

DAISHINKU CORP.

Summary of Financial Results for the Third Quarter Ended Dec. 31, 2022

Tokyo, Feb. 10, 2023 - Daishinku Corp. today announced its consolidated financial results for the third quarter ended Dec. 31, 2022.

1. Operating Results for the Third Quarter ended Dec. 31, 2022 (April 1, 2022 to Dec. 31, 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	%
Nine months ended Dec. 31, 2022	29,605	(6.5)	3,595	(13.6)	4,413	(8.2)	2,810	11.8
Nine months ended Dec. 31, 2021	31,668	35.2	4,160	276.4	4,809	326.4	2,513	381.1

Note: Comprehensive Income Nine months ended Dec. 31, 2022 ; 3,018 Yen-million, Nine months ended Dec. 31, 2021 ; 4,817 Yen-million

	Net Income per share	Net Income per share after adjustment with potential shares
	Yen	Yen
Nine months ended Dec. 31, 2022	87.06	-
Nine months ended Dec. 31, 2021	77.85	-

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	%
Nine months ended Dec. 31, 2022	81,328	42,410	43.3
Year ended March 31, 2022	81,317	40,231	40.7

ref. Stockholders' equity : As of Dec. 31, 2022 ; 35,205 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: 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 Dec. 31, 2022 : 36,196,968 shares As of March 31, 2022 : 36,196,968 shares

2. Number of treasury stock

As of Dec. 31, 2022 : 3,918,116 shares As of March 31, 2022 : 3,917,336 shares

3. Average number of shares during the period

April-Dec. 2022 : 32,279,260 shares April-Dec. 2021 : 32,280,754 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 third quarter ended Dec. 31, 2022

With regard to economic situation during the current consolidated cumulative third quarter, concerns about an economic slowdown increased due to factors such as monetary policy measures against the progress of inflation in various country. In addition, the outlook remains uncertain due to exchange rate fluctuations, the shortage of semiconductors lingers, the energy supply risk problem caused by the situation in Ukraine, and the turmoil caused by the drastic relaxation of the zero-COVID policy in China.

In such an environment, DAISHINKU CORP. saw an increase in sales in the automotive applications, due in part to the development of ADAS (Advanced Driver Assistance Systems). However, in the telecommunications field, demand of products for Chinese smartphones and communication modules was low, and in the consumer field, demand for telework/stay-at-home peaked out, resulting in net sales of 29,605 million yen (down 6.5% year on year). With regard to profits, operating income reached 3,595 million yen (down 13.6% year on year) due to the decrease in sales. The foreign exchange gain of 801 million yen was recorded as non-operating income, resulting in ordinary income of 4,413 million yen (down 8.2% year on year) and profit attributable to owners of parent of 2,810 million yen (up 11.8% year on year).

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: Thousands of yen)

	Year ended March 31, 2022	Nine months ended Dec. 31, 2022
Assets		
Current assets		
Cash and deposits	18,516,683	15,816,984
Notes and accounts receivable - trade	10,144,686	10,028,793
Merchandise and finished goods	5,839,701	7,403,629
Work in process	4,976,962	5,130,182
Raw materials and supplies	5,716,907	5,663,536
Other	1,864,112	1,510,459
Allowance for doubtful accounts	(9,478)	(8,188)
Total current assets	47,049,574	45,545,398
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,166,833	3,195,533
Machinery, equipment and vehicles, net	12,533,597	13,241,000
Tools, furniture and fixtures, net	969,135	1,080,626
Land	5,803,771	5,902,567
Leased assets, net	510,029	427,321
Construction in progress	4,701,569	5,737,195
Total property, plant and equipment	27,684,936	29,584,245
Intangible assets	569,853	973,957
Investments and other assets		
Investment securities	3,276,853	2,462,973
Long-term loans receivable	1,548	1,301
Retirement benefit asset	720,102	814,382
Deferred tax assets	800,879	758,807
Other	1,241,887	1,215,126
Allowance for doubtful accounts	(27,800)	(27,800)
Total investments and other assets	6,013,470	5,224,791
Total non-current assets	34,268,259	35,782,995
Total assets	81,317,834	81,328,393

(Unit: Thousands of yen)

	Year ended March 31, 2022	Nine months ended Dec. 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,882,669	2,163,825
Short-term borrowings	3,199,497	2,762,370
Current portion of long-term borrowings	6,346,612	7,835,855
Lease obligations	196,001	196,852
Accounts payable - other	3,610,751	2,187,643
Income taxes payable	1,335,991	554,554
Contract liabilities	807	382
Provision for bonuses	724,959	442,259
Provision for bonuses for directors	15,000	11,250
Other	1,349,251	1,126,276
Total current liabilities	20,661,542	17,281,270
Non-current liabilities		
Long-term borrowings	17,769,476	18,868,513
Lease obligations	330,669	244,355
Deferred tax liabilities	1,008,881	1,183,051
Retirement benefit liability	1,092,986	1,113,326
Long-term accounts payable - other	93,247	80,411
Asset retirement obligations	27,379	27,722
Other	102,634	119,298
Total non-current liabilities	20,425,275	21,636,680
Total liabilities	41,086,817	38,917,951
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	6,102,417
Treasury shares	(1,928,693)	(1,929,423)
Total shareholders' equity	28,715,849	30,690,242
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,287,673	885,556
Foreign currency translation adjustment	2,551,740	3,143,254
Remeasurements of defined benefit plans	566,533	486,114
Total accumulated other comprehensive income	4,405,948	4,514,924
Non-controlling interests	7,109,218	7,205,274
Total net assets	40,231,016	42,410,442
Total liabilities and net assets	81,317,834	81,328,393

(2) Consolidated Statements of Income

(Unit: Thousands of yen)

	Nine months ended Dec. 31, 2021	Nine months ended Dec. 31, 2022
Net sales	31,668,613	29,605,220
Cost of sales	22,256,643	20,367,016
Gross profit	9,411,970	9,238,203
Selling, general and administrative expenses	5,251,337	5,642,675
Operating profit	4,160,633	3,595,528
Non-operating income		
Interest income	29,504	48,074
Dividend income	55,005	78,662
Foreign exchange gains	559,208	801,082
Other	133,347	165,061
Total non-operating income	777,065	1,092,881
Non-operating expenses		
Interest expenses	91,057	140,716
Other	36,989	133,772
Total non-operating expenses	128,047	274,488
Ordinary profit	4,809,650	4,413,921
Extraordinary income		
Gain on sale of non-current assets	13,759	13,410
Gain on sale of investment securities	-	30,634
Total extraordinary income	13,759	44,044
Extraordinary losses		
Loss on sale of non-current assets	22	0
Loss on sale of investment securities	470	-
Loss on retirement of non-current assets	189,824	404
Impairment losses	293,258	38,358
Total extraordinary losses	483,575	38,763
Profit before income taxes	4,339,834	4,419,203
Income taxes - current	759,818	1,034,289
Income taxes for prior periods	32,326	-
Income taxes - deferred	192,907	220,647
Total income taxes	985,052	1,254,936
Profit	3,354,782	3,164,266
Profit attributable to non-controlling interests	841,780	354,020
Profit attributable to owners of parent	2,513,002	2,810,246

Segment information

1. Information on the amount of net sales, profit or loss and disaggregation of revenue by reportable segments The third quarter ended Dec. 31, 2021 (April 1, 2021 to Dec. 31, 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	6,292,176	1,069,064	2,265,032	11,503,758	8,894,925	1,643,655	31,668,613	-	31,668,613
Other revenue	-	-	-	-	-	-	-	-	-
Sales to external customers	6,292,176	1,069,064	2,265,032	11,503,758	8,894,925	1,643,655	31,668,613	-	31,668,613
Intersegment sales or transfers	16,910,549	47,036	5,864	1,933,258	2,201,565	4,321,532	25,419,806	(25,419,806)	-
Total	23,202,726	1,116,101	2,270,896	13,437,016	11,096,490	5,965,188	57,088,420	(25,419,806)	31,668,613
Segment profit	1,801,271	10,495	22,488	395,278	2,183,665	13,227	4,426,426	(265,793)	4,160,633

2. Information on the amount of net sales, profit or loss and disaggregation of revenue by reportable segments The third quarter ended Dec. 31, 2022 (April 1, 2022 to Dec. 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	6,089,137	1,285,384	2,641,726	10,223,741	7,220,918	2,144,313	29,605,220	-	29,605,220
Other revenue	-	-	-	-	-	-	-	-	-
Sales to external customers	6,089,137	1,285,384	2,641,726	10,223,741	7,220,918	2,144,313	29,605,220	-	29,605,220
Intersegment sales or transfers	17,734,261	38,483	8,605	3,434,844	2,225,801	5,091,229	28,533,225	(28,533,225)	-
Total	23,823,399	1,323,867	2,650,331	13,658,585	9,446,719	7,235,542	58,138,446	(28,533,225)	29,605,220
Segment profit (loss)	2,556,684	(2,524)	26,752	433,805	683,451	45,797	3,743,967	(148,439)	3,595,528