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(Securities code: 6699; Prime Market)
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**Notice Concerning Non-operating Income, Recording of Extraordinary Losses,
Differences between Consolidated Earnings Forecast and Actual Results for the
2Q of the Fiscal Year Ending Mar. 2024, Revision of Consolidated Earnings
Forecast for the Full Year, and Revision of Dividends from Surplus and Year-End
Dividend Forecast**

At the board meeting held today, Diamond Electric Holdings Co., Ltd. (“the Company”) resolved the difference between the consolidated earnings forecast for the first half of the fiscal year ending March 2024 and the actual results, the revision of the consolidated earnings forecast for the full fiscal year ending March 2024, the posting of extraordinary losses, and the revision of the forecast for dividends from surplus (without interim dividend) and year-end dividends with a reference date of September 30, 2023. The Company also resolved to revise the year-end dividend forecast (undecided).

The Company also announces that it has recorded non-operating income (foreign exchange gains) for the first half of the fiscal year ending March 2024 (April 1, 2023 to September 30, 2023), as described below.

1. Recording of non-operating income (foreign exchange gains)

Although foreign exchange gains of 792 million JPY were posted in the first quarter of the fiscal year ending March 31, 2024, foreign exchange gains of 277 million JPY were additionally posted in the second quarter of the current fiscal year due to fluctuations in foreign exchange rates.

As a result, foreign exchange gains of 1,069 million JPY were recorded under non-operating income in the first half of the current fiscal year.

2. Recording of Extraordinary Losses

In the second quarter of the consolidated fiscal year under review, the Company posted an extraordinary loss (provision for product defect compensation) of 188 million yen after deducting the amount of the partial cost that the Company is bearing on behalf of its customers in the Mobility Equipment business due to an agreement reached on the percentage of compensation for market recall measures (recall).

The Company is currently negotiating with the customer regarding the amount of the partial replacement cost for this measure.

3. Differences between the forecast and actual results

(1) Difference between the consolidated cumulative 2Q forecast and actual results (April 1, 2023 to September 30, 2023)

	Sales	Operating income	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Previously announced forecast (A)	Million JPY 47,900	Million JPY 100	Million JPY -120	Million JPY -220	JPY -28.55
Actual value (B)	44,978	-362	494	-188	-22.52
Variance (B - A)	-2,921	-462	614	31	—
Variance (%)	-6.1%	—	—	—	—

(2) Reasons for Differences between Forecast and Actual Consolidated Cumulative Figures for the First Half of Fiscal Year Ending March 31, 2012

Net sales fell far short of the forecast due to a significant decrease in sales in Home Electronics business, affected by customers' inventory clearance.

Operating income fell short of the forecast due to demand decline from some customers in the Mobility Equipment segment, sales plan unachieved in the Energy Solutions segment while gaining a foothold to regain customers' trust, lower-than-expected sales in the Home Electronics segment, and a deterioration in the material cost ratio.

Ordinary income significantly exceeded the forecast due to the recording of non-operating income of 1,069 million yen in foreign exchange gains resulting from exchange rate fluctuations.

Net income attributable to owners of the parent exceeded the earnings forecast by 31 million yen, despite the recording of an extraordinary loss.

4. Regarding revisions to consolidated earnings forecasts

(1) Consolidated financial forecast for the fiscal year ending March 2024 (April 1, 2023 to March 31, 2024)

	Sales	Operating income	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Previously announced forecast (A)	Million JPY 98,000	Million JPY 850	Million JPY 450	Million JPY 210	JPY 27.25
Actual value (B)	93,000	0	600	-160	-19.11
Variance (B - A)	-5,000	-850	150	-370	—
Variance (%)	-5.1	-100.0	33.3	—	—
*Ref. FY2023/03 results	91,106	-1,187	-817	-1,075	-139.52

(2) Reasons for the Revision

Regarding the full-year consolidated earnings forecast for the fiscal year ending March 2024, net sales are expected to be lower than the previously announced forecast by the impact of lower sales in the Home Electronics business affected by inventory clearance action of customers.

Operating income, although profitability in the Mobility Equipment business is improving as a result of cost reduction activities as well as unit price improvement, and sales in the Energy Solutions business are catching up to a certain extent as production recovered, it is expected to fall short of the previously announced forecast due to the significant impact of the sales decline in the Home Electronics business.

Ordinary income is expected to exceed the forecast by foreign exchange gains from exchange rate fluctuations, but net income attributable to shareholders of the parent company is likely to be lower than the previously announced forecast by the impact of extraordinary losses.

Due to these factors, we have revised our full-year consolidated earnings forecast.

5. Regarding dividends from surplus and revisions to year-end dividend forecasts

(1) Details of dividends from surplus (no interim dividends)

	Determined amount	Latest dividend forecast (As of May.12, 2023)	Previous period results (2Q FY2023/03)
Reference date	Sep. 30, 2023	Same as left	Sep. 30, 2022
Dividend per share	0.00 JPY	12.50 JPY	12.50 JPY
Total dividend amount	—	—	101 Million JPY
Effective date	—	—	Dec. 5, 2022
Dividend source	—	—	Earned surplus

(2) Revision of year-end dividend forecast (to be determined)

Dividend per share			
Reference date	End of 2Q FY2024/03	End of the FY2024/03	Total
Previous forecast	12.50 JPY	12.50 JPY	25.00 JPY
Revised forecast	—	Undecided	Undecided
Actual results for the current period	0.00 JPY		
Previous period results (FY2023/03)	12.50 JPY	12.50 JPY	25.00 JPY

(3) Reasons

The Company intends to return profits to shareholders from a long-term perspective, aiming for a dividend payout ratio of 25% or more of consolidated net income in 2025, to maintain and improve stable dividends while securing the internal reserves necessary to further strengthen the corporate structure and invest in future growth fields.

However, in light of the consolidated financial results for the first half of the current fiscal year and the history of infringement of Article 465, Paragraph 1 (main text) of the Companies Act in the interim dividend for the previous fiscal year (disclosed in the "(Progress of Disclosure) Receipt of Investigation Report by External Investigation Committee and Our Position" dated August 28, 2023), we have decided to pay "no dividend" for the interim dividend for the current fiscal year. (Disclosed in "Receipt of the Investigation Report by the External Investigation Committee and the Company's Opinion" dated August 28, 2023), the Company resolved to pay no dividend.

We sincerely apologize to our shareholders and ask for your continued support as we strive to resume dividend payments as soon as possible.

As for the year-end dividend for the fiscal year ending March 2024, we would like to change it to "undecided" at this time. However, we will continue to make concerted and united efforts to recover our business performance in the second half of the year, and after careful consideration of the situation, we will promptly announce the dividend forecast as soon as it becomes possible.

Note: The above performance forecasts are based on information currently available to the Company and certain assumptions that the Company deems reasonable, therefore actual results may differ materially due to various factors.

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.