

DAISHINKU CORP.

FINANCIAL RESULTS

Tokyo, May 12, 2023 - Daishinku Corp. today announced its Financial Results for the Year ended March 31, 2023.

1. Operating Results for the years ended March 31, 2022 and 2023

(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	%
Year ended March 31, 2023	38,430	(7.0)	4,210	(19.0)	5,106	(22.0)	3,208	(16.6)
Year ended March 31, 2022	41,306	24.5	5,194	148.7	6,547	158.5	3,848	214.6

Note: Comprehensive Income Year ended March 31, 2023 ; 4,021 Yen-million, Year ended March 31, 2022 ; 7,537 Yen-million

	Net income per share	Net income per share after adjustment with potential shares	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2023	99.41	-	9.3	6.2	11.0
Year ended March 31, 2022	119.21	-	12.6	8.7	12.6

ref. Investment Profit or Loss on Equity Method As of March 31, 2023 ; -Yen-million, As of March 31, 2022 ; -Yen-million

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	Stockholders' equity per share
	Millions of Yen	Millions of Yen	%	Yen
As of March 31, 2023	83,622	43,182	42.9	1,112.24
As of March 31, 2022	81,317	40,231	40.7	1,026.09

ref. Stockholders' equity : As of March 31, 2023 ; 35,901 Yen-million, As of March 31, 2022 ; 33,121 Yen-million

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, stockholders' equity per-share is calculated on the assumption that the split of shares was implemented at the beginning of the previous fiscal year.

(3) Consolidated statements of cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalent at end
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Year ended March 31, 2023	5,859	(6,524)	1,298	18,437
Year ended March 31, 2022	8,762	(5,176)	382	18,516

2. Dividends

	Dividends per share					Total amount of dividends (Full Year)	Dividend payout ratio (Consolidated)	Dividend on net assets (Consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Annual			
(Results)	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
Year ended March 31, 2022	-	25.00	-	12.00	-	589	15.3	1.9
Year ended March 31, 2023	-	14.00	-	14.00	28.00	903	28.2	2.6
(Forecast)								
Year ending March 31, 2024	-	-	-	-	-		-	

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, 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.

Dividends per share for the fiscal year ending March 2024 are undetermined as of the present time.

3. Forecast for the fiscal year ending March 31, 2024 (April 1, 2023 - March 31, 2024)

(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, 2024	36,000	(6.3)	1,500	(64.4)	1,200	(76.5)	650	(79.7)	20.14

※ Others

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

(2) 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 |

(3) Outstanding shares (Common shares)

- | | | | |
|--|-------------------|-----------------------------|-------------------|
| 1. Number of shares outstanding (including treasury stock) | | | |
| As of March 31, 2023 : | 36,196,968 shares | As of March 31, 2022: | 36,196,968 shares |
| 2. Number of treasury stock | | | |
| As of March 31, 2023: | 3,918,416 shares | As of March 31, 2022 : | 3,917,336 shares |
| 3. Average number of shares during the period | | | |
| Year ended March 31, 2023 : | 32,279,113 shares | Year ended March 31, 2022 : | 32,280,506 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.

ref. Summary of Non-consolidated Financial Results

Non-consolidated Results for the years ended March 31, 2022 and 2023

(1) Non-consolidated operating results

(Figures in % are a comparisons with the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Year ended March 31, 2023	30,651	(0.6)	2,754	29.1	4,107	6.8	3,059	(4.9)
Year ended March 31, 2022	30,851	27.8	2,134	861.5	3,845	221.6	3,216	267.0

	Net income per share	Net income per share after adjustment with potential shares
	Yen	Yen
Year ended March 31, 2023	94.78	-
Year ended March 31, 2022	99.65	-

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) Non-Consolidated financial status

	Total assets	Net assets	Stockholders' equity ratio	Stockholders' equity per share
	Millions of Yen	Millions of Yen	%	Yen
As of March 31, 2023	60,957	32,772	53.8	1,015.31
As of March 31, 2022	59,768	30,534	51.1	945.93

ref. Stockholders' equity : As of March 31, 2023 ; 32,772 Yen-million, As of March 31, 2022 ; 30,534 Yen-million

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, stockholders' equity per-share is 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

(1) Overview of operating results for the fiscal year ended March 31, 2023

With regard to economic situation during the current fiscal year, an economy slowed down 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 and the energy supply risk problem.

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 38,430 million yen (down 7.0% year on year). With regard to profits, operating income reached 4,210 million yen (down 19.0% year on year) due to the decrease in sales. The foreign exchange gain of 809 million yen was recorded as non-operating income, resulting in ordinary income of 5,106 million yen (down 22.0% year on year) and profit attributable to owners of parent of 3,208 million yen (down 16.6% year on year).

(2) Overview of cash flows for the current fiscal year

The status of consolidated cash flows for the fiscal year ended March 31, 2023 is as follows:

(Cash flows from operating activities)

Cash provided as a result of operating activities amounted to 5,859 million yen. This is mainly due to profit before income taxes.

(Cash flows from investing activities)

Cash used as a result of investing activities amounted to 6,524 million yen. This is mainly due to the purchase of property, plant and equipment.

(Cash flows from financing activities)

Cash obtained as a result of financing activities amounted to 1,298 million yen. This is mainly due to proceeds from long-term borrowings.

As a result, cash and cash equivalents at the end of the fiscal year ended March 31, 2023 decreased by 79 million yen from the end of the fiscal year ended March 31, 2022 to 18,437 million yen.

(Reference) Changes in cash-flow-related indicators

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Equity ratio	43.6%	39.8%	40.6%	40.7%	42.9%
Market-value-based equity ratio	14.7%	19.0%	29.1%	48.0%	28.1%
Cash flow to interest-bearing debt ratio	20.7 years	35.6 years	9.7 years	3.2 years	5.3 years
Interest coverage ratio	7.8	5.7	23.7	66.7	28.0

(3) Future outlook

There are concerns about the future economic environment due to the continued tightening of monetary policies by respective countries to fight the ongoing inflation, the ever-surging prices of energy resources triggered by the war in Ukraine, and other geopolitical risks. It will likely take some time for economic activities to stabilize.

In terms of the business environment surrounding our group, the communication market, including smartphones and wireless communication modules, and the consumer market, including PCs and peripherals, remain stagnant. It is also expected to take some time to address the semiconductor shortages in the in-vehicle market. The industrial market has also slowed down because of capital expenditure being restrained due to economic stagnation.

In such a market environment, we aim to expand our business performance by reviewing our market portfolio while leveraging our original “Ark series” and offering new product lineups, including “Mold type products” which apply the technology used in the “Ark series.” To this end, our group will open up the

Indian market and increase our share in the industrial market in Europe, the data center market in the U.S., and the global electric vehicle market.

Regarding the long-term outlook, demand for timing devices will obviously grow mainly in “IoT,” which requires wireless communication, including automated driving. To meet the ever-growing demand, we have reinforced our production equipment through the “Developing a Foundation Phase” in the First Midterm Business Plan, which ends this fiscal year, and have prepared for the “Establishing a Foundation Phase” in the Second Midterm Business Plan. We will continue to build a system for stably supplying timing devices, which are indispensable for a “connected society.” We will also take on new challenges to realize carbon neutrality through CO₂ capturing and separation from the viewpoint of reducing CO₂ emissions, which increase in proportion to the production volume. We will endeavor to ensure “stable supply” and “environmental friendliness,” which we consider as important issues, and create our new original value.

On a final note, the management vision of our group is “Honor ‘human relationships’ reflecting spirits that value ‘Trust’, the company motto and strive towards where all employees thrive.” We believe that it is essential to create an environment and structure where all employees work with satisfaction and in a lively manner. We promote various efforts from the viewpoint of “motivating work” and “interesting work.” We also place priority on instilling “integrity” and offer education on various occasions. Our ultimate goal is to enhance integrity on individual and organizational levels, build solid trust, and create “Team Daishinku” as a sustainable company based on a sense of unity.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: Thousands of yen)

	Year ended March 31, 2022	Year ended March 31, 2023
Assets		
Current assets		
Cash and deposits	18,516,683	18,517,098
Notes and accounts receivable - trade	9,940,268	9,514,449
Contract assets	204,417	173,175
Securities	-	39,854
Merchandise and finished goods	5,839,701	7,221,518
Work in process	4,976,962	5,292,225
Raw materials and supplies	5,716,907	4,660,821
Other	1,864,112	1,301,442
Allowance for doubtful accounts	(9,478)	(9,087)
Total current assets	47,049,574	46,711,499
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,166,833	3,132,878
Machinery, equipment and vehicles, net	12,533,597	13,069,856
Tools, furniture and fixtures, net	969,135	1,150,322
Land	5,803,771	5,920,297
Leased assets, net	510,029	414,984
Construction in progress	4,701,569	6,896,838
Total property, plant and equipment	27,684,936	30,585,178
Intangible assets	569,853	1,184,714
Investments and other assets		
Investment securities	3,276,853	2,812,160
Long-term loans receivable	1,548	1,285
Retirement benefit asset	720,102	678,734
Deferred tax assets	800,879	756,688
Other	1,241,887	919,991
Allowance for doubtful accounts	(27,800)	(27,800)
Total investments and other assets	6,013,470	5,141,060
Total non-current assets	34,268,259	36,910,953
Total assets	81,317,834	83,622,452

(Unit: Thousands of yen)

	Year ended March 31, 2022	Year ended March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,882,669	1,827,047
Short-term borrowings	3,199,497	2,361,569
Current portion of long-term borrowings	6,346,612	9,658,529
Lease obligations	196,001	254,663
Accounts payable - other	3,610,751	2,659,707
Income taxes payable	1,335,991	976,237
Contract liabilities	807	11
Provision for bonuses	724,959	800,654
Provision for bonuses for directors	15,000	-
Other	1,349,251	927,382
Total current liabilities	20,661,542	19,465,802
Non-current liabilities		
Long-term borrowings	17,769,476	18,390,443
Lease obligations	330,669	173,217
Deferred tax liabilities	1,008,881	1,135,633
Retirement benefit liability	1,092,986	1,048,161
Long-term accounts payable - other	93,247	77,838
Asset retirement obligations	27,379	27,837
Other	102,634	120,898
Total non-current liabilities	20,425,275	20,974,031
Total liabilities	41,086,817	40,439,833
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	6,500,970
Treasury shares	(1,928,693)	(1,929,648)
Total shareholders' equity	28,715,849	31,088,569
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,287,673	1,069,484
Foreign currency translation adjustment	2,551,740	3,318,351
Remeasurements of defined benefit plans	566,533	425,069
Total accumulated other comprehensive income	4,405,948	4,812,905
Non-controlling interests	7,109,218	7,281,144
Total net assets	40,231,016	43,182,619
Total liabilities and net assets	81,317,834	83,622,452

(2) Consolidated Statements of Income

(Unit: Thousands of yen)

	Year ended March 31, 2022	Year ended March 31, 2023
Net sales	41,306,270	38,430,954
Cost of sales	29,081,664	26,788,733
Gross profit	12,224,605	11,642,221
Selling, general and administrative expenses	7,029,667	7,432,201
Operating profit	5,194,937	4,210,019
Non-operating income		
Interest income	43,661	76,291
Dividend income	56,850	78,406
Foreign exchange gains	1,317,446	809,247
Other	240,212	289,760
Total non-operating income	1,658,171	1,253,705
Non-operating expenses		
Interest expenses	131,381	209,573
Compensation expenses	45,810	-
Commission expenses	90,909	-
Other	37,096	148,051
Total non-operating expenses	305,197	357,624
Ordinary profit	6,547,911	5,106,100
Extraordinary income		
Gain on sale of non-current assets	14,022	13,607
Gain on sale of investment securities	-	46,631
Total extraordinary income	14,022	60,239
Extraordinary losses		
Loss on sale of non-current assets	22	0
Loss on retirement of non-current assets	201,381	431
Impairment losses	293,525	38,102
Loss on sale of investment securities	470	-
Total extraordinary losses	495,400	38,533
Profit before income taxes	6,066,534	5,127,806
Income taxes - current	1,408,395	1,431,647
Income taxes for prior periods	69,017	-
Income taxes - deferred	(314,045)	145,886
Total income taxes	1,163,368	1,577,533
Profit	4,903,165	3,550,272
Profit attributable to non-controlling interests	1,054,875	341,473
Profit attributable to owners of parent	3,848,289	3,208,798

Segment information

1. Information on the amount of net sales, profit or loss, assets, liabilities and disaggregation of revenue by reportable segments

The fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(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	8,238,442	1,498,542	3,150,279	14,772,541	11,353,102	2,293,360	41,306,270	-	41,306,270
Other revenue	-	-	-	-	-	-	-	-	-
Sales to external customers	8,238,442	1,498,542	3,150,279	14,772,541	11,353,102	2,293,360	41,306,270	-	41,306,270
Intersegment sales or transfers	22,611,938	61,056	6,703	2,838,184	2,981,057	5,885,941	34,384,881	(34,384,881)	-
Total	30,850,381	1,559,599	3,156,983	17,610,725	14,334,159	8,179,301	75,691,151	(34,384,881)	41,306,270
Segment profit	2,153,289	20,834	59,858	471,700	2,650,217	93,412	5,449,313	(254,375)	5,194,937
Segment assets	47,864,380	822,220	1,281,348	12,088,652	25,661,114	7,207,784	94,925,501	(13,607,666)	81,317,834
Other items									
Depreciation	1,562,327	1,520	2,067	149,599	1,028,890	426,946	3,171,352	(21,145)	3,150,207
Impairment losses	266,634	-	-	-	26,891	-	293,525	-	293,525
Increase in property, plant and equipment and intangible assets	2,796,879	-	3,529	755,983	2,855,247	874,859	7,286,499	(9,528)	7,276,971

2. Information on the amount of net sales, profit or loss, assets, liabilities and disaggregation of revenue by reportable segments

The fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(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	8,134,899	1,755,999	3,654,095	13,042,475	9,066,248	2,777,236	38,430,954	-	38,430,954
Other revenue	-	-	-	-	-	-	-	-	-
Sales to external customers	8,134,899	1,755,999	3,654,095	13,042,475	9,066,248	2,777,236	38,430,954	-	38,430,954
Intersegment sales or transfers	22,513,681	51,069	9,746	4,362,702	2,765,750	6,780,264	36,483,215	(36,483,215)	-
Total	30,648,580	1,807,068	3,663,842	17,405,177	11,831,999	9,557,501	74,914,170	(36,483,215)	38,430,954
Segment profit	2,780,712	2,307	52,890	538,980	658,520	220,808	4,254,219	(44,199)	4,210,019
Segment assets	48,925,502	957,853	1,471,131	10,961,290	25,886,795	7,664,979	95,867,552	(12,245,099)	83,622,452
Other items									
Depreciation	1,405,373	305	3,712	170,472	1,287,534	716,734	3,584,132	(20,098)	3,564,034
Impairment losses	-	-	-	-	38,102	-	38,102	-	38,102
Increase in property, plant and equipment and intangible assets	3,371,138	44,386	6,412	243,420	1,553,969	1,015,677	6,235,004	(4,942)	6,230,062