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November 11, 2022

## Consolidated Financial Results for the Six Months Ended September 30, 2022 (Under Japanese GAAP)

Company name: DAIKEN CORPORATION  
 Listing: Tokyo Stock Exchange  
 Securities code: 7905  
 URL: <https://www.daiken.jp/>  
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 Scheduled date to file quarterly securities report: November 11, 2022  
 Scheduled date to commence dividend payments: December 8, 2022  
 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, 2022 (from April 1, 2022 to September 30, 2022)

#### (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, 2022	120,263	10.3	8,297	(5.0)	9,928	5.6	7,771	57.5
September 30, 2021	109,002	17.6	8,736	205.7	9,399	178.8	4,935	148.5

Note: Comprehensive income For the six months ended September 30, 2022: ¥13,483 million [127.1%]  
 For the six months ended September 30, 2021: ¥5,937 million [12.0%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
September 30, 2022	298.17	—
September 30, 2021	189.45	—

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of			
September 30, 2022	186,980	93,723	44.7
March 31, 2022	183,391	90,563	41.7

Reference: Equity  
 As of September 30, 2022: ¥83,599 million  
 As of March 31, 2022: ¥76,487 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, 2022	—	45.00	—	55.00	100.00
Fiscal year ending March 31, 2023	—	50.00			
Fiscal year ending March 31, 2023 (Forecast)			—	60.00	110.00

Note: Revisions to the forecast of cash dividends most recently announced: None

## 3. Earnings forecast of consolidated financial results for fiscal year ending March 31, 2023 (From April 1, 2022 to March 31, 2023)

(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	234,000	4.8	13,000	(25.1)	15,500	(17.2)	11,000	39.7	421.97

Note: Revisions of forecast of financial results from recently announced figures: None

### \* Note

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- (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: None
  - (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, 2022	27,080,043 shares
As of March 31, 2022	27,080,043 shares

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

As of September 30, 2022	1,008,041 shares
As of March 31, 2022	1,022,456 shares

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

Six months ended September 30, 2022	26,064,775 shares
Six months ended September 30, 2021	26,051,194 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, 2022	As of September 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	22,881	20,369
Notes and accounts receivable - trade, and contract assets	31,241	33,338
Electronically recorded monetary claims - operating	9,077	13,299
Merchandise and finished goods	20,212	20,555
Work in process	3,072	3,274
Raw materials and supplies	11,203	10,678
Other	4,729	4,280
Allowance for doubtful accounts	(132)	(170)
Total current assets	102,286	105,627
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,970	9,257
Machinery, equipment and vehicles, net	19,166	15,235
Land	14,310	13,045
Construction in progress	1,292	913
Other, net	2,712	2,693
Total property, plant and equipment	49,451	41,145
Intangible assets		
Goodwill	12,415	11,415
Software	1,165	1,472
Other	1,391	1,579
Total intangible assets	14,972	14,467
Investments and other assets		
Investment securities	11,719	20,443
Retirement benefit asset	2,529	2,405
Deferred tax assets	1,033	1,505
Other	1,414	1,412
Allowance for doubtful accounts	(42)	(43)
Total investments and other assets	16,654	25,724
Total non-current assets	81,077	81,337
Deferred assets	27	15
Total assets	183,391	186,980

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	20,672	20,853
Electronically recorded obligations - operating	6,978	8,733
Short-term borrowings	5,983	15,547
Current portion of bonds payable	8,000	3,000
Current portion of long-term borrowings	2,860	3,253
Accounts payable - other	19,434	19,388
Income taxes payable	1,325	563
Provision for bonuses	2,723	2,484
Provision for product warranties	282	271
Provision for loss on litigation	27	-
Other	5,992	6,002
Total current liabilities	74,280	80,097
Non-current liabilities		
Bonds payable	5,000	5,000
Long-term borrowings	6,360	1,467
Deferred tax liabilities	1,627	918
Provision for product warranties	691	903
Retirement benefit liability	3,573	3,600
Provision for loss on litigation	358	393
Negative goodwill	13	12
Other	923	863
Total non-current liabilities	18,547	13,159
Total liabilities	92,828	93,256
Net assets		
Shareholders' equity		
Share capital	15,300	15,300
Capital surplus	13,958	13,965
Retained earnings	38,501	44,839
Treasury shares	(1,364)	(1,345)
Total shareholders' equity	66,395	72,759
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,924	3,365
Deferred gains or losses on hedges	459	(137)
Foreign currency translation adjustment	4,380	6,372
Remeasurements of defined benefit plans	1,327	1,240
Total accumulated other comprehensive income	10,091	10,840
Non-controlling interests	14,075	10,124
Total net assets	90,563	93,723
Total liabilities and net assets	183,391	186,980

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	109,002	120,263
Cost of sales	78,479	86,424
Gross profit	30,523	33,839
Selling, general and administrative expenses	21,786	25,541
Operating profit	8,736	8,297
Non-operating income		
Interest income	20	116
Dividend income	198	219
Amortization of negative goodwill	1	1
Share of profit of entities accounted for using equity method	21	736
Foreign exchange gains	8	210
Emission credit income	292	135
Other	276	334
Total non-operating income	819	1,754
Non-operating expenses		
Interest expenses	104	85
Loss on sale of trade receivables	4	4
Other	46	32
Total non-operating expenses	155	123
Ordinary profit	9,399	9,928
Extraordinary income		
Gain on sale of non-current assets	0	122
Gain on sale of investment securities	1,190	368
Gain on change in equity	—	4,104
Other	—	12
Total extraordinary income	1,191	4,608
Extraordinary losses		
Loss on sale of non-current assets	0	—
Loss on retirement of non-current assets	56	98
Impairment losses	67	—
Loss on disaster	109	55
Other	—	65
Total extraordinary losses	233	219
Profit before income taxes	10,357	14,317
Income taxes - current	3,422	2,913
Income taxes - deferred	(319)	(95)
Total income taxes	3,103	2,817
Profit	7,253	11,499
Profit attributable to non-controlling interests	2,318	3,728
Profit attributable to owners of parent	4,935	7,771

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	7,253	11,499
Other comprehensive income		
Valuation difference on available-for-sale securities	(851)	(558)
Deferred gains or losses on hedges	(272)	(571)
Foreign currency translation adjustment	(153)	2,449
Remeasurements of defined benefit plans, net of tax	(38)	(84)
Share of other comprehensive income of entities accounted for using equity method	(0)	748
Total other comprehensive income	(1,315)	1,983
Comprehensive income	5,937	13,483
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,643	8,520
Comprehensive income attributable to non-controlling interests	2,294	4,963

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	10,357	14,317
Depreciation	2,800	2,725
Impairment losses	67	—
Loss on retirement of non-current assets	56	98
Loss (gain) on sale of non-current assets	(0)	(122)
Loss (gain) on sale of investment securities	(1,190)	(368)
Loss (gain) on valuation of investment securities	—	18
Loss (gain) on change in equity	—	(4,104)
Amortization of goodwill	842	929
Increase (decrease) in allowance for doubtful accounts	1	33
Increase (decrease) in provision for bonuses	(208)	(224)
Increase (decrease) in provision for product warranties	(80)	201
Increase (decrease) in retirement benefit liability	118	148
Increase (decrease) in provision for loss on litigation	—	7
Interest and dividend income	(218)	(335)
Interest expenses	104	85
Foreign exchange losses (gains)	(36)	(104)
Share of loss (profit) of entities accounted for using equity method	(21)	(736)
Decrease (increase) in trade receivables	(2,787)	(8,233)
Decrease (increase) in inventories	(1,167)	(4,405)
Increase (decrease) in trade payables	528	2,526
Increase (decrease) in accrued expenses	(84)	50
Other, net	79	(473)
<b>Subtotal</b>	<b>9,161</b>	<b>2,033</b>
Interest and dividends received	218	335
Interest paid	(105)	(85)
Income taxes paid	(3,188)	(3,098)
<b>Net cash provided by (used in) operating activities</b>	<b>6,085</b>	<b>(815)</b>
<b>Cash flows from investing activities</b>		
Net decrease (increase) in time deposits	(3,178)	155
Purchase of property, plant and equipment	(1,416)	(1,584)
Proceeds from sale of property, plant and equipment	15	608
Purchase of investment securities	(22)	(12)
Proceeds from sale of investment securities	2,025	538
Other, net	(293)	(1,130)
<b>Net cash provided by (used in) investing activities</b>	<b>(2,871)</b>	<b>(1,425)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(2,186)	14,654
Redemption of bonds	—	(5,000)
Repayments of long-term borrowings	(1,785)	(1,457)
Repayments of finance lease liabilities	(92)	(57)
Purchase of treasury shares	—	(0)
Dividends paid	(1,041)	(1,433)
Dividends paid to non-controlling interests	(977)	(5,031)

Net cash provided by (used in) financing activities	(6,084)	1,674
Effect of exchange rate change on cash and cash equivalents	(17)	575
Net increase (decrease) in cash and cash equivalents	(2,886)	10
Cash and cash equivalents at beginning of period	17,433	17,407
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	(2,779)
Cash and cash equivalents at end of period	14,546	14,638