

Financial Results Briefing

Financial Results for the Year Ended March 31, 2023

May 29, 2023

DAISHINKU CORP. (Code: 6962)

President, Minoru Iizuka



Results for the Year Ended March 31, 2023

Performance Report for the FY2023

Lower revenues and profits

Unit: Million yen	FY2022	FY2023	YoY Change	
			Increase/ Decrease	Rate of Change
Net sales	41,306	38,430	(2,876) ↓	(7.0%)
Operating income	5,194	4,210	(984) ↓	(19.0%)
Ordinary income	6,547	5,106	(1,441) ↓	(22.0%)
Profit attributable to owners of parent	3,848	3,208	(640) ↓	(16.6%)
USD average rate (yen)	112.39	135.50	23.11 ↑	

Sales by Application (YoY Change)

Record high sales for
automotive electronics applications

FY2022
41.3
billion yen

Net sales
change rate

FY2023
38.4
billion yen

14%

(3%)

15%

26%

(7%)

26%

24%

+18%

30%

34%

(22%)

29%

(Composition ratio)

(Composition ratio)

IE: Industrial Equipment
CE: Consumer Equipment
AE: Automotive Electronics
TC: Telecommunications

IE



Sluggish demand for FA/robot applications since 2Q due to restrained capital expenditures

CE



Weak sales mainly for PC applications from the second half onwards due to a reactionary fallback from COVID-19-induced demand

AE



Production adjustment due to shortage of analog semiconductors despite a continued increase in the number of parts

TC



Sluggish demand mainly for smartphone and communication module applications in China

Operating Income Analysis (YoY Change)

Unit: Million yen

FY2022

(984)

FY2023

Operating
Income
5,194

Operating
Income
4,210

Price fluctuation,
Changes in
product mix,
Volume change,
Rise in material prices
(Including exchange
rate fluctuations)
+20

Special factors
Sale of
rare metals
(200)

Fixed costs
fluctuations
such as
increased in
depreciation
and energy cost
(400)

Changes in
SG&A and other
expenses
(400)

Quarterly Performance Report for the FY2023

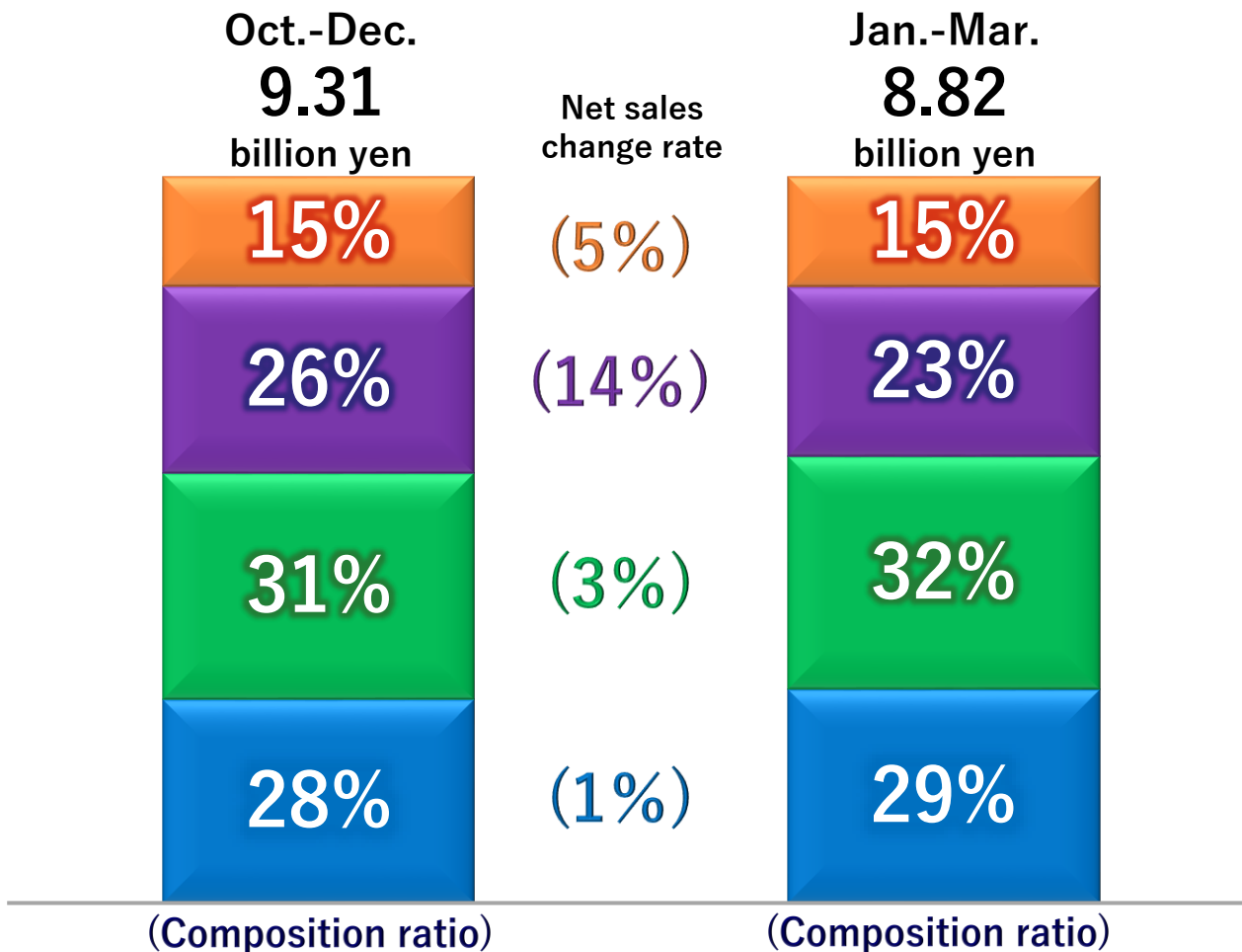
Lower revenues and profits
(Operating income)

Unit: Million yen	FY2023			Jan.-Mar.	QoQ Change Increase/Decrease
	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.		
Net sales	10,283	10,009	9313	8,825	(488) ↓
Operating income	1,625	1,185	785	615	(170) ↓
Ordinary income	3,019	1,732	(338)	693	1,031 ↑
Profit attributable to owners of parent	2,015	971	(176)	398	574 ↑

Sales by Application (QoQ Change)

IE: Industrial Equipment
CE: Consumer Equipment
AE: Automotive Electronics
TC: Telecommunications

Continued shortage of analog semiconductors



IE		Continued restraint in capital expenditures and adjustment of parts inventory
CE		The impact of the Chinese New Year added to the slump for PC applications
AE		Slower growth in 4Q due to the unresolved shortage of analog semiconductors
TC		<ul style="list-style-type: none"> • Adjustment for smartphone and communication module applications in China and the impact of the Chinese New Year • Some positive trends in 76.8MHz products

Operating Income Analysis (QoQ Change)

Unit: Million yen

FY2023
Oct.-Dec.

FY2023
Jan.-Mar.

(170)

Operating
Income
785

Operating
Income
615

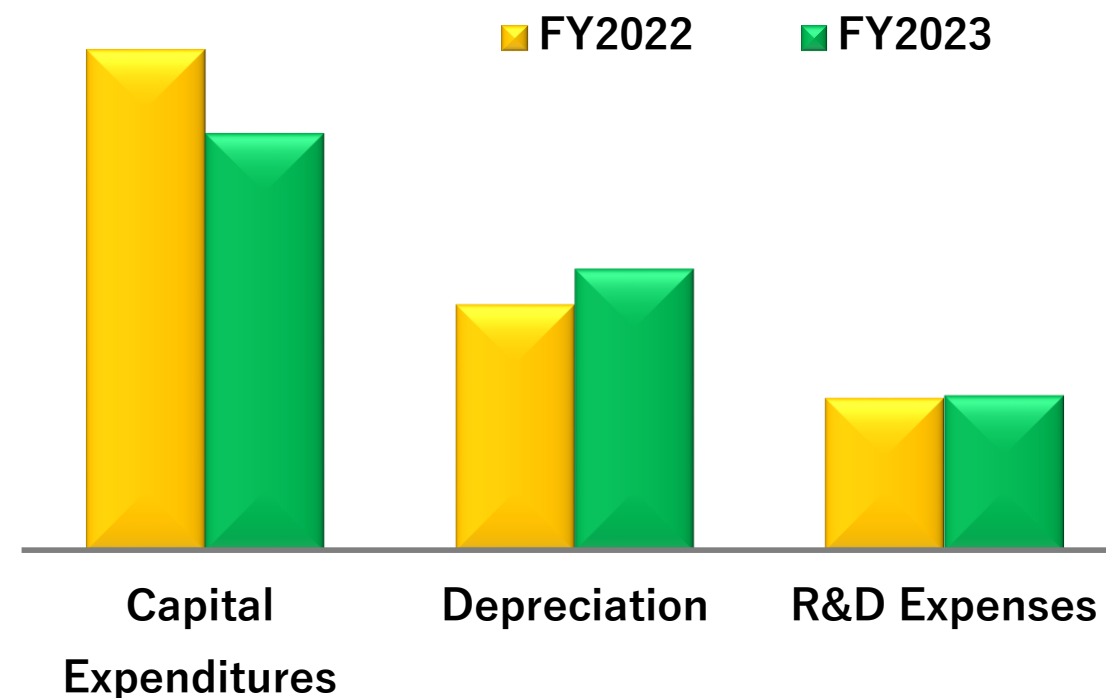
Price fluctuation,
Rise in material prices,
Changes in product mix,
Volume change
(Including exchange rate
fluctuations)
(330)

Fixed costs
fluctuations
+140

Changes in
SG&A and other
expenses
+20

Capital Expenditures / Depreciation / R&D Expenses

Unit: Million yen	FY2022	FY2023	YoY Change
Capital Expenditures	7,116	5,913	(1,203)
Depreciation	3,494	3,993	499
R&D Expenses	2,171	2,205	34



Guidance for the Year Ending March 31, 2024

Full Year Forecast for the FY2024

Unit: Million yen	FY2023	FY2024	YoY Change	
			Increase/Decrease	Rate of Change
Net sales	38,430	36,000	(2,430) ↓	(6.3%)
Operating income	4,210	1,500	(2,710) ↓	(64.4%)
Ordinary income	5,106	1,200	(3,906) ↓	(76.5%)
Profit attributable to owners of parent	3,208	650	(2,558) ↓	(79.7%)
Inventories	17,174	17,000	(174) ↓	(1.0%)
ROE	9.3%	1.8%		
ROIC	4.1%	1.4%		
USD average rate (yen)	135.50	125.00		

Sales by Application (Full Year Forecast for the FY2024)

IE: Industrial Equipment
CE: Consumer Equipment
AE: Automotive Electronics
TC: Telecommunications

New record high sales for
automotive electronics applications

FY2023
38.4
billion yen

Net sales
change rate

FY2024
36.0
billion yen

15%

(11%)

26%

(22%)

30%

+4%

29%

(0%)

14%

22%

33%

31%

(Composition ratio)

(Composition ratio)

IE



Down 11% year-on-year due to continued adjustment of parts inventory in addition to the impact of restrained capital expenditures

CE



Down 22% year-on-year due to continued sluggish sales in Greater China, mainly for PC applications

AE



Year-on-year increase due to a rise in sales for ADAS and EV applications, despite the continued impact of semiconductor shortages

TC



Flat year-on-year due to progress in inventory adjustments, despite expected changes in the prices of some products

Operating Income Analysis (Full Year Forecast)

Unit: Million yen

FY2023

(2,710)

FY2024

Operating
Income
4,210

Operating
Income
1,500

Price fluctuation,
Rise in material prices,
Changes in product mix,
Volume change
(Including exchange rate
fluctuations)
(2,190)


Fixed costs
fluctuations
such as
increased in
depreciation
and energy cost
(380)

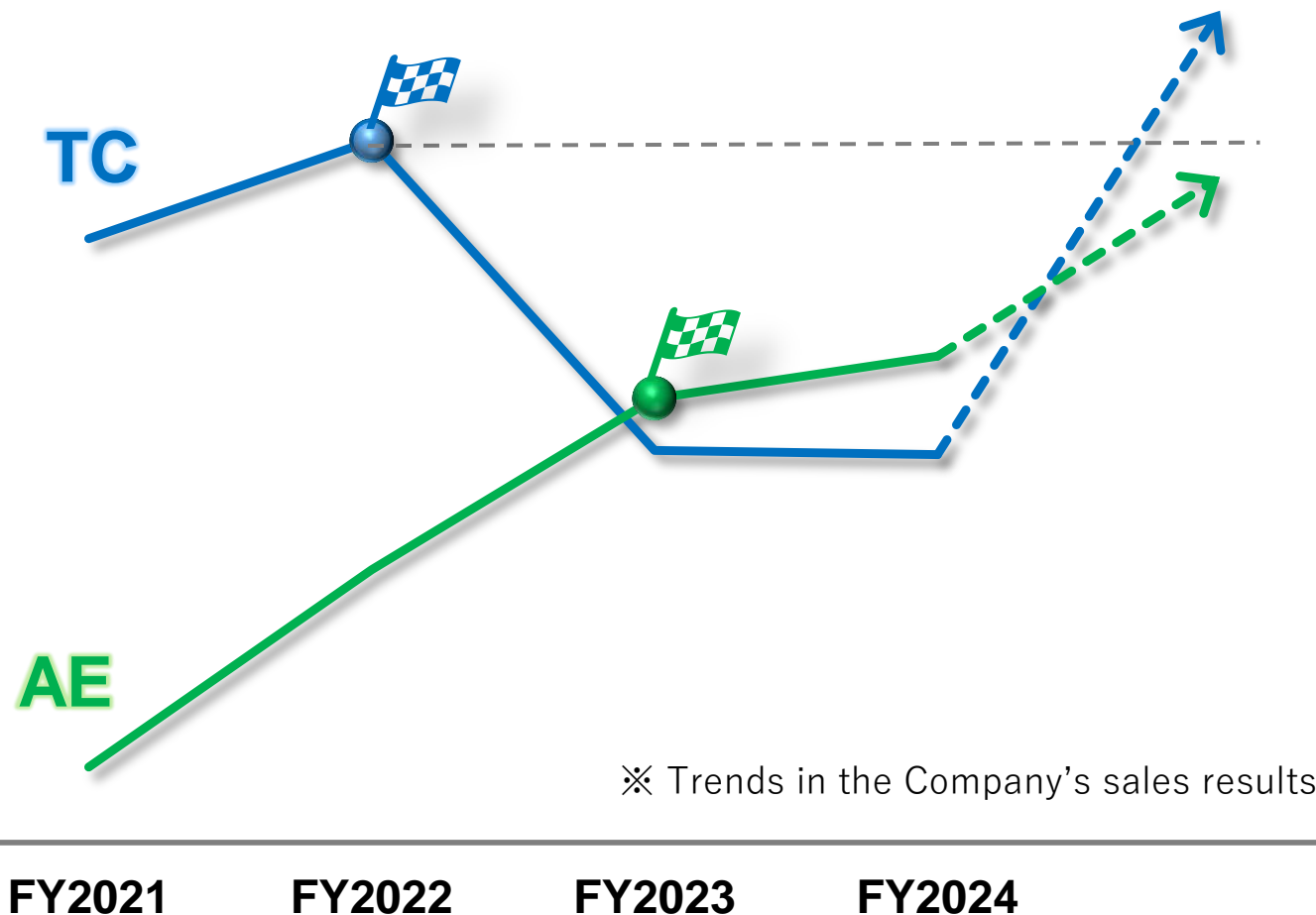
Changes in
SG&A and other
expenses
(130)

Outlook for Existing Businesses

Outlook for Existing Businesses I

Telecommunications Market/Automotive Electronics Market

 = Record high net sales



TC market

Higher frequencies will be demanded for the specifications of crystal devices required for next-generation communications, although customer inventory adjustments will continue for the time being.
New record high net sales will be achieved from the fiscal year ending March 31, 2025.

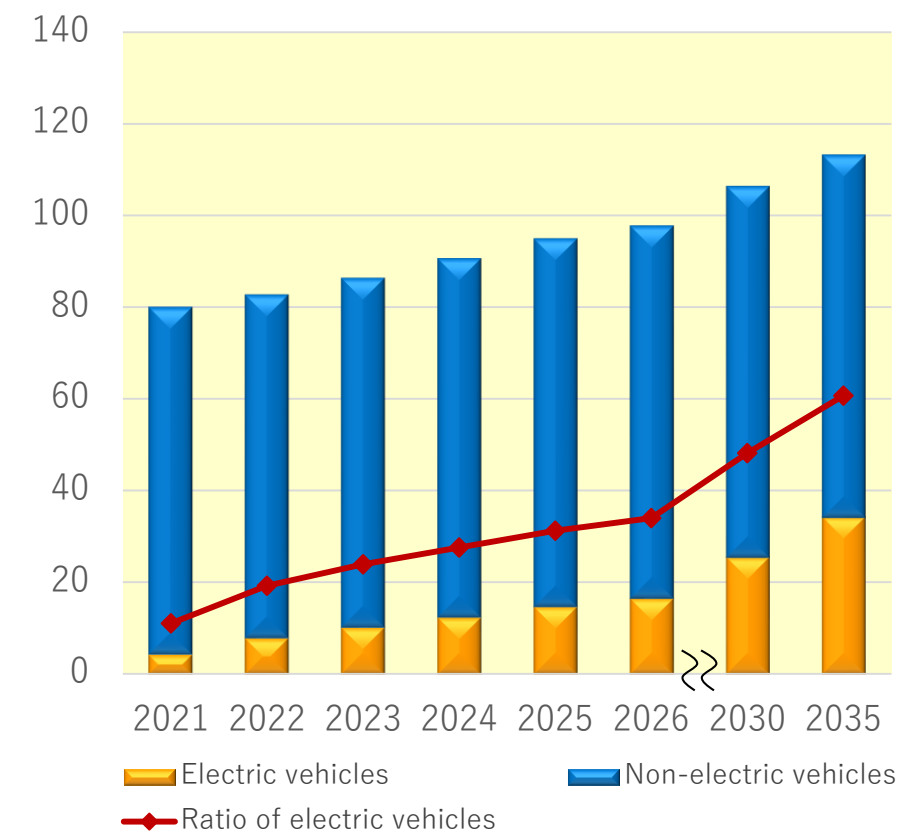
AE market

New record high net sales will continue to be achieved.
Advancement of ADAS, the popularization of electric vehicles, and an increase in the number of devices installed per vehicle will drive the demand for crystal devices.

Forecast of New Car Units Sold and Crystal Product Value

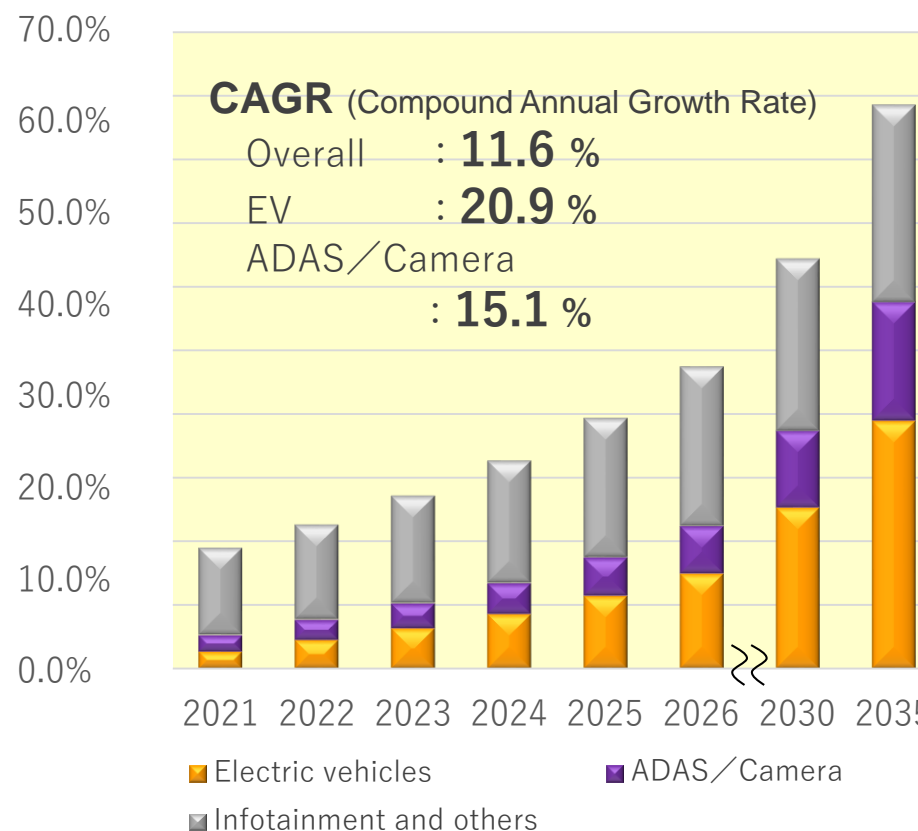
- The growth rate in CAGR for electric vehicles and ADAS/cameras is higher than that of the overall automotive electronics market.

(MM) <Forecast of new car units sold>



* Electric vehicle: BEV (battery electric vehicle)

<Forecast of crystal product value>



* According to an in-house survey

CAGR by model
 Crystal Resonators: **9.5%**
 Crystal Oscillators: **15.1%**

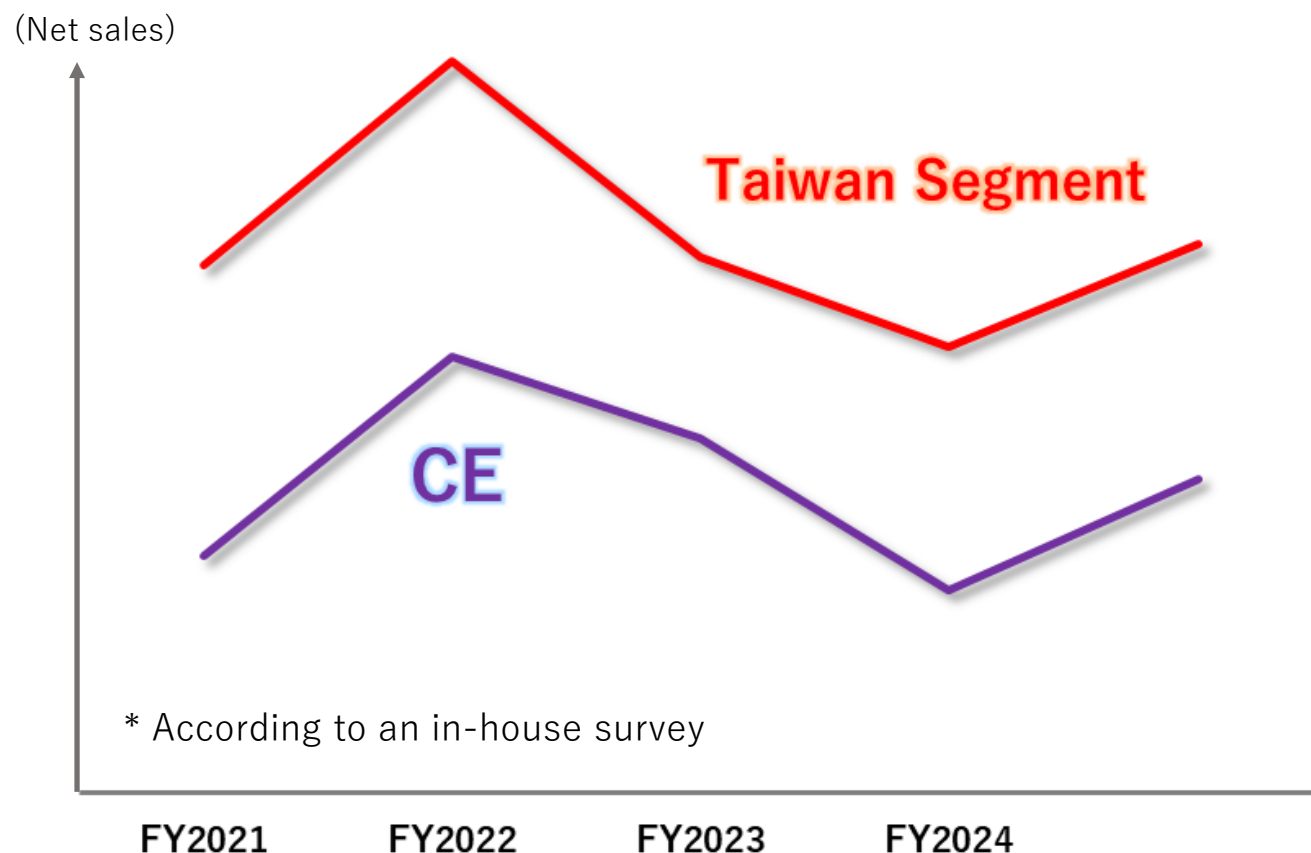
↓

Improvement in the product mix

Outlook for Existing Businesses II

Consumer Equipment Market/Taiwan Segment

Sales in the consumer equipment market and the Taiwan segment tend to be almost the same.



CE market/Taiwan Segment

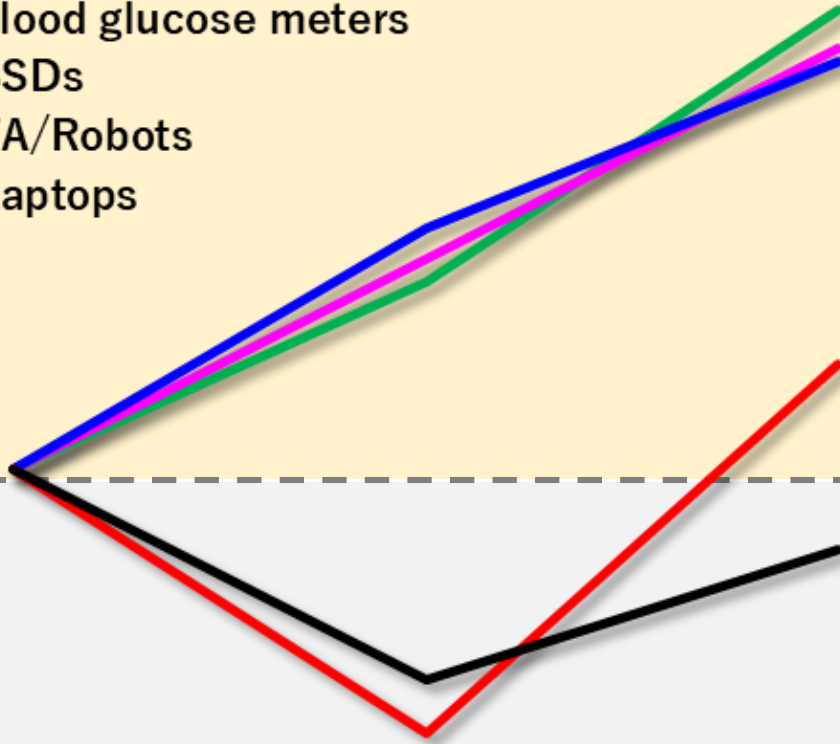
The Taiwan segment is the largest manufacturing base for PCs and peripherals.

The market has been shrinking after peaking in 2022 due to a reactionary fallback from stay-at-home demand, such as from remote work during the COVID-19 pandemic.

Sales are expected to recover in the fiscal year ending March 31, 2025.

Trends in Consumer Equipment/Industrial Equipment Applications

- Wearable devices
- blood glucose meters
- SSDs
- FA/Robots
- Laptops



* According to an in-house survey: With the year 2022 set at 100

FY2022

FY2023

FY2024



Even in the consumer equipment market, for which an adjustment is expected in this fiscal year, wearable devices and SSDs perform well. FA/robots and Laptops will recover from 2024.

Trend for Higher Frequency

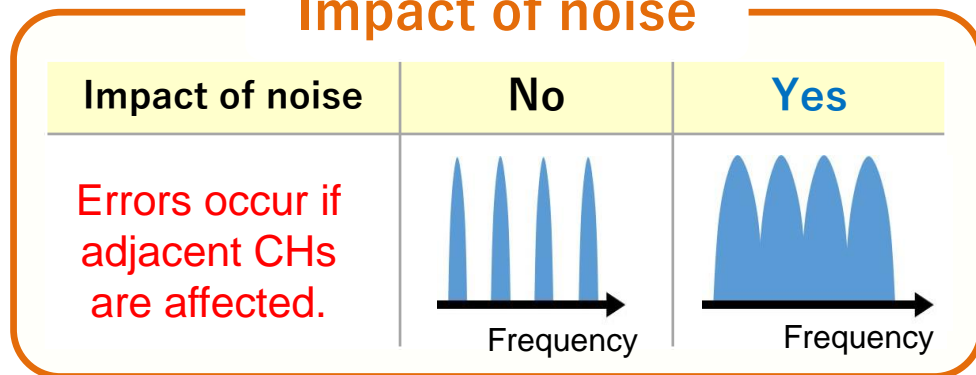
Why Does The Market Need High Frequencies?

The advancement of **high-speed, large-capacity communications** is accelerating to support business clouds and remote work in addition to video distribution.



More susceptible to noise

Impact of noise



Noise is generated

~~Correct data communication cannot be performed.~~



Photolithography technology is essential.



A means of reducing the impact of noise

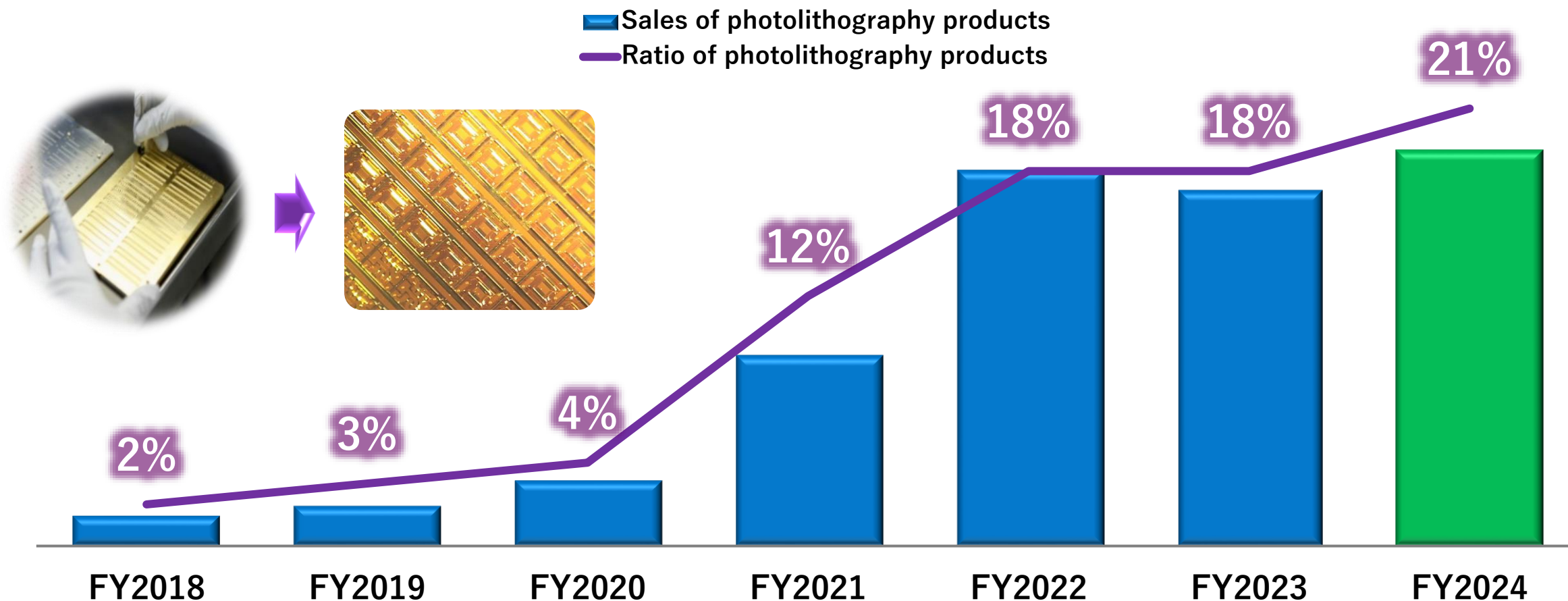
Realizing higher frequency quartz crystals



Japanese manufacturers have a competitive edge in photolithography technology.

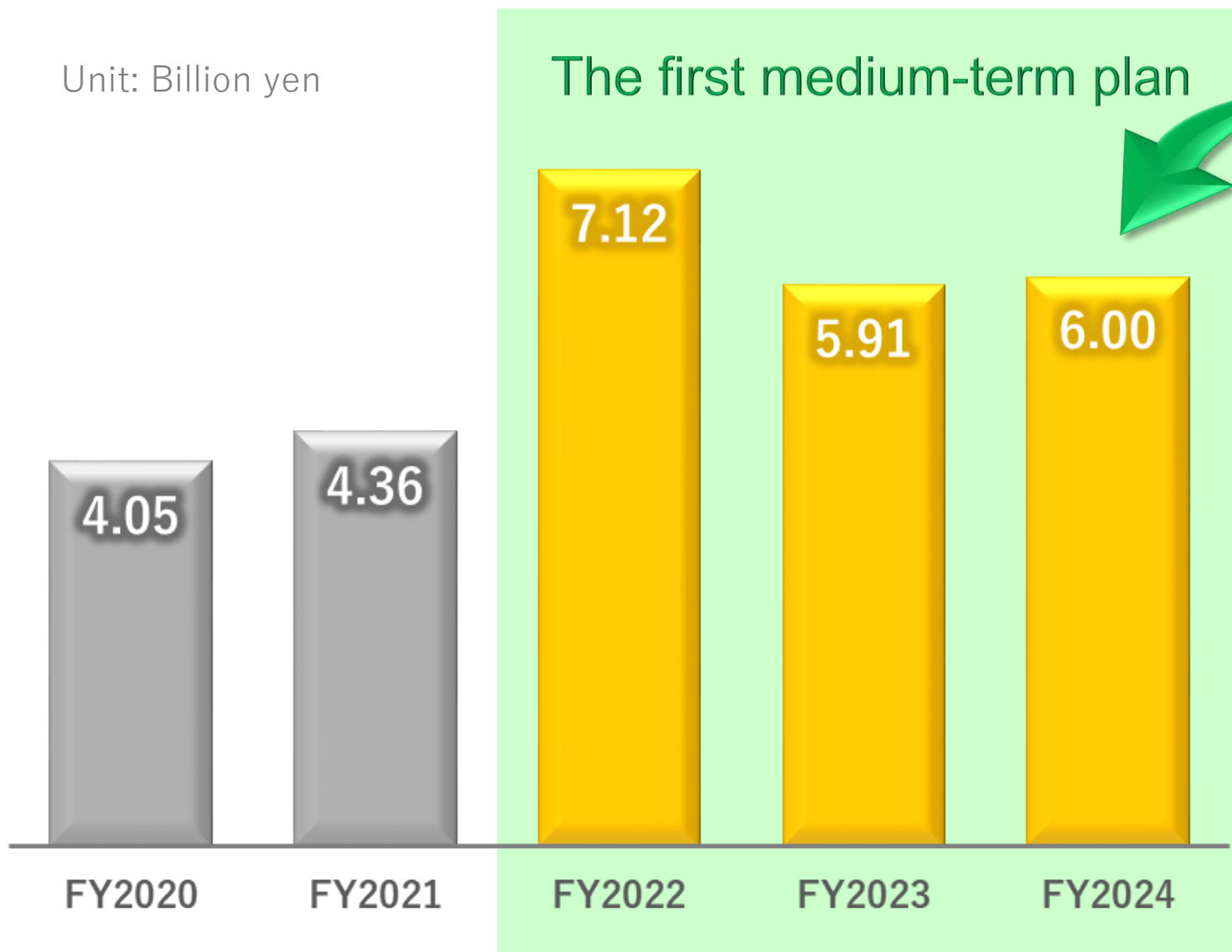
Trends in Net Sales of Photolithography Products

Meeting the demand for high frequency and low power consumption, such as WiFi/5G/ADAS/clock functions



Five-year Trends in Capital Expenditures

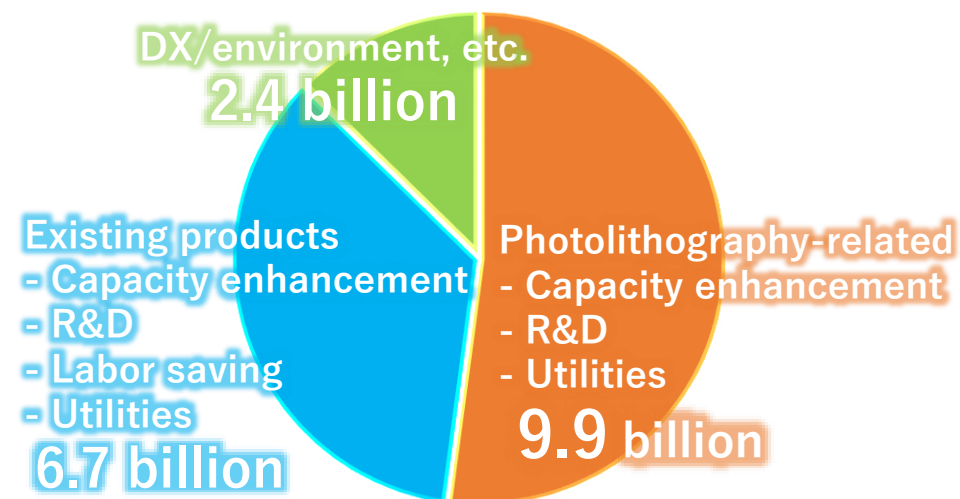
Unit: Billion yen



Three-year cumulative capital expenditures

Plan: 20 billion yen or more
Estimate: 19 billion yen

– Breakdown of three-year capital expenditures –

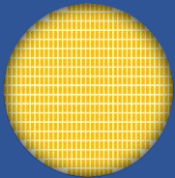


Original Competitiveness – Larger Wafer Size

Larger photolithography wafer

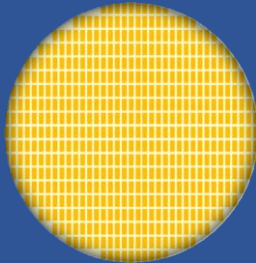
4inch wafer

Number of
producible chips
About 5,000 pcs



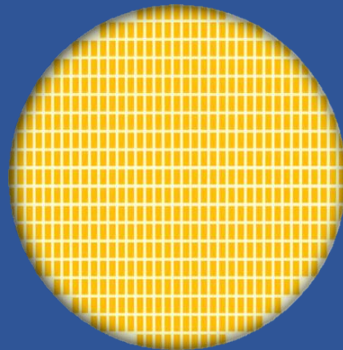
6inch wafer

Number of
producible chips
About 10,000 pcs



8inch wafer

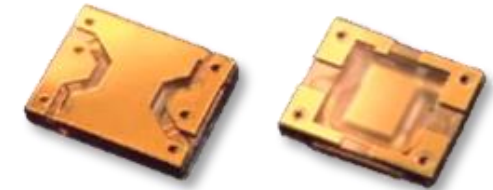
Number of
producible chips
About 20,000 pcs



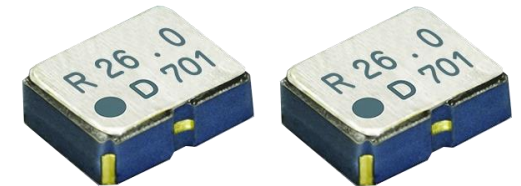
- Increased number of producible crystal chips
- Lower cost



Ark Series



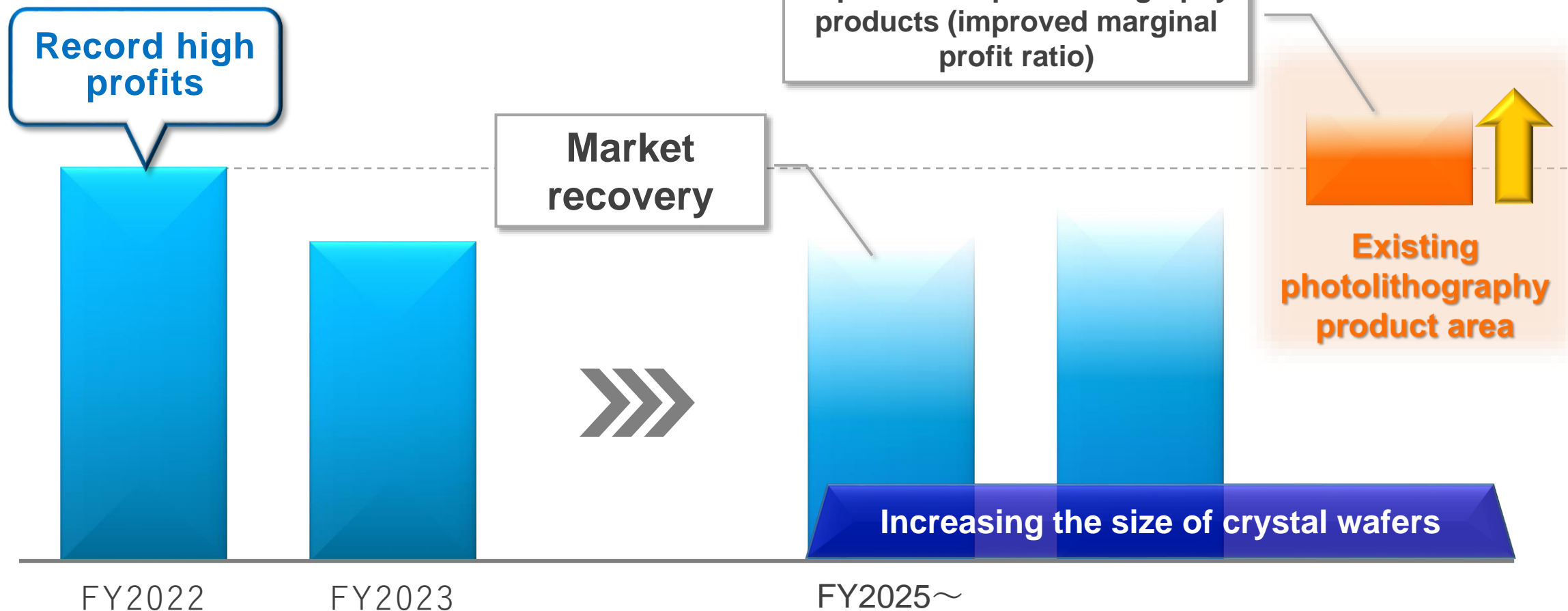
Existing products



Source of corporate competitiveness

Image of Profits 1st Step

New record high profits

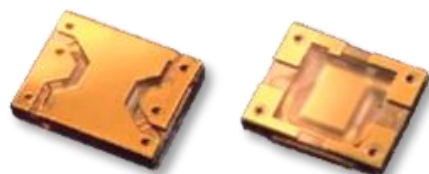


Breaking Free of Market Dependence

Realization of the Sales Plan for the Arkh Series

Aiming for a full-fledged contribution to sales in the fiscal year ending March 31, 2026

Arkh.Series



Mass production ► Consider the BCP

Sample activity ► Currently underway at the level of tens of thousands of pieces

Highest priority targets

► European, U.S., and Japanese markets

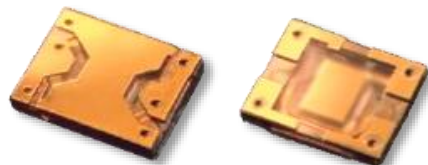
- Major European and U.S. semiconductor manufacturers (built-in ICs)
- Major European and U.S. manufacturers of assembled products

* Benefits of built-in ICs: Downsizing, reduction of substrate stray capacitance, etc.

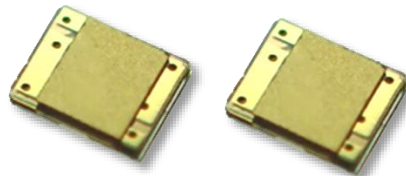
Customer evaluations in various markets are in full swing.

Lineup of the Arkh Series

Crystal resonators



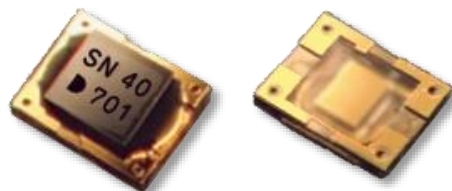
Crystal resonators with thermistor



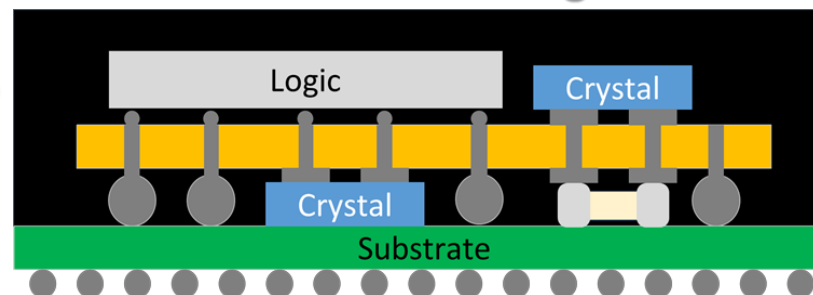
Strength of the Arkh series
Higher frequency

76.8MHz $\times 2$ \rightarrow 153.6MHz $\times 2$ \rightarrow 307.2MHz $\times 2$ \rightarrow ...

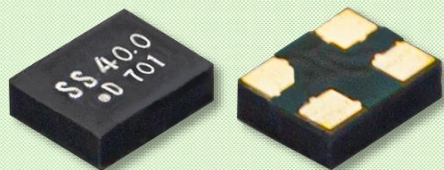
Crystal oscillators



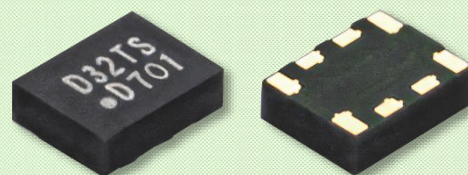
<Built-in IC image>



Molded oscillator



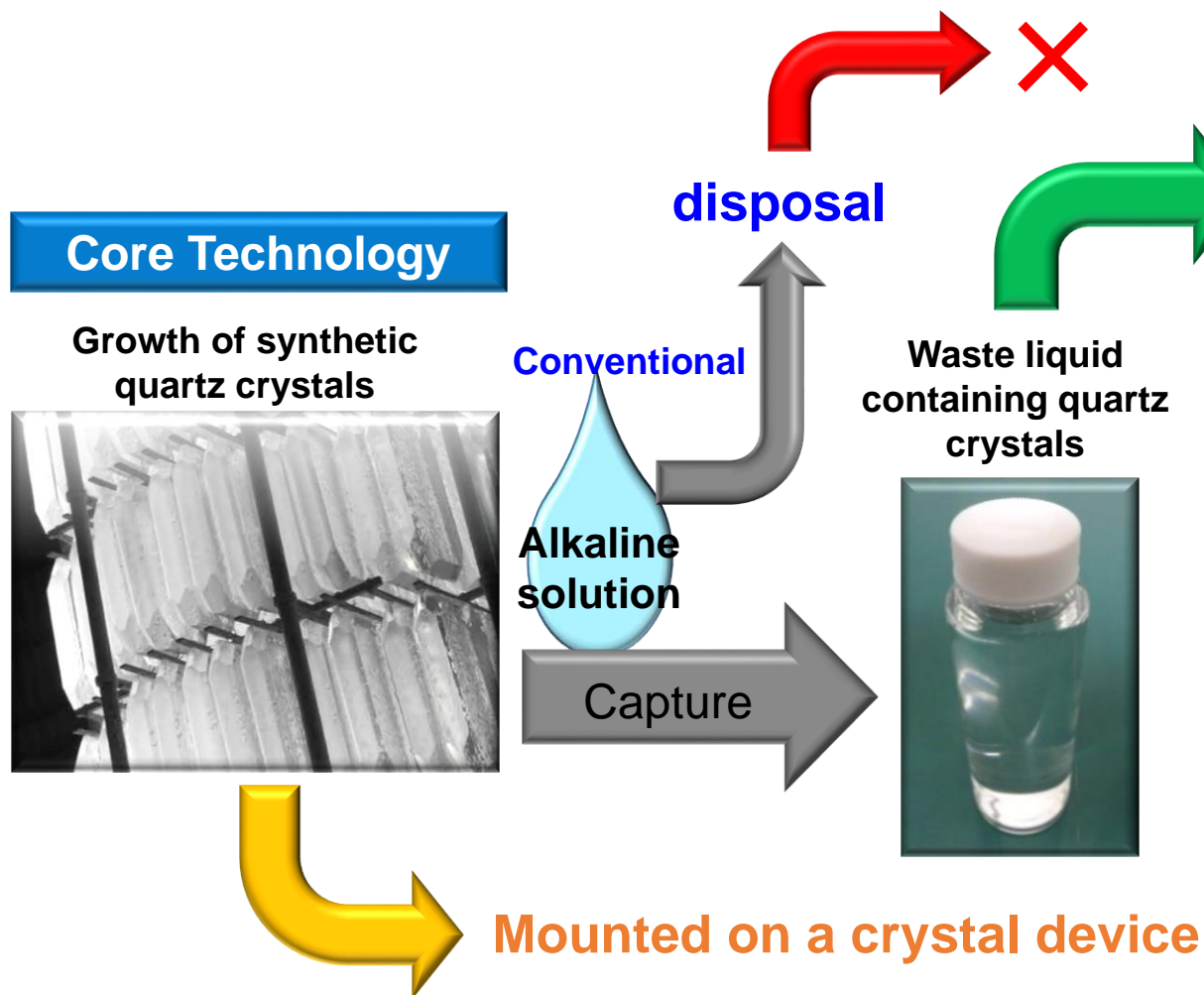
Molded RTC



Strength of the molded type
Flexibility in size

7050size, 5032size ...

New Crystal <Production of Zeolite>



Zeolite

Same hydrothermal synthesis method as for quartz crystals



Point 1: Reuse of waste liquid

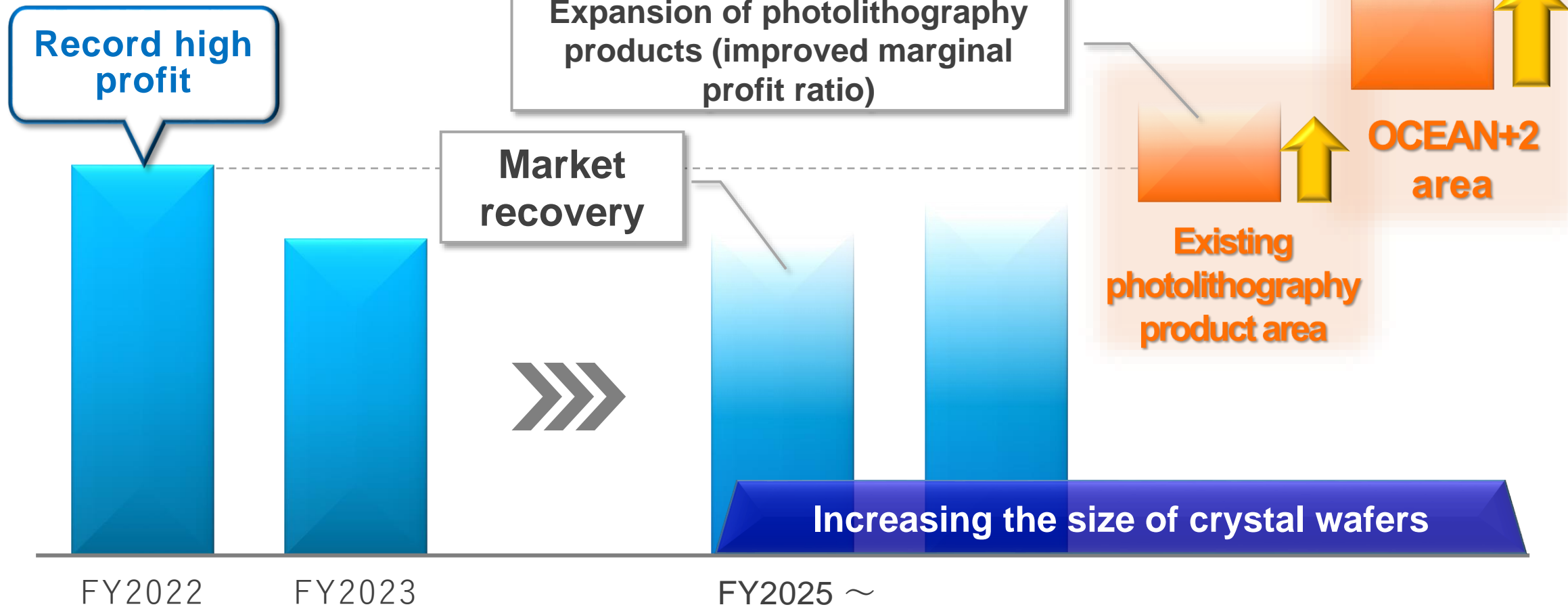
Producing a functional material from waste
→ Two tons or more can be produced annually.

Point 2: Reuse of assets

A dormant growth furnace can be restarted.
→ Attempting to produce 80 tons or more per year

Image of Profits 2nd Step

Acceleration of growth rate



Forward-looking statements, such as performance forecasts for this fiscal year, are calculated based on information currently available and contain uncertainties. Actual performance may differ significantly from forward-looking statements due to changes in business conditions and other factors.

In addition, we do not undertake any obligation to update and publish any forward-looking statements after the issuance of this material, except as required by applicable laws and regulations.

