

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