

I. 4Q FY2021 Financial Results

(Fiscal Year ended March 2022)

Summary of 4Q Fiscal Year ended March 2022 (P/L)	...	02
Analysis of Consolidated Operating Income	...	03
Performance by Segment	...	04
Summary of 4Q Fiscal Year ended March 2022 (B/S)	...	05
Summary of Geographic Operating Income	...	06
R&D Expense and Capital Expenditure	...	07

II. 4Q FY2021 Comparison with the forecast

4Q FY2021 Contrast of Actual Results (Previous Forecast vs. 4Q Result)	...	08
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DIAMOND ELECTRIC HOLDINGS Co., Ltd.

Tokyo Stock Exchange Prime section 6699

May 2022

Summary of 4Q Fiscal Year ended March 2022 (P/L)

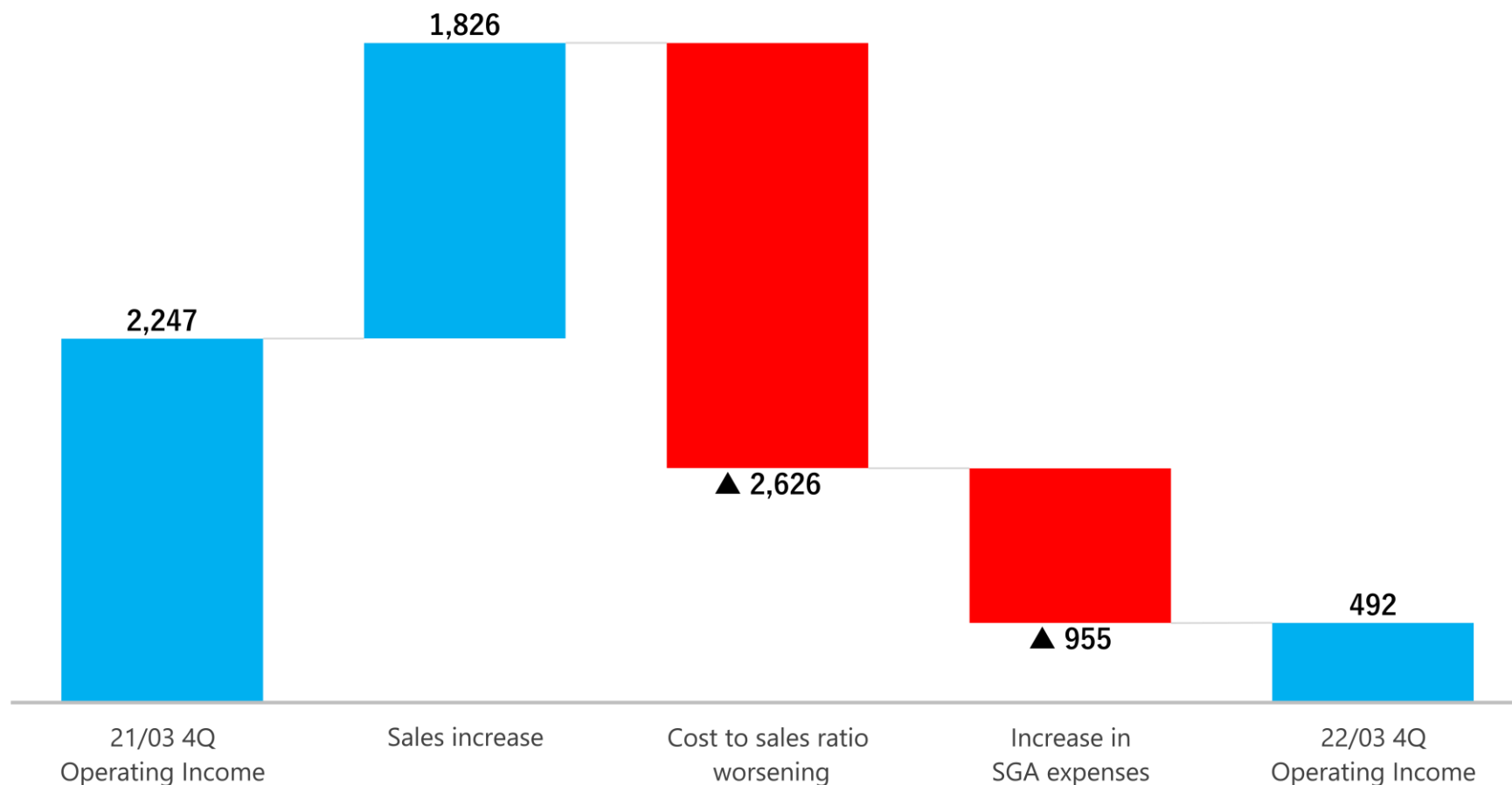
- Sales recovered from the previous fiscal year, but operating income deteriorated significantly due to the high raw material costs and other factors.
- Net sales and operating income decreased in the Energy Solutions business, sales increased but income dropped in the Mobility Equipment and Home Electronics business.

(Millions of JPY)	2022/03/4Q	2021/03/4Q		
	Actual	Actual	Variance	Variance %
Net Sales	76,271	70,639	5,632	8.0%
Mobility Equipment	27,504	24,410	3,094	12.7%
Energy Solutions	21,932	23,831	▲ 1,899	▲ 8.0%
Home Electronics	26,834	22,396	4,438	19.8%
Gross profit	11,122	11,922	▲ 800	▲ 6.7%
Mobility Equipment	1,886	1,959	▲ 73	▲ 3.7%
Energy Solutions	6,477	7,260	▲ 783	▲ 10.8%
Home Electronics	2,759	2,703	56	2.1%
Operating income	492	2,247	▲ 1,755	▲ 78.1%
Mobility Equipment	▲ 1,564	▲ 1,431	▲ 133	9.3%
Energy Solutions	3,787	4,520	▲ 733	▲ 16.2%
Home Electronics	277	826	▲ 549	▲ 66.4%
Other	▲ 2,007	▲ 1,666	▲ 341	20.5%
Ordinary profit	1,268	2,470	▲ 1,202	▲ 48.7%
Net Income	1,287	95	1,192	1254.7%
ROE	15.0%	1.5%		
Operating Profit Ratio	0.6%	3.2%		

Analysis of Consolidated Operating Income

- Net sales recovery in global automobile and air conditioner parts sales from the COVID-19 disaster was remarkable, however a sharp rise in raw material prices and higher transportation costs affected with even greater impact, which led to a significant deterioration in operating income.

Factors of Increase/Decrease in Operating Income (Millions of JPY)

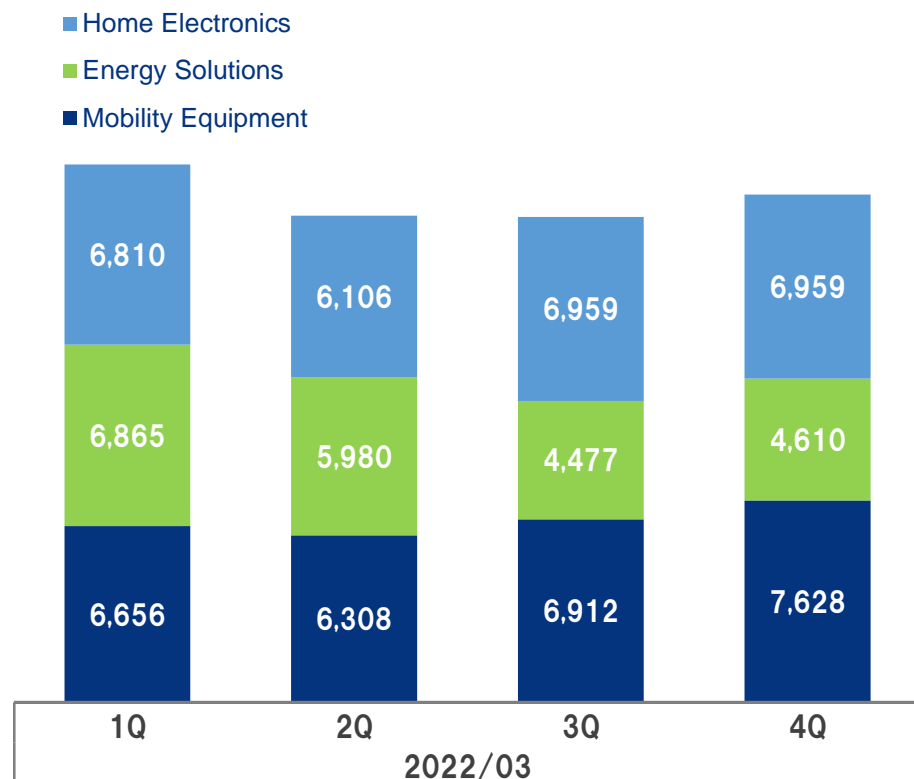


Performance by Segment

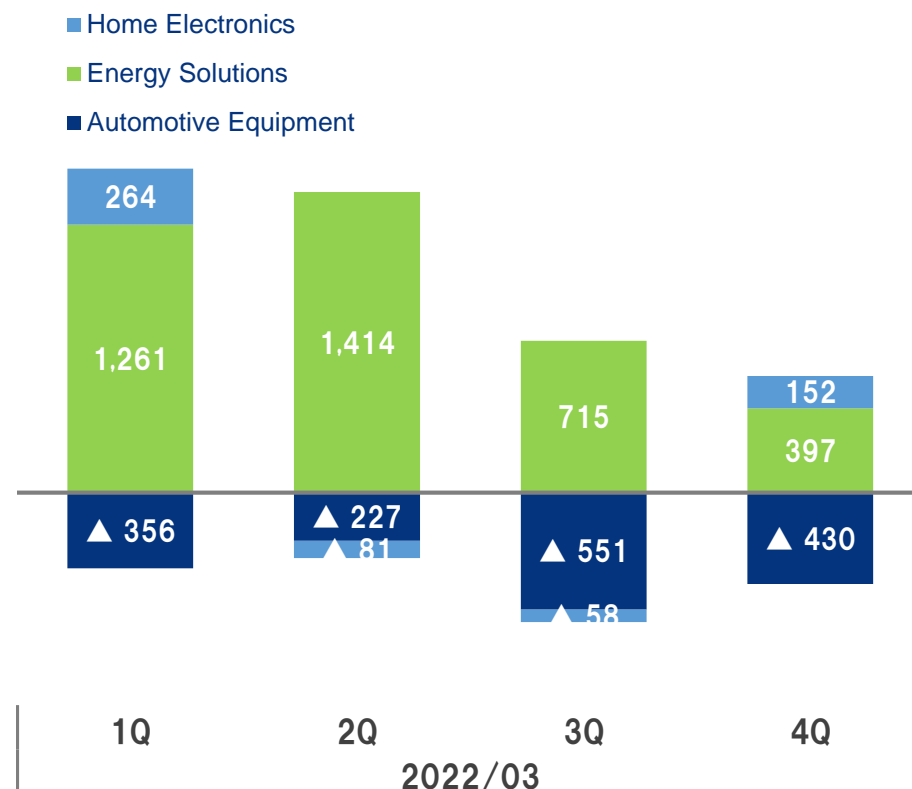
NOTE Segment has been changed from the fiscal year ending March 31, 2020: segments have been partially changed from 3Q 2022/03, and figures for 2Q 2022/03 have been retroactively adjusted.

- **Mobility Equipment:** sales increased in 4Q as automakers' production cutbacks caused by semiconductor shortages etc. recovered.
- **Energy Solution:** sales and income decreased due to continued production adjustments caused by semiconductor shortages since 3Q.
- **Home Electronics:** profit improved in 4Q due to sales increase despite the impact of raw material price hikes.

Segment Sales (By Quarter, Millions of JPY)



Segment Profit (By Quarter, Millions of JPY)



Summary of 4Q Fiscal Year ended March 2022 (B/S)

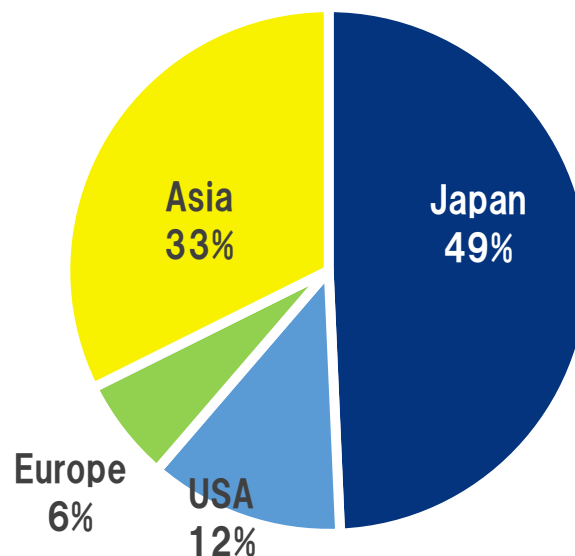
- Inventories (products and raw materials) increased due to production adjustments caused by semiconductor shortages and other factors.
- Fixed assets increased due to increased investments for new businesses in both the automotive and electronic device.

(Millions of JPY)	2022/03/4Q	2021/03/4Q	
	Actual	Actual	variance
Current Assets	46,019	44,956	1,063
Cash and deposits	10,745	15,418	▲ 4,673
Notes and accounts receivable-trade	12,900	13,849	▲ 949
Inventories	18,087	12,909	5,178
Non-Current Assets	22,708	19,129	3,579
Property, plant and equipment	15,447	13,402	2,045
Assets	68,727	64,085	4,642
Notes and accounts payable-trade	8,792	8,784	8
Electronically recorded obligations-operating	5,239	5,594	▲ 355
Liability with Interest*	34,298	30,689	3,609
Liabilities	58,551	56,899	1,652
Equity	10,074	7,049	3,025
Equity Ratio	14.7%	11.0%	3.7pt
Net Assets	10,176	7,185	2,991

*Interest-bearing debt = Short-term debt + Current portion of bonds + Current portion of long-term debt + Bonds + Long-term debt + Lease obligations.

Summary of Geographic Operating Income

Sales by Region (%)



Results by Region

(Millions of JPY)	2022/03/4Q	2021/03/4Q			2020/03/4Q	2019/03/4Q
	Actual	Actual	Variance	Variance %	Actual	Actual
Japan	37,606	38,808	-1,202	-3.1%	31,287	21,030
USA	9,151	7,483	1,668	22.3%	9,609	11,943
Europe	4,837	4,193	644	15.4%	5,368	5,015
Asia	24,675	20,155	4,520	22.4%	24,748	17,622

R&D Expense and Capital Expenditure

- R&D expenses increased primarily due to the development of next-generation energy storage systems (ESS) for residential use.
- Capital expenditures and depreciation reflect the expansion of facilities for new orders in the Mobility Equipment business.

(Millions of JPY)	2022/03/4Q Actual	2022/03/4Q Forecast	2021/03/4Q Actual	Variance Actual vs. Forecast	Variance Actual ('22 vs. '21)
<u>R&D Expenses</u>	<u>2,923</u>	<u>3,650</u>	<u>2,713</u>	<u>▲ 727</u>	<u>210</u>
Mobility Equipment	810	1,000	1,072	▲ 190	▲ 262
Energy Solutions	1,487	1,800	1,124	▲ 313	363
Home Electronics	523	750	399	▲ 227	124
Other	102	100	116	2	▲ 14
<u>Capital Investment</u>	<u>3,403</u>	<u>4,300</u>	<u>2,139</u>	<u>▲ 897</u>	<u>1,264</u>
Mobility Equipment	2,153	2,000	1,482	153	671
Energy Solutions	178	300	347	▲ 122	▲ 169
Home Electronics	1,002	1,600	290	▲ 598	712
Other	68	400	18	▲ 332	50
<u>Depreciation</u>	<u>2,169</u>	<u>2,360</u>	<u>2,198</u>	<u>▲ 191</u>	<u>▲ 29</u>
Mobility Equipment	1,485	1,500	1,436	▲ 15	49
Energy Solutions	139	200	245	▲ 61	▲ 106
Home Electronics	502	600	495	▲ 98	7
Other	41	60	21	▲ 19	20

2022/03 Contrast of Actual Results(Forecast vs Actual)

- While net sales exceeded the previous forecast by the recovery of production activities in March, operating profit was slightly lower due to soaring material costs.
- Foreign exchange gain was generated by the unexpectedly rapid depreciation of the yen.

(Millions of JPY)	2022/03			
	Fiscal year Actual	Fiscal year Forecast as of 3Q	Variance Actual vs. Forecast	Variance Actual vs. Forecast (Rate)
Net sales	76,271	75,000	1,271	1.70%
Mobility Equipment	27,504	27,000	504	1.90%
Energy Solutions	21,932	21,000	932	4.40%
Home Electronics	26,834	27,000	▲166	▲0.6%
Operating profit (loss)	492	600	▲108	▲18.0%
Mobility Equipment	▲1,564	▲1,500	▲64	-
Energy Solutions	3,787	3,750	37	1.00%
Home Electronics	277	200	77	38.50%
Other	▲2,007	▲1,850	▲157	-
Ordinary profit (loss)	1,268	600	668	111.40%
Profit (loss)	1,287	600	687	114.60%
Operating profit ratio	0.60%	0.80%		▲0.2pt
ROE	15.00%	8.00%		