

DAISHINKU CORP.

Summary of Financial Results for the Second Quarter Ended Sep. 30, 2022

Tokyo, Nov. 11, 2022 - Daishinku Corp. today announced its consolidated financial results for the second quarter ended Sep. 30, 2022.

1. Operating Results for the Second Quarter ended Sep. 30, 2022 (April 1, 2022 to Sep. 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 | % |
| Six months ended Sep. 30, 2022 | 20,292 | (5.3) | 2,810 | 1.7 | 4,751 | 56.2 | 2,986 | 68.4 |
| Six months ended Sep. 30, 2021 | 21,434 | 48.2 | 2,762 | 481.7 | 3,042 | 602.4 | 1,773 | - |

Note: Comprehensive Income Six months ended Sep. 30, 2022 ; 3,977 Yen-million, Six months ended Sep. 30, 2021 ; 2,603 Yen-million

| | Net Income per share | Net Income per share after adjustment with potential shares |
|--------------------------------|----------------------|---|
| | Yen | Yen |
| Six months ended Sep. 30, 2022 | 92.51 | - |
| Six months ended Sep. 30, 2021 | 54.94 | - |

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 | % |
| Six months ended Sep. 30, 2022 | 85,184 | 43,823 | 42.7 |
| Year ended March 31, 2022 | 81,317 | 40,231 | 40.7 |

ref. Stockholders' equity : As of Sep. 30, 2022 ; 36,364 Yen-million, As of March 31, 2022 ; 33,121 Yen-million

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 | - | 14.00 | | | |
| (Forecast) | | | | | |
| Year ending March 31, 2023 | | | - | 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, dividends the end of 2nd quarter for the fiscal year ended March 2022 is the actual dividend amounts before the split of shares, 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 | 39,500 | (4.4) | 4,000 | (23.0) | 5,400 | (17.5) | 3,400 | (11.6) | 105.33 |

Note: Revision of the fiscal year result forecast for during this period: Applicable

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 Sep. 30, 2022 : 36,196,968 shares As of March 31, 2022 : 36,196,968 shares

2. Number of treasury stock

As of Sep. 30, 2022 : 3,917,864 shares As of March 31, 2022 : 3,917,336 shares

3. Average number of shares during the period

April-Sep. 2022 : 32,279,428 shares April-Sep. 2021 : 32,281,073 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.

* 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 second quarter ended Sep. 30, 2022

With regard to economic activities during the current consolidated cumulative second quarter, although capital investment remained firm, the Japanese yen depreciation was accelerating and supply chains were disrupted due to China's zero-COVID policy. In addition, concerns about an economic slowdown increased because of monetary policy measures against the progress of inflation in various country were continued and strengthened. The outlook still 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 weaker yen. However, sales in the telecommunications field decreased due to low demand for smartphones in China, resulting in net sales of 20,292 million yen (down 5.3% year on year). With regard to profits, operating income reached 2,810 million yen (up 1.7% year on year) due to such factors as the impact of weaker yen. The foreign exchange gain of 1,870 million yen was recorded as non-operating income, resulting in ordinary income of 4,751 million yen (up 56.2% year on year) and profit attributable to owners of parent of 2,986 million yen (up 68.4% year on year).

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: Thousands of yen)

| | Year ended March 31, 2022 | Six months ended Sep. 30, 2022 |
|--|---------------------------|--------------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 18,516,683 | 16,885,422 |
| Notes and accounts receivable - trade | 10,144,686 | 10,681,720 |
| Merchandise and finished goods | 5,839,701 | 7,747,232 |
| Work in process | 4,976,962 | 5,208,649 |
| Raw materials and supplies | 5,716,907 | 6,194,962 |
| Other | 1,864,112 | 2,027,875 |
| Allowance for doubtful accounts | (9,478) | (8,995) |
| Total current assets | 47,049,574 | 48,736,867 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 3,166,833 | 3,271,099 |
| Machinery, equipment and vehicles, net | 12,533,597 | 13,829,116 |
| Tools, furniture and fixtures, net | 969,135 | 1,061,693 |
| Land | 5,803,771 | 5,953,849 |
| Leased assets, net | 510,029 | 427,138 |
| Construction in progress | 4,701,569 | 5,808,198 |
| Total property, plant and equipment | 27,684,936 | 30,351,095 |
| Intangible assets | 569,853 | 923,287 |
| Investments and other assets | | |
| Investment securities | 3,276,853 | 2,094,783 |
| Long-term loans receivable | 1,548 | 1,496 |
| Retirement benefit asset | 720,102 | 836,021 |
| Deferred tax assets | 800,879 | 898,118 |
| Other | 1,241,887 | 1,370,941 |
| Allowance for doubtful accounts | (27,800) | (27,800) |
| Total investments and other assets | 6,013,470 | 5,173,562 |
| Total non-current assets | 34,268,259 | 36,447,945 |
| Total assets | 81,317,834 | 85,184,813 |

(Unit: Thousands of yen)

| | Year ended March 31, 2022 | Six months ended Sep. 30, 2022 |
|---|---------------------------|--------------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 3,882,669 | 3,261,931 |
| Short-term borrowings | 3,199,497 | 3,424,061 |
| Current portion of long-term borrowings | 6,346,612 | 7,203,936 |
| Lease obligations | 196,001 | 200,290 |
| Accounts payable - other | 3,610,751 | 2,087,463 |
| Income taxes payable | 1,335,991 | 1,112,630 |
| Contract liabilities | 807 | 55 |
| Provision for bonuses | 724,959 | 721,982 |
| Provision for bonuses for directors | 15,000 | 7,500 |
| Other | 1,349,251 | 1,275,838 |
| Total current liabilities | 20,661,542 | 19,295,690 |
| Non-current liabilities | | |
| Long-term borrowings | 17,769,476 | 19,154,569 |
| Lease obligations | 330,669 | 242,566 |
| Deferred tax liabilities | 1,008,881 | 1,221,542 |
| Retirement benefit liability | 1,092,986 | 1,228,710 |
| Long-term accounts payable - other | 93,247 | 82,984 |
| Asset retirement obligations | 27,379 | 27,608 |
| Other | 102,634 | 107,857 |
| Total non-current liabilities | 20,425,275 | 22,065,838 |
| Total liabilities | 41,086,817 | 41,361,529 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 19,344,883 | 19,344,883 |
| Capital surplus | 7,168,224 | 7,172,364 |
| Retained earnings | 4,131,434 | 6,730,396 |
| Treasury shares | (1,928,693) | (1,929,200) |
| Total shareholders' equity | 28,715,849 | 31,318,444 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,287,673 | 664,579 |
| Foreign currency translation adjustment | 2,551,740 | 3,895,357 |
| Remeasurements of defined benefit plans | 566,533 | 485,686 |
| Total accumulated other comprehensive income | 4,405,948 | 5,045,622 |
| Non-controlling interests | 7,109,218 | 7,459,216 |
| Total net assets | 40,231,016 | 43,823,284 |
| Total liabilities and net assets | 81,317,834 | 85,184,813 |

(2) Consolidated Statements of Income

(Unit: Thousands of yen)

| | Six months ended Sep. 30, 2021 | Six months ended Sep. 30, 2022 |
|---|--------------------------------|--------------------------------|
| Net sales | 21,434,064 | 20,292,298 |
| Cost of sales | 15,229,814 | 13,655,136 |
| Gross profit | 6,204,250 | 6,637,162 |
| Selling, general and administrative expenses | 3,442,144 | 3,826,913 |
| Operating profit | 2,762,105 | 2,810,248 |
| Non-operating income | | |
| Interest income | 20,024 | 25,670 |
| Dividend income | 40,682 | 61,751 |
| Foreign exchange gains | 205,269 | 1,870,025 |
| Other | 99,468 | 123,843 |
| Total non-operating income | 365,444 | 2,081,290 |
| Non-operating expenses | | |
| Interest expenses | 60,268 | 85,706 |
| Other | 25,039 | 54,815 |
| Total non-operating expenses | 85,308 | 140,521 |
| Ordinary profit | 3,042,241 | 4,751,017 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 13,195 | 12,521 |
| Gain on sale of investment securities | - | 30,634 |
| Total extraordinary income | 13,195 | 43,155 |
| Extraordinary losses | | |
| Loss on sale of non-current assets | 0 | 447 |
| Loss on retirement of non-current assets | 1,438 | 60 |
| Impairment losses | 1,453 | 38,272 |
| Total extraordinary losses | 2,892 | 38,780 |
| Profit before income taxes | 3,052,544 | 4,755,393 |
| Income taxes - current | 560,205 | 1,158,496 |
| Income taxes for prior periods | 31,939 | - |
| Income taxes - deferred | 124,350 | 163,845 |
| Total income taxes | 716,494 | 1,322,341 |
| Profit | 2,336,049 | 3,433,051 |
| Profit attributable to non-controlling interests | 562,680 | 446,733 |
| Profit attributable to owners of parent | 1,773,368 | 2,986,318 |

Segment information

1. Information on the amount of net sales, profit or loss and disaggregation of revenue by reportable segments The second quarter ended Sep. 30, 2021 (April 1, 2021 to Sep. 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 | 4,339,937 | 651,644 | 1,466,839 | 7,913,498 | 5,964,530 | 1,097,614 | 21,434,064 | - | 21,434,064 |
| Other revenue | - | - | - | - | - | - | - | - | - |
| Sales to external customers | 4,339,937 | 651,644 | 1,466,839 | 7,913,498 | 5,964,530 | 1,097,614 | 21,434,064 | - | 21,434,064 |
| Intersegment sales or transfers | 11,137,296 | 24,030 | 3,021 | 1,224,854 | 1,321,406 | 2,772,251 | 16,482,861 | (16,482,861) | - |
| Total | 15,477,234 | 675,674 | 1,469,861 | 9,138,352 | 7,285,936 | 3,869,866 | 37,916,925 | (16,482,861) | 21,434,064 |
| Segment profit (loss) | 1,353,609 | 2,215 | 17,389 | 243,054 | 1,382,479 | (49,024) | 2,949,724 | (187,618) | 2,762,105 |

2. Information on the amount of net sales, profit or loss and disaggregation of revenue by reportable segments The second quarter ended Sep. 30, 2022 (April 1, 2022 to Sep. 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 | 4,059,180 | 808,724 | 1,822,898 | 7,020,240 | 5,084,331 | 1,496,923 | 20,292,298 | - | 20,292,298 |
| Other revenue | - | - | - | - | - | - | - | - | - |
| Sales to external customers | 4,059,180 | 808,724 | 1,822,898 | 7,020,240 | 5,084,331 | 1,496,923 | 20,292,298 | - | 20,292,298 |
| Intersegment sales or transfers | 11,753,725 | 24,408 | 2,558 | 2,418,366 | 1,582,910 | 3,183,748 | 18,965,718 | (18,965,718) | - |
| Total | 15,812,906 | 833,133 | 1,825,457 | 9,438,606 | 6,667,241 | 4,680,672 | 39,258,017 | (18,965,718) | 20,292,298 |
| Segment profit | 1,926,626 | 5,727 | 47,375 | 345,701 | 666,567 | (38,134) | 2,953,863 | (143,614) | 2,810,248 |