

I. 4Q FY2023 Financial Results (Fiscal Year Ended March 31, 2024)

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Diamond Electric Holdings Co., Ltd.

Tokyo Stock Exchange Prime Market 6699

May, 2024

Summary of 4Q Fiscal Year 2023 (FY2024/03) P/L

- **Mobility Equipment:** Revenue decreased due to the sales termination of some ignition coils, however improved through unit price improvements and cost reduction activities.
- **Energy Solution:** Revenue increased as customer trust recovered, but profit declined due to increase in fixed costs.
- **Home Electronics:** Revenue increased due to the impact of the weak JPY, but profit decreased affected by deterioration of the material cost ratio.
- **Other Topics:**
 1. Foreign exchange gains of 1.46 billion JPY were recorded reflecting the depreciation of JPY (4Q_FY2023: 800 mil JPY).
 2. Additional recording of 1.71 billion JPY as provision for product compensation related to recall.
 3. Income taxes reached 1.16 billion JPY as income before income taxes raised from higher income (4Q_FY2023: 150 mil JPY).

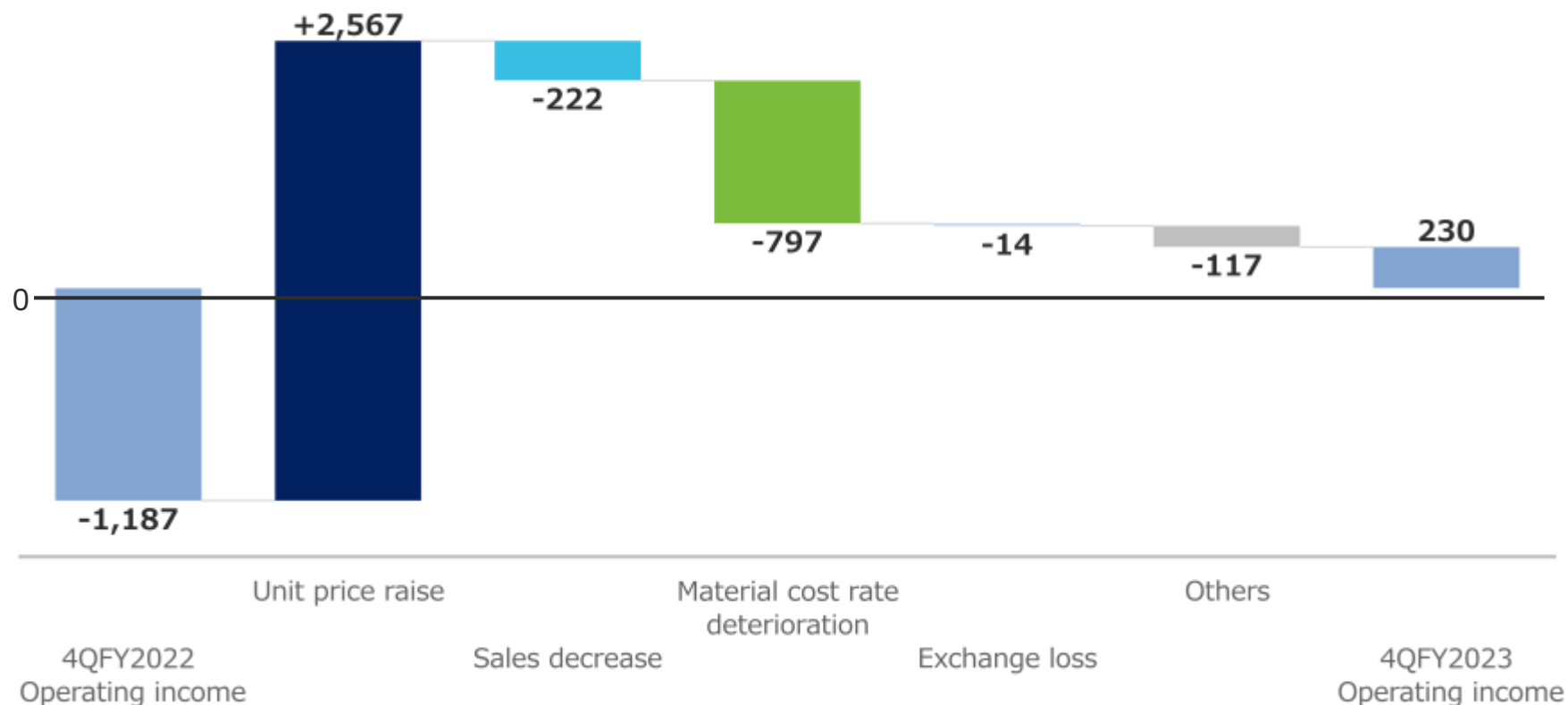
(Millions of JPY)	2023/03/4Q		2024/03/4Q			
	Actual	Ratio %	Actual	Ratio %	Variance	Variance %
Net Sales	91,106	100.0%	93,334	100.0%	2,228	2.4%
Mobility Equipment	33,110	36.3%	32,872	35.2%	-238	-0.7%
Energy Solutions	21,820	24.0%	22,653	24.3%	833	3.8%
Home Electronics	35,225	38.7%	36,434	39.0%	1,209	3.4%
Others	950	-	1,373	1.5%	423	44.5%
Operating income	-1,187	-1.3%	230	0.2%	1,418	-
Mobility Equipment	-2,938	-3.2%	-899	-1.0%	2,039	-
Energy Solutions	2,428	2.7%	2,252	2.4%	-176	-7.3%
Home Electronics	1,423	1.6%	1,001	1.1%	-422	-29.7%
Others	-24	0.0%	-68	-0.1%	-44	-
Common	-2,076	-2.3%	-2,054	-2.2%	21	-
Ordinary profit	-817	-0.9%	1,313	1.4%	2,131	-
Net Income	-1,075	-1.2%	-1,897	-2.0%	-822	-
R O E	-10.3%		-18.1%		-7.8pt	
Operating Profit Ratio	-1.3%		0.2%		1.5pt	

Operating Income Analysis

- Operating income improved by 1.41 billion JPY through unit selling price raise by passing on higher raw material costs to customers, although material cost ratio worsened due to higher procurement costs and sales mix, etc.

Factors of Increase/Decrease in Operating Income

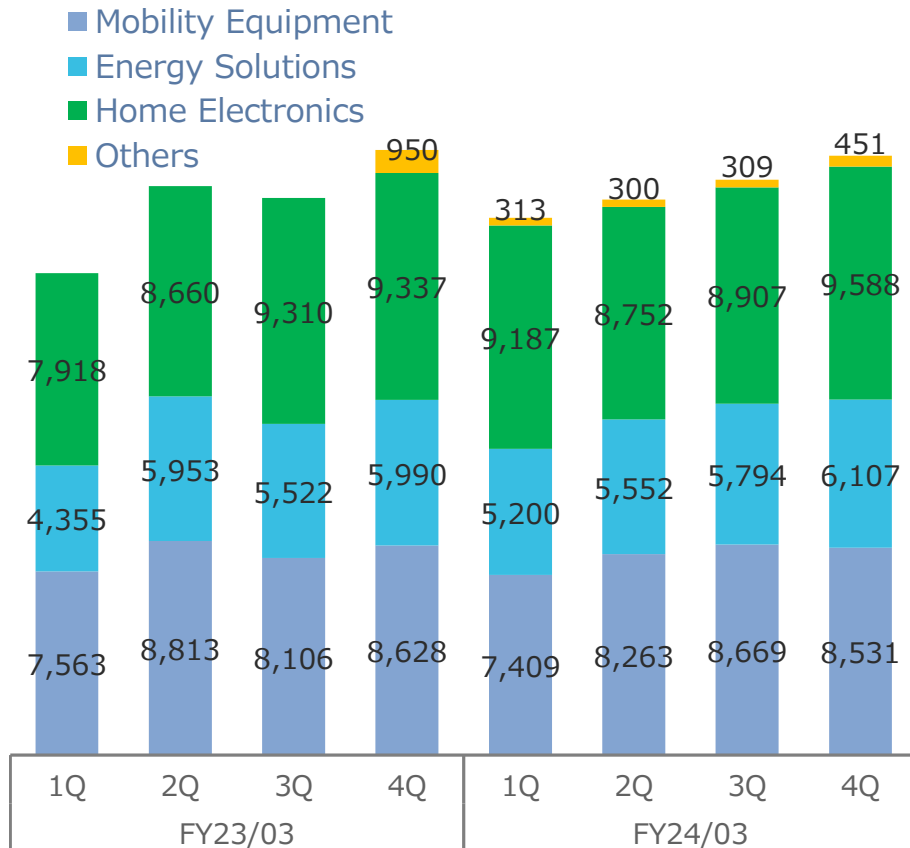
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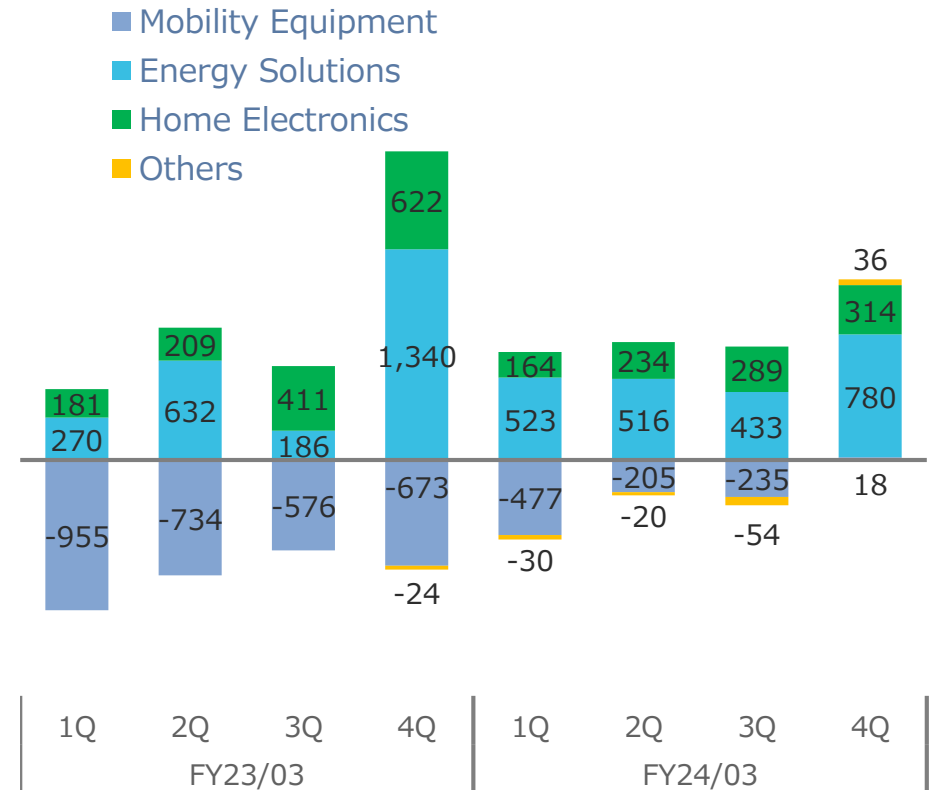
Performance by Segment

- **Mobility Equipment:** Cost to sales ratio improving through unit price raise and cost reduction activities, generated profits.
- **Energy Solution:** Sales are returning to a favorable period due to the recovery of customer trust, profit margin is also improving.
- **Home Electronics:** Although there were signs of resolution of customer inventory adjustments, etc., that have been continuing since the beginning of the fiscal year, profit margins remain flat.

Segment Sales (Quarterly, Millions of JPY)



Segment profit (Quarterly, Millions of JPY)



Summary of 4Q Fiscal Year 2023 (FY2024/03) B/S

- Inventories increased by 1.65 billion JPY: 1.12 billion JPY was affected by the depreciation of JPY, so plus 520 million JPY in real terms.
- Fixed assets increased due to increased production of Mobility Equipment for major customers in the U.S. and investment to consolidate production bases in Thailand.
- Interest-bearing debt increased due to new borrowings aiming to secure capital investment funds and operating capital.

(Millions of JPY)	2023/03/4Q	2024/03/4Q	Variance
	Actual	Actual	
Current Assets	52,074	52,742	667
Cash and deposits	9,640	8,097	-1,542
Notes and accounts receivable-trade	14,823	14,759	-64
Inventories*	22,429	24,085	1,655
Non-Current Assets	26,652	29,290	2,637
Property, plant and equipment	18,516	20,541	2,025
Total Assets	78,727	82,032	3,305
Notes and accounts payable-trade	9,928	10,002	73
Electronically recorded obligations-operating	6,994	5,818	-1,176
Liability with Interest**	40,617	41,885	1,268
Total Liabilities	67,823	71,752	3,928
Equity	10,779	10,141	-638
Equity Ratio	13.7%	12.4%	-1.3pt
Net Assets	10,903	10,280	-623

* Inventories = merchandise and finished goods + work in process + raw materials and supplies

* * Interest-bearing debt = short-term loans payable + current portion of bonds + current portion of long-term loans payable + bonds + long-term loans payable + lease obligations

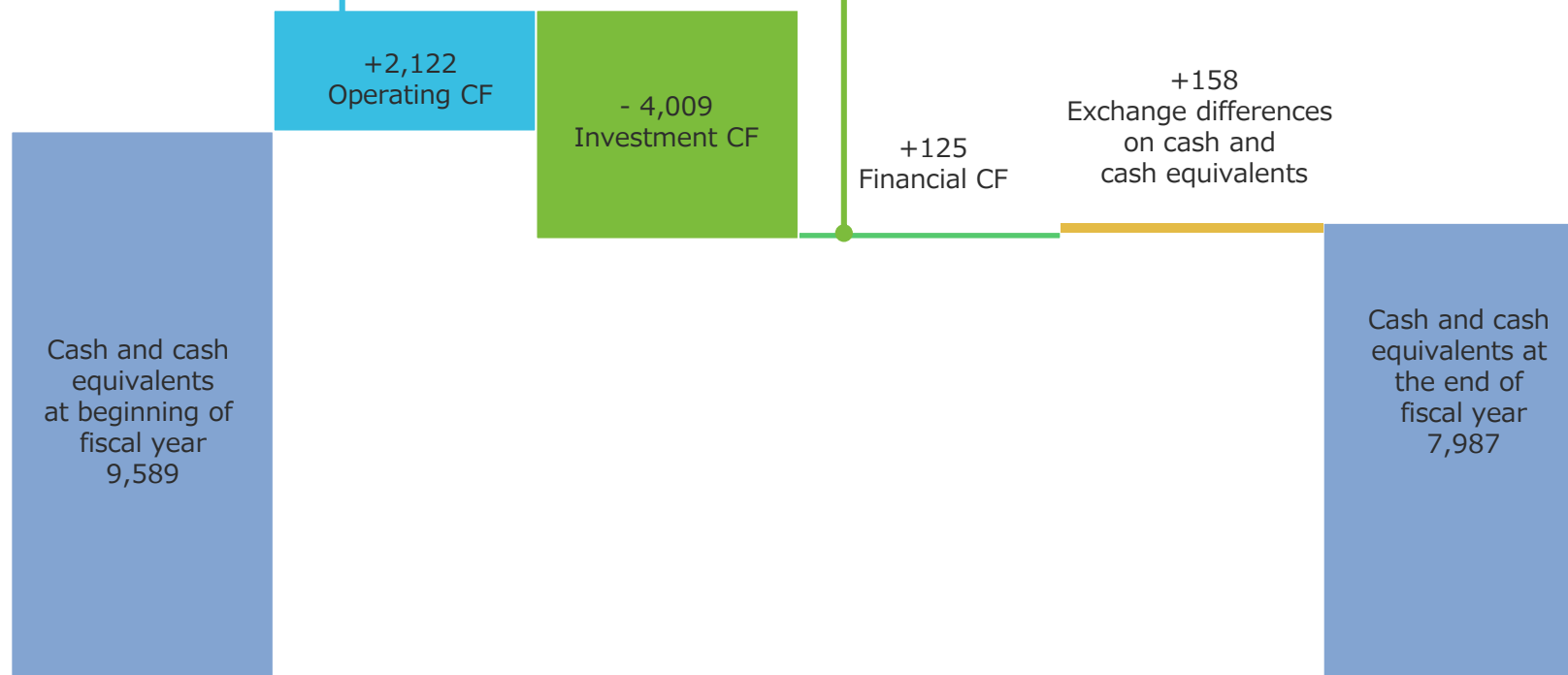
Consolidated Cash Flows

- Free cash flow increased to -1.88 billion JPY from -6.33 billion JPY in FY2023/03 (+4.44 billion JPY).

Income before income taxes	-704
Depreciation	+2,846
Decrease in accounts receivable	+724
Increase in inventories	-472
Decrease in notes and accounts payable - trade	-1,607
Increase in provision for product warranties	+1,709

Decrease (increase) in short-& long-term borrowings and bonds	-20
Proceeds from sale-leaseback transaction	+626
Repayment of lease obligations	-335
Dividends paid	-113

(Millions of JPY)



April 1, 2023

March 31, 2024

R&D Expenses and Capital Investment

- The main factors of the in capital investment: production increase for major customers in the U.S. and the consolidation of production bases in Thailand.

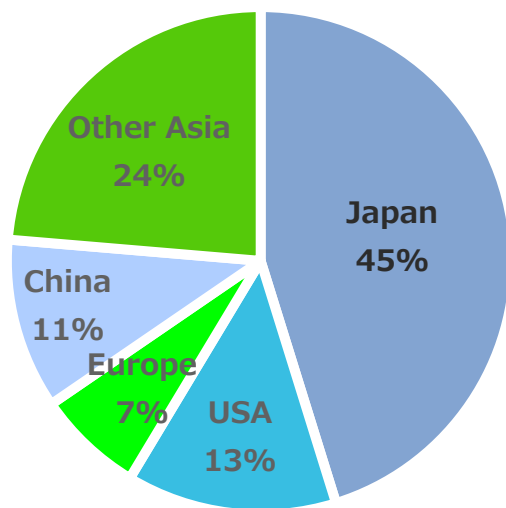
(Millions of JPY)	2023/03/4Q	2024/03/4Q		
	Actual	Actual	Variance	Variance %
Capital Investment	3,195	4,500	1,305	40.8%
Mobility Equipment	2,370	3,277	907	38.3%
Energy Solutions	214	571	357	166.8%
Home Electronics	330	334	4	1.2%
Others	5	147	142	-
Common	274	169	-105	-38.3%
R&D Expenses	2,631	2,784	153	5.8%
Mobility Equipment	593	546	-47	-7.9%
Energy Solutions	1,511	1,773	262	17.3%
Home Electronics	385	404	19	4.9%
Others	-	-	-	-
Common	140	59	-81	-57.9%
Depreciation	2,673	2,846	173	6.5%
Mobility Equipment	1,824	1,857	33	1.8%
Energy Solutions	170	202	32	18.8%
Home Electronics	549	547	-2	-0.4%
Others	69	141	72	104.3%
Common	58	97	39	67.2%

Summary of Geographic Sales

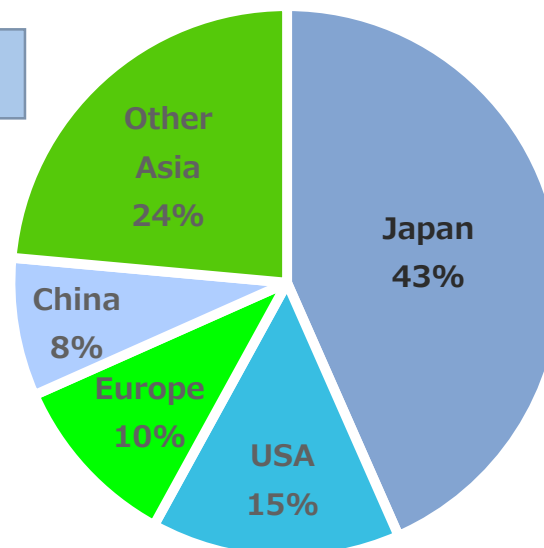
- **U.S.:** sales of ignition coils increased due to the launch of new models by major customers in the Mobility Equipment Business.
- **Europe:** component sales of Home Electronics increased due to rising demand for heat pumps.

Net Sales by Region (%)

FY2023/03
4Q



FY2024/03
4Q



Results by Region

(Millions of JPY)	2021/03/4Q	2022/03/4Q	2023/03/4Q	2024/03/4Q		
	Actual	Actual	Actual	Actual	Variance	Variance %
Japan	38,808	37,606	41,179	40,501	-678	-1.6%
USA	7,482	9,151	12,228	13,621	1,393	11.4%
Europe	4,193	4,837	6,219	9,659	3,440	55.3%
China	6,023	7,321	9,922	7,564	-2,358	-23.8%
Other Asia	14,131	17,354	21,556	21,987	431	2.0%

Results for the Fiscal Year Ended March 31, 2024 (Previous Forecast vs Actual)

- Sales in Home Electronics Business grew thanks to recovery of market demand.
- Net sales increased by 330 million JPY in Energy Solution and Home Electronics businesses despite a decrease in sales volume due to the market impact.
- Operating income increased by 230 million JPY through the improvement of unit price and cost reduction, despite the deterioration of material cost ratio caused by the sales mix.
- Others: Net loss of 1.8 billion JPY was recorded, 460 million JPY in foreign exchange gains, 580 million JPY as provision for product compensation, and 580 million JPY in additional tax expenses.

(Millions of JPY)	2024/03 3Q Revised Forecast		2024/03 4Q Actual			
	Annual Forecast (as of Feb.14)	Ratio (%)	4Q Actual	Ratio (%)	Variance	Variance (%)
Net Sales	93,000	100.0%	93,334	100.0%	334	+0.4%
Mobility Equipment	33,300	35.8%	32,872	35.2%	-427	-1.3%
Energy Solutions	23,500	25.3%	22,653	24.3%	-846	-3.6%
Home Electronics	34,300	36.9%	36,434	39.0%	2,134	+6.2%
Others	1,900	2.0%	1,373	1.5%	-526	-27.7%
Operating income	0	0.0%	230	0.2%	230	-
Mobility Equipment	-1,100	-1.2%	-899	-1.0%	200	-
Energy Solutions	2,450	2.6%	2,252	2.4%	-197	-8.1%
Home Electronics	650	0.7%	1,001	1.1%	351	+54.1%
Others	100	0.1%	-68	-0.1%	-168	-
Common	-2,100	-2.3%	-2,054	-2.2%	45	-
Ordinary profit	600	0.6%	1,313	1.4%	713	+119.0%
Net Income	-1,300	-1.4%	-1,897	-2.0%	-597	-
R O E	-12.5%		-18.1%		-5.6pt	
Operating Profit Ratio	0.0%		0.2%		+0.2pt	
Capital Investment	3,715		4,500		785	+21.1%
R&D Expenses	3,174		2,784		-389	-12.3%
Depreciation	2,707		2,846		139	+5.2%

※ 1 USD = 143.33 JPY

※ 1 USD = 144.59 JPY