

# Financial results briefing

Financial Results for the Year Ended March 31, 2022

June 7, 2022

DAISHINKU CORP. (Code: 6962)

President, Minoru Iizuka

# Topics: Year ended March 31, 2022

- Operating income, Ordinary income and Net income  
**“Record high profits”**

- **“Revenue grown”** from the previous year in all segments of IE/CE/AE/TC

- Accelerated investment in photolithography

- Dividend increased by 9.5 yen  
(8.75yen → 18.25yen)

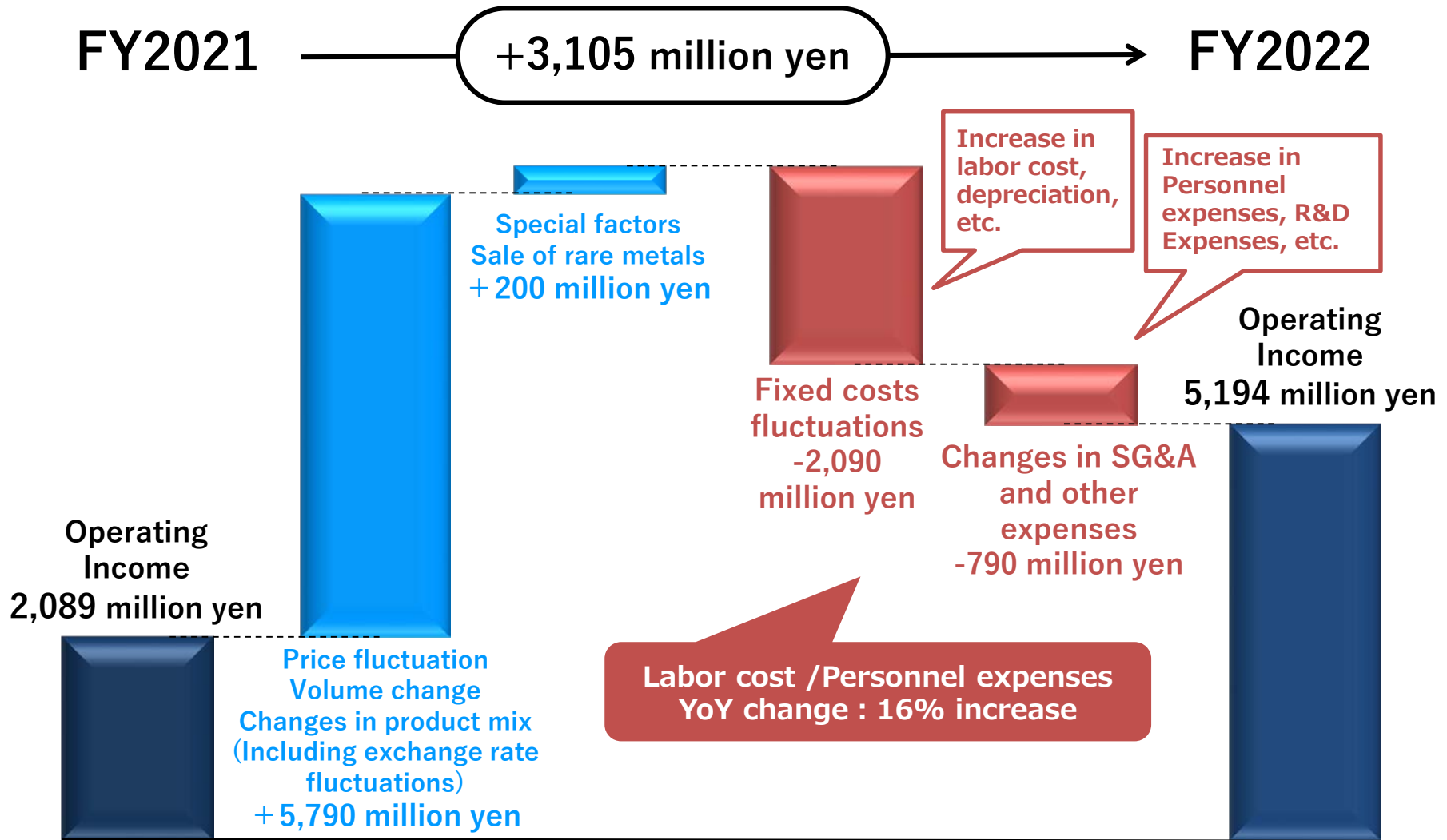
# Performance Report for the Fiscal Year Ended March 31, 2022

Record high profits in all stages

Unit: Million yen

	FY2021	FY2022	YoY Change		
Net sales	33,189	41,306	+8,116	↑	+ 24.5%
Operating income	2,089	<b><u>5,194</u></b>	+3,105	↑	+148.7%
Ordinary income	2,533	<b><u>6,547</u></b>	+4,014	↑	+158.5%
Profit attributable to owners of parent	1,223	<b><u>3,848</u></b>	+2,624	↑	+214.6%
USD average rate (yen)	106.10	112.39	+6.29	↑	-

# Operating Income Analysis (YoY Change)



# Sales by Application

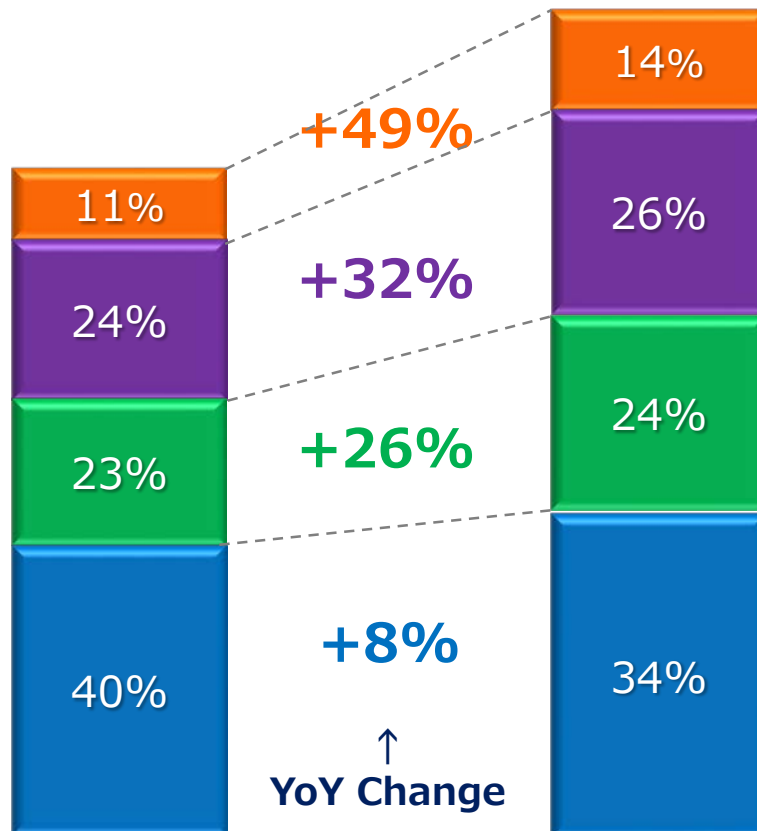
Recovering from the global economic turmoil caused by COVID-19, our sales surpassed those of the previous year in all markets.

**FY2021**  
Net sales:  
33,100 million yen

**FY2022**  
Net sales:  
40,900 million yen

\*Excluding the sales  
of rare metals

IE: Industrial Equipment  
CE: Consumer Equipment  
AE: Automotive Electronics  
TC: Telecommunications



<b>IE</b>	Products for industrial equipment manufacturers, mainly in Japan and Europe, remained strong.
<b>CE</b>	PC peripherals performed well with increasing demand for telework.
<b>AE</b>	Demand increased significantly along with the recovery of automobile production and increase in the number of parts after COVID-19.
<b>TC</b>	Sales of high-value-added products increased due to the expansion of the market for 5G smartphones.

# Quarterly Performance Report

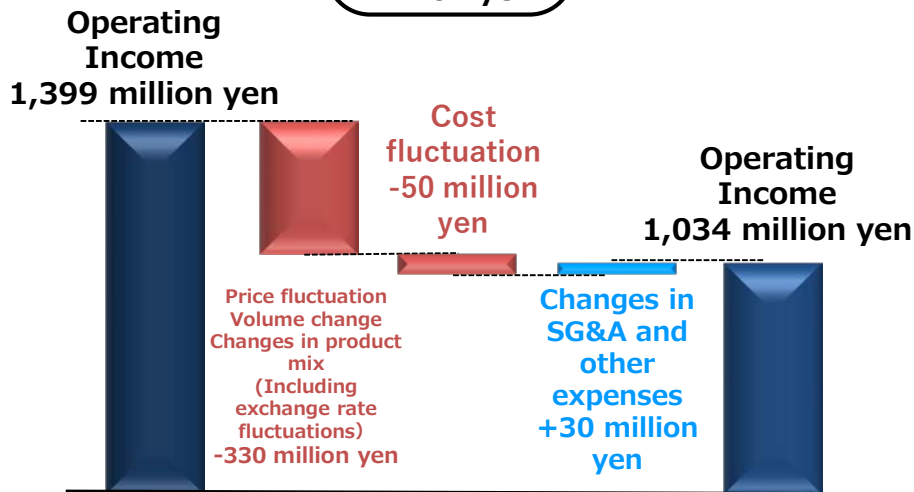
FY2022

Unit: Million yen

	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	QoQ Change
Net sales	10,507	10,927	10,235	9,637	-598
Operating income	1,137	*1,625	1,399	1,034	-364
Ordinary income	1,234	*1,808	1,767	1,738	-29
Profit attributable to owners of parent	740	*1,033	740	1,335	+595

## Operating Income Analysis (QoQ Change)

2021 Oct.-Dec. **-364 million yen** → 2022 Jan.-Mar.

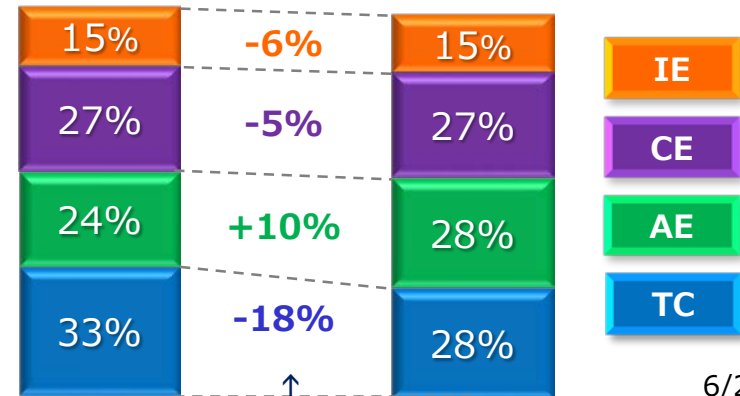


\*Including profit of 200 million yen for special factors (sales of rare metals)

Our production and that of our customers are affected by the prolonged shortage of semiconductors and the resurgence of COVID-19 in Greater China, in addition to seasonal factors such as the Chinese New Year.

2021 Oct.-Dec. Net sales: 10,200 million yen

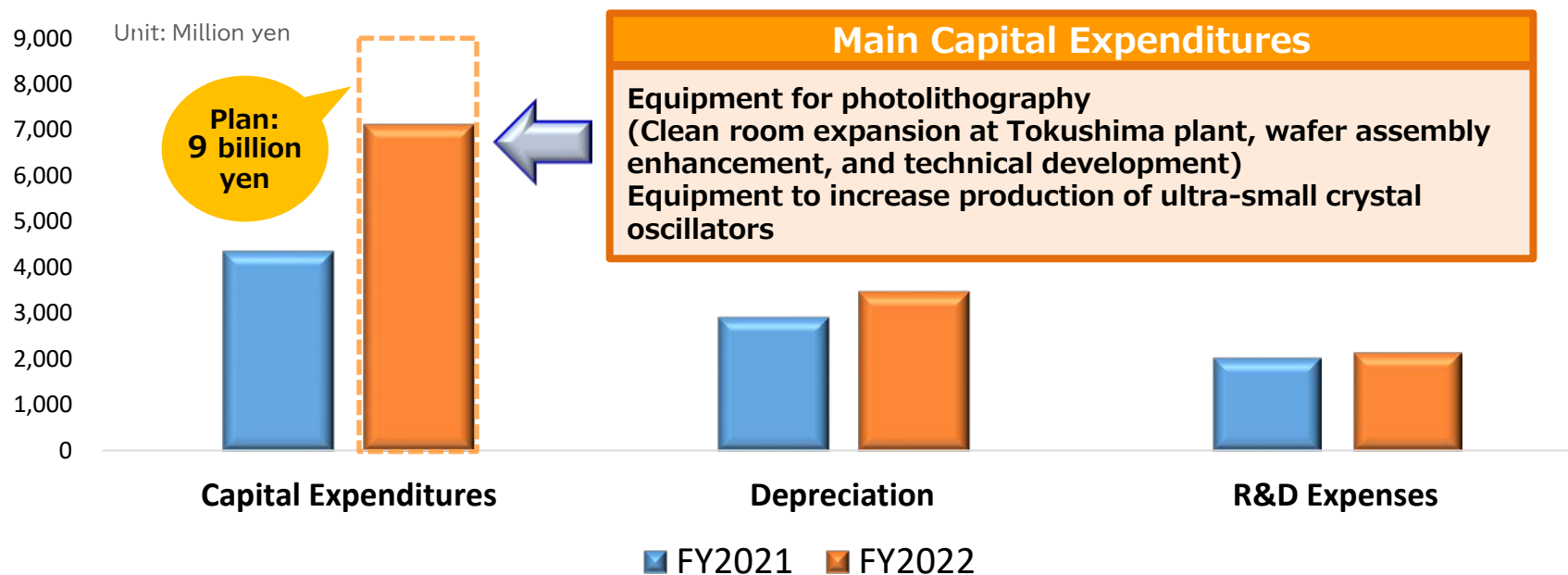
2022 Jan.-Mar. Net sales: 9,600 million yen



# Capital Expenditures / Depreciation / R&D Expenses

Unit: Million yen

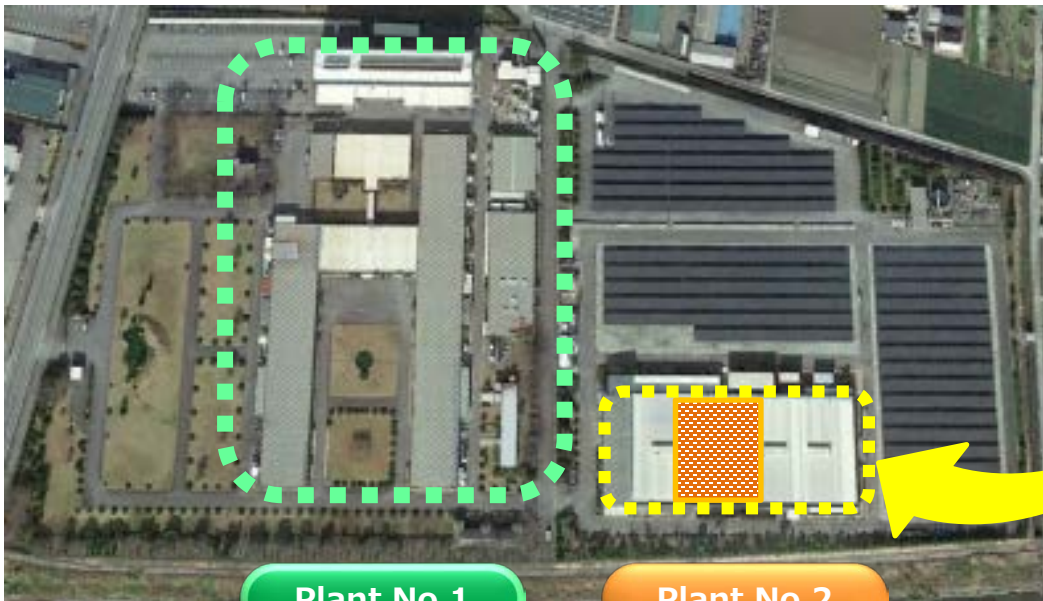
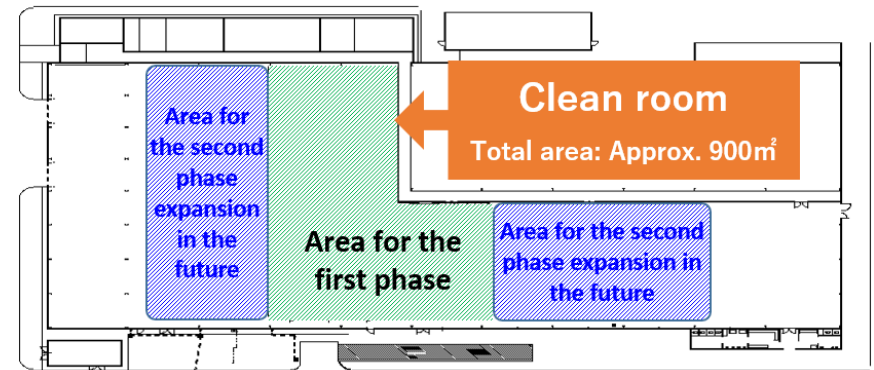
	FY2021	FY2022	Change
Capital Expenditures	4,355	7,116	+2,761
Depreciation	2,921	3,494	+573
R&D Expenses	2,048	2,171	+123



# Completion of clean room for photolithography process (Tokushima plant)

**Operated from June 2022**

**Duplication of production facilities at Tottori and Tokushima plants to enhance BCP capability**



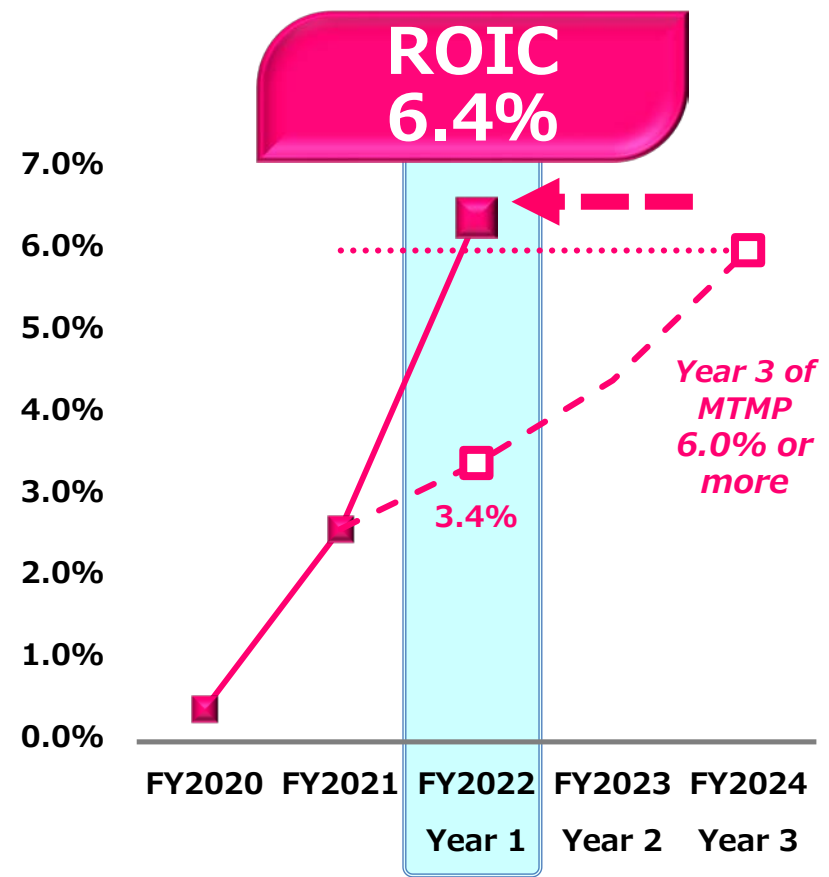
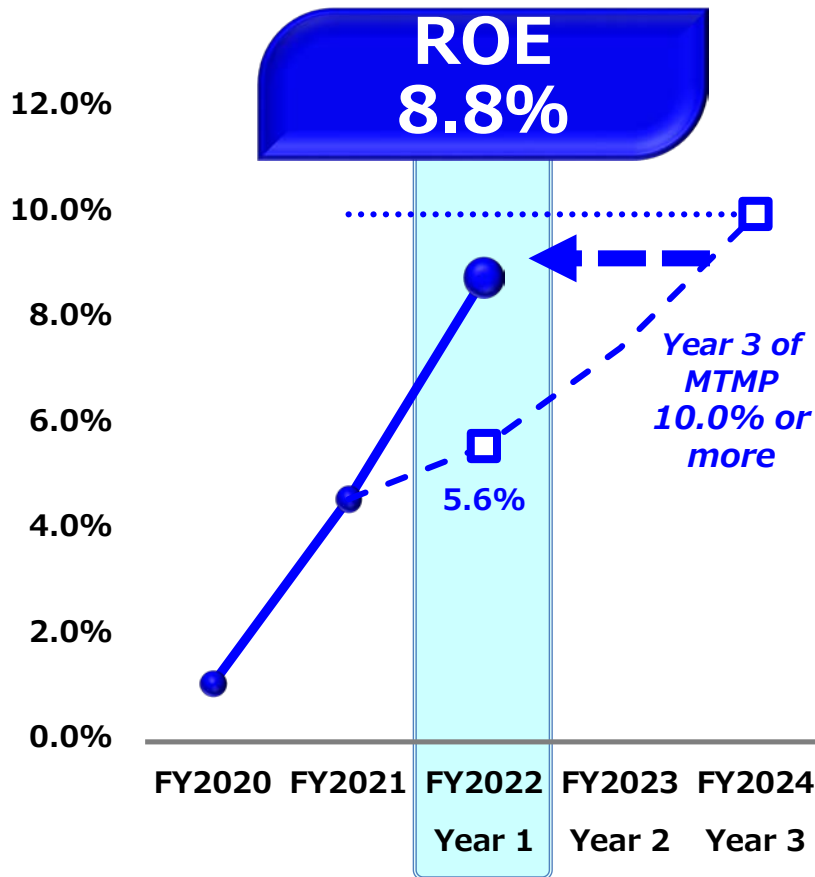
Plant No.1

Plant No.2



# ROE/ROIC Management Indicators

FY2022 (Year 3 of MTMP)



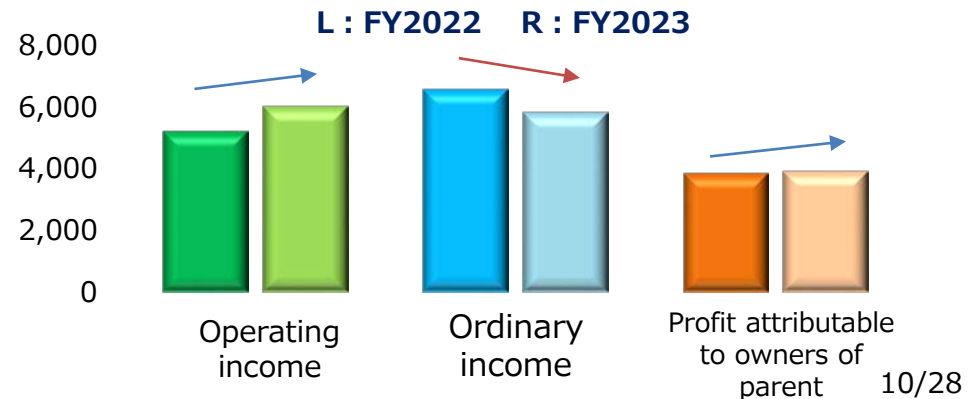
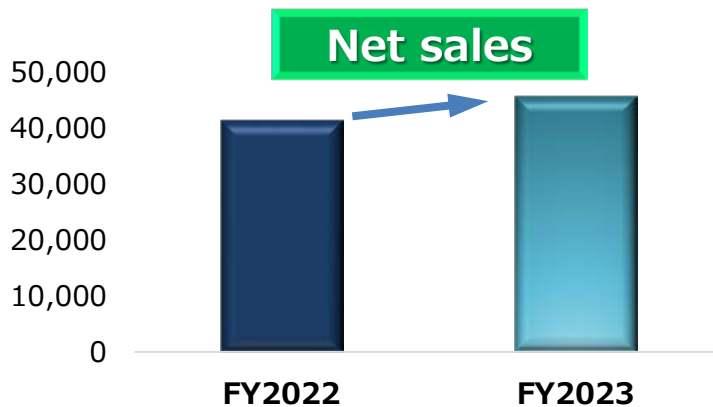
\*Results for the year ended March 31, 2022 exclude the sales of rare metals and the impact of foreign exchange gains. (Reference) ROE and ROIC are 12.6% and 6.6%, respectively, if the sales of rare metals and the impact of foreign exchange gains are included.

# Full Year Earnings Forecast

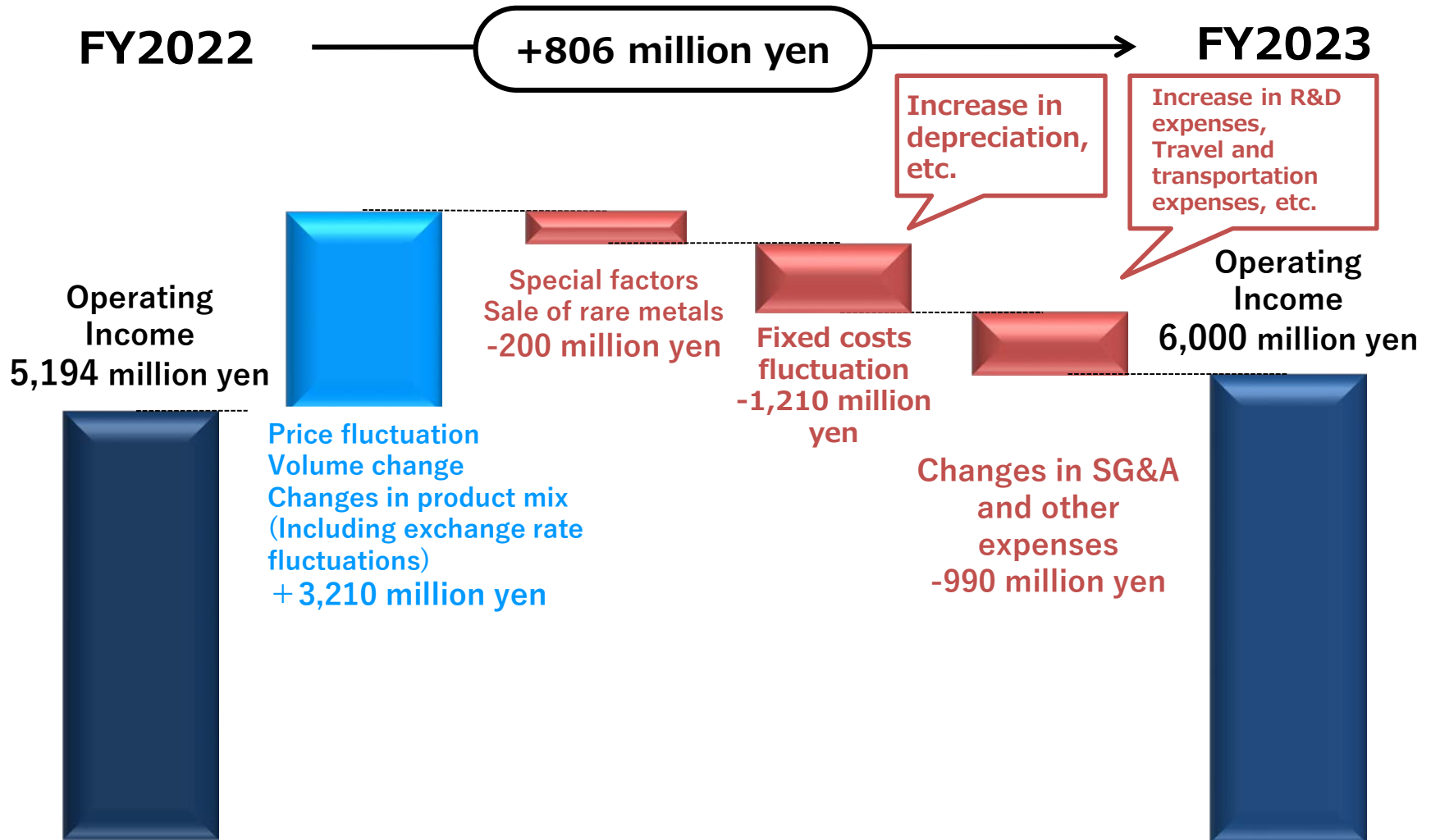
**Record high profits  
for consecutive years**

Unit: Million yen

	FY2022	FY2023	Change	Rate of change
Net Sales	41,306	<b>45,600</b>	+4,294	+10.4%
Operating income	5,194	<b>6,000</b>	+806	+15.5%
Ordinary income	6,547	<b>5,800</b>	-747	-11.4%
Profit attributable to owners of parent	3,848	<b>3,900</b>	+52	+1.3%
ROE*	8.8%	<b>11.3%</b>	+2.5 points	-
ROIC	6.4%	<b>6.6%</b>	+0.2 points	-
USD average rate (yen)	112.39	<b>120.00</b>	*Excluding the impact of foreign exchange gains	



# Operating Income Analysis (Full Year Forecast)



# The first medium-term management plan is being advanced and executed.

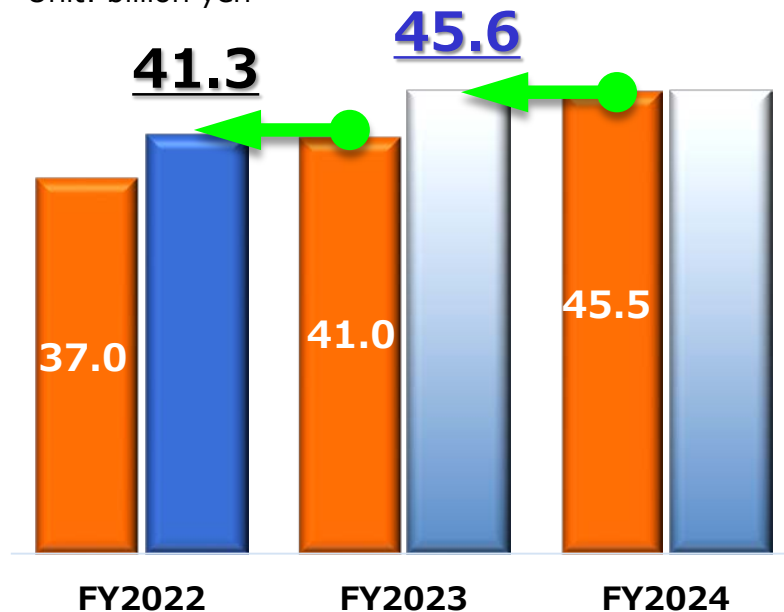
\*The medium-term plan was established by us in 2021.

## Net Sales

**Already reached the target for FY2023**

- The medium-term plan value
- Result/Target

Unit: billion yen

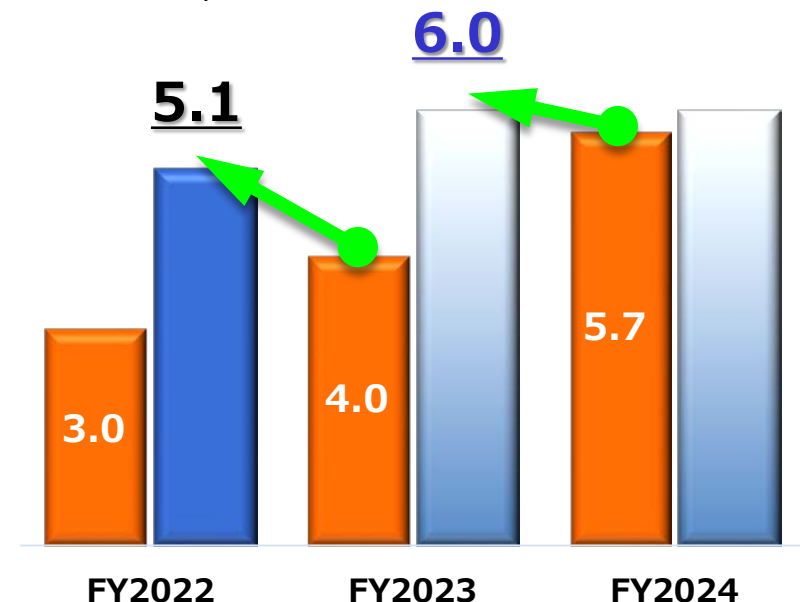


## Operating income

**Already reached the target for FY2023**

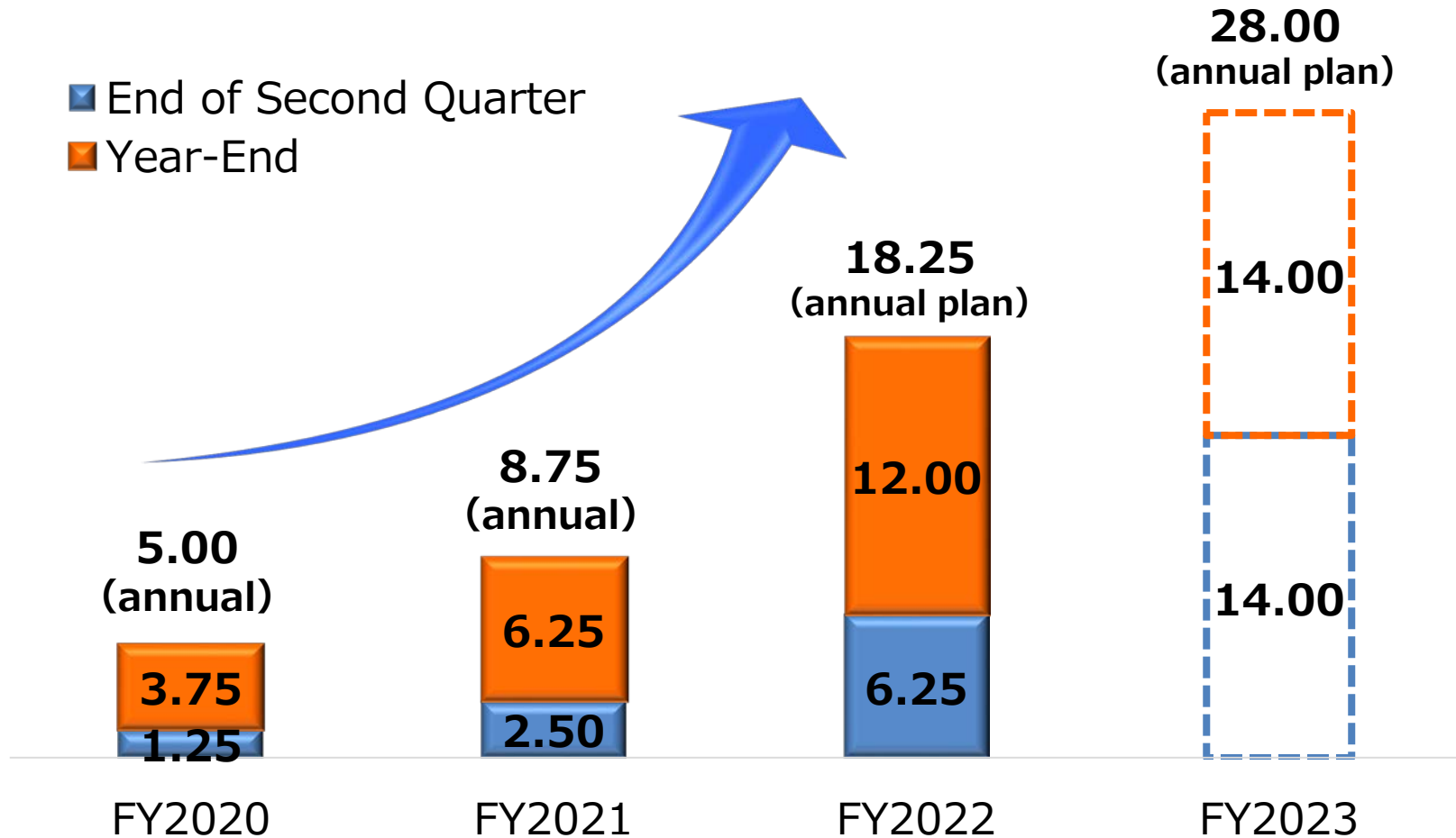
- The medium-term plan value
- Result/Target

Unit: billion yen



# Dividend record

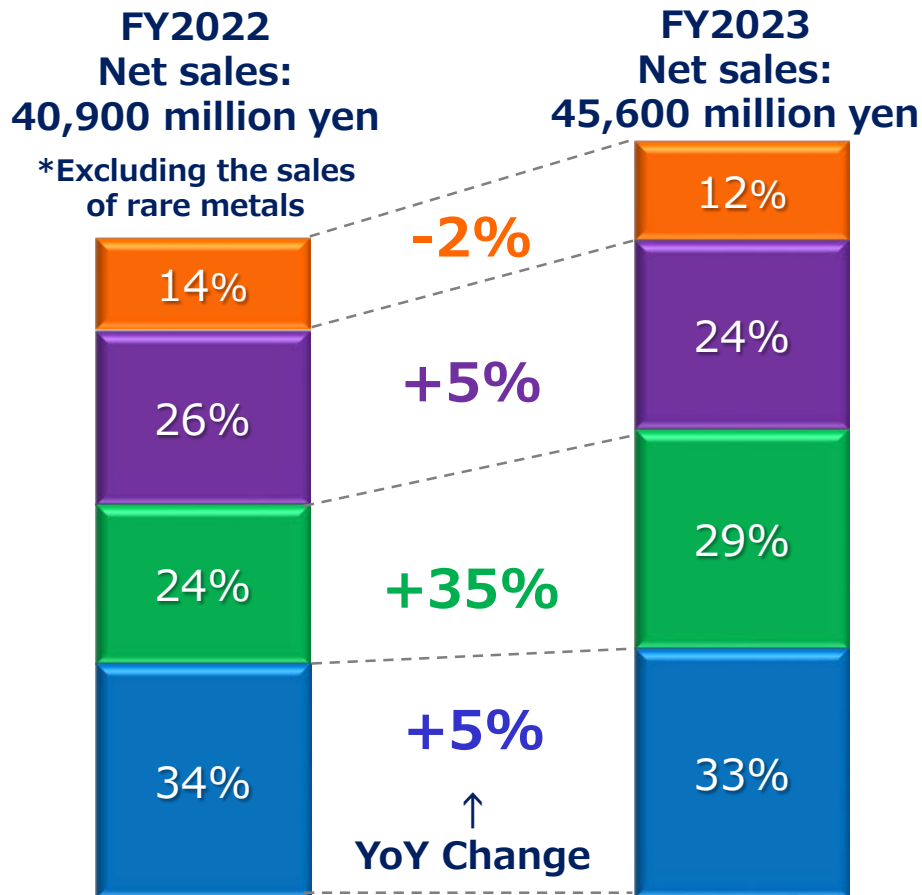
Unit: Yen



\*We implemented a 4-for-1 split on the common stock on November 1, 2021, but the annual dividend per share was calculated on the assumption that the stock split was implemented at the beginning of the year ended March 31, 2020.

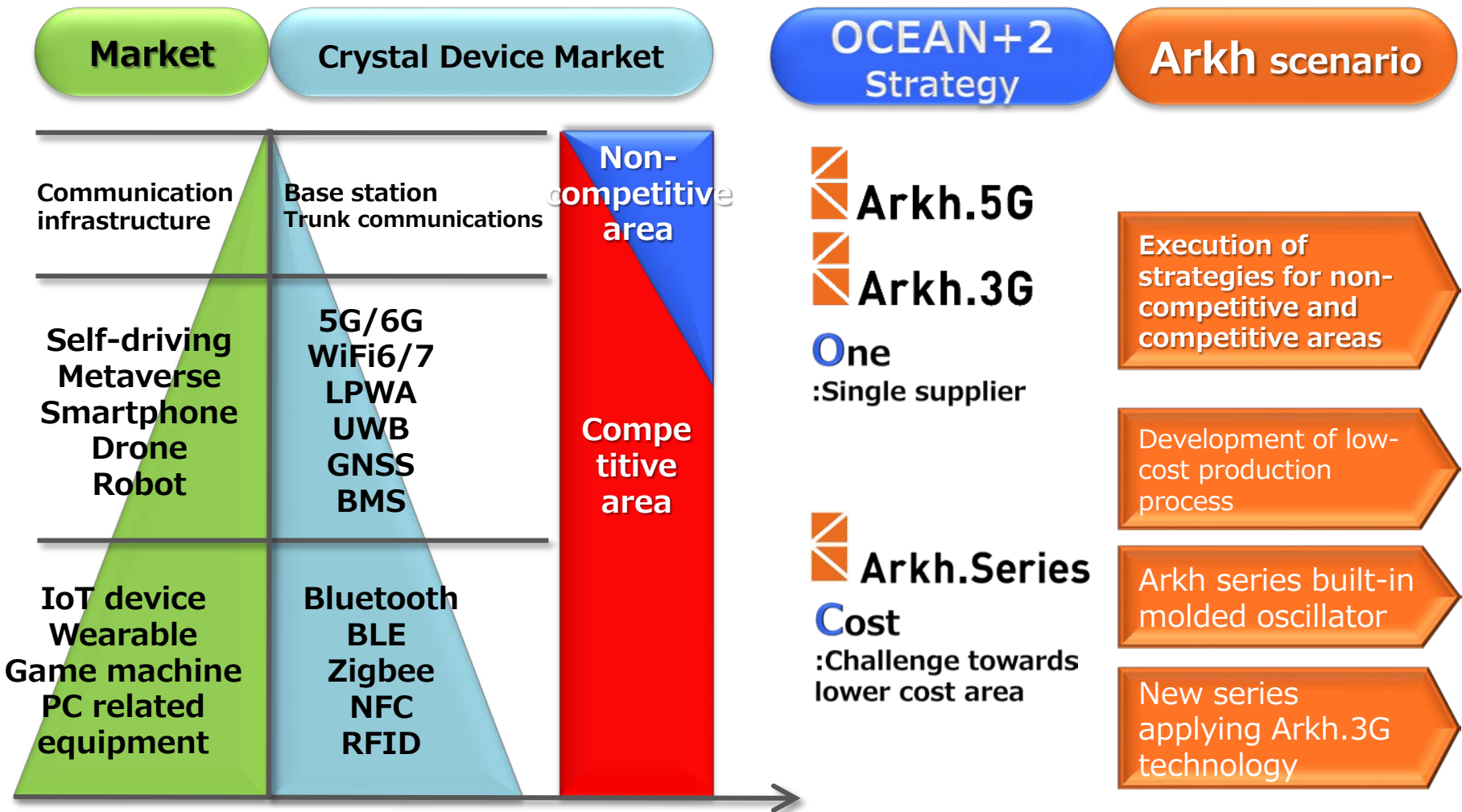
# Sales plan by product segment for FY2023

The market is expanding despite continued uncertainties such as the lockdowns due to the resurgence of COVID-19, the economic downturn in Greater China due to the tightening of monetary policy by the FRB, and soaring energy resource prices triggered by the situation in Ukraine.

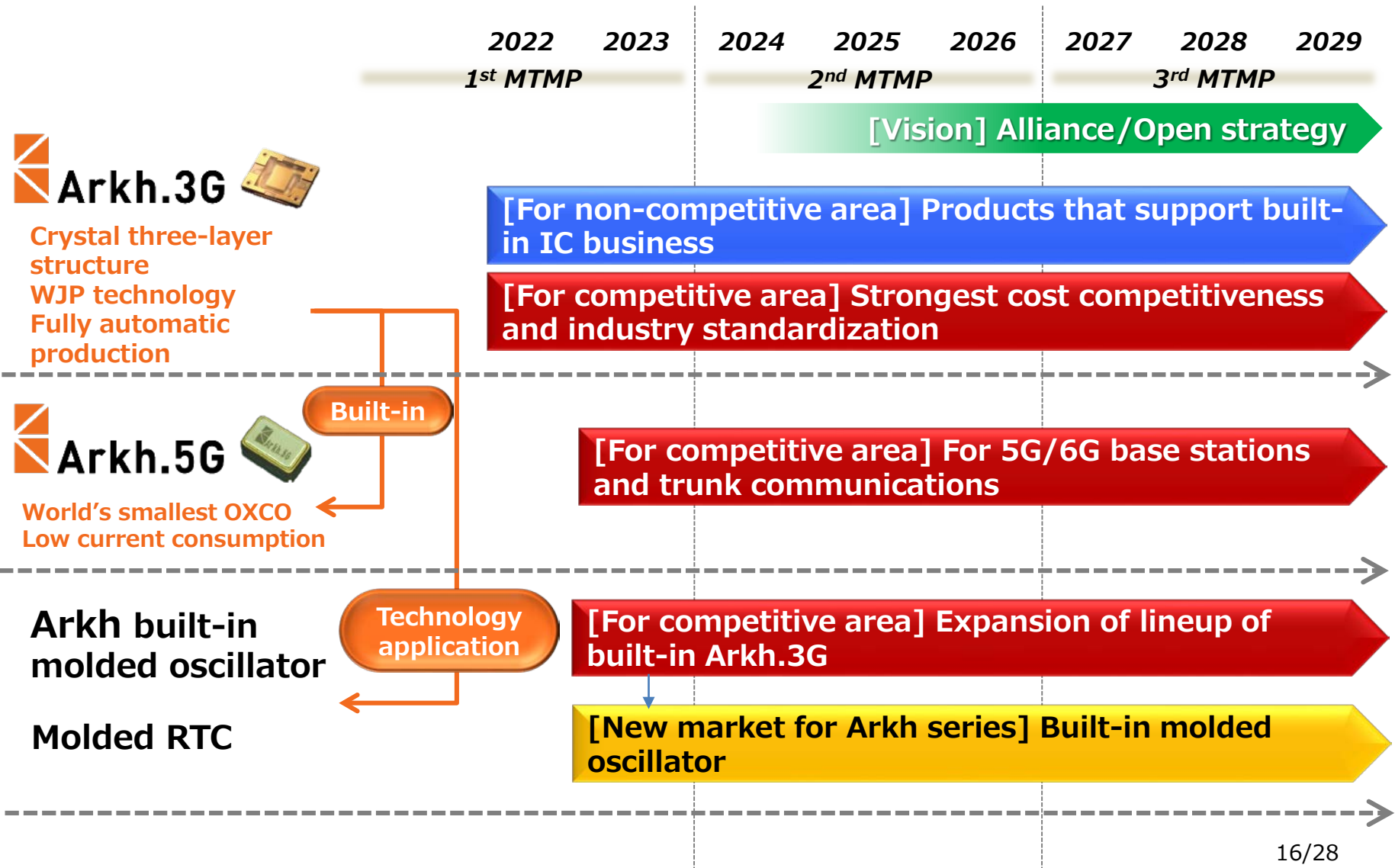


IE	A strong performance is being maintained in semiconductor manufacturing equipment, EV battery manufacturing equipment, and renewable energy products. Blood glucose meters are also expected to perform well.
CE	Growth is expected with increasing sales in the home entertainment segment and the expanding metaverse market for VR/AR.
AE	Orders remain strong; the expansion in production capacity, for which preparations have been underway since the previous year, has contributed to this.
TC	Smartphone sales are sluggish in China and Europe due to the resurgence of COVID-19 and the situation in Ukraine.

# Full-scale expansion of the Arkh series



# Long-term vision for the Arkh series



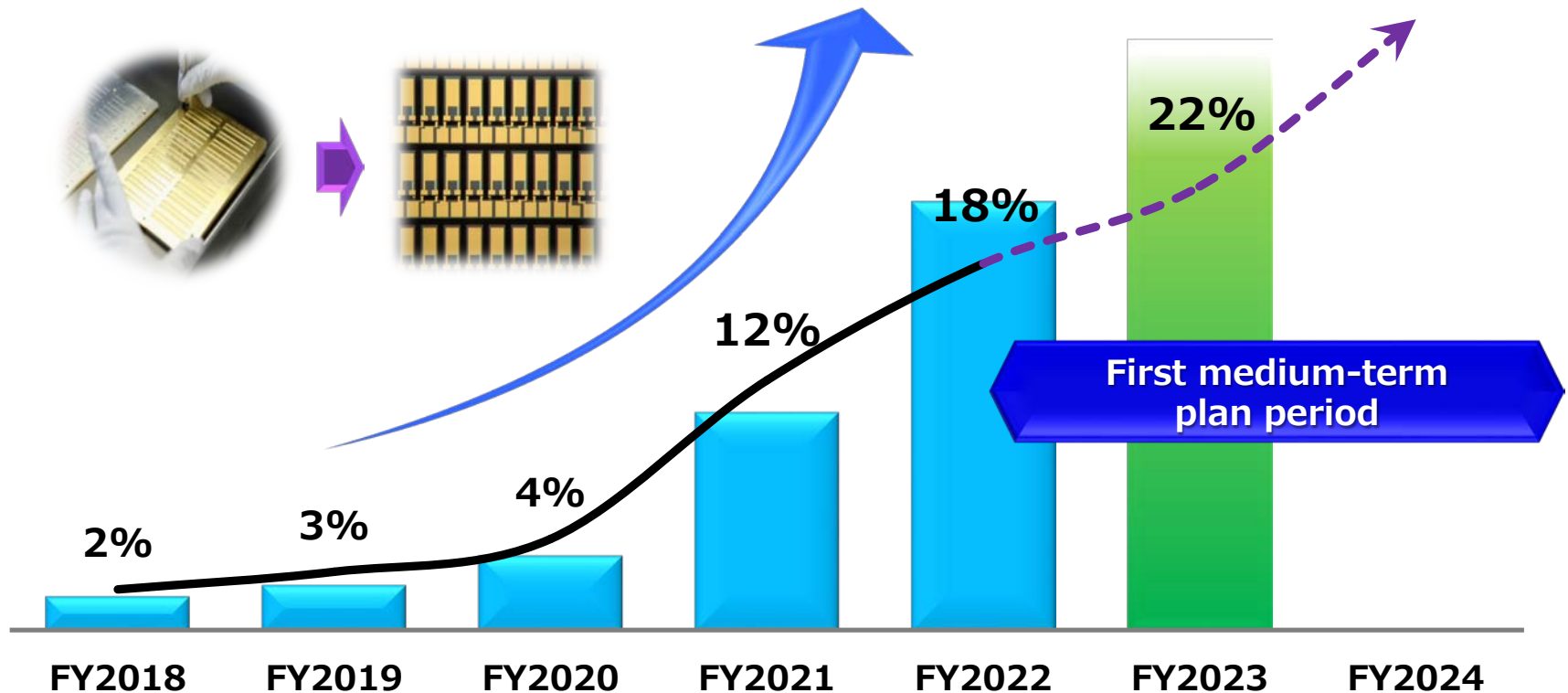


# Sales ratio of photolithography products

Responding to the requirements of high frequency and low power consumption, such as 5G/Wi-Fi/ADAS/clock functions

Year 3 of MTMP

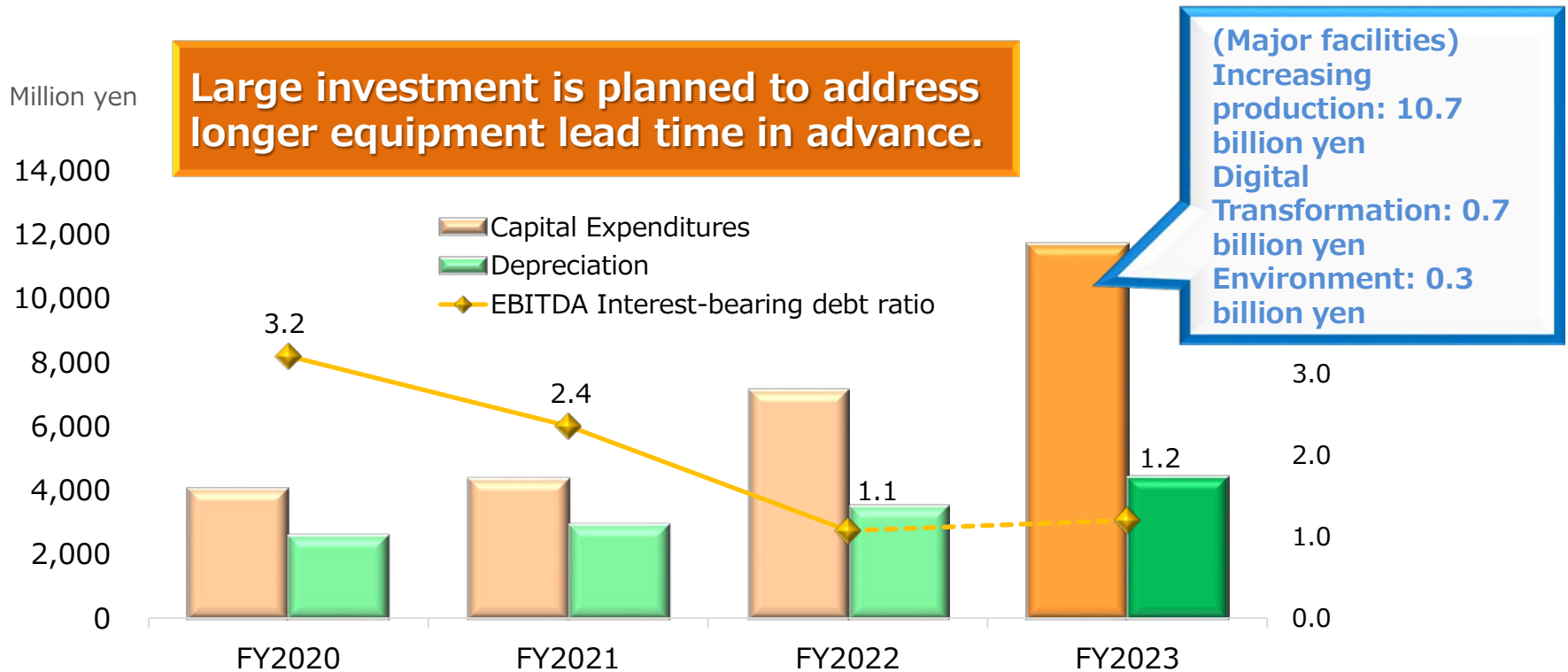
30% or more



# CAPEX Plan

Unit: Million yen

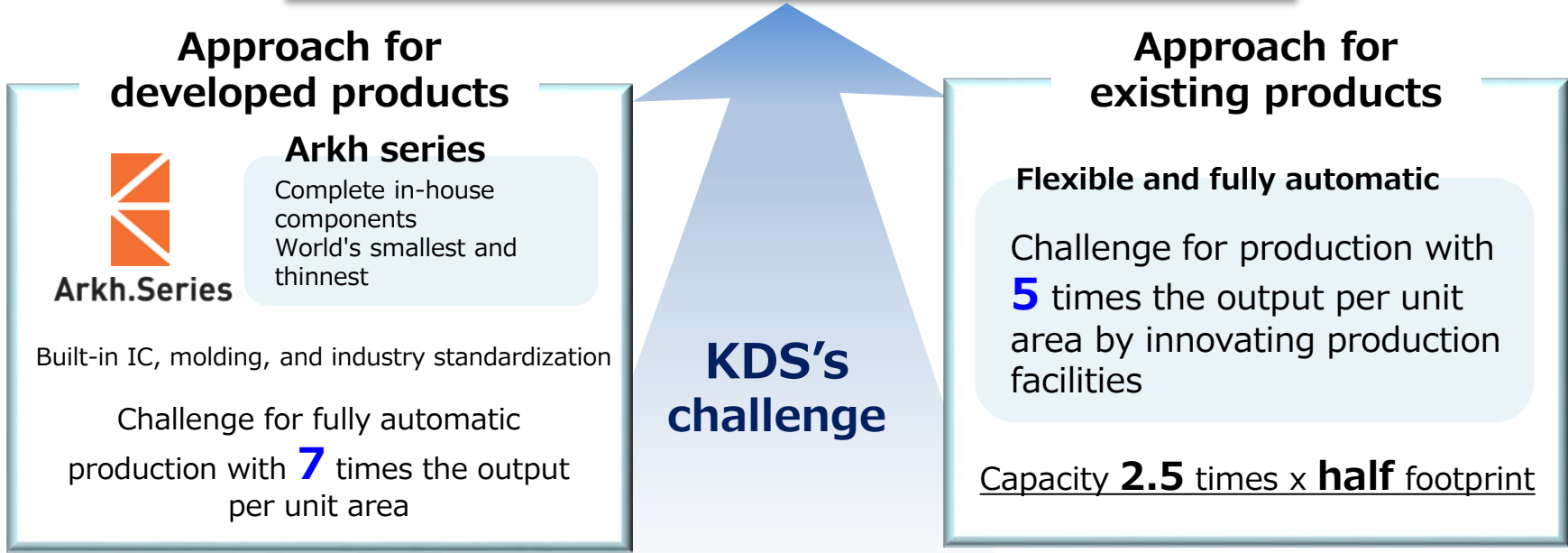
	FY2022	FY2023	Change
Capital Expenditures	7,116	11,700	+4,584
Depreciation	3,494	4,400	+906
R&D Expenses	2,171	2,500	+329



# Challenge for sustainable growth



# Sustainable management



## Approach for developed products



**Arkh.Series**

### Arkh series

Complete in-house components  
World's smallest and thinnest

Built-in IC, molding, and industry standardization

Challenge for fully automatic production with **7** times the output per unit area

## Approach for existing products

### Flexible and fully automatic

Challenge for production with **5** times the output per unit area by innovating production facilities

Capacity **2.5** times x **half** footprint

**KDS's challenge**

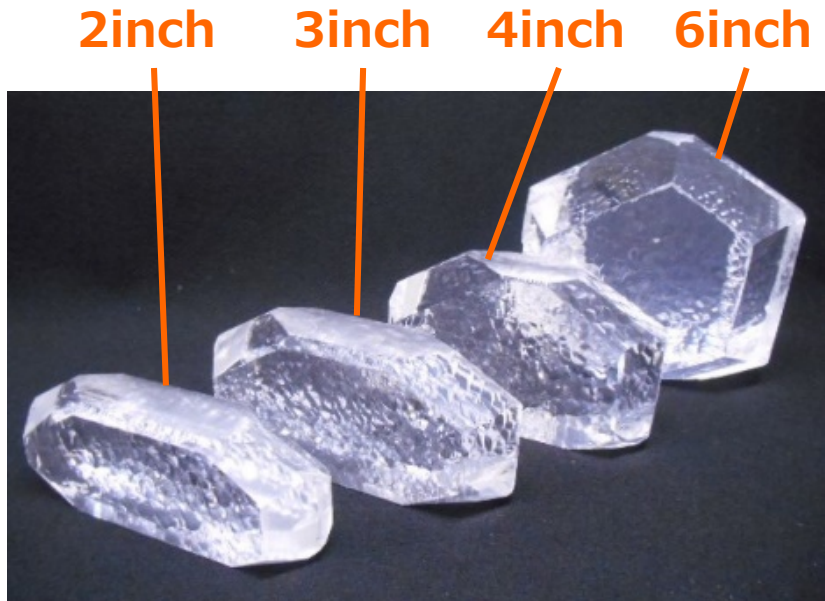
**Core technology**

**Larger photolithography wafer:  
6 inch / 8 inch**

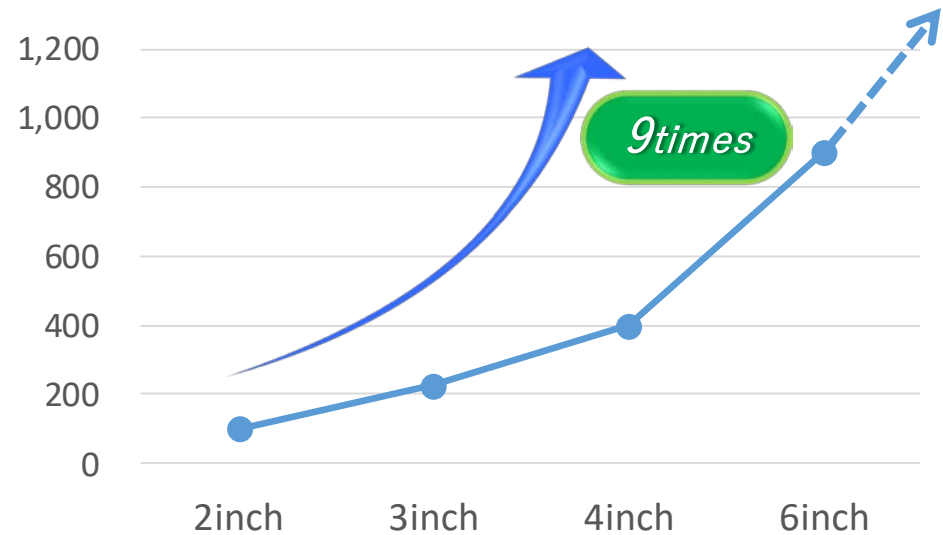
# Most important core technology

Our growth engine: **larger wafers**

## Transition to larger raw crystal



## Correlation between wafer size and the number of producible chips



\* When the number of producible chips from 2-inch wafer is regarded as 100.

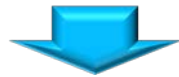
**We will increase the volume of the first lot mass production of rough stone for 6-inch wafer (scheduled for late June).**

# Environmental efforts

## [Production of artificial quartz]

Energy saving by optimizing production conditions

Electricity costs account for about **70%** of the cost of growing rough quartz.

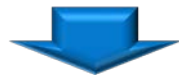


Saving energy by 20% by improving the crystal-growth furnace (reinforcing heat insulating material, etc.).



In addition

Saving energy by 33% by reducing the growing period from 150 days to 100 days.



Total energy consumption reduced by **50%**.

Equipment capacity (growth furnace): **1.5** times

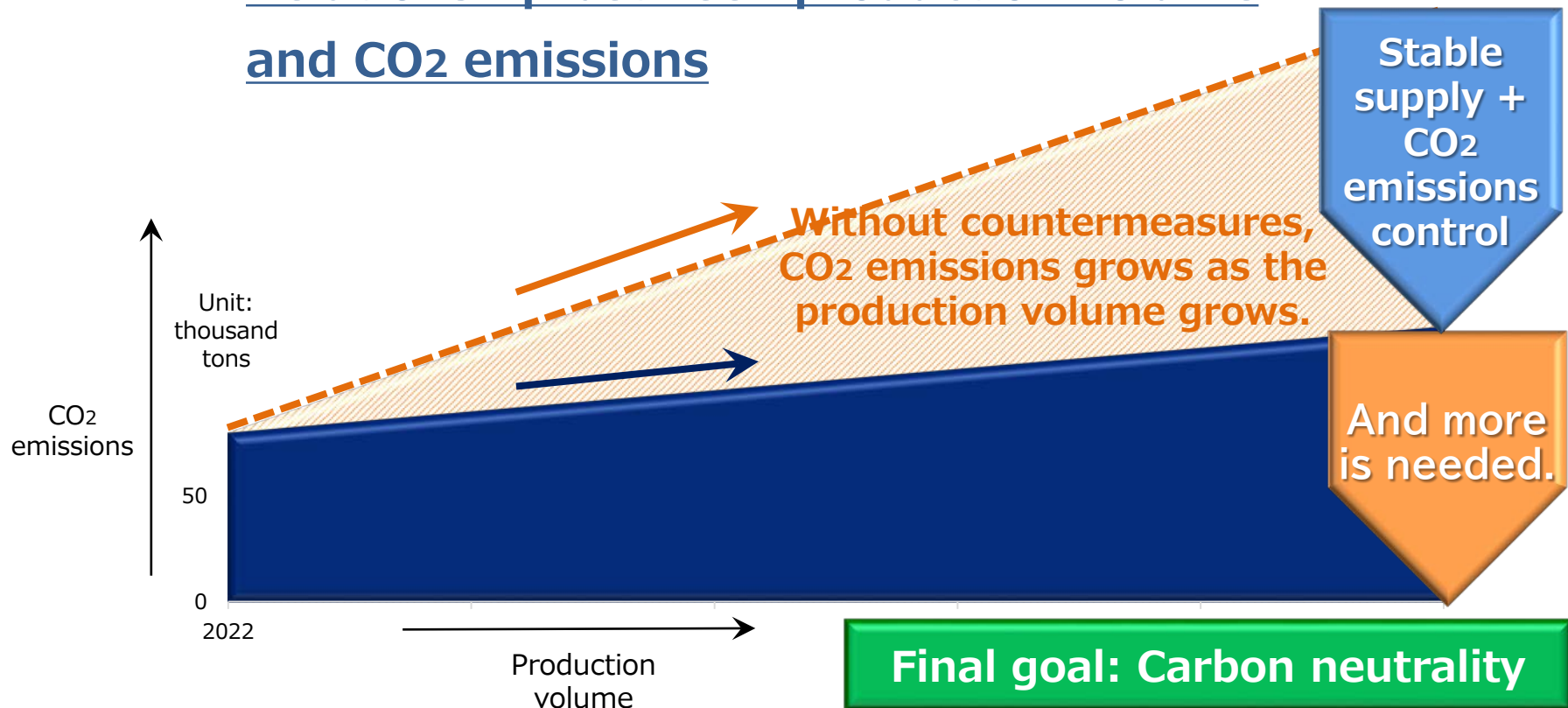




# Stable supply + Environmental protection

Toward CO2 emission control and carbon neutrality

## Relationship between production volume and CO2 emissions



# Toward carbon neutrality

## Additional challenge

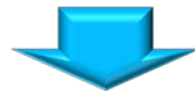
<At the beginning>

OCEAN+2 Strategy

Development process of New Crystal

We produce zeolites from the waste liquid during crystal formation.

\*Zeolite: CO<sub>2</sub> absorber



Not a lot of production

→ Think small modules rather than plant-scale products

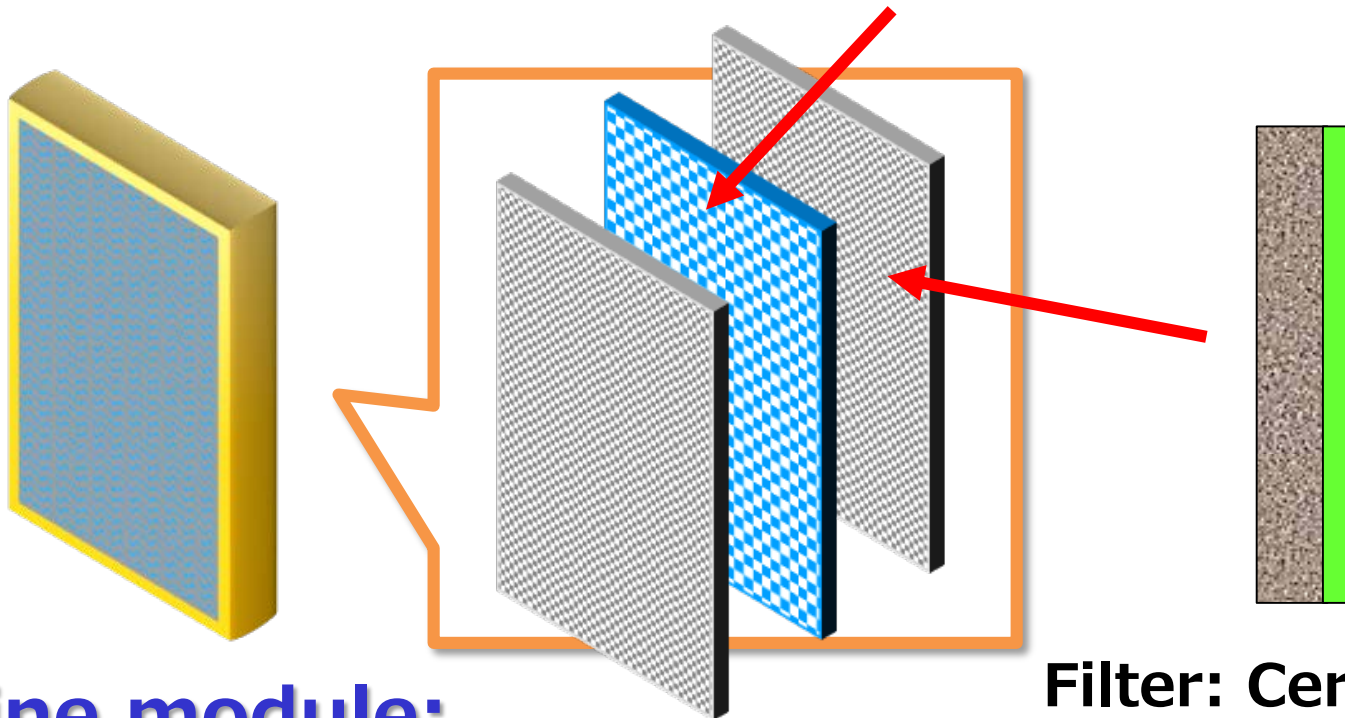
CO<sub>2</sub>  
capture

First, catch!



# Amine module

**Amin: CO<sub>2</sub> absorber**

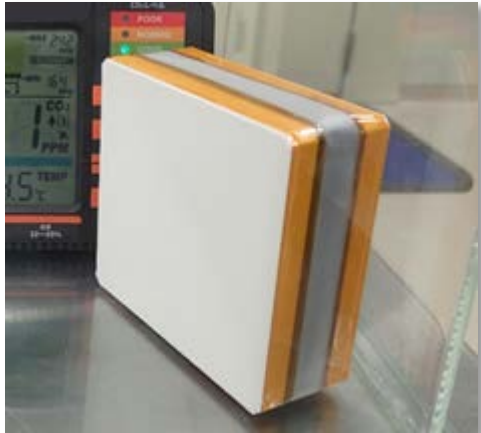


**Amine module:  
Filter + Amine**

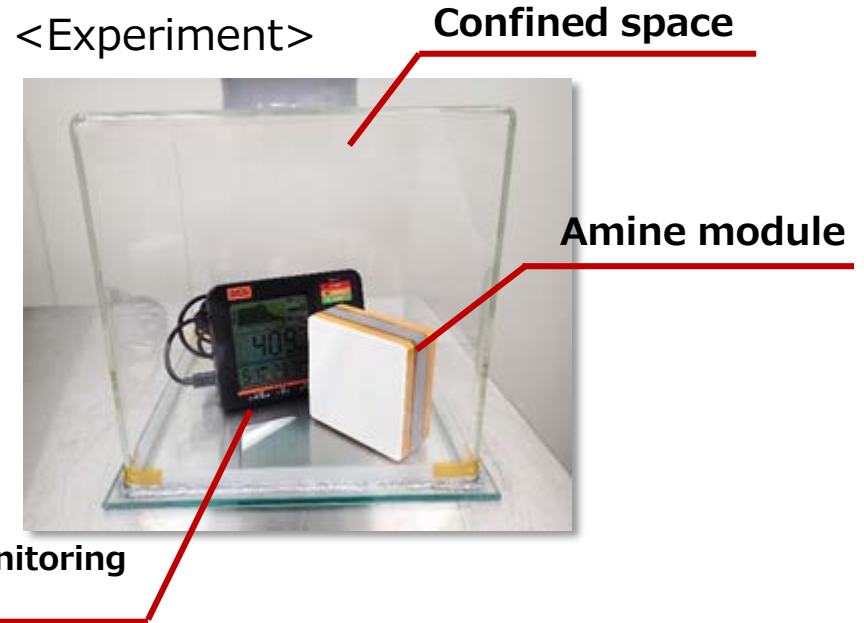
**Filter: Ceramics +  
Zeolite membrane**

**\* Zeolite membrane allows CO<sub>2</sub> to pass but not amines.**

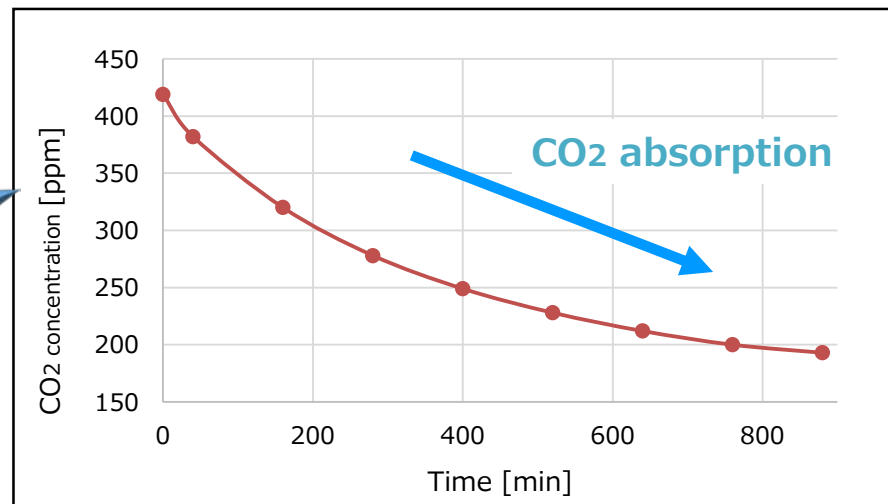
# Amine module



**Amine module  
Prototype**

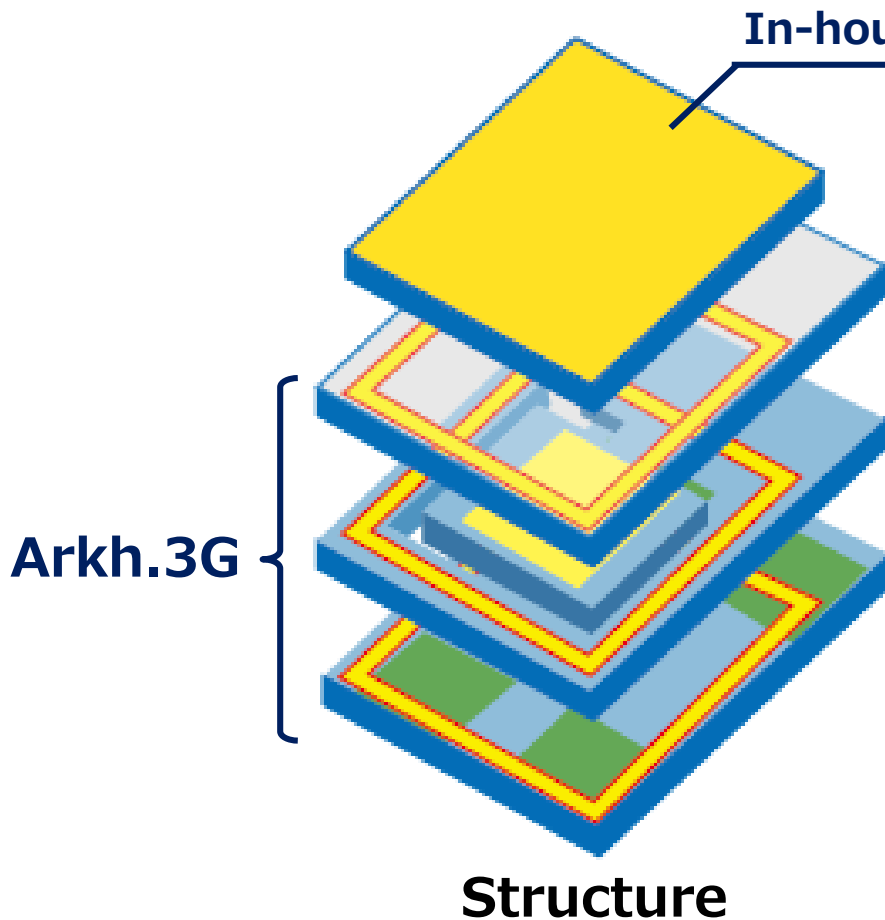


**A prototype  
amine module  
confirmed  
CO2 absorption  
in confined space.**



# Arkh.3G with thin plate thermistor

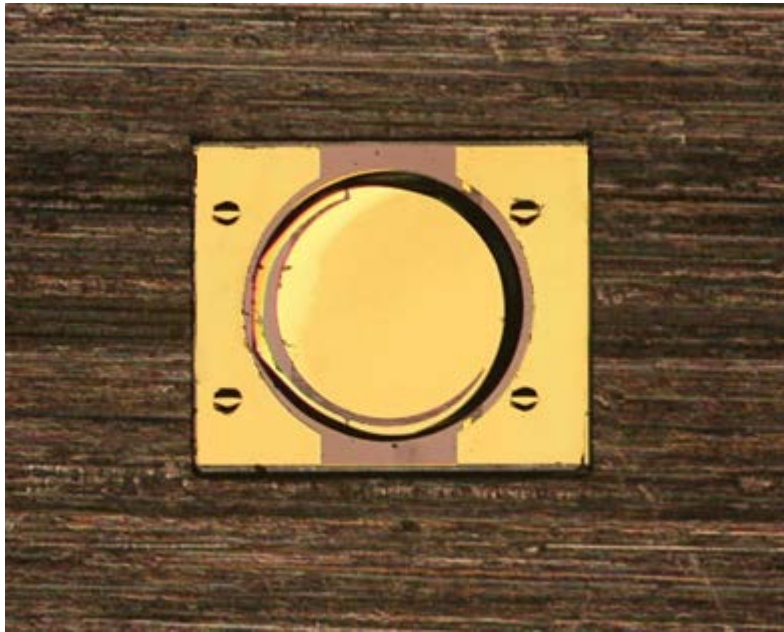
Improved accuracy of temperature compensation with built-in IC



Complete in-house components

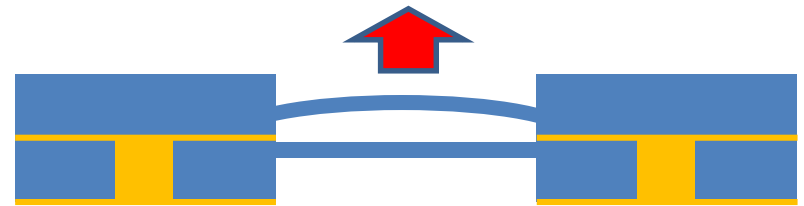
# New development: Pressure switch

## Prototype

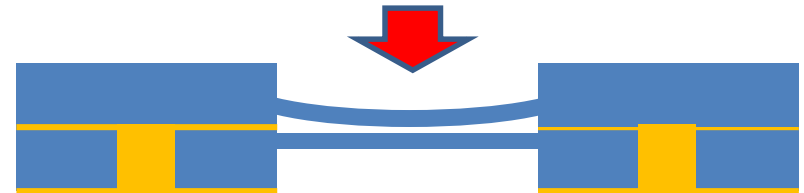


1.2×1.0 t=0.08mm

Vacuum condition



Atmospheric pressure



**A device that recognizes the air pressure difference and electrically alerts poor airtightness.**

# OCEAN+2

## Strategy

Corporate Philosophy:  
We will meet the social  
expectations with trust.