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Consolidated Financial Results for the Three Months Ended June 30, 2022 [Japanese GAAP]

August 12, 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

President and CEO

Contact: TOKUHARA Eishin

Senior Managing Executive Officer, CFO

Phone: 06-6302-8211

Scheduled date of filing quarterly securities report: August 12, 2022

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: No

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2022 (April 01, 2022 to June 30, 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 | % |
| Three months ended June 30, 2022 | 19,837 | (2.4) | (1,082) | - | (205) | - | (351) | - |
| June 30, 2021 | 20,331 | 53.5 | 706 | - | 645 | - | 699 | - |

(Note) Comprehensive income: Three months ended June 30, 2022: ¥ 429 million [(41.7)%]
Three months ended June 30, 2021: ¥ 737 million [-%]

| | Basic earnings per share | Diluted earnings per share |
|--------------------|--------------------------|----------------------------|
| Three months ended | Yen | Yen |
| June 30, 2022 | (48.19) | - |
| June 30, 2021 | 101.17 | - |

(2) Consolidated Financial Position

| | Total assets | Net assets | Capital adequacy ratio | Net assets per share |
|----------------|--------------|-------------|------------------------|----------------------|
| As of | Million yen | Million yen | % | Yen |
| June 30, 2022 | 71,408 | 10,505 | 14.6 | 1,425.93 |
| March 31, 2022 | 68,727 | 10,176 | 14.7 | 1,380.52 |

(Reference) Equity: As of June 30, 2022: ¥ 10,405 million
As of March 31, 2022: ¥ 10,074 million

2. Dividends

| | Annual dividends | | | | |
|---|------------------|-----------------|-----------------|----------|-------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended March 31, 2022 | - | 12.50 | - | 12.50 | 25.00 |
| Fiscal year ending March 31, 2023 | - | | | | |
| Fiscal year ending March 31, 2023 (Forecast) | | 12.50 | - | 12.50 | 25.00 |

(Note) Revision to the forecast for dividends announced most recently: None

(Note) Breakdown of the 1st quarter dividend for the fiscal year ending March 31, 2023:

| | |
|------------------------|-------|
| 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 |

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

(1) Changes in significant subsidiaries during the three months ended June 30, 2022

(changes in specified subsidiaries resulting in changes in scope of consolidation): None

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

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

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

1) Changes in accounting policies due to the revision of accounting standards: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

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

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

June 30, 2022: 8,153,401 shares

March 31, 2022: 8,153,401 shares

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

June 30, 2022: 855,788 shares

March 31, 2022: 855,676 shares

3) Average number of shares during the period:

Three months ended June 30, 2022: 7,297,682 shares

Three months ended June 30, 2021: 6,914,706 shares

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Million yen)

| | As of March 31,2022 | As of June 30,2022 |
|---|---------------------|--------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 10,745 | 10,008 |
| Notes and accounts receivable - trade | 12,900 | 13,463 |
| Electronically recorded monetary claims - operating | 551 | 445 |
| Securities | 97 | 109 |
| Merchandise and finished goods | 4,683 | 5,836 |
| Work in process | 1,234 | 1,389 |
| Raw materials and supplies | 12,169 | 13,284 |
| Other | 3,640 | 3,088 |
| Allowance for doubtful accounts | (3) | (3) |
| Total current assets | 46,019 | 47,620 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 4,504 | 4,807 |
| Machinery, equipment and vehicles, net | 4,779 | 4,835 |
| Land | 3,306 | 3,384 |
| Construction in progress | 2,005 | 2,401 |
| Other, net | 851 | 966 |
| Total property, plant and equipment | 15,447 | 16,395 |
| Intangible assets | | |
| Goodwill | 40 | 39 |
| Other | 394 | 465 |
| Total intangible assets | 435 | 504 |
| Investments and other assets | | |
| Investment securities | 2,908 | 2,941 |
| Long-term loans receivable | 10 | 10 |
| Deferred tax assets | 740 | 797 |
| Retirement benefit asset | 457 | 299 |
| Other | 2,929 | 3,059 |
| Allowance for doubtful accounts | (220) | (220) |
| Total investments and other assets | 6,826 | 6,887 |
| Total non-current assets | 22,708 | 23,787 |
| Total assets | 68,727 | 71,408 |

(Million yen)

| | As of March 31,2022 | As of June 30,2022 |
|---|---------------------|--------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 8,792 | 9,556 |
| Electronically recorded obligations - operating | 5,239 | 4,604 |
| Contract liabilities | 4,383 | 4,322 |
| Short-term borrowings | 14,405 | 14,740 |
| Current portion of long-term borrowings | 3,409 | 3,540 |
| Lease liabilities | 189 | 238 |
| Accounts payable - other | 1,547 | 1,963 |
| Income taxes payable | 221 | 135 |
| Provision for bonuses | 503 | 470 |
| Provision for product warranties | 453 | 366 |
| Provision for product compensation | 291 | 292 |
| Other | 869 | 972 |
| Total current liabilities | 40,307 | 41,203 |
| Non-current liabilities | | |
| Long-term borrowings | 15,602 | 16,779 |
| Lease liabilities | 750 | 949 |
| Long-term accounts payable - other | 5 | 5 |
| Retirement benefit liability | 845 | 885 |
| Asset retirement obligations | 218 | 219 |
| Deferred tax liabilities | 656 | 684 |
| Long-term unearned revenue | 152 | 134 |
| Other | 13 | 41 |
| Total non-current liabilities | 18,244 | 19,698 |
| Total liabilities | 58,551 | 60,902 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 654 | 654 |
| Capital surplus | 9,716 | 9,716 |
| Retained earnings | 901 | 449 |
| Treasury shares | (1,797) | (1,797) |
| Total shareholders' equity | 9,474 | 9,022 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | (72) | (77) |
| Foreign currency translation adjustment | 610 | 1,558 |
| Remeasurements of defined benefit plans | 62 | (97) |
| Total accumulated other comprehensive income | 600 | 1,383 |
| Share acquisition rights | 1 | 1 |
| Non-controlling interests | 100 | 98 |
| Total net assets | 10,176 | 10,505 |
| Total liabilities and net assets | 68,727 | 71,408 |

Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income (For the three months)

(Million yen)

| | For the three months ended June 30,2021 | For the three months ended June 30,2022 |
|---|--|--|
| Net sales | 20,331 | 19,837 |
| Cost of sales | 16,997 | 17,577 |
| Gross profit | 3,333 | 2,259 |
| Selling, general and administrative expenses | 2,626 | 3,341 |
| Operating profit (loss) | 706 | (1,082) |
| Non-operating income | | |
| Interest income | 7 | 3 |
| Dividend income | 8 | 10 |
| Foreign exchange gains | - | 964 |
| Subsidy income | 3 | 4 |
| Share of profit of entities accounted for using equity method | 11 | 9 |
| Other | 40 | 26 |
| Total non-operating income | 71 | 1,018 |
| Non-operating expenses | | |
| Interest expenses | 55 | 62 |
| Foreign exchange losses | 18 | - |
| Commission expenses | 20 | 41 |
| Other | 37 | 37 |
| Total non-operating expenses | 132 | 141 |
| Ordinary profit (loss) | 645 | (205) |
| Extraordinary income | | |
| Gain on sale of non-current assets | 8 | 11 |
| Gain on forgiveness of debts | 335 | - |
| Other | 24 | 6 |
| Total extraordinary income | 367 | 17 |
| Extraordinary losses | | |
| Loss on sale of non-current assets | 7 | 0 |
| Loss on retirement of non-current assets | 0 | 1 |
| Total extraordinary losses | 7 | 1 |
| Profit (loss) before income taxes | 1,005 | (189) |
| Income taxes | 306 | 163 |
| Profit (loss) | 699 | (353) |
| Profit (loss) attributable to non-controlling interests | 0 | (1) |
| Profit (loss) attributable to owners of parent | 699 | (351) |

Quarterly Consolidated Statements of Comprehensive Income (For the three months)

(Million yen)

| | For the three months ended June 30,2021 | For the three months ended June 30,2022 |
|--|--|--|
| Profit (loss) | 699 | (353) |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 3 | (5) |
| Foreign currency translation adjustment | 73 | 910 |
| Remeasurements of defined benefit plans, net of tax | (46) | (159) |
| Share of other comprehensive income of entities accounted for using equity method | 7 | 37 |
| Total other comprehensive income | 37 | 783 |
| Comprehensive income | 737 | 429 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 737 | 431 |
| Comprehensive income attributable to non-controlling interests | 0 | (1) |