

Note: This document is a translation of a part of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.

Consolidated Financial Results for the Year Ended March 31, 2022 [Japanese GAAP]

May 13, 2022

Company name: DIAMOND ELECTRIC HOLDINGS Co., Ltd.

Stock exchange listing: Tokyo

Code number: 6699

URL: <https://www.diaelec-hd.co.jp>

Representative: ONO Yuuri

Contact: TOKUHARA Eishin

Phone: 06-6302-8211

President and CEO

Managing Executive Officer, CFO

Scheduled date of Annual General Meeting of Shareholders: June 24, 2022

Scheduled date of commencing dividend payments: June 27, 2022

Scheduled date of filing annual securities report: June 27, 2022

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 01, 2021 to March 31, 2022)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2022	76,271	8.0	492	(78.1)	1,268	(48.7)	1,287	-
March 31, 2021	70,639	(0.5)	2,247	339.2	2,470	-	95	-

(Note) Comprehensive income: Fiscal year ended March 31, 2022: ¥ 2,164 million [134.9%]
Fiscal year ended March 31, 2021: ¥ 921 million [-%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2022	179.04	-	15.0	1.9	0.6
March 31, 2021	13.90	-	1.5	4.3	3.2

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2022: ¥ 73 million
Fiscal year ended March 31, 2021: ¥ (12) million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2022	68,727	10,176	14.7	1,380.52
March 31, 2021	64,085	7,185	11.0	1,020.95

(Reference) Equity: As of March 31, 2022: ¥ 10,074 million
As of March 31, 2021: ¥ 7,049 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2022	(4,473)	(3,781)	3,232	10,739
March 31, 2021	3,716	(1,865)	5,515	15,412

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2021	-	2.50	-	12.50	15.00	103	108.0	1.6
March 31, 2022	-	12.50	-	12.50	25.00	200	14.0	2.1
Fiscal year ending March 31, 2023 (Forecast)	-	12.50	-	12.50	25.00		-	

(Note) Breakdown of the year-end dividend for the fiscal year ended March 31, 2022 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 01, 2022 to March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ended September 30, 2022	38,000	(1.9)	(600)	-	(700)	-	(800)	-	(111.23)
Full year	85,000	11.4	1,000	103.1	800	(36.9)	300	(76.7)	41.71

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New	-	(Company name:)
Exclusion:	-	(Company name:)

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2022:	8,153,401 shares
March 31, 2021:	7,805,701 shares

2) Total number of treasury shares at the end of the period:

March 31, 2022:	855,676 shares
March 31, 2021:	900,780 shares

3) Average number of shares during the period:

Fiscal Year ended March 31, 2022:	7,192,140 shares
Fiscal Year ended March 31, 2021:	6,839,010 shares

*The Company has introduced a performance-linked stock compensation system and a performance-linked incentive system, and includes treasury stock in the number of treasury stock calculated and deducted from the average number of treasury stock and treasury stock at the end of the period.

*Financial statements are not subject to audit by a certified public accountant or an audit corporation.

Consolidated Financial Statements

Consolidated Balance Sheets

(Million yen)

	As of March 31,2021	As of March 31,2022
Assets		
Current assets		
Cash and deposits	15,418	10,745
Notes and accounts receivable - trade	13,849	-
Notes receivable - trade	-	774
Accounts receivable - trade	-	12,126
Electronically recorded monetary claims - operating	348	551
Securities	88	97
Merchandise and finished goods	5,353	4,683
Work in process	824	1,234
Raw materials and supplies	6,730	12,169
Other	2,350	3,640
Allowance for doubtful accounts	(8)	(3)
Total current assets	44,956	46,019
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,199	4,504
Machinery, equipment and vehicles, net	4,617	4,779
Land	3,286	3,306
Construction in progress	1,567	2,005
Other, net	732	851
Total property, plant and equipment	13,402	15,447
Intangible assets		
Goodwill	47	40
Other	371	394
Total intangible assets	418	435
Investments and other assets		
Investment securities	2,668	2,908
Long-term loans receivable	2	10
Deferred tax assets	239	740
Retirement benefit asset	534	457
Other	2,083	2,929
Allowance for doubtful accounts	(220)	(220)
Total investments and other assets	5,307	6,826
Total non-current assets	19,129	22,708
Total assets	64,085	68,727

(Million yen)

	As of March 31,2021	As of March 31,2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,784	8,792
Electronically recorded obligations - operating	5,594	5,239
Contract liabilities	-	4,383
Short-term borrowings	13,796	14,405
Current portion of bonds payable	30	-
Current portion of long-term borrowings	2,226	3,409
Lease liabilities	178	189
Accounts payable - other	2,386	1,547
Income taxes payable	704	221
Provision for bonuses	561	503
Provision for product warranties	608	453
Provision for product compensation	-	291
Other	2,173	869
Total current liabilities	37,045	40,307
Non-current liabilities		
Long-term borrowings	13,878	15,602
Lease liabilities	579	750
Long-term accounts payable - other	77	5
Retirement benefit liability	860	845
Asset retirement obligations	214	218
Deferred tax liabilities	560	656
Long-term unearned revenue	3,658	152
Other	24	13
Total non-current liabilities	19,854	18,244
Total liabilities	56,899	58,551
Net assets		
Shareholders' equity		
Share capital	200	654
Capital surplus	8,339	9,716
Retained earnings	(199)	901
Treasury shares	(997)	(1,797)
Total shareholders' equity	7,343	9,474
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(12)	(72)
Foreign currency translation adjustment	(385)	610
Remeasurements of defined benefit plans	104	62
Total accumulated other comprehensive income	(293)	600
Share acquisition rights	17	1
Non-controlling interests	118	100
Total net assets	7,185	10,176
Total liabilities and net assets	64,085	68,727

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Net sales	70,639	76,271
Cost of sales	58,716	65,149
Gross profit	11,922	11,122
Selling, general and administrative expenses	9,675	10,630
Operating profit	2,247	492
Non-operating income		
Interest income	12	18
Dividend income	19	26
Foreign exchange gains	350	950
Subsidy income	16	20
Share of profit of entities accounted for using equity method	-	73
Subsidies for employment adjustment	41	-
Rental income	4	-
Other	198	141
Total non-operating income	642	1,231
Non-operating expenses		
Interest expenses	171	223
Commission expenses	80	136
Depreciation	49	-
Share of loss of entities accounted for using equity method	12	-
Other	105	95
Total non-operating expenses	419	455
Ordinary profit	2,470	1,268
Extraordinary income		
Gain on sale of non-current assets	21	16
Gain on sale of investment securities	0	3
Gain on forgiveness of debts	-	565
Gain on forgiveness of lease obligations	-	103
Other	-	9
Total extraordinary income	21	698
Extraordinary losses		
Loss on sale of non-current assets	0	11
Loss on retirement of non-current assets	124	34
Loss on valuation of investment securities	-	3
Impairment losses	242	-
Product compensation loss	12	290
Amortization of prior service cost	-	67
Loss on liquidation of subsidiaries	-	59
Settlement payments	-	74
Loss related to infectious disease	131	-
Special retirement allowance	871	-
Other	30	7
Total extraordinary losses	1,414	550
Profit before income taxes	1,078	1,416
Income taxes - current	843	454
Income taxes - deferred	132	(308)
Total income taxes	976	146

Profit	102	1,270
Profit (loss) attributable to non-controlling interests	7	(16)
Profit attributable to owners of parent	95	1,287

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Profit	102	1,270
Other comprehensive income		
Valuation difference on available-for-sale securities	107	(59)
Foreign currency translation adjustment	401	872
Remeasurements of defined benefit plans, net of tax	182	(41)
Share of other comprehensive income of entities accounted for using equity method	128	123
Total other comprehensive income	819	893
Comprehensive income	921	2,164
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	914	2,181
Comprehensive income attributable to non-controlling interests	7	(16)

Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31,2021

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	137	8,201	(243)	(983)	7,111
Changes during period					
Issuance of new shares	100	100			201
Profit attributable to owners of parent			95		95
Dividends of surplus			(51)		(51)
Purchase of treasury shares				(14)	(14)
Disposal of treasury shares				0	0
Capital reduction	(37)	37			-
Net changes in items other than shareholders' equity					
Total changes during period	63	138	43	(13)	231
Balance at end of period	200	8,339	(199)	(997)	7,343

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	(120)	(914)	(77)	(1,112)	-	112	6,111
Changes during period							
Issuance of new shares							201
Profit attributable to owners of parent							95
Dividends of surplus							(51)
Purchase of treasury shares							(14)
Disposal of treasury shares							0
Capital reduction							-
Net changes in items other than shareholders' equity	107	529	182	819	17	5	842
Total changes during period	107	529	182	819	17	5	1,074
Balance at end of period	(12)	(385)	104	(293)	17	118	7,185

For the fiscal year ended March 31,2022

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	200	8,339	(199)	(997)	7,343
Changes during period					
Issuance of new shares	453	453			907
Profit attributable to owners of parent			1,287		1,287
Dividends of surplus			(186)		(186)
Purchase of treasury shares				(1,650)	(1,650)
Disposal of treasury shares		923		849	1,772
Net changes in items other than shareholders' equity					
Total changes during period	453	1,376	1,101	(800)	2,131
Balance at end of period	654	9,716	901	(1,797)	9,474

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	(12)	(385)	104	(293)	17	118	7,185
Changes during period							
Issuance of new shares							907
Profit attributable to owners of parent							1,287
Dividends of surplus							(186)
Purchase of treasury shares							(1,650)
Disposal of treasury shares							1,772
Net changes in items other than shareholders' equity	(59)	995	(41)	893	(16)	(18)	859
Total changes during period	(59)	995	(41)	893	(16)	(18)	2,990
Balance at end of period	(72)	610	62	600	1	100	10,176

Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Cash flows from operating activities		
Profit before income taxes	1,078	1,416
Depreciation	2,198	2,169
Impairment losses	242	-
Product compensation loss	-	290
Amortization of prior service cost	-	67
Loss on liquidation of subsidiaries	-	59
Settlement payments	-	74
Special retirement allowance	871	-
Gain on forgiveness of debt	-	(565)
Gain on forgiveness of lease obligations	-	(103)
Loss (gain) on sale of investment securities	-	0
Increase (decrease) in allowance for doubtful accounts	0	(5)
Increase (decrease) in provision for bonuses	456	(68)
Increase (decrease) in provision for product warranties	378	(155)
Increase (decrease) in provision for compensation for product	-	276
Increase (decrease) in retirement benefit liability	2	25
Interest and dividend income	(31)	(45)
Interest expenses	171	223
Foreign exchange losses (gains)	(197)	(632)
Share of loss (profit) of entities accounted for using equity method	12	(73)
Decrease (increase) in trade receivables	(3,697)	1,384
Decrease (increase) in inventories	(1,229)	(4,410)
Increase (decrease) in trade payables	3,603	(934)
Increase (decrease) in accounts payable - other	316	(1,776)
Increase (decrease) in Contract liabilities	-	170
Decrease (increase) in long-term prepaid expenses	-	(881)
Increase (decrease) in long-term unearned revenue	532	(11)
Other, net	(135)	(287)
Subtotal	4,574	(3,791)
Interest and dividends received	31	45
Interest paid	(172)	(233)
Payments for Special retirement allowance	(366)	-
Income taxes paid	(350)	(494)
Net cash provided by (used in) operating activities	3,716	(4,473)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,861)	(3,390)
Proceeds from sale of property, plant and equipment	30	33
Purchase of intangible assets	(126)	(88)
Purchase of investment securities	(14)	(107)
Proceeds from sale of investment securities	-	7
Proceeds from redemption of investment securities	89	89
Proceeds from collection of loans receivable	105	3
Loan advances	(5)	(4)
Purchase of shares of subsidiaries and associates	(69)	(77)
Other, net	(12)	(246)
Net cash provided by (used in) investing activities	(1,865)	(3,781)
Cash flows from financing activities		

Proceeds from disposal of treasury shares	-	1,646
Net increase (decrease) in short-term borrowings	5,516	111
Proceeds from long-term borrowings	1,772	16,943
Repayments of long-term borrowings	(2,264)	(14,037)
Redemption of bonds	(30)	(30)
Proceeds from sale and leaseback transactions	628	9
Repayments of finance lease liabilities	(191)	(302)
Dividends paid	(51)	(186)
Proceeds from issuance of share acquisition rights	20	-
Proceeds from issuance of shares resulting from exercise of share acquisition rights	198	890
Other, net	(83)	(1,813)
Net cash provided by (used in) financing activities	5,515	3,232
Effect of exchange rate change on cash and cash equivalents	252	349
Net increase (decrease) in cash and cash equivalents	7,619	(4,673)
Cash and cash equivalents at beginning of period	7,792	15,412
Cash and cash equivalents at end of period	15,412	10,739