


Results of Operations for the Fiscal Year Ended March 31, 2022 (Fiscal 2022)



May 23, 2022

DAIKEN CORPORATION

(Security code:7905)

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Fiscal 2022

Financial Results

Fiscal 2022 Market Environment

Domestic home market

◆ Demand for products for the new home and renovation markets remained strong, although the environment continued to be challenging due in part to the rising raw material prices. The primary factor for the robust demand was an increase in consumer needs for more comfortable living environments, given more time spent at home due to recommendations to stay at home and the ubiquitization of telecommuting under the COVID-19 pandemic.

A greater-than-expected increase in orders received because of this strong demand was combined with delays in the arrival of raw materials attributed to the global disruption of sea transportation, affecting the supply of some products in the Building Materials Business.

(Unit: 10,000)	January to December						April to March					
	2019	YoY change	2020	YoY change	2021	YoY change	2019	YoY change	2020	YoY change	2021	YoY change
Housing starts (total)	90.5	-4.0%	81.5	-9.9%	85.6	+5.0%	88.4	-7.3%	81.2	-8.1%	86.6	+6.6%
Owner-built homes	28.9	+1.9%	26.1	-9.6%	28.6	+9.4%	28.3	-1.5%	26.3	-7.1%	28.1	+6.9%
Rental properties	34.2	-13.7%	30.7	-10.4%	32.1	+4.8%	33.5	-14.2%	30.3	-9.4%	33.1	+9.2%
Built-for sale homes	14.8	+3.6%	13.1	-11.4%	14.1	+7.9%	14.6	+0.9%	12.9	-11.5%	14.4	+11.4%

Public and commercial buildings (non-housing sector)

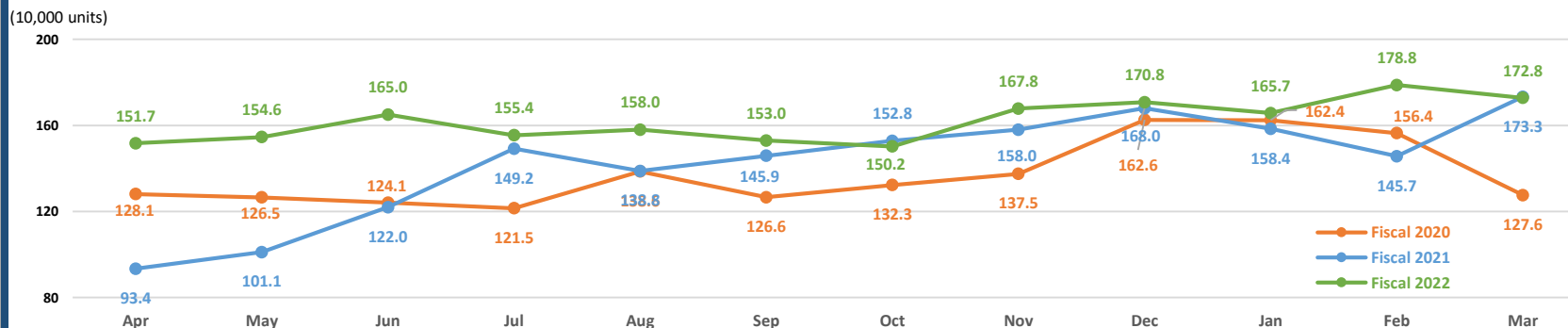
◆ A decrease in commercial building and hotel construction due to foreign tourists being shut out of the market and the recommendations that people stay at home had a prolonged impact. Demand for construction slowed temporarily, mainly in the Tokyo metropolitan area, because the Tokyo Olympics and Paralympics were held during the year.

MDF market

◆ While the impact of increases in various costs remained, as in the domestic market, inquiries rose with growth in demand for products used for furniture and building materials in overseas markets, aided by economic recovery, particularly in the U.S., and demand for substitutes for tropical plywood rose due to short supply.

U.S. home market

◆ Housing starts remained strong. The market prices of wood material products that affect the selling price of LVL, a structural material for housing, remained high.



Fiscal 2022 Financial Results

Net sales

Net sales increased thanks to an increase in sales of MDF and LVL in the global markets combined with the effect of the weaker yen, which more than offset a decrease caused by the sale of a domestic MDF sales subsidiary at the end of the previous fiscal year and delivery delays and limitations on the acceptance of orders for certain products in the Building Materials Business that were generated in 4Q.

(* There was an increase of 16.5% when excluding the impact of the sale of the domestic MDF sales subsidiary.)

Operating profit

Operating profit increased as the selling price of LVL remained at a high level in the U.S., which combined with the effects of sales growth. In response to the rising costs of raw materials and other goods, measures including streamlining, cost cutting, and the transfer of additional costs to selling prices were taken.

Comparison with the forecast published in the 3Q

Both net sales and operating profit exceeded the full-year forecasts that were revised upward on February 10, reflecting the selling price of LVL in the U.S., which remained higher than expected, as well as the effect of the weaker yen.

Both net sales and earnings hit record highs.

(Unit: million yen)	Fiscal 2020 (Result)	Fiscal 2021 (Result)	Fiscal 2022 (Result)	YoY change		Fiscal 2022 (Forecast on Feb. 10)	Vs. results
				Amount	%		
Net sales	202,481	199,210	Record high 223,377	+24,167	* +12.1%	220,000	+3,377
Operating profit	8,384	8,779	Record high 17,361	+8,582	+97.8%	16,000	+1,361
Operating profit ratio	4.1%	4.4%	7.8%	+3.4pt	-	7.3%	+0.5pt
Ordinary profit	9,108	9,935	Record high 18,725	+8,790	+88.5%	17,200	+1,525
Profit attributable to owners of parent	5,447	5,620	Record high 7,872	+2,252	+40.1%	8,300	-428
Earning per share (yen)	209.32	215.83	302.18	+86.35	-	318.56	-16.38
Dividend per share (yen)	70	70	100	+30	-	100	±0
Dividend payout ratio	33.4%	32.4%	33.1%	+0.7pt	-	31.4%	+ 1.7pt
ROE (%)	9.5%	9.1%	10.9%	+1.8pt	-	-	-

Fiscal 2022 Business Segment Results

Industrial Materials Business

Sales increased due to growth in overseas sales of MDF, sales of LVL in the U.S. home market, and sales of tatami materials for domestic new home and renovation markets, which more than offset a decrease that resulted from the sale of a domestic MDF sales subsidiary at the end of the previous fiscal year. Operating profit increased as a result of streamlining and cost cutting in response to an increase in the cost of raw materials and other goods, the transfer of additional costs to selling prices, the consistently high selling price of LVL in the U.S., and efforts to expand sales of high value-added products, in addition to the effects of sales growth. (*Sales increased 36.9% excluding the impact of the sale of the domestic MDF sales subsidiary.)

Building Materials Business

Sales increased thanks to the growth in sales that continued until 3Q, which more than offset the impact of a decline in sales attributed to the delivery delays and limitations on the acceptance of orders in 4Q. Operating profit decreased because an increase in the cost of raw materials and other goods could not be absorbed through streamlining, cost cutting, and the transfer of additional costs to selling prices, partly reflecting the impact of the sales decline in 4Q.

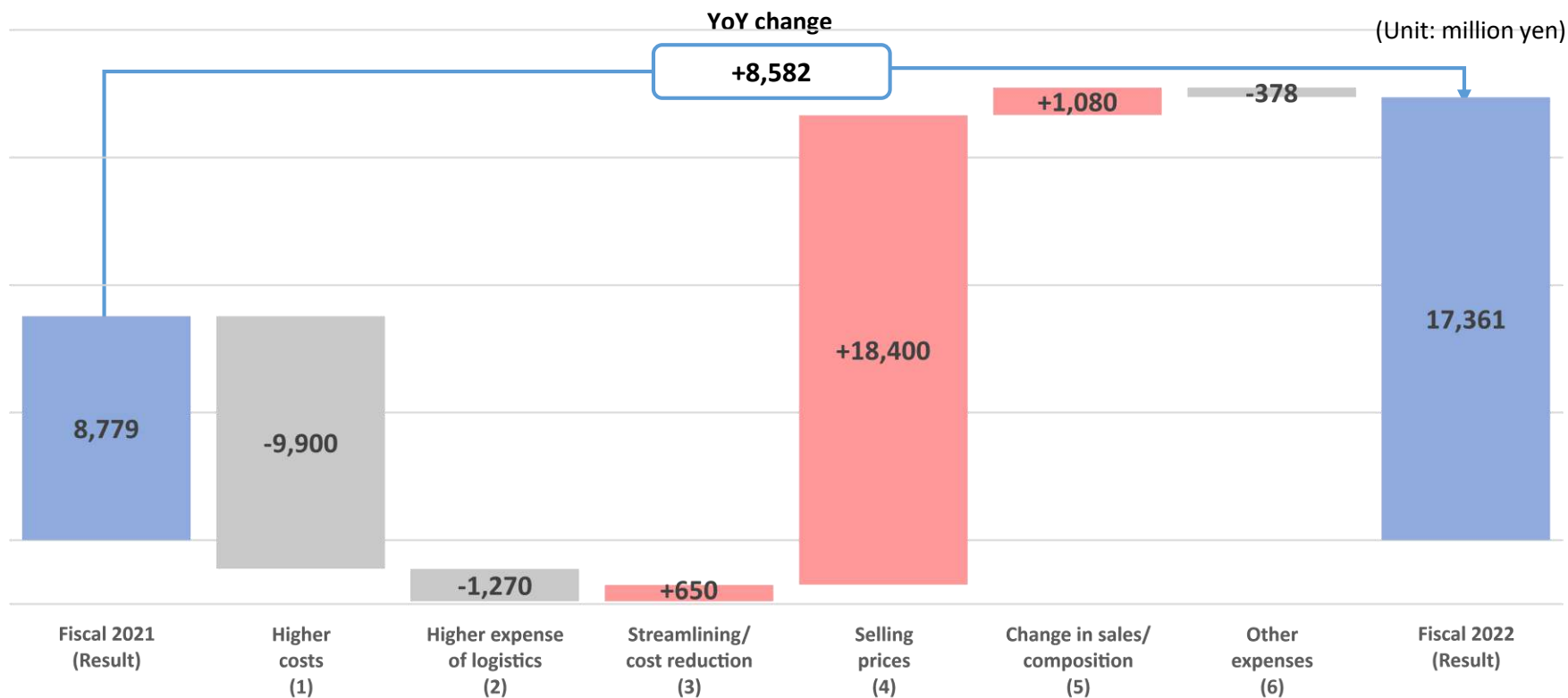
Engineering Business

Operating profit increased as profitability improved due in part to the strong results of condominium renovation work in the Tokyo metropolitan area, which more than offset the decline in sales attributed mainly to a decrease in interior projects for office buildings and other properties.

(Unit: million yen)	Fiscal 2020 (Result)		Fiscal 2021 (Result)		Fiscal 2022 (Result)					
	Net sales	Operating profit	Net sales	Operating profit	Net sales	YoY change		Operating profit	YoY change	
						Amount	%		Amount	%
Industrial Materials Business	76,589	2,503	80,692	3,732	100,177	+19,484	* +24.1%	12,958	+9,225	+247.2%
Building Materials Business	94,938	4,955	88,697	4,076	91,907	+3,210	+3.6%	2,680	-1,396	-34.3%
Engineering Business	21,713	613	20,542	508	20,264	-278	-1.4%	952	+444	+87.5%
Others	9,240	312	9,277	461	11,028	+1,751	+18.9%	770	+309	+67.0%
Total	202,481	8,384	199,210	8,779	223,377	+24,167	+12.1%	17,361	+8,582	+97.8%

Fiscal 2022 Changes in Operating Profit

- (1) Higher costs: Increase in the cost of wood raw materials, adhesives, and other petrochemical products and energy
- (2) Higher expense of logistics: Increase in the cost of sea shipping attributable to the global disruption of sea transportation
- (3) Streamlining/cost reduction: Facilitation of a shift to in-house production, reexamination of all categories of items to be purchased, etc.
- (4) Selling prices: Reflected in the U.S., where market prices of wood-material products remain high Increased costs for raw materials and sea shipping that cannot be absorbed internally will be reflected in selling prices
- (5) Change in sales/composition: The effect of sales growth due to a recovery from the COVID-19 pandemic, etc. Impact of a decline in earnings in 4Q, attributable to delivery delays and limitations on the acceptance of orders
- (6) Other expenses: Increase in expenses due to resumption of activities in comparison to the previous fiscal year



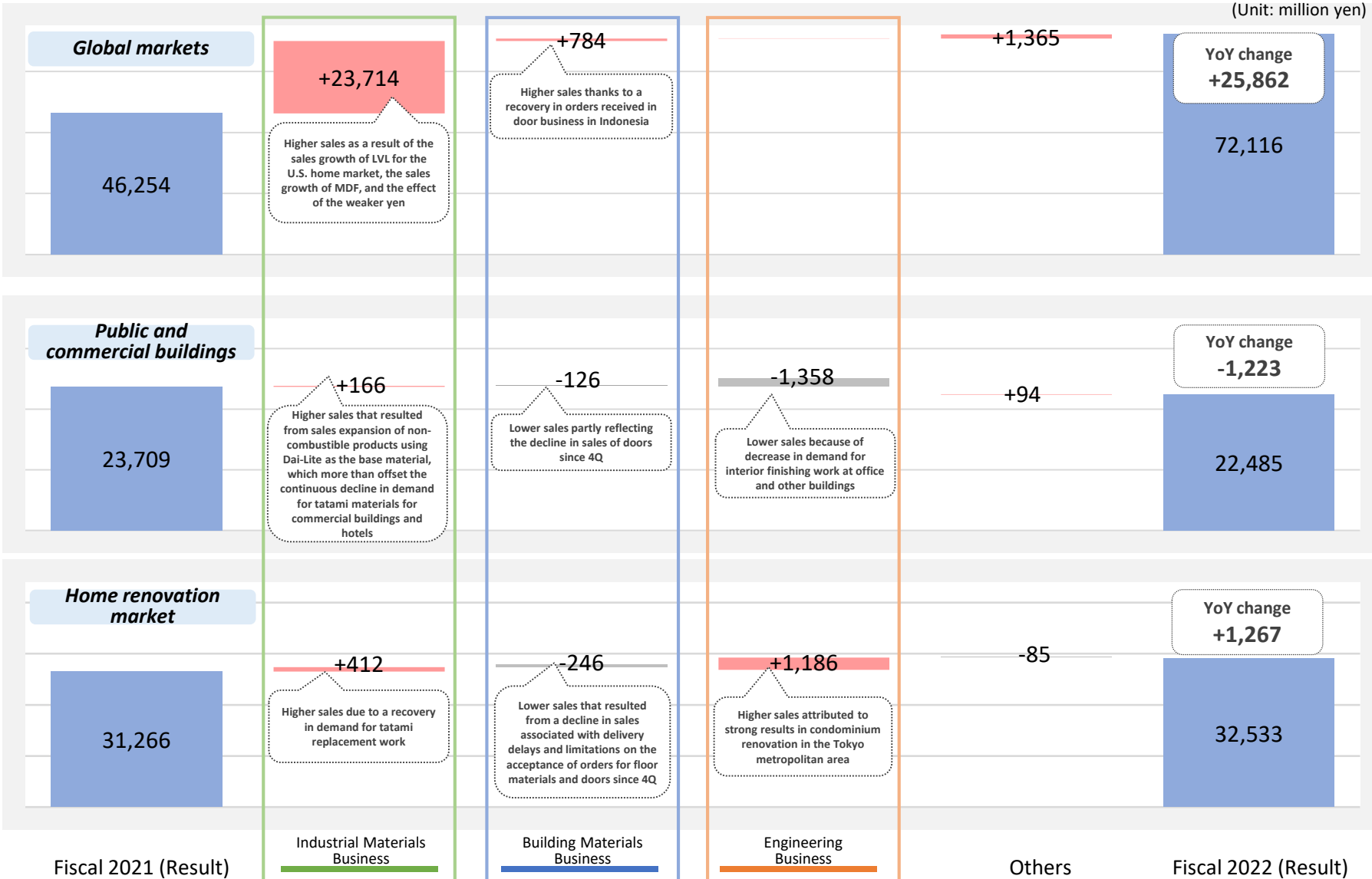
Fiscal 2022 Market Category Sales

(Unit: million yen) Upper: sales Lower: composition	Fiscal 2020 (Result)	Fiscal 2021 (Result)	Fiscal 2022 (Result)	YoY change	
				Amount	%
Global markets	36,516	46,254	72,116	+25,862	+55.9%
	18.0%	23.2%	32.3%	+9.1pt	-
Public and commercial buildings	26,292	23,709	22,485	-1,223	-5.2%
	13.0%	11.9%	10.1%	-1.8pt	-
Industrial materials	28,483	24,622	19,985	-4,636	-18.8% *
	14.1%	12.4%	8.9%	-3.4pt	-
Home renovation market	31,777	31,266	32,533	+1,267	+4.1%
	15.7%	15.7%	14.6%	-1.1pt	-
Domestic new home market	78,630	73,008	75,667	+2,659	+3.6%
	38.8%	36.6%	33.9%	-2.8pt	-
Others	783	351	588	+237	+67.7%
	0.4%	0.2%	0.3%	+0.1pt	-
Domestic market	165,965	152,956	151,261	-1,695	-1.1%
	82.0%	76.8%	67.7%	-9.1pt	-
Total	202,481	199,210	223,377	+24,167	+12.1%
	100.0%	100.0%	100.0%	-	-

* +16.7% excluding the impact of the sale of a domestic MDF sales subsidiary

Fiscal 2022 Business Segment Performance in Three Priority Markets

(Unit: million yen)



Previous Medium-Term Management Plan GP25 2nd Stage Review

Review of the Previous Medium-Term Management Plan GP25 2nd Stage (1)

Medium-Term Management Plan **GP25 2nd Stage** (Fiscal 2020 to 2022)

Accelerate growth to become an all-embracing company for building materials

Basic policy

Based on firm basis for business management, pursue the resolution of social issues through our business, thereby accelerating growth strategies toward becoming an all-embracing company for building materials.

I. Accelerating growth strategies

Domestic: Review of the business (market) portfolio

Global: Business expansion through proactive investments and entry into new markets

II. Enhancement of the management foundation

1 Optimize our financial foundation

2 Restructure firm and flexible business infrastructure

3 Practice of ESG management

Business targets and results

I. Accelerating growth strategies

(Unit: billion yen)

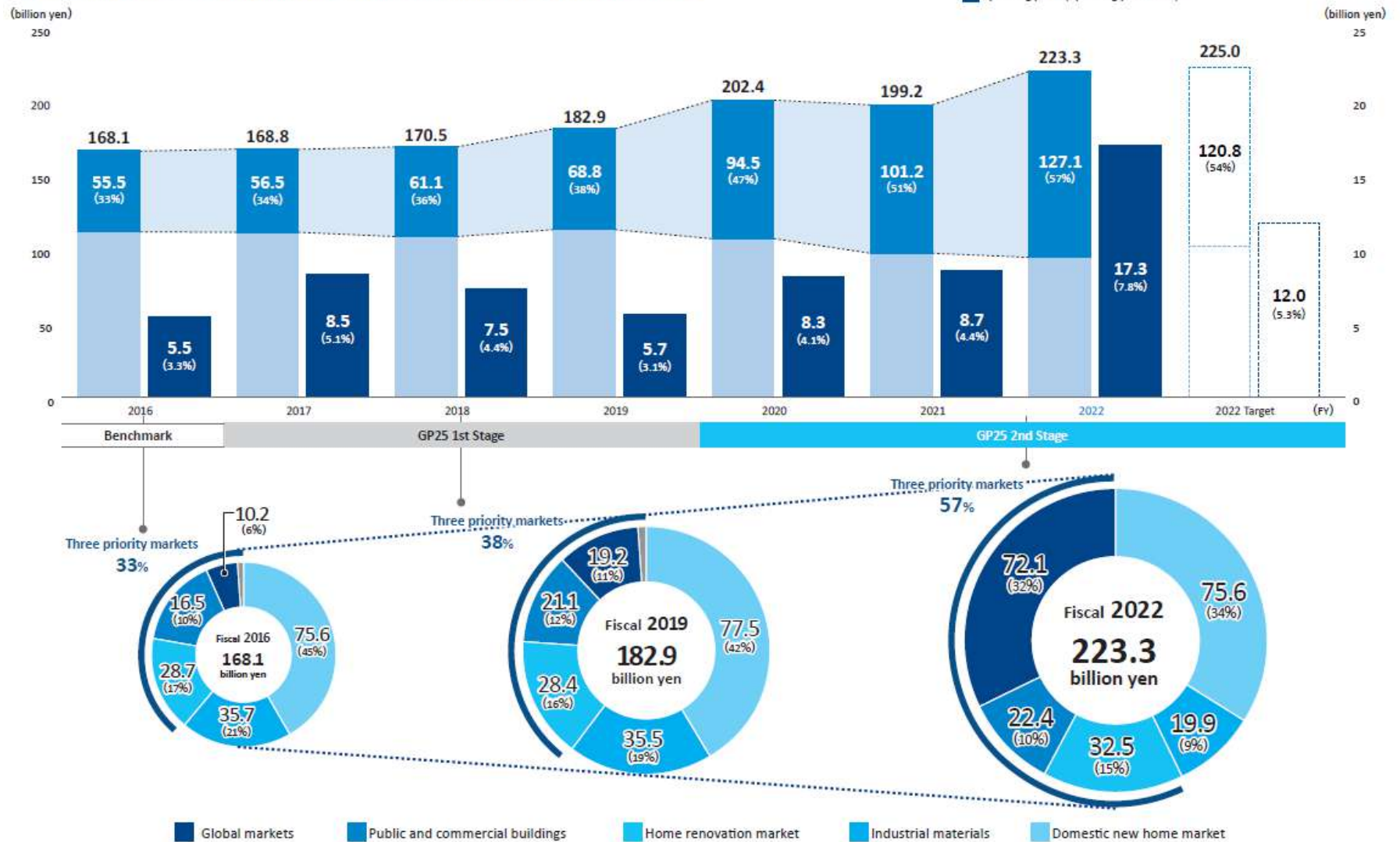
	GP25 1st Stage Fiscal 2019 Result	GP25 2nd Stage Fiscal 2022 Result	Amount	GP25 2nd Stage Fiscal 2022 Target	Difference from the target
Net sales	182.9	223.3	+40.4	225.0	-1.6
Operating profit	5.7	17.3	+11.6	12.0	Achieved +5.3
Operating profit ratio	3.1%	7.8%	+4.6pt	5.3%	Achieved +2.4pt
Profit attributable to owners of parent	4.4	7.8	+3.4	7.0	Achieved +0.8

II. Enhancement of the management foundation

Efficiency	ROE	7.8%	10.9%	+ 3.1pt	10%	Achieved +0.9pt
	ROA	4.5%	10.5%	+ 6.0pt	7%	Achieved +3.5pt
Soundness	Shareholders' equity ratio	36.8%	41.7%	+ 4.9pt	40%	Achieved +1.7pt
Shareholder Returns	Payout Ratio	42.4%	33.1%	-9.3pt	at least 30%	Achieved +3.1pt

Review of the Previous Medium-Term Management Plan GP25 2nd Stage (2)

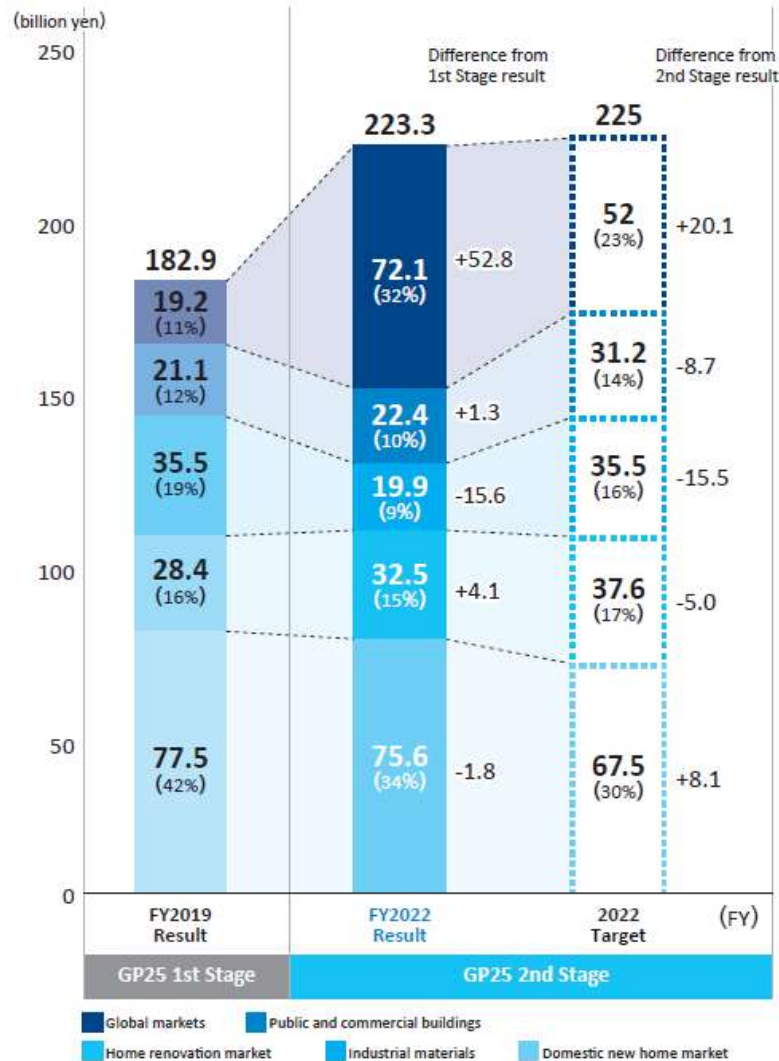
Changes in financial results towards the achievement of the Long-Term Vision GP25



Review of the Previous Medium-Term Management Plan

GP25 2nd Stage (3)

Changes in net sales by market



Achievements

■ Expansion in global markets positioned as growth drivers

- While housing starts in Japan were expected to decrease, CIPA Lumber Co. Ltd. of Canada and PACIFIC WOODTECH CORPORATION of the U.S., which engage in the wood material business, were made Group companies, and expansion into the North American market began, as part of efforts to expand into global markets that are positioned as growth drivers. Profitability was improved by surely tapping into the brisk demand in the U.S. housing market.

■ Achievement of business targets

- The wood material business in North America drove the overall business performance, resulting in the achievement of business targets excluding net sales, such as operating profit, operating profit ratio, profit attributable to owners of parent, ROE, and shareholders' equity ratio.

Issues

■ Expansion yet to be achieved in public and commercial buildings in Japan

- Sales from commercial building and hotel construction did not increase as expected, reflecting the rapid decline of in-bound demand and a rise in the number of people voluntarily refraining from going out during the COVID-19 pandemic.
- There were delays in the shift of salespeople and the enhancement of products for expansion as the housing market remained stronger than initially anticipated.

■ Delivery delays in the final fiscal year

- In the period leading to 2H of fiscal 2022, there were delays in the delivery of certain products in the Building Materials Business, which reflected delays in the arrival of raw materials because of an unexpectedly strong increase in orders received in Japan and the disruption of sea transportation. This forced Daiken to limit the acceptance of orders.

When to Announce the Medium-Term Management Plan GP25 3rd Stage

With respect to the Medium-Term Management Plan GP25 3rd Stage (Fiscal 2023 to 2026), a four-year plan starting in fiscal 2023, Daiken is currently scrutinizing the plan again given the extremely high future uncertainties that remain ongoing, such as the surging commodity prices, supply chain disruption, and fluctuations in the financial and capital markets, associated with the increase in geopolitical risks in addition to the impact of the COVID-19 pandemic.

Daiken will announce the plan based on the results of the scrutiny around late June, 2022, after the resolution is passed by its Board of Directors.

Fiscal 2023

Forecast

Fiscal 2023 Market Environment Forecast

Domestic home market

- ◆ There is concern that demand will decline as a result of reflecting a surge in the cost of various materials in the prices of house and other goods. However, demand for a more comfortable dwelling environment as a space for working and relaxing has continued to grow among consumers, so demand for both new homes and renovations is expected to remain strong.

Public and commercial buildings (non-housing sector)

- ◆ Demand for interior finishing work at office and other buildings is expected to increase in the period leading to 2H of the fiscal year due to the resumption of construction projects, mainly in the Tokyo metropolitan area.
- ◆ Despite the presence of the risk of the renewed spread of COVID-19, demand from commercial buildings and hotels is expected to recover, given a gradual easing of voluntary restrictions on going out.

MDF market

- ◆ While the market for wood-material products is tightening, the number of inquiries is expected to increase due to growth in demand for products used for furniture and building materials, especially in overseas markets, and demand for substitutes for tropical plywood due to short supply.

U.S. home market

- ◆ Over the medium to long term, steady demand for housing is expected, reflecting rising populations and a shortage of housing stock. However, there is concern that surging prices and rising interest rates will affect the demand, and market prices of wood-material products are expected to enter a correction phase.

Cost of raw materials and logistics

- ◆ The cost will remain affected by rising sea shipping costs, attributed in part to the global disruption of sea transportation, in addition to surging prices of raw materials such as petrochemical products and wood raw materials, reflecting the resource inflation that is accelerated by the increase in geopolitical risks.

Fiscal 2023 Forecast

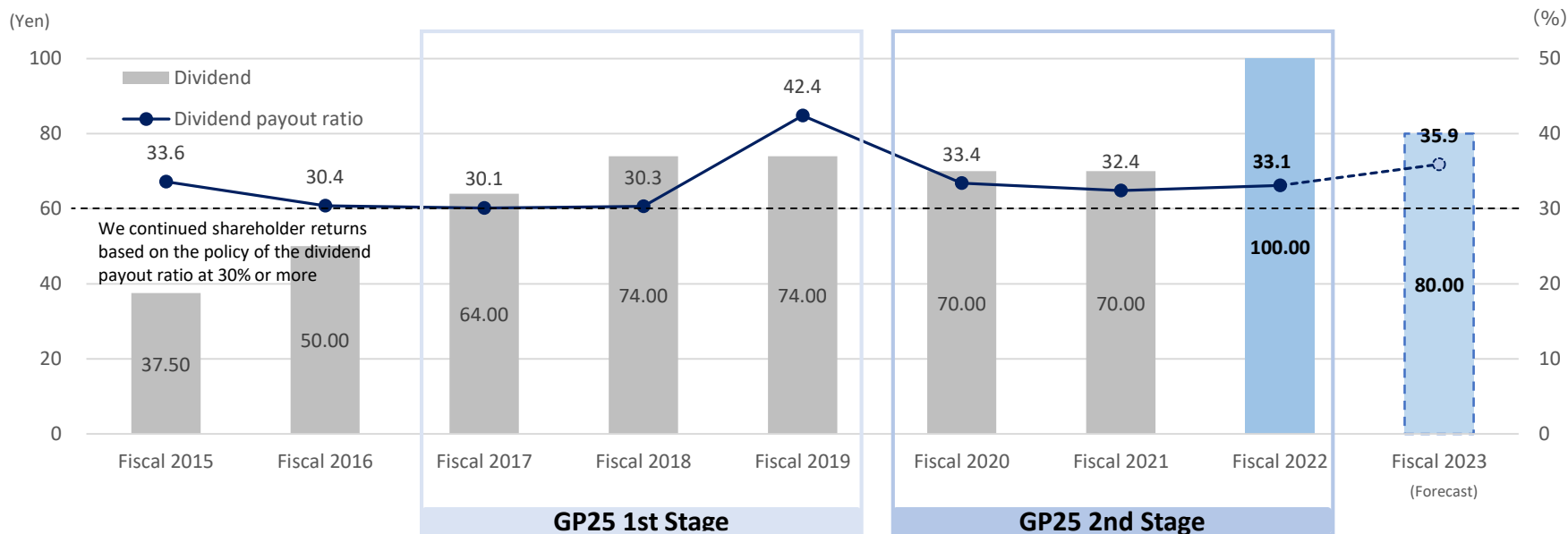
(Unit: million yen)	Fiscal 2020 (Result)	Fiscal 2021 (Result)	Fiscal 2022 (Result)	Fiscal 2023 (Forecast)	YoY change	
					Amount	%
Net sales	202,481	199,210	223,377	232,000	+8,622	+3.9%
Operating profit	8,384	8,779	17,361	12,500	-4,861	-28.0%
Operating profit ratio	4.1%	4.4%	7.8%	5.4%	-2.4pt	-
Ordinary profit	9,108	9,935	18,725	13,000	-5,725	-30.6%
Profit attributable to owners of parent	5,447	5,620	7,872	5,800	-2,072	-26.3%
Earning per share (yen)	209.32	215.83	302.18	222.58	-79.60	-
Dividend per share (yen)	70 Interim: 35 Year-end: 35	70 Interim: 30 Year-end: 40	100 Interim: 45 Year-end: 55	80 Interim: 40 Year-end: 40	-20 Interim: -5 Year-end: -15	-
Dividend payout ratio	33.4%	32.4%	33.1%	35.9%	+2.8pt	-
ROE (%)	9.5%	9.1%	10.9%	7.4%	-3.5pt	-

Shareholder Returns and Dividends

| Basic policies for capital and shareholder distributions |

- ◆ By striving for efficient management that places emphasis on ROE, improving shareholder return, and optimizing the balance between financial soundness and strategic investment, improve corporate value.
- ◆ For shareholder distributions, the goal is a dividend payout ratio of at least 30% while maintaining a stable dividend and aiming for the distribution of earnings linked with results of operations.
- ◆ Decisions about the repurchase of stock will be made based on the current level of capital, the market environment and other applicable considerations.
- ◆ Shareholders' equity will be effectively used for the improvement of production, sales and construction systems as well as for new businesses, global operations and other activities in order to achieve medium-and long-term growth and build a solid foundation for business operations.

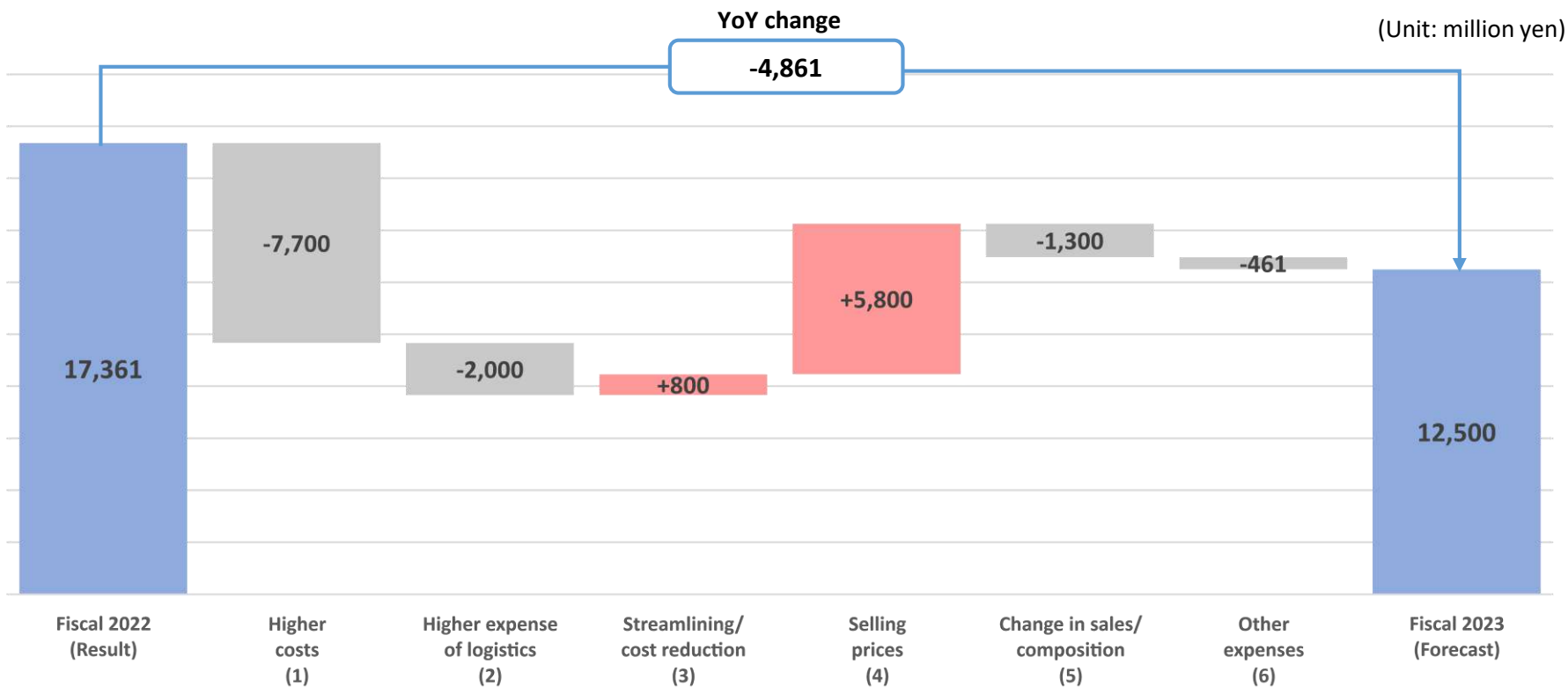
| Trends in the Dividend and Payout Ratio |



(Note) The company consolidated shares at a rate of one share per five as of October 1, 2016. The past figures were also consolidated retrospectively for ease of comparison

Fiscal 2023 Forecast of Changes in Operating Profit

- (1) Higher costs: Increase in the cost of wood raw materials, adhesives, and other petrochemical products and energy
- (2) Higher expense of logistics: Increased cost of sea shipping associated with the global disruption of sea transportation
- (3) Streamlining/cost reduction: Reexamination of all categories of items to be purchased
- (4) Selling prices: Market prices of wood-material products in the U.S. are expected to enter a correction phase in 2H or later. The higher costs for raw materials that cannot be absorbed internally will be reflected in selling prices, mainly in Japan.
- (5) Change in sales/composition: A sales decrease is expected, mainly in 1H, due to the impact of delivery delays and limitation on acceptance of orders in 4Q of the previous fiscal year.
- (6) Other expenses: Increase in expenses, partly reflecting trade fair for sales promotion, investment in human resources, and improvement of treatment



Fiscal 2023 Business Segment Results Forecast

Industrial Materials Business

Sales are expected to grow 0.9% year on year due to the effect of the weaker yen and the transfer of additional costs to selling prices of MDF and other products, which will more than offset the impact of surging prices and rising interest rates on demand in the U.S. and market prices of wood-material products that will enter a correction phase.

Building Materials Business

Year-on-year sales growth of 3.9% is expected, although sales will decline mainly in 1H due to the delivery delays and limitations on the acceptance of orders in 4Q of the previous fiscal year. The main factors are the transfer of an increase in raw material costs to selling prices, in addition to the launch of new products that will serve under the new normal created by the COVID-19 pandemic, such as hygiene measures and improvements in the noise environment, as well as a strengthening of our proposal capability made by holding TDY Fair, etc.

Engineering Business

Year-on-year sales growth of 23.4% is expected as a result of a recovery in demand for interior work for office buildings and other properties in addition to the expansion of condominium renovation in the Tokyo metropolitan area.

(Unit: million yen)	Fiscal 2020 (Result)	Fiscal 2021 (Result)	Fiscal 2022 (Result)	Fiscal 2023 (Forecast)	YoY change	
					Amount	%
Industrial Materials Business	76,589	80,692	100,177	101,100	+922	+0.9%
Building Materials Business	94,938	88,697	91,907	95,500	+3,592	+3.9%
Engineering Business	21,713	20,542	20,264	25,000	+4,735	+23.4%
Others	9,240	9,277	11,028	10,400	-628	-5.7%
Total	202,481	199,210	223,377	232,000	+8,622	+3.9%

Fiscal 2023 Market Category Sales Forecast

(Unit: million yen) Upper: sales Lower: composition	Fiscal 2020 (Result)	Fiscal 2021 (Result)	Fiscal 2022 (Result)	Fiscal 2023 (Forecast)	YoY change	
					Amount	%
Global markets	36,516	46,254	72,116	71,500	-617	-0.9%
	18.0%	23.2%	32.3%	30.8%	-1.5pt	-
Public and commercial buildings	26,292	23,709	22,485	26,800	+4,314	+19.2%
	13.0%	11.9%	10.1%	11.6%	+1.5pt	-
Industrial materials	28,483	24,622	19,985	20,700	+714	+3.6%
	14.1%	12.4%	8.9%	8.9%	±0	-
Home renovation market	31,777	31,266	32,533	35,200	+2,666	+8.2%
	15.7%	15.7%	14.6%	15.2%	+0.6pt	-
Domestic new home market	78,630	73,008	75,667	77,800	+2,132	+2.8%
	38.8%	36.6%	33.9%	33.5%	-0.3pt	-
Others	783	351	588	0	-588	-
	0.4%	0.2%	0.3%	0.0%	-0.3pt	-
Domestic market	165,965	152,956	151,261	160,500	+9,239	+6.1%
	82.0%	76.8%	67.7%	69.2%	+1.5pt	-
Total	202,481	199,210	223,377	232,000	+8,622	+3.9%
	100.0%	100.0%	100.0%	100.0%	-	-

Fiscal 2023 Forecast for Business Segment Performance in Three Priority Markets

(Unit: million yen)



ESG Topics

External ESG Rating

Selected as a Component Stock of FTSE Blossom Japan Sector Relative Index, an ESG Index

On March 30, 2022, DAIKEN CORPORATION was selected as a constituent of FTSE Blossom Japan Sector Relative Index, a new ESG index that was newly adopted by GPIF.

It is a selective, comprehensive ESG index, which screens for constituents by evaluating the scale of the environmental impact and companies' management of climate change risks in addition to using the ESG rating by FTSE Russell, a global ESG rating body.

As of the announcement on March 30, 2022, the number of Japanese companies as its constituents was 494. The initial amount of investment is approx. 760.0 billion yen.

<https://www.ftserussell.com/products/indices/blossom-japan>



FTSE Blossom Japan Sector Relative Index

MSCI ESG Ratings

DAIKEN CORPORATION received the A rating in MSCI's ESG Rating scheme, which was newly included in evaluations in June 2021, in recognition of the initiatives it implemented to respond to climate change.

MSCI
ESG RATINGS



CCC B BB BBB **A** AA AAA

S&P/JPX Carbon Efficient Index

This is an environmental stock index that was jointly developed by Japan Exchange Group (JPX) and S&P Dow Jones Indices LLC and adopted by GPIF in 2018.

It determines the weighting of constituent stocks, focusing on the disclosure status of environmental information and carbon efficiency levels (carbon emissions per unit sales), within the scope of stocks that make up the TOPIX index.

Daiken is classified as the "Materials" industry group. With respect to decile classification, DAIKEN CORPORATION is classified as 2nd Decile.

(As of the announcement on March 22, 2022)

S&P/JPX
Carbon
Efficient
Index

Financial Information

Fiscal 2022 Consolidated Balance Sheet (Major components)

(Unit: million yen)	Fiscal 2020 (Result)	Fiscal 2021 (Result)	Fiscal 2022 (Result)	YoY change Amount
Cash and deposits	16,839	17,433	22,881	+5,448
Notes and accounts receivable - trade	42,092	38,454	40,316	+1,862
Inventories	27,010	29,525	34,487	+4,962
Other current assets	1,990	2,333	4,597	+2,264
Total current assets	87,934	87,748	102,286	+14,538
Property, plant and equipment	51,426	50,915	49,451	-1,464
Intangible assets	14,834	15,002	14,972	-30
Investments and other assets	16,351	18,835	16,654	-2,181
Total assets	170,638	172,553	183,391	+10,838

◆ Inventories	+4,962
<Major factors>	
Merchandise/Work in process	+3,155
Raw materials/Supplies	+1,807

◆ Property, plant and equipment	-1,464
<Major factors>	
Acquisition/Construction in progress	+2,834
Depreciation	-4,923
Impairment losses	-1,103
Exchange rate changes, etc.	+1,728

Notes and accounts payable - trade	26,846	23,435	27,650	+4,215
Interest-bearing debt	43,876	35,508	28,500	-7,008
Other current/non-current liabilities	36,940	36,838	36,678	-161
Total liabilities	107,662	95,781	92,828	-2,953
Total shareholders' equity	57,059	60,877	66,395	+5,518
Total net assets	62,975	76,771	90,563	+13,791
Total liabilities and net assets	170,638	172,553	183,391	+10,838

◆ Interest-bearing debt	-7,008
<Major factors>	
Decrease in long- and short-term borrowings	-6,994

◆ Total net assets	+13,791
<Major factors>	
Increase in retained earnings	+5,492
Non-controlling interests	+5,347
Foreign currency translation adjustment	+3,587
Deferred gains or losses on hedges	+194
Valuation difference on available-for-sale securities	-1,162

ROA	5.5%	5.8%	10.5%	+ 4.7pt
Ratio of ordinary profit to total assets				
Shareholders' equity ratio	32.7%	39.4%	41.7%	+2.3pt
Debt-equity ratio (multiple)	0.79	0.52	0.37	-0.15
Net debt-equity ratio (multiple)	0.48	0.27	0.07	-0.20

Fiscal 2022 Consolidated Statement of Income (Information about non-operating profit (expenses) and extraordinary income (losses))

(Unit: million yen)	Fiscal 2020 (Result)	Fiscal 2021 (Result)	Fiscal 2022 (Result)	YoY change
Net sales	202,481	199,210	223,377	+24,167
Gross profit	51,038	50,881	63,167	+12,285
SG&A expenses	42,653	42,102	45,805	+3,703
Operating profit	8,384	8,779	17,361	+8,582
Non-operating profit (expenses)	724	1,156	1,363	+207
Ordinary profit	9,108	9,935	18,725	+8,790
Extraordinary income (losses)	-237	1,035	-461	-1,496
Profit before income taxes	8,871	10,970	18,264	+7,294
Total income taxes	2,359	3,687	5,188	+1,501
Profit	6,512	7,283	13,076	+5,792
Profit attributable to non-controlling interests	1,064	1,662	5,203	+3,540
Profit attributable to owners of parent	5,447	5,620	7,872	+2,252

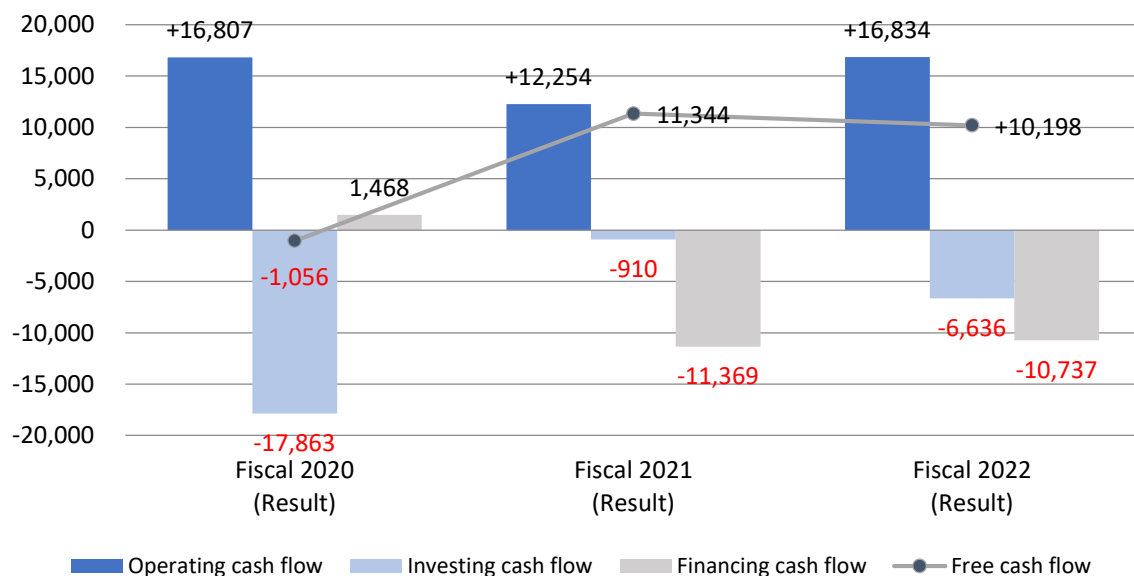
◆ Non-operating profit (expenses)		+207
<Major factors>		
Income on emission rights		+356
Sales discounts (change in accounting processing)		+125
Decrease in dividend income		-102
Decrease in COVID-19 subsidies		-167

◆ Extraordinary income (losses)		-461
<Major factors>		
Gain on sale of investment securities		+1,190
Loss on retirement of non-current assets		-110
Impairment losses		-1,232
Provision for loss on litigation		-177
Loss on disaster		-133

Average exchange rate (yen)	Fiscal 2020 (Result)	Fiscal 2021 (Result)	Fiscal 2022 (Result)	YoY change
USD	108.29	106.02	112.35	+6.33
CAD	81.57	80.24	89.59	+9.35
NZD	70.39	71.09	78.22	+7.13
MYR	26.1	25.39	26.89	+1.50

Fiscal 2022 Consolidated Statement of Cash Flows (Major components)

(Unit: million yen)	Fiscal 2020 (Result)	Fiscal 2021 (Result)	Fiscal 2022 (Result)
Operating cash flow	+16,807	+12,254	+16,834
Investing cash flow	-17,863	-910	-6,636
Free cash flow	-1,056	+11,344	+10,198
Financing cash flow	+1,468	-11,369	-10,737
Cash and cash equivalents at end of period	16,839	17,433	17,407
Capital expenditures	5,490	3,697	2,864
Depreciation	5,079	5,563	5,546



◆ **Operating cash flow** **+16,834**
<Major factors>

Profit before income taxes	+18,264
Depreciation	+5,546
Impairment losses	+1,232
Gain on sale of investment securities	-1,190
Amortization of goodwill	+1,686
Changes in trade receivables/payables	+2,325
Changes in inventories	-4,650
Income taxes paid	-6,371

◆ **Investing cash flow** **-6,636**
<Major factors>

Purchase of property, plant and equipment	-2,803
Increase in time deposits	-5,038
Sales of investment securities	+2,025

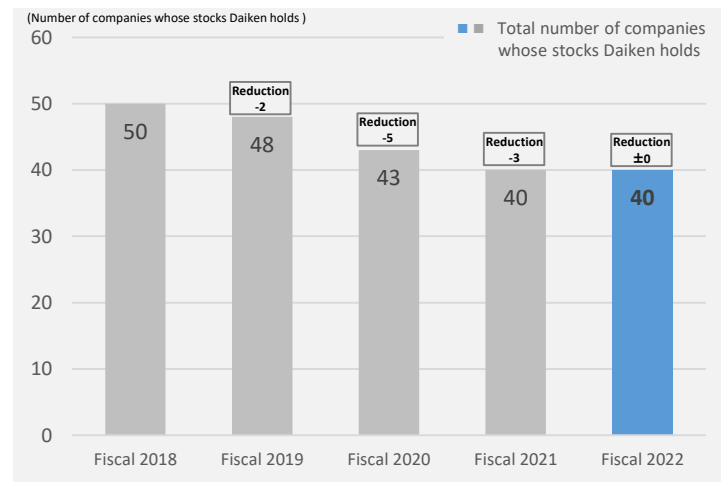
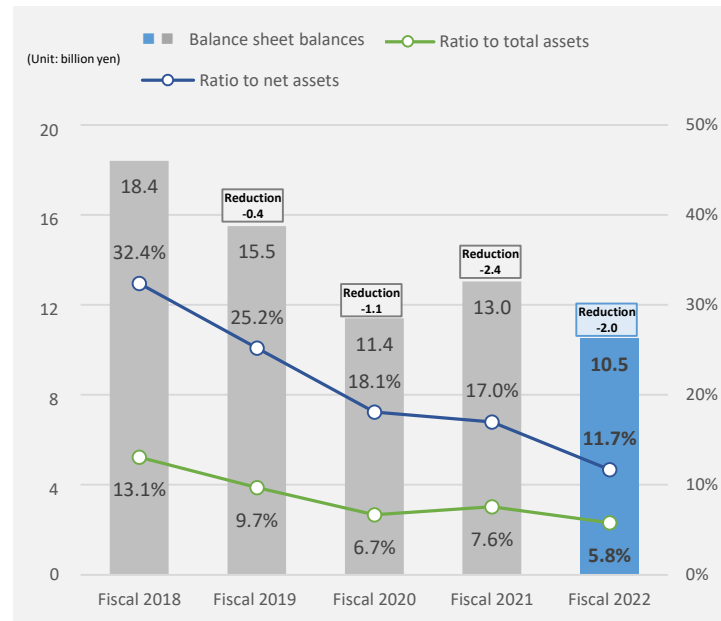
◆ **Financing cash flow** **-10,737**
<Major factors>

Increase/decrease in long- and short-term borrowings	-7,381
Dividends paid	-2,214
Dividends paid (to non-controlling shareholders)	-977

Initiatives for Reduction of Cross-Shareholdings

Changes in cross-shareholdings

(Unit: billion yen)		Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022
Balance sheet balances	Listed	18.3	15.4	11.2	12.9	10.4
	Unlisted	0.1	0.1	0.1	0.1	0.1
	Total	18.4	15.5	11.4	13.0	10.5
Sale price		-	-0.4	-1.1	-2.4	-2.0
Acquisition price		0.0	0.0	0.0	0.0	0.0
Reduction		0.0	-0.4	-1.1	-2.4	-2.0
Number of companies whose stocks Daiken holds	Listed	2.5	2.4	1.9	1.8	1.7
	Unlisted	2.5	2.4	2.4	2.2	2.3
	Total	5.0	4.8	4.3	4.0	4.0
	Decrease	0.0	-0.2	-0.6	-0.3	-0.1
	Increase	0.1	0.0	0.1	0.0	0.1
	Reduction	0.1	-0.2	-0.5	-0.3	0.0
Total assets		140.7	160.1	170.6	172.5	183.3
Ratio to total assets		13.1%	9.7%	6.7%	7.6%	5.8%
Net assets		56.9	61.7	62.9	76.7	90.5
Ratio to net assets		32.4%	25.2%	18.1%	17.0%	11.7%



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