# 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.

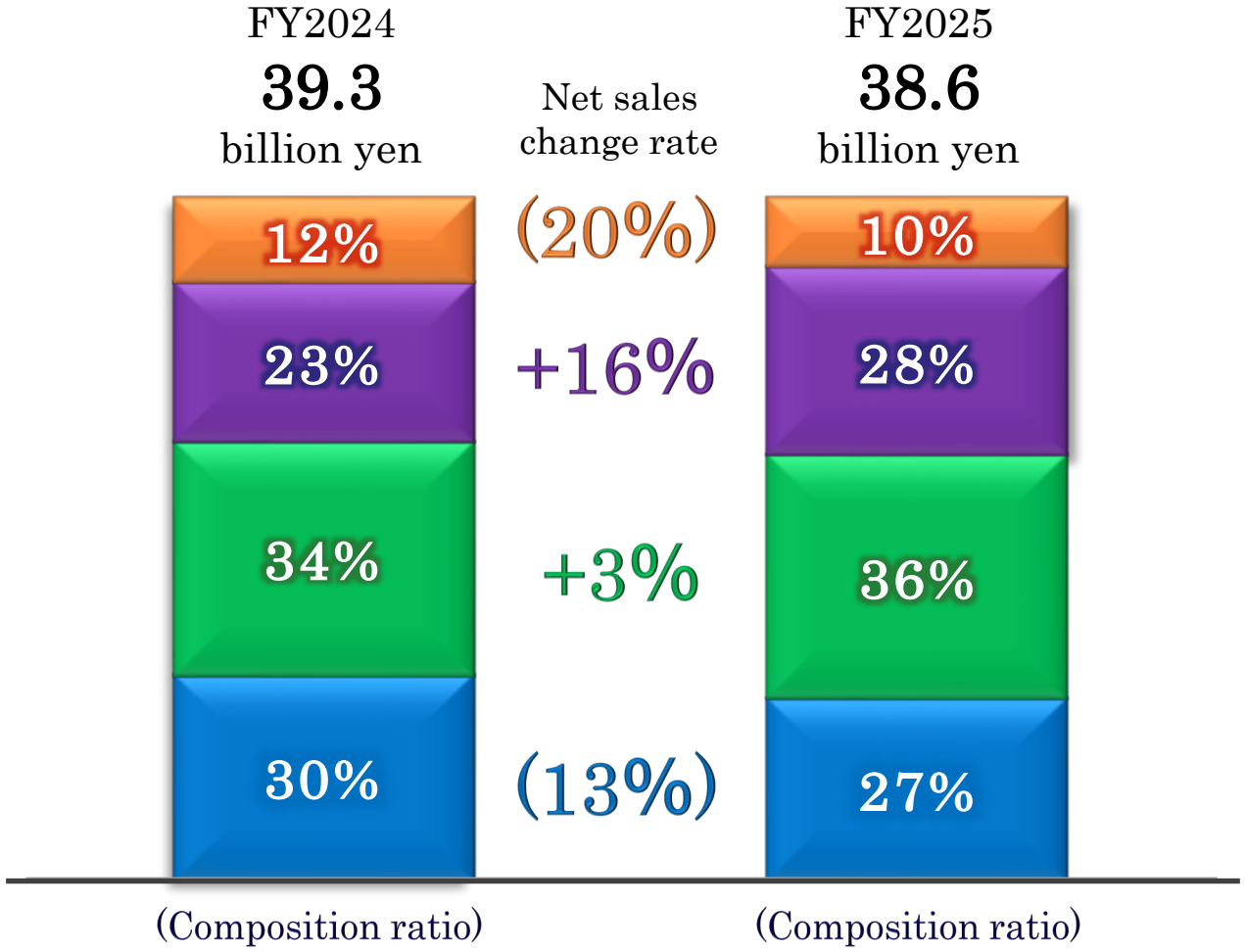
# Results in FY2025 (YoY Change)

## 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 CM 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**

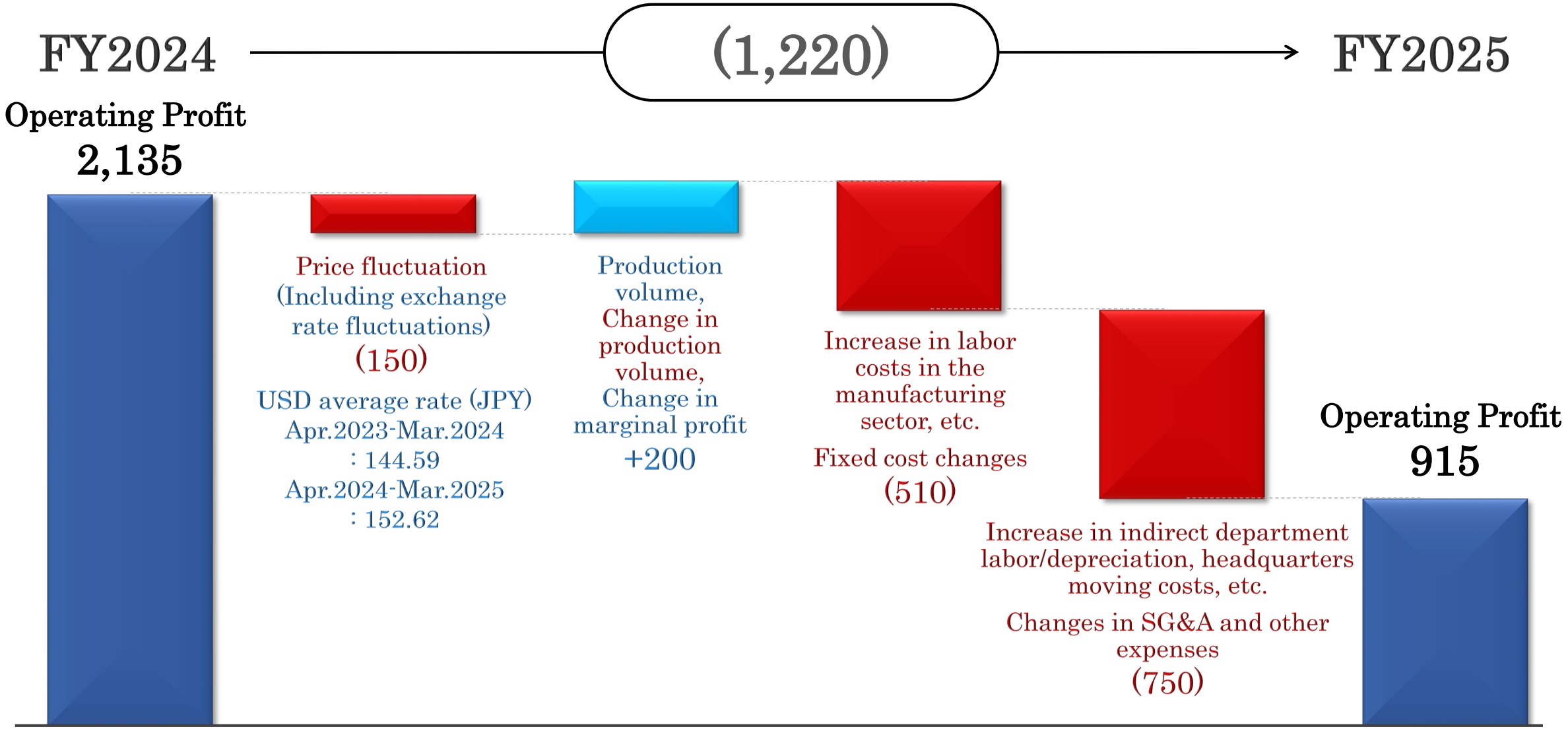
Overall strong sales despite slowing growth due to sluggish EV sales in Europe, etc.

**TM**

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

# Operating Profit Analysis (YoY Change)

(Unit: million yen)



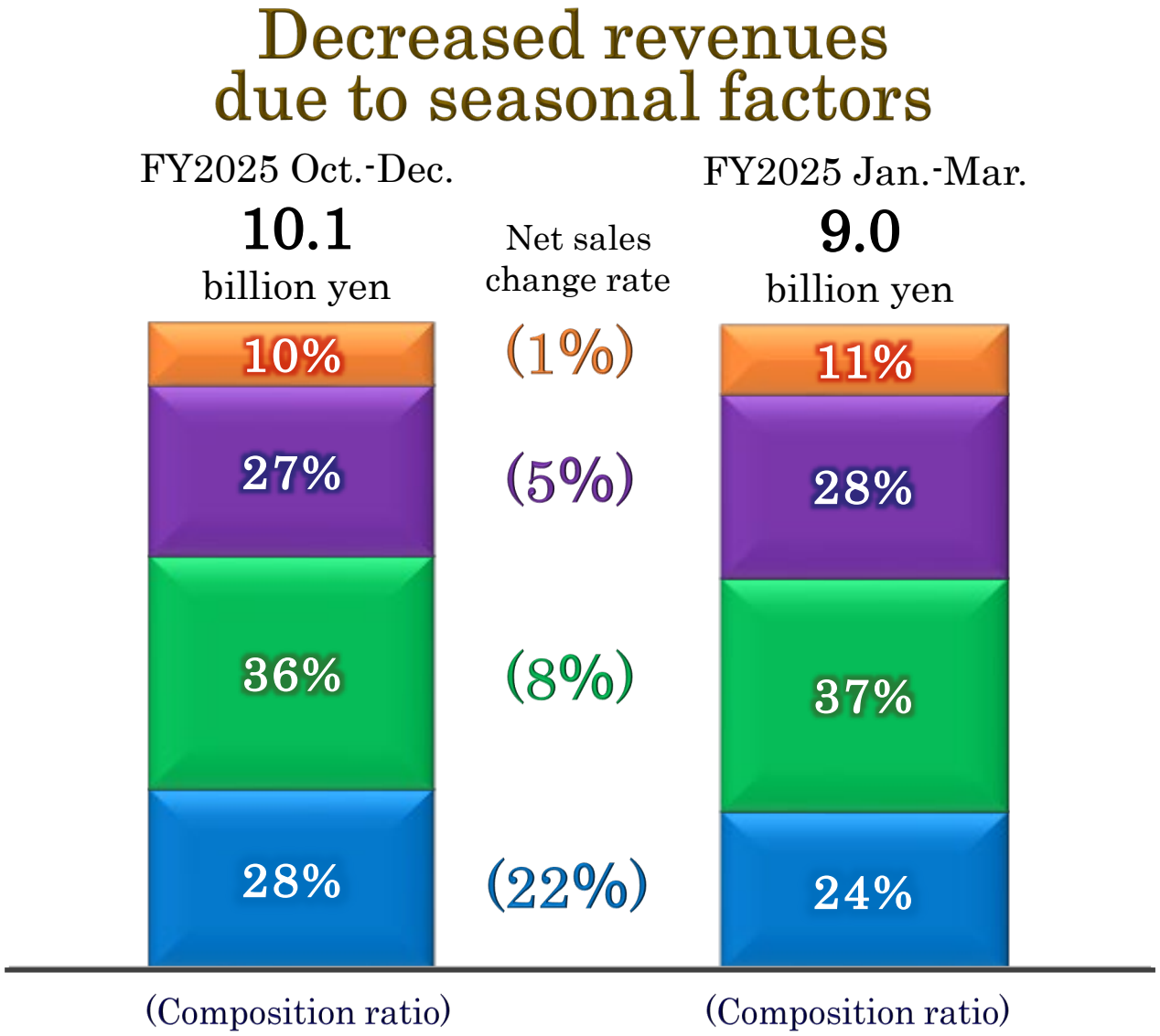
# Results in Q4 of FY2025 (QoQ Change)

**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.

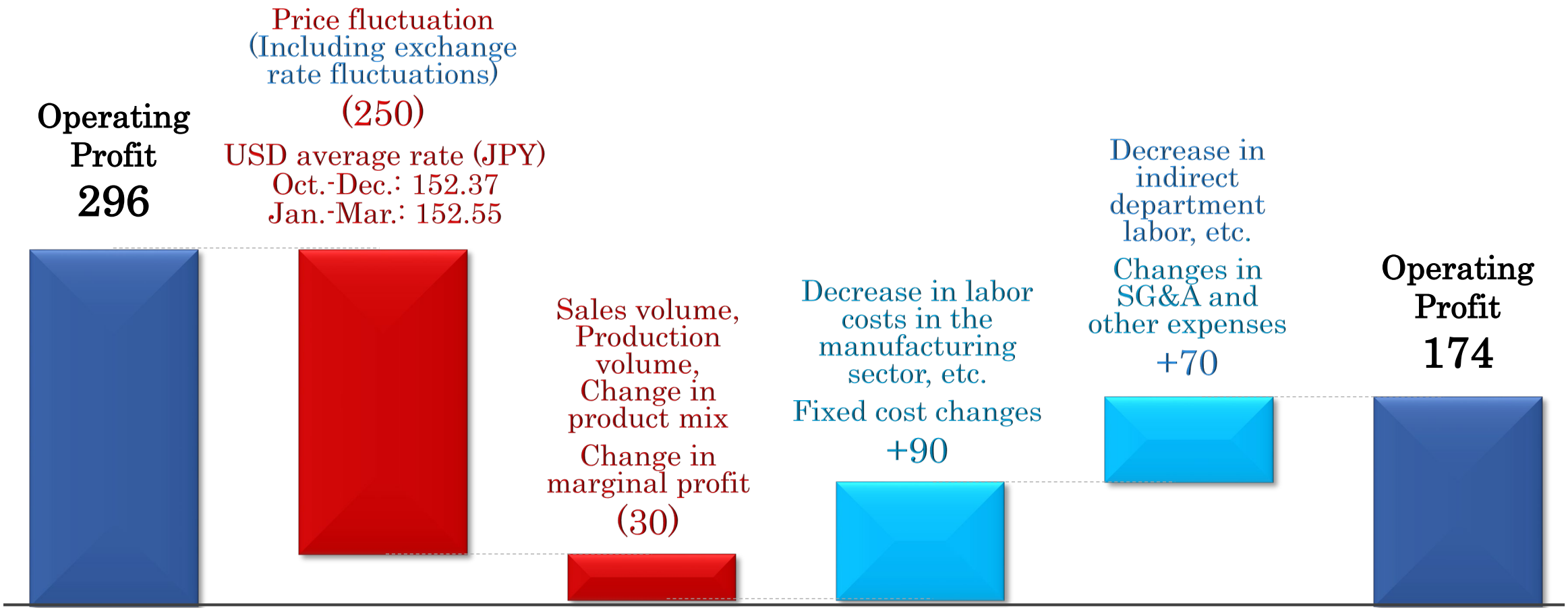
**TM**

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

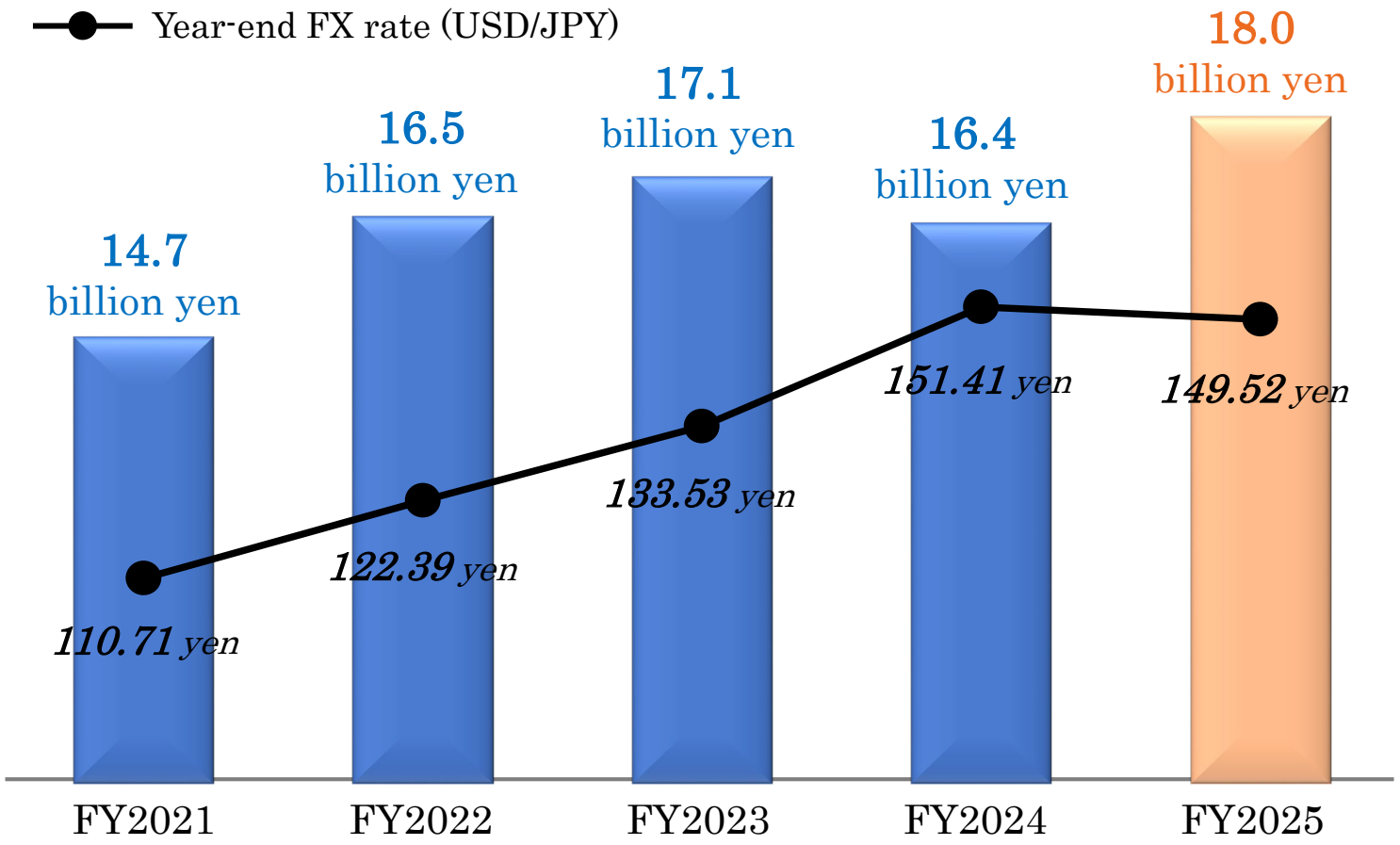
# Operating Profit Analysis (QoQ Change)

(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)

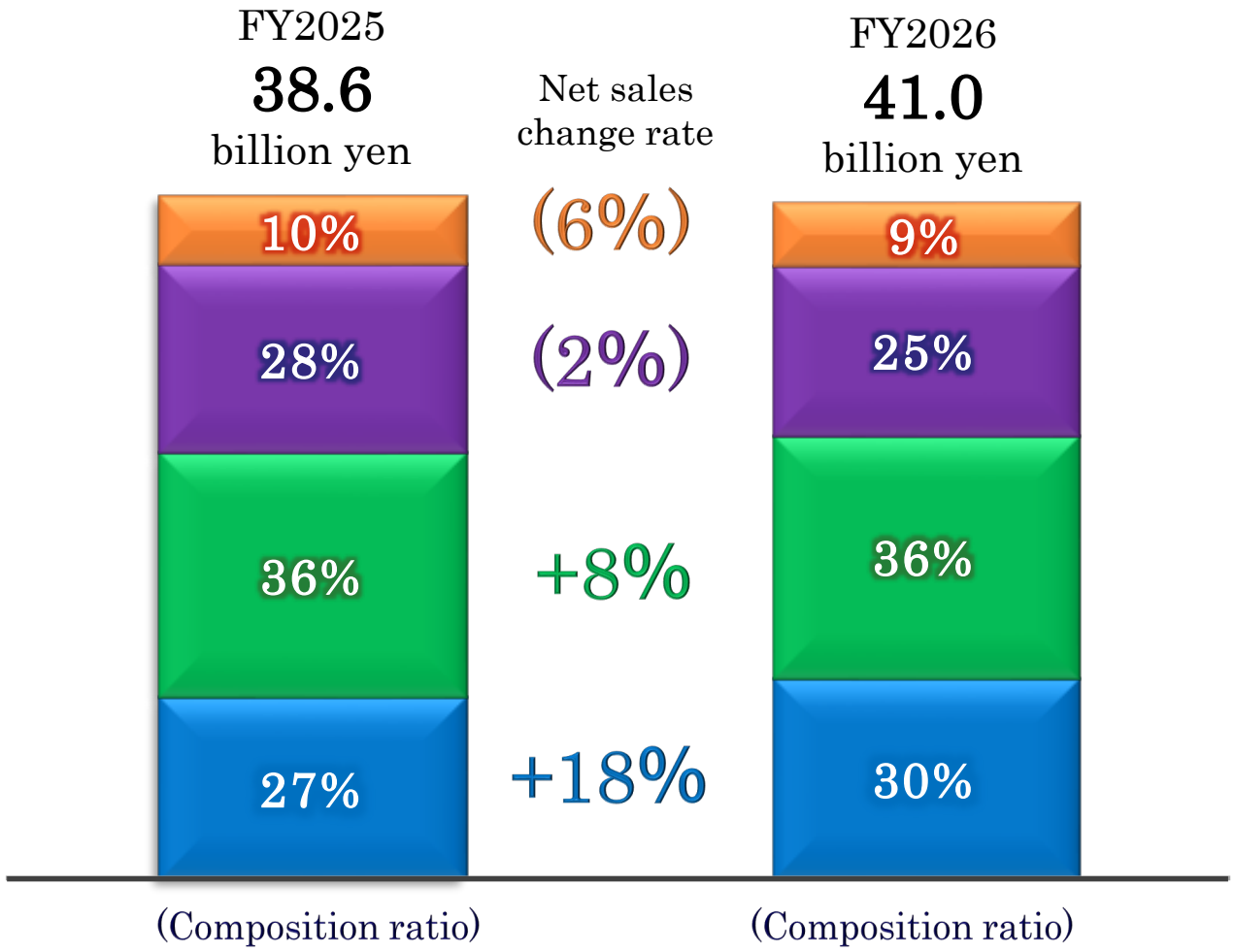
| | FY2025 | FY2026 | Increase/ Decrease | Rate of change |
|---|---|---|---|---|
| Net sales | 38,620 | 41,000 | 2,380 ↑ | 6.2% |
| Operating profit | 915 | 2,000 | 1,085 ↑ | 118.6% |
| Ordinary profit | 412 | 1,000 | 588 ↑ | 142.4% |
| Profit attributable to owners of parent | 285 | 500 | 215 ↑ | 75.1% |
| 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

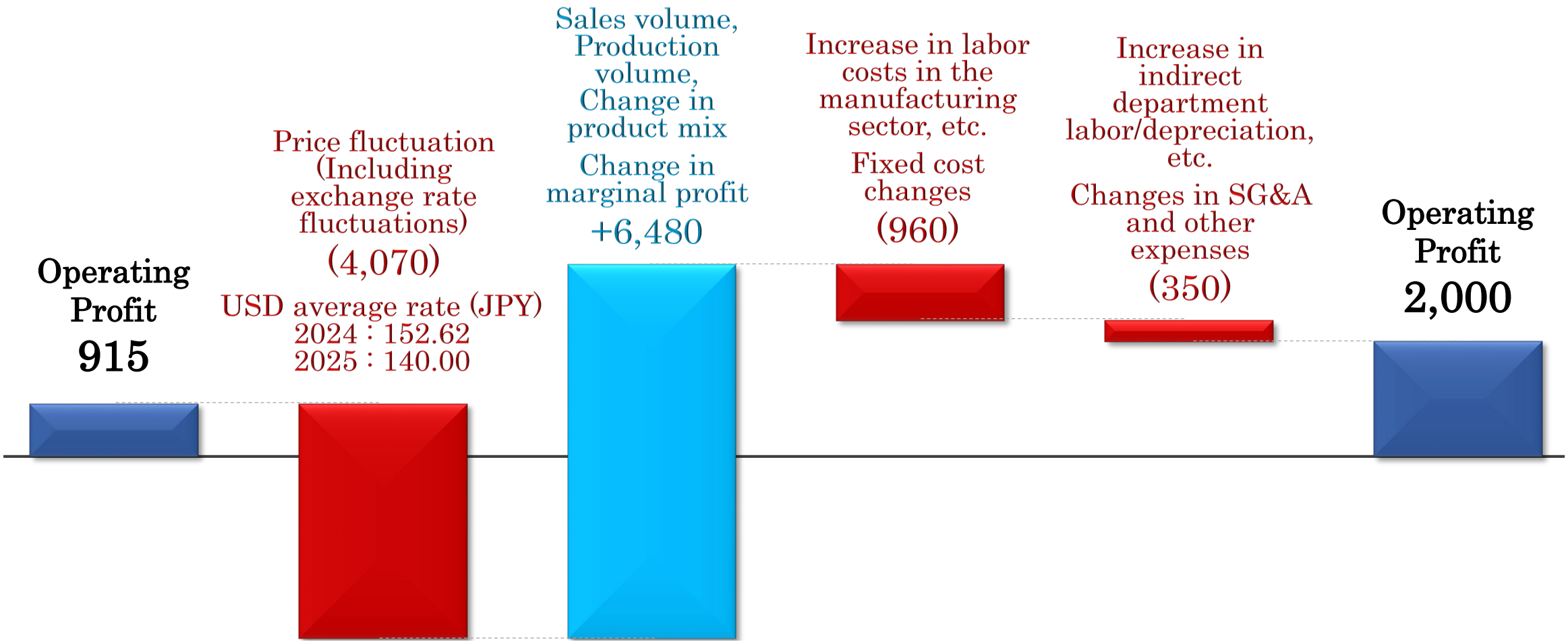
**TM**

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

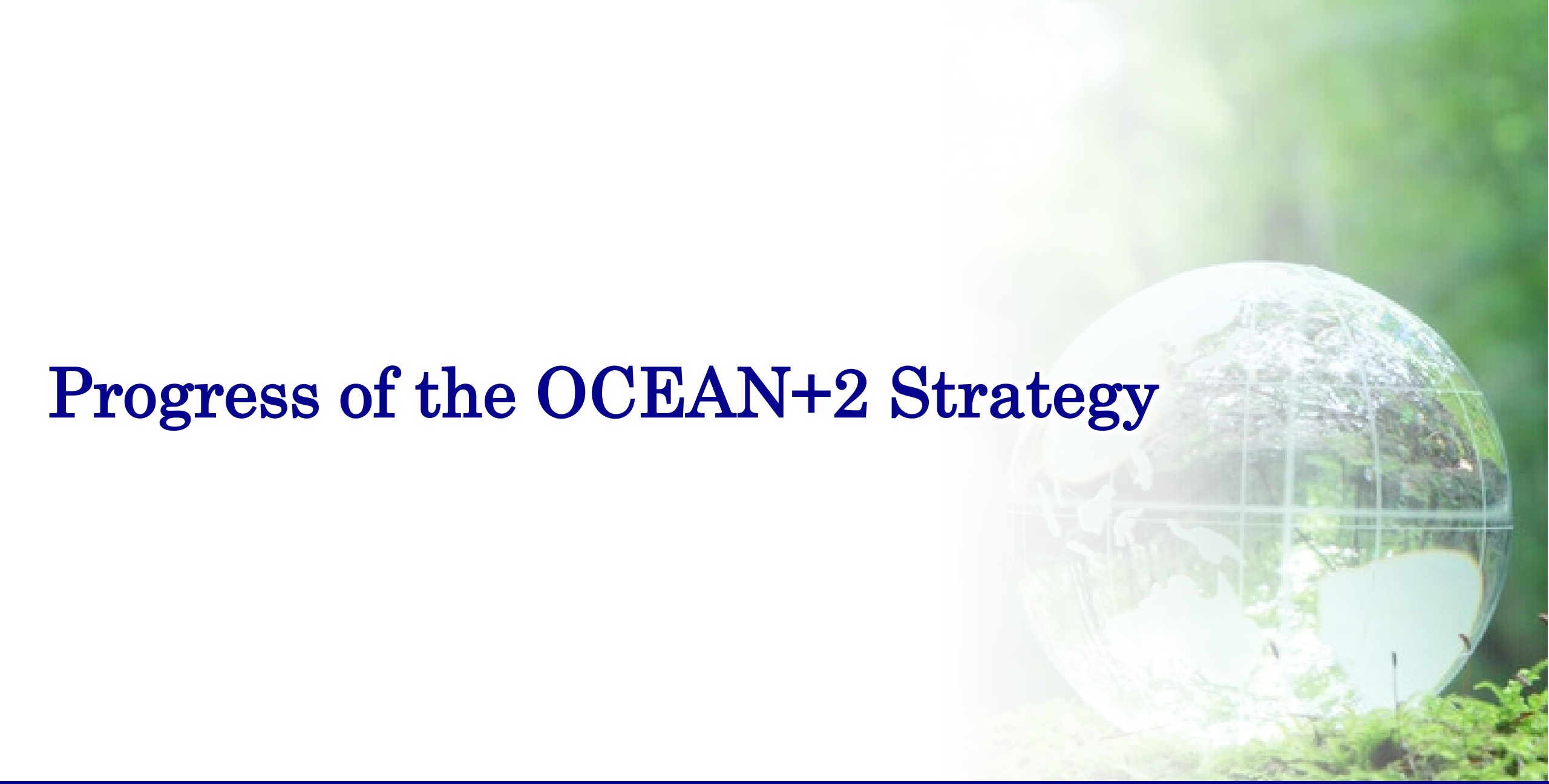
# Operating Profit Analysis (Full Year Forecast)

(Unit: million yen)

FY2025 → +1,085 → FY2026



# Progress of the OCEAN+2 Strategy





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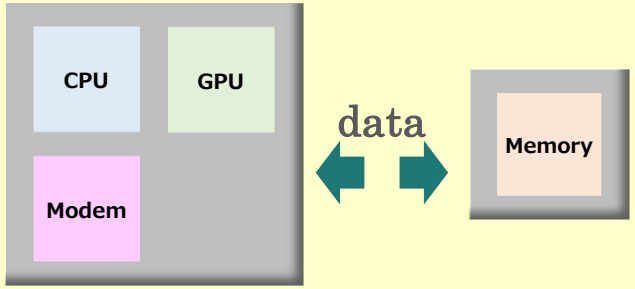
# Progress of the OCEAN+2 Strategy One : Single Supplier

## Changes in semiconductor structure
### — Advancement in chiplet technology

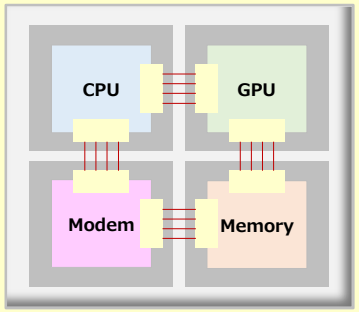
**Conventional: SoC design**

SoC = System on a Chip




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

**Chiplet technology**




- Enhancing functionality/ reducing power consumption of ICs

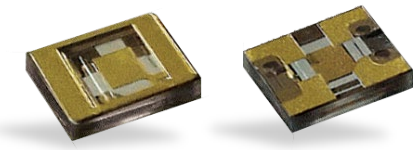
  Full-scale deployment: around 2027 (forecast)
  Usage: AI data centers, vehicles, mobile devices, etc.

## What we do

**Increasing opportunities for embedding passive components in packages**

### Optimal devices

Arkh.3G



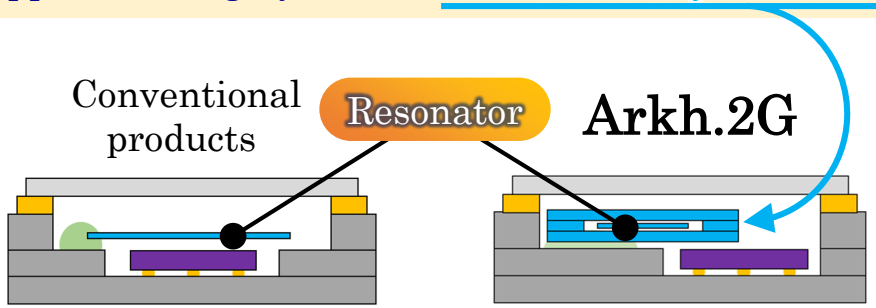
**Competitive advantages**
**▶ small, thin, and low-cost**

**Expectations for future advancement in chiplet technology**

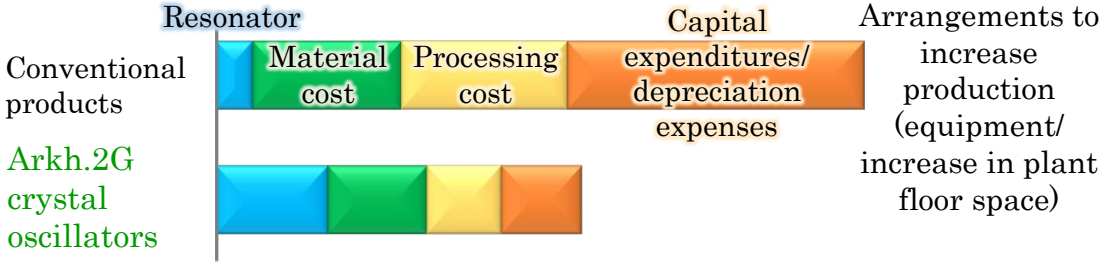
# Progress of the OCEAN+2 Strategy Cost : Challenge to Lower Cost Area

## Performance

Equipped with highly reliable Arkh series crystal resonators




## Cost competitiveness

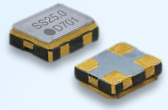



Cost competitiveness through the effects of equipment downsizing/production increase

## Arkh.2G line up

■Conventional products ■Arkh

### SPXO

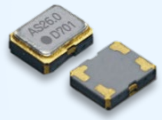


- ADAS
- Surveillance cameras

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

2027: Target: 30%

### TCXO



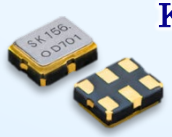
- GPS/GNSS (smartphone modules)
- Satellite communication

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%

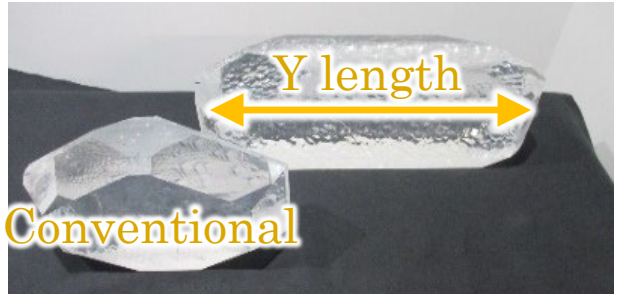
Target: 30%

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

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

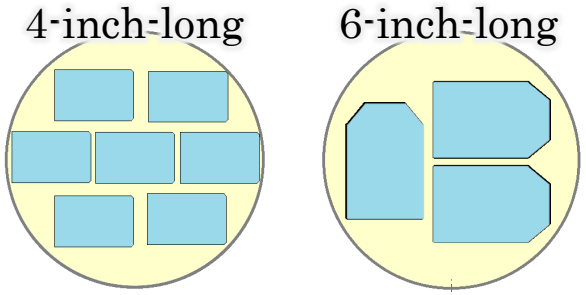
# Progress of the OCEAN+2 Strategy Element: The Size Increase of Synthetic Quartz Crystals

## 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**

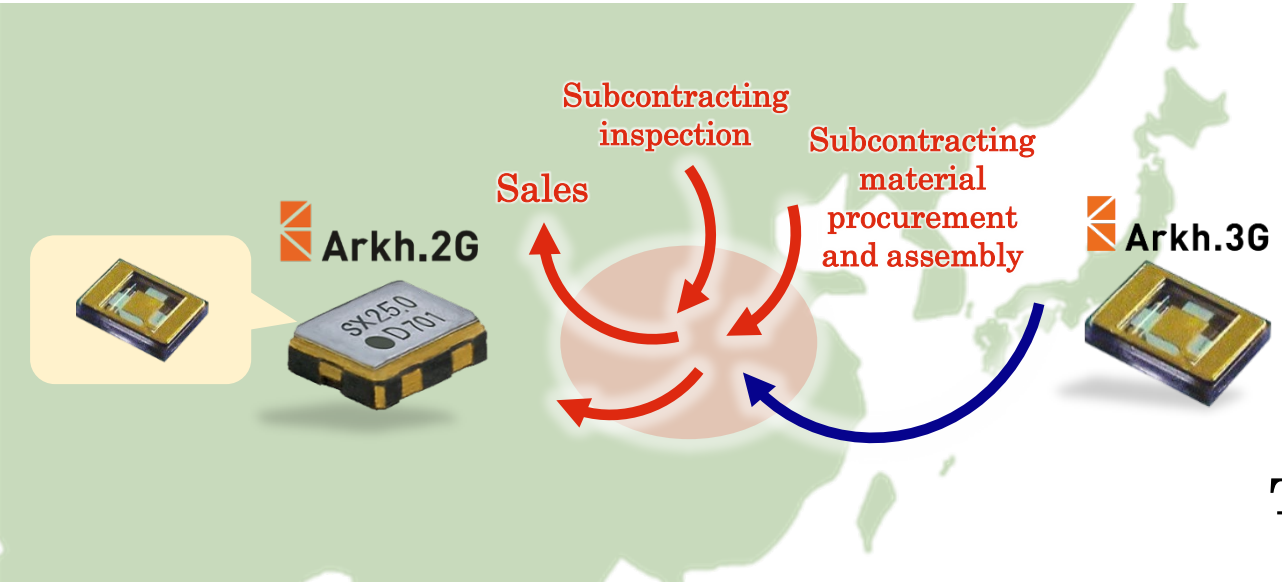
# Progress of the OCEAN+2 Strategy Alliance

| 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

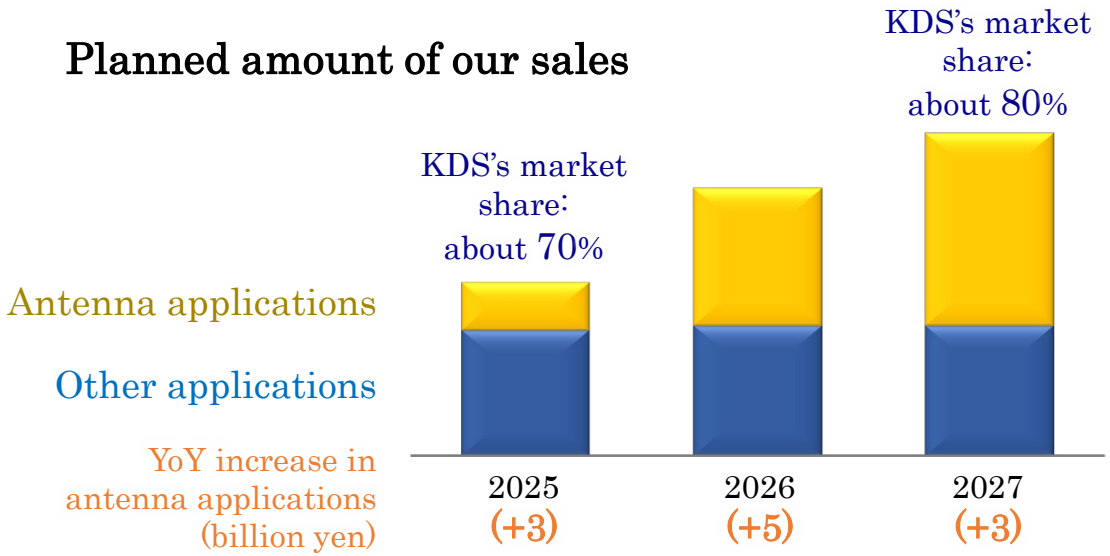
**Promoting alliances related to Arkh production**

# 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

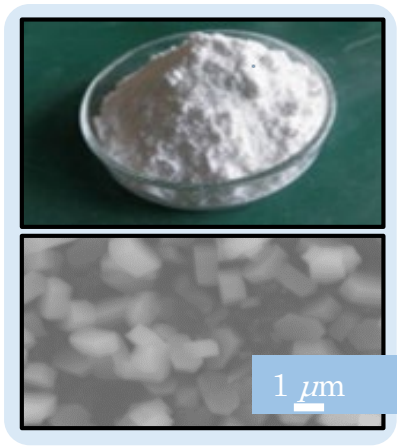



**Expectations for increased sales and profit**

## +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

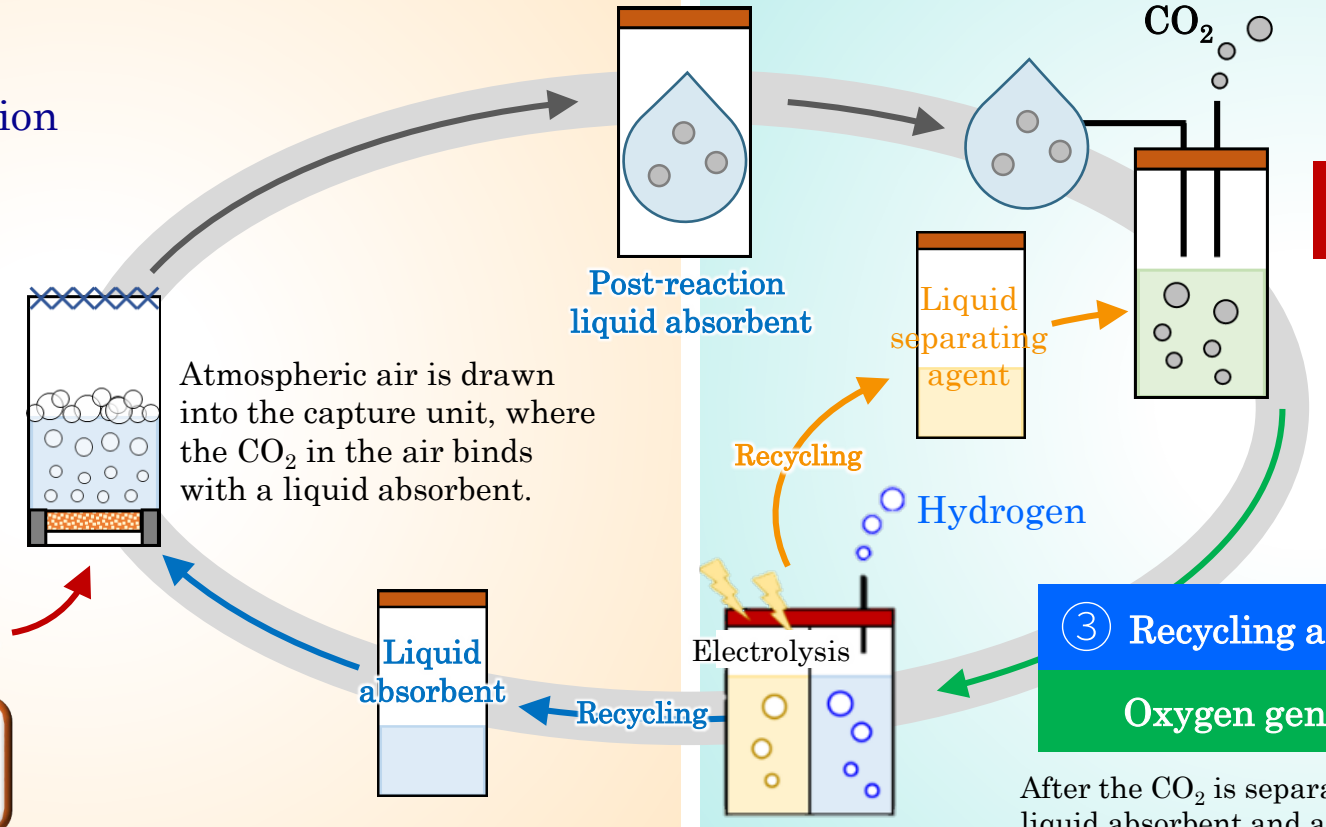
## KDS-DAC

### 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




**①$CO_2$ 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**

**②$CO_2$ 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**

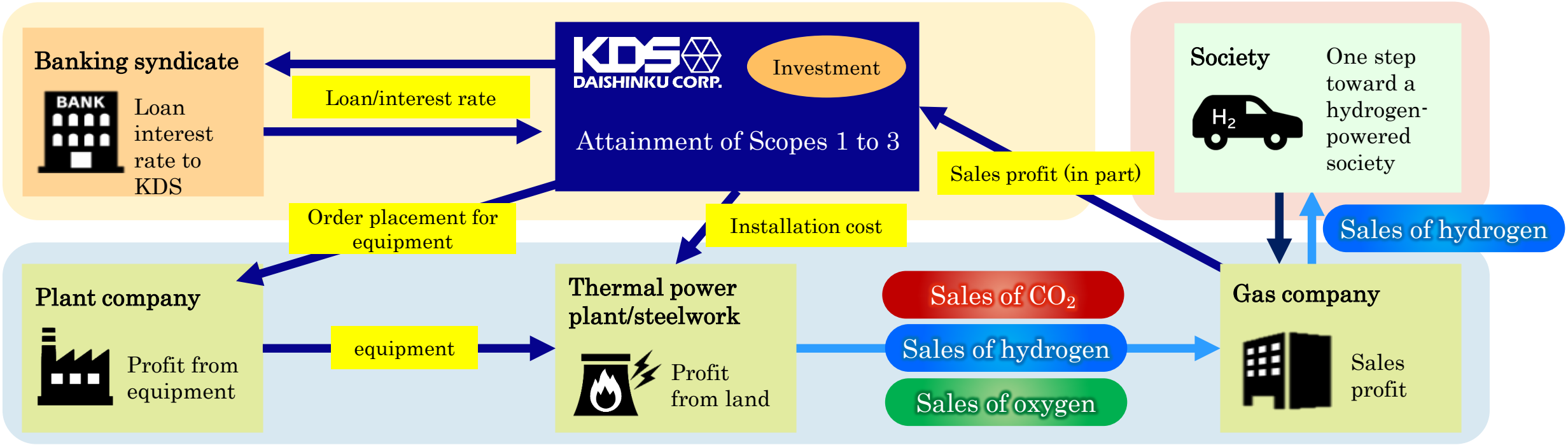
After the $CO_2$ is separated, the mixture is recycled back into a liquid absorbent and a liquid separating agent by electrolysis.

# 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) |



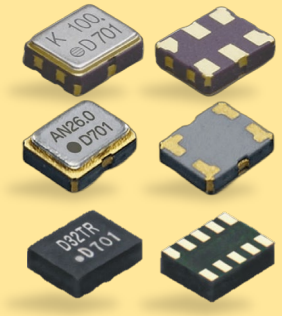

**Feasible as a business for each stakeholder**

# KDS's Business Domains

## Markets expected to expand


### Crystal oscillators

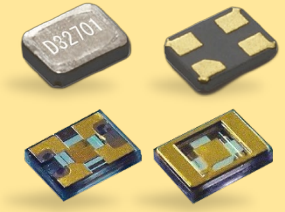
- SPXO
- TCXO
- Differential output crystal oscillators (Arkh.2G included above)
- RTC (time recording)



### Crystal resonators

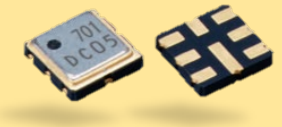
- High-frequency crystal resonators
- Arkh.3G crystal resonators

(Both are photolithography products.)



### Crystal filters

- LEO satellite communication antennas

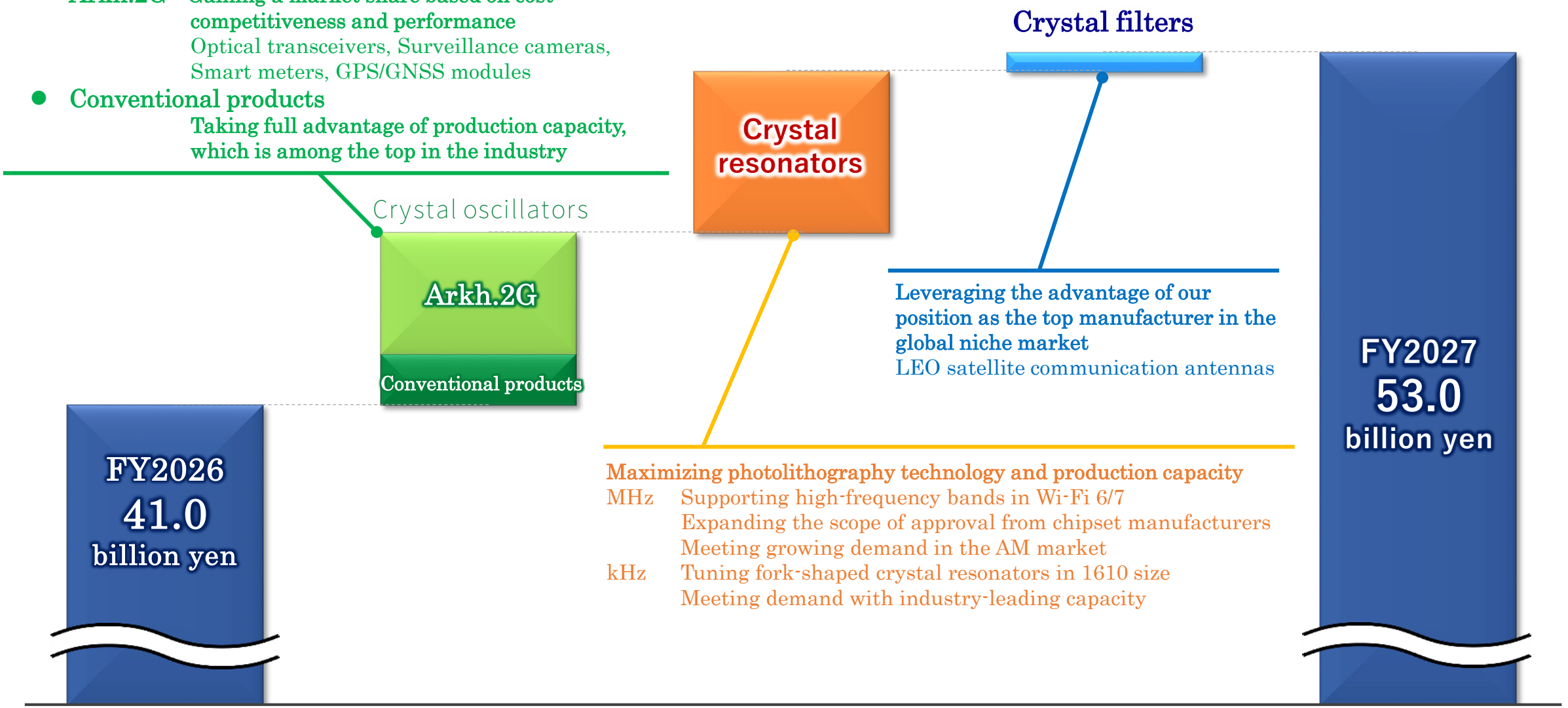


Bluetooth market where priority is placed on price

**[Non-business domains] Red Ocean**

# Breakdown of Sales Increase for FY2027

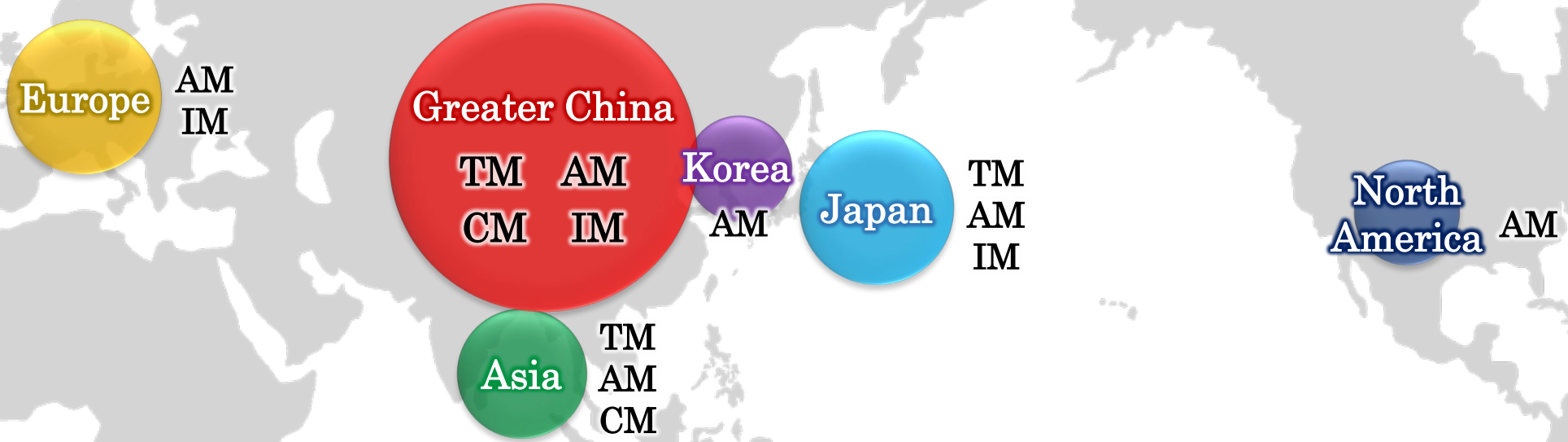
- **Arkh.2G** Gaining a market share based on cost competitiveness and performance
  Optical transceivers, Surveillance cameras, Smart meters, GPS/GNSS modules
- **Conventional products**
  Taking full advantage of production capacity, which is among the top in the industry



# 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.