

DAISHINKU CORP.

Summary of Financial Results for the First Quarter Ended June 30, 2022

Tokyo, August 12, 2022 - Daishinku Corp. today announced its consolidated financial results for the first quarter ended June 30, 2022.

1. Operating Results for the First Quarter ended June 30, 2022 (April 1, 2022 to June 30, 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	%
Three months ended June 30, 2022	10,283	(2.1)	1,625	43.0	3,019	144.5	2,015	172.2
Three months ended June 30, 2021	10,507	60.7	1,137	879.7	1,234	-	740	-

Note: Comprehensive Income Three months ended June 30, 2022 ; 2,954 Millions of Yen, Three months ended June 30, 2021 ; 1,456 Millions of Yen

	Net Income per share	Net Income per share after adjustment with potential shares
	Yen	Yen
Three months ended June 30, 2022	62.43	-
Three months ended June 30, 2021	22.94	-

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
	Millions of Yen	Millions of Yen	%
Three months ended June 30, 2022	85,589	42,801	41.4
Year ended March 31, 2022	81,317	40,231	40.7

ref. Stockholders' equity : As of June 30, 2022 ; 35,415 Millions of Yen, As of March 31, 2022 ; 33,121 Millions of Yen

2. Dividends

	Dividends per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Annual
(Results)	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2022	-	25.00	-	12.00	-
Year ending March 31, 2023	-				
(Forecast)					
Year ending March 31, 2023		14.00	-	14.00	28.00

Note: Revision of dividend forecast for during this period: None

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

Note: Revision of the fiscal year result forecast for during this period: None

4. Notes

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

(2) Application of particular accounting procedures to preparation of
quarterly consolidated financial statements: Applicable

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

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

(4) Outstanding shares (Common shares)

1. Number of shares outstanding (including treasury stock)

As of June 30, 2022 :	36,196,968 shares	As of March 31, 2022 :	36,196,968 shares
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2. Number of treasury stock

As of June 30, 2022 :	3,917,356 shares	As of March 31, 2022 :	3,917,336 shares
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3. Average number of shares during the period

April-June 2022 :	32,279,638 shares	April-June 2021 :	32,281,438 shares
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* 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 for the first quarter ended June 30, 2022

With regard to economic activities during the current consolidated cumulative first quarter, although capital investment remained firm, the Japanese yen depreciated sharply and supply chains were disrupted due to China's zero-COVID policy. In addition, concerns about an economic slowdown increased due to monetary policy measures to address accelerating inflation in various countries. The outlook remains uncertain: there has been a resurgence in COVID-19 cases due to new variants, the shortage of semiconductors lingers, and energy supply risks due to the situation in Ukraine have emerged.

In such an environment, DAISHINKU CORP. saw an increase in sales in the consumer and industrial fields, mainly for automotive applications, due in part to the impact of exchange rate fluctuations. However, sales in the telecommunications field decreased due to low demand for smartphones in China, resulting in net sales of 10,283 million yen (down 2.1% year on year). With regard to profits, operating income reached 1,625 million yen (up 43.0% year on year) due to such factors as an improved product mix and the impact of exchange rate fluctuations. The foreign exchange gain of 1,302 million yen was recorded as non-operating income, resulting in ordinary income of 3,019 million yen (up 144.5% year on year) and profit attributable to owners of parent of 2,015 million yen (up 172.2% year on year).

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: Thousands of yen)

	Year ended March 31, 2022	Three months ended June 30, 2022
Assets		
Current assets		
Cash and deposits	18,516,683	18,777,542
Notes and accounts receivable - trade	10,144,686	11,019,794
Merchandise and finished goods	5,839,701	7,023,463
Work in process	4,976,962	5,191,852
Raw materials and supplies	5,716,907	6,362,639
Other	1,864,112	1,762,372
Allowance for doubtful accounts	(9,478)	(8,832)
Total current assets	47,049,574	50,128,830
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,166,833	3,273,601
Machinery, equipment and vehicles, net	12,533,597	13,818,901
Tools, furniture and fixtures, net	969,135	1,031,387
Land	5,803,771	5,916,843
Leased assets, net	510,029	472,761
Construction in progress	4,701,569	5,080,877
Total property, plant and equipment	27,684,936	29,594,373
Intangible assets	569,853	595,035
Investments and other assets		
Investment securities	3,276,853	2,386,683
Long-term loans receivable	1,548	1,523
Retirement benefit asset	720,102	857,660
Deferred tax assets	800,879	845,777
Other	1,241,887	1,207,870
Allowance for doubtful accounts	(27,800)	(27,800)
Total investments and other assets	6,013,470	5,271,714
Total non-current assets	34,268,259	35,461,123
Total assets	81,317,834	85,589,954

(Unit: Thousands of yen)

	Year ended March 31, 2022	Three months ended June 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,882,669	3,468,529
Short-term borrowings	3,199,497	2,909,239
Current portion of long-term borrowings	6,346,612	7,650,885
Lease obligations	196,001	200,402
Accounts payable - other	3,610,751	3,401,722
Income taxes payable	1,335,991	911,134
Contract liabilities	807	238
Provision for bonuses	724,959	356,342
Provision for bonuses for directors	15,000	3,750
Other	1,349,251	1,487,899
Total current liabilities	20,661,542	20,390,145
Non-current liabilities		
Long-term borrowings	17,769,476	19,490,053
Lease obligations	330,669	289,128
Deferred tax liabilities	1,008,881	1,206,550
Retirement benefit liability	1,092,986	1,185,202
Long-term accounts payable - other	93,247	89,039
Asset retirement obligations	27,379	27,493
Other	102,634	110,583
Total non-current liabilities	20,425,275	22,398,052
Total liabilities	41,086,817	42,788,197
Net assets		
Shareholders' equity		
Share capital	19,344,883	19,344,883
Capital surplus	7,168,224	7,172,315
Retained earnings	4,131,434	5,759,314
Treasury shares	(1,928,693)	(1,928,724)
Total shareholders' equity	28,715,849	30,347,789
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,287,673	820,936
Foreign currency translation adjustment	2,551,740	3,727,348
Remeasurements of defined benefit plans	566,533	519,114
Total accumulated other comprehensive income	4,405,948	5,067,399
Non-controlling interests	7,109,218	7,386,568
Total net assets	40,231,016	42,801,756
Total liabilities and net assets	81,317,834	85,589,954

(2) Consolidated Statements of Income

(Unit: Thousands of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net sales	10,507,189	10,283,727
Cost of sales	7,649,775	6,755,868
Gross profit	2,857,414	3,527,858
Selling, general and administrative expenses	1,720,269	1,902,144
Operating profit	1,137,145	1,625,714
Non-operating income		
Interest income	9,181	9,399
Dividend income	15,560	59,500
Foreign exchange gains	63,995	1,302,529
Other	48,414	94,063
Total non-operating income	137,151	1,465,492
Non-operating expenses		
Interest expenses	29,679	35,966
Loss on valuation of derivatives	-	27,824
Other	9,620	7,576
Total non-operating expenses	39,300	71,367
Ordinary profit	1,234,996	3,019,838
Extraordinary income		
Gain on sale of non-current assets	3,652	308
Total extraordinary income	3,652	308
Extraordinary losses		
Loss on retirement of non-current assets	939	0
Impairment losses	1,444	-
Total extraordinary losses	2,384	0
Profit before income taxes	1,236,265	3,020,146
Income taxes - current	178,679	610,230
Income taxes - deferred	60,901	163,929
Total income taxes	239,580	774,159
Profit	996,684	2,245,986
Profit attributable to non-controlling interests	256,251	230,751
Profit attributable to owners of parent	740,432	2,015,235

Segment information

1. Information on the amount of net sales, profit or loss and disaggregation of revenue by reportable segments The first quarter ended June 30, 2021 (April 1, 2021 to June 30, 2021)

(Unit: Thousands of yen)

	Reportable segments							Adjustment	Amounts recorded in consolidated quarterly financial statements
	Japan	North America	Europe	China	Taiwan	Asia	Total		
Net sales									
Revenue from contracts with customers	1,956,731	298,411	715,064	4,014,818	3,023,014	499,150	10,507,189	-	10,507,189
Other revenue	-	-	-	-	-	-	-	-	-
Sales to external customers	1,956,731	298,411	715,064	4,014,818	3,023,014	499,150	10,507,189	-	10,507,189
Intersegment sales or transfers	5,122,978	9,185	1,141	538,935	587,885	1,345,171	7,605,298	(7,605,298)	-
Total	7,079,709	307,596	716,205	4,553,754	3,610,899	1,844,322	18,112,488	(7,605,298)	10,507,189
Segment profit (loss)	468,164	(6,280)	7,182	120,078	653,275	(5,341)	1,237,079	(99,934)	1,137,145

2. Information on the amount of net sales, profit or loss and disaggregation of revenue by reportable segments The first quarter ended June 30, 2022 (April 1, 2022 to June 30, 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	2,107,790	412,983	936,470	3,619,436	2,468,680	738,365	10,283,727	-	10,283,727
Other revenue	-	-	-	-	-	-	-	-	-
Sales to external customers	2,107,790	412,983	936,470	3,619,436	2,468,680	738,365	10,283,727	-	10,283,727
Intersegment sales or transfers	6,077,606	13,292	1,529	1,146,837	786,980	1,488,376	9,514,624	(9,514,624)	-
Total	8,185,396	426,276	938,000	4,766,274	3,255,661	2,226,742	19,798,351	(9,514,624)	10,283,727
Segment profit	1,282,700	8,207	26,231	178,814	352,365	401	1,848,721	(223,007)	1,625,714