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November 12, 2021

Consolidated Financial Results for the Six Months Ended September 30, 2021 (Under Japanese GAAP)

Company name: DAIKEN CORPORATION
 Listing: Tokyo Stock Exchange
 Securities code: 7905
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 Scheduled date to file quarterly securities report: November 12, 2021
 Scheduled date to commence dividend payments: December 8, 2021
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	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								
September 30, 2021	109,002	17.6	8,736	205.7	9,399	178.8	4,935	148.5
September 30, 2020	92,671	(5.0)	2,857	(24.6)	3,371	(19.7)	1,986	(4.8)

Note: Comprehensive income For the six months ended September 30, 2021: ¥5,937 million [12.0%]
 For the six months ended September 30, 2020: ¥5,303 million [−%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2021	189.45	—
September 30, 2020	76.29	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2021	173,192	80,549	40.7
March 31, 2021	172,553	76,771	39.4

Reference: Equity
 As of September 30, 2021: ¥70,504 million
 As of March 31, 2021: ¥68,043 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	—	30.00	—	40.00	70.00
Fiscal year ending March 31, 2022	—	45.00			
Fiscal year ending March 31, 2022 (Forecast)			—	50.00	95.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes

3. Earnings forecast of consolidated financial results for fiscal year ending March 31, 2022 (From April 1, 2021 to March 31, 2022)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	217,000	8.9	15,000	70.9	15,900	60.0	8,000	42.3	307.05

Note: Revisions of forecast of financial results from recently announced figures: Yes

* Note

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None
- (4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2021	27,080,043 shares
As of March 31, 2021	27,080,043 shares

- (ii) Number of treasury shares at the end of the period

As of September 30, 2021	1,022,424 shares
As of March 31, 2021	1,035,274 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2021	26,051,194 shares
Six months ended September 30, 2020	26,036,458 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Explanation for the appropriate use of performance forecasts and other special notes:
(Cautionary note on forward-looking statement)

The statements regarding forecast of financial results in this report are based on the information that is available to the Company, as well as certain assumptions that are deemed to be reasonable by management, and they are not meant to be a commitment by the Company. Therefore, there might be cases in which actual results differ materially from forecast values due to various factors.

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	17,433	17,708
Notes and accounts receivable - trade	30,233	—
Notes and accounts receivable - trade, and contract assets	—	33,092
Electronically recorded monetary claims - operating	8,221	7,857
Merchandise and finished goods	16,073	17,150
Work in process	4,056	2,763
Raw materials and supplies	9,396	10,101
Other	2,460	3,732
Allowance for doubtful accounts	(127)	(129)
Total current assets	87,748	92,276
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,313	11,874
Machinery, equipment and vehicles, net	19,992	19,127
Land	14,923	14,895
Construction in progress	873	1,292
Other, net	2,812	2,630
Total property, plant and equipment	50,915	49,821
Intangible assets		
Goodwill	12,946	12,048
Software	1,314	1,218
Other	741	958
Total intangible assets	15,002	14,225
Investments and other assets		
Investment securities	14,285	12,268
Retirement benefit asset	2,350	2,223
Deferred tax assets	822	991
Other	1,444	1,412
Allowance for doubtful accounts	(66)	(66)
Total investments and other assets	18,835	16,829
Total non-current assets	84,752	80,876
Deferred assets	51	39
Total assets	172,553	173,192

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,876	17,737
Electronically recorded obligations - operating	6,559	6,366
Short-term borrowings	9,889	7,737
Current portion of bonds payable	—	5,000
Current portion of long-term borrowings	3,358	3,034
Accounts payable - other	18,371	18,486
Income taxes payable	1,597	1,875
Provision for bonuses	2,490	2,280
Provision for product warranties	345	312
Provision for loss on litigation	27	27
Other	6,440	6,858
Total current liabilities	65,956	69,716
Non-current liabilities		
Bonds payable	13,000	8,000
Long-term borrowings	8,950	7,502
Deferred tax liabilities	2,630	1,909
Provision for product warranties	745	699
Retirement benefit liability	3,582	3,573
Provision for loss on litigation	272	272
Negative goodwill	16	14
Other	627	952
Total non-current liabilities	29,825	22,926
Total liabilities	95,781	92,642
Net assets		
Shareholders' equity		
Share capital	15,300	15,300
Capital surplus	13,948	13,958
Retained earnings	33,009	36,736
Treasury shares	(1,381)	(1,364)
Total shareholders' equity	60,877	64,630
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,086	4,234
Deferred gains or losses on hedges	265	8
Foreign currency translation adjustment	793	656
Remeasurements of defined benefit plans	1,019	974
Total accumulated other comprehensive income	7,165	5,874
Non-controlling interests	8,728	10,044
Total net assets	76,771	80,549
Total liabilities and net assets	172,553	173,192

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	92,671	109,002
Cost of sales	69,502	78,479
Gross profit	23,169	30,523
Selling, general and administrative expenses	20,311	21,786
Operating profit	2,857	8,736
Non-operating income		
Interest income	20	20
Dividend income	257	198
Amortization of negative goodwill	1	1
Share of profit of entities accounted for using equity method	23	21
Foreign exchange gains	—	8
Emission credit income	88	292
Other	489	276
Total non-operating income	880	819
Non-operating expenses		
Interest expenses	139	104
Sales discounts	61	—
Loss on sale of trade receivables	7	4
Foreign exchange losses	92	—
Other	64	46
Total non-operating expenses	366	155
Ordinary profit	3,371	9,399
Extraordinary income		
Gain on sale of non-current assets	369	0
Gain on sale of investment securities	2	1,190
Other	2	—
Total extraordinary income	374	1,191
Extraordinary losses		
Loss on sale of non-current assets	—	0
Loss on retirement of non-current assets	73	56
Impairment losses	—	67
Loss on disaster	62	109
Other	2	—
Total extraordinary losses	139	233
Profit before income taxes	3,607	10,357
Income taxes - current	1,063	3,422
Income taxes - deferred	(38)	(319)
Total income taxes	1,025	3,103
Profit	2,581	7,253
Profit attributable to non-controlling interests	595	2,318
Profit attributable to owners of parent	1,986	4,935

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	2,581	7,253
Other comprehensive income		
Valuation difference on available-for-sale securities	708	(851)
Deferred gains or losses on hedges	632	(272)
Foreign currency translation adjustment	1,384	(153)
Remeasurements of defined benefit plans, net of tax	(4)	(38)
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Total other comprehensive income	2,721	(1,315)
Comprehensive income	5,303	5,937
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,635	3,643
Comprehensive income attributable to non-controlling interests	668	2,294

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Profit before income taxes	3,607	10,357
Depreciation	2,744	2,800
Impairment losses	—	67
Loss on retirement of non-current assets	73	56
Loss (gain) on sale of non-current assets	(369)	(0)
Loss (gain) on sale of investment securities	(2)	(1,190)
Amortization of goodwill	753	842
Increase (decrease) in allowance for doubtful accounts	(2)	1
Increase (decrease) in provision for bonuses	(238)	(208)
Increase (decrease) in provision for product warranties	(93)	(80)
Increase (decrease) in retirement benefit liability	195	118
Increase (decrease) in provision for loss on litigation	(4)	—
Interest and dividend income	(278)	(218)
Interest expenses	139	104
Foreign exchange losses (gains)	27	(36)
Share of loss (profit) of entities accounted for using equity method	(23)	(21)
Decrease (increase) in trade receivables	4,663	(2,787)
Decrease (increase) in inventories	(269)	(1,167)
Increase (decrease) in trade payables	(5,576)	528
Increase (decrease) in accrued expenses	(66)	(84)
Other, net	(30)	79
Subtotal	5,251	9,161
Interest and dividends received	278	218
Interest paid	(139)	(105)
Income taxes paid	(1,748)	(3,188)
Net cash provided by (used in) operating activities	3,640	6,085
Cash flows from investing activities		
Net decrease (increase) in time deposits	—	(3,178)
Purchase of property, plant and equipment	(1,824)	(1,416)
Proceeds from sale of property, plant and equipment	92	15
Purchase of investment securities	(2)	(22)
Proceeds from sale and redemption of investment securities	5	2,025
Other, net	(98)	(293)
Net cash provided by (used in) investing activities	(1,827)	(2,871)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(5,347)	(2,186)
Proceeds from long-term borrowings	8,000	—
Repayments of long-term borrowings	(1,438)	(1,785)
Repayments of finance lease obligations	(84)	(92)
Purchase of treasury shares	(0)	—
Dividends paid	(910)	(1,041)
Dividends paid to non-controlling interests	—	(977)
Net cash provided by (used in) financing activities	217	(6,084)

Effect of exchange rate change on cash and cash equivalents	140	(17)
Net increase (decrease) in cash and cash equivalents	2,171	(2,886)
Cash and cash equivalents at beginning of period	16,839	17,433
Cash and cash equivalents at end of period	19,011	14,546