

I . 2Q FY2023 Financial Results

(Fiscal Year ending March 2024)

Summary of 2Q Fiscal Year 2023 (FY2024/03, P/L)	...	01
Operating Income Analysis	...	02
Performance by Segment	...	03
Summary of 2Q Fiscal Year 2023 (FY2024/03, B/S)	...	04
Status of Consolidated CF	...	05
R&D Expense and Capital Investment	...	06
Summary of Geographic Sales	...	07

II . 2Q FY2023 Financial Performance

2Q FY2023 Financial Performance (Initial forecast vs 2Q Actual)	...	08
--	-----	----

III . FY2023 Annual Profit Forecast

FY2023 Annual Profit Forecast (Initial forecast vs Revised forecast)	...	09
---	-----	----

Diamond Electric Holdings Co., Ltd.

Tokyo Stock Exchange Prime section 6699

Nov 2023

Summary of 2Q Fiscal Year 2023 (FY2024/03, P/L)

- **Mobility Equipment:** Sales decreased affected by partial sales termination, however income increased through unit price improvement and cost reduction efforts.
- **Energy Solutions:** Net sales and income increased by the elimination of production stagnation caused by parts procurement difficulties.
- **Home Electronics:** Net sales increased significantly thanks to global sales growth but profits remained flat, dragged by worsening material cost ratio.
- **Other Topics:** 1) 1.06 bn JPY Foreign exchange gains recorded as non-operating income due to yen depreciation (FY22: 1.58 bn JPY)
2) 188 mil JPY loss on provision for product defect compensation related to a market recall.
3) Income taxes became 464 mil JPY (FY22: 365 mil JPY) as income before income taxes raised reflecting increased profit.

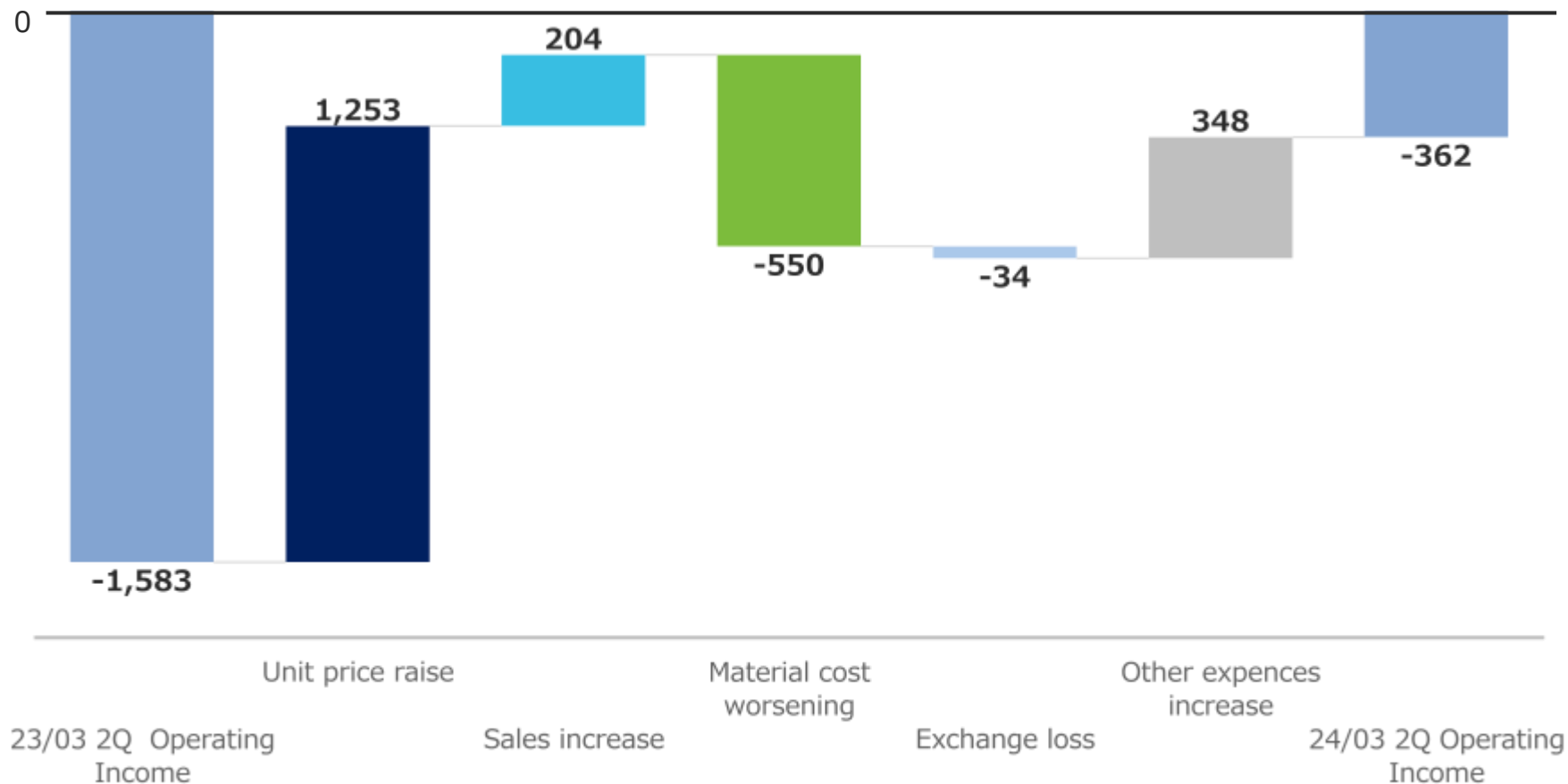
(Millions of JPY)	2023/03/2Q		2024/03/2Q			
	Actual	Ratio %	Actual	Ratio %	Variance	Variance %
Net Sales	43,263	100.0%	44,978	100.0%	1,714	4.0%
Mobility Equipment	16,376	37.9%	15,672	34.8%	-703	-4.3%
Energy Solutions	10,308	23.8%	10,752	23.9%	444	4.3%
Home Electronics	16,578	38.3%	17,939	39.9%	1,360	8.2%
Other	-	-	613	1.4%	613	-
Operating Income	-1,583	-3.7%	-362	-0.8%	1,220	-
Mobility Equipment	-1,689	-3.9%	-682	-1.5%	1,007	-
Energy Solutions	902	2.1%	1,039	2.3%	136	15.2%
Home Electronics	390	0.9%	398	0.9%	8	2.2%
Other	-	-	-50	-0.1%	-50	-
Common	-1,186	-2.7%	-1,068	-2.4%	118	-
Ordinary Profit	-220	-0.5%	494	1.1%	715	-
Net Income	-580	-1.3%	-188	-0.4%	391	-
R O E	-5.5%		-1.7%		3.8pt	
Operating Profit Ratio	-3.7%		-0.8%		2.9pt	

Operating Income Analysis

- Net sales benefited from unit price raise of ignition coils, recovery in sales of ESS (energy storage systems) for residential customers, and increased sales of heat pump-related components in Europe.
- Operating income improved by 1.22 bn JPY despite deteriorated material cost ratio due to high procurement cost and sales mix.

Factors of Increase/Decrease in Operating Income

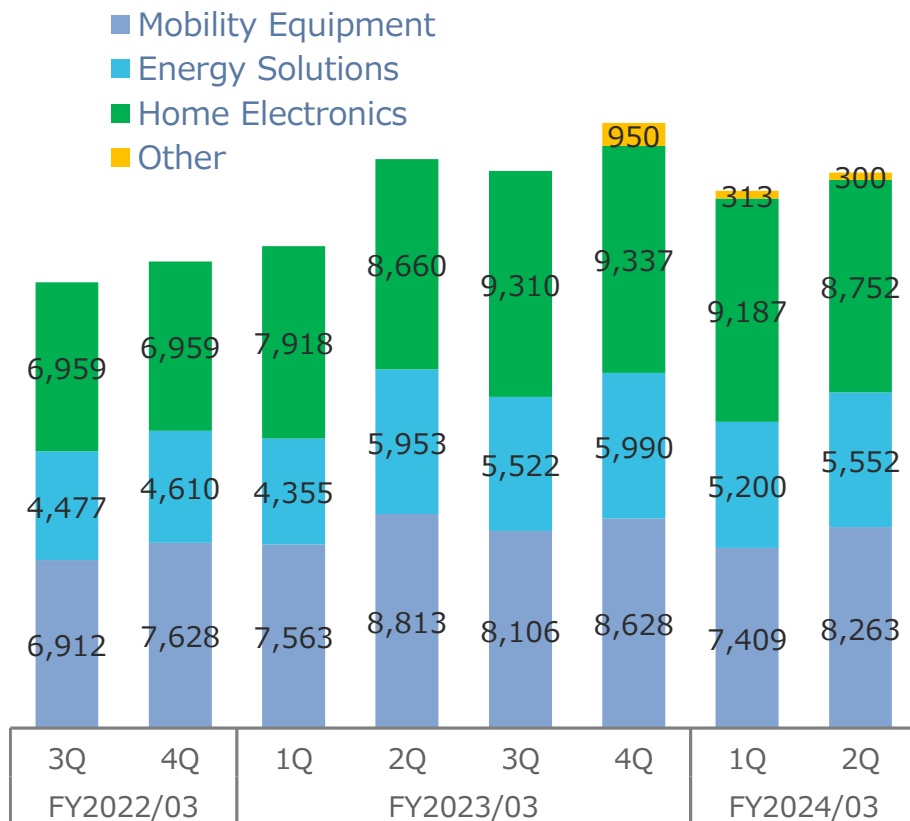
(Millions of JPY)



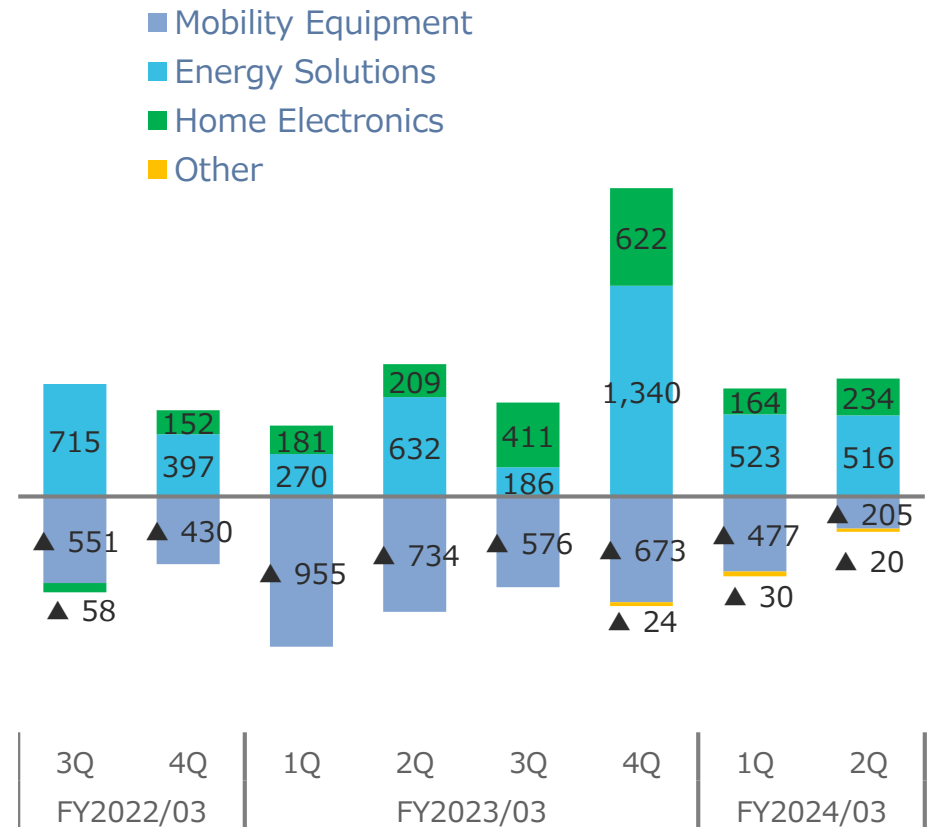
Performance by Segment

- **Mobility Equipment:** Cost to sales ratio improved through unit price raise and cost reduction efforts.
- **Energy Solutions:** Production slowdown caused by the semiconductor shortage which persisted since the previous two FYs resolved, now working to further restore customer trust.
- **Home Electronics:** Sales peaked in the previous 4Q then sluggish affected by inventory adjustments by customers, profit margin worsened due to a deterioration in the material cost ratio.

Segment Sales (By Quarter, Millions of JPY)



Segment Profit (By Quarter, Millions of JPY)



Summary of 2Q Fiscal Year 2023 (FY2024/03, B/S)

- Inventories +980 mil JPY out of 800 mil JPY increase by yen depreciation, so actually decreased 180 mil JPY.
- Fixed assets increased through investments to: 1) increase production for major U.S. customers in the Mobility equipment business, 2) consolidate production bases in Thailand.
- Interest-bearing debt increased due to new borrowings to fund capital expenditures and to secure working capital.

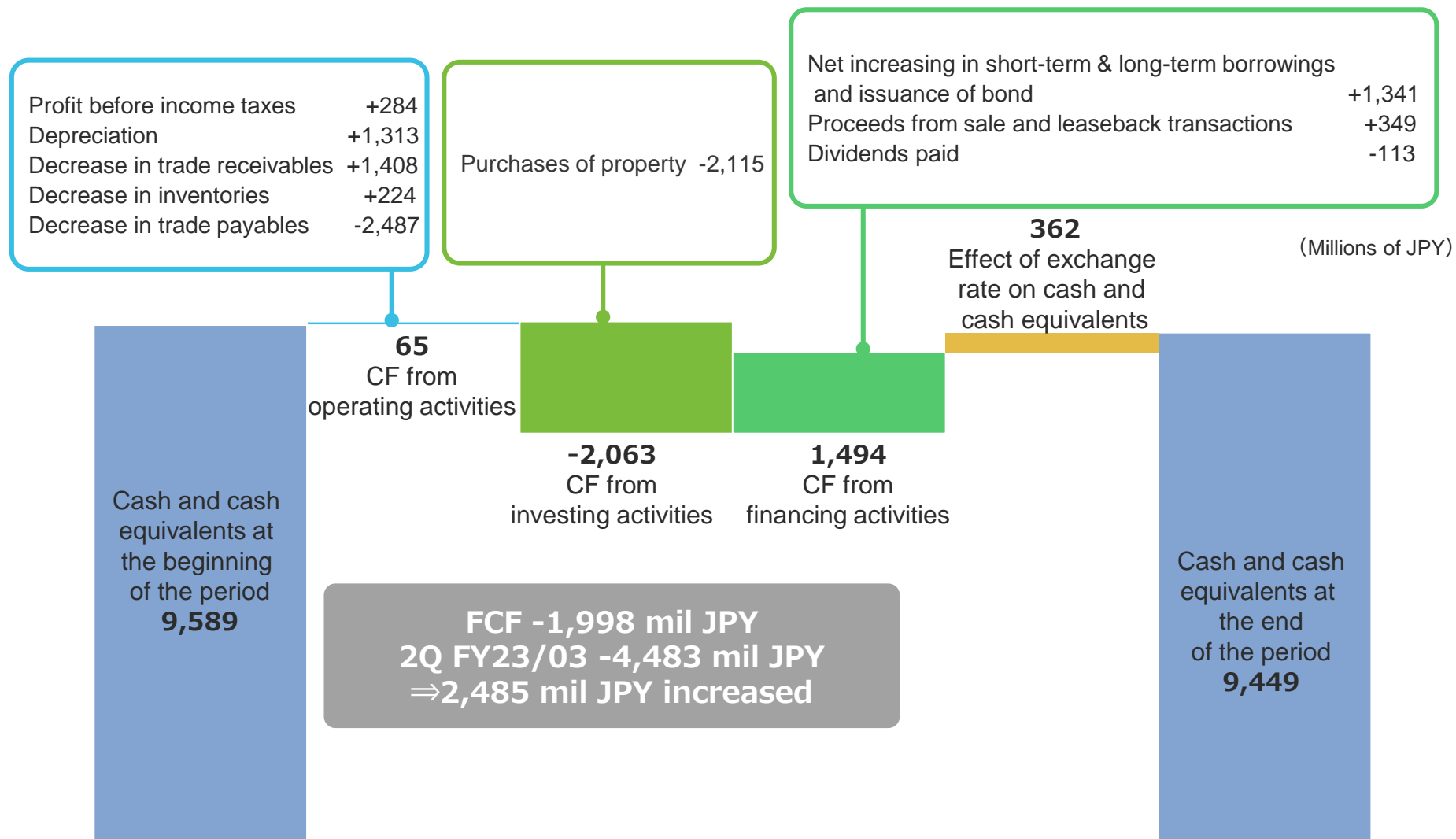
(Millions of JPY)	2023/03/4Q	2024/03/2Q	Variance
	Actual	Actual	
Current Assets	52,074	52,729	655
Cash and deposits	9,640	9,543	-97
Notes and accounts receivable-trade	14,823	14,036	-787
Inventories*	22,429	23,229	800
Non-Current Assets	26,652	28,756	2,104
Property, plant and equipment	18,516	20,101	1,585
Total Assets	78,727	81,486	2,759
Notes and accounts payable-trade	9,928	9,529	-399
Electronically recorded obligations-operating	6,994	5,297	-1,697
Liability with Interest**	40,617	42,825	2,208
Total Liabilities	67,823	69,627	1,804
Equity	10,779	11,726	947
Equity Ratio	13.7%	14.4%	0.7pt
Net Assets	10,903	11,858	955

* 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 increased from -4.48 bn JPY in 2Q FY23/03 to -1.99 bn JPY (+2.48 bn JPY).



April 1, 2023

September 30, 2023

R&D Expense and Capital Investment

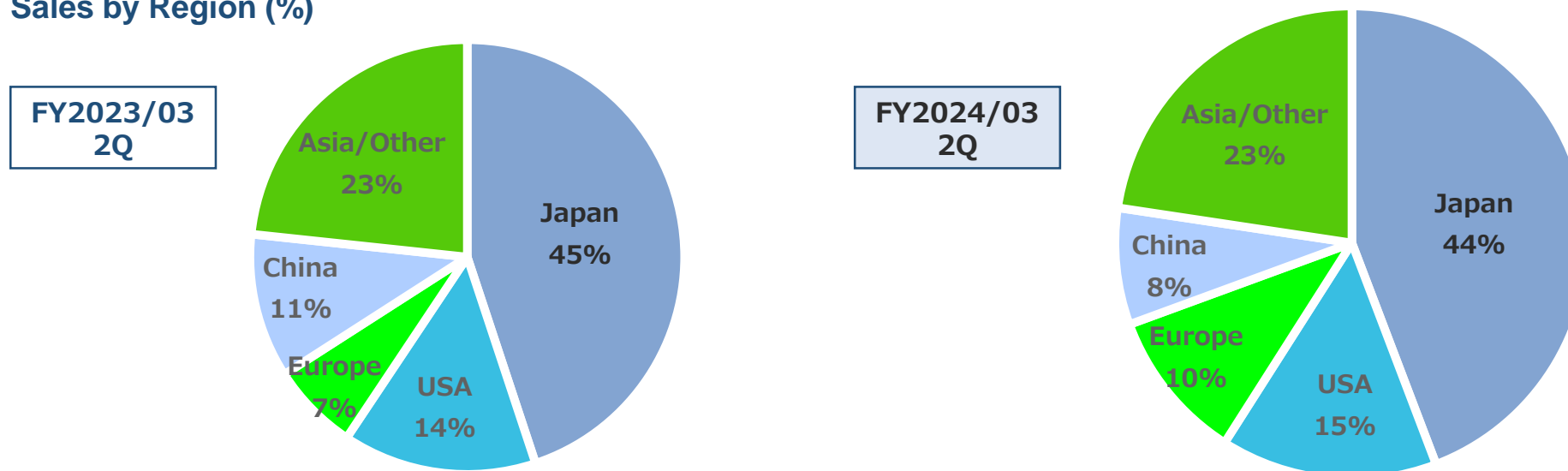
- Main reasons for the increase in capital investment were:
 - 1) increased investment in response to increased production for major U.S. customers.
 - 2) consolidation of production bases in Thailand.

(Millions of JPY)	2023/03/2Q	2024/03/2Q		
	Actual	Actual	Variance	Variance %
Capital Investment	1,143	2,465	1,322	115.7%
Mobility Equipment	764	2,130	1,366	178.8%
Energy Solutions	133	37	-96	-72.2%
Home Electronics	192	124	-68	-35.4%
Other	-	38	38	-
Common	53	134	81	152.8%
R&D Expenses	1,399	1,374	-25	-1.8%
Mobility Equipment	320	268	-52	-16.3%
Energy Solutions	790	866	76	9.6%
Home Electronics	222	206	-16	-7.2%
Other	-	-	-	-
Common	66	32	-34	-51.5%
Depreciation	1,230	1,313	83	6.7%
Mobility Equipment	859	862	3	0.3%
Energy Solutions	55	45	-10	-18.2%
Home Electronics	290	290	0	0.0%
Other	-	70	70	-
Common	26	45	19	73.1%

Summary of Geographic Sales

- Japan: Sales increased by recovery in production of ESS for residential customers in Energy Solutions business.
- USA: Sales of ignition coils increased thanks to the launch of new models by major customers in Mobility Equipment business.
- Europe: Sales of related components increased in Home Electronics business reflecting rise in demand for heat pumps.

Sales by Region (%)



Results by Region

(Millions of JPY)	2021/03/2Q	2022/03/2Q	2023/03/2Q	2024/03/2Q		
	Actual	Actual	Actual	Actual	Variance	Variance %
Japan	16,625	20,334	19,431	19,888	457	2.4%
USA	4,183	4,320	6,252	6,660	408	6.5%
Europe	2,952	2,685	2,835	4,669	1,834	64.7%
China	1,868	3,490	4,657	3,584	-1,073	-23.0%
Other Asia	4,630	7,895	10,087	10,174	87	0.9%

2Q FY2023 Financial Performance (Initial forecast vs 2Q Actual)

- Operating income fell short of the initial forecast: 1) lower demand from some customers in Mobility Equipment, 2) failure to achieve the sales plan in Energy Solutions even though the company is gaining a foothold to restore customer trust, 3) sales in Home Electronics fallen below expectation, and influenced by deteriorated material cost ratio.

(Millions of JPY)	2Q FY2024/03 Initial Plan		2Q FY2024/03 Actual			
	Initial 2Q Plan	Ratio %	2Q Actual	Ratio %	Variance	Variance %
Net Sales	47,900	100.0%	44,978	100.0%	-2,921	-6.1%
Mobility Equipment	15,600	32.6%	15,672	34.8%	72	0.5%
Energy Solutions	12,000	25.1%	10,752	23.9%	-1,247	-10.4%
Home Electronics	19,600	40.9%	17,939	39.9%	-1,660	-8.5%
Other	700	1.5%	613	1.4%	-86	-12.4%
Operating income	100	0.2%	-362	-0.8%	-462	-
Mobility Equipment	-900	-1.9%	-682	-1.5%	217	-
Energy Solutions	1,100	2.3%	1,039	2.3%	-60	-5.5%
Home Electronics	1,000	2.1%	398	0.9%	-601	-60.1%
Other	0	0.0%	-50	-0.1%	-50	-
Common	-1,100	-2.3%	-1,068	-2.4%	31	-
Ordinary profit	-120	-0.3%	494	1.1%	614	-
Net Income	-220	-0.5%	-188	-0.4%	31	-
R O E	-2.2%		-1.7%		0.4pt	
Operating Profit Ratio	0.2%		-0.8%		-1.0pt	
Capital Investment	3,450		2,465		-984	-28.5%
R&D Expenses	1,800		1,374		-425	-23.7%
Depreciation	1,530		1,313		-216	-14.1%

FY2023 Annual Profit Forecast (Initial forecast vs Revised forecast)

- Forecast has been revised as operating income is expected to fall far short of the initial forecast, due to: 1) expected decline in sales affected by lower demand from major customers in Home Electronics, 2) delayed sales recovery in Energy Solutions, 3) affect of deteriorating material cost ratio.

(Millions of JPY)	FY2024/03 Initial Plan		FY2024/03 Forecast			
	Initial Annual Plan	Ratio %	Annual Forecast (as of Nov.14)	Ratio %	Variance	Variance %
Net Sales	98,000	100.0%	93,000	100.0%	-5,000	-5.1%
Mobility Equipment	32,000	32.7%	33,300	35.8%	1,300	4.1%
Energy Solutions	25,000	25.5%	23,500	25.3%	-1,500	-6.0%
Home Electronics	39,200	40.0%	34,300	36.9%	-4,900	-12.5%
Other	1,800	1.8%	1,900	2.0%	100	5.6%
Operating income	850	0.9%	0	0.0%	-850	-100.0%
Mobility Equipment	-1,500	-1.5%	-1,100	-1.2%	400	-
Energy Solutions	2,700	2.8%	2,450	2.6%	-250	-9.3%
Home Electronics	1,700	1.7%	650	0.7%	-1,050	-61.8%
Other	150	0.2%	100	0.1%	-50	-33.3%
Common	-2,200	-2.2%	-2,100	-2.3%	100	-
Ordinary profit	450	0.5%	600	0.6%	150	33.3%
Net Income	210	0.2%	-160	-0.2%	-370	-
R O E	2.0%		-1.6%		-3.6pt	
Operating Profit Ratio	0.9%		0.0%		-0.9pt	
Capital Investment	4,700		3,715		-984	-21.0%
R&D Expenses	3,600		3,174		-425	-11.8%
Depreciation	3,200		2,983		-216	-6.8%