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Consolidated Financial Results for the Three Months Ended June 30, 2023 [Japanese GAAP]

August 14, 2023

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: +81-6-6302-8211

Scheduled date of filing quarterly securities report: August 14, 2023

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 Japanese yen are rounded down.)

1. Consolidated Financial Results for the Three Months Ended June 30, 2023 (April 1, 2023 to June 30, 2023)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|----------------------------------|-------------|-------|------------------|---|-----------------|---|---|---|
| | Million JPY | % | Million JPY | % | Million JPY | % | Million JPY | % |
| Three months ended June 30, 2023 | 22,110 | 11.5 | (407) | - | 279 | - | (77) | - |
| June 30, 2022 | 19,837 | (2.4) | (1,082) | - | (205) | - | (351) | - |

(Note) Comprehensive income: Three months ended June 30, 2023: ¥ 677 million [57.5%]
Three months ended June 30, 2022: ¥ 429 million [(41.7)%]

| | Basic earnings per share | Diluted earnings per share |
|--------------------|--------------------------|----------------------------|
| Three months ended | JPY | JPY |
| June 30, 2023 | (9.27) | - |
| June 30, 2022 | (48.19) | - |

(2) Consolidated Financial Position

| | Total assets | Net assets | Capital adequacy ratio | Net assets per share |
|----------------|--------------|-------------|------------------------|----------------------|
| As of | Million JPY | Million JPY | % | JPY |
| June 30, 2023 | 78,055 | 11,579 | 14.7 | 1,367.62 |
| March 31, 2023 | 78,727 | 10,903 | 13.7 | 1,287.38 |

(Reference) Equity: As of June 30, 2023: ¥ 11,451 million
As of March 31, 2023: ¥ 10,779 million

2. Dividends

| | Annual dividends | | | | |
|---|------------------|-----------------|-----------------|----------|-------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Year-end | Total |
| | JPY | JPY | JPY | JPY | JPY |
| Fiscal year ended March 31, 2023 | - | 12.50 | - | 12.50 | 25.00 |
| Fiscal year ending March 31, 2024 | - | | | | |
| Fiscal year ending March 31, 2024 (Forecast) | | 12.50 | - | 12.50 | 25.00 |

(Note) Revision to the forecast for dividends announced most recently: No

(Note) Breakdown of the 1st quarter dividend for the fiscal year ending March 31, 2024 :

| | |
|------------------------|-------|
| Commemorative dividend | - yen |
| Special dividend | - yen |

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024(April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Basic earnings per share |
|--------------------------------------|-------------|------|------------------|---|-----------------|---|---|---|--------------------------|
| | Million JPY | % | Million JPY | % | Million JPY | % | Million JPY | % | JPY |
| Six months ending September 30, 2023 | 47,900 | 10.7 | 100 | - | (120) | - | (220) | - | (28.55) |
| Full year | 98,000 | 7.6 | 850 | - | 450 | - | 210 | - | 27.25 |

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the three months ended June 30, 2023
(changes in specified subsidiaries resulting in changes in scope of consolidation): No

| | | | |
|------------|---|----------------|---|
| 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: No
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No
- 4) Retrospective restatement: No

(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, 2023: | 9,128,001 shares |
| March 31, 2023: | 9,128,001 shares |

2) Number of treasury shares at the end of the period:

| | |
|-----------------|----------------|
| June 30, 2023: | 754,789 shares |
| March 31, 2023: | 754,749 shares |

3) Average number of shares outstanding during the period:

| | |
|-----------------------------------|------------------|
| Three months ended June 30, 2023: | 8,373,238 shares |
| Three months ended June 30, 2022: | 7,297,682 shares |

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Millions of Japanese yen)

| | As of March 31, 2023 | As of June 30, 2023 |
|---|----------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 9,640 | 7,854 |
| Notes and accounts receivable - trade | 14,823 | 13,869 |
| Electronically recorded monetary claims - operating | 526 | 688 |
| Securities | 106 | 115 |
| Merchandise and finished goods | 5,500 | 5,540 |
| Work in process | 1,487 | 1,693 |
| Raw materials and supplies | 15,442 | 16,116 |
| Other | 4,546 | 4,499 |
| Allowance for doubtful accounts | - | (16) |
| Total current assets | 52,074 | 50,362 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 5,164 | 5,273 |
| Machinery, equipment and vehicles, net | 5,431 | 5,145 |
| Land | 3,488 | 3,664 |
| Construction in progress | 2,747 | 3,736 |
| Other, net | 1,685 | 1,663 |
| Total property, plant and equipment | 18,516 | 19,483 |
| Intangible assets | | |
| Goodwill | 33 | 32 |
| Other | 547 | 628 |
| Total intangible assets | 581 | 660 |
| Investments and other assets | | |
| Investment securities | 2,970 | 2,967 |
| Long-term loans receivable | 5 | 7 |
| Deferred tax assets | 727 | 756 |
| Retirement benefit asset | 221 | 62 |
| Other | 3,850 | 3,976 |
| Allowance for doubtful accounts | (220) | (220) |
| Total investments and other assets | 7,554 | 7,549 |
| Total non-current assets | 26,652 | 27,692 |
| Total assets | 78,727 | 78,055 |

(Millions of Japanese yen)

| | As of March 31, 2023 | As of June 30, 2023 |
|---|----------------------|---------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 9,928 | 9,315 |
| Electronically recorded obligations - operating | 6,994 | 5,227 |
| Contract liabilities | 4,209 | 4,106 |
| Short-term borrowings | 18,729 | 19,493 |
| Current portion of long-term borrowings | 3,890 | 3,928 |
| Lease liabilities | 420 | 415 |
| Accounts payable - other | 2,152 | 1,795 |
| Income taxes payable | 40 | 246 |
| Provision for bonuses | 197 | 498 |
| Provision for product warranties | 442 | 368 |
| Provision for product compensation | 539 | 540 |
| Other | 995 | 1,060 |
| Total current liabilities | 48,542 | 46,995 |
| Non-current liabilities | | |
| Bonds payable | 1,000 | 1,000 |
| Long-term borrowings | 15,610 | 15,875 |
| Lease liabilities | 966 | 929 |
| Retirement benefit liability | 604 | 502 |
| Asset retirement obligations | 222 | 224 |
| Deferred tax liabilities | 575 | 635 |
| Long-term unearned revenue | 127 | 131 |
| Other | 174 | 180 |
| Total non-current liabilities | 19,281 | 19,479 |
| Total liabilities | 67,823 | 66,475 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 1,236 | 1,236 |
| Capital surplus | 10,330 | 10,330 |
| Retained earnings | (375) | (453) |
| Treasury shares | (1,685) | (1,685) |
| Total shareholders' equity | 9,505 | 9,428 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | (7) | 6 |
| Foreign currency translation adjustment | 1,346 | 2,105 |
| Remeasurements of defined benefit plans | (64) | (89) |
| Total accumulated other comprehensive income | 1,273 | 2,023 |
| Share acquisition rights | 9 | 9 |
| Non-controlling interests | 114 | 118 |
| Total net assets | 10,903 | 11,579 |
| Total liabilities and net assets | 78,727 | 78,055 |

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

(Millions of Japanese yen)

| | For the three months ended June 30, 2022 | For the three months ended June 30, 2023 |
|---|---|---|
| Net sales | 19,837 | 22,110 |
| Cost of sales | 17,577 | 19,335 |
| Gross profit | 2,259 | 2,774 |
| Selling, general and administrative expenses | 3,341 | 3,181 |
| Operating loss | (1,082) | (407) |
| Non-operating income | | |
| Interest income | 3 | 4 |
| Dividend income | 10 | 10 |
| Foreign exchange gains | 964 | 792 |
| Subsidy income | 4 | 1 |
| Share of profit of entities accounted for using equity method | 9 | 35 |
| Other | 26 | 21 |
| Total non-operating income | 1,018 | 866 |
| Non-operating expenses | | |
| Interest expenses | 62 | 127 |
| Commission expenses | 41 | 28 |
| Other | 37 | 25 |
| Total non-operating expenses | 141 | 180 |
| Ordinary profit (loss) | (205) | 279 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 11 | 8 |
| Other | 6 | - |
| Total extraordinary income | 17 | 8 |
| Extraordinary losses | | |
| Loss on sale of non-current assets | 0 | 1 |
| Loss on retirement of non-current assets | 1 | 0 |
| Loss on debt forgiveness to subsidiaries and affiliates | - | 26 |
| Other | - | 0 |
| Total extraordinary losses | 1 | 27 |
| Profit (loss) before income taxes | (189) | 259 |
| Income taxes | 163 | 332 |
| Loss | (353) | (72) |
| Profit (loss) attributable to non-controlling interests | (1) | 5 |
| Loss attributable to owners of parent | (351) | (77) |

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

(Millions of Japanese yen)

| | For the three months ended June 30, 2022 | For the three months ended June 30, 2023 |
|--|---|---|
| Loss | (353) | (72) |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (5) | 14 |
| Foreign currency translation adjustment | 910 | 740 |
| Remeasurements of defined benefit plans, net of tax | (159) | (24) |
| Share of other comprehensive income of entities accounted for using equity method | 37 | 18 |
| Total other comprehensive income | 783 | 749 |
| Comprehensive income | 429 | 677 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 431 | 671 |
| Comprehensive income attributable to non-controlling interests | (1) | 5 |