

DAISHINKU CORP.

Summary of Financial Results for the First Quarter Ended June 30, 2024

Tokyo, August 5, 2024 - Daishinku Corp. today announced its consolidated financial results for the first quarter ended June 30, 2024.

1. Operating Results for the First Quarter ended June 30, 2024 (April 1, 2024 to June 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	%
Three months ended June 30, 2024	9,827	5.5	584	12.8	1,004	(4.5)	662	50.7
Three months ended June 30, 2023	9,318	(9.4)	518	(68.1)	1,052	(65.2)	439	(78.2)

Note: Comprehensive income Three months ended June 30, 2024 ; 2,176 Yen-million, Three months ended June 30, 2023 ; 1,751 Yen-million

	Net income per share	Net income per share after adjustment with potential shares
	Yen	Yen
Three months ended June 30, 2024	20.53	-
Three months ended June 30, 2023	13.62	-

(2) Consolidated financial status

	Total assets	Net assets	Stockholders' equity ratio
	Millions of Yen	Millions of Yen	%
Three months ended June 30, 2024	90,404	48,774	44.1
Year ended March 31, 2024	91,064	47,048	42.5

ref. Stockholders' equity : As of June 30, 2024 ; 39,893 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	-				
(Forecast)					
Year ending March 31, 2025		14.00	-	14.00	28.00

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

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 June 30, 2024 :	36,196,968 shares	As of March 31, 2024 :	36,196,968 shares
2. Number of treasury stock			
As of June 30, 2024 :	3,919,697 shares	As of March 31, 2024 :	3,919,393 shares
3. Average number of shares during the period			
April-June 2024 :	32,277,336 shares	April-June 2023 :	32,278,429 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 Quarter Ended June 30, 2024

In the global economy, during the first quarter of the current fiscal year (April 1, 2024 to June 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 9,827 million yen (up 5.5% year on year). With regard to profits, operating profit reached 584 million yen (up 12.8% year on year) due to the increase in sales. Although foreign exchange gains of 463 million yen were recorded in non-operating income, ordinary profit was 1,004 million yen (down 4.5% year on year) due to a decrease in foreign exchange gains from the previous year. In addition, a 322 million yen gain on sales of investment securities was recorded as an extraordinary income, resulting in profit attributable to owners of parent of 662 million yen (up 50.7% year on year).

Operating results by segment are as follows.

(Japan)

In Japan, net sales were 1,835 million yen, a decrease of 303 million yen, or down 14.2%, year on year mainly due to lower net sales in the industrial and consumer markets. Its segment profit was 319 million yen, an increase of 279 million yen, or up 692.1% year on year, mainly due to an increase in crystal oscillators and other high value-added products.

(North America)

In North America, net sales were 614 million yen, an increase of 51 million yen, or up 9.1% year on year, mainly due to higher net sales in the automotive and industrial markets. Its segment profit was 10 million yen, an increase of 1 million yen, or up 15.4% year on year.

(Europe)

In Europe, net sales were 1,013 million yen, an increase of 64 million yen, or up 6.8% year on year mainly due to higher net sales in the automotive market. Its segment profit was 12 million yen, a decrease of 5 million yen, or down 29.0% year on year mainly due to higher fixed costs resulting from increase in headcount.

(China)

In China, net sales were 3,074 million yen, an increase of 399 million yen, or up 14.9% year on year mainly due to higher net sales in the consumer and telecommunications markets. Its segment loss was 34 million yen, a decrease of 31 million yen, or down 927.0% year on year mainly due to lower operation.

(Taiwan)

In Taiwan, net sales were 2,627 million yen, an increase of 298 million yen, or up 12.8% year on year mainly due to higher net sales in the consumer and automotive markets. Its segment profit was 455 million yen, an increase of 434 million yen, or up 2061.3% year on year.

(Asia)

In Asia, net sales were 661 million yen, a decrease of 1 million yen, or down 0.3% year on year mainly due to lower net sales in the industrial market. Its segment profit was 29 million yen, a decrease of 16 million yen, or down 36.2% year on year.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: Thousands of yen)

	Year ended March 31, 2024	Three months ended June 30, 2024
Assets		
Current assets		
Cash and deposits	24,539,199	21,465,012
Notes and accounts receivable - trade, and contract assets	9,761,025	10,144,581
Securities	—	117,150
Merchandise and finished goods	5,168,581	5,077,325
Work in process	6,165,762	6,568,453
Raw materials and supplies	5,080,355	6,080,864
Other	1,661,378	1,657,818
Allowance for doubtful accounts	(13,835)	(12,504)
Total current assets	52,362,467	51,098,702
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,016,746	3,035,809
Machinery, equipment and vehicles, net	12,201,468	12,402,404
Tools, furniture and fixtures, net	1,345,884	1,352,789
Land	5,964,533	6,037,438
Leased assets, net	228,664	494,184
Construction in progress	8,830,349	8,977,213
Total property, plant and equipment	31,587,646	32,299,840
Intangible assets	1,236,891	1,178,331
Investments and other assets		
Investment securities	2,925,984	2,732,392
Long-term loans receivable	1,043	981
Retirement benefit asset	1,134,541	1,200,139
Deferred tax assets	637,335	741,405
Other	1,206,512	1,180,250
Allowance for doubtful accounts	(27,800)	(27,800)
Total investments and other assets	5,877,617	5,827,368
Total non-current assets	38,702,155	39,305,540
Total assets	91,064,623	90,404,243

(Unit: Thousands of yen)

	Year ended March 31, 2024	Three months ended June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,617,382	3,280,463
Short-term borrowings	2,376,990	2,108,934
Current portion of long-term borrowings	11,629,640	10,311,596
Lease liabilities	140,194	186,873
Accounts payable - other	1,684,180	1,418,608
Income taxes payable	479,574	525,297
Contract liabilities	79	—
Provision for bonuses	713,786	381,933
Other	1,070,130	1,362,852
Total current liabilities	20,711,960	19,576,560
Non-current liabilities		
Long-term borrowings	19,776,032	17,923,807
Lease liabilities	91,911	310,350
Deferred tax liabilities	1,939,636	2,263,226
Retirement benefit liability	1,224,331	1,277,439
Long-term accounts payable - other	65,912	63,339
Asset retirement obligations	28,304	28,424
Other	178,218	186,259
Total non-current liabilities	23,304,347	22,052,846
Total liabilities	44,016,308	41,629,407
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	7,683,787
Treasury shares	(1,930,424)	(1,930,653)
Total shareholders' equity	32,060,143	32,270,382
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,257,965	1,200,477
Foreign currency translation adjustment	4,916,324	5,967,753
Remeasurements of defined benefit plans	474,136	455,220
Total accumulated other comprehensive income	6,648,425	7,623,451
Non-controlling interests	8,339,745	8,881,001
Total net assets	47,048,314	48,774,835
Total liabilities and net assets	91,064,623	90,404,243

(2) Consolidated Statements of Income

(Unit: Thousands of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	9,318,901	9,827,276
Cost of sales	7,050,577	7,257,845
Gross profit	2,268,323	2,569,430
Selling, general and administrative expenses	1,750,168	1,985,029
Operating profit	518,155	584,401
Non-operating income		
Interest income	40,804	57,654
Dividend income	67,168	37,454
Foreign exchange gains	652,439	463,522
Other	48,826	42,855
Total non-operating income	809,238	601,487
Non-operating expenses		
Interest expenses	71,705	75,518
Compensation expenses	—	39,078
Cancellation Penalty	164,000	—
Other	39,679	66,391
Total non-operating expenses	275,385	180,988
Ordinary profit	1,052,008	1,004,900
Extraordinary income		
Gain on sale of non-current assets	10	2,780
Gain on sale of investment securities	—	322,588
Total extraordinary income	10	325,368
Extraordinary losses		
Loss on sale of non-current assets	—	2,395
Loss on retirement of non-current assets	631	0
Impairment losses	38,062	—
Total extraordinary losses	38,693	2,395
Profit before income taxes	1,013,325	1,327,873
Income taxes - current	47,463	202,713
Income taxes - deferred	438,304	161,703
Total income taxes	485,767	364,417
Profit	527,557	963,456
Profit attributable to non-controlling interests	88,005	300,962
Profit attributable to owners of parent	439,551	662,493

(3) Consolidated statement of comprehensive income

(Unit: Thousands of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	527,557	963,456
Other comprehensive income		
Valuation difference on available-for-sale securities	203,839	(229,801)
Foreign currency translation adjustment	1,214,523	1,461,581
Remeasurements of defined benefit plans, net of tax	(194,221)	(18,318)
Total other comprehensive income	1,224,141	1,213,460
Comprehensive income	1,751,698	2,176,917
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,308,989	1,637,519
Comprehensive income attributable to non-controlling interests	442,709	539,397

Segment Information

1. Information on the amount of net sales, profit or loss and disaggregation of revenue by reportable segments The first quarter ended June 30, 2023 (April 1, 2023 to June 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	2,138,760	563,422	949,140	2,675,531	2,328,873	663,173	9,318,901	—	9,318,901
Intersegment sales or transfers	4,752,733	12,116	694	872,408	672,612	1,783,047	8,093,612	(8,093,612)	—
Total	6,891,494	575,538	949,834	3,547,940	3,001,485	2,446,220	17,412,514	(8,093,612)	9,318,901
Segment profit (loss)	40,328	8,980	17,876	(3,346)	21,059	45,750	130,648	387,506	518,155

Note1: The adjustment in segment profit (loss) of 387,506 thousand yen includes intersegment transactions eliminations of 2,925 thousand yen and other adjustments of 384,580 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 quarter ended June 30, 2024 (April 1, 2024 to June 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	1,835,489	614,885	1,013,620	3,074,920	2,627,127	661,232	9,827,276	—	9,827,276
Intersegment sales or transfers	5,535,920	16,491	—	972,808	845,237	1,783,727	9,154,184	(9,154,184)	—
Total	7,371,410	631,376	1,013,620	4,047,729	3,472,364	2,444,959	18,981,461	(9,154,184)	9,827,276
Segment profit (loss)	319,437	10,363	12,685	(34,369)	455,155	29,186	792,460	(208,058)	584,401

Note1: The adjustment in segment profit (loss) of (208,058) thousand yen includes intersegment transactions eliminations of 2,725 thousand yen and other adjustments of (210,784) 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