



February 17, 2023

Company name: Diamond Electric Holdings Co., Ltd.
Representative: ONO YuuRi, President and CEO
(Code number: 6699; TSE Prime)
Contact: TOKUHARA Eishin, Senior Managing
Executive Officer, CFO
(Phone: 06-6302-8211)

(Updated) Notice Concerning Partial Correction of "3Q FY2022 Financial Report"

Diamond Electric Holdings Co., Ltd. announces the following corrections to the "3Q FY2022 Financial Report" for the third quarter of the fiscal year ending March 2023 which was released on February 14, 2023.

1. Reason for correction

The Company has corrected a part of the information in the "3Q FY2022 Financial Report" as it was found to be incorrect.

2. Detail of the correction

The amounts of *Sales decrease*, *Material cost decrease*, and *Other expenses increase* shown in the graph of "Factor Analysis (Annual Forecast)" indicated on page 7 of the "3Q FY2022 Financial Report".

Note: This document is a translation of the original Japanese version. In the event of any discrepancy between the meaning or wording of the English version and the Japanese version, the meaning or wording of the Japanese version shall prevail.

I. 3Q FY2022 Financial Results (Fiscal Year ending March 2023)

Summary of 3Q Fiscal Year ending March 2023 (P/L)	...	1
Factor Analysis	...	2
Performance by Segment	...	3
Summary of 3Q Fiscal Year ending March 2023 (B/S)	...	4
Summary of Geographic Sales	...	5

II. FY2022 Annual Earnings Forecast (Fiscal Year ending March 2023)

FY2022 Annual Earnings Forecast (2Q forecast vs. 3Q forecast)	...	6
Factor Analysis (Annual Forecast)	...	7
Performance Forecast by Segment	...	8

Diamond Electric Holdings Co., Ltd.

Tokyo Stock Exchange Prime Market 6699

Feb 2023

Summary of 3Q Fiscal Year ending March 2023 (P/L)

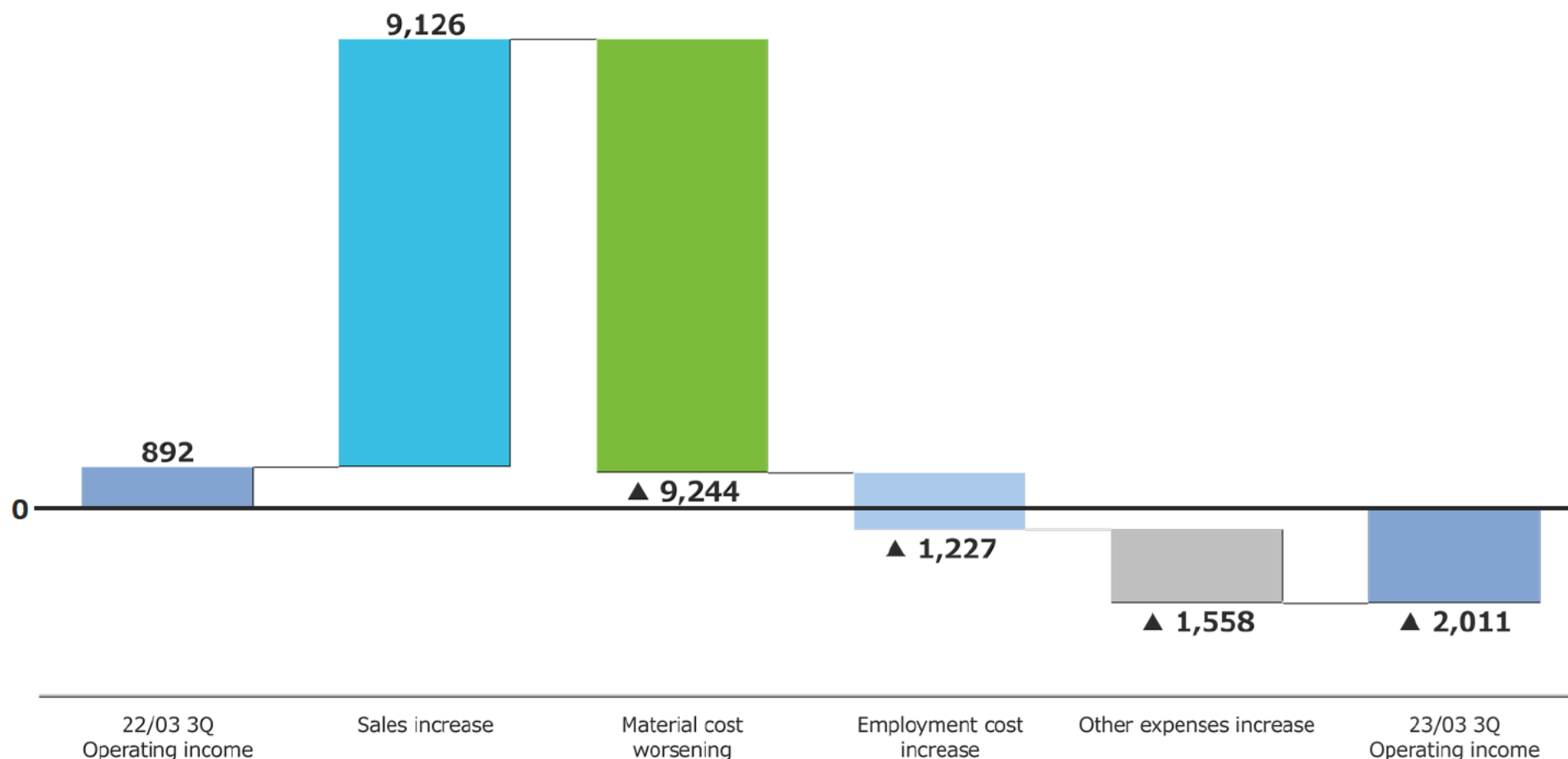
- **Mobility Equipment Business:** Despite recovery from last year's sales decline, sales increased but profits decreased by the impact of rising raw material prices and other negative factors.
- **Energy Solutions Business:** Sales and profits decreased due to production stagnation caused by semiconductor shortages and the suspension of some supplies.
- **Home Electronics Business:** Increased sales and profits thanks to growing global sales despite the impact of rising prices of electronic components.
- **Current Fiscal Year:** Foreign exchange gain of 480 million yen recorded as non-operating income (240 million yen in the previous fiscal year) affected by the yen depreciation.
- **Previous Fiscal Year:** Gain on debt cancellation of 550 million yen was recorded as extraordinary income due to forgiveness of U.S. Payroll Protection Program (PPP) loan repayment.

(Millions of JPY)	2022/03/3Q		2023/03/3Q			
	Actual	Ratio %	Actual	Ratio %	Variance	Variance %
Net Sales	57,075	100.0%	66,201	100.0%	+9,126	+16.0%
Mobility Equipment	19,876	34.8%	24,482	37.0%	+4,606	+23.2%
Energy Solutions	17,322	30.3%	15,830	23.9%	▲1,492	▲8.6%
Home Electronics	19,875	34.8%	25,888	39.1%	+6,013	+30.3%
Gross profit	8,812	15.4%	8,172	12.3%	▲640	▲7.3%
Mobility Equipment	1,645	2.9%	1,150	1.7%	▲495	▲30.1%
Energy Solutions	5,170	9.1%	3,767	5.7%	▲1,403	▲27.1%
Home Electronics	1,996	3.5%	3,254	4.9%	+1,258	+63.0%
SGA expenses	7,920	13.9%	10,184	15.4%	+2,264	+28.6%
Operating income	892	1.6%	▲2,011	▲3.0%	▲2,903	-
Mobility Equipment	▲1,134	▲2.0%	▲2,265	▲3.4%	▲1,131	-
Energy Solutions	3,390	5.9%	1,088	1.6%	▲2,302	▲67.9%
Home Electronics	125	0.2%	801	1.2%	+676	+539.3%
Other	▲1,489	▲2.6%	▲1,637	▲2.5%	▲148	-
Ordinary profit	960	1.7%	▲1,994	▲3.0%	▲2,954	-
Net Income	753	1.3%	▲2,049	▲3.1%	▲2,802	-
R O E	8.3%		▲20.8%		▲29.1pt	
Operating Profit Ratio	1.6%		▲3.0%		▲4.6pt	

- Net sales marked by the sales recovery in the Mobility Equipment Business overcoming the COVID-19 situation during the previous fiscal year and significant sales increase of the air conditioner parts on a global basis. Operating income declined as the cost to sales ratio worsened due to global raw material price hikes and higher transportation costs.

Factors of Increase/Decrease in Operating Income

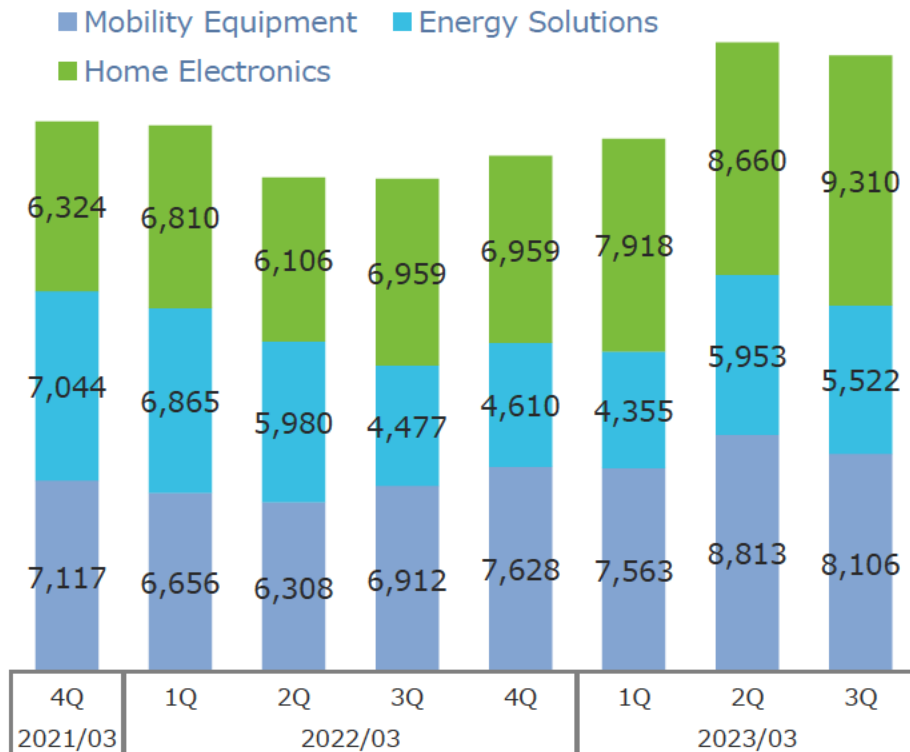
(Millions of JPY)



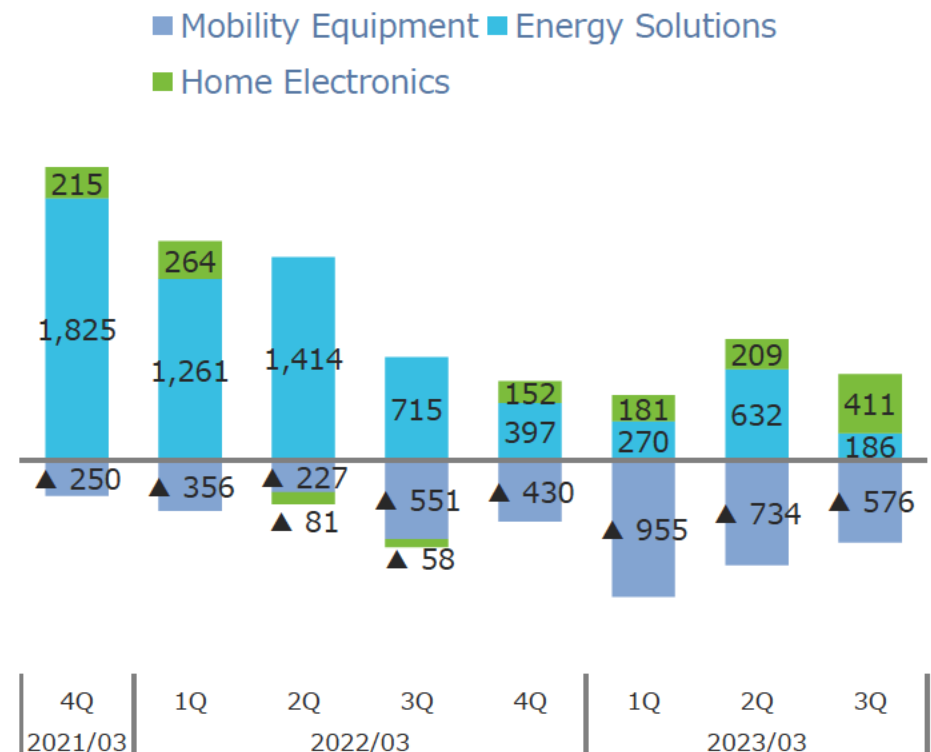
Performance by Segment

- Mobility Equipment Business:** Cost deterioration continued from the second half of the previous fiscal year to the first quarter of the current fiscal year due to high material prices, etc., but has been improving since the second quarter of the current fiscal year.
- Energy Solutions Business:** Shortage of semiconductors improved which has continued since the second half of the previous fiscal year but profit decreased by lowered sales of some mainstay products.
- Home Electronics Business:** Increased sales and profits due to increased global sales and passing on higher selling prices, despite the impact of rising material prices.

Segment Sales (By Quarter, Millions of JPY)



Segment Profit (By Quarter, Millions of JPY)



Summary of 3Q Fiscal Year ending March 2023 (B/S)

- Inventories strategically increased in anticipation of sales growth and to avoid the difficulty in procuring parts and materials.
- Fixed assets increased by an aggressive investment in new Mobility Equipment Business (North America, China, etc.)
- Liability with interest increased as a result of capital investment, new borrowings to secure working capital and issuance of corporate bonds.

(Millions of JPY)	2022/03/4Q	2023/03/3Q	Variance
	Actual	Actual	
Current Assets	46,019	51,612	+5,593
Cash and deposits	10,745	10,135	▲610
Notes and accounts receivable-trade	12,900	13,924	+1,024
Inventories*	18,087	22,165	+4,078
Non-Current Assets	22,708	24,394	+1,686
Property, plant and equipment	15,447	16,294	+847
Total Assets	68,727	76,007	+7,280
Notes and accounts payable-trade	8,792	10,223	+1,431
Electronically recorded obligations-operating	5,239	6,690	+1,451
Liability with Interest**	34,357	39,054	+4,697
Total Liabilities	58,551	66,044	+7,493
Equity	10,074	9,841	▲233
Equity Ratio	14.7%	12.9%	▲1.8pt
Net Assets	10,176	9,962	▲214

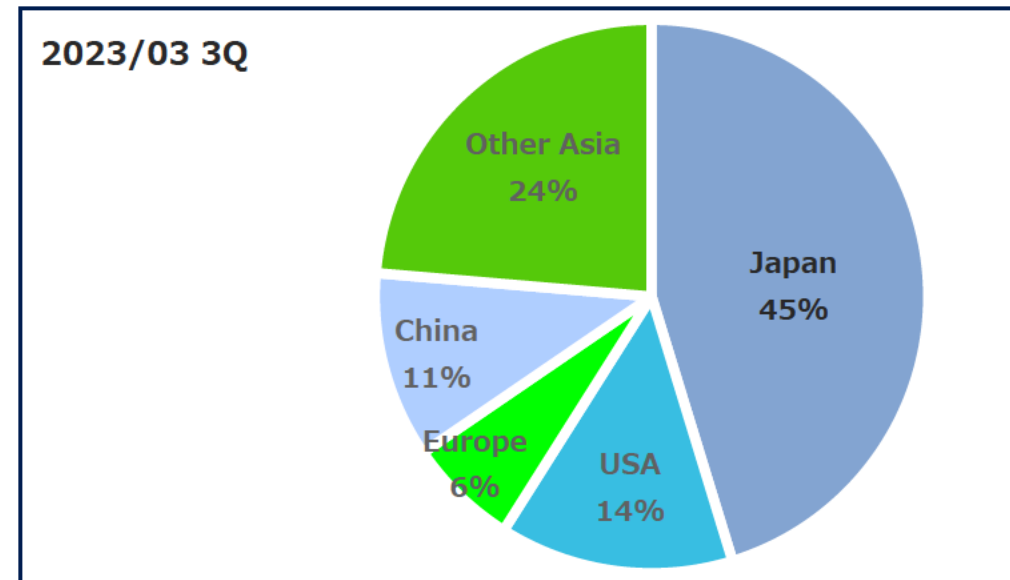
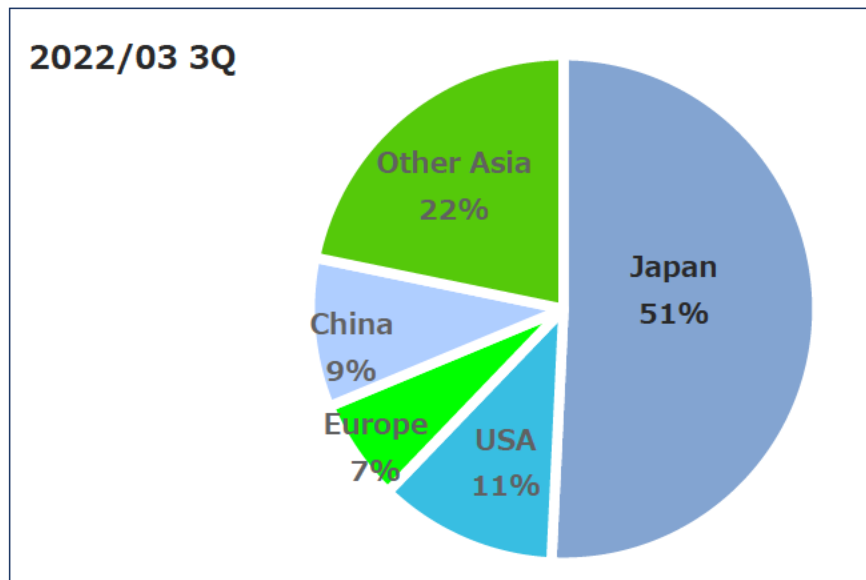
*Inventories = Merchandise and finished goods + Work in process + Raw materials and supplies

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

Summary of Geographic Sales

- Overseas sales of Mobility Equipment and Home Electronics Business increased in the U.S. and Asia region by overcoming the production slowdown caused by the COVID-19 situation during the previous fiscal year, also benefited from the yen's depreciation.
- Sales in Japan increased due to strong sales to key customers in the Home Electronics Business.

Net Sales by Region (%)



Results by Region

(Millions of JPY)	2020/03 3Q	2021/03 3Q	2022/03 3Q	2023/03 3Q		
	Actual	Actual	Actual	Actual	Variance	Variance %
Japan	23,351	27,891	28,973	29,968	995	+3.4%
USA	7,237	5,248	6,514	9,072	2,558	+39.3%
Europe	4,018	3,073	3,733	4,294	561	+15.0%
China	4,072	4,384	5,433	7,211	1,778	+32.7%
Other Asia	14,875	9,556	12,419	15,654	3,235	+26.0%

FY2022 Annual Earnings Forecast (2Q forecast vs. 3Q forecast)

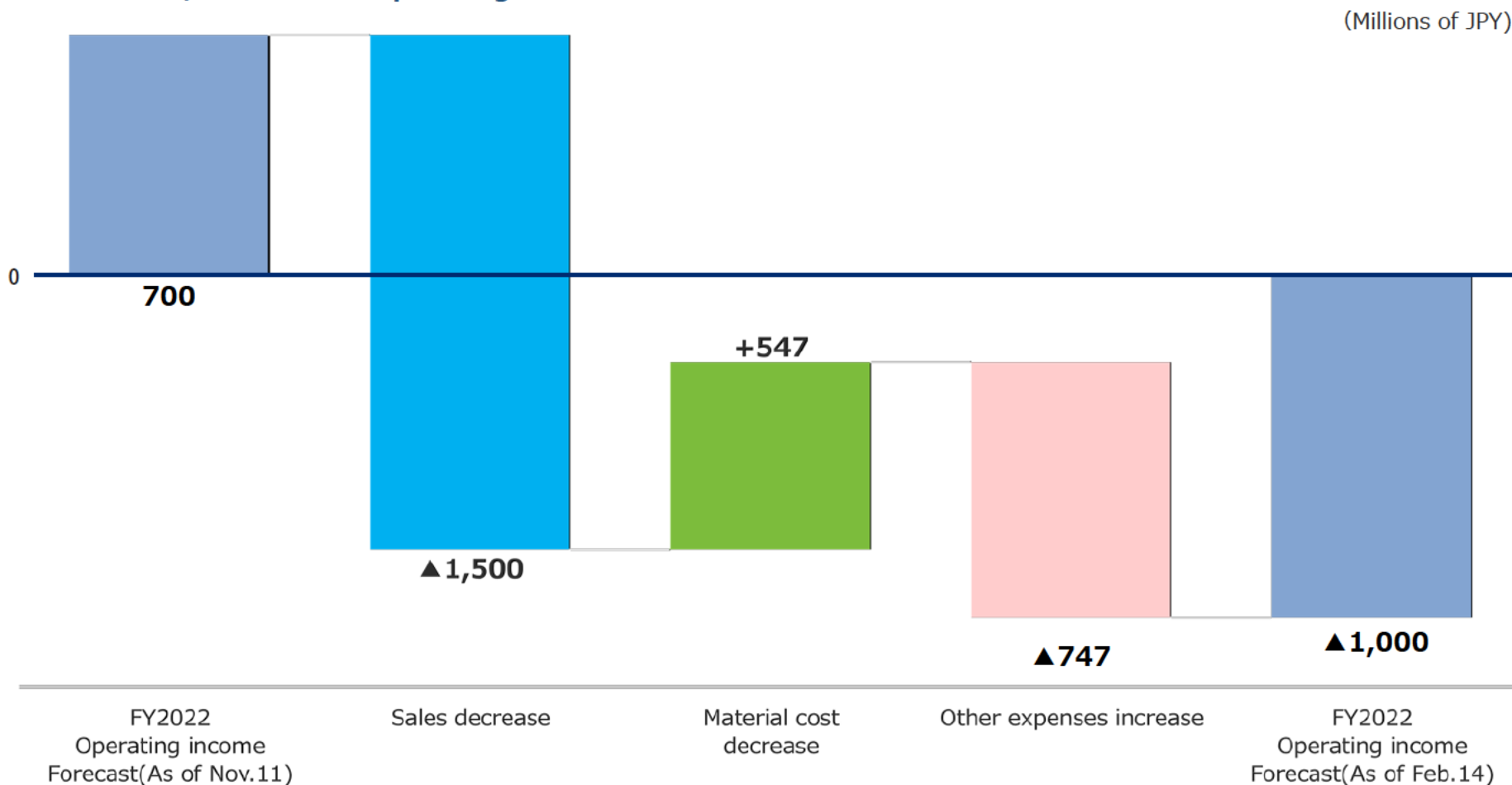
- Major downward adjustment in operating income forecast considering the sluggish progress in sales of Energy Solutions Business and persistently high material and distribution costs.
Also, foreign exchange gains may decrease by rise of the yen, resulting in a current net loss.

(Millions of JPY)	FY2022 Forecast (As of Nov. 11)	Ratio %	FY2022 Forecast (As of Feb. 14)	Ratio %	Variance	Variance %
Net Sales	92,000	100.0%	90,500	100.0%	▲1,500	▲1.6%
Mobility Equipment	33,500	36.4%	32,800	36.2%	▲700	▲2.1%
Energy Solutions	24,000	26.1%	23,200	25.6%	▲800	▲3.3%
Home Electronics	34,500	37.5%	34,500	38.1%	+0	+0.0%
Operating income	700	0.8%	▲1,000	▲1.1%	▲1,700	-
Mobility Equipment	▲2,400	▲2.6%	▲2,750	▲3.0%	▲350	-
Energy Solutions	4,050	4.4%	2,700	3.0%	▲1,350	▲33.3%
Home Electronics	1,250	1.4%	1,250	1.4%	+0	+0.0%
Other	▲2,200	▲2.4%	▲2,200	▲2.4%	+0	-
Ordinary profit	1,700	1.8%	▲1,000	▲1.1%	▲2,700	-
Net Income	1,200	1.3%	▲1,200	▲1.3%	▲2,400	-
R O E	10.6%		▲ 11.4%		▲ 22.1pt	
Operating Profit Ratio	0.8%		▲ 1.1%		▲ 1.9pt	
Capital Investment	4,083		4,083		+0	+0.0%
R&D Expenses	2,977		2,959		▲18	▲0.6%
Depreciation	2,723		2,694		▲28	▲1.1%

Factor Analysis (Annual Forecast)

- Compared with the revised operating income of 700 million yen for the second quarter, the annual forecast expects an operating loss of 1 billion yen, which means a decrease of 1.7 billion yen.

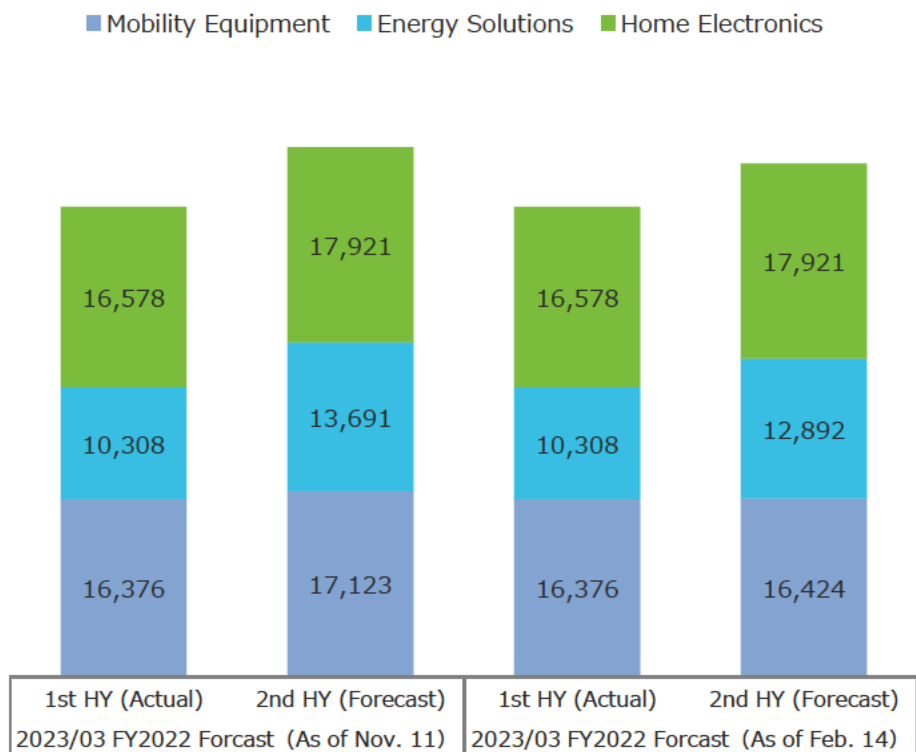
Factors of Increase/Decrease in Operating Income



Performance Forecast by Segment

- Mobility Equipment Business:** Sales may decrease, being affected by reduced production of our customers those having difficulty in procuring materials such as semiconductors. Deterioration in cost ratio by material price rise and procurement difficulty is seemingly easing.
- Energy Solutions Business:** Concerns on continued sluggish sales and inability to pass on the exceeding material costs to customers.
- Home Electronics Business:** Sales trends to our major customers and passing soaring material costs on to customer are both proceeding as planned in the 2Q performance revision.

Segment Sales Forecast (By Half Year, Millions of JPY)



Segment Profit Forecast (By Half Year, Millions of JPY)

