

DAISHINKU CORP.

Summary of Financial Results for the Third Quarter Ended Dec. 31, 2023

Tokyo, Feb. 5, 2024 - Daishinku Corp. today announced its consolidated financial results for the third quarter ended Dec. 31, 2023.

1. Operating Results for the Third Quarter ended Dec. 31, 2023 (April 1, 2023 to Dec. 31, 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	%
Nine months ended Dec. 31, 2023	29,685	0.3	1,486	(58.7)	1,860	(57.9)	1,157	(58.8)
Nine months ended Dec. 31, 2022	29,605	(6.5)	3,595	(13.6)	4,413	(8.2)	2,810	11.8

Note: Comprehensive Income

Nine months ended Dec. 31, 2023 ; 2,811 Yen-million, Nine months ended Dec. 31, 2022 ; 3,018 Yen-million

	Net Income per share	Net Income per share after adjustment with potential shares
	Yen	Yen
Nine months ended Dec. 31, 2023	35.86	-
Nine months ended Dec. 31, 2022	87.06	-

(2) Consolidated financial status

	Total Assets	Net Assets	Stockholders' equity ratio
	Millions of Yen	Millions of Yen	%
Nine months ended Dec. 31, 2023	87,044	44,974	42.2
Year ended March 31, 2023	83,622	43,182	42.9

ref. Stockholders' equity : As of Dec. 31, 2023 ; 36,746 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

Note: Revision of dividend forecast for during this period: None

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: 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 | Applicable |
| 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, 2023 : | 36,196,968 shares | As of March 31, 2023 : | 36,196,968 shares |
| 2. Number of treasury stock | | | |
| As of Dec. 31, 2023 : | 3,918,989 shares | As of March 31, 2023 : | 3,918,416 shares |
| 3. Average number of shares during the period | | | |
| April-Dec. 2023 : | 32,278,242 shares | April-Dec. 2022 : | 32,279,260 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 third quarter ended Dec. 31, 2023

In the global economy, during the third quarter of the current fiscal year (April 1, 2023 to December 31, 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 this environment, DAISHINKU CORP. and its affiliates saw that noticeable adjustments due to sluggish capital investment became apparent in the industrial sector, and in the consumer sector, although there was a sense of bottoming out, sales remained weak, especially for PCs. On the other hand, in the telecommunications field, sales for Chinese smartphones showed a recovery trend, and in the automotive field, sales increased due to a recovery in automobile production as the semiconductor shortage was resolved, resulting in net sales of 29,685 million yen (up 0.3% year on year). With regard to profits, operating profit reached 1,486 million yen (down 58.7% year on year) due to the impact of lower utilization and price fluctuations of some products. Although a foreign exchange gain of 490 million yen was recorded as non-operating income and a gain on sale of investment securities of 894 million yen was recorded as extraordinary income, ordinary profit was 1,860 million yen (down 57.9% year on year) and profit attributable to owners of parent was 1,157 million yen (down 58.8% year on year).

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: Thousands of yen)

	Year ended March 31, 2023	Nine months ended Dec. 31, 2023
Assets		
Current assets		
Cash and deposits	18,517,098	20,153,458
Notes and accounts receivable - trade, and contract assets	9,687,625	10,556,103
Securities	39,854	-
Merchandise and finished goods	7,221,518	5,577,223
Work in process	5,292,225	5,612,723
Raw materials and supplies	4,660,821	5,148,806
Other	1,301,442	2,283,075
Allowance for doubtful accounts	(9,087)	(18,836)
Total current assets	46,711,499	49,312,553
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,132,878	3,033,515
Machinery, equipment and vehicles, net	13,069,856	12,408,842
Tools, furniture and fixtures, net	1,150,322	1,273,937
Land	5,920,297	5,928,240
Leased assets, net	414,984	231,017
Construction in progress	6,896,838	8,616,911
Total property, plant and equipment	30,585,178	31,492,465
Intangible assets	1,184,714	1,297,831
Investments and other assets		
Investment securities	2,812,160	2,766,083
Long-term loans receivable	1,285	1,070
Retirement benefit asset	678,734	695,436
Deferred tax assets	756,688	482,609
Other	919,991	1,023,773
Allowance for doubtful accounts	(27,800)	(27,800)
Total investments and other assets	5,141,060	4,941,173
Total non-current assets	36,910,953	37,731,470
Total assets	83,622,452	87,044,024

(Unit: Thousands of yen)

	Year ended March 31, 2023	Nine months ended Dec. 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,827,047	2,517,712
Short-term borrowings	2,361,569	2,230,538
Current portion of long-term borrowings	9,658,529	11,726,051
Lease obligations	254,663	156,962
Accounts payable - other	2,659,707	1,270,133
Income taxes payable	976,237	260,492
Contract liabilities	11	11
Provision for bonuses	800,654	396,802
Provision for bonuses for directors	-	25,498
Other	927,382	1,173,723
Total current liabilities	19,465,802	19,757,927
Non-current liabilities		
Long-term borrowings	18,390,443	19,195,630
Lease obligations	173,217	80,565
Deferred tax liabilities	1,135,633	1,665,587
Retirement benefit liability	1,048,161	1,106,461
Long-term accounts payable - other	77,838	68,485
Asset retirement obligations	27,837	28,187
Other	120,898	166,876
Total non-current liabilities	20,974,031	22,311,794
Total liabilities	40,439,833	42,069,721
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	6,754,605
Treasury shares	(1,929,648)	(1,930,068)
Total shareholders' equity	31,088,569	31,341,785
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,069,484	1,130,174
Foreign currency translation adjustment	3,318,351	4,056,763
Remeasurements of defined benefit plans	425,069	218,153
Total accumulated other comprehensive income	4,812,905	5,405,091
Non-controlling interests	7,281,144	8,227,426
Total net assets	43,182,619	44,974,302
Total liabilities and net assets	83,622,452	87,044,024

(2) Consolidated Statements of Income

(Unit: Thousands of yen)

	Nine months ended Dec. 31, 2022	Nine months ended Dec. 31, 2023
Net sales	29,605,220	29,685,035
Cost of sales	20,367,016	22,470,955
Gross profit	9,238,203	7,214,079
Selling, general and administrative expenses	5,642,675	5,727,887
Operating profit	3,595,528	1,486,192
Non-operating income		
Interest income	48,074	123,527
Dividend income	78,662	89,391
Foreign exchange gains	801,082	490,549
Other	165,061	224,707
Total non-operating income	1,092,881	928,175
Non-operating expenses		
Interest expenses	140,716	222,115
Cancellation penalty	-	162,000
Other	133,772	169,889
Total non-operating expenses	274,488	554,005
Ordinary profit	4,413,921	1,860,363
Extraordinary income		
Gain on sale of non-current assets	13,410	65,721
Gain on sale of investment securities	30,634	894,904
Total extraordinary income	44,044	960,626
Extraordinary losses		
Loss on sale of non-current assets	0	100
Loss on retirement of non-current assets	404	1,243
Impairment losses	38,358	38,503
Total extraordinary losses	38,763	39,846
Profit before income taxes	4,419,203	2,781,142
Income taxes - current	1,034,289	291,335
Income taxes - deferred	220,647	572,819
Total income taxes	1,254,936	864,154
Profit	3,164,266	1,916,988
Profit attributable to non-controlling interests	354,020	759,559
Profit attributable to owners of parent	2,810,246	1,157,428

(3) Consolidated statement of comprehensive income

(Unit: Thousands of yen)

	Nine months ended Dec. 31, 2022	Nine months ended Dec. 31, 2023
Profit	3,164,266	1,916,988
Other comprehensive income		
Valuation difference on available-for-sale securities	(823,181)	(74,878)
Foreign currency translation adjustment	756,798	1,176,415
Remeasurements of defined benefit plans	(79,577)	(206,752)
Total other comprehensive income	(145,960)	894,784
Comprehensive income	3,018,305	2,811,772
Total comprehensive income attributable to :		
Shareholders of DAISHINKU Corporation	2,919,222	1,749,615
Comprehensive income attributable to non-controlling interests	99,082	1,062,157

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, 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

Note1: Segment profit (loss) adjustments of (148,439) Yen-thousand include elimination of intersegment transactions of 9,890 Yen-thousand and other adjustments of (158,330) 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 third quarter ended Dec. 31, 2023 (April 1, 2023 to Dec. 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	6,158,685	1,782,051	2,828,631	9,081,972	7,810,958	2,022,736	29,685,035	-	29,685,035
Other revenue	-	-	-	-	-	-	-	-	-
Sales to external customers	6,158,685	1,782,051	2,828,631	9,081,972	7,810,958	2,022,736	29,685,035	-	29,685,035
Intersegment sales or transfers	16,014,822	41,837	1,139	2,333,087	2,039,315	5,541,337	25,971,541	(25,971,541)	-
Total	22,173,507	1,823,889	2,829,771	11,415,059	9,850,274	7,564,074	55,656,576	(25,971,541)	29,685,035
Segment profit (loss)	101,280	12,030	21,142	(77,135)	728,923	262,831	1,049,073	437,118	1,486,192

Note1: Segment profit (loss) adjustments of 437,118 Yen-thousand include elimination of intersegment transactions of (48,215) Yen-thousand and other adjustments of 485,334 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

Note4: Disclosure of changes, etc. in reportable segments

Among inventories, the valuation method for supplies used to be based on the last purchase cost method, but this has been changed to the cost method based on the periodic average method effective from the third quarter of the current fiscal year. This change was implemented with the introduction of a new core system and the impact of this change is minor.