Financial Statements

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Diamond Electric Holdings Co., Ltd.

Tokyo Stock Exchange Standard Market 6699

August 2026

Summary of 1Q FY2027/3 (P/L)

- **Mobility Equipment:** Sales increased due to higher production of internal combustion engine vehicles in India, North America, and Europe. However, profit declined due to higher manufacturing costs arising from additional tariffs and rare earth export restrictions.
- **Energy Solutions:** Despite the launch of the new model EIBS No.8 (Ebisu 8), net sales and profit declined due to the delay in obtaining certification under the new cybersecurity standard (JC-STAR★) and inventory adjustments by customers for the previous model.
- **Home Electronics:** Sales and profit increased as the Company captured last-minute demand for air-conditioning equipment ahead of the revision of domestic energy-efficiency standards.
- **Other Topics:** - Recorded a foreign exchange loss of JPY 100M (no foreign exchange loss in the same period of the previous FY)
  - Interest expense rose to JPY 280M due to sharply higher financing costs (JPY 250M in the same period of the previous FY)
  - Gain on sale of investment securities of JPY 140M (none recorded in the same period of the previous FY)
  - Corporate taxes amounted to JPY 240M (JPY 170M in the same period of the previous FY)

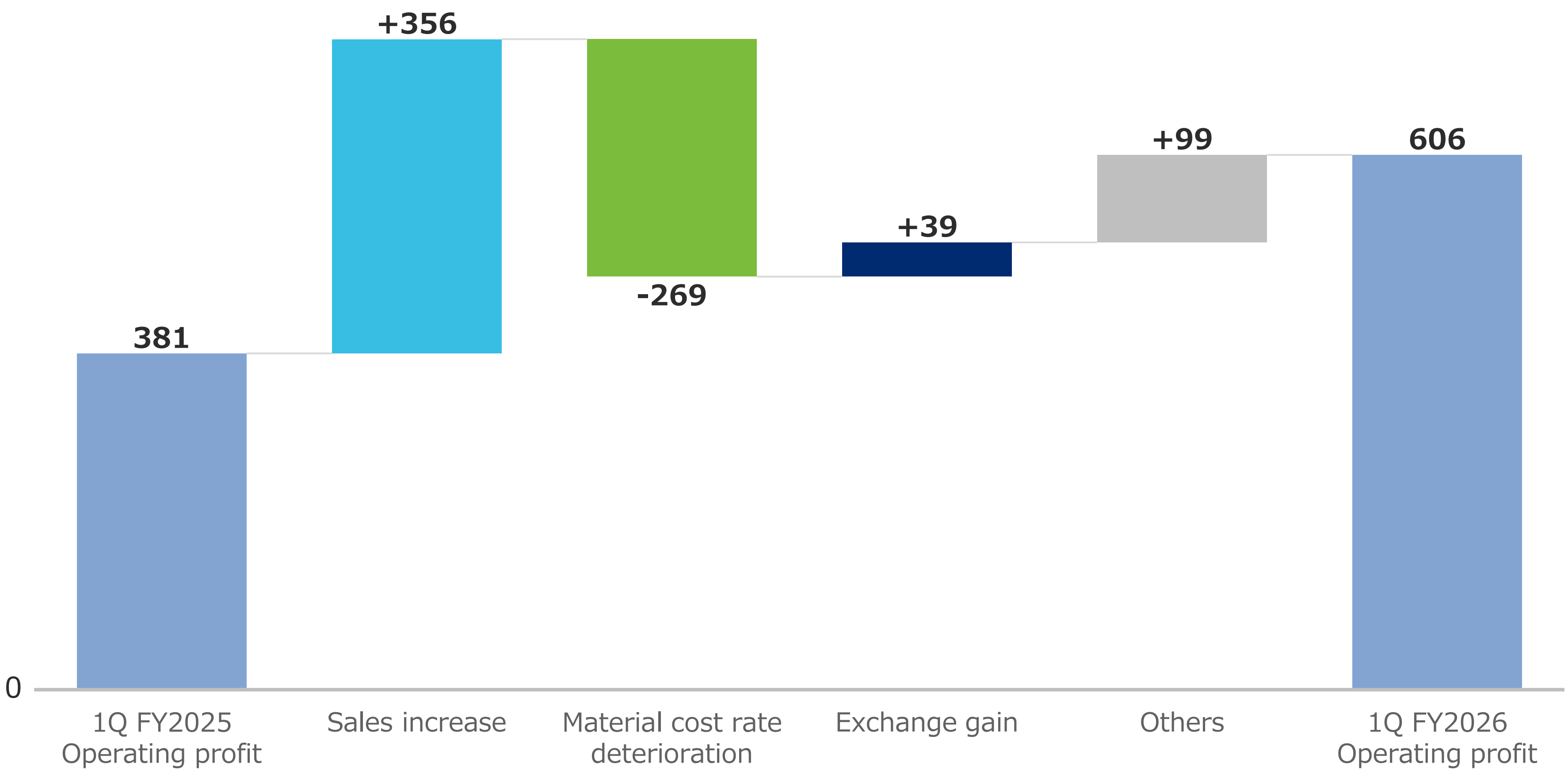
(Millions of JPY)	2026/03/1Q		2027/03/1Q			
	Actual	Ratio %	Actual	Ratio %	Variance	Variance %
Net Sales	**22,933**	**100.0%**	**24,967**	**100.0%**	**2,034**	**8.9%**
Mobility Equipment	9,513	41.5%	11,062	44.3%	1,549	16.3%
Energy Solutions	5,595	24.4%	4,759	19.1%	-835	-14.9%
Home Electronics	7,629	33.3%	8,886	35.6%	1,257	16.5%
Others	195	0.9%	258	1.0%	62	32.1%
Operating Profit	**381**	**1.7%**	**606**	**2.4%**	**224**	**58.9%**
Mobility Equipment	403	1.8%	322	1.3%	-80	-20.0%
Energy Solutions	321	1.4%	259	1.0%	-61	-19.2%
Home Electronics	267	1.2%	559	2.2%	292	109.5%
Others	-65	-0.3%	0	0.0%	65	-
Common	-544	-2.4%	-535	-2.1%	9	-
Ordinary Profit	**172**	**0.8%**	**311**	**1.2%**	**138**	**80.3%**
Net Income	**-0**	**0.0%**	**204**	**0.8%**	**205**	**-**
ROE	-0.0%		**1.4%**		1.4pt	
Operating Profit Ratio	1.7%		**2.4%**		0.7pt	
	※1USD=JPY144.6		※1USD=JPY159.57			

Operating Profit Analysis

- The increase in sales was mainly attributable to higher demand from customers in Mobility Equipment and Home Electronics.
- Deterioration in the material cost ratio and other factors were mainly driven by additional tariffs and costs associated with rare-earth export restrictions in Mobility Equipment.

Factors Affecting Operating Profit

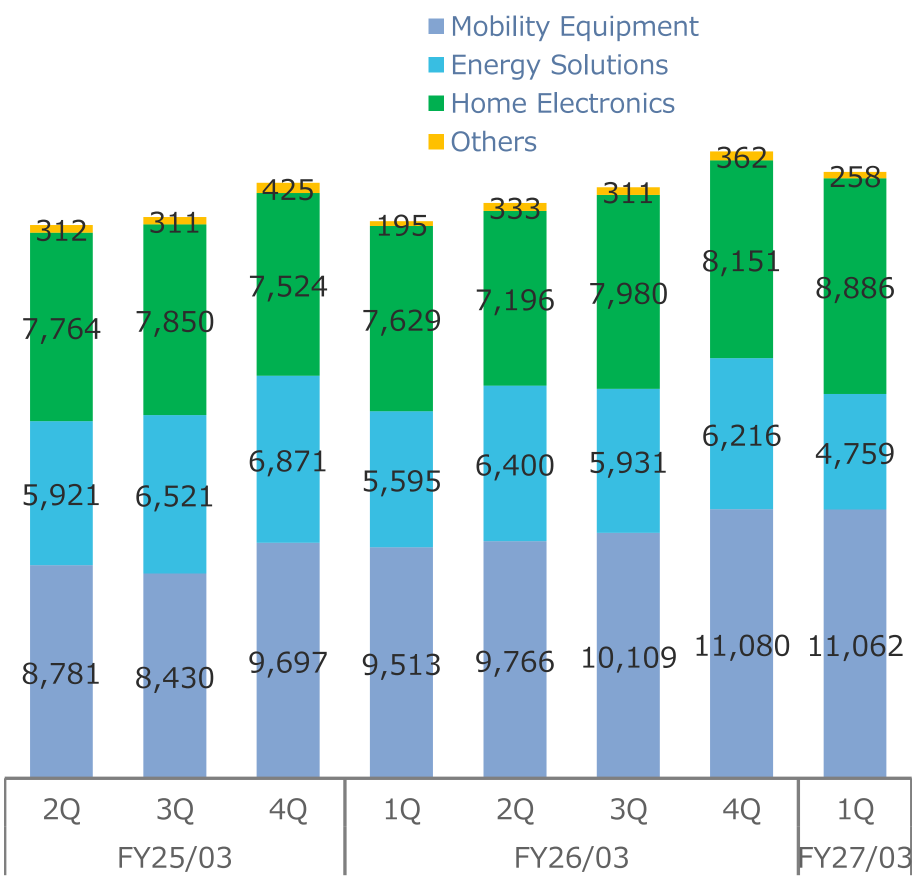
(Millions of JPY)



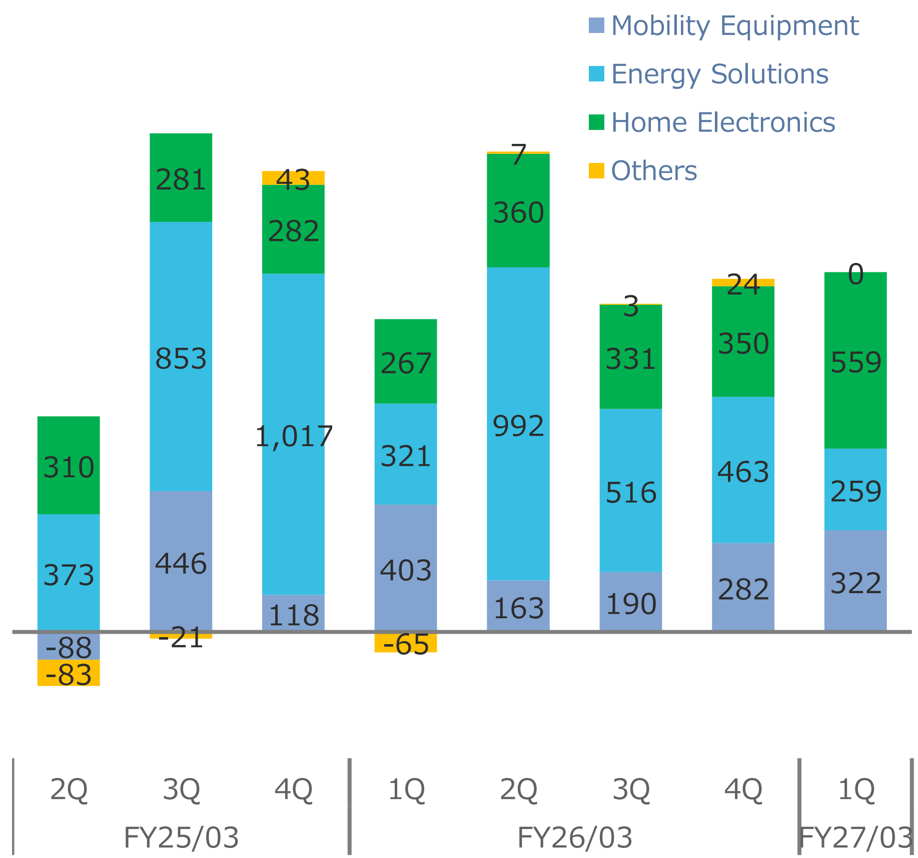
Performance by Segment

- Mobility Equipment: Sales and profit showed an upward trend due to higher demand.
- Energy Solutions: Sales and profit decreased in the 1Q due to the delay in obtaining certification under the new cybersecurity standard (JC-STAR★).
- Home Electronics: Sales and profit increased in the first quarter by capturing last-minute demand for air-conditioning equipment ahead of the revision of domestic energy-efficiency standards.

Sales by Segment (Quarterly, Millions JPY)



Profit by Segment (Quarterly, Millions JPY)



Summary of 1Q FY2027/3 (B/S)

- Inventories increased by JPY 1.4B, of which JPY 140M was due to exchange rate fluctuations. The remaining increase of JPY 1.26 B was mainly attributable to advance production of the previous model and the delay in obtaining JC-STAR certification for the EIBS No.8 (Ebisu 8) in Energy Solutions, as well as rare earth issues and higher sales in the U.S. in Mobility Equipment.
- Interest-bearing debt increased to fund the increase in working capital

(Millions of JPY)	2026/03/4Q Actual	2027/03/1Q Actual	Variance
Current Assets	55,260	57,829	2,568
Cash and deposits	6,472	8,493	2,020
Notes and accounts receivable-trade	14,375	13,887	-487
Inventories*	28,045	29,451	1,405
Non-Current Assets	28,683	28,766	83
Property, plant and equipment	17,934	17,938	3
Total Assets	**83,943**	**86,595**	**2,652**
Notes and accounts payable-trade	11,173	11,194	21
Electronically recorded obligations-operating	3,425	3,309	-116
Liability with Interest**	39,381	40,381	999
Total Liabilities	**69,775**	**71,504**	**1,729**
Equity	13,982	14,903	921
Equity Ratio	16.7%	17.2%	0.5pt
Net Assets	**14,168**	**15,091**	**922**

※1USD=JPY159.9 ※1USD=JPY162.39

*Inventories = Merchandise & finished goods + Work in progress + Raw materials & 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

Capital Investment and R&D Expenses

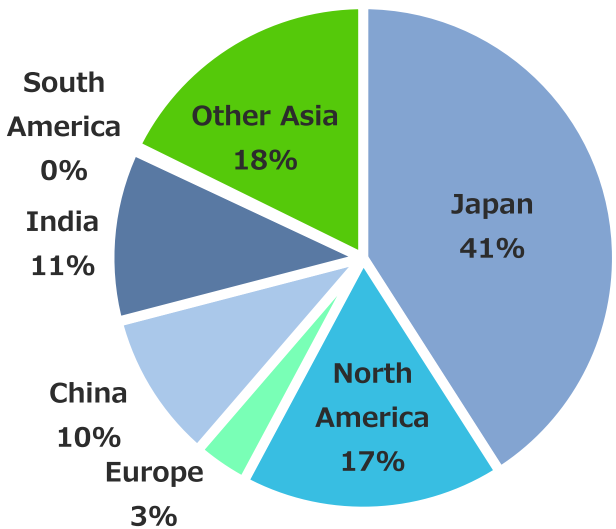
(Millions of JPY)	2026/03/1Q	2027/03/1Q		
	Actual	Actual	Variance	Variance %
Capital Investment	**269**	**351**	**82**	**30.5%**
Mobility Equipment	223	243	20	9.0%
Energy Solutions	8	33	25	312.5%
Home Electronics	30	58	28	93.3%
Others	4	1	-3	-75.0%
Common	2	15	13	650.0%
R&D Expenses	**827**	**860**	**33**	**4.0%**
Mobility Equipment	286	282	-4	-1.4%
Energy Solutions	441	475	34	7.7%
Home Electronics	96	98	2	2.1%
Others	-	-	-	-
Common	3	3	0	0.0%
Depreciation	**694**	**692**	**-2**	**-0.3%**
Mobility Equipment	506	452	-54	-10.7%
Energy Solutions	27	66	39	144.4%
Home Electronics	113	124	11	9.7%
Others	19	21	2	10.5%
Common	27	27	0	0.0%

Sales Summary by Region

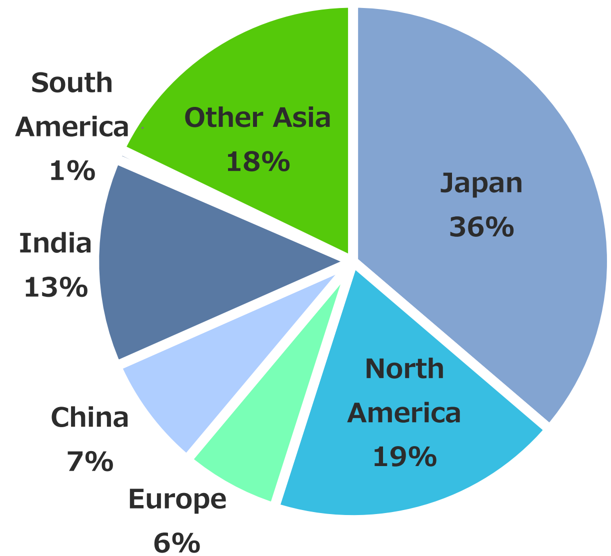
- **Japan:** Sales decreased in Energy Solutions.
- **North America:** Sales in Mobility Equipment increased due to higher production of ICE vehicles, reflecting a slowdown in demand for electric vehicles.
- **Europe:** Sales in the Mobility Equipment Business increased due to higher production of internal combustion engine vehicles
- **India:** Sales in the Mobility Equipment Business increased due to higher demand

Sales by Region (%)

FY2026/03 1Q



FY2027/03 1Q



Results by Region

(Millions of JPY)	2024/03/1Q	2025/03/1Q	2026/03/1Q	2027/03/1Q		
	Actual	Actual	Actual	Actual	Variance	Variance %
Japan	9,901	8,778	9,390	9,052	-338	-3.6%
North America	3,289	3,309	3,870	4,661	791	20.4%
South America	0	130	71	162	91	128.2%
Europe	2,250	1,296	801	1,539	738	92.1%
China	1,749	1,493	2,209	1,816	-393	-17.8%
India	1,620	2,356	2,527	3,279	752	29.8%
Other Asia	3,299	3,952	4,062	4,455	393	9.7%

1Q FY2027/3 Financial Performance (Initial Plan vs 1Q Actual)

- **Mobility Equipment:** Sales increased mainly due to foreign exchange effects, although improvements from cost reduction activities, etc., profit declined due to additional tariffs and costs associated with rare-earth export restrictions.
- **Energy Solutions Business:** Sales and profit decreased by delays in obtaining certification under the new cybersecurity standard (JC-STAR★)
- **Home Electronics:** Sales increased by capturing last-minute demand for air-conditioning equipment ahead of the revision of domestic energy-efficiency standards, Profit also increased, despite affected by deteriorated sales mix, due to cost reduction initiatives.
- **Other Topics:** Net income increased as the foreign exchange loss was below the estimate and the recording of a gain on the sale of investment securities.

(Millions of JPY)	2027/03 Initial Plan		2027/03 Actual			
	1Q Plan	Ratio %	1Q Actual	Ratio %	Variance	Variance %
Net Sales	**24,448**	**100.0%**	**24,967**	**100.0%**	**518**	**2.1%**
Mobility Equipment	10,650	43.6%	11,062	44.3%	412	3.9%
Energy Solutions	5,218	21.3%	4,759	19.1%	-459	-8.8%
Home Electronics	8,360	34.2%	8,886	35.6%	526	6.3%
Others	220	0.9%	258	1.0%	38	17.6%
Operating income	**585**	**2.4%**	**606**	**2.4%**	**21**	**3.7%**
Mobility Equipment	350	1.4%	322	1.3%	-27	-7.9%
Energy Solutions	400	1.6%	259	1.0%	-140	-35.1%
Home Electronics	410	1.7%	559	2.2%	149	36.6%
Others	20	0.1%	0	0.0%	-19	-98.5%
Common	-595	-2.4%	-535	-2.1%	59	-
Ordinary profit	**39**	**0.2%**	**311**	**1.2%**	**271**	**677.9%**
Net Income	**-100**	**-0.4%**	**204**	**0.8%**	**304**	**-**
R O E	-0.7%		1.4%		2.1pt	
Operating Profit Ratio	2.4%		2.4%		0.0pt	
Capital Investment	565		351		-213	-37.8%
R&D Expenses	995		860		-134	-13.6%
Depreciation	730		692		-37	-5.1%

※1 USD＝JPY148.00　※1 USD＝JPY159.57