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Consolidated Financial Results for the Six Months Ended September 30, 2023 [Japanese GAAP]

November 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: November 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: Yes

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2023 (April 1, 2023 to September 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	
	Millions of JPY	%	Millions of JPY	%	Millions of JPY	%	Millions of JPY	%
Six months ended September 30, 2023	44,978	4.0	(362)	-	494	-	(188)	-
September 30, 2022	43,263	11.7	(1,583)	-	(220)	-	(580)	-

(Note) Comprehensive income: Six months ended September 30, 2023: ¥ 1,054 million [124.6%]
Six months ended September 30, 2022: ¥ 469 million [(56.5)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	JPY	JPY
September 30, 2023	(22.52)	-
September 30, 2022	(79.04)	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of JPY	Millions of JPY	%	JPY
September 30, 2023	81,486	11,858	14.4	1,400.46
March 31, 2023	78,727	10,903	13.7	1,287.38

(Reference) Equity: As of September 30, 2023: ¥ 11,726 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	-	0.00			
Fiscal year ending March 31, 2024 (Forecast)			-	-	-

(Note) Revision to the forecast for dividends announced most recently: Yes

(Note) Breakdown of the 2nd quarter dividend for the fiscal year ending March 31, 2024 :

Commemorative dividend - Japanese yen

Special dividend - Japanese 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
	Millions of JPY	%	Millions of JPY	%	Millions of JPY	%	Millions of JPY	%	JPY
Full year	93,000	2.1	0	-	600	-	(160)	-	(19.11)

(Note) Revision to the financial results forecast announced most recently: Yes

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2023

(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):

September 30, 2023: 9,128,001 shares

March 31, 2023: 9,128,001 shares

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

September 30, 2023: 754,834 shares

March 31, 2023: 754,749 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2023: 8,373,233 shares

Six months ended September 30, 2022: 7,339,542 shares

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Millions of Japanese yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	9,640	9,543
Notes and accounts receivable - trade	14,823	14,036
Electronically recorded monetary claims - operating	526	675
Securities	106	119
Merchandise and finished goods	5,500	5,498
Work in process	1,487	1,960
Raw materials and supplies	15,442	15,770
Other	4,546	5,124
Total current assets	52,074	52,729
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,164	5,266
Machinery, equipment and vehicles, net	5,431	5,684
Land	3,488	3,676
Construction in progress	2,747	4,034
Other, net	1,685	1,439
Total property, plant and equipment	18,516	20,101
Intangible assets		
Goodwill	33	30
Other	547	636
Total intangible assets	581	666
Investments and other assets		
Investment securities	2,970	3,066
Long-term loans receivable	5	7
Deferred tax assets	727	820
Retirement benefit asset	221	220
Other	3,850	4,093
Allowance for doubtful accounts	(220)	(220)
Total investments and other assets	7,554	7,988
Total non-current assets	26,652	28,756
Total assets	78,727	81,486

(Millions of Japanese yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,928	9,529
Electronically recorded obligations - operating	6,994	5,297
Contract liabilities	4,209	4,255
Short-term borrowings	18,729	19,714
Current portion of bonds payable	-	250
Current portion of long-term borrowings	3,890	7,035
Lease liabilities	420	539
Accounts payable - other	2,152	2,275
Income taxes payable	40	467
Provision for bonuses	197	859
Provision for product warranties	442	387
Provision for product compensation	539	728
Other	995	1,154
Total current liabilities	48,542	52,495
Non-current liabilities		
Bonds payable	1,000	750
Long-term borrowings	15,610	13,210
Lease liabilities	966	1,325
Retirement benefit liability	604	650
Asset retirement obligations	222	225
Deferred tax liabilities	575	653
Long-term unearned revenue	127	141
Other	174	175
Total non-current liabilities	19,281	17,132
Total liabilities	67,823	69,627
Net assets		
Shareholders' equity		
Share capital	1,236	1,236
Capital surplus	10,330	8,142
Retained earnings	(375)	1,509
Treasury shares	(1,685)	(1,670)
Total shareholders' equity	9,505	9,218
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(7)	10
Foreign currency translation adjustment	1,346	2,569
Remeasurements of defined benefit plans	(64)	(71)
Total accumulated other comprehensive income	1,273	2,507
Share acquisition rights	9	9
Non-controlling interests	114	122
Total net assets	10,903	11,858
Total liabilities and net assets	78,727	81,486

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

(Millions of Japanese yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Net sales	43,263	44,978
Cost of sales	38,079	39,056
Gross profit	5,184	5,921
Selling, general and administrative expenses	6,767	6,284
Operating loss	(1,583)	(362)
Non-operating income		
Interest income	4	9
Dividend income	14	15
Foreign exchange gains	1,586	1,069
Subsidy income	13	3
Share of profit of entities accounted for using equity method	59	74
Other	44	40
Total non-operating income	1,721	1,212
Non-operating expenses		
Interest expenses	170	260
Commission expenses	73	56
Other	116	37
Total non-operating expenses	359	355
Ordinary profit (loss)	(220)	494
Extraordinary income		
Gain on sale of non-current assets	2	6
Other	6	-
Total extraordinary income	9	6
Extraordinary losses		
Loss on sale of non-current assets	0	1
Loss on retirement of non-current assets	2	0
Provision for product defect compensation	-	188
Loss on debt forgiveness to subsidiaries and affiliates	-	26
Other	-	0
Total extraordinary losses	2	216
Profit (loss) before income taxes	(213)	284
Income taxes	365	464
Loss	(579)	(179)
Profit attributable to non-controlling interests	0	8
Loss attributable to owners of parent	(580)	(188)

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

(Millions of Japanese yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Loss	(579)	(179)
Other comprehensive income		
Valuation difference on available-for-sale securities	13	18
Foreign currency translation adjustment	1,092	1,149
Remeasurements of defined benefit plans, net of tax	(163)	(6)
Share of other comprehensive income of entities accounted for using equity method	105	73
Total other comprehensive income	1,048	1,234
Comprehensive income	469	1,054
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	468	1,045
Comprehensive income attributable to non-controlling interests	0	8

Quarterly Consolidated Statements of Cash Flows

(Millions of Japanese yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Cash flows from operating activities		
Profit (loss) before income taxes	(213)	284
Depreciation	1,230	1,313
Loss on debt forgiveness to subsidiaries and affiliates	-	26
Increase (decrease) in allowance for doubtful accounts	4	(4)
Increase (decrease) in provision for bonuses	307	646
Increase (decrease) in provision for product warranties	(24)	(54)
Increase (decrease) in provision for compensation for product	1	188
Increase (decrease) in retirement benefit liability	43	28
Interest and dividend income	(18)	(24)
Interest expenses	170	260
Foreign exchange losses (gains)	(1,096)	(330)
Share of loss (profit) of entities accounted for using equity method	(59)	(74)
Decrease (increase) in trade receivables	(1,601)	1,408
Decrease (increase) in inventories	(1,249)	224
Increase (decrease) in trade payables	126	(2,487)
Increase (decrease) in accounts payable - other	187	(36)
Increase (decrease) in contract liabilities	(51)	45
Decrease (increase) in long-term prepaid expenses	(288)	(236)
Increase (decrease) in long-term unearned revenue	(25)	-
Other, net	(660)	(1,024)
Subtotal	(3,215)	155
Interest and dividends received	18	24
Interest paid	(188)	(252)
Income taxes refund	-	271
Income taxes paid	(108)	(134)
Net cash provided by (used in) operating activities	(3,494)	65
Cash flows from investing activities		
Purchase of property, plant and equipment	(821)	(1,966)
Proceeds from sale of property, plant and equipment	7	5
Purchase of intangible assets	(192)	(149)
Proceeds from sale of intangible assets	-	6
Purchase of investment securities	(0)	(0)
Proceeds from redemption of investment securities	44	44
Loan advances	(1)	(2)
Proceeds from collection of loans receivable	1	1
Purchase of shares of subsidiaries and associates	(94)	-
Other, net	66	(3)
Net cash provided by (used in) investing activities	(989)	(2,063)

(Millions of Japanese yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,406	651
Proceeds from long-term borrowings	1,848	1,950
Repayments of long-term borrowings	(1,100)	(1,260)
Proceeds from issuance of bonds	972	-
Proceeds from disposal of treasury shares	0	0
Purchase of treasury shares	(0)	(0)
Proceeds from sale and leaseback transactions	206	349
Repayments of finance lease liabilities	(111)	(131)
Dividends paid	(100)	(113)
Proceeds from issuance of share acquisition rights	22	-
Proceeds from issuance of shares resulting from exercise of share acquisition rights	20	-
Other, net	(1)	50
Net cash provided by (used in) financing activities	4,163	1,494
Effect of exchange rate change on cash and cash equivalents	450	362
Net increase (decrease) in cash and cash equivalents	130	(140)
Cash and cash equivalents at beginning of period	10,739	9,589
Cash and cash equivalents at end of period	10,869	9,449