

I . 2Q FY2022 Financial Results

(Fiscal Year ended March 2023)

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Diamond Electric Holdings Co., Ltd.

Tokyo Stock Exchange Prime section 6699

Nov 2022

Summary of 2Q Fiscal Year ended March 2023 (P/L)

- Mobility Equipment: Sales increased but income decreased affected by soaring raw material prices, etc. despite recovery from last year's sales decline.
- Energy Solutions: Sales and income decreased due to sales decline caused by shortage of semiconductors.
- Home Electronics: Increase in sales and income due to global sales growth despite the impact of soaring prices of electronic components and other factors.
- 2023/03: Foreign exchange gains of 1.58 billion yen were recorded as non-operating income due to yen depreciation.
- 2022/03: Gain on forgiveness of debt of 330 million yen was recorded as extraordinary income due to forgiveness of U.S. Payroll Protection Program (PPP) loan repayment.

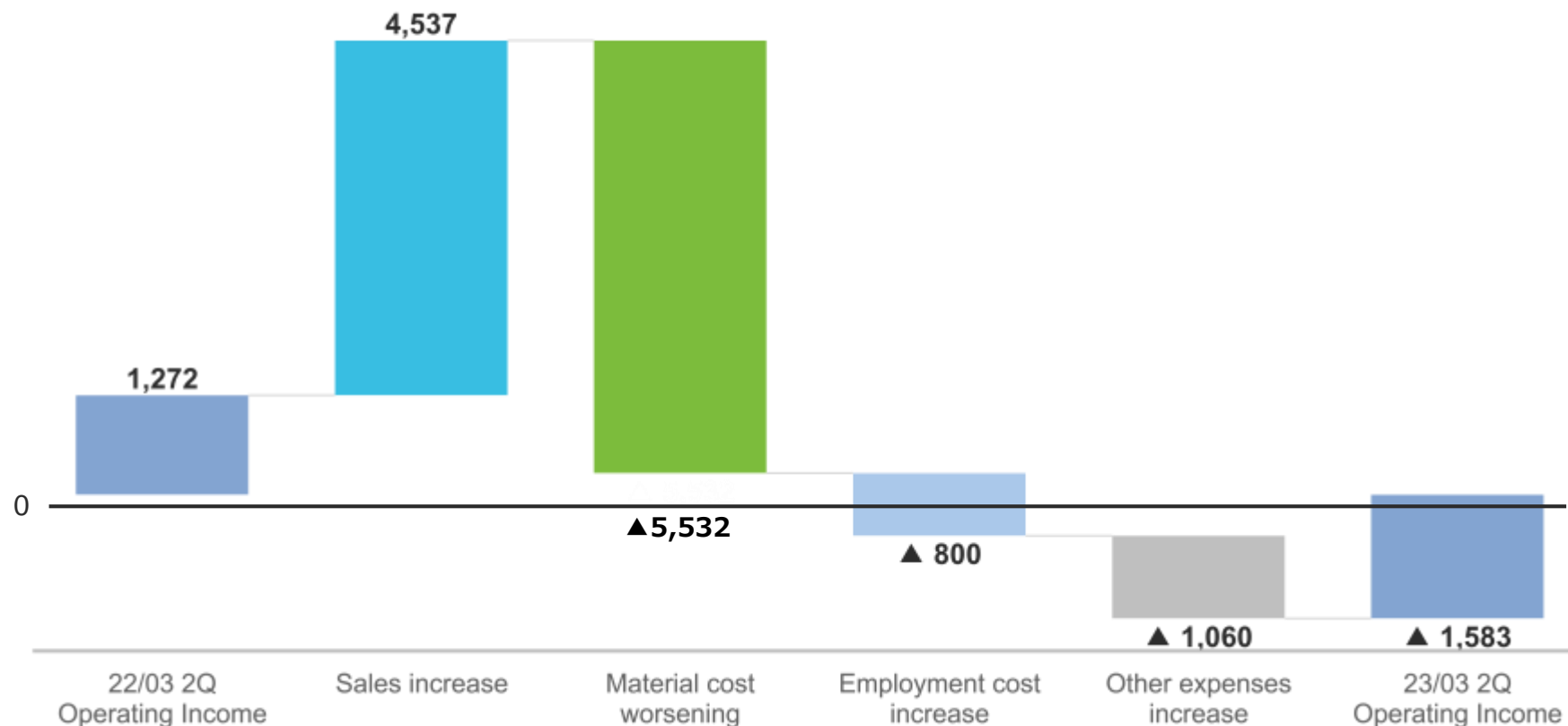
(Millions of JPY)	2022/03/2Q		2023/03/2Q			
	Actual	Ratio %	Actual	Ratio %	Variance	Variance %
Net Sales	38,726	100.0%	43,263	100.0%	4,537	11.7%
Mobility Equipment	12,964	33.5%	16,376	37.9%	3,412	26.3%
Energy Solutions	12,845	33.2%	10,308	23.8%	▲ 2,537	▲ 19.8%
Home Electronics	12,916	33.4%	16,578	38.3%	3,662	28.4%
Gross profit	6,302	16.3%	5,184	12.0%	▲ 1,118	▲ 17.7%
Mobility Equipment	1,291	3.3%	498	1.2%	▲ 793	▲ 61.4%
Energy Solutions	3,571	9.2%	2,609	6.0%	▲ 962	▲ 26.9%
Home Electronics	1,440	3.7%	2,077	4.8%	637	44.2%
SGA expenses	5,030	13.0%	6,767	15.6%	1,737	34.5%
Operating income	1,272	3.3%	▲ 1,583	▲ 3.7%	▲ 2,855	▲ 224.4%
Mobility Equipment	▲ 583	▲ 1.5%	▲ 1,689	▲ 3.9%	▲ 1,106	-
Energy Solutions	2,675	6.9%	902	2.1%	▲ 1,773	▲ 66.3%
Home Electronics	183	0.5%	390	0.9%	207	112.1%
Other	▲ 1,003	▲ 2.6%	▲ 1,186	▲ 2.7%	▲ 183	-
Ordinary profit	1,161	3.0%	▲ 220	▲ 0.5%	▲ 1,381	▲ 118.9%
Net Income	981	2.5%	▲ 580	▲ 1.3%	▲ 1,561	▲ 159.1%
R O E	10.8%		▲ 5.5%		▲ 16.3pt	
Operating Profit Ratio	3.3%		▲ 3.7%		▲ 7.0pt	
Capital Investment	2,274		1,143		▲ 1,131	
R&D Expenses	1,525		1,399		▲ 126	
Depreciation	1,067		1,230		163	

Operating Income Analysis

- Net sales recovered from the Covid-19 catastrophe in the previous fiscal year, with a recovery in Mobility Equipment sales and an increase in global sales of air conditioner components.
- Cost to sales ratio worsened due to global raw material price hikes and higher transportation costs, resulting in lower operating income.

Factors of Increase/Decrease in Operating Income

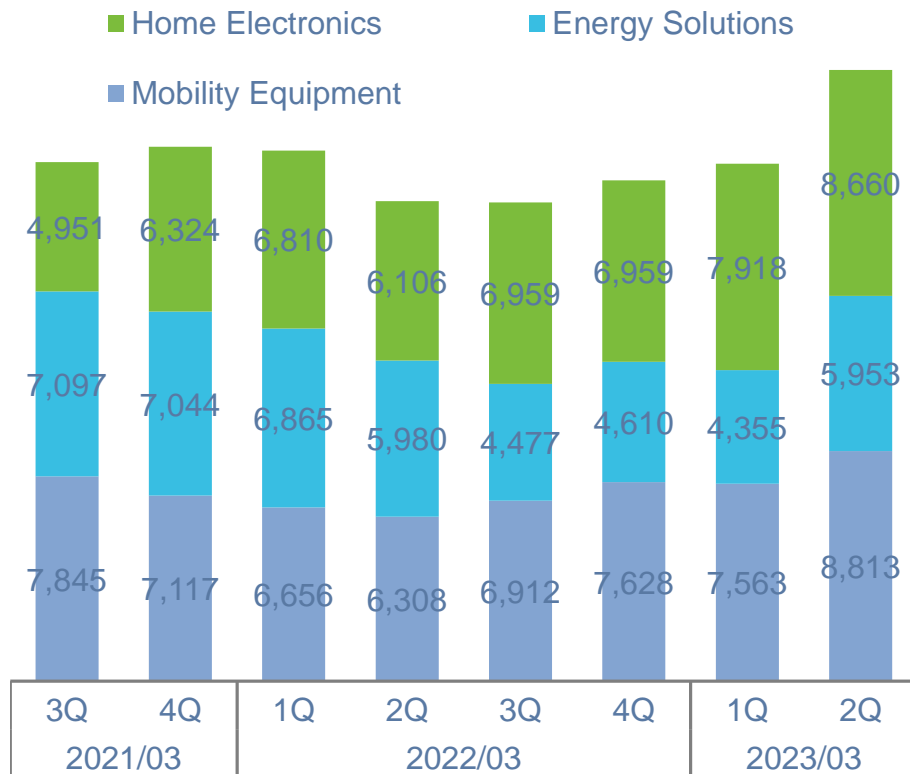
(Millions of JPY)



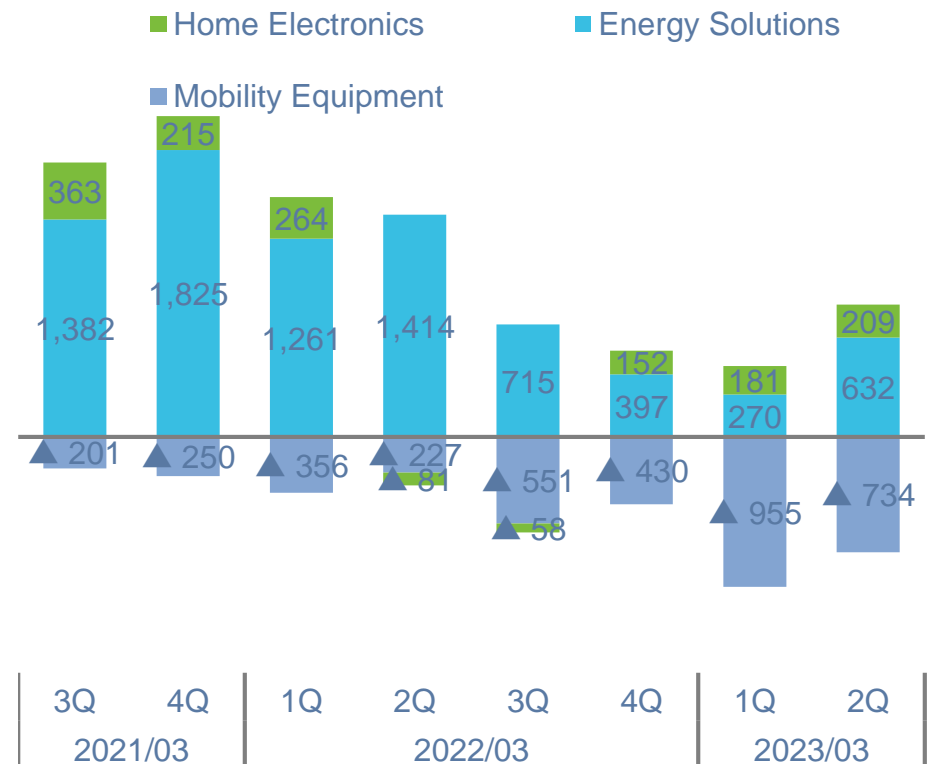
Performance by Segment

- **Mobility Equipment:** Cost of sales continued to deteriorate from the second half of the previous fiscal year to the first quarter of this fiscal year due to soaring material costs, but began to improve in the second quarter of this fiscal year.
- **Energy Solutions:** Signs of recovery in 2Q from the effects of supply constraints on electronic components that have persisted since the second half of the previous fiscal year.
- **Home Electronics:** Sales and income increased due to global sales growth and price pass-through, despite the impact of material price hikes.

Segment Sales (By Quarter, Millions of JPY)



Segment Profit (By Quarter, Millions of JPY)



Summary of 2Q Fiscal Year ended March 2023 (B/S)

- Inventories increased due to the securing of safety stock against the backdrop of the parts procurement difficulties that have continued since last year.
- Fixed assets increased due to capital investment and plant expansion etc. for new Mobility Equipment business. (North America, China, etc.)
- Interest-bearing debt increased due to new borrowings aimed at securing capital investment fund and working capital for the group.

(Millions of JPY)	2022/03/4Q	2023/03/2Q	
	Actual	Actual	Variance
Current Assets	46,019	50,856	4,837
Cash and deposits	10,745	10,875	130
Notes and accounts receivable-trade	12,900	15,080	2,180
Inventories*	18,087	20,417	2,330
Non-Current Assets	22,708	24,865	2,157
Property, plant and equipment	15,447	16,882	1,435
Total Assets	68,727	75,721	6,994
Notes and accounts payable-trade	8,792	9,482	690
Electronically recorded obligations-operating	5,239	4,917	▲ 322
Liability with Interest**	34,357	39,479	5,122
Total Liabilities	58,551	64,988	6,437
Equity	10,074	10,608	534
Equity Ratio	14.7%	14.0%	▲ 0.7pt
Net Assets	10,176	10,733	557

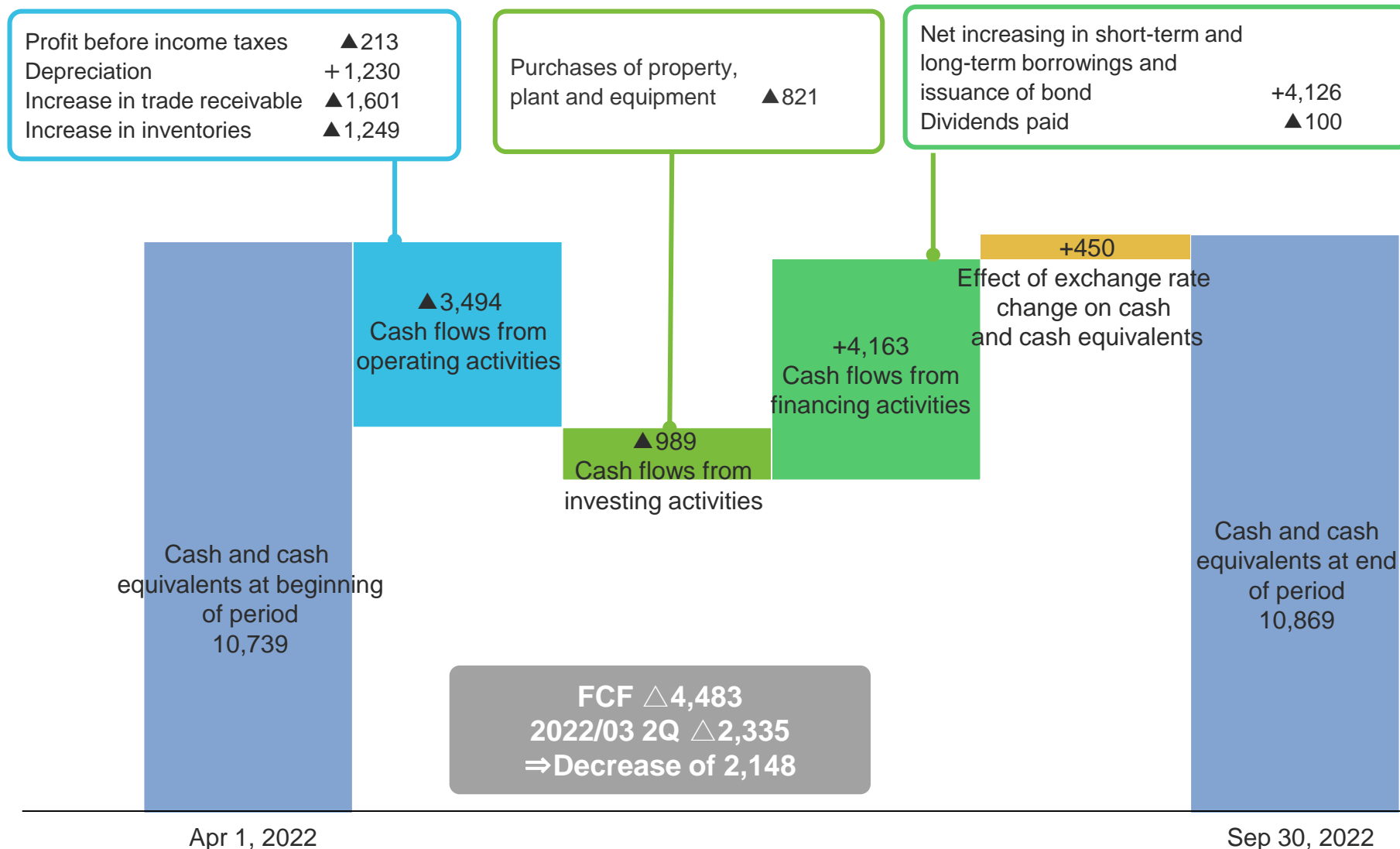
* Inventories = Merchandise and finished goods + Work in process + Raw materials and supplies

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

Status of Consolidated CF

- Free cash flow decreased to ▲4.48 billion yen from ▲2.33 billion yen in 2Q FY2022 (▲2.14 billion yen)

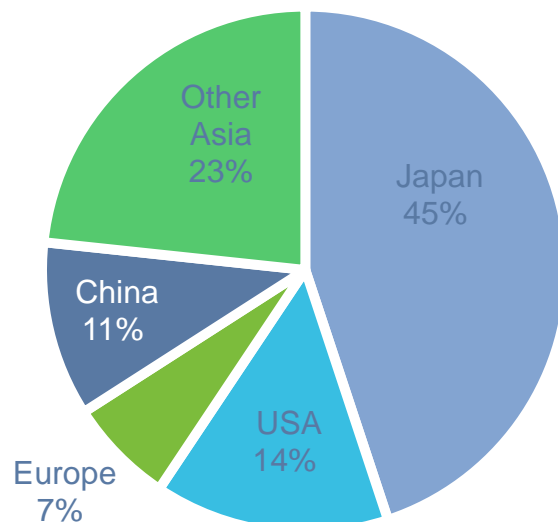
(Millions of JPY)



Summary of Geographic Sales

- Overseas, sales increased in the U.S. and Asia due to recovery from the slump in automobile and electrical appliance production caused by the Covid-19 catastrophe in the previous fiscal year.
- In Japan, sales decreased due to the shortage of semiconductors and other factors.

Sales by Region (%)



Results by Region

	2020/03/2Q	2021/03/2Q	2022/03/2Q	2023/03/2Q		
(Millions of JPY)	Actual	Actual	Actual	Actual	Variance	Variance %
Japan	15,544	16,625	20,334	19,431	▲ 903	▲ 4.4%
USA	5,082	4,183	4,320	6,252	1,932	44.7%
Europe	3,119	2,952	2,685	2,835	150	5.6%
China	3,734	1,868	3,490	4,657	1,167	33.4%
Other Asia	9,319	4,630	7,895	10,087	2,192	27.8%

4Q FY2022 Earnings Forecast

(Initial target vs Annual profit forecast)

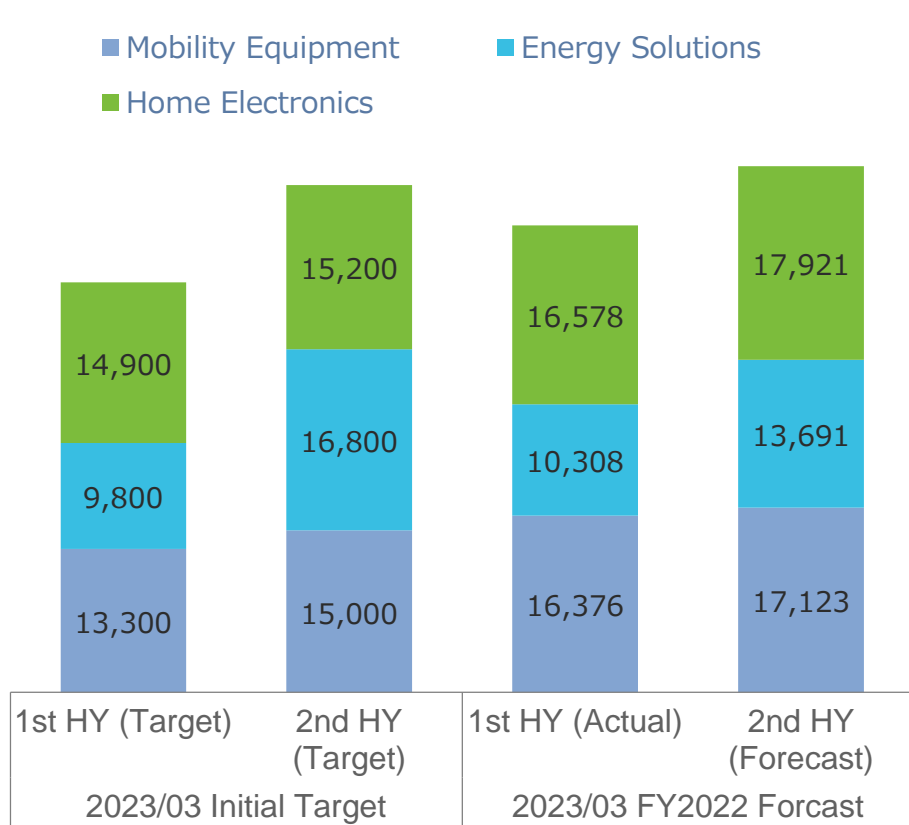
- While net sales exceeded the forecast due to the weaker yen, operating income was slightly lower than forecast due to the continued supply constraints and price hikes of parts and materials, as well as higher logistics costs and foreign currency-denominated purchase prices. In addition, the company recorded a foreign exchange gain due to the sharp depreciation of the yen.

(Millions of JPY)	2022/03/4Q					
	FY2022 Forecast (As of Nov. 11)	Ratio %	Initial target	Ratio %	Variance	Variance %
Net Sales	92,000	100.0%	85,000	100.0%	7,000	8.2%
Mobility Equipment	33,500	36.4%	28,300	33.3%	5,200	18.4%
Energy Solutions	24,000	26.1%	26,600	31.3%	▲ 2,600	▲ 9.8%
Home Electronics	34,500	37.5%	30,100	35.4%	4,400	14.6%
Gross profit	13,300	14.5%	14,300	16.8%	▲ 1,000	▲ 7.0%
SGA expenses	12,600	13.7%	13,300	15.6%	▲ 700	▲ 5.3%
Operating income	700	0.8%	1,000	1.2%	▲ 300	▲ 30.0%
Mobility Equipment	▲ 2,400	▲ 2.6%	▲ 1,930	▲ 2.3%	▲ 470	-
Energy Solutions	4,050	4.4%	4,550	5.4%	▲ 500	▲ 11.0%
Home Electronics	1,250	1.4%	680	0.8%	570	83.8%
Other	▲ 2,200	▲ 2.4%	▲ 2,300	▲ 2.7%	99	-
Ordinary profit	1,700	1.8%	800	0.9%	900	112.5%
Net Income	1,200	1.3%	300	0.4%	900	300.0%
R O E	10.6%					
Operating Profit Ratio	0.8%		1.2%		▲ 0.4pt	
Capital Investment	4,278		4,695		▲ 417	▲ 8.9%
R&D Expenses	2,977		4,348		▲ 1,370	▲ 31.5%
Depreciation	2,723		2,814		▲ 90	▲ 3.2%

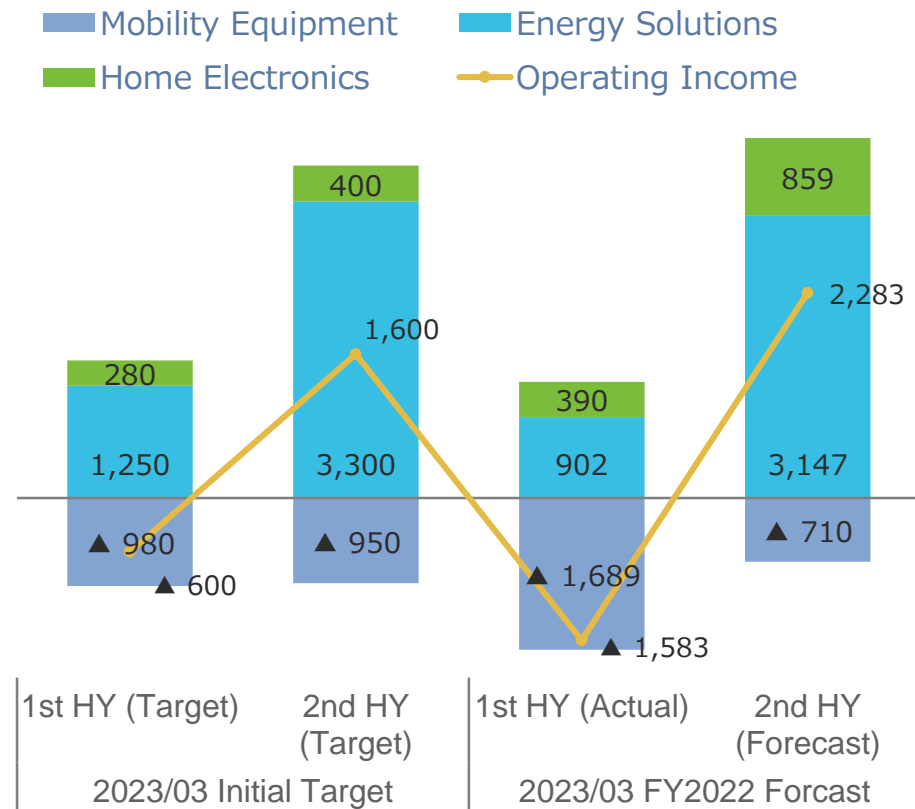
Performance Forecast by Segment

- **Mobility Equipment:** Sales increased due to the impact of yen depreciation. From the second half of the fiscal year, we expect a gradual improvement in the parts procurement environment and a recovery in automobile production volume.
- **Energy Solutions:** Supply was stagnant for about a year, but from the second half we will finally regain trust through intensive customer activities.
- **Home Electronics:** Plans for sales and profit increase due to sales increase by major customers and price pass-through of material price hikes.

Segment Sales Forecast (By Quarter, Millions of JPY)



Segment Profit Forecast (By Quarter, Millions of JPY)



Operating Income Analysis (Annual Forecast)

- Operating income was down 0.3 billion yen from the initial plan of 1.0 billion yen to the full-year forecast of 0.7 billion yen.

Factors of Increase/Decrease in Operating Income

(Millions of JPY)

