

DAISHINKU CORP.

FINANCIAL RESULTS

Tokyo, May 13, 2022 - Daishinku Corp. today announced its Financial Results for the Year ended March 31, 2022.

1. Operating Results for the years ended March 31, 2021 and 2022

(1) Consolidated operating results

(Figures in % are a comparisons with the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Year ended March 31, 2022	41,306	24.5	5,194	148.7	6,547	158.5	3,848	214.6
Year ended March 31, 2021	33,189	11.1	2,089	652.2	2,533	636.3	1,223	342.7

Note: Comprehensive Income Year ended March 31, 2022 ; 7,537 Yen-million, Year ended March 31, 2021 ; 4,292 Yen-million

	Net income per share	Net income per share after adjustment with potential shares	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2022	119.21	-	12.6	8.7	12.6
Year ended March 31, 2021	37.89	-	4.6	3.8	6.3

ref. Investment Profit or Loss on Equity Method As of March 31, 2022 ; -Yen-million, As of March 31, 2021 ; -Yen-million

Note: DAISHINKU CORP. has implemented the split of shares of common stocks at a ratio of four shares per one share effective as of November 1, 2021.

Accordingly, net income per-share is calculated on the assumption that the split of shares was implemented at the beginning of the previous fiscal year.

(2) Consolidated financial status

	Total assets	Net assets	Stockholders' equity ratio	Stockholders' equity per share
	Millions of Yen	Millions of Yen	%	Yen
As of March 31, 2022	81,317	40,231	40.7	1,026.09
As of March 31, 2021	68,627	33,769	40.6	864.05

ref. Stockholders' equity : As of March 31, 2022 ; 33,121 Yen-million, As of March 31, 2021 ; 27,893 Yen-million

Note: DAISHINKU CORP. has implemented the split of shares of common stocks at a ratio of four shares per one share effective as of November 1, 2021.

Accordingly, stockholders' equity per-share is calculated on the assumption that the split of shares was implemented at the beginning of the previous fiscal year.

(3) Consolidated statements of cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalent at end
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Year ended March 31, 2022	8,762	(5,176)	382	18,516
Year ended March 31, 2021	2,707	(5,388)	870	13,940

2. Dividends

	Dividends per share					Total amount of dividends (Full Year)	Dividend payout ratio (Consolidated)	Dividend on net assets (Consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Annual			
(Results)	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
Year ended March 31, 2021	-	10.00	-	25.00	35.00	282	23.1	1.1
Year ended March 31, 2022	-	25.00	-	12.00	-	589	15.3	1.9
(Forecast)								
Year ending March 31, 2023	-	14.00	-	14.00	28.00		23.2	

Note: DAISHINKU CORP. has implemented the split of shares of common stocks at a ratio of four shares per one share effective as of November 1, 2021.

Accordingly, dividend until the 2nd quarter of the fiscal year ended March 2022 are actual dividend amounts prior to the share consolidation and the annual dividend for the fiscal year ended March 2022 is shown as “ - ”. Without the split of shares, year-end dividend is 48.00 Yen and annual dividend is 73.00 Yen.

3. Forecast for the fiscal year ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(Figures in % are a comparisons with the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Year ending March 31, 2023	45,600	10.4	6,000	15.5	5,800	(11.4)	3,900	1.3	120.82

※ Others

(1) Changes for important subsidiaries during this period : None

(2) Changes in accounting policies and changes or restatement of accounting estimates

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|--|------------|
| 1. Changes in accounting policies related to accounting standard revisions | Applicable |
| 2. Other changes in accounting policies | None |
| 3. Changes in accounting estimates | None |
| 4. Modified restatements | None |

(3) Outstanding shares (Common shares)

1. Number of shares outstanding (including treasury stock)

As of March 31, 2022 : 36,196,968 shares As of March 31, 2021: 36,196,968 shares

2. Number of treasury stock

As of March 31, 2022: 3,917,336 shares As of March 31, 2021 : 3,915,076 shares

3. Average number of shares during the period

Year ended March 31, 2022 : 32,280,506 shares Year ended March 31, 2021 : 32,284,089 shares

Note: DAISHINKU CORP. has implemented the split of shares of common stocks at a ratio of four shares per one share effective as of November 1, 2021.

Accordingly, number of shares outstanding, number of treasury stock and average number of shares during the period are calculated on the assumption that the split of shares was implemented at the beginning of the previous fiscal year.

ref. Summary of Non-consolidated Financial Results

Non-consolidated Results for the years ended March 31, 2021 and 2022

(1) Non-consolidated operating results

(Figures in % are a comparisons with the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Year ended March 31, 2022	30,851	27.8	2,134	861.5	3,845	221.6	3,216	267.0
Year ended March 31, 2021	24,141	5.7	222	-	1,196	736.5	876	38.7

	Net income per share	Net income per share after adjustment with potential shares
	Yen	Yen
Year ended March 31, 2022	99.65	-
Year ended March 31, 2021	27.15	-

Note: DAISHINKU CORP. has implemented the split of shares of common stocks at a ratio of four shares per one share effective as of November 1, 2021.

Accordingly, net income per-share is calculated on the assumption that the split of shares was implemented at the beginning of the previous fiscal year.

(2) Non-Consolidated financial status

	Total assets	Net assets	Stockholders' equity ratio	Stockholders' equity per share
	Millions of Yen	Millions of Yen	%	Yen
As of March 31, 2022	59,768	30,534	51.1	945.93
As of March 31, 2021	54,095	27,613	51.0	855.38

ref. Stockholders' equity : As of March 31, 2022 ; 30,534 Yen-million, As of March 31, 2021 ; 27,613 Yen-million

Note: DAISHINKU CORP. has implemented the split of shares of common stocks at a ratio of four shares per one share effective as of November 1, 2021.

Accordingly, stockholders' equity per-share is calculated on the assumption that the split of shares was implemented at the beginning of the previous fiscal year.

* The forecasts are based on assumptions of the future economic environment using the data available at the time of disclosure.

Actual earnings may differ from the forecasts, due to a range of factors.

Overview of operating results

(1) Overview of operating results for the fiscal year ended March 31, 2022

In the economic environment during the current fiscal year (April 1, 2021 to March 31, 2022), capital investment increased in Japan while personal consumption trended upward in Europe and the U.S. In addition, as vaccination against COVID-19 has become widespread in each country, the global economy has generally been on a recovery trend. However, the outlook remains uncertain due to the emergence of risk factors for economic activities, such as the resurgence of COVID-19 cases due to new variants, the prolonged shortage of semiconductors, and the situation in Ukraine.

In such an environment, DAISHINKU CORP. achieved increases in sales in all areas, including telecommunications, in-vehicle, consumer, and industrial, on the back of recovery of the in-vehicle market and expansion of 5G smartphones. As a result, net sales amounted to 41,306 million yen (up 24.5% year on year).

In terms of profits, operating income was 5,194 million yen (up 148.7% year on year) mainly due to an increase in sales, an improvement in the product mix, and the effect of price revisions. As the yen weakened toward the end of the fiscal year ended March 31, 2022, DAISHINKU CORP. recognized a foreign exchange gain of 1,317 million yen in non-operating income. As a result, ordinary income was 6,547 million yen (up 158.5% year on year). DAISHINKU CORP. also recognized a loss on retirement of non-current assets of 201 million yen and an impairment loss of 293 million yen in extraordinary losses. As a result, profit attributable to owners of parent was 3,848 million yen (up 214.6% year on year). Notably, all profits reached record highs.

(2) Overview of cash flows for the current fiscal year

The status of consolidated cash flows for the fiscal year ended March 31, 2022 is as follows:

(Cash flows from operating activities)

Cash provided as a result of operating activities amounted to 8,762 million yen. This is mainly due to profit before income taxes.

(Cash flows from investing activities)

Cash used as a result of investing activities amounted to 5,176 million yen. This is mainly due to the purchase of property, plant and equipment.

(Cash flows from financing activities)

Cash obtained as a result of financing activities amounted to 382 million yen. This is mainly due to proceeds from long-term borrowings.

As a result, cash and cash equivalents at the end of the fiscal year ended March 31, 2022 increased by 4,575 million yen from the end of the fiscal year ended March 31, 2021 to 18,516 million yen.

(Reference) Changes in cash-flow-related indicators

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Equity ratio	43.8%	43.6%	39.8%	40.6%	40.7%
Market-value-based equity ratio	17.4%	14.7%	19.0%	29.1%	48.0%
Cash flow to interest-bearing debt ratio	24.8 years	20.7 years	35.6 years	9.7 years	3.2 years
Interest coverage ratio	6.6	7.8	5.7	23.7	66.7

(3) Future outlook

There are concerns about various risks in the future economic environment, such as turmoil in economic activities accompanied by lockdowns due to the resurgence of COVID-19 cases, soaring energy resource prices triggered by the situation in Ukraine, and fluctuations in exchange rates due to the tightening of monetary policy by the FRB. Therefore, it will likely take some time for economic activities to stabilize.

There is no doubt that the timing device market will expand particularly in the area of IoT, including self-driving, for which wireless communications are indispensable. However, as for the environment surrounding DAISHINKU CORP., the telecommunications market continues to be stagnant particularly in the areas of smartphones and wireless communication modules due to the impact of the semiconductor shortage. Especially in the China segment, the lockdown caused by the resurgence of COVID-19 cases has caused confusion in logistics and customers' operating conditions.

However, we anticipate that the 5G shift of smartphones will progress even in such a market environment, and we will increase the production of small / high-frequency products focusing on photolithography types. In addition, the in-vehicle and industrial markets continue to enjoy a strong market environment, and we believe that the increase in production capacity that we had been preparing from the previous fiscal year will contribute to growth.

On the other hand, there are risks, such as the impact of shortage and/or price hikes of materials on production activities. In response to these risks, DAISHINKU CORP. has launched mass production of its original “Ark series,” which achieves a lower external procurement ratio, and the “Mold type,” which applies the technology used in the “Ark series” and created a “Flexible line,” which improves the output per unit area regardless of models and locations, in consideration also of the BCP (Business Continuity Plan). As exemplified by these examples, the Group will focus on the keywords of “Stable supply” and “Environmental responses” in creating its original new value and will work hard as a sustainable enterprise that enables the growth and development of a sustainable society.

For the fiscal year ending March 31, 2023, we forecast net sales of 45,600 million yen, operating income of 6,000 million yen, ordinary income of 5,800 million yen, and profit attributable to owners of parent of 3,900 million yen on a consolidated basis.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: Thousands of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Assets		
Current assets		
Cash and deposits	14,316,276	18,516,683
Notes and accounts receivable - trade	9,318,670	9,940,268
Contract assets	-	204,417
Electronically recorded monetary claims - operating	58,736	-
Merchandise and finished goods	5,142,464	5,839,701
Work in process	4,822,306	4,976,962
Raw materials and supplies	4,824,772	5,716,907
Other	1,465,354	1,864,112
Allowance for doubtful accounts	(10,876)	(9,478)
Total current assets	39,937,705	47,049,574
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,097,851	3,166,833
Machinery, equipment and vehicles, net	11,347,569	12,533,597
Tools, furniture and fixtures, net	879,341	969,135
Land	5,835,759	5,803,771
Leased assets, net	624,013	510,029
Construction in progress	1,993,553	4,701,569
Total property, plant and equipment	23,778,088	27,684,936
Intangible assets	134,278	569,853
Investments and other assets		
Investment securities	2,636,452	3,276,853
Long-term loans receivable	1,840	1,548
Retirement benefit asset	485,876	720,102
Deferred tax assets	443,237	800,879
Other	1,238,229	1,241,887
Allowance for doubtful accounts	(27,800)	(27,800)
Total investments and other assets	4,777,836	6,013,470
Total non-current assets	28,690,203	34,268,259
Total assets	68,627,909	81,317,834

(Unit: Thousands of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,612,017	3,882,669
Short-term borrowings	2,375,941	3,199,497
Current portion of long-term borrowings	7,976,334	6,346,612
Lease obligations	180,281	196,001
Accounts payable - other	1,779,234	3,610,751
Income taxes payable	558,020	1,335,991
Contract liabilities	-	807
Provision for bonuses	400,810	724,959
Provision for bonuses for directors	-	15,000
Other	1,186,840	1,349,251
Total current liabilities	17,069,481	20,661,542
Non-current liabilities		
Long-term borrowings	15,146,123	17,769,476
Lease obligations	459,421	330,669
Deferred tax liabilities	958,382	1,008,881
Retirement benefit liability	982,166	1,092,986
Long-term accounts payable - other	105,190	93,247
Asset retirement obligations	26,931	27,379
Other	110,654	102,634
Total non-current liabilities	17,788,871	20,425,275
Total liabilities	34,858,353	41,086,817
Net assets		
Shareholders' equity		
Share capital	19,344,883	19,344,883
Capital surplus	7,158,625	7,168,224
Retained earnings	686,659	4,131,434
Treasury shares	(1,926,323)	(1,928,693)
Total shareholders' equity	25,263,844	28,715,849
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	953,861	1,287,673
Deferred gains or losses on hedges	(104,639)	-
Foreign currency translation adjustment	1,155,327	2,551,740
Remeasurements of defined benefit plans	624,761	566,533
Total accumulated other comprehensive income	2,629,311	4,405,948
Non-controlling interests	5,876,399	7,109,218
Total net assets	33,769,556	40,231,016
Total liabilities and net assets	68,627,909	81,317,834

(2) Consolidated Statements of Income

(Unit: Thousands of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Net sales	33,189,369	41,306,270
Cost of sales	24,867,805	29,081,664
Gross profit	8,321,563	12,224,605
Selling, general and administrative expenses	6,232,534	7,029,667
Operating profit	2,089,029	5,194,937
Non-operating income		
Interest income	30,649	43,661
Dividend income	50,541	56,850
Foreign exchange gains	399,832	1,317,446
Subsidy income	63,703	-
Other	216,263	240,212
Total non-operating income	760,991	1,658,171
Non-operating expenses		
Interest expenses	114,230	131,381
Compensation expenses	104,324	45,810
Commission expenses	45,454	90,909
Other	52,732	37,096
Total non-operating expenses	316,742	305,197
Ordinary profit	2,533,278	6,547,911
Extraordinary income		
Gain on sale of non-current assets	9,664	14,022
Gain on sale of investment securities	49,630	-
Gain on liquidation of subsidiaries and	41,875	-
Total extraordinary income	101,170	14,022
Extraordinary losses		
Loss on sale of non-current assets	587	22
Loss on retirement of non-current assets	115	201,381
Impairment losses	221,630	293,525
Loss on sale of investment securities	-	470
Loss on valuation of investment securities	24,032	-
Loss on business transfer	40,713	-
Other	3,531	-
Total extraordinary losses	290,611	495,400
Profit before income taxes	2,343,837	6,066,534
Income taxes - current	566,912	1,408,395
Income taxes for prior periods	-	69,017
Income taxes - deferred	94,443	(314,045)
Total income taxes	661,355	1,163,368
Profit	1,682,482	4,903,165
Profit attributable to non-controlling interests	459,079	1,054,875
Profit attributable to owners of parent	1,223,402	3,848,289

Segment information

1. Information on net sales, profit or loss, assets, liabilities and other items by reportable segments The fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Unit: Thousands of yen)

	Reportable segments							Adjustment	Amounts recorded in consolidated financial statements
	Japan	North America	Europe	China	Taiwan	Asia	Total		
Net sales									
Sales to external customers	5,573,164	1,148,339	2,392,308	12,959,738	9,364,810	1,751,007	33,189,369	-	33,189,369
Intersegment sales or transfers	18,565,548	48,475	9,108	1,918,586	2,375,361	5,316,518	28,233,599	(28,233,599)	-
Total	24,138,712	1,196,815	2,401,417	14,878,325	11,740,172	7,067,525	61,422,968	(28,233,599)	33,189,369
Segment profit (loss)	238,219	6,390	(3,815)	493,499	1,372,621	58,666	2,165,582	(76,553)	2,089,029
Segment assets	41,920,617	619,759	1,111,785	10,418,585	19,828,379	6,056,810	79,955,938	(11,328,029)	68,627,909
Other items									
Depreciation	1,318,310	1,288	2,019	106,762	804,984	372,586	2,605,951	(58,175)	2,547,775
Impairment loss	106,587	-	-	102,769	70,558	-	279,915	(58,285)	221,630
Increase in property, plant and equipment and intangible assets	1,649,996	-	2,131	372,156	2,031,963	170,464	4,226,712	(3,832)	4,222,880

2. Information on the amount of net sales, profit or loss, assets, liabilities, other items and disaggregation of revenue by reportable segments

The fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Unit: Thousands of yen)

	Reportable segments							Adjustment	Amounts recorded in consolidated financial statements
	Japan	North America	Europe	China	Taiwan	Asia	Total		
Net sales									
Revenue from contracts with customers	8,238,442	1,498,542	3,150,279	14,772,541	11,353,102	2,293,360	41,306,270	-	41,306,270
Other revenue	-	-	-	-	-	-	-	-	-
Sales to external customers	8,238,442	1,498,542	3,150,279	14,772,541	11,353,102	2,293,360	41,306,270	-	41,306,270
Intersegment sales or transfers	22,611,938	61,056	6,703	2,838,184	2,981,057	5,885,941	34,384,881	(34,384,881)	-
Total	30,850,381	1,559,599	3,156,983	17,610,725	14,334,159	8,179,301	75,691,151	(34,384,881)	41,306,270
Segment profit	2,153,289	20,834	59,858	471,700	2,650,217	93,412	5,449,313	(254,375)	5,194,937
Segment assets	47,864,380	822,220	1,281,348	12,088,652	25,661,114	7,207,784	94,925,501	(13,607,666)	81,317,834
Other items									
Depreciation	1,562,327	1,520	2,067	149,599	1,028,890	426,946	3,171,352	(21,145)	3,150,207
Impairment loss	266,634	-	-	-	26,891	-	293,525	-	293,525
Increase in property, plant and equipment and intangible assets	2,796,879	-	3,529	755,983	2,855,247	874,859	7,286,499	(9,528)	7,276,971