Financial Results Briefing

Financial Results for the Year Ended March 31, 2025

May 28, 2025

DAISHINKU CORP. (Code: 6962)

President, Minoru Iizuka

Financial Results for the Year Ended March 31, 2025

DAISHINKU CORP.

Corrections in FY2025

Unit: Million yen	FY2025 (before correction) Apr.-Jun.	Apr.-Sep.	Apr.-Dec.	FY2025 (after correction) Apr.-Jun.	Apr.-Sep.	Apr.-Dec.
Net sales	9,827	19,438	29,549	9,827	19,438	29,549
Operating profit	584	916	1,252	**416**	**443**	**740**
Ordinary profit	1,004	(78)	1,014	**836**	**(550)**	**501**
Profit attributable to owners of parent	662	(187)	358	**379**	**(498)**	**16**

Repeated specific processing (operational) errors in inventory management from the beginning of the fiscal year resulted in errors in the amounts of inventory and cost of goods sold from Q1 to Q3.

→ Error-handling rules have been established.
Consistency will be checked on a monthly basis to prevent recurrence.

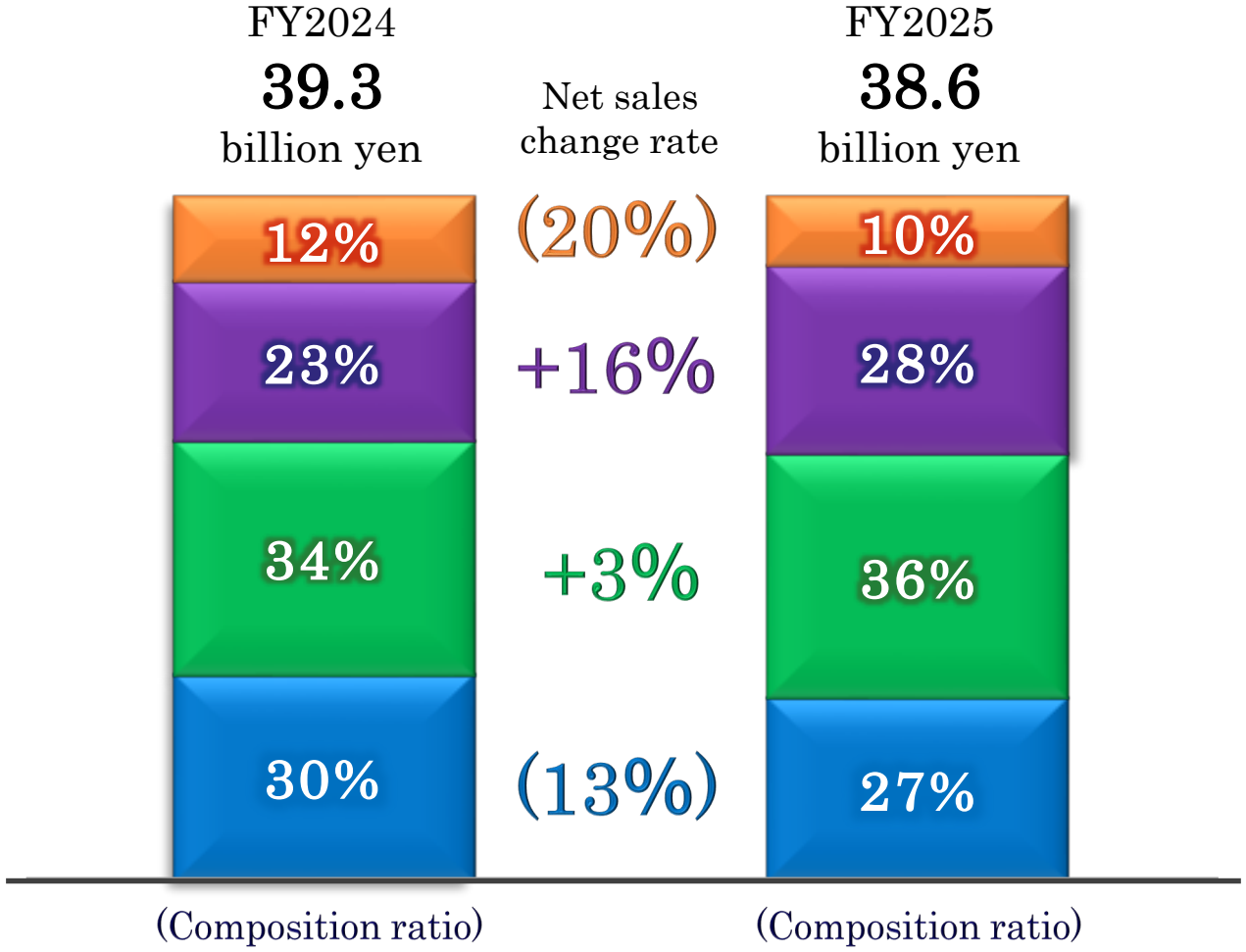
Results in FY2025 (YoY Change)

Lower revenue and profit

Unit:Million yen	FY2024	FY2025	YoY Change Increase/Decrease	YoY Change Rate of change
Net sales	39,343	38,620	(723) ↓	(1.8%)
Operating profit	2,135	915	(1,220) ↓	(57.1%)
Ordinary profit	3,192	412	(2,780) ↓	(87.1%)
Profit attributable to owners of parent	1,876	285	(1,591) ↓	(84.8%)
USD average rate (yen)	144.59	152.62	8.03 ↑	

Sales by Market (YoY Change)

Sluggish TM applications despite strong CE applications



IM: Industrial market
AM: Automotive market
CM: Consumer market
TM: Telecommunications market

IM

Prolonged sluggishness of FA/robot applications due to reduced capital expenditures, etc.

CM

Strong sales for PC-related applications, wearable devices, drones, etc.

AM

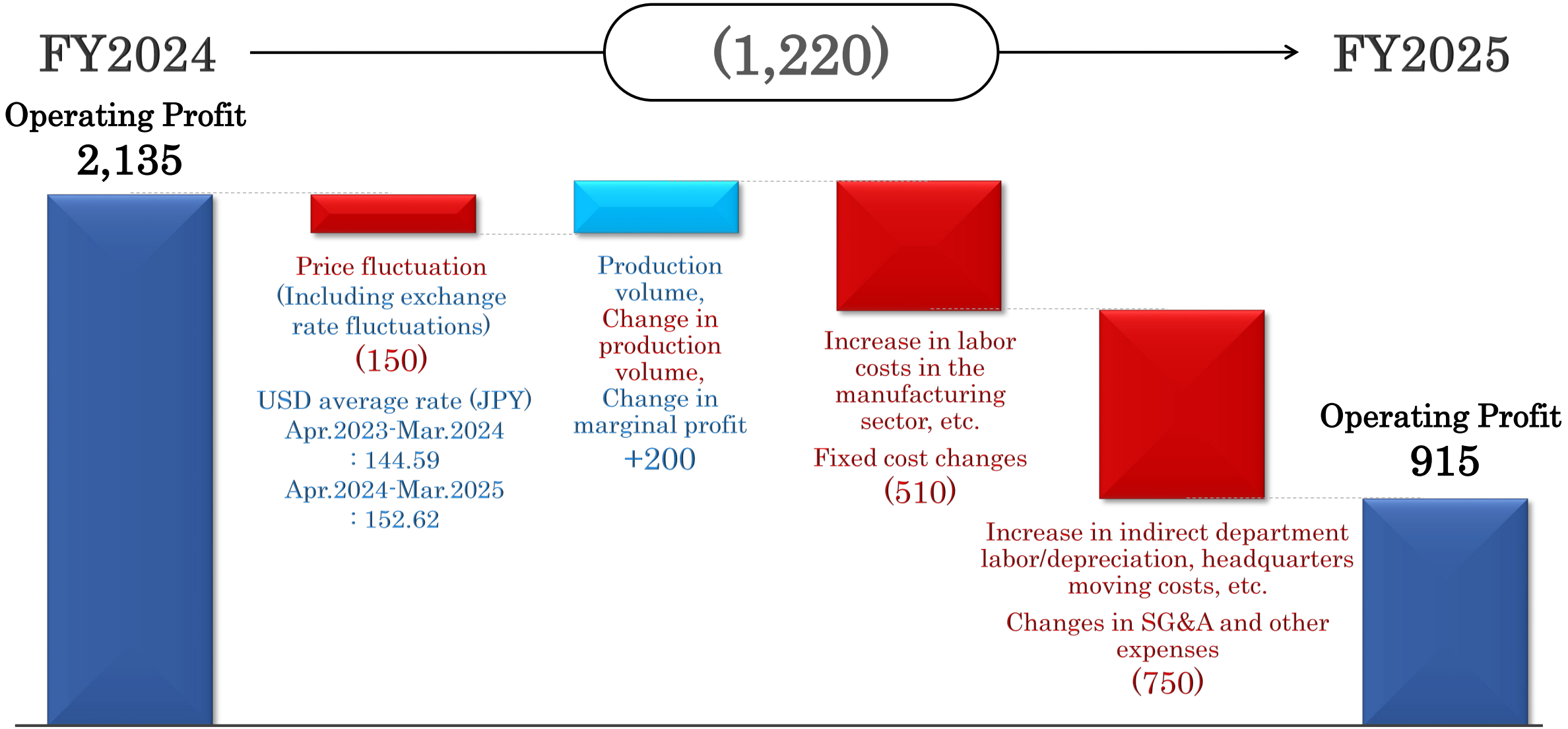
Overall strong sales despite slowing growth due to sluggish EV sales in Europe, etc.

TM

A decrease in photolithography products due to changes in 5G chipsets for Chinese smartphones

Operating Profit Analysis (YoY Change)

(Unit: million yen)



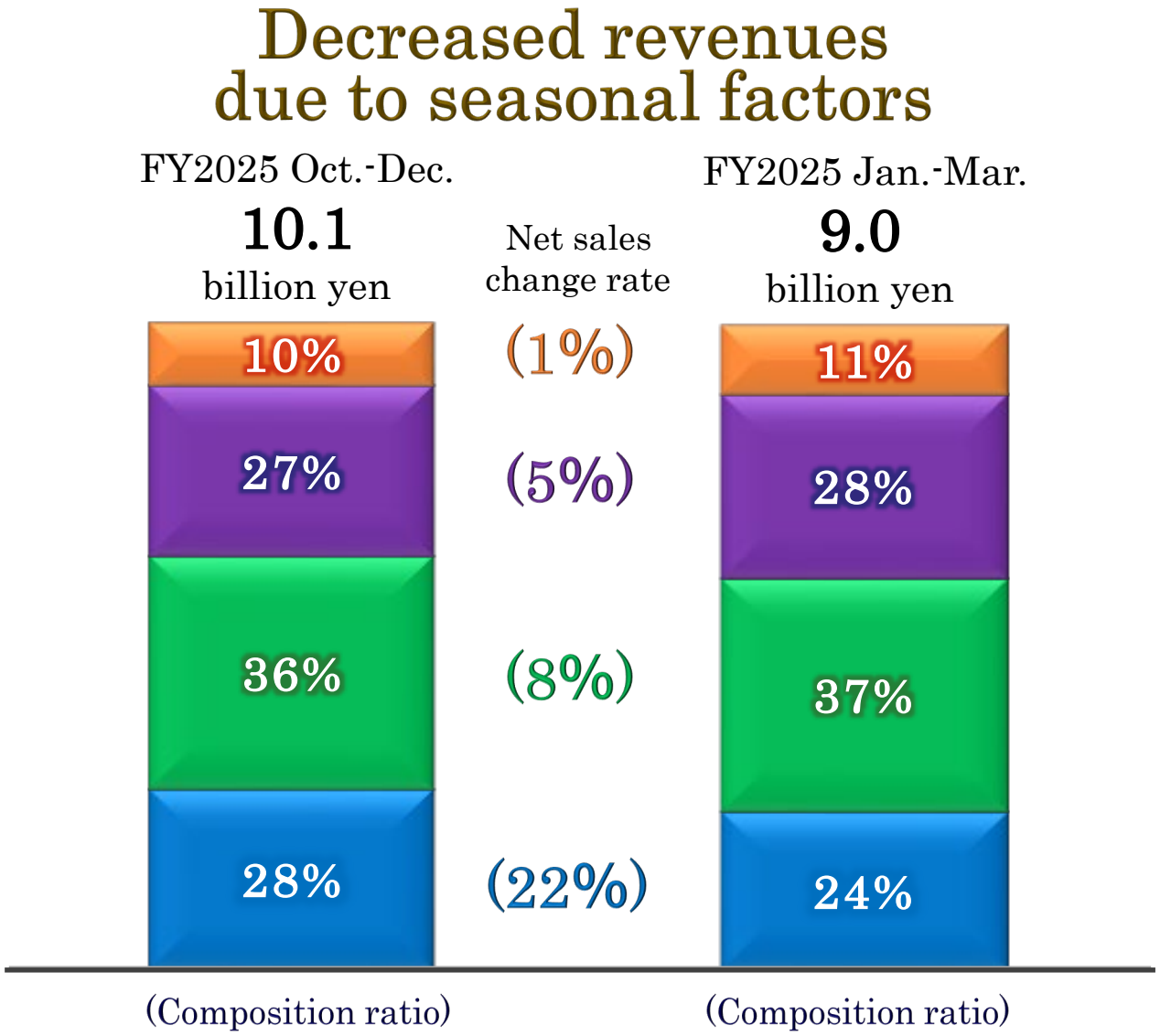
Results in Q4 of FY2025 (QoQ Change)

Lower revenue and profit

Unit: Million yen	FY2025 Apr.-Jun.	FY2025 Jul.-Sep.	FY2025 Oct.-Dec.	FY2025 Jan.-Mar.	QoQ change Incease/Decrease
Net sales	9,827	9,611	10,111	9,071	(1,040) ↓
Operating profit	416	27	296	174	(122) ↓
Ordinary profit	836	(1,387)	1,052	(89)	(1,141) ↓
Profit attributable to owners of parent	379	(878)	515	268	(247) ↓

Sales by Market (QoQ Change)

Decreased revenues due to seasonal factors



IM: Industrial market
AM: Automotive market
CM: Consumer market
TM: Telecommunications market

IM

Sluggish sales due to the continuing trend of excess inventory of FA equipment despite strong sales for housing- and security-related applications in Europe and the U.S.

CM

Decreased sales for PCs despite strong sales for wearable devices and drones

Limited impact of seasonal factors in Greater China due to China's subsidy policy

AM

Decreased sales due to seasonal factors in Greater China despite a slight increase in Europe and the U.S.

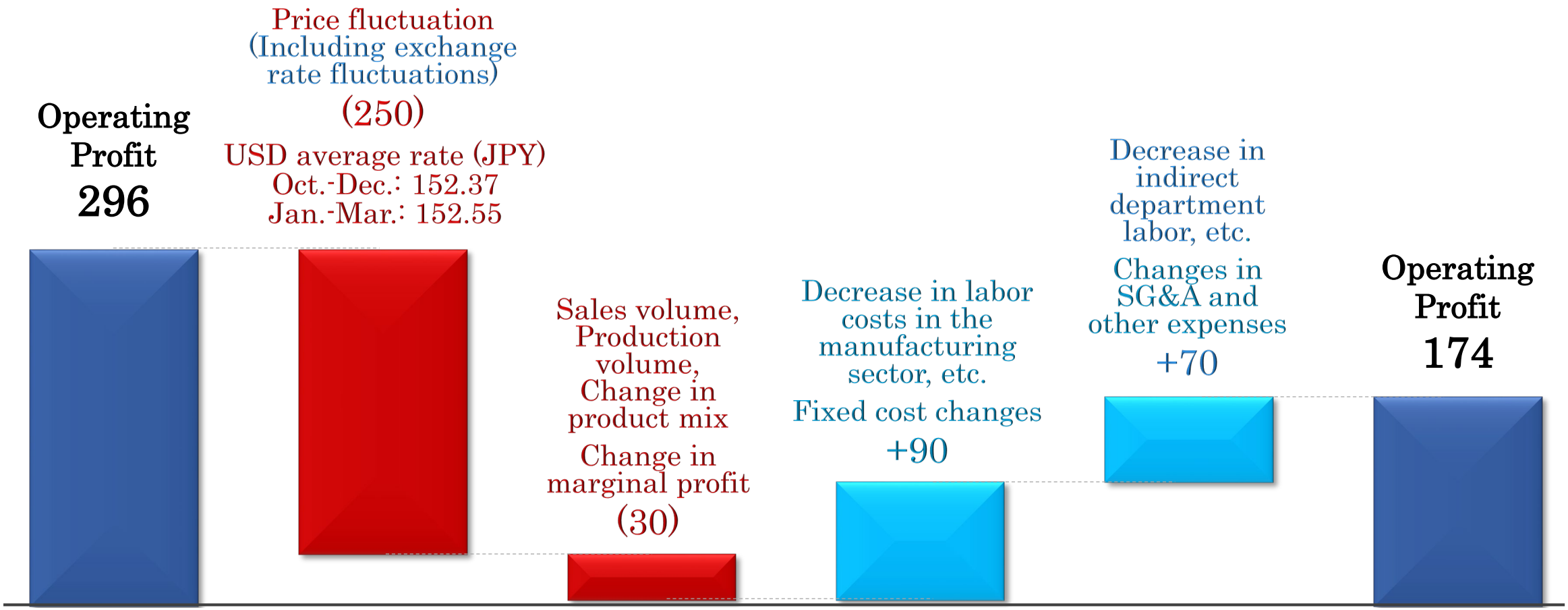
TM

Decreased sales due to price competition and seasonal factors in Greater China despite strong sales for GPS/GNSS applications

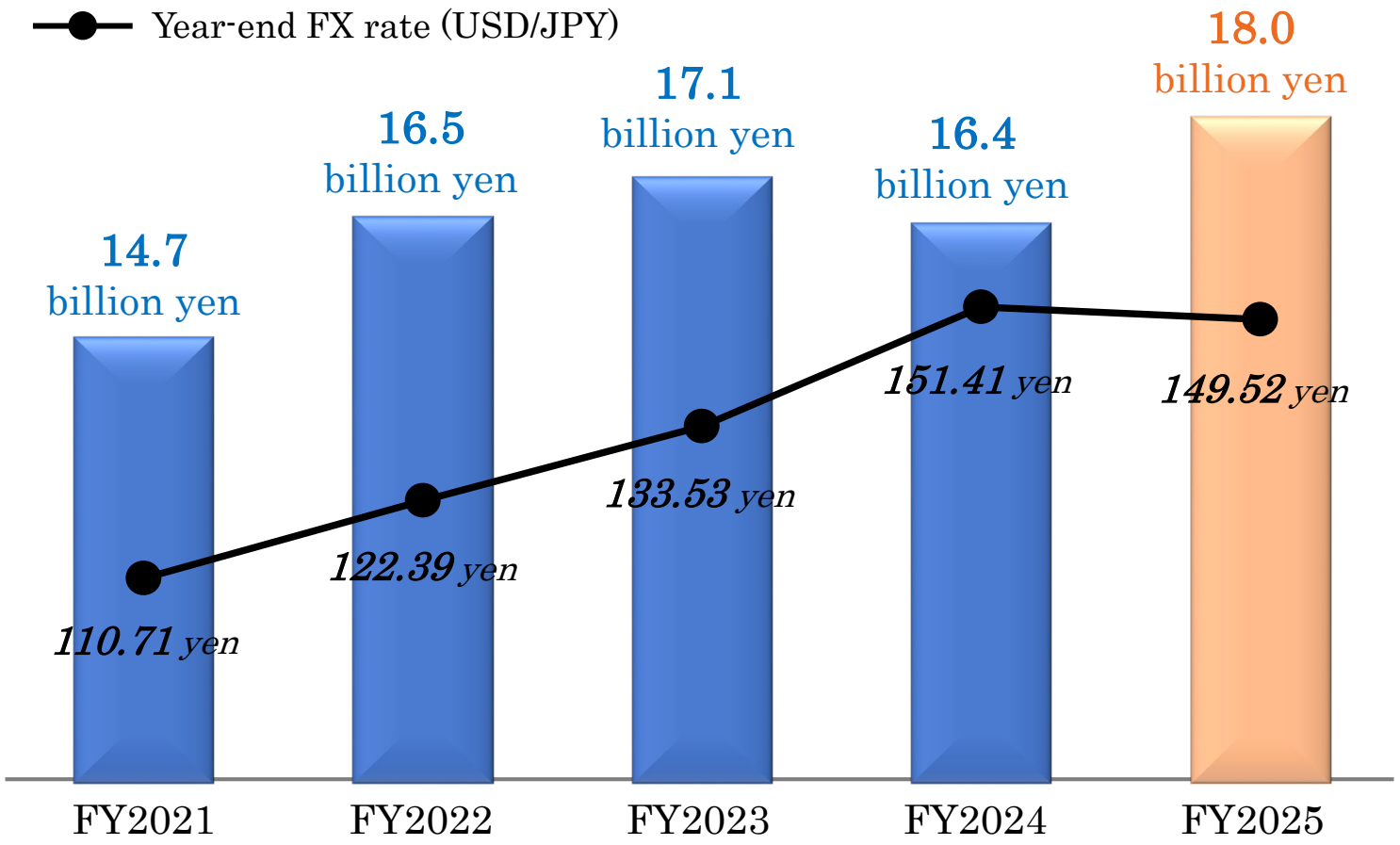
Operating Profit Analysis (QoQ Change)

(Unit: million yen)

FY2025 Oct.-Dec. → (122) → FY2025 Jan.-Mar.



Inventories Trends



FY2025

Compared to the end of the previous fiscal year:
+1.6 billion yen
(including the FX rate impact of −0.2 billion yen)

- Mainly an increase in raw materials: increased due to the surging unit prices for parts and materials (gold) and pre-ordering for ICs, etc.

Increased inventory YoY mainly due to the impact of surging unit prices for materials

Capital Expenditures / Depreciation/R&D Expenses

(Unit: million yen)

YoY

	FY2024	FY2025	Increase/ Decrease
Capital Expenditures	3,613	7,450	3,837
Depreciation	3,941	3,986	45
R&D expenses	2,170	2,168	(2)

QoQ

	FY2025 Oct.-Dec.	FY2025 Jan.-Mar.	Increase/ Decrease
Capital Expenditures	430	1,021	591
Depreciation	1,088	920	(168)
R&D expenses	567	564	(3)

Increase in capital expenditures related to the headquarters and plant

▸ Construction completed in August 2024

Full Year Forecast for the FY2026

Higher revenue and profit

(Unit: million yen)

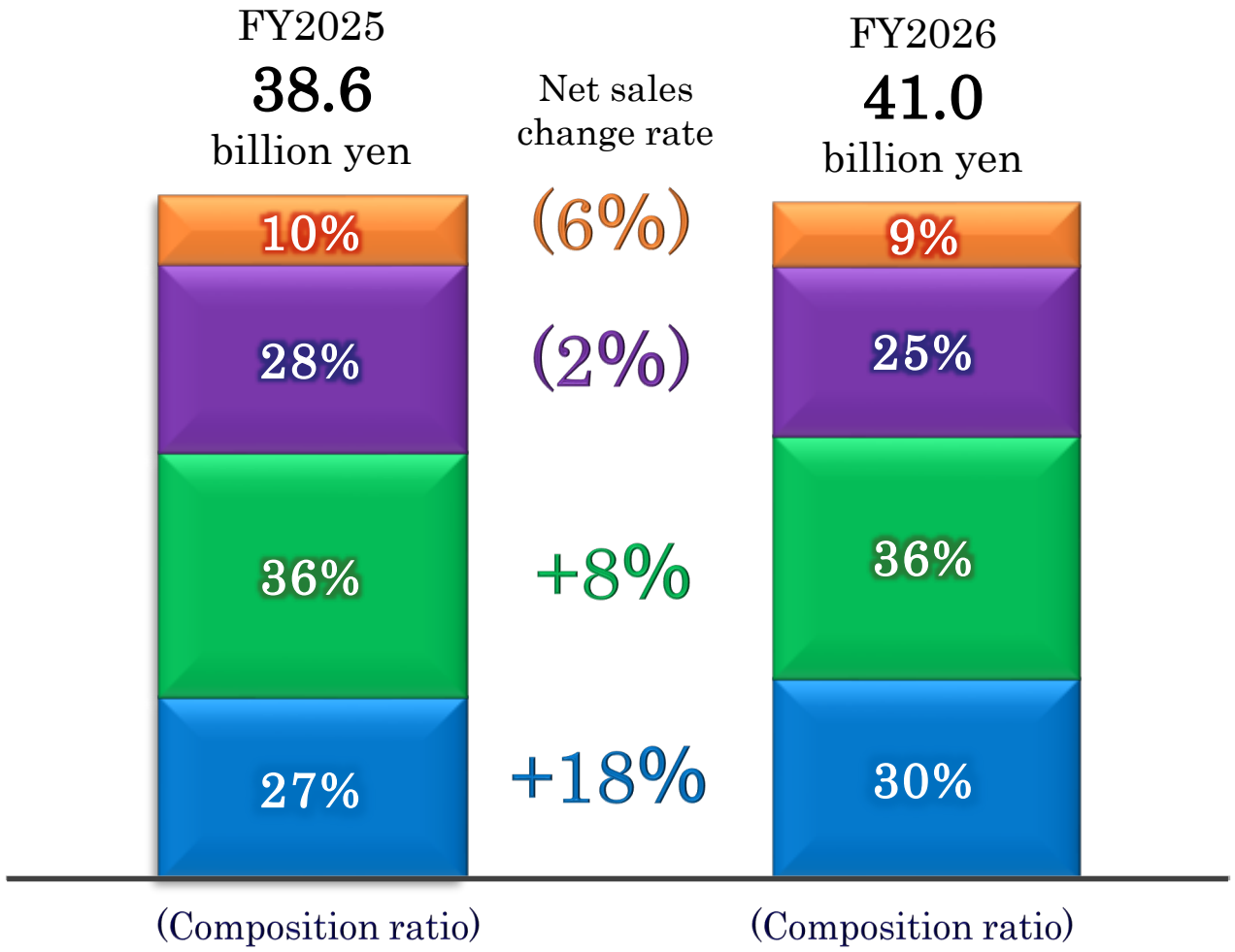
	FY2025	FY2026	Increase/ Decrease	Rate of change
Net sales	38,620	41,000	2,380 ↑	6.2%
Operating profit	915	2,000	1,085 ↑	118.6%
Ordinary profit	412	1,000	588 ↑	142.4%
Profit attributable to owners of parent	285	500	215 ↑	75.1%
Inventories	18,018	21,300	3,282 ↑	18.2%
Capital expenditures (*)	7,450	9,000	1,550 ↑	20.8%
Depreciation	3,986	4,500	514 ↑	12.9%
R&D expenses	2,168	2,300	132 ↑	6.1%
ROE	0.8%	1.6%		
ROIC	0.7%	2.1%		
USD average rate (JPY)	152.62	140.00		

(*) Total amount of capital expenditure for the 2nd Medium-term Business Plan (2024 to 2026): 15 billion yen
→ Increased by utilizing the METI subsidy (Arkh-related)

Sales by Market

IM: Industrial market
AM: Automotive market
CM: Consumer market
TM: Telecommunications market

Growing demand for TM/AM applications



IM

Demand for FA/robot applications to remain sluggish due to reduced capital expenditures

CM

Somewhat weak sales for PC-related applications despite strong sales for games, drones, etc.

AM

Growing demand for high value-added products due to the increasing ADAS ratio

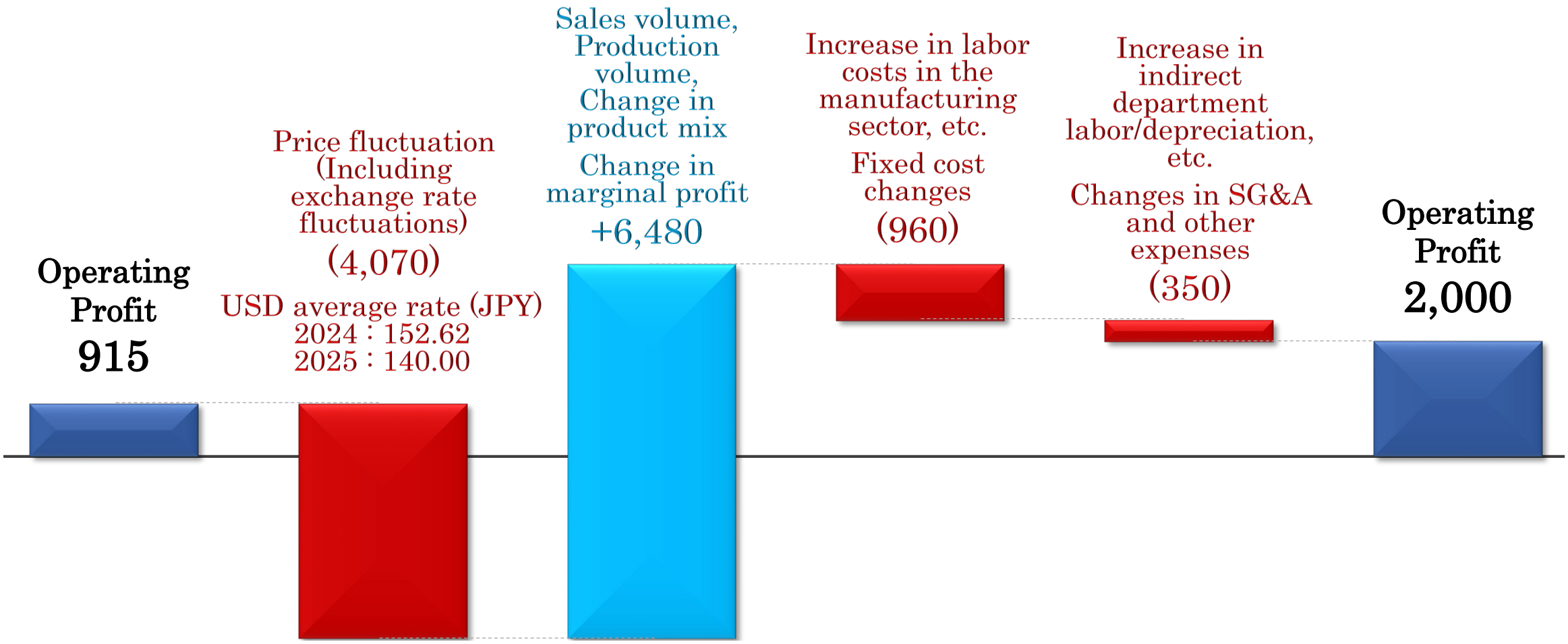
TM

Growing demand for smartphone modules for GPS/GNSS, Wi-Fi, and LEO satellites

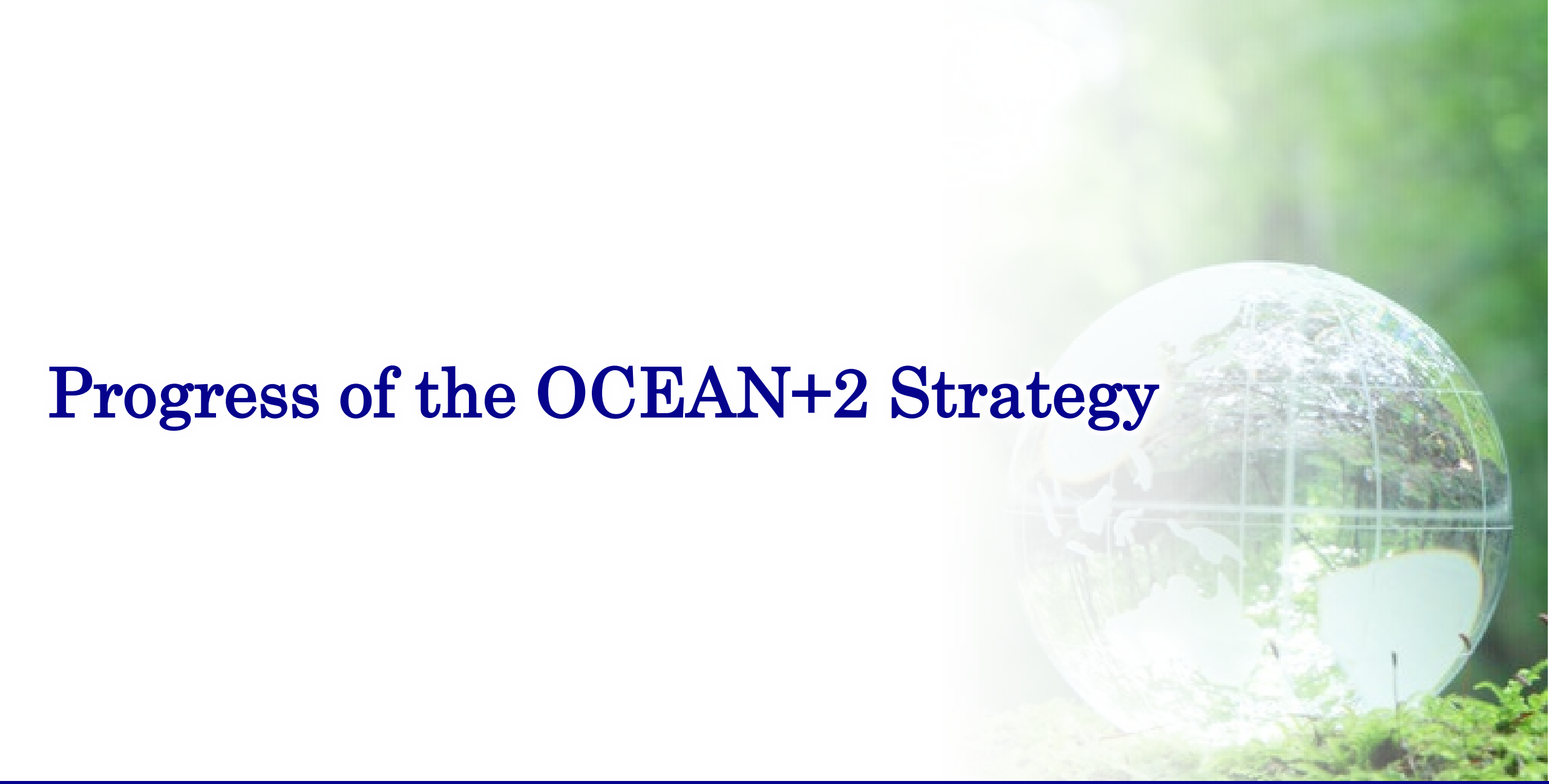
Operating Profit Analysis (Full Year Forecast)

(Unit: million yen)

FY2025 → +1,085 → FY2026



Progress of the OCEAN+2 Strategy



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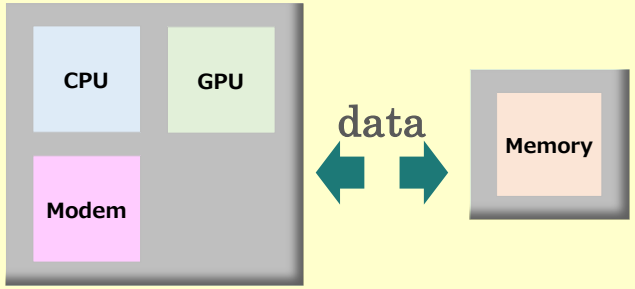
Progress of the OCEAN+2 Strategy One : Single Supplier

Changes in semiconductor structure
— Advancement in chiplet technology

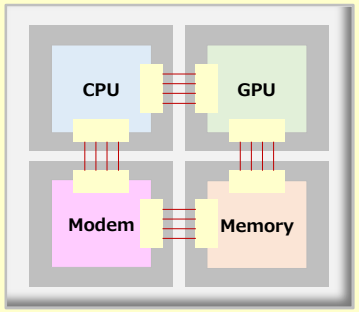
Conventional: SoC design

SoC = System on a Chip



- Limitations of miniaturization
- Limitations of functionality enhancement
- Increased power consumption

Chiplet technology



- Enhancing functionality/ reducing power consumption of ICs

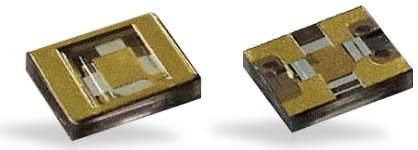
  Full-scale deployment: around 2027 (forecast)
  Usage: AI data centers, vehicles, mobile devices, etc.

What we do

Increasing opportunities for embedding passive components in packages

Optimal devices

Arkh.3G



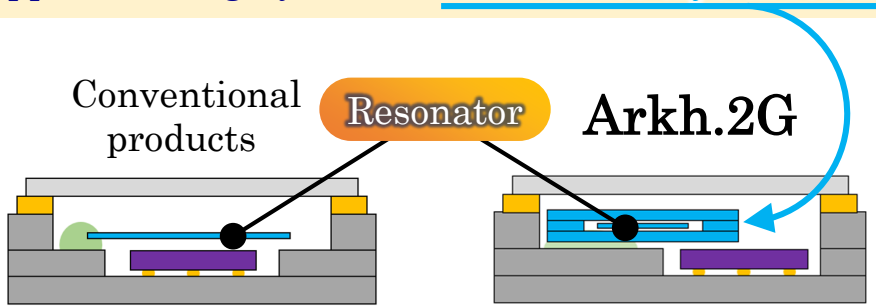
Competitive advantages
▶ small, thin, and low-cost

Expectations for future advancement in chiplet technology

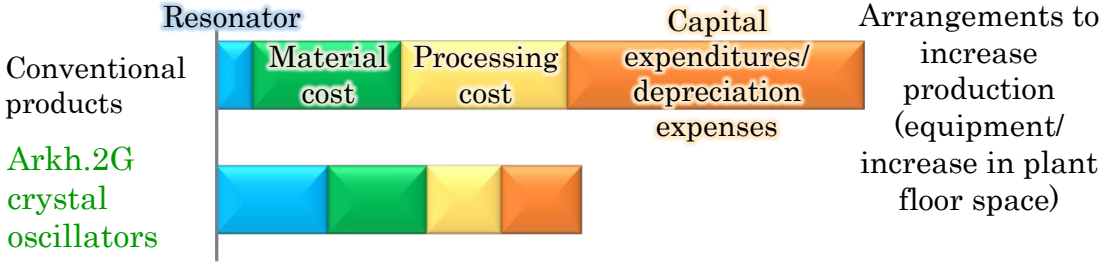
Progress of the OCEAN+2 Strategy Cost : Challenge to Lower Cost Area

Performance

Equipped with highly reliable Arkh series crystal resonators



Cost competitiveness

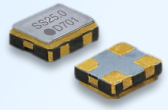


Cost competitiveness through the effects of equipment downsizing/production increase

Arkh.2G line up

■Conventional products ■Arkh

SPXO

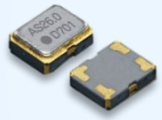


- ADAS
- Surveillance cameras

2025: KDS's market share: about 10% Among the top in the world

2027: Target: 30%

TCXO



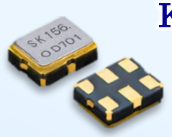
- GPS/GNSS (smartphone modules)
- Satellite communication

KDS's market share: about 30% No.1 in the world

Target: 40%

Differential output crystal oscillators

- Optical transceivers



KDS's market share : less than 10%

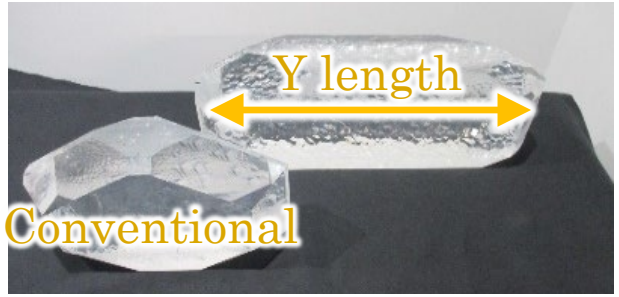
Target: 30%

(KDS's market share: based on our survey)

Deploying Arkh.2G crystal oscillators, which ensure performance and cost competitiveness, as the main products

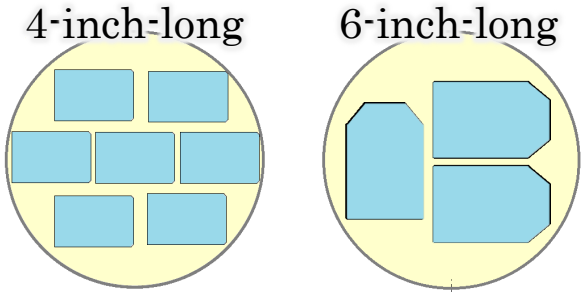
Progress of the OCEAN+2 Strategy Element: The Size Increase of Synthetic Quartz Crystals

Concept to extend the Y length



Optimizing the growth of synthetic quartz crystals

Top view of a growth furnace



The number of crystals accommodated in a growth furnace differs.

Chip yield: compared to 4-inch rough crystals

	Per rough crystal	Per growth furnace
4-inch rough crystals (current)	1	1
4-inch-long	About 3.5 times	About 1.5 times
6-inch-long	About 4.0 times	About 1.1 times

- Production of 4-inch-long crystals: **Successful**
- Production of 6-inch-long crystals: **Challenge phase**
  (to be completed at the end of 2027)
- Also taking on the challenge to reduce the growth period:
  150 days → 120 days

Determining the most efficient size and processing efficiency, and increasing cost competitiveness through mass production

Realizing the most inexpensive chips in the industry/ enhancing the cost competitiveness of photolithography products

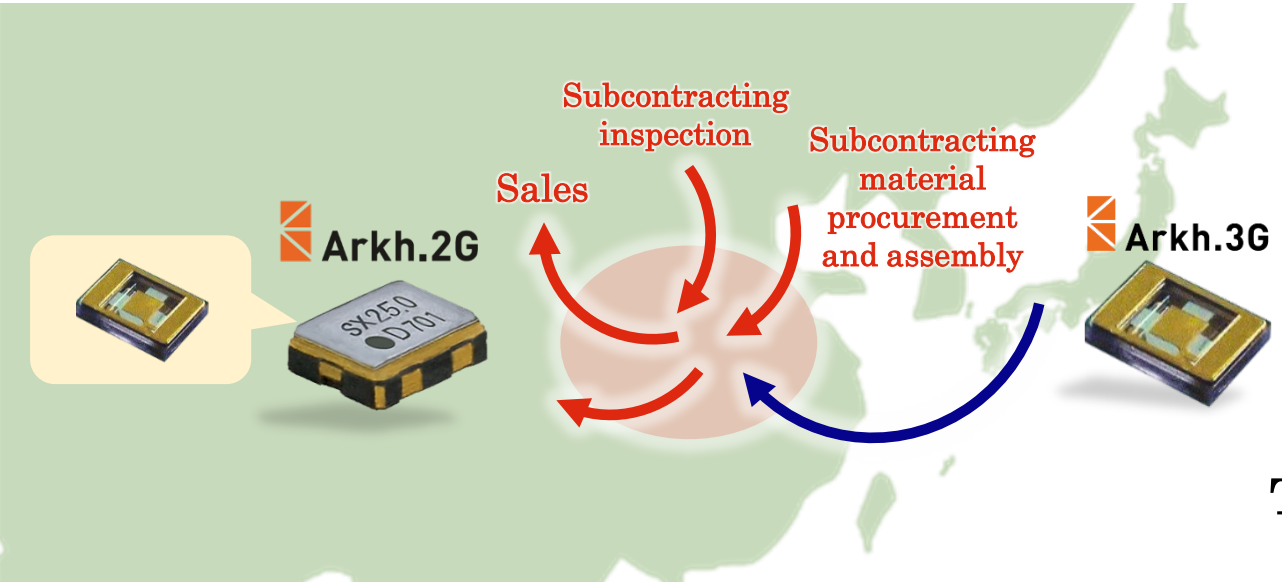
Progress of the OCEAN+2 Strategy Alliance

Chinese market	Priority given to using products of Chinese manufacturers semiconductors and electronic components

Current action	Arrangements underway with Chinese manufacturers for conventional products

Future vision

Avoiding lost sales opportunities



Arkh.2G Alliance

<Proposed scheme>

	KDS	Chinese manufacturers	Chinese market
1st. Step	Assembly and processing	Subcontracting inspection	Sales
2nd. Step	Sales of Arkh.3G	Material procurement and assembly	Sales

To be realized by the end of the 2nd medium-term plan

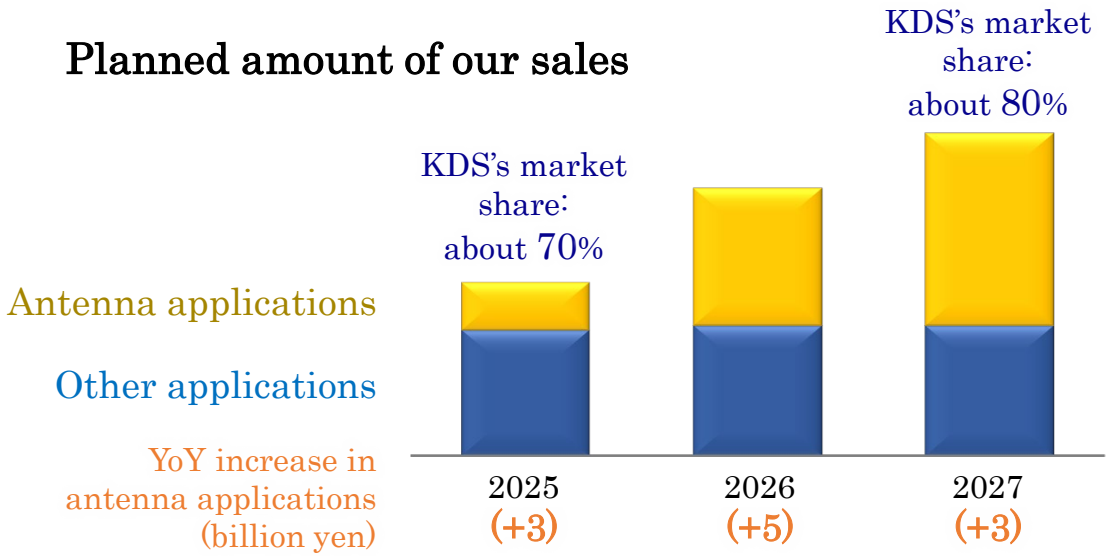
Promoting alliances related to Arkh production

Progress of the OCEAN+2 Strategy

Niche : Advantage of being a survivor

Crystal Filters Maintaining the top position in the niche market

- Growing demand for antennas in line with the growth of the satellite communications market

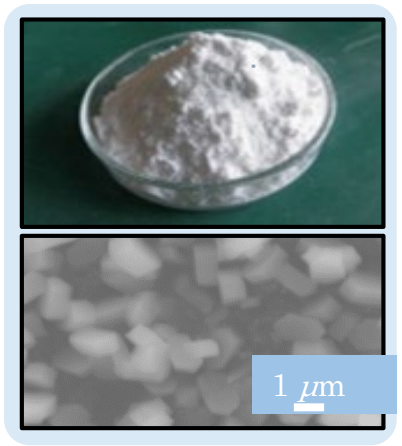


Expectations for increased sales and profit

+1 : New crystals

Zeolite synthesis Catalyst for petroleum refining

- Can be synthesized using the same growth furnace as that for synthetic quartz crystals



KDS's core technology

Utilizing hydrothermal synthesis technology

High-purity crystals under development

To the sales phase

Progress of the OCEAN+2 Strategy +2 : New Business

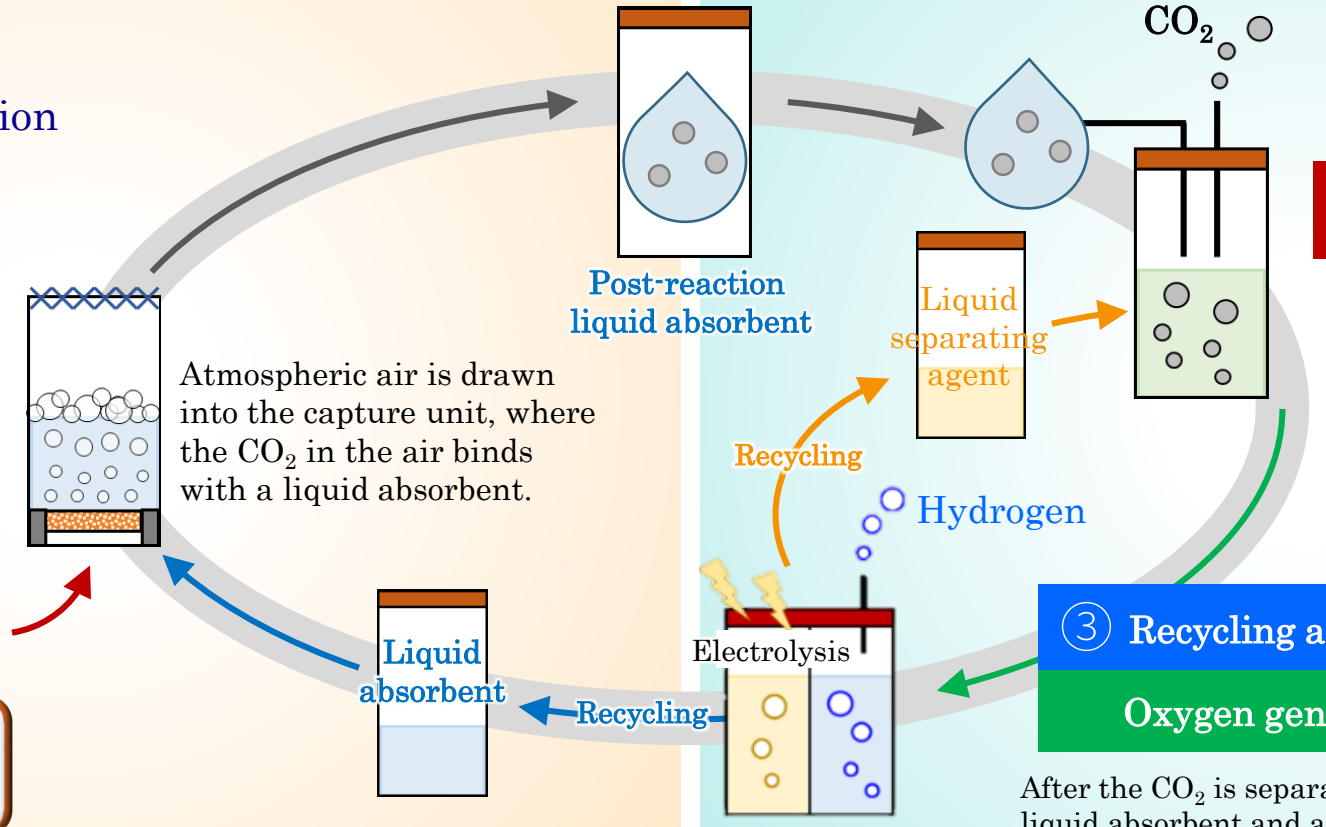
KDS-DAC

DAC : Direct Air Capture technology

Technology to separate and capture CO_2 directly from the atmosphere

Image of the cycle

Cycle of CO_2 capture and hydrogen/oxygen generation



①CO_2 capture

CO_2 capture unit

Atmospheric air is drawn into the capture unit, where the CO_2 in the air binds with a liquid absorbent.

Patent pending (3 cases)
Bubbling system

Patent pending
CO_2 capture system

②CO_2 separation

CO_2 separation unit

A liquid separating agent is added to the post-reaction liquid absorbent to separate the CO_2.

③ Recycling and hydrogen generation

Oxygen generation

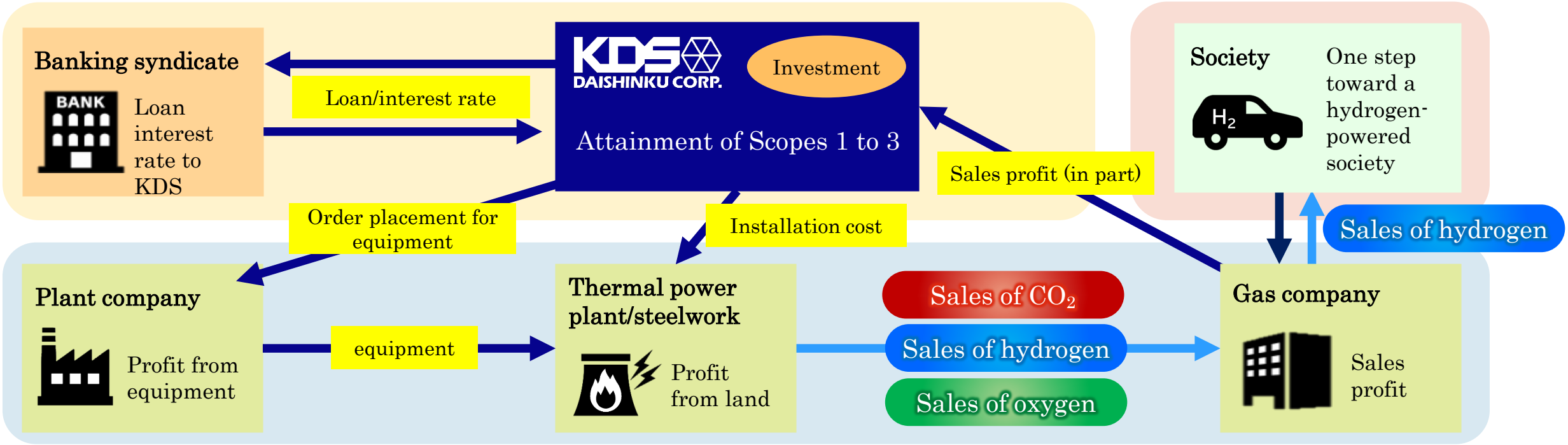
After the CO_2 is separated, the mixture is recycled back into a liquid absorbent and a liquid separating agent by electrolysis.

Progress of the OCEAN+2 Strategy +2 : New Business

KDS-Scope1 to 3 : assuming a reduction in CO_2 emissions by 220,000 t/year

KDS-DAC ▶ Generating and selling hydrogen amounting to 10,000 t per year

KDS's investment	About 14.0 billion yen
Payback period	About 3 years (based on our calculation)



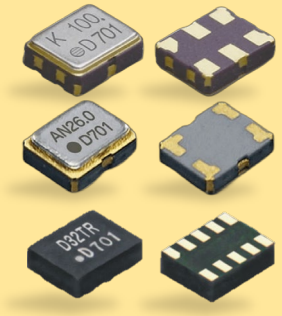
Feasible as a business for each stakeholder

KDS's Business Domains

Markets expected to expand

Crystal oscillators

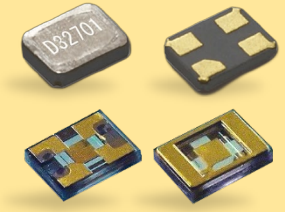
- SPXO
- TCXO
- Differential output crystal oscillators (Arkh.2G included above)
- RTC (time recording)



Crystal resonators

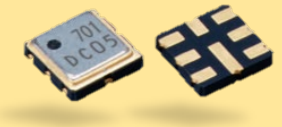
- High-frequency crystal resonators
- Arkh.3G crystal resonators

(Both are photolithography products.)



Crystal filters

- LEO satellite communication antennas

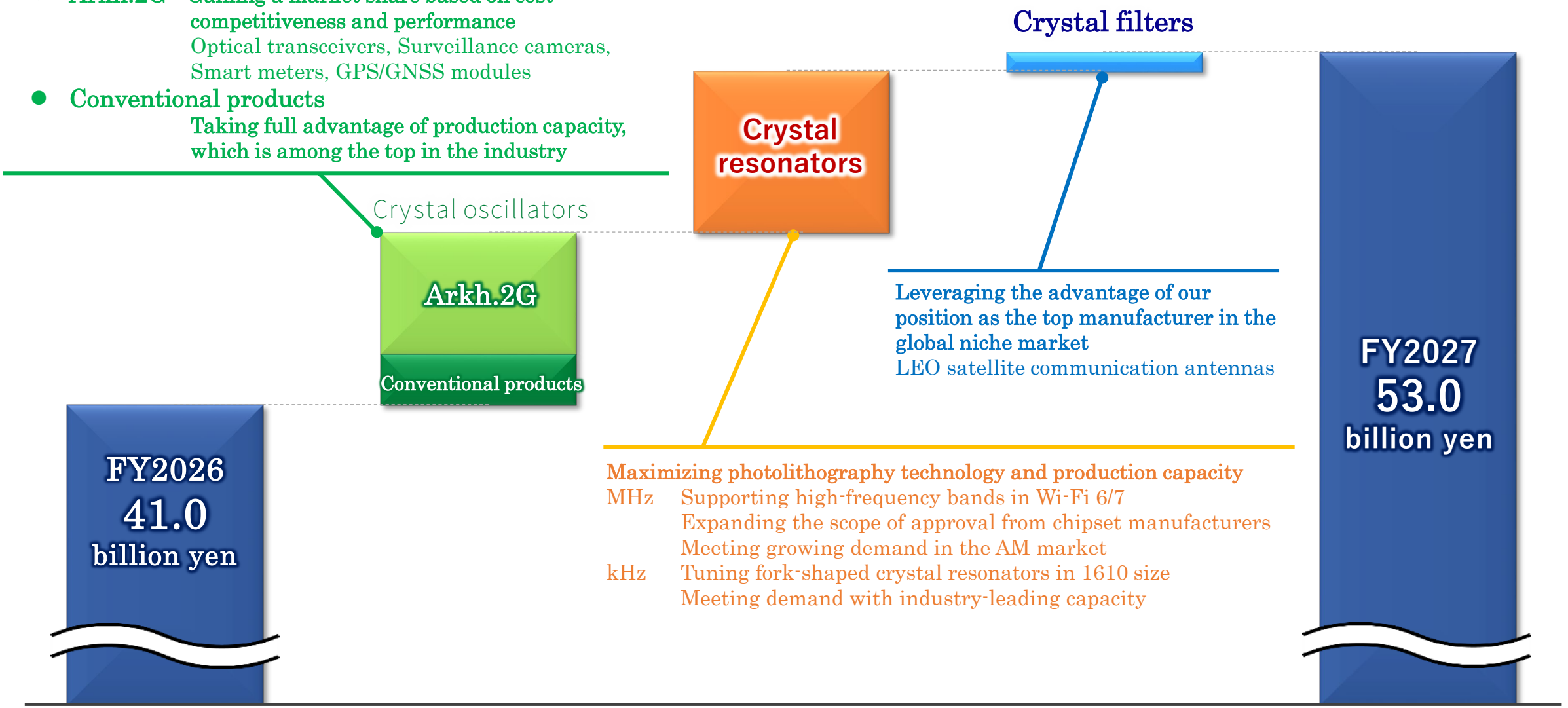


Bluetooth market where priority is placed on price

[Non-business domains] Red Ocean

Breakdown of Sales Increase for FY2027

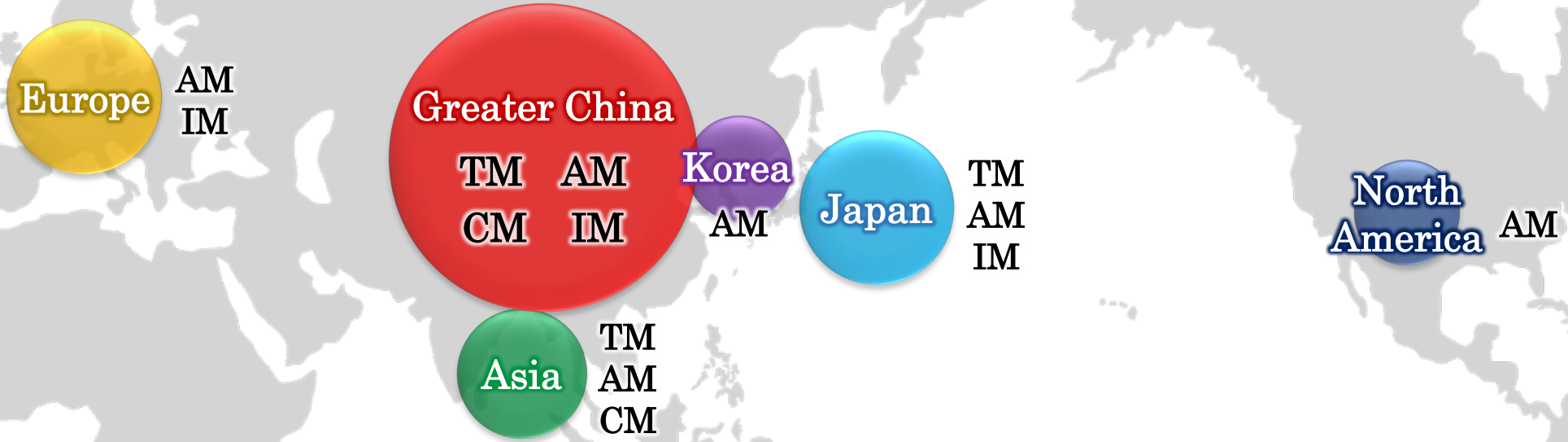
- **Arkh.2G** Gaining a market share based on cost competitiveness and performance
  Optical transceivers, Surveillance cameras, Smart meters, GPS/GNSS modules
- **Conventional products**
  Taking full advantage of production capacity, which is among the top in the industry



Impact of U.S. Tariffs

IM: Industrial market　CM: Consumer market
AM: Automotive market　TM: Telecommunications market

Image of our sales by region



TM/CM : The shift of production from China to Asia would be accelerated.

AM : Vehicle production volume may decrease.

IM : The market may be impacted by the global economy.

- The impact is expected to be minimal.
- It is difficult to predict at present.

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.