Financial Statements

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II. 2Q FY2027/3 Financial Performance

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Diamond Electric Holdings Co., Ltd.

Tokyo Stock Exchange Standard Market 6699

November 2026

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Summary of 2Q FY2027/3 (P/L)

- **Mobility Equipment:** Sales increased due to higher production of vehicles equipped with internal combustion engines (ICE) in India, North America and Europe, as well as foreign exchange effects. Profit increased despite the impact of rare earth export restrictions.
- **Energy Solutions:** Despite launching the new model (EIBS No.8 “Ebisu-8”), sales and profit decreased due to the delay in obtaining the new cybersecurity standard certification (JC-STAR★), the weaker yen, surging memory semiconductor prices, and sales campaigns for the previous model (EIBS 7).
- **Home Electronics:** Sales and profits increased by capturing last-minute demand for air conditioning equipment ahead of the revision of Japan’s energy conservation standards.
- **Other Topics:**
  - Recorded a foreign exchange loss of JPY 599M (foreign exchange gain of JPY 160M in the same period of the previous FY).
  - Interest expenses rose to JPY 566M due to sharply higher financing costs (JPY 517M in the same period of the previous FY).
  - Recorded a gain on the sale of investment securities of JPY 143M (none in the same period of the previous FY).
  - Corporate taxes amounted to JPY 415M (JPY 622M in the same period of the previous FY).

(Millions of JPY)	2026/03/2Q		2027/03/2Q			
	Actual	Ratio %	Actual	Ratio %	Variance	Variance %
Net Sales	**46,628**	**100.0%**	**50,578**	**100.0%**	**3,950**	**8.5%**
Mobility Equipment	19,279	41.3%	22,765	45.0%	3,485	18.1%
Energy Solutions	11,995	25.7%	9,328	18.4%	-2,666	-22.2%
Home Electronics	14,825	31.8%	17,941	35.5%	3,116	21.0%
Others	528	1.1%	542	1.1%	14	2.7%
Operating Profit	**1,388**	**3.0%**	**1,088**	**2.2%**	**-300**	**-21.6%**
Mobility Equipment	566	1.2%	948	1.9%	381	67.3%
Energy Solutions	1,313	2.8%	243	0.5%	-1,070	-81.5%
Home Electronics	627	1.3%	1,003	2.0%	375	59.8%
Others	-58	-0.1%	36	0.1%	94	-
Common	-1,061	-2.3%	-1,142	-2.3%	-81	-
Ordinary Profit	**1,146**	**2.5%**	**146**	**0.3%**	**-999**	**-87.2%**
Net Income	**425**	**0.9%**	**-167**	**-0.3%**	**-593**	**-**
ROE	3.7%		**-1.2%**		-4.9pt	
Operating Profit Ratio	3.0%		**2.2%**		-0.8pt	
	※1USD=JPY146.03		※1USD=JPY159.49			

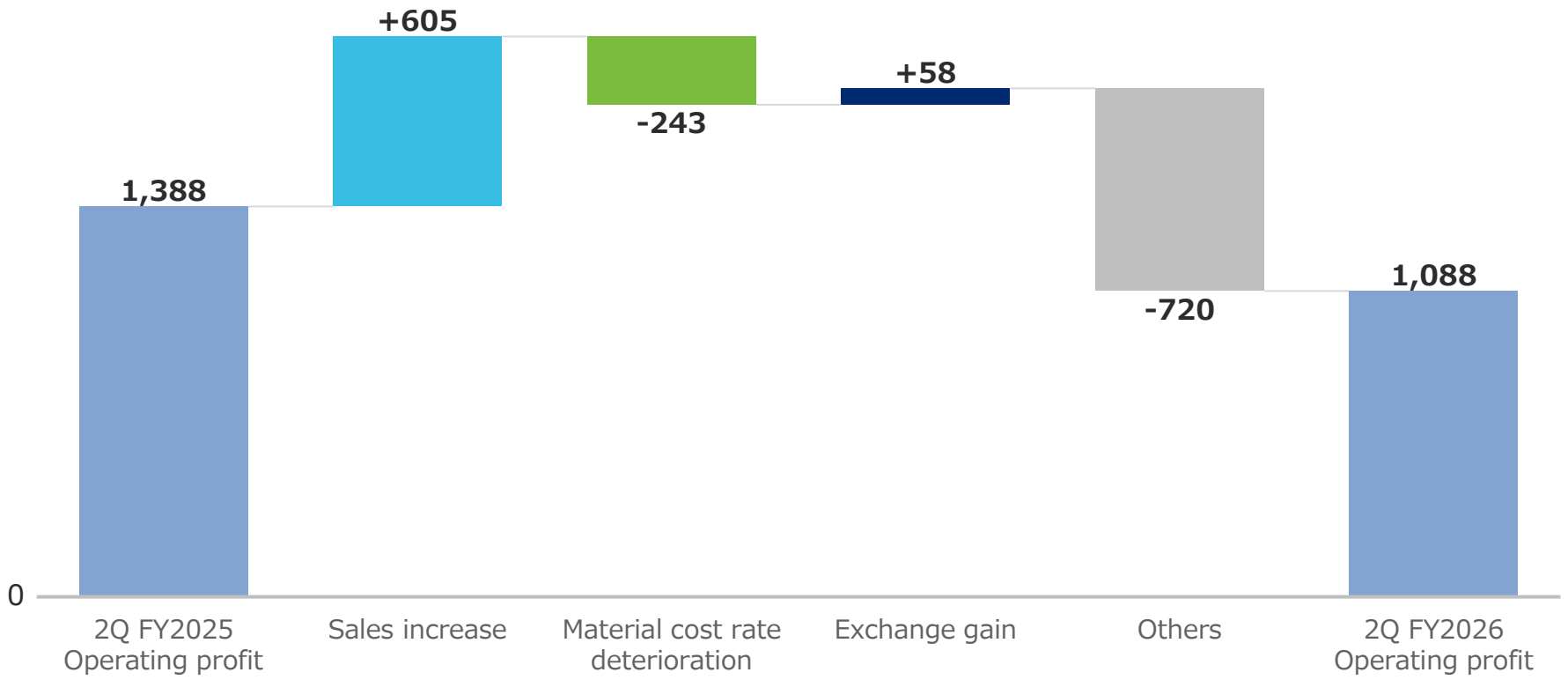
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Operating Profit Analysis

- **Sales increase:** Mainly attributable to higher customer demand in Mobility Equipment and Home Electronics Businesses.
- **Deterioration of material cost ratio:** Mainly driven by the weaker yen, soaring memory semiconductor prices, and promotional campaigns for the previous model in Energy Solutions Business.
- **Others:** Mainly attributable to higher manufacturing costs resulting from increased production in Mobility Equipment Business.

Factors Affecting Operating Profit

(Millions of JPY)

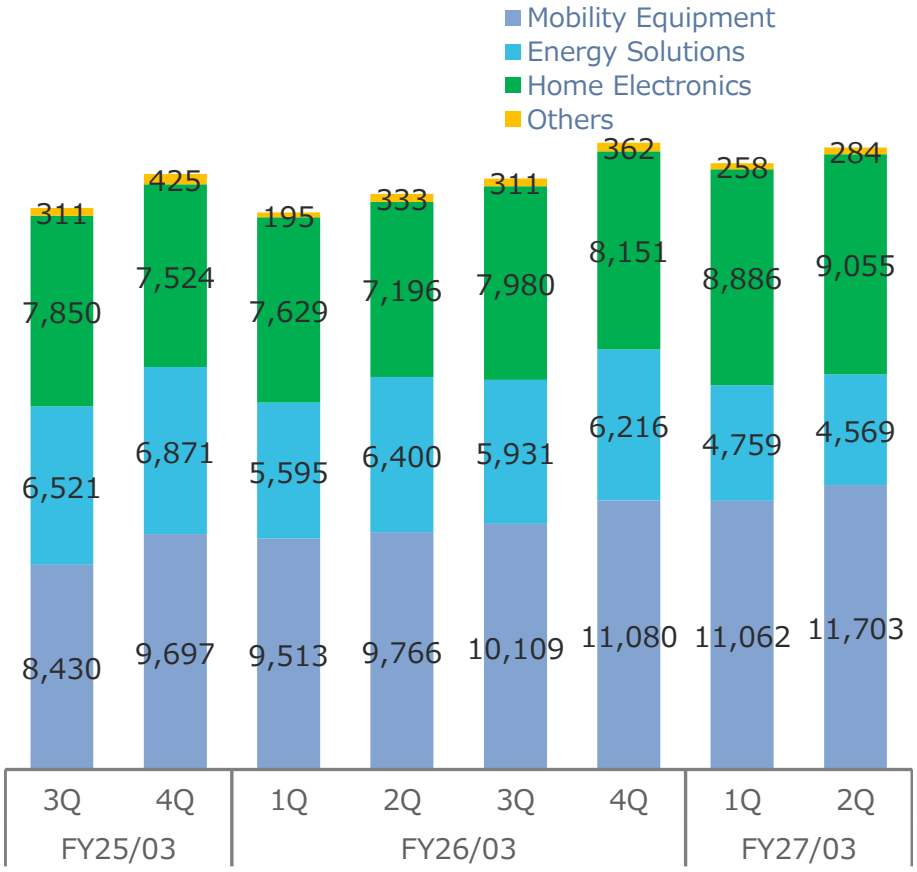


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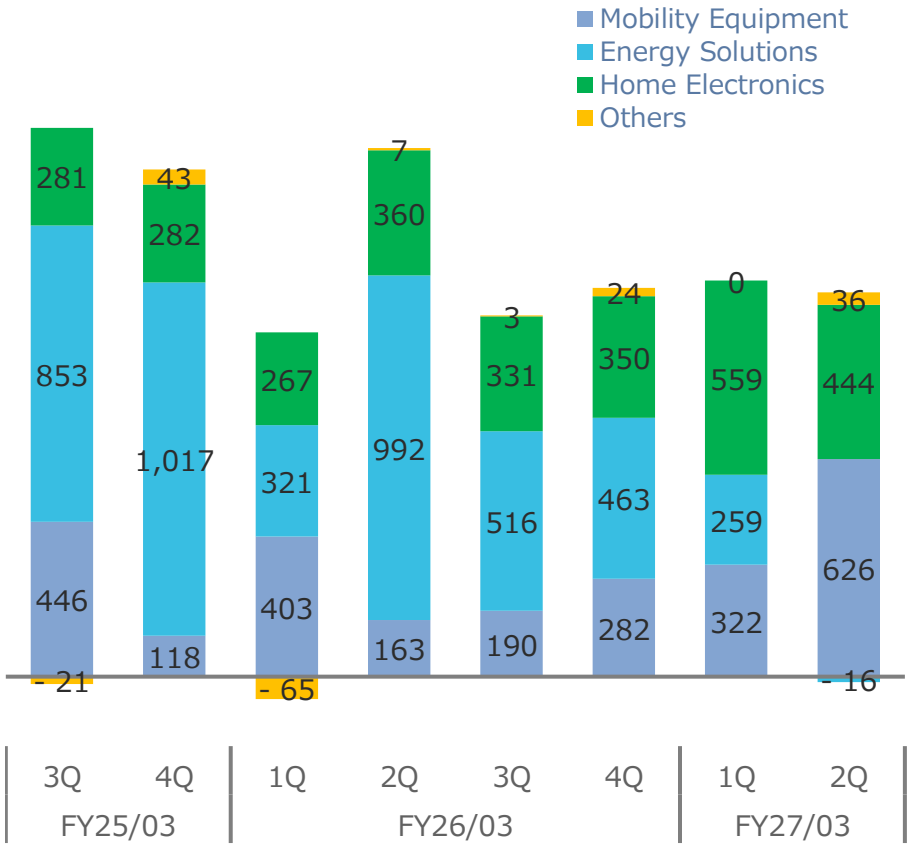
Performance by Segment

- **Mobility Equipment:** Sales and profits are trending upward due to higher demand; profits in 2Q increased owing to the recovery of costs related to rare earth export restrictions.
- **Energy Solutions:** Sales and profits decreased significantly in the current period due to the delay in obtaining the new cybersecurity standard certification (JC-STAR★).
- **Home Electronics:** Sales and profits increased in the current period by capturing last-minute demand for air conditioning equipment ahead of the revision of Japan's energy conservation standards.

Sales by Segment (Quarterly, Millions JPY)



Profit by Segment (Quarterly, Millions JPY)



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Summary of 2Q FY2027/3 (B/S)

- **Inventories:** Of the JPY 1.04B increase, exchange rate fluctuations reduced inventories by JPY 230M. The remaining increase of JPY 1.27B was mainly due to the delay in obtaining JC-STAR★ certification for the Ebisu No.8 in Energy Solutions Business, as well as rare earth issues and higher sales in the United States within Mobility Equipment Business.
- **Interest-bearing liabilities:** Increased due to support growing working capital requirements.
- **Net assets:** Increased due to the exercise of stock acquisition rights.

(Millions of JPY)	2026/03/4Q Actual	2027/03/2Q Actual	Variance
Current Assets	55,260	56,283	1,022
Cash and deposits	6,472	7,271	799
Notes and accounts receivable-trade	14,375	14,069	-306
Inventories*	28,045	29,093	1,047
Non-Current Assets	28,683	29,083	399
Property, plant and equipment	17,934	18,216	282
Total Assets	**83,943**	**85,366**	**1,422**
Notes and accounts payable-trade	11,173	10,283	-889
Electronically recorded obligations-operating	3,425	3,682	257
Liability with Interest**	39,381	40,025	644
Total Liabilities	**69,775**	**70,511**	**735**
Equity	13,982	14,659	676
Equity Ratio	16.7%	17.2%	0.5pt
Net Assets	**14,168**	**14,855**	**687**
	※1USD=JPY159.9	※1USD=JPY157.31	

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

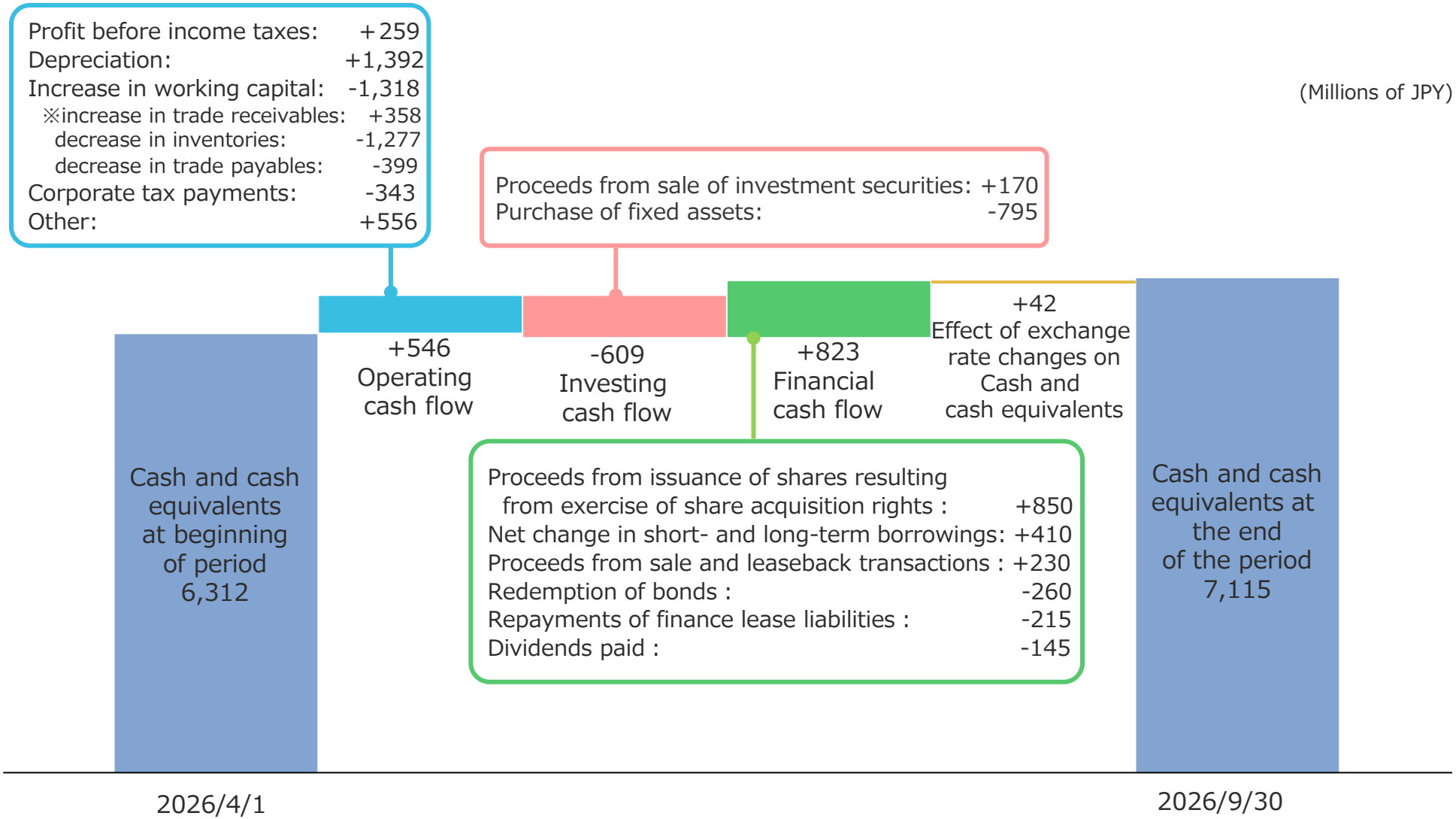
**Interest-bearing debt = Short-term loans payable + Current portion of bonds + Current portion of long-term loans payable + Bonds + Long-term loans payable + Lease obligations

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Consolidated CF

- Free cash flow improved from -JPY 2.64B in FY2026/3 to -JPY 60M (+JPY 2.58B).

(Millions of JPY)



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Capital Investment and R&D Expenses

- **Capital Investment:** Capital expenditures were mainly for production equipment in Mobility Equipment Business, to serve customers in the United States and to support production in Japan.

(Millions of JPY)	2026/03/2Q	2027/03/2Q		
	Actual	Actual	Variance	Variance %
Capital Investment	**722**	**1,420**	**698**	**96.7%**
Mobility Equipment	343	1,000	657	191.5%
Energy Solutions	142	107	-35	-24.6%
Home Electronics	61	213	152	249.2%
Others	15	36	21	140.0%
Common	159	62	-97	-61.0%
R&D Expenses	**1,624**	**1,751**	**127**	**7.8%**
Mobility Equipment	562	594	32	5.7%
Energy Solutions	867	957	90	10.4%
Home Electronics	185	194	9	4.9%
Others	-	-	-	-
Common	9	4	-5	-55.6%
Depreciation	**1,457**	**1,392**	**-65**	**-4.5%**
Mobility Equipment	991	922	-69	-7.0%
Energy Solutions	99	129	30	30.3%
Home Electronics	271	241	-30	-11.1%
Others	39	43	4	10.3%
Common	55	55	0	0.0%

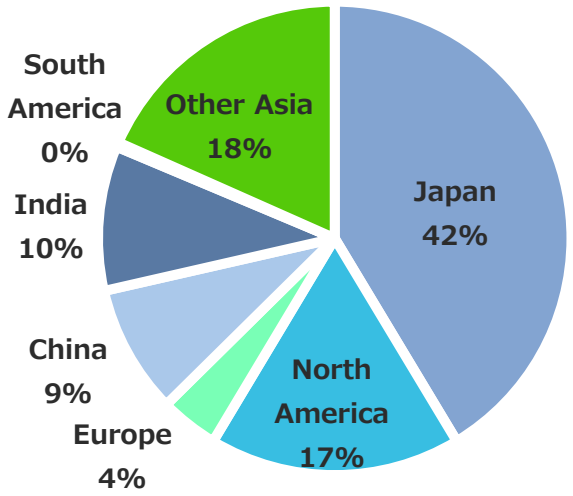
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Sales Summary by Region

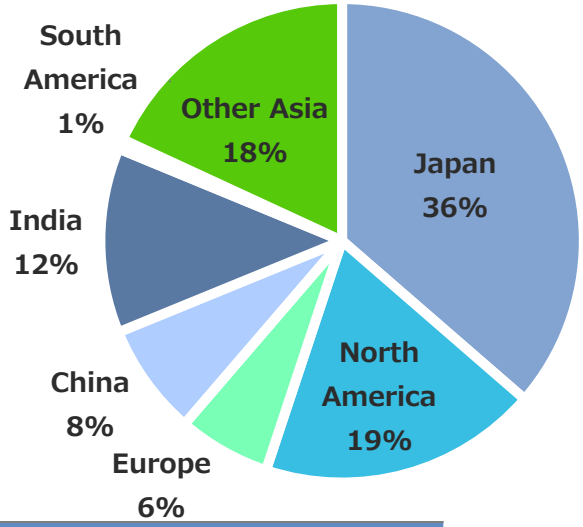
- **Japan:** Sales in Home Electronics Business increased due to last-minute demand for air conditioning equipment, while sales in Energy Solutions Business decreased.
- **North America:** Sales in the Mobility Equipment Business increased due to higher production of ICE vehicles, driven by a slowdown in electric vehicle demand.
- **Europe:** Sales in Mobility Equipment Business increased due to higher production of ICE vehicles. Sales in Home Electronics Business increased due to higher demand for air conditioning equipment.
- **India:** Sales in Mobility Equipment Business increased due to higher demand. Sales in Home Electronics Business increased due to higher demand for air-conditioning equipment.

Sales by Region (%)

FY2026/03 2Q



FY2027/03 2Q



Results by Region

(Millions of JPY)	2024/03/2Q	2025/03/2Q	2026/03/2Q	2027/03/2Q		
	Actual	Actual	Actual	Actual	Variance	Variance %
Japan	19,888	18,397	19,293	18,396	-897	-4.6%
North America	6,660	6,401	8,027	9,471	1,444	18.0%
South America	0	268	146	334	188	128.8%
Europe	4,669	2,559	1,869	3,139	1,270	68.0%
China	3,584	3,503	4,117	3,801	-316	-7.7%
India	3,393	4,545	4,614	6,274	1,660	36.0%
Other Asia	6,781	8,419	8,558	9,160	602	7.0%

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Q2 FY2027 Results (Initial Forecast vs. Q2 Actual)

- **Mobility Equipment:** Sales increased mainly due to foreign exchange effects and higher production of ICE vehicles in the U.S. and China. Profit increased despite the impact of additional tariffs.
- **Energy Solutions:** Sales and profit decreased due to the impact of the delay in obtaining the new cybersecurity certification (JC-STAR★).
- **Home Electronics:** Sales increased by last-minute demand for air conditioning equipment ahead of the revision of Japan's energy conservation standards. Although affected by a deteriorated sales mix, profit increased as a result of cost reduction activities, etc.
- **Other Topics:** Net income increased due to higher operating profit and the recording of a gain on sale of investment securities.

(Millions of JPY)	2027/03 Initial Plan		2027/03 Actual			
	2Q Plan	Ratio %	2Q Actual	Ratio %	Variance	Variance %
Net Sales	**48,100**	**100.0%**	**50,578**	**100.0%**	**2,478**	**5.2%**
Mobility Equipment	21,150	44.0%	22,765	45.0%	1,615	7.6%
Energy Solutions	10,000	20.8%	9,328	18.4%	-671	-6.7%
Home Electronics	16,430	34.2%	17,941	35.5%	1,511	9.2%
Others	520	1.1%	542	1.1%	22	4.4%
Operating income	**600**	**1.2%**	**1,088**	**2.2%**	**488**	**81.4%**
Mobility Equipment	600	1.2%	948	1.9%	348	58.0%
Energy Solutions	400	0.8%	243	0.5%	-156	-39.2%
Home Electronics	760	1.6%	1,003	2.0%	243	32.0%
Others	30	0.1%	36	0.1%	6	21.9%
Common	-1,190	-2.5%	-1,142	-2.3%	47	-
Ordinary profit	**-170**	**-0.4%**	**146**	**0.3%**	**317**	**-**
Net Income	**-420**	**-0.9%**	**-167**	**-0.3%**	**252**	**-**
ROE	-2.9%		-1.2%		1.7pt	
Operating Profit Ratio	1.2%		2.2%		1.0pt	
Capital Investment	2,130		1,420		-709	-33.3%
R&D Expenses	2,045		1,751		-293	-14.4%
Depreciation	1,520		1,392		-127	-8.4%

※1 USD＝JPY148　　※1 USD＝JPY159.49

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