

DAISHINKU CORP.

Summary of Financial Results for the First Quarter Ended June 30, 2023

Tokyo, August 4, 2023 - Daishinku Corp. today announced its consolidated financial results for the first quarter ended June 30, 2023.

1. Operating Results for the First Quarter ended June 30, 2023 (April 1, 2023 to June 30, 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	%
Three months ended June 30, 2023	9,318	(9.4)	518	(68.1)	1,052	(65.2)	439	(78.2)
Three months ended June 30, 2022	10,283	(2.1)	1,625	43.0	3,019	144.5	2,015	172.2

Note: Comprehensive Income Three months ended June 30, 2023 ; 1,751 Yen-million, Three months ended June 30, 2022 ; 2,954 Yen-million

	Net Income per share	Net Income per share after adjustment with potential shares
	Yen	Yen
Three months ended June 30, 2023	13.62	-
Three months ended June 30, 2022	62.43	-

(2) Consolidated financial status

	Total Assets	Net Assets	Stockholders' equity ratio
	Millions of Yen	Millions of Yen	%
Three months ended June 30, 2023	87,433	44,484	42.0
Year ended March 31, 2023	83,622	43,182	42.9

ref. Stockholders' equity : As of June 30, 2023 ; 36,758 Yen-million, As of March 31, 2023 ; 35,901 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, 2023	-	14.00	-	14.00	28.00
Year ending March 31, 2024	-				
(Forecast)					
Year ending March 31, 2024		14.00	-	14.00	28.00

Note: Revision of dividend forecast for during this period: Applicable

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

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

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|--|------|
| 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 June 30, 2023 : | 36,196,968 shares | As of March 31, 2023 : | 36,196,968 shares |
| 2. Number of treasury stock | | | |
| As of June 30, 2023 : | 3,918,620 shares | As of March 31, 2023 : | 3,918,416 shares |
| 3. Average number of shares during the period | | | |
| April-June 2023 : | 32,278,429 shares | April-June 2022 : | 32,279,638 shares |

* 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 first quarter ended June 30, 2023

With regard to economic situation during the current consolidated cumulative first quarter, concerns about an economic slowdown increased due to factors such as the prolongation of monetary policy measures against the progress of inflation in various countries. In addition, capital investment is sluggish, especially in the manufacturing industry, and energy supply risks due to the situation in Ukraine persist at high level, so the outlook remains uncertain.

In such an environment, DAISHINKU CORP. saw an increase in sales in the automotive applications such as EVs (Electric Vehicles). However, in the telecommunications field, although there were signs of recovery in some products for Chinese smartphones and communication modules, the telecommunications field as a whole remained sluggish. Furthermore, in the consumer sector, demand for telework/stay-at-home peaked out and the adjustment phase continued from the second half of the previous fiscal year, resulting in net sales of 9,318 million yen (down 9.4% year on year). With regard to profits, operating income reached 518 million yen (down 68.1% year on year) due to such factors as the impact of decreased sales and price fluctuations of some products. The foreign exchange gain of 652 million yen was recorded as non-operating income, resulting in ordinary income of 1,052 million yen (down 65.2% year on year) and profit attributable to owners of parent of 439 million yen (down 78.2% year on year).

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: Thousands of yen)

	Year ended March 31, 2023	Three months ended June 30, 2023
Assets		
Current assets		
Cash and deposits	18,517,098	19,776,707
Notes and accounts receivable - trade	9,687,625	10,464,456
Securities	39,854	43,277
Merchandise and finished goods	7,221,518	7,063,231
Work in process	5,292,225	5,536,219
Raw materials and supplies	4,660,821	5,377,836
Other	1,301,442	1,468,167
Allowance for doubtful accounts	(9,087)	(19,614)
Total current assets	46,711,499	49,710,281
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,132,878	3,140,267
Machinery, equipment and vehicles, net	13,069,856	13,659,600
Tools, furniture and fixtures, net	1,150,322	1,177,308
Land	5,920,297	5,995,024
Leased assets, net	414,984	360,875
Construction in progress	6,896,838	6,822,558
Total property, plant and equipment	30,585,178	31,155,634
Intangible assets	1,184,714	1,285,809
Investments and other assets		
Investment securities	2,812,160	3,069,970
Long-term loans receivable	1,285	1,269
Retirement benefit asset	678,734	741,051
Deferred tax assets	756,688	498,147
Other	919,991	999,166
Allowance for doubtful accounts	(27,800)	(27,800)
Total investments and other assets	5,141,060	5,281,806
Total non-current assets	36,910,953	37,723,249
Total assets	83,622,452	87,433,531

(Unit: Thousands of yen)

	Year ended March 31, 2023	Three months ended June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,827,047	2,702,991
Short-term borrowings	2,361,569	2,259,539
Current portion of long-term borrowings	9,658,529	10,334,942
Lease obligations	254,663	230,478
Accounts payable - other	2,659,707	2,068,605
Income taxes payable	976,237	227,555
Contract liabilities	11	-
Provision for bonuses	800,654	372,486
Provision for bonuses for directors	-	8,494
Other	927,382	1,153,553
Total current liabilities	19,465,802	19,358,646
Non-current liabilities		
Long-term borrowings	18,390,443	20,544,803
Lease obligations	173,217	142,339
Deferred tax liabilities	1,135,633	1,531,480
Retirement benefit liability	1,048,161	1,143,029
Long-term accounts payable - other	77,838	73,630
Asset retirement obligations	27,837	27,954
Other	120,898	127,291
Total non-current liabilities	20,974,031	23,590,529
Total liabilities	40,439,833	42,949,176
Net assets		
Shareholders' equity		
Share capital	19,344,883	19,344,883
Capital surplus	7,172,364	7,172,364
Retained earnings	6,500,970	6,488,622
Treasury shares	(1,929,648)	(1,929,783)
Total shareholders' equity	31,088,569	31,076,086
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,069,484	1,221,726
Foreign currency translation adjustment	3,318,351	4,230,254
Remeasurements of defined benefit plans	425,069	230,362
Total accumulated other comprehensive income	4,812,905	5,682,342
Non-controlling interests	7,281,144	7,725,925
Total net assets	43,182,619	44,484,355
Total liabilities and net assets	83,622,452	87,433,531

(2) Consolidated Statements of Income

(Unit: Thousands of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	10,283,727	9,318,901
Cost of sales	6,755,868	7,050,577
Gross profit	3,527,858	2,268,323
Selling, general and administrative expenses	1,902,144	1,750,168
Operating profit	1,625,714	518,155
Non-operating income		
Interest income	9,399	40,804
Dividend income	59,500	67,168
Foreign exchange gains	1,302,529	652,439
Other	94,063	48,826
Total non-operating income	1,465,492	809,238
Non-operating expenses		
Interest expenses	35,966	71,705
Cancellation penalty	-	164,000
Other	35,401	39,679
Total non-operating expenses	71,367	275,385
Ordinary profit	3,019,838	1,052,008
Extraordinary income		
Gain on sale of non-current assets	308	10
Total extraordinary income	308	10
Extraordinary losses		
Loss on retirement of non-current assets	0	631
Impairment losses	-	38,062
Total extraordinary losses	0	38,693
Profit before income taxes	3,020,146	1,013,325
Income taxes - current	610,230	47,463
Income taxes - deferred	163,929	438,304
Total income taxes	774,159	485,767
Profit	2,245,986	527,557
Profit attributable to non-controlling interests	230,751	88,005
Profit attributable to owners of parent	2,015,235	439,551

(3) Consolidated statement of comprehensive income

(Unit: Thousands of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	2,245,986	527,557
Other comprehensive income		
Valuation difference on available-for-sale securities	(884,391)	203,839
Foreign currency translation adjustment	1,641,207	1,214,523
Remeasurements of defined benefit plans	(47,846)	(194,221)
Total other comprehensive income	708,968	1,224,141
Comprehensive income	2,954,955	1,751,698
Total comprehensive income attributable to :		
Shareholders of DAISHINKU Corporation	2,676,686	1,308,989
Comprehensive income attributable to non-controlling interests	278,269	442,709

Segment information

1. Information on the amount of net sales, profit or loss and disaggregation of revenue by reportable segments The first quarter ended June 30, 2022 (April 1, 2022 to June 30, 2022)

(Unit: Thousands of yen)

	Reportable segments							Adjustment (Note1)	Amounts recorded in consolidated financial statements (Note2)
	Japan	North America (Note3)	Europe (Note3)	China	Taiwan	Asia (Note3)	Total		
Net sales									
Revenue from contracts with customers	2,107,790	412,983	936,470	3,619,436	2,468,680	738,365	10,283,727	-	10,283,727
Other revenue	-	-	-	-	-	-	-	-	-
Sales to external customers	2,107,790	412,983	936,470	3,619,436	2,468,680	738,365	10,283,727	-	10,283,727
Intersegment sales or transfers	6,077,606	13,292	1,529	1,146,837	786,980	1,488,376	9,514,624	(9,514,624)	-
Total	8,185,396	426,276	938,000	4,766,274	3,255,661	2,226,742	19,798,351	(9,514,624)	10,283,727
Segment profit	1,282,700	8,207	26,231	178,814	352,365	401	1,848,721	(223,007)	1,625,714

Note1: Segment profit adjustments of (223,007) Yen-thousand include elimination of intersegment transactions of 3,348 Yen-thousand and other adjustments of (226,355) Yen-thousand.

Note2: Segment profit is adjusted with operating income in the consolidated statements of income.

Note3: Major countries or regions belonging to each segment other than Japan, China and Taiwan are as follows.

- 1) North America - USA
- 2) Europe - Germany
- 3) Asia - Indonesia, Singapore and Thailand

2. Information on the amount of net sales, profit or loss and disaggregation of revenue by reportable segments The first quarter ended June 30, 2023 (April 1, 2023 to June 30, 2023)

(Unit: Thousands of yen)

	Reportable segments							Adjustment (Note1)	Amounts recorded in consolidated financial statements (Note2)
	Japan	North America (Note3)	Europe (Note3)	China	Taiwan	Asia (Note3)	Total		
Net sales									
Revenue from contracts with customers	2,138,760	563,422	949,140	2,675,531	2,328,873	663,173	9,318,901	-	9,318,901
Other revenue	-	-	-	-	-	-	-	-	-
Sales to external customers	2,138,760	563,422	949,140	2,675,531	2,328,873	663,173	9,318,901	-	9,318,901
Intersegment sales or transfers	4,752,733	12,116	694	872,408	672,612	1,783,047	8,093,612	(8,093,612)	-
Total	6,891,494	575,538	949,834	3,547,940	3,001,485	2,446,220	17,412,514	(8,093,612)	9,318,901
Segment profit (loss)	40,328	8,980	17,876	(3,346)	21,059	45,750	130,648	387,506	518,155

Note1: Segment profit (loss) adjustments of 387,506 Yen-thousand include elimination of intersegment transactions of 2,925 Yen-thousand and other adjustments of 384,580 Yen-thousand.

Note2: Segment profit (loss) is adjusted with operating income in the consolidated statements of income.

Note3: Major countries or regions belonging to each segment other than Japan, China and Taiwan are as follows.

- 1) North America - USA
- 2) Europe - Germany
- 3) Asia - Indonesia, Singapore and Thailand