

DAISHINKU CORP.

Summary of Financial Results for the Second Quarter Ended Sep. 30, 2023

Tokyo, Nov. 6, 2023 - Daishinku Corp. today announced its consolidated financial results for the second quarter ended Sep. 30, 2023.

1. Operating Results for the Second Quarter ended Sep. 30, 2023 (April 1, 2023 to Sep. 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	%
Six months ended Sep. 30, 2023	19,332	(4.7)	901	(67.9)	1,977	(58.4)	1,391	(53.4)
Six months ended Sep. 30, 2022	20,292	(5.3)	2,810	1.7	4,751	56.2	2,986	68.4

Note: Comprehensive Income Six months ended Sep. 30, 2023 ; 3,054 Yen-million, Six months ended Sep. 30, 2022 ; 3,977 Yen-million

	Net Income per share	Net Income per share after adjustment with potential shares
	Yen	Yen
Six months ended Sep. 30, 2023	43.10	-
Six months ended Sep. 30, 2022	92.51	-

(2) Consolidated financial status

	Total Assets	Net Assets	Stockholders' equity ratio
	Millions of Yen	Millions of Yen	%
Six months ended Sep. 30, 2023	89,720	45,786	42.1
Year ended March 31, 2023	83,622	43,182	42.9

ref. Stockholders' equity : As of Sep. 30, 2023 ; 37,762 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	-	14.00			
(Forecast)					
Year ending March 31, 2024			-	14.00	28.00

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	38,000	(1.1)	1,500	(64.4)	1,700	(66.7)	1,100	(65.7)	34.08

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, 2023 :	36,196,968 shares	As of March 31, 2023 : 36,196,968 shares
2. Number of treasury stock		
As of Sep. 30, 2023 :	3,918,816 shares	As of March 31, 2023 : 3,918,416 shares
3. Average number of shares during the period		
April-Sep. 2023 :	32,278,348 shares	April-Sep. 2022 : 32,279,428 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 second quarter ended Sep. 30, 2023

In the global economy, during the first half of the current fiscal year (April 1, 2023 to September 30, 2023), economic recovery tended to slow down due to soaring prices with inflation, rising policy interest rates and so on. Capital investment is sluggish especially in the manufacturing industry, and geopolitical risks persist at high level, so an outlook remains uncertain.

In such an environment, DAISHINKU CORP. and its affiliates saw an increase in sales in the automotive applications field such as EVs (Electric Vehicles). On the other hand, the telecommunications field remained weak, although there were signs of recovery in Chinese smartphones and communication modules. Furthermore, in the consumer field, demand for telework/stay-at-home peaked out and the adjustment phase continued from the second half of the previous fiscal year, especially for PCs., resulting in net sales of 19,332 million yen (down 4.7% year on year). With regard to profits, operating profit reached 901 million yen (down 67.9% year on year) due to the impact of lower utilization with decreased sales and price fluctuations of some products. Although a foreign exchange gain of 1,119 million yen was recorded as non-operating income and a gain on sale of investment securities of 887 million yen was recorded as extraordinary income, ordinary profit was 1,977 million yen (down 58.4% year on year) and profit attributable to owners of parent was 1,391 million yen (down 53.4% year on year).

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: Thousands of yen)

	Year ended March 31, 2023	Six months ended Sep. 30, 2023
Assets		
Current assets		
Cash and deposits	18,517,098	21,942,031
Notes and accounts receivable - trade, and contract assets	9,687,625	10,965,462
Securities	39,854	44,753
Merchandise and finished goods	7,221,518	6,293,207
Work in process	5,292,225	5,804,198
Raw materials and supplies	4,660,821	5,260,520
Other	1,301,442	1,590,761
Allowance for doubtful accounts	(9,087)	(18,619)
Total current assets	46,711,499	51,882,317
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,132,878	3,137,335
Machinery, equipment and vehicles, net	13,069,856	13,139,454
Tools, furniture and fixtures, net	1,150,322	1,190,859
Land	5,920,297	5,936,339
Leased assets, net	414,984	300,716
Construction in progress	6,896,838	8,065,838
Total property, plant and equipment	30,585,178	31,770,544
Intangible assets	1,184,714	1,307,143
Investments and other assets		
Investment securities	2,812,160	2,469,751
Long-term loans receivable	1,285	1,208
Retirement benefit asset	678,734	718,244
Deferred tax assets	756,688	644,180
Other	919,991	955,090
Allowance for doubtful accounts	(27,800)	(27,800)
Total investments and other assets	5,141,060	4,760,674
Total non-current assets	36,910,953	37,838,362
Total assets	83,622,452	89,720,680

(Unit: Thousands of yen)

	Year ended March 31, 2023	Six months ended Sep. 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,827,047	2,334,048
Short-term borrowings	2,361,569	2,294,417
Current portion of long-term borrowings	9,658,529	11,495,259
Lease obligations	254,663	195,885
Accounts payable - other	2,659,707	1,944,348
Income taxes payable	976,237	577,646
Contract liabilities	11	1,035
Provision for bonuses	800,654	757,881
Provision for bonuses for directors	-	16,996
Other	927,382	1,086,322
Total current liabilities	19,465,802	20,703,840
Non-current liabilities		
Long-term borrowings	18,390,443	20,104,918
Lease obligations	173,217	115,376
Deferred tax liabilities	1,135,633	1,630,344
Retirement benefit liability	1,048,161	1,153,108
Long-term accounts payable - other	77,838	71,058
Asset retirement obligations	27,837	28,071
Other	120,898	127,009
Total non-current liabilities	20,974,031	23,229,886
Total liabilities	40,439,833	43,933,727
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	7,440,152
Treasury shares	(1,929,648)	(1,929,933)
Total shareholders' equity	31,088,569	32,027,467
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,069,484	986,747
Foreign currency translation adjustment	3,318,351	4,535,161
Remeasurements of defined benefit plans	425,069	212,683
Total accumulated other comprehensive income	4,812,905	5,734,592
Non-controlling interests	7,281,144	8,024,892
Total net assets	43,182,619	45,786,952
Total liabilities and net assets	83,622,452	89,720,680

(2) Consolidated Statements of Income

(Unit: Thousands of yen)

	Six months ended Sep. 30, 2022	Six months ended Sep. 30, 2023
Net sales	20,292,298	19,332,388
Cost of sales	13,655,136	14,698,370
Gross profit	6,637,162	4,634,018
Selling, general and administrative expenses	3,826,913	3,732,126
Operating profit	2,810,248	901,891
Non-operating income		
Interest income	25,670	80,153
Dividend income	61,751	69,362
Foreign exchange gains	1,870,025	1,119,840
Other	123,843	231,592
Total non-operating income	2,081,290	1,500,948
Non-operating expenses		
Interest expenses	85,706	149,333
Cancellation penalty	-	162,000
Other	54,815	113,571
Total non-operating expenses	140,521	424,904
Ordinary profit	4,751,017	1,977,934
Extraordinary income		
Gain on sale of non-current assets	12,521	63,932
Gain on sale of investment securities	30,634	887,054
Total extraordinary income	43,155	950,986
Extraordinary losses		
Loss on sale of non-current assets	447	-
Loss on retirement of non-current assets	60	1,234
Impairment losses	38,272	38,282
Total extraordinary losses	38,780	39,516
Profit before income taxes	4,755,393	2,889,405
Income taxes - current	1,158,496	458,595
Income taxes - deferred	163,845	359,876
Total income taxes	1,322,341	818,472
Profit	3,433,051	2,070,932
Profit attributable to non-controlling interests	446,733	679,850
Profit attributable to owners of parent	2,986,318	1,391,082

(3) Consolidated statement of comprehensive income

(Unit: Thousands of yen)

	Six months ended Sep. 30, 2022	Six months ended Sep. 30, 2023
Profit	3,433,051	2,070,932
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,147,283)	(375,488)
Foreign currency translation adjustment	1,772,256	1,571,118
Remeasurements of defined benefit plans	(80,858)	(212,040)
Total other comprehensive income	544,115	983,589
Comprehensive income	3,977,167	3,054,522
Total comprehensive income attributable to :		
Shareholders of DAISHINKU Corporation	3,625,992	2,312,769
Comprehensive income attributable to non-controlling interests	351,175	741,752

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, 2022 (April 1, 2022 to Sep. 30, 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	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 (loss)	1,926,626	5,727	47,375	345,701	666,567	(38,134)	2,953,863	(143,614)	2,810,248

Note1: Segment profit (loss) adjustments of (143,614) Yen-thousand include elimination of intersegment transactions of 6,999 Yen-thousand and other adjustments of (150,614) 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

2. Information on the amount of net sales, profit or loss and disaggregation of revenue by reportable segments The second quarter ended Sep. 30, 2023 (April 1, 2023 to Sep. 30, 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	4,268,521	1,191,433	1,910,571	5,636,173	4,969,887	1,355,800	19,332,388	-	19,332,388
Other revenue	-	-	-	-	-	-	-	-	-
Sales to external customers	4,268,521	1,191,433	1,910,571	5,636,173	4,969,887	1,355,800	19,332,388	-	19,332,388
Intersegment sales or transfers	10,275,794	26,131	937	1,616,141	1,387,602	3,621,402	16,928,009	(16,928,009)	-
Total	14,544,316	1,217,565	1,911,508	7,252,314	6,357,490	4,977,203	36,260,398	(16,928,009)	19,332,388
Segment profit	145,777	14,909	23,580	(107,790)	315,928	152,258	544,663	357,228	901,891

Note1: Segment profit (loss) adjustments of 357,228 Yen-thousand include elimination of intersegment transactions of (50,761) Yen-thousand and other adjustments of 407,989 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