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Consolidated Financial Results for the Six Months Ended September 30, 2024 [Japanese GAAP]

November 14, 2024

Company name: Diamond Electric Holdings Co., Ltd.

Listing: Tokyo

Securities code: 6699

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

Representative: ONO YuuRi

President and CEO

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Senior Managing Executive Officer, CFO

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Scheduled date to file semi-annual securities report: November 14, 2024

Scheduled date to commence dividend payments: -

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions Japanese yen, unless otherwise noted.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (April 1, 2024 to September 30, 2024)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	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, 2024	44,095	(2.0)	6	-	(704)	-	(1,035)	-
Six months ended September 30, 2023	44,978	4.0	(362)	-	494	-	(188)	-

(Note) Comprehensive income: Six months ended September 30, 2024: ¥ (405) million [-%]
Six months ended September 30, 2023: ¥ 1,054 million [124.6%]

	Basic earnings per share	Diluted earnings per share
Six months ended	JPY	JPY
September 30, 2024	(123.62)	-
September 30, 2023	(22.52)	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of JPY	Millions of JPY	%
September 30, 2024	78,913	9,764	12.2
March 31, 2024	82,032	10,280	12.4

(Reference) Equity: As of September 30, 2024: ¥ 9,615 million
As of March 31, 2024: ¥ 10,141 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, 2024	-	0.00	-	12.50	12.50
Fiscal year ending March 31, 2025	-	0.00			
Fiscal year ending March 31, 2025 (Forecast)			-	25.00	25.00

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

(Note) Breakdown of the 2nd quarter dividend for the fiscal year ending March 31, 2025 :

Commemorative dividend	- Japanese yen
Special dividend	- Japanese yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025(April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	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	87,500	(6.3)	1,000	333.2	150	(88.6)	(500)	-	(59.70)

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

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

Newly included:	-	(Company name:)
Excluded:	-	(Company name:)

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: Yes

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

- 1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- 2) Changes in accounting policies due to other reasons: None
- 3) Changes in accounting estimates: None
- 4) Restatement: None

(4) Number of issued shares (common shares)

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

September 30, 2024:	9,132,001 shares
March 31, 2024:	9,128,001 shares

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

September 30, 2024:	755,345 shares
March 31, 2024:	755,182 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2024:	8,374,978 shares
Six months ended September 30, 2023:	8,373,233 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

Semi-annual Consolidated Financial Statements

Semi-annual Consolidated Balance Sheets

(Millions of Japanese yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	8,097	9,110
Notes and accounts receivable - trade	14,759	12,251
Electronically recorded monetary claims - operating	809	693
Securities	60	-
Merchandise and finished goods	5,275	5,447
Work in process	1,453	1,519
Raw materials and supplies	17,356	17,673
Other	4,933	3,925
Allowance for doubtful accounts	(3)	(12)
Total current assets	52,742	50,607
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,275	6,153
Machinery, equipment and vehicles, net	5,383	6,663
Land	3,646	3,716
Construction in progress	3,766	1,568
Other, net	1,469	1,436
Total property, plant and equipment	20,541	19,538
Intangible assets		
Goodwill	27	23
Other	627	559
Total intangible assets	654	582
Investments and other assets		
Investment securities	2,935	2,820
Long-term loans receivable	15	16
Deferred tax assets	667	479
Retirement benefit asset	177	171
Other	4,519	4,917
Allowance for doubtful accounts	(220)	(220)
Total investments and other assets	8,094	8,185
Total non-current assets	29,290	28,305
Total assets	82,032	78,913

(Millions of Japanese yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,002	10,199
Electronically recorded obligations - operating	5,818	4,278
Contract liabilities	4,832	5,382
Short-term borrowings	20,222	22,695
Current portion of bonds payable	270	270
Current portion of long-term borrowings	5,787	2,829
Lease liabilities	659	673
Accounts payable - other	2,241	1,678
Income taxes payable	525	258
Provision for bonuses	524	836
Provision for product warranties	429	392
Provision for product compensation	2,250	2,210
Other	1,619	1,666
Total current liabilities	55,183	53,372
Non-current liabilities		
Bonds payable	830	570
Long-term borrowings	12,576	12,136
Lease liabilities	1,540	1,318
Long-term accounts payable - other	82	83
Retirement benefit liability	473	655
Asset retirement obligations	227	230
Deferred tax liabilities	698	637
Long-term unearned revenue	124	127
Other	15	16
Total non-current liabilities	16,568	15,776
Total liabilities	71,752	69,149
Net assets		
Shareholders' equity		
Share capital	1,236	1,237
Capital surplus	8,142	8,144
Retained earnings	(198)	(1,347)
Treasury shares	(1,670)	(1,671)
Total shareholders' equity	7,509	6,363
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	44	41
Foreign currency translation adjustment	2,513	3,198
Remeasurements of defined benefit plans	74	12
Total accumulated other comprehensive income	2,631	3,252
Share acquisition rights	-	2
Non-controlling interests	138	146
Total net assets	10,280	9,764
Total liabilities and net assets	82,032	78,913

Semi-annual Consolidated Statements of Income and Comprehensive Income

(Millions of Japanese yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales	44,978	44,095
Cost of sales	39,056	38,040
Gross profit	5,921	6,054
Selling, general and administrative expenses	6,284	6,048
Operating profit (loss)	(362)	6
Non-operating income		
Interest income	9	25
Dividend income	15	11
Foreign exchange gains	1,069	-
Subsidy income	3	4
Share of profit of entities accounted for using equity method	74	105
Other	40	53
Total non-operating income	1,212	199
Non-operating expenses		
Interest expenses	260	362
Foreign exchange losses	-	461
Commission expenses	56	39
Other	37	46
Total non-operating expenses	355	910
Ordinary profit (loss)	494	(704)
Extraordinary income		
Gain on sale of non-current assets	6	244
Compensation income	-	20
Other	-	1
Total extraordinary income	6	266
Extraordinary losses		
Loss on sale of non-current assets	1	2
Loss on retirement of non-current assets	0	3
Loss on sale of investment securities	-	30
Provision for product defect compensation	188	-
Loss on debt forgiveness to subsidiaries and affiliates	26	-
Expenses for suspension of operation	-	16
Other	0	0
Total extraordinary losses	216	51
Profit (loss) before income taxes	284	(489)
Income taxes	464	536
Loss	(179)	(1,026)
Profit attributable to non-controlling interests	8	8
Loss attributable to owners of parent	(188)	(1,035)

(Millions of Japanese yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Loss	(179)	(1,026)
Other comprehensive income		
Valuation difference on available-for-sale securities	18	(2)
Foreign currency translation adjustment	1,149	545
Remeasurements of defined benefit plans, net of tax	(6)	(61)
Share of other comprehensive income of entities accounted for using equity method	73	140
Total other comprehensive income	1,234	620
Comprehensive income	1,054	(405)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,045	(414)
Comprehensive income attributable to non-controlling interests	8	8

Semi-annual Consolidated Statements of Cash Flows

(Millions of Japanese yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from operating activities		
Profit (loss) before income taxes	284	(489)
Depreciation	1,313	1,490
Loss on debt forgiveness to subsidiaries and affiliates	26	-
Loss (gain) on sale of investment securities	-	30
Increase (decrease) in allowance for doubtful accounts	(4)	12
Increase (decrease) in provision for bonuses	646	304
Increase (decrease) in provision for product warranties	(54)	(36)
Increase (decrease) in provision for compensation for product	188	(39)
Increase (decrease) in retirement benefit liability	28	113
Interest and dividend income	(24)	(36)
Interest expenses	260	362
Foreign exchange losses (gains)	(330)	54
Share of loss (profit) of entities accounted for using equity method	(74)	(105)
Decrease (increase) in trade receivables	1,408	2,751
Decrease (increase) in inventories	224	(290)
Increase (decrease) in trade payables	(2,487)	(516)
Increase (decrease) in accounts payable - other	(36)	(304)
Increase (decrease) in contract liabilities	45	549
Decrease (increase) in long-term prepaid expenses	(236)	(339)
Increase (decrease) in long-term unearned revenue	-	(6)
Other, net	(1,024)	(446)
Subtotal	155	3,056
Interest and dividends received	24	36
Interest paid	(252)	(361)
Income taxes refund	271	322
Income taxes paid	(134)	(672)
Net cash provided by (used in) operating activities	65	2,381
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,966)	(680)
Proceeds from sale of property, plant and equipment	5	541
Purchase of intangible assets	(149)	(8)
Proceeds from sale of intangible assets	6	-
Purchase of investment securities	(0)	(2)
Proceeds from sale of investment securities	-	285
Proceeds from redemption of investment securities	44	44
Loan advances	(2)	(7)
Proceeds from collection of loans receivable	1	6
Other, net	(3)	(264)
Net cash provided by (used in) investing activities	(2,063)	(84)

(Millions of Japanese yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	651	2,459
Proceeds from long-term borrowings	1,950	1,187
Repayments of long-term borrowings	(1,260)	(4,528)
Redemption of bonds	-	(260)
Proceeds from disposal of treasury shares	0	-
Purchase of treasury shares	(0)	(0)
Proceeds from sale and leaseback transactions	349	45
Repayments of finance lease liabilities	(131)	(303)
Dividends paid	(113)	(113)
Proceeds from issuance of share acquisition rights	-	2
Proceeds from issuance of shares resulting from exercise of share acquisition rights	-	2
Other, net	50	(26)
Net cash provided by (used in) financing activities	1,494	(1,535)
Effect of exchange rate change on cash and cash equivalents	362	42
Net increase (decrease) in cash and cash equivalents	(140)	803
Cash and cash equivalents at beginning of period	9,589	7,987
Cash and cash equivalents at end of period	9,449	8,790