

DAISHINKU CORP.

Summary of Financial Results for the First Half Ended Sep. 30, 2024

Tokyo, Nov. 5, 2024 - Daishinku Corp. today announced its consolidated financial results for the first half ended Sep. 30, 2024.

1. Operating Results for the First Half ended Sep. 30, 2024 (April 1, 2024 to Sep. 30, 2024)

(1) Consolidated operating results

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Six months ended Sep. 30, 2024	19,438	0.5	916	1.6	(78)	-	(187)	-
Six months ended Sep. 30, 2023	19,332	(4.7)	901	(67.9)	1,977	(58.4)	1,391	(53.4)

Note: Comprehensive Income Six months ended Sep. 30, 2024 ; (1,030) Yen-million, Six months ended Sep. 30, 2023 ; 3,054 Yen-million

	Net Income per share	Net Income per share after adjustment with potential shares
	Yen	Yen
Six months ended Sep. 30, 2024	(5.80)	-
Six months ended Sep. 30, 2023	43.10	-

(2) Consolidated financial status

	Total Assets	Net Assets	Stockholders' equity ratio
	Millions of Yen	Millions of Yen	%
Six months ended Sep. 30, 2024	90,474	45,563	41.0
Year ended March 31, 2024	91,064	47,048	42.5

ref. Stockholders' equity : As of Sep. 30, 2024 ; 37,127 Yen-million, As of March 31, 2024 ; 38,708 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, 2024	-	14.00	-	14.00	28.00
Year ending March 31, 2025	-	14.00			
(Forecast)					
Year ending March 31, 2025			-	14.00	28.00

3. Forecast for the fiscal year ending March 31, 2025 (April 1, 2024 - March 31, 2025)

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

	Net sales		Operating profit		Ordinary profit		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, 2025	40,000	1.7	1,500	(29.8)	1,000	(68.7)	500	(73.3)	15.49

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

1. Changes in accounting policies related to accounting standard revisions	Applicable
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, 2024 :	36,196,968 shares	As of March 31, 2024 :	36,196,968 shares
2. Number of treasury stock			
As of Sep. 30, 2024 :	3,919,901 shares	As of March 31, 2024 :	3,919,393 shares
3. Average number of shares during the period			
April-Sep. 2024 :	32,277,234 shares	April-Sep. 2023 :	32,278,348 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 Half Ended September 30, 2024

In the global economy, during the first half of the current fiscal year (April 1, 2024 to September 30, 2024), economic recovery tended to slow down, mainly due to continued inflation. 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 mainly due to a recovery in the consumer market, especially for PCs, and steady growth in the automotive market, resulting in net sales of 19,438 million yen (up 0.5% year on year). With regard to profits, operating profit reached 916 million yen (up 1.6% year on year). However, foreign exchange losses of 865 million yen were recorded in non-operating expenses, ordinary loss was 78 million yen (ordinary profit of 1,977 million yen in the same period of the previous year) and loss attributable to owners of parent of 187 million yen (profit attributable to owners of parent of 1,391 million yen in the same period of the previous year).

Operating results by segment are as follows.

(Japan)

In Japan, net sales were 3,453 million yen, a decrease of 814 million yen, or down 19.1%, year on year mainly due to lower net sales in the industrial and consumer markets. Its segment profit was 33 million yen, a decrease of 112 million yen, or down 76.9% year on year.

(North America)

In North America, net sales were 1,264 million yen, an increase of 73 million yen, or up 6.2% year on year, mainly due to higher net sales in the automotive market. Its segment profit was 35 million yen, an increase of 20 million yen, or up 140.1% year on year.

(Europe)

In Europe, net sales were 2,001 million yen, an increase of 91 million yen, or up 4.8% year on year mainly due to higher net sales in the automotive market. Its segment profit was 41 million yen, an increase of 17 million yen, or up 76.0% year on year.

(China)

In China, net sales were 6,101 million yen, an increase of 465 million yen, or up 8.3% year on year mainly due to higher net sales in the consumer and telecommunications markets. Its segment loss was 77 million yen, an improvement of 30 million yen from the same period of the previous year (segment loss of 107 million yen in the same period of the previous year).

(Taiwan)

In Taiwan, net sales were 5,211 million yen, an increase of 241 million yen, or up 4.9% year on year mainly due to higher net sales in the consumer market. Its segment profit was 867 million yen, an increase of 551 million yen, or up 174.6% year on year.

(Asia)

In Asia, net sales were 1,404 million yen, an increase of 48 million yen, or up 3.6% year on year mainly due to higher net sales in the telecommunications and consumer markets. Its segment profit was 6 million yen, a decrease of 146 million yen, or down 96.0% year on year due to lower operation.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: Thousands of yen)

	Year ended March 31, 2024	Six months ended September 30, 2024
Assets		
Current assets		
Cash and deposits	24,539,199	19,654,757
Notes and accounts receivable - trade, and contract assets	9,761,025	9,430,139
Merchandise and finished goods	5,168,581	4,584,059
Work in process	6,165,762	6,719,380
Raw materials and supplies	5,080,355	6,041,084
Other	1,661,378	1,930,449
Allowance for doubtful accounts	(13,835)	(11,697)
Total current assets	52,362,467	48,348,172
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,016,746	9,437,136
Machinery, equipment and vehicles, net	12,201,468	11,151,882
Tools, furniture and fixtures, net	1,345,884	1,337,490
Land	5,964,533	5,957,666
Leased assets, net	228,664	413,087
Construction in progress	8,830,349	7,826,615
Total property, plant and equipment	31,587,646	36,123,878
Intangible assets	1,236,891	1,110,154
Investments and other assets		
Investment securities	2,925,984	2,030,179
Long-term loans receivable	1,043	945
Retirement benefit asset	1,134,541	1,179,685
Deferred tax assets	637,335	500,882
Other	1,206,512	1,207,914
Allowance for doubtful accounts	(27,800)	(27,800)
Total investments and other assets	5,877,617	4,891,807
Total non-current assets	38,702,155	42,125,840
Total assets	91,064,623	90,474,013

(Unit: Thousands of yen)

	Year ended March 31, 2024	Six months ended September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,617,382	3,193,377
Short-term borrowings	2,376,990	5,814,363
Current portion of long-term borrowings	11,629,640	9,173,730
Lease liabilities	140,194	151,646
Accounts payable - other	1,684,180	1,459,172
Income taxes payable	479,574	333,628
Contract liabilities	79	—
Provision for bonuses	713,786	759,025
Other	1,070,130	1,203,491
Total current liabilities	20,711,960	22,088,437
Non-current liabilities		
Long-term borrowings	19,776,032	19,396,848
Lease liabilities	91,911	266,484
Deferred tax liabilities	1,939,636	1,720,329
Retirement benefit liability	1,224,331	1,244,321
Long-term accounts payable - other	65,912	—
Asset retirement obligations	28,304	28,543
Other	178,218	165,261
Total non-current liabilities	23,304,347	22,821,789
Total liabilities	44,016,308	44,910,226
Net assets		
Shareholders' equity		
Share capital	19,344,883	19,344,883
Capital surplus	7,172,364	7,172,364
Retained earnings	7,473,320	6,833,970
Treasury shares	(1,930,424)	(1,930,790)
Total shareholders' equity	32,060,143	31,420,428
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,257,965	786,696
Foreign currency translation adjustment	4,916,324	4,458,354
Remeasurements of defined benefit plans	474,136	462,300
Total accumulated other comprehensive income	6,648,425	5,707,350
Non-controlling interests	8,339,745	8,436,007
Total net assets	47,048,314	45,563,786
Total liabilities and net assets	91,064,623	90,474,013

(2) Consolidated Statements of Income

(Unit: Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	19,332,388	19,438,358
Cost of sales	14,698,370	14,426,904
Gross profit	4,634,018	5,011,454
Selling, general and administrative expenses	3,732,126	4,095,318
Operating profit	901,891	916,136
Non-operating income		
Interest income	80,153	113,014
Dividend income	69,362	39,770
Foreign exchange gains	1,119,840	—
Other	231,592	92,190
Total non-operating income	1,500,948	244,975
Non-operating expenses		
Interest expenses	149,333	149,490
Foreign exchange losses	—	865,664
Cancellation Penalty	162,000	—
Other	113,571	224,684
Total non-operating expenses	424,904	1,239,839
Ordinary profit (loss)	1,977,934	(78,727)
Extraordinary income		
Gain on sale of non-current assets	63,932	3,144
Gain on sale of investment securities	887,054	569,372
Total extraordinary income	950,986	572,516
Extraordinary losses		
Loss on sale of non-current assets	—	2,033
Loss on retirement of non-current assets	1,234	1
Impairment losses	38,282	—
Total extraordinary losses	39,516	2,035
Profit before income taxes	2,889,405	491,753
Income taxes - current	458,595	260,941
Income taxes - deferred	359,876	26,054
Total income taxes	818,472	286,996
Profit	2,070,932	204,756
Profit attributable to non-controlling interests	679,850	392,079
Profit (loss) attributable to owners of parent	1,391,082	(187,323)

(3) Consolidated Statement of Comprehensive Income

(Unit: Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	2,070,932	204,756
Other comprehensive income		
Valuation difference on available-for-sale securities	(375,488)	(740,328)
Foreign currency translation adjustment	1,571,118	(482,421)
Remeasurements of defined benefit plans, net of tax	(212,040)	(12,365)
Total other comprehensive income	983,589	(1,235,114)
Comprehensive income	3,054,522	(1,030,357)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,312,769	(1,128,398)
Comprehensive income attributable to non-controlling interests	741,752	98,040

(4) Consolidated Statement of Cash Flows

(Unit: Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	2,889,405	491,753
Depreciation	1,859,789	1,978,608
Amortization of long-term prepaid expenses	38,083	38,083
Increase (decrease) in allowance for doubtful accounts	8,803	(1,899)
Increase (decrease) in provision for bonuses	(43,843)	46,299
Increase (decrease) in provision for bonuses for directors (and other officers)	16,996	—
Decrease (increase) in retirement benefit asset	(39,509)	(45,143)
Increase (decrease) in retirement benefit liability	(53,596)	63,566
Interest and dividend income	(149,515)	(152,784)
Interest expenses	149,333	149,490
Foreign exchange losses (gains)	(476,948)	449,949
Loss (gain) on sale of investment securities	(887,054)	(569,372)
Loss (gain) on sale of property, plant and equipment	(63,932)	(1,110)
Loss on retirement of property, plant and equipment	1,234	1
Impairment losses	38,282	—
Decrease (increase) in trade receivables	(487,177)	(100,708)
Decrease (increase) in inventories	545,766	(1,345,946)
Increase (decrease) in trade payables	(153,962)	981,021
Other, net	(291,806)	5,756
Subtotal	2,900,346	1,987,565
Interest and dividends received	149,515	152,784
Interest paid	(144,142)	(149,922)
Income taxes paid	(962,037)	(253,820)
Net cash provided by (used in) operating activities	1,943,682	1,736,607
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	—	183,671
Purchase of property, plant and equipment	(2,301,476)	(6,377,508)
Proceeds from sale of property, plant and equipment	132,691	11,048
Purchase of intangible assets	(229,239)	(12,480)
Purchase of investment securities	(5,027)	(6,180)
Proceeds from sale of investment securities	954,854	645,194
Loan advances	(330)	—
Proceeds from collection of loans receivable	568	309
Other, net	(39,810)	(340,077)
Net cash provided by (used in) investing activities	(1,487,770)	(5,896,024)

(Unit: Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(226,000)	3,529,210
Proceeds from long-term borrowings	7,404,000	3,972,000
Repayments of long-term borrowings	(4,279,228)	(6,557,083)
Repayments of lease liabilities	(129,000)	(93,610)
Dividends paid	(448,959)	(450,307)
Dividends paid to non-controlling interests	(231,717)	(300,967)
Purchase of treasury shares	(284)	(365)
Net cash provided by (used in) financing activities	2,088,808	98,876
Effect of exchange rate change on cash and cash equivalents	870,407	(639,841)
Net increase (decrease) in cash and cash equivalents	3,415,127	(4,700,381)
Cash and cash equivalents at beginning of period	18,437,258	24,355,138
Cash and cash equivalents at end of period	21,852,385	19,654,757

Segment Information

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

The first half ended September 30, 2023 (April 1, 2023 to September 30, 2023)

(Unit: Thousands of yen)

	Reportable segments							Adjustments (Note 1)	Carrying amount on consolidated financial statements (Note 2)
	Japan	North America (Note 3)	Europe (Note 3)	China	Taiwan	Asia (Note 3)	Total		
Net Sales									
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 (loss)	145,777	14,909	23,580	(107,790)	315,928	152,258	544,663	357,228	901,891

Note1: The adjustment in segment profit (loss) of 357,228 thousand yen includes intersegment transactions eliminations of (50,761) thousand yen and other adjustments of 407,989 thousand yen.

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

Note3: The breakdown of the main countries or regions belonging to each segment other than Japan, China, and Taiwan is as follows.

- 1) North America - United States
- 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 half ended September 30, 2024 (April 1, 2024 to September 30, 2024)

(Unit: Thousands of yen)

	Reportable segments							Adjustments (Note 1)	Carrying amount on consolidated financial statements (Note 2)
	Japan	North America (Note 3)	Europe (Note 3)	China	Taiwan	Asia (Note 3)	Total		
Net Sales									
Sales to external customers	3,453,668	1,264,809	2,001,688	6,101,575	5,211,847	1,404,769	19,438,358	—	19,438,358
Intersegment sales or transfers	11,067,834	29,583	334	1,796,260	1,904,631	3,465,565	18,264,210	(18,264,210)	—
Total	14,521,503	1,294,392	2,002,023	7,897,835	7,116,478	4,870,334	37,702,569	(18,264,210)	19,438,358
Segment profit (loss)	33,709	35,799	41,502	(77,739)	867,649	6,085	907,005	9,130	916,136

Note1: The adjustment in segment profit (loss) of 9,130 thousand yen includes intersegment transactions eliminations of 5,510 thousand yen and other adjustments of 3,619 thousand yen.

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

Note3: The breakdown of the main countries or regions belonging to each segment other than Japan, China, and Taiwan is as follows.

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