	$ 628
2025	507
Total	1,135
Less: current portion	1,135
Total long-term debt	$ —

12. 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 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.

Transactions with Parent

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 does not have significant corporate or operational activity and does not have shared services that it provides to its subsidiaries. Consistent with the basis of presentation, net parent company investment is primarily impacted by net funding provided by or distributed to DIH Cayman. For the nine months ended December 31, 2023 and 2022, the net transactions with parent were $(11) and $0, respectively.

DIH Hong Kong

DIH Hong Kong is an investment holding company. DIH Hong Kong holds interests in operating entities of the Company, which include Hocoma AG, Switzerland-based global leader in robotics for rehabilitation, Motek, a Netherlands-based global leader in sophisticated VR-enabled movement platform powered by real-time integration, and DIH China. DIH Hong Kong does not have a management team or direct influence with any operating entities other than acting as shareholder of the entities listed.

Subsidiaries within DIH Hong Kong perform two lines of business including, smart pharmacy solutions and rehabilitation solutions. In the case of Motek, DIH China was Motek's authorized distributor in China before DIH Hong Kong acquired Motek in 2015. This distributor relationship and terms did not change after the acquisition. In the case of Hocoma AG, DIH China assumed the distribution agreements with third parties after DIH Hong Kong acquired Hocoma AG. The terms of the distribution agreements are the same with the third party distributor.

For the nine months ended December 31, 2023 and 2022, there were no related party transactions recognized in the condensed combined statement of operations.

Payment on Behalf of DIH Cayman

On February 26, 2023, ATAC Sponsor LLC (the "Sponsor") entered a guaranty and loan agreement with DIH Cayman (the "Guarantor"). Pursuant to this agreement, DIH Cayman agreed to loan to the Sponsor an aggregate principal amount up to $405 in three installments of $135 each on May 1, 2023, June 1, 2023 and July 1, 2023. Repayment of the loan shall be made by the earlier of (a) the consummation of the Business Combination Agreement between the Company and ATAK (b) liquidation of ATAK or (c) the tenth day following the termination of the Business Combination Agreement between the Company and ATAK. No interest will accrue on the unpaid balance. On May 4, 2023, June 2, 2023 and July 5, 2023, the first, second and third installments of $135 each, respectively, was paid by DIH on behalf of DIH Cayman. The Company holds a promissory note receivable of $405 for these payments, which is reported on the Company's condensed combined balance sheet as of December 31, 2023.

Cost Sharing Agreement with ATAC Sponsor LLC

On July 27, 2023, Sponsor entered a cost sharing agreement with DIH. Pursuant to the agreement, DIH agreed to pay to the Sponsor, or to a third-party designated by the Sponsor, an aggregate amount of $610 in five installments with $70 on September 1, 2023 and $135 each month from October 1, 2023 to January 1, 2024. All payments were paid by DIH to Sponsor in accordance with schedule.

Related Party Settlement Agreement

On May 3, 2023, DIH and Cayman and its subsidiaries, including the Company, DIH China and DIH Hong Kong, entered into a cash settlement agreement in which the Company agreed to pay a net settlement amount of approximately $93 related to an outstanding due from related party balance of $7,185 and a due to related party balance of $7,277, both as of December 31, 2022, for ongoing activities between the Company and DIH Hong Kong. During the period ended September 30, 2023, the agreement was amended with a total settlement amount of $182 as of March 31, 2023 between the Company and DIH Hong Kong. There have been no additional transactions between the parties subsequent to the date of this settlement.

(in thousands)

13. Employee Benefit Plans

Defined Contribution Plans

The Company sponsors a defined contribution plan in the United States and Netherlands. 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 nine months ended December 31, 2023 and 2022 were as follows:

	For the Nine Months Ended December 31,	
	2023	**2022**
United States	$ 76	$ 105
Netherlands	104	152
Total defined contribution plan expense	$ 180	$ 257

Defined Benefit Plans

Amounts recognized in the condensed combined statements of operations for the nine months ended December 31, 2023 and 2022, in respect of the Pension Plans were as follows:

	For the Nine Months Ended December 31,	
	2023	**2022**
Current service cost	$ 507	$ 510
Interest cost	185	113
Expected return on plan assets	(263)	(176)
Actuarial loss / (gain) recognized	(120)	(133)
Actuarial loss / (gain) recognized because of settlement	-	(828)
Amortization of prior service credit	(108)	(100)
Net charge to statement of operations	$ 201	$ (614)

(in thousands)

14. Income Taxes

For the nine months ended December 31, 2023 and 2022, the Company recorded an income tax expense of $638 and $770, respectively. The effective tax rate was approximately (18.1%) for the nine months ended December 31, 2023 and (13.0%) for the nine months ended December 31, 2022. The effective tax rate for the nine months ended December 31, 2023 and 2022 was lower than the statutory tax rate due to losses not expected to be benefited in certain jurisdictions which have a valuation allowance.

The Company prepares its financial statements on a combined worldwide 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.

The Company has not identified any uncertain tax positions in relation to its corporate income taxes. However, it 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 December 31, 2023 and March 31, 2023, the recorded accrual balances stand at $1,200 and $1,000, respectively.

15. 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 make 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.

16. 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 December 31, 2023 and March 31, 2023.

Right-of-use lease assets and lease liabilities that are reported in the Company's condensed combined balance sheet as of December 31, 2023 and March 31, 2023 are as follows:

	As of December 31, 2023	As of March 31, 2023
Operating lease, right-of-use assets, net	$ 5,081	$ 3,200
Current portion of long-term operating lease	1,787	1,255
Long-term operating lease	3,319	1,970
Total operating lease liabilities	$ 5,106	$ 3,225

(in thousands)

Lease expense for lease payments is recognized on a straight-line basis over the lease term. The components of lease expense related to the Company's lease for the nine months ended December 31, 2023 and 2022 were:

	For the Nine Months Ended December 31,	
	2023	2022
Fixed operating lease costs	$ 1,503	$ 1,376
Short-term lease costs	13	31
Total lease cost	$ 1,516	$ 1,407

Supplemental cash flow information related to leases was as follows:

	For the Nine Months Ended December 31,	
	2023	2022
Operating cash flows included in the measurement of lease liabilities	$ (1,509)	$ (1,380)
Non-cash lease activity related to right-of-use assets obtained in exchange for new operating lease liabilities	303	157
Other non-cash changes to ROU assets due to reassessment of the lease term	2,788	-

The weighted average remaining lease term and discount rate for the Company's operating leases as of December 31, 2023 and March 31, 2023 were:

	As of December 31, 2023	As of March 31, 2023
Weighted-average remaining lease term (in years)	2.31	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 December 31, 2023, maturities of operating lease liabilities for each of the following five years ending March 31 and a total thereafter were as follows:

	Operating Leases
Remainder of 2024	$ 516
2025	1,899
2026	1,249
2027	862
2028	848
Thereafter	85
Total lease payments	5,459
Less: imputed interest	(353)
Total lease liability	$ 5,106

17. Subsequent Events

On February 7, 2024, the Company consummated the merger with ATAK, receiving cash held in trust account of $899. Immediately following the completion of the Business Combination, 40,544,936 shares of the New DIH Class A Common Shares were issued and outstanding including 6,000,000 shares of New DIH Class A Common Stock in estimated potential Earnout Shares (the "Earnout Shares"). 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 Business Combination is accounted for as a reverse recapitalization, whereby for accounting and financial reporting purposes, the Company was the acquirer.

On February 8, 2024, the Company entered into a securities purchase agreement with OrbiMed, an existing shareholder in DIH Technologies. Pursuant to the agreement, the Company will issue 150,000 shares of New DIH Class A Common Stock in exchange for gross proceeds of $1.5 million together with warrants to purchase an additional 300,000 shares of DIH Common Stock with an exercise price of $10.

The Company evaluated subsequent events and transactions that occurred after the balance sheet date through the date that the financial statements were issued. The Company has concluded that no additional events or transactions have occurred that may require adjustments to the financial statement or disclosure.

Exhibit No. 99.2

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

The following discussion and analysis should be read together with the historical audited annual combined financial statements and unaudited interim combined financial statements, and the related notes that are included in the final proxy statement/prospectus (the "Proxy Statement/Prospectus" or "Proxy") relating to our business combination with ATAK, dated November 14, 2023 and filed with the Securities and Exchange Commission. The discussion and analysis should also be read together with the unaudited interim condensed combined financial statements as of and for the nine months ended December 31, 2023 that is attached as Exhibit 99.1 to this Current Report on Form 8-K and the pro forma financial information as of December 31, 2023 and for the nine months ended December 31, 2023 and the year ended March 31, 2023 that is attached to this Current Report on Form 8-K as exhibit 99.3 The following discussion may contain forward-looking statements. Actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include those factors discussed below and elsewhere in the Proxy, particularly in sections therein entitled "Cautionary Note Concerning Forward Looking Statements" and "Risk Factors." References to "DIH" throughout this Management's Discussion and Analysis of Financial Condition and Results of Operations section refers to "Legacy DIH".

Our fiscal year ends on March 31. "Fiscal 2023" and "fiscal 2022" refer to the year ended March 31, 2023 and 2022, 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 2023, DIH generated revenue of $55.0 million compared to $49.0 million in fiscal 2022. For the nine months ended December 31, 2023, DIH generated revenue of $47.1 million compared to $33.2 million in the nine months ended December 31, 2022.

DIH's net loss for fiscal 2023 was $2.4 million compared to $12.1 million in fiscal 2022 and $4.2 million for the nine months ended December 31, 2023 compared to $6.7 million for the nine months ended December 31, 2022. DIH's net losses in fiscal year 2023, are reduced significantly from fiscal year 2022 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. Additionally, DIH had elevated costs related to efforts of adopting to public company standards. DIH's net losses for the nine months ended December 31, 2023 are slightly lower compared to the prior year period due to higher revenue partially offset by increased cost of goods sold largely driven by increased device sales volume, overhead in department and an increase in 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 in preparation of the potential business combination discussed in more detail below.

Recent Developments

Business Combination

On February 26, 2023, ATAK, ATAK Merger Sub and DIH entered into the Business Combination Agreement. On December 18, 2023, the Business Combination was approved in an ATAK shareholder vote and closed on February 7, 2024. Under the terms of the Business Combination Agreement, and following the Domestication, ATAK Merger Sub was merged with and into DIH, with DIH surviving the merger as a wholly owned direct subsidiary of ATAK (after Domestication). In consideration for the Merger, DIH stockholders received shares of common stock of New DIH, as more fully described in the section in the Proxy entitled "*The Business Combination Agreement*." 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 (as such term is defined in the Business Combination Agreement) be completed prior to Closing. As a result, the following legal entities and assets were subject to the business combination with ATAK at Closing: DIH Holding US (which is prepared on a consolidated basis) and Hocoma Medical, as well as, the Hocoma Medical assets. Whereas, Hocoma AG and Motekforce Link BV and its subsidiaries were excluded. New DIH agreed to use its best efforts to complete the Reorganization as soon as possible thereafter.

The Merger is anticipated to be accounted for as a reverse recapitalization, in accordance with GAAP. Under this method of accounting, ATAK will be treated as the "acquired" company for financial reporting purposes. Accordingly, the Business Combination will be treated as the equivalent of DIH issuing stock for the net assets of ATAK, accompanied by a recapitalization. The net assets of ATAK will be stated at historical cost, with no goodwill or other intangible assets recorded. Operations prior to the Business Combination will be those of DIH.

The most significant change in the successor's future reported financial position and results are expected to be an estimated increase in cash (as compared to DIH's combined balance sheet at December 31, 2023) to approximately $3.7 million after giving effect to the redemption of 4,815,153 Class A Ordinary Shares for $53.4 million out of the Trust Account, at a redemption price of approximately $11.09 per share. This pro forma cash amount is net of amounts paid at Closing of $4.6 million, including payments for acquisition-related advisory fees in connection with the Business Combination and other transaction-related costs. See "*Unaudited Pro Forma Condensed Combined Financial Information*" included as Exhibit 99.3 to the Form 8-K

As a consequence of the Business Combination, New DIH became the successor to an SEC-registered company, which requires New DIH to hire additional personnel and implement procedures and processes to address public company regulatory requirements and customary practices. New 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.

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 proxy statement/prospectus titled "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 conflict in Ukraine, 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 Combined Financial Statements* for a discussion of the underlying basis used to prepare the combined financial statements.

Key Business Metrics

To analyze DIH's business performance, determine financial forecasts and help develop long-term strategic plans, management reviews the following key business metric by geography, market and distribution channel, which are important measures that represent the growth of the business:

- *Sales orders* – signed sales orders representing the pipeline of sales for DIH generated during a prescribed period

The following table details the key business metric amounts for the periods indicated:

	For Nine Months Ended December 31, 2023	2022
Sales orders by geography:		
EMEA	$ 34,853	$ 19,441
Americas	12,241	11,921
APAC	8,577	6,602
	$ 55,671	$ 37,964
Sales orders by market[1]:		
Hospital	$ 40,617	$ 23,475
Clinic and Research	15.054	14,489
	$ 55,671	$ 37,964
Sales order by distribution channel:		
Direct	$ 19,508	$ 13,361
Indirect	36,163	24,603
	$ 55,671	$ 37,964

1. Amounts previously reported for "Hospital" and "Clinic and Research" were switched. These figures have been retrospectively corrected to reflect the accurate classification of sales orders by market.

DIH believes these key business metrics provide useful information to help investors understand and evaluate DIH's business performance. Sales orders provide management with an understanding of demand for the product, the needs for investments in facilities to meet that demand, and the effect of marketing efforts by each metric. Management also uses this information to make key decisions in product investment and market expansion.

Non-GAAP Financial Measure

DIH reports its financial results in accordance with GAAP. However, management believes that Adjusted EBITDA, a non-GAAP financial measure, provides investors with additional useful information in evaluating our performance.

DIH calculates Adjusted EBITDA as net income (loss), adjusted to exclude: (1) taxes (2) interest expense (3) depreciation and amortization, and (4) other non-recurring items.

Adjusted EBITDA is a financial measure that is not required by or presented in accordance with GAAP. We believe that Adjusted EBITDA, when taken together with our financial results presented in accordance with GAAP, provides meaningful supplemental information regarding our operating performance and facilitates internal comparisons of our historical operating performance on a more consistent basis by excluding certain items that may not be indicative of our business, results of operations or outlook. In particular, we believe that the use of Adjusted EBITDA is helpful to our investors as they are measures used by management in assessing the health of our business, and evaluating our operating performance, as well as for internal planning and forecasting purposes. Management presented EBITDA in historical periods prior to the completion of the Business Combination with ATAK. Adjusted EBITDA is adjusted to exclude other non-recurring items such as transaction-related expenses. By providing Adjusted EBITDA, we believe we are enhancing investors' understanding of our business and the results of operations.

Adjusted EBITDA is presented for supplemental informational purposes only, has limitations as an analytical tool and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. Some of the limitations of Adjusted EBITDA include that (1) the measures do not properly reflect capital commitments to be paid in the future, (2) although depreciation and amortization are non-cash charges, the underlying assets may need to be replaced and Adjusted EBITDA does not reflect these capital expenditures, (3) the measures do not reflect other non-operating expenses, including interest expense. In addition, our use of Adjusted EBITDA may not be comparable to similarly titled measures of other companies because they may not calculate Adjusted EBITDA in the same manner, limiting its usefulness as a comparative measure. Because of these limitations, when evaluating our performance, you should consider Adjusted EBITDA alongside other financial measures, including our net income and other results stated in accordance with GAAP.

The following table presents a reconciliation of Adjusted EBITDA to net loss, the most directly comparable financial measure stated in accordance with GAAP for the periods presented:

	For Nine Months Ended December 31,	
	2023	2022
Net loss	$ (4,152)	$ (6,699)
Adjusted to exclude the following:		
Taxes	638	770
Interest expense	744	575
Depreciation and amortization	388	93
Other non-recurring items (1)	2,837	125
Adjusted EBITDA	$ 455	$ (5,136)

(1) Represents transaction-related expenses incurred in connection with the Business Combination with ATAK completed on February 7, 2024.

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. DIH records sales net of an allowance for sales returns which is calculated based on historical return experience and other know factors. 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 its lines of credit and long-term debt.

Other Income (Expense), Net

Other income (expense), net primarily consists of the non-service components of net periodic defined benefit plan income (costs).

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

Comparison of the Nine Months Ended December 31, 2023 and 2022

	For Nine Months Ended December 31,			
(in thousands, except percentages)	**2023**	**2022**	**$ Change**	**% Change**
Revenue	$ 47,121	$ 33,168	$ 13,952	42.7%
Costs of sales	23,945	14,983	8,962	59.8%
Gross Profit	23,176	18,185	4,991	27.4%
Operating expenses:				
Selling, general and administrative expense	19,892	18,270	1,622	8.9%
Research and development	5,852	5,959	(107)	(1.8)%
Total operating expenses	25,744	24,229	1,515	6.3%
Operating loss	(2,568)	(6,044)	3,476	(57.5)%
Other income (expense):				
Interest expense	(744)	(575)	(169)	29.4%
Other income (expense), net	(202)	690	(892)	(129.3)%
Total other income (expense)	(946)	115	(1,061)	(922.6)%
Profit (loss) before income taxes	(3,514)	(5,929)	2,415	(40.7)%
Income tax expense	638	770	(132)	(17.1)%
Net loss	$ (4,152)	$ (6,699)	$ 2,547	(38.0)%

Revenue

The following table presents net revenue by major source for the nine months ended December 31, 2023 and 2022:

	For Nine Months Ended December 31,			
(in thousands, except percentages)	**2023**	**2022**	**$ Change**	**% Change**
Devices	$ 36,887	$ 25,040	$ 11,847	47.3%
Services	8,814	7,510	1,304	17.4%
Other	1,420	618	802	129.8%
	$ 47,121	$ 33,168	$ 13,953	42.1%

Revenue for the nine months ended December 31, 2023 increased by $14.0 million, or 42.1%, to $47.1 million from $33.2 million for the nine months ended December 31, 2022. The overall increase was primarily due to a net increase in devices sold of $11.8 million, or 47.3%, which consisted of an increase in sales to third-party customers. The increase in devices revenue was driven by higher sales volume in Europe, the Americas and Asia. Services revenue represented an increase of $1.3 million, up 17.4% compared to the prior period. Other revenues represented an increase of $0.8 million, up 129.8% compared to the prior period.

Changes in foreign currency exchange rates had a favorable impact on our combined net sales in nine months ended December 31, 2023, 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 nine months ended December 31, 2023 increased by $9.0 million, or 59.8%, to $23.9 million from $15.0 million for the nine months ended December 31, 2022. The Cost of Goods for device sales increased by $7.3 million, which directly correlated to the increase in device sales and related margins remained relatively constant in local currency. The additional increase in cost of sales is mainly driven by an increase of $0.7 million in inventory reserve for slow moving parts and increased overhead as well as $1.6 million services parts costs. The impact due to foreign currency translation losses resulted in an increase of approximately $0.3 million.

Selling, General and Administrative Expense

Selling, general and administrative expense for the nine months ended December 31, 2023 increased by $1.6 million, or 8.9%, to $19.9 million from $18.2 million for the nine months ended December 31, 2022. The increase was primarily due to professional service and IT costs of $2.0 million related to audit, legal and other professional services in preparation for the business combination with ATAK 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 such as payroll and pension. The increase was partially offset by a decrease in bad debt allowance and overhead expenses.

Research and Development

Research and development costs for the nine months ended December 31, 2023 decreased by $0.1 million, or 1.8%, to $5.9 million from $6.0 million for the nine months ended December 31, 2022. The decrease was primarily due to a decrease in the research and development material purchase and external consulting for $0.2 million and overhead expense of $0.3 million. The decrease was offset by an increase in personnel expenses of $0.4 million.

Interest Expense

Interest expense for the nine months ended December 31, 2023 increased by $169 thousand, or 29.4%.

Other Income (Expense), Net

Other income (expense), net for the nine months ended December 31, 2023 was $0.2 million of expense compared to $0.7 million of income for the nine months ended December 31, 2022. The change was primarily driven by realized foreign exchange losses during the period.

Income Tax Expense

Income tax expense for the nine months ended December 31, 2023 decreased by $0.1 million to $0.6 million. The change was primarily driven by changes in the net results of the underlying subsidiaries across jurisdictions. The tax expense for December 31, 2023 and December 31, 2022 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 December 31, 2023 and March 31, 2023, DIH's cash and cash equivalents amounted to $2.8 million and $5.6 million, respectively.

DIH's sources of liquidity have been predominantly from fees received from product sales, services provided, proceeds from lines of credit and long-term debt. DIH's sources of liquidity have enabled DIH to expand its physical footprint, capacity and grow its sales personnel to expand capabilities and enter new markets.

DIH’s operating losses began in fiscal 2020 and continued through the nine months ended December 31, 2023. DIH’s historical operating losses resulted in an accumulated deficit of $33.9 million as of December 31, 2023. 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 efforts of adopting to public company standards. During the nine months ended December 31, 2023, DIH had positive cash flows from operating activities and decrease in operating loss. DIH anticipates achieving positive cash flow in the future. This transition towards profitability is attributable to DIH’s ongoing efforts to streamline its organizational structure and cost management enabled by digitization investments such as the Oracle system implementation, alongside anticipated revenue growth.

DIH’s gross revenue has increased by 42.1%, from $33.2 million to $47.1 million for the nine months ended December 31, 2022 and 2023, respectively. DIH plans to continue to fund its growth through cash flows from operations and future debt and equity financings. Management expects that its cash and cash equivalents, together with cash provided by our operating activities and proceeds from future debt and equity financings, will be sufficient to fund its operating expenses and capital expenditures requirements for at least the next 12 months. The Company is currently evaluating the impact on its ability to continue as a going concern due to the completion of the Business Combination with ATAK on February 7, 2024.

DIH’s material contractual operating cash commitments at December 31, 2023 relate to leases, lines of credit and long-term debt, and employee benefit plans. DIH’s lines of credit and long-term debt, are discussed further below and in *Note 11* of the *Notes to Annual Combined Financial Statements*. DIH’s employee benefit plans are discussed further in *Note 13* of the *Notes to Annual Combined Financial Statements*. DIH’s long-term lease obligations and future payments are discussed further in *Note 16* of the *Notes to Annual Combined Financial Statements*.

Description of Indebtedness

Lines of Credit

DIH has a framework agreement for a CHF 7.6 million revolving credit facility with Credit Suisse (Switzerland) Ltd. (the “Credit Suisse Credit Facility”). For the nine months ended December 31, 2023 and 2022, the weighted average rates were 4.94% and 3.65%, respectively. Advances have maximum terms up to twelve months and are subject to extension. DIH is subject to certain covenants under the terms of the Credit Suisse Credit Facility including minimum EBITDA covenants and financial reporting requirements. Additionally, the Credit Suisse Credit Facility contains a subjective acceleration clause in the event that the lender determines that a material adverse change has occurred within the business, operations, or financial condition of DIH.

On February 1, 2023, DIH and Credit Suisse entered into an amendment to the Credit Suisse framework agreement that provided a waiver of the Company’s failure to comply with the EBITDA covenant and financial reporting obligation as of March 31, 2022. Additionally, the amendment to the Credit Suisse framework agreement reduced the credit line to CHF 100 monthly payments starting January 31, 2023 and increasing to CHF 200 monthly payments starting April 30, 2023.

The balance on the Credit Suisse Credit Facility was $5,492 and $6,813 as of December 31, 2023 and March 31, 2023, respectively.

Refer to *Note 11* of the *Notes to Annual Combined Financial Statements* for further discussion regarding DIH’s Credit Suisse Credit Facility.

DIH has a framework agreement for a CHF 7.0 million revolving credit facility with UBS Switzerland AG (the “UBS Credit Facility”). DIH can draw on the facility in various forms including fixed advances and Secured Overnight Financing Rate (“SOFR”) loans. Interest rates on advances on the UBS Credit Facility are based on the type of draw and can be adjusted at any time based on current market conditions. For the nine months ended December 31, 2023 and 2022, the weighted average interest rates on the UBS Credit Facility were 5.07% and 4.68%, respectively. Additionally, DIH must pay a 0.25% quarterly commission on average borrowings and a 0.75% fixed commitment fee on the undrawn portion of the UBS Credit Facility. Advances have maximum terms up to twelve months and are subject to extension. DIH is subject to certain covenants under the terms of the UBS Credit Facility including financial reporting requirements. Additionally, the UBS Credit Facility contains a subjective acceleration clause in the event that the lender determines that a material adverse change has occurred within the business, operations, or financial condition of DIH.

On March 1, 2022, DIH and UBS entered into an amendment to the UBS framework agreement that reduced the credit line to CHF 0.2 million one-time payment as of April 31, 2022 and reduced the credit line to CHF 0.1 million monthly payments starting May 31, 2022. On February 2, 2023, DIH and UBS entered into an amendment to increase the monthly payments to CHF 0.2 million starting April 30, 2023. On March 29, 2023, UBS provided DIH a waiver for the failure to comply with the financial reporting obligation as of March 31, 2022.

As of December 31, 2023 and March 31, 2023, DIH was in compliance with the annual financial reporting requirement.

The balance on the UBS Credit Facility was \$4.8 million and \$6.2 million as of December 31, 2023 and March 31, 2023, respectively.

Refer to *Note 11* of the *Notes to Annual Combined Financial Statements* for further discussion regarding DIH's UBS Credit Facility.

As of November 30, 2023, Credit Suisse and UBS each has agreed to certain amendments to the Credit Suisse Credit Facility and the UBS Credit Facility. Specifically, the scheduled repayments of CHF 200 for each bank due at the end of November 2023 and December 2023 have been suspended and will now be paid on January 31, 2024 together with the scheduled January monthly repayment. The monthly repayments of CHF 200 for each bank from February 29, 2024 and subsequent periods remain unchanged. Subsequently, Credit Suisse and UBS each agreed to amend the payment schedule to reduce payments from January 2024 to May 2024 to CHF 100 each month and payments in June of CHF 1.1 million. Monthly payments for subsequent periods remain unchanged at CHF 200. Through the date that the financial statements were issued, the company fulfilled its obligations by making the scheduled repayments in accordance with the amended terms of both the Credit Suisse and UBS Credit Facilities.

COVID-19 Loan and COVID-19 Loan Plus Credit Facilities

In September 2020, the Federal COVID-19 Act was approved by the Swiss Parliament, and subsequently enacted in Switzerland. Under the Federal COVID-19 Act and the corresponding COVID-19 Hardship Ordinance and COVID-19 Loss of Earning Ordinance, the Swiss Federal Council was granted a number of powers to implement measures to address the consequences of the global COVID-19 pandemic including federal loans under the COVID-19 Loan and COVID-19 Loan Plus ("COVID-19 Plus") programs for businesses meeting certain requirements.

DIH obtained a COVID-19 loan with UBS on May 19, 2020 for up to CHF 0.5 million maturing on June 30, 2024. The COVID-19 loan does not accrue interest. On December 17, 2021, DIH and UBS entered into an amendment to the COVID-19 loan agreement that reduced the credit line by CHF 50 thousand quarterly payments starting March 31, 2022 and five CHF 0.1 million payment in the year ending March 31, 2024.

The balance on the COVID-19 loan was \$0.2 million and \$0.3 million at December 31, 2023 and March 31, 2023, respectively.

DIH obtained a COVID-19 Plus credit facility with UBS on May 19, 2020 for up to CHF 2.8 million, maturing on June 30, 2024. The COVID-19 Plus credit facility has an 85% federal share accruing interest at 0.5% and a 15% bank share accruing interest at a rate determined by the bank based on market conditions (0.5% at March 31, 2023 and 2022, respectively). Subsequently, on January 7, 2022, DIH and UBS entered into an amendment to the COVID-19 Plus credit facility loan agreement that reduced our maximum credit limit to CHF 2.2 million and reduced the credit line by CHF 0.2 million quarterly payments starting March 31, 2022, CHF 0.2 million quarterly payments starting March 31, 2023 and five CHF 0.2 million payments in the year ending March 31, 2024. The balance on the COVID-19 Plus credit facility was \$1.0 million and \$1.7 million at December 31, 2023 and March 31, 2023, respectively.

Cash Flows

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

	For Nine Months Ended December 31,	
(in thousands)	2023	2022
Net cash provided by operating activities	$ 1,916	$ 2,014
Net cash used in investing activities	(481)	(65)
Net cash used in financing activities	(4,060)	(2,766)
Effect of currency translation on cash, cash equivalents and restricted cash	71	(232)
Net decrease in cash, cash equivalents and restricted cash	$ (2,554)	$ (1,049)

Net Cash Provided by Operating Activities

Net cash provided by operating activities for the nine months ended December 31, 2023 was in line with that for the nine months ended December 31, 2022 primarily driven by:

- Decrease in net loss of $2.5 million. The primary drivers were the improved gross profit of $5.0 million due to sales revenue increase period over period partially offset by increased cost of goods sold largely driven by increased device sales volume and an increase in inventory reserve for slow moving parts. The increase was further offset by elevated costs related to increase in headcounts, professional service costs of $1.9 million related to audit, legal and other services in preparation of the business combination with ATAK and becoming a publicly listed company.
- Net increase of $0.3 million in non-cash charges pertains to a $0.9 million increase in foreign exchange gain / (losses), which is attributable to the sudden decrease of the Euro during the last part of fiscal year 2023 and the slight rebound and stabilization during fiscal year 2024, as well as, an increase in inventory reserve for slow moving parts of $0.9 million. Pension expense/(income) increased by $0.8 million to $0.2 million for the nine months ended December 31, 2023 compared to pension income of $0.6 million for the nine months ended December 31, 2022 as a result of decrease in discount rate determined by reference to market yields. The increases in non-cash charges were offset by a decrease in the change in provision for credit losses of $2.4 million.
- Net decrease of $2.9 million relating to changes in working capital was driven by unfavorable changes in advanced payments from customer for the nine months ended December 31, 2023 compared to the year ended March 31, 2023 primarily due to timing of order received. Many customers prepay a portion of each order, which supports the operations of the company in the production of the goods. The unfavorable change was because the Company started managing advance from customer in prior year and benefited further during the nine months ended December 31, 2022. Additionally, the decrease was driving by the Company's focus during the period of paying off accrued expense due to increased external consultancy spend. Working capital was impacted by unfavorable changes in due from and due to related parties balances driven by the Company's reduced sales to related parties.

  This decrease in working capital was partially offset by favorable change in account receivable due to the Company's effort in cash collection and favorable change inventory balances because the Company actively managed raw material level and production in support of increased orders.

Net Cash Used in Investing Activities

Net cash used in investing activities increased by $0.4 million to $0.5 million for the nine months ended December 31, 2023 compared to $65 thousand for the nine months ended December 31, 2022. The increase was primarily due to DIH's $0.4 million payment of a promissory note on behalf of DIH Cayman to ATAC Sponsor LLC pursuant to a guaranty and loan agreement. The increase is also attributable to net proceeds from sale and purchase of property and equipment.

DIH expects to fund future cash flows used in investing activities with cash flow generated by operations and additional financing raised through the Business Combination. DIH estimates capital expenditures to be approximately $0.4 million in fiscal 2024.

Net Cash Used in Financing Activities

Net cash used in financing activities increased by $1.3 million to $4.1 million for the nine months ended December 31, 2023 compared to $1.3 million for the nine months ended December 31, 2022. The increase was primarily due to increase in payments on credit facilities and long-term debt of $1.3 million.

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. Accordingly, we do not have significant contract assets, liabilities or future performance obligations.

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 2.10% and 1.40% for our pension plan expenses for fiscal 2023 and fiscal 2022, 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) / 2.0	$ (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 14 of the Notes to Annual Combined Financial Statements for further discussion regarding DIH's income taxes.

Emerging Growth Company Status

Section 102(b)(1) of the Jumpstart Our Business Startups Act of 2012 ("JOBS Act") exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can choose not to take advantage of the extended transition period and comply with the requirements that apply to non-emerging growth companies, and any such election to not take advantage of the extended transition period is irrevocable.

ATAK is an "emerging growth company" as defined in Section 2(a) of the Securities Act and has elected to take advantage of the benefits of the extended transition period for new or revised financial accounting standards. Following the consummation of the Business Combination, New DIH expects to remain an emerging growth company at least through the end of the 2024 fiscal year and New DIH expects 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 New 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.

New Accounting Standards Not Yet Adopted

Other than the recent accounting pronouncements disclosed in DIH's *Annual Combined Financial Statements*, there have been no new accounting pronouncements or changes in accounting pronouncements during the nine months ended December 31, 2023 that are significant or potentially significant to DIH.

Quantitative and Qualitative Disclosures About Market Risk

As a "smaller reporting company" as defined by Item 10 of Regulation S-K, DIH is not required to provide this information.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Defined terms used but not defined in this Exhibit 99.3 shall have the same meaning as terms defined and included elsewhere in the Current Report on Form 8-K to which this Exhibit 99.3 is attached, and, if not defined in the Current Report on Form 8-K to which this Exhibit 99.3 is attached, the Registration Statement on Form S-4 (File No. 333-271890) (the "Registration Statement"). Unless the context otherwise requires, "New DIH" refers to DIH Holding US, Inc. and its subsidiaries after the Closing, "ATAK" refers to Aurora Technology Acquisition Corp. prior to the Domestication, "Domesticated ATAK" refers to Aurora Technology Acquisition Corp. prior to Closing, and "Legacy DIH" refers to DIH Holdings US, Inc. prior to the Closing.

The following unaudited pro forma condensed combined financial information present the combination of the financial information of ATAK and Legacy DIH adjusted to give effect to the separation of the Legacy DIH business from DIH Technology Ltd. ("DIH Cayman" or the "Parent") into an independent company (the "Separation"), the Business Combination and related transactions (collectively, the "Transactions"). The following unaudited pro forma condensed combined financial information has been prepared in accordance with Article 11 of Regulation S-X as amended by the final rule, Release No. 33-10786 "Amendments to Financial Disclosures about Acquired and Disposed Businesses." For purposes of these unaudited pro forma condensed combined financial statements, the entity surviving the Business Combination is referred to as "New DIH."

ATAK was incorporated as a Cayman Islands exempted company on August 6, 2021. ATAK was a blank check company formed for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization, recapitalization or similar business combination with one or more businesses. ATAK was an "emerging growth company," as defined in the Securities Act, as modified by the JOBS Act. The registration statement for ATAK's public offering was declared effective on February 7, 2022. On February 9, 2022, ATAK consummated the public offering of 20,200,000 Units. Each Unit consists of one Class A ordinary share, one redeemable warrant, and one right to receive one-tenth of one Class A ordinary share upon the consummation of the ATAK's initial business combination. Simultaneously with the closing of the initial public offering, ATAK consummated the sale of warrants in a private placement to ATAC Sponsor LLC (the "Sponsor"). On August 7, 2021, the Sponsor was issued 5,750,000 of ATAK's Class B ordinary shares (the "Founder Shares"). Due to the underwriters partial exercise of the over-allotment option, the Sponsor forfeited 700,000 Founder Shares back to ATAK. As a result, the Sponsor currently has 5,050,000 Founder Shares.

On February 3, 2023, ATAK held the February Extraordinary General Meeting and voted to approve the First Extension Amendment, extending the date by which ATAK must complete its initial business combination from February 9, 2023 to August 9, 2023 and the proposal to approve the First Trust Amendment. All proposals were at the February Extraordinary General Meeting were approved by the shareholders of ATAK. In connection with the vote to approve the First Extension Amendment, the holders of 14,529,877 Class A Ordinary Shares elected to redeem their shares for cash at a redemption price of approximately $10.2769 per share, for an aggregate redemption amount of approximately $149.3 million.

On July 27, 2023, ATAK held the July Extraordinary General Meeting and voted to approve the Second Extension Amendment, extending the date by which ATAK must complete its initial business combination from August 9, 2023 to February 7, 2024 and the proposal to approve the Second Trust Amendment. All proposals were at the July Extraordinary General Meeting were approved by the shareholders of ATAK. In connection with the vote to approve the Second Extension Amendment, the holders of 362,831 Class A Ordinary Shares elected to redeem their shares for cash at a redemption price of approximately $10.6776 per share, for an aggregate redemption amount of approximately $3.9 million. After giving effect to the Extension Amendments Redemptions, as of July 27, 2023, there are 5,307,292 Class A Ordinary Shares issued and outstanding and $56.7 million remaining in the Trust Account.

From February 2023 to January 2024, ATAK issued unsecured promissory notes to the Sponsor, with an aggregate principal amount equal to $2.3 million, for the purpose of making extension payments, repaying the Sponsor or any other person with respect to funds loaned to ATAK for the purpose of paying Extension Payments, and providing ATAK with additional working capital. For more information on the Extension and Working Capital Notes, see sections entitled "*Information About ATAK - Extension and Working Capital Notes*" of the Proxy Statement/Prospectus. Proceeds from promissory notes of $1.4 million received (and related uses) through December 31, 2023 are reflected in the ATAK's historical financial statements presented in the unaudited pro forma condensed combined financial information. Proceeds from promissory notes of $0.5 million received after December 31, 2023 and deposited in the Trust Account are reflected in the unaudited pro forma condensed combined financial information.

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

On February 8, 2024, New DIH entered into a securities purchase agreement for the private placement of New DIH Class A Common Stock resulting in gross proceeds of $1.5 million. OrbiMed, an existing shareholder in DIH Technologies, was the sole participant in the financing. The securities purchase agreement for the financing provides for the sale of an aggregate of 150,000 shares of New DIH's Class A Common Stock at a purchase price of $10 per share together with warrants to purchase an additional 300,000 shares of DIH Class A Common Stock with an exercise price of $10. The financing was not contingent on the closing of the Business Combination. Proceeds from the securities purchase agreement and related stock issuances are not reflected in the unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial information is based on ATAK's historical financial statements and Legacy DIH's historical combined financial statements, as adjusted to give effect to the Transactions (summarized below). ATAK's fiscal year ends on December 31, whereas Legacy DIH's fiscal year ends on March 31. The unaudited pro forma condensed combined balance sheet and statements of operations have been prepared utilizing period ends that differ by less than 93 days, as permitted by Rule 11-02 of Regulation S-X of the Exchange Act.

The historical balance sheets presented in the unaudited pro forma condensed combined financial information reflect balances as of December 31, 2023 for Legacy DIH and for ATAK. The unaudited pro forma condensed combined balance sheet gives pro forma effect to the Transactions as if they had been consummated on December 31, 2023.

The historical statements of operations presented in the unaudited pro forma condensed combined financial information reflect:

- Legacy DIH's activity for the nine months ended December 31, 2023 and ATAK's activity for the nine months ended September 30, 2023; and,

- Legacy DIH's activity for the year ended March 31, 2023 and ATAK's activity for the year ended December 31, 2022

The unaudited pro forma condensed combined statements of operations gives pro forma effect to the Transactions, summarized below, as if they had been consummated on April 1, 2022, giving effect to:

- The Separation transaction accounting adjustments

  - The assets and liabilities which will remain with DIH Cayman until the Reorganization (as such term is defined in the Business Combination Agreement) is completed in accordance with the terms of the Business Combination Agreement

- The Business Combination and related transactions transaction accounting adjustments

  - the reverse recapitalization (as described in Note 1) between ATAK and Legacy DIH; and,

  - the redemption of 4,815,153 Class A Ordinary Shares for $53.4 million out of the Trust Account, at a redemption price of approximately $11.09 per share;

  - the one-time expenses associated with the Business Combination.

The unaudited pro forma condensed combined financial information should be read in conjunction with Legacy DIH's and ATAK's unaudited and audited financial statements and related notes; the sections titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations of ATAK*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations of DIH*," and other financial information included elsewhere in the Proxy Statement/Prospectus, including the Business Combination Agreement.

Description of the Business Combination

On February 26, 2023, ATAK, ATAK Merger Sub, and Legacy DIH entered into the Business Combination Agreement. On December 18, 2023, the Business Combination was approved by an ATAK shareholder vote and closed February 7, 2024. 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. As a result, the following legal entities and assets of DIH Cayman were subject to the business combination with ATAK at Closing: DIH Holding US (which is prepared on a consolidated basis) and Hocoma Medical, as well as, the Hocoma Medical assets. Whereas, Hocoma AG and Motekforce Link BV and its subsidiaries were excluded. New DIH agreed to use its best efforts to complete the Reorganization as soon as possible thereafter.

Pursuant to the Business Combination Agreement and the transactions contemplated thereby, immediately prior to the Effective Time of the Business Combination, ATAK transferred by way of continuation from the Cayman Islands to the State of Delaware and domesticate as a Delaware corporation (the "Domestication"), upon which ATAK changed its name to "DIH Holding US, Inc." ("New DIH").

In connection with the Domestication: (i) each of the then issued and outstanding Class B ordinary shares of ATAK, par value $0.0001 per share converted, on a one-for-one basis, into a share of Class B common stock, par value $0.0001 per share, of ATAK (after the Domestication) (the "Domesticated Class B Common Stock"); (ii) each of the then issued and outstanding Class A ordinary shares of ATAK, par value $0.0001 per share converted, on a one-for-one basis, into a share of Class A common stock, par value $0.0001 per share, of ATAK (after the Domestication) (the "New DIH Class A Common Stock"); (iii) each of the then issued and outstanding warrants, each two warrants representing the right to purchase one Class A Ordinary Share converted into warrants to acquire shares of New DIH Class A Common Stock pursuant to the ATAK Warrant Agreement (each warrant, a "New DIH Warrant"); (iv) each of the then issued and outstanding rights, each ten rights representing the right to receive one share of Class A Common Stock converted into rights to receive shares of New DIH Class A Common Stock (each right, a "Domesticated Right"); and (v) each of the then issued and outstanding units of ATAK converted, on a one-for-one basis, into a unit of ATAK (after the Domestication) (each, a "Domesticated Unit"), with each Domesticated Unit representing one New DIH Class A Common Stock, one New DIH Warrant and one Domesticated Right.

At the Closing of the Business Combination, each of the then issued and outstanding shares of Domesticated Class B Common Stock converted, on a one-for-one basis, into a share of New DIH Class A Common Stock (the "Sponsor Share Conversion"). Each Domesticated Unit separated into one share of New DIH Class A Common Stock, one New DIH Warrant and one New DIH Right. Additionally, in connection with the Business Combination, each ten Domesticated Rights were exchanged for one share of New DIH Class A Common Stock.

At the Closing of the Business Combination, and following the Domestication, the Merger occurred, in which ATAK Merger Sub was merged with and into Legacy DIH, with New DIH surviving the merger as a wholly owned direct subsidiary of ATAK (after Domestication),with each share of Legacy DIH common stock issued and outstanding immediately prior to the Effective Time was canceled and converted into the right to receive, the number of shares of New DIH Class A Common Stock equal to the Exchange Ratio (as described in more detailed below).

Pursuant to the Business Combination Agreement, at the Closing, ATAK acquired all of the outstanding equity interests of Legacy DIH, and stockholders of Legacy DIH received $250 million in aggregate consideration (the "Aggregate Base Consideration") in the form of newly-issued shares of New DIH Class A Common Stock, calculated based on a price of $10.00 per share. Additionally, Legacy DIH equity holders have the right to receive up to an additional 6,000,000 shares of New DIH Class A Common Stock in the future (as described in more detailed below).

Legacy DIH stockholders as of immediately prior to the Effective Time may be entitled to receive up to an additional 6,000,000 shares of New DIH Class A Common Stock (the "Earnout Shares") as additional consideration, subject to the following conditions:

- 1,000,000 of the Earnout Shares will vest if and at such time as a $12.00 or greater New DIH Class A Common Stock Price is achieved during the Earnout Period (as defined below);
- 1,333,333 of the Earnout Shares will vest if and at such time as a $13.50 or greater New DIH Class A Common Stock Price is achieved during the Earnout Period;
- 1,666,667 of the Earnout Shares will vest if and at such time as a $15.00 or greater New DIH Class A Common Stock Price is achieved during the Earnout Period; and
- 2,000,000 of the Earnout Shares will vest if and at such time as a $16.50 or greater New DIH Class A Common Stock Price is achieved during the Earnout Period.

The "*New DIH Class A Common Stock Price*" will be considered achieved only (a) when the volume-weighted average price of the shares of class A common stock of New DIH is greater than or equal to the applicable threshold for any 20 trading days during the Earnout Period or (b) the per-share price (based on a fully diluted basis, inclusive of issues of the Earnout Shares, which are expected to be classified as equity) implied in a change of control transaction is greater than or equal to the applicable threshold.

"*Earnout Period*" means the period beginning on the Closing Date and expiring at the close of business on the fifth anniversary of the Closing Date.

In connection with the Closing of the Business Combination, ATAK and Legacy DIH established a mutually agreed upon equity pool, equal to 10% of the number of shares of New DIH Class A Common Stock outstanding on a fully diluted basis (the "Stock Incentive Plan"). See *"Proposal No. 6 – The Stock Incentive Proposal"* of the Proxy Statement/Prospectus. The unaudited pro forma condensed combined financial information does not reflect the expense related to the Stock Incentive Plan as the terms (e.g., vesting, form of the award) for the awards are undecided.

Contingent upon the Closing, the Sponsor has agreed it will waive any anti-dilution right pursuant to the organizational documents of ATAK and that it will waive the right to redeem 5,050,000 shares of Founder Shares held. In addition, ATAK's representative has agreed to waive the right to redeem 303,000 shares of Class A Ordinary Shares held.

The following summarizes the pro forma shares of New DIH Class A Common Stock outstanding at the Closing:

	Shares	**%**
Existing Legacy DIH equity holders (1)	26,950,000	78%
New DIH public shareholders (2)	2,512,139	7%
ATAK founder shareholders	4,550,000	13%
Shares issued to vendors for settlement of accounts payable (3)	32,797	-%
ATAK representative	500,000	2%
Total shares at close (4)	34,544,936	100%

1) Excludes 6,000,000 shares of New DIH Class A Common Stock in estimated potential Earn out Shares as the price threshold for each tranche has not yet been triggered. Such shares were deposited into escrow and subject to reduction or forfeiture in accordance with the terms of the Business Combination Agreement. Includes 700,000 shares of New DIH Class A Common Stock issued to Maxim pursuant to financial advisory fees. Additionally, includes 500,000 shares of New DIH Class A Common Stock transferred from the Sponsor to DIH Cayman; 600,000 shares of New DIH Class A Common Stock allocated from Maxim to DIH Cayman; and, 150,000 New DIH Class A Common Stock allocated from certain ATAK service providers to DIH Cayman, all of which were pursuant to a side letter agreement
2) Includes the issuance of 2,020,000 shares of New DIH Class A Common Stock pursuant to the public rights
3) Represents shares issued to settle certain ATAK accounts payable
4) Excludes 3,454,494 shares of New DIH Class A Common Stock that are available for issuance pursuant to the Stock Incentive Plan

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF DECEMBER 31, 2023
(in thousands)

		Separation			Business Combination	
	Legacy DIH (Historical)	Transaction Accounting Adjustments	Proforma Separation of Legacy DIH	ATAK (Historical)	Transaction Accounting Adjustments	Pro Forma Combined
Assets						
Current assets:						
Cash and cash equivalents	$ 2,838	$ (502) (l)	$ 2,336	$ 12	$ 58,867 (a2)	$ 3,244
	-	-	-	-	(3,612) (c)	-
	-	-	-	-	(50) (d)	-
	-	-	-	-	(53,409) (h)	-
	-	-	-	-	(150) (j)	-
	-	-	-	-	(750) (k)	-
Restricted cash	583	(90) (l)	493	-	-	493
Accounts receivable, net	5,556	(64) (l)	5,492	-	-	5,492
Inventories, net	7,494	(2,152) (l)	5,342	-	-	5,342
Promissory note - related party	405	-	405	-	-	405
Due from related party	119	6,991 (l)	7,110	-	-	7,110
Prepaid expenses	-	-	-		125 (k)	125
Other current assets	7,323	(1,811) (l)	5,512	-	-	5,512
Total current assets	24,318	2,372	26,690	12	1,021	27,723
Marketable securities held in Trust Account	-	-	-	58,648	219 (a1)	-
				-	(58,867) (a2)	-
Property and equipment, net	676	(108) (l)	568	-	-	568
Capitalized software, net	2,093	- (l)	2,093	-	-	2,093
Other intangible assets, net	380	-	380	-	-	380
Operating lease, right-of-use assets, net	5,081	(420) (l)	4,661	-	-	4,661
Deferred tax assets	252	-	252	-	150 (j)	252
Other assets	48	-	48	-	625 (k)	823
Total assets	$ 32,848	$ 1,844	$ 34,692	$ 58,660	$ (56,852)	$ 36,500
Liabilities and Stockholders' (Deficit) Equity						
Current liabilities:						
Accounts payable	$ 5,097	$ (1,376) (l)	$ 3,721	$ 2,348	$ (1,508) (c)	$ 4,561
Accrued expenses	-	-	-	167	(100) (c)	67
Accrued offering costs	-	-	-	50	(50) (d)	-
Promissory note – related party	-	-	-	1,997	-	1,997
Employee compensation	3,155	(548) (l)	2,607	-	-	2,607
Due to related party	-	3,762 (l)	3,762	55	-	3,817
Current maturities of long-term debt	1,135	(1,135) (l)	-	-	-	-
Revolving credit facilities	10,311	(10,311) (l)	-	-	-	-
Current portion of deferred revenue	6,860	(184) (l)	6,676	-	-	6,676
Manufacturing warranty obligation	1,190	(26) (l)	1,164	-	-	1,164
Current portion of long-term operating lease	1,787	(237) (l)	1,550	-	-	1,550
Advance payments from customers	12,152	(975) (l)	11,177	-	-	11,177
Accrued expenses and other current liabilities	13,175	(2,551) (l)	10,624	-	(178) (c)	10,446
Total current liabilities	54,862	(13,581)	41,281	4,617	(1,836)	44,062
Warrant liabilities	-	-	-	270	-	270
Deferred underwriting commissions	-	-	-	7,070	(7,070) (b)	-
Non-current deferred revenue	4,284	(149) (l)	4,135	-	-	4,135
Long-term operating lease	3,319	(184) (l)	3,135	-	-	3,135
Non-current due to related party	-	18,167 (l)	18,167	-	-	18,167
Deferred tax liabilities	388	(263) (l)	125	-	-	125
Other non-current liabilities	3,943	-	3,943	-	-	3,943
Total liabilities	66,796	3,990	70,786	11,957	(8,906)	73,837
Commitments and contingencies:						
Class A ordinary shares subject to possible redemption	-	-	-	58,648	219 (a1)	-
					(58,867) (e)	-
Stockholder's Deficit:						
Class A Common Stock, $0.0001 par value	-	-	-	-	2 (f)	4
					2 (i)	
Class B Common Stock, $0.0001 par value	-	-	-	-	-	-
Preference shares; $0.0001 par value; 5,000,000 shares authorized; none issued and outstanding	-	-	-	-	-	-
Class A ordinary shares, $0.0001 par value, 500,000,000 shares authorized; 303,000 shares	-	-	-	-	1 (e)	-

issued and outstanding (excluding 5,307,292 subject to possible redemption)						
					(1) (f)	
Class B ordinary shares, $0.0001 par value, 50,000,000 shares authorized; 5,050,000 shares issued and outstanding	-	-	-	1	(1) (f)	-
Additional paid-in capital	-			-	14,070 (b)	(40,533)
	-	-	-	-	328 (c)	-
	-	-	-	-	58,866 (e)	-
	-	-	-	-	(12,801) (g)	-
	-	-	-	-	(53,409) (h)	-
					(47,587) (i)	-
Accumulated deficit	-	-	-	(11,946)	(855) I	-
					12,801 (g)	-
Net parent company investment	(37,140)	(2,146) (l)	(39,286)	-	(7,000) (b)	-
				-	(1,299) I	-
				-	47,585 (i)	-
Accumulated other comprehensive income	3,192	-	3,192	-	-	3,192
Total stockholders' equity (deficit)	(33,948)	(2,146)	(36,094)	(11,945)	10,702	(37,337)
Total liabilities and stockholders' equity (deficit)	$ 32,848	$ 1,844	$ 34,692	$ 58,660	$ (56,852)	$ 36,500

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE NINE MONTHS ENDED DECEMBER 31, 2023
(in thousands, except share and per share data)

		Separation			Business Combination	
	Legacy DIH (Historical)	Transaction Accounting Adjustments	Proforma Separation of Legacy DIH	ATAK (Historical)	Transaction Accounting Adjustments	Pro Forma Combined
Revenue	$ 47,121	$ (2,004) (ee)	$ 45,117	$ -	$ -	$ 45,117
Cost of sales	23,945	872 (ee)	24,817	-	-	24,817
Gross profit	23,176	(2,876)	20,300	-	-	20,300
Operating expenses:						
Selling, general, and administrative expense	19,892	(2,139) (ee)	17,753	-	94 (cc)	17,847
Research and development	5,852	(1,171) (ee)	4,681	-	-	4,681
Formation and operating expense	-	-	-	2,869	-	2,869
Total operating expenses	25,744	(3,310)	22,434	2,869	94	25,397
Operating income (loss)	(2,568)	434	(2,134)	(2,869)	(94)	(5,097)
Other income (expense):						
Interest expense, net	(744)	563 (dd)	(181)	-	-	(181)
Change in fair value of warrant liability	-	-	-	148	-	148
Gain on extinguishment of liability	-	-	-	314	-	314
Dividend income on marketable securities held in Trust Account	-	-	-	2,718	(2,718) (bb)	-
Other income (expense), net	(202)	-	(202)	-	-	(202)
Total other income (expense), net	(946)	563	(383)	3,180	(2,718)	79
Income (loss) before income taxes	(3,514)	997	(2,517)	311	(2,812)	(5,018)
Income tax expense	638	-	638	-	- (ff)	638
Net income (loss)	$ (4,152)	$ 997	$ (3,155)	$ 311	$ (2,812)	$ (5,656)
Basic and diluted weighted average shares outstanding, Class A ordinary shares subject to possible redemption				7,659,431		N/A
Basic and diluted net income (loss) per share, Class A ordinary shares subject to possible redemption				$ 0.02		N/A
Basic and diluted weighted average shares outstanding, non-redeemable ordinary shares				5,353,000		N/A
Basic and diluted net income (loss) per share, non-redeemable ordinary shares				$ 0.02		N/A
Net income (loss) per share:						
Weighted average Class A Common Stock outstanding – basic and diluted				N/A		34,544,936
Net income (loss) per Class A Common Stock – basic and diluted				N/A		$ (0.16)

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2023
(in thousands, except share and per share data)

		Separation			Business Combination	
	Legacy DIH (Historical)	Transaction Accounting Adjustments	Proforma Separation of Legacy DIH	ATAK (Historical)	Transaction Accounting Adjustments	Pro Forma Combined
Revenue	$ 54,998	$ (879) (ee)	$ 54,119	$ -	$ -	$ 54,119
Cost of sales	20,456	3,418 (ee)	23,874	-	-	23,874
Gross profit	34,542	(4,297)	30,245	-	-	30,245
Operating expenses:						
Selling, general, and administrative expense	26,415	(3,004) (ee)	23,411	-	125 (cc)	23,536
Research and development	8,345	(1,427) (ee)	6,918	-	-	6,918
Formation and operating costs	-	-	-	1,705	750 (aa)	2,455
Total operating expenses	34,760	(4,431)	30,329	1,705	875	32,909
Operating loss	(218)	134	(84)	(1,705)	(875)	(2,664)
Other income (expense):						
Interest expense, net	(780)	362 (dd)	(417)	-	-	(417)
Change in fair value of warrant liability	-	-	-	5,191	-	5,191
Gain on extinguishment of over-allotment liability	-	-	-	258	-	258
Dividend income on marketable securities held in Trust Account	-	-	-	2,860	(2,860) (bb)	-
Other income (expense), net	667	-	667	-	(8,299) (aa)	(7,632)
Total other income (expense), net	(113)	362	250	8,309	(11,159)	(2,600)
Income (loss) before income taxes	(331)	496	166	6,604	(12,034)	(5,264)
Income tax expense	2,030	-	2,030	-	- (ff)	2,030
Net income (loss)	$ (2,361)	$ 496	$ (1,864)	$ 6,604	$ (12,034)	$ (7,294)
Basic and diluted weighted average shares outstanding, Class A ordinary shares subject to possible redemption				18,041,644		N/A
Basic and diluted net income per share, Class A ordinary shares subject to possible redemption				$ 0.28		N/A
Basic and diluted weighted average shares outstanding, non-redeemable ordinary shares				5,315,282		N/A
Basic and diluted net income per share, non-redeemable ordinary shares				$ 0.28		N/A
Net loss per share:						
Weighted average Class A Common Stock outstanding				N/A		34,544,936
Net loss per Class A Common Stock – basic and diluted				N/A		$ (0.21)

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

1. Basis of Presentation

The unaudited pro forma condensed combined financial information was prepared in accordance with Article 11 of Regulation S-X as amended by the final rule, Release No. 33-10786 "Amendments to Financial Disclosures about Acquired and Disposed Businesses," using the assumptions set forth in the notes to the unaudited pro forma condensed combined financial information. The unaudited pro forma condensed combined financial information has been adjusted to include Transaction Accounting Adjustments, which reflect the application of the accounting required by U.S. GAAP, linking the effects of the Business Combination, described above, to the ATAK and Legacy DIH historical financial statements ("Transaction Accounting Adjustments").

The unaudited pro forma condensed combined financial information is based on ATAK's historical financial statements and Legacy DIH's historical combined financial statements, as adjusted to give effect to the Transactions (summarized below). ATAK's fiscal year ends on December 31, whereas Legacy DIH's fiscal year ends on March 31. The unaudited pro forma condensed combined balance sheet and statements of operations have been prepared utilizing period ends that differ by less than 93 days, as permitted by Rule 11-02 of Regulation S-X of the Exchange Act. The historical statement of operations of ATAK used in the unaudited pro forma condensed combined statement of operations for the nine months ended December 31, 2023 was the unaudited statement of operations for the nine months ended September 30, 2023. The historical statement of operations of ATAK used in the unaudited pro forma condensed combined statement of operations for the year ended March 31, 2023 was the audited statement of operations for the year ended December 31, 2022. ATAK's net income for the three months ended December 31, 2023 was $0.3 million.

The historical balance sheet of ATAK used in the unaudited pro forma condensed combined balance sheet as of December 31, 2023 was the audited combined balance sheet as of December 31, 2023.

The Business Combination will be accounted for as a reverse recapitalization, in accordance with U.S. GAAP. Under this method of accounting, ATAK will be treated as the "acquired" company for financial reporting purposes. Accordingly, the Business Combination will be treated as the equivalent of Legacy DIH issuing stock for the net assets of ATAK, accompanied by a recapitalization. The net assets of ATAK will be stated at historical cost, with no goodwill or other intangible assets recorded. Operations prior to the Business Combination will be those of Legacy DIH.

Legacy DIH has been determined to be the accounting acquirer based on evaluation of the following facts and circumstances:

- Legacy DIH's existing stockholders will have the largest voting interest in the combined company;
- Legacy DIH's former executive management will make up all of the management of New DIH;
- Legacy DIH's existing directors and individuals designated by, or representing, Legacy DIH's stockholders will constitute a majority of the initial New DIH board of directors following the consummation of the Business Combination;
- ATAK assumed the name "DIH Holding US, Inc." and
- Legacy DIH is the larger entity based on revenue. Additionally, Legacy DIH has a larger employee base and substantive operations

The unaudited pro forma condensed combined balance sheet as of December 31, 2023 assumes that the Business Combination occurred on December 31, 2023. The unaudited pro forma condensed combined statement of operations for the nine months ended December 31, 2023 and for the year ended March 31, 2023 gives pro forma effect to the Business Combination as if it had been completed on April 1, 2022. All periods are presented on the basis of Legacy DIH as the accounting acquirer in the Business Combination.

The pro forma adjustments are based on the information currently available and reflect assumptions and estimates underlying the pro forma adjustments as described in the accompanying notes. Additionally, the unaudited pro forma condensed combined financial information is based on preliminary accounting conclusions, which are subject to change. As the unaudited pro forma condensed combined financial information has been prepared based on these preliminary estimates and accounting, the final amounts recorded may differ materially from the information presented. The unaudited pro forma condensed combined financial information does not purport to represent the actual results of operations that Legacy DIH would have achieved had ATAK and Legacy DIH been combined during the periods presented in the unaudited pro forma condensed combined financial information and is not intended to project the future results of operations that New DIH may achieve. The unaudited pro forma condensed combined financial information does not reflect any anticipated synergies, operating efficiencies, tax savings, or cost savings that may be associated with New DIH.

There were no intercompany balances or transactions between ATAK and Legacy DIH as of December 31, 2023 and the nine months ended December 31, 2023 and the year ended March 31, 2023 of this unaudited pro forma condensed combined financial information. Accordingly, no pro forma adjustments were required to eliminate the activities between ATAK and Legacy DIH.

The pro forma condensed combined provision for income taxes does not necessarily reflect the amounts that would have resulted had ATAK and Legacy DIH filed consolidated income tax returns during the periods presented.

2. Accounting Policies

Upon consummation of the Business Combination, management will perform a comprehensive review of the two entities' accounting policies. As a result of that review, management may identify differences between the accounting policies of the two entities which, when conformed, could have a material impact on the financial statements of New DIH. Based on its initial analysis, management did not identify any significant differences that would have a material impact on the unaudited pro forma condensed combined financial information. As a result, the unaudited pro forma condensed combined financial information does not assume any differences in accounting policies.

3. Adjustments to Unaudited Pro Forma Condensed Combined Financial Information

Adjustments to Unaudited Pro Forma Condensed Combined Balance Sheet

a) Reflects (1) $0.2 million increase in the Trust Account from after December 31, 2023 through February 7, 2024, which includes extension payments of $0.1 million and accrued interest of $0.1 million and (2) the reclassification of $58.9 million of cash held in the Trust Account that becomes available to consummate the Business Combination prior to redemptions described in adjustment h below
b) Reflects the settlement of the deferred underwriting commission of $7.1 million owed to Maxim by ATAK and the $8.0 million success fee owed to Maxim by DIH through the issuance of 797,000 shares of New DIH Class A Common Stock to Maxim at the Closing of the Business Combination, of which 600,000 shares of New DIH Class A Common Stock were allocated directly to DIH Cayman pursuant to a side letter agreement
c) Represents the adjustments for transaction costs as shown below

	Cash and cash equivalents	Accounts payable	Accrued expenses	Accrued expenses and other current liabilities	APIC	Accumulated deficit	Net parent company investment
(1) Payment of transaction costs incurred and accrued as of December 31, 2023 at Closing relating to:							
DIH	$ (1,038)	$ (860)	$ -	$ (178)	$ -	$ -	$ -
ATAK	(1,587)	(1,487)	(100)	-	-	-	-
	(2,625)	(2,347)	(100)	(178)	-	-	-
Future transaction costs incurred after December 31, 2023							
(2) Payment of future transaction costs incurred after December 31, 2023 at Closing relating to:	(987)	-	-	-	-	-	-
DIH	-	-	-	-	-	-	(422)
ATAK	-	-	-	-	-	(565)	-
(3) Settlement of certain ATAK transaction costs of $0.3M with shares issued to vendors at Closing	-	(272)	-	-	328	(56)	-
(4) Transaction costs incurred after December 31, 2023 which will be paid from DIH's operating cash following the Closing	-	1,111	-	-	-	-	-
DIH	-	-	-	-	-	-	(877)
ATAK	-	-	-	-	-	(234)	-
	(987)	839	-	-	328	(855)	(1,299)
Total transaction accounting adjustment	**$ (3,612)**	**$ (1,508)**	**$ (100)**	**$ (178)**	**$ 328**	**$ (855)**	**$ (1,299)**

d) Reflects the payment of $50 thousand of accrued offering costs settled at close

e) Reflects the reclassification of Class A Ordinary Shares subject to possible redemption to permanent equity

f) Reflects the reclassification of Class A Ordinary Shares and Class B Ordinary Shares to shares of New DIH Class A Common Stock and Domesticated Class B Common Stock, respectively, followed by the Sponsor Share Conversion at Closing

g) Reflects the elimination of ATAK historical accumulated deficit

h) Represents the redemption of 4,815,153 Class A Ordinary Shares for $53.4 million allocated to Class A Ordinary Shares and additional paid-in capital using par value of $0.0001 per share and at a redemption price of $11.09 per share (based on the fair value of the cash and investments held in the Trust Account of $58.9 million immediately before Closing after giving effect to the Extension Amendments Redemptions)

i) Represents the reclassification of the parent's net investment in Legacy DIH into New DIH's common stock, no par value per share, followed by the recapitalization of DIH Holding US's outstanding equity as a result of the reverse recapitalization. This also represents the issuance of New DIH Class A Common Stock to Legacy DIH equity holders as consideration for the reverse recapitalization

The adjustment to additional paid-in capital is derived as the sum of i) Pro forma separation of Legacy DIH's net parent company investment balance at December 31, 2023 ($39,286), ii) the impact of transaction expenses reflected in pro-forma adjustment c) ($8,299), and iii) the issuance of 25,000,000 shares of New DIH Class A Common Stock at a par value of $0.0001 ($2)

j) Reflects the reservation of cash in an escrow account at Closing to cover potential litigation costs that may occur over the next two years

k) Reflects payment of the tail directors and officers ("D&O") insurance premium. The insurance policy is recorded as a prepaid expense and is amortized over the coverage period of six years

l) Reflects the adjustment for assets and liabilities retained by DIH Cayman at Closing. The Reorganization was not completed at Closing which resulted in the following entities remaining with DIH Cayman at Closing: Hocoma AG and Motekforce Link BV and its subsidiaries. The historical activity on these entities is not substantive and thus will be treated as a transfer of assets and liabilities between entities under common control. The most significant liabilities retained and to be settled by Hocoma AG is third-party debt of $11.4 million, which includes revolving credit facilities of $1.1 million and current maturities of long-term debt of $10.3 million. Additionally, there are adjustments to reflect related party notes payable of $18.2 million due from Legacy DIH to Hocoma AG related to asset transfers from Hocoma AG to Legacy DIH, which historically eliminated in Legacy DIH combination and are expected to be settled in cash.

Adjustments to Unaudited Pro Forma Condensed Combined Statements of Operations

aa) Reflects estimated transaction-related costs to be incurred by ATAK and DIH subsequent to December 31, 2023. Pro forma transaction-related costs adjustment of $9.0 million excludes $4.9 million and $1.6 million of transaction-related costs already recognized in the historical statement of operations of ATAK and Legacy DIH for the nine months ended December 31, 2023 and for the year ended March 31, 2023, respectively. This is a non-recurring item

bb) Represents the elimination of $2.7 million and $2.9 million of dividend income earned on marketable securities held in ATAK's Trust Account for the nine months ended December 31, 2023 and for the year ended March 31, 2023, respectively

cc) Reflects the amortization of the tail D&O insurance policy (six-year policy)

dd) Net interest expense adjustment which includes i) the elimination of third-party interest expense for debt retained by Hocoma AG of $0.7 million and $0.6 million for the nine months ended December 31, 2023 and for the year ended March 31, 2023, respectively and ii) the inclusion of interest expense on related party notes payable of $0.2 million and $0.2 million for the nine months ended December 31, 2023 and for the year ended March 31, 2023, respectively

ee) Adjustment to remove Motek's gross margin in order to reflect the current transfer pricing arrangement between Legacy DIH and Motek and to remove Motek's operating expenses

ff) The pro forma income statement adjustments do not reflect any income tax effect because Legacy DIH has a full valuation allowance offsetting any potential tax impact

4. Net Income (Loss) per Share

Represents the net income (loss) per share calculated using outstanding shares that would result from the Transactions, assuming the shares were outstanding since April 1, 2022. As the Transactions are being reflected as if they had occurred at the beginning of the periods presented, the calculation of weighted average shares outstanding for basic and diluted net loss per share assumes that the shares issuable relating to the Transactions have been outstanding for the entire periods presented.

The unaudited pro forma condensed combined financial information has been prepared for the nine months ended December 31, 2023 and for the year ended March 31, 2023 (in thousands, except share and per share data):

	Nine Months Ended December 31, 2023 Pro Forma Combined	Year Ended March 31, 2023 Pro Forma Combined
Pro forma net income (loss)	$ (5,656)	$ (7,294)
Weighted average shares outstanding of Class A Common Stock (2)(3)	34,544,936	34,544,936
Net income (loss) per Class A Common Stock – basic and diluted (1)	$ (0.16)	$ (0.21)

(1) For the purposes of applying the treasury method for calculating diluted earnings per share, it was assumed that all outstanding warrants sold in the IPO and in the private placement are exchanged for 13.3 million shares of New DIH Class A Common Stock. However, since this results in anti-dilution as their exercise price is $11.50, the effect of such exchange was not included in the calculation of basic or diluted loss per share
(2) Excludes 6,000,000 shares of New DIH Class A Common Stock in estimated potential Earnout Shares as the price threshold for each tranche has not yet been triggered
(3) Includes the issuance of 2,020,000 shares of New DIH Class A Common Stock pursuant to the public rights