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August 10, 2023

## Consolidated Financial Results for the Three Months Ended June 30, 2023 (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: August 10, 2023  
 Scheduled date to commence dividend payments: —  
 Preparation of supplementary material on quarterly financial results: None  
 Holding of quarterly financial results briefing: None

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

### 1. Consolidated financial results for the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

#### (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	%
Three months ended								
June 30, 2023	50,762	(16.4)	(543)	—	493	(91.2)	186	(89.0)
June 30, 2022	60,706	14.8	5,013	15.6	5,615	19.4	1,704	(26.9)

Note: Comprehensive income For the three months ended June 30, 2023: ¥4,922 million [(30.1)%]  
 For the three months ended June 30, 2022: ¥7,037 million [138.6%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
June 30, 2023	7.16	—
June 30, 2022	65.43	—

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of			
June 30, 2023	190,439	95,676	45.3
March 31, 2023	185,797	92,318	45.0

Reference: Equity  
 As of June 30, 2023: ¥86,198 million  
 As of March 31, 2023: ¥83,523 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, 2023	—	50.00	—	60.00	110.00
Fiscal year ending March 31, 2024	—				
Fiscal year ending March 31, 2024 (Forecast)		60.00	—	0.00	60.00

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, 2024 (From April 1, 2023 to March 31, 2024)

(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
Six months ending September 30, 2023	114,000	(5.2)	2,800	(66.3)	4,200	(57.7)	1,900	(75.6)	72.86
Full year	235,000	2.7	8,000	(18.8)	10,900	(16.2)	6,000	(41.9)	230.07

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

### \* Notes

- (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: 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 June 30, 2023	27,080,043 shares
As of March 31, 2023	27,080,043 shares

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

As of June 30, 2023	1,008,155 shares
As of March 31, 2023	1,008,155 shares

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

Three months ended June 30, 2023	26,071,888 shares
Three months ended June 30, 2022	26,057,548 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, 2023	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	19,574	20,800
Notes and accounts receivable - trade, and contract assets	32,177	32,778
Electronically recorded monetary claims - operating	13,941	13,134
Merchandise and finished goods	22,167	22,039
Work in process	3,513	3,336
Raw materials and supplies	10,650	11,426
Other	5,372	4,818
Allowance for doubtful accounts	(161)	(158)
Total current assets	107,236	108,175
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,874	8,821
Machinery, equipment and vehicles, net	14,508	14,749
Land	12,995	13,076
Construction in progress	912	1,137
Other, net	2,475	2,527
Total property, plant and equipment	39,765	40,313
Intangible assets		
Goodwill	10,145	10,608
Software	1,360	1,627
Other	2,000	1,845
Total intangible assets	13,506	14,081
Investments and other assets		
Investment securities	19,621	22,214
Retirement benefit asset	2,959	2,854
Deferred tax assets	1,263	1,353
Other	1,479	1,481
Allowance for doubtful accounts	(43)	(42)
Total investments and other assets	25,280	27,862
Total non-current assets	78,552	82,257
Deferred assets	7	6
Total assets	185,797	190,439

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	15,738	15,380
Electronically recorded obligations - operating	12,096	11,492
Short-term borrowings	11,252	14,447
Current portion of long-term borrowings	5,817	5,815
Accounts payable - other	21,313	19,853
Income taxes payable	698	323
Provision for bonuses	2,383	1,200
Provision for product warranties	258	253
Other	5,380	7,710
Total current liabilities	74,939	76,476
Non-current liabilities		
Bonds payable	5,000	5,000
Long-term borrowings	7,500	6,664
Deferred tax liabilities	861	1,404
Provision for product warranties	609	603
Retirement benefit liability	3,426	3,444
Provision for loss on litigation	447	447
Negative goodwill	10	10
Other	684	714
Total non-current liabilities	18,539	18,287
Total liabilities	93,478	94,763
Net assets		
Shareholders' equity		
Share capital	15,300	15,300
Capital surplus	13,965	13,965
Retained earnings	46,089	44,712
Treasury shares	(1,345)	(1,345)
Total shareholders' equity	74,009	72,632
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,902	3,809
Deferred gains or losses on hedges	(40)	42
Foreign currency translation adjustment	4,934	8,065
Remeasurements of defined benefit plans	1,717	1,648
Total accumulated other comprehensive income	9,513	13,566
Non-controlling interests	8,794	9,477
Total net assets	92,318	95,676
Total liabilities and net assets	185,797	190,439

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	60,706	50,762
Cost of sales	43,089	39,774
Gross profit	17,616	10,987
Selling, general and administrative expenses	12,602	11,531
Operating profit (loss)	5,013	(543)
Non-operating income		
Interest income	46	87
Dividend income	144	141
Amortization of negative goodwill	0	0
Share of profit of entities accounted for using equity method	19	445
Foreign exchange gains	238	278
Other	222	162
Total non-operating income	672	1,116
Non-operating expenses		
Interest expenses	49	24
Loss on sale of trade receivables	2	2
Other	19	51
Total non-operating expenses	71	78
Ordinary profit	5,615	493
Extraordinary income		
Gain on sale of non-current assets	46	0
Total extraordinary income	46	0
Extraordinary losses		
Loss on retirement of non-current assets	72	31
Loss on valuation of investment securities	18	10
Other	1	—
Total extraordinary losses	91	41
Profit before income taxes	5,569	451
Income taxes - current	1,738	270
Income taxes - deferred	(169)	(68)
Total income taxes	1,569	201
Profit	4,000	249
Profit attributable to non-controlling interests	2,295	63
Profit attributable to owners of parent	1,704	186

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	4,000	249
Other comprehensive income		
Valuation difference on available-for-sale securities	(581)	907
Deferred gains or losses on hedges	(191)	97
Foreign currency translation adjustment	3,857	2,884
Remeasurements of defined benefit plans, net of tax	(47)	(67)
Share of other comprehensive income of entities accounted for using equity method	(0)	850
Total other comprehensive income	3,037	4,672
Comprehensive income	7,037	4,922
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,374	4,239
Comprehensive income attributable to non-controlling interests	3,663	682

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	5,569	451
Depreciation	1,408	1,175
Loss on retirement of non-current assets	72	31
Loss (gain) on sale of non-current assets	(46)	(0)
Loss (gain) on valuation of investment securities	18	10
Amortization of goodwill	465	445
Increase (decrease) in allowance for doubtful accounts	0	(6)
Increase (decrease) in provision for bonuses	(1,401)	(1,191)
Increase (decrease) in provision for product warranties	(15)	(10)
Increase (decrease) in retirement benefit liability	41	115
Interest and dividend income	(190)	(228)
Interest expenses	49	24
Foreign exchange losses (gains)	(40)	(48)
Share of loss (profit) of entities accounted for using equity method	(19)	(445)
Decrease (increase) in trade receivables	(4,827)	443
Decrease (increase) in inventories	(1,645)	34
Increase (decrease) in trade payables	(390)	(2,424)
Increase (decrease) in accrued expenses	1,973	1,777
Other, net	(560)	1,554
Subtotal	460	1,707
Interest and dividends received	190	228
Interest paid	(35)	(17)
Income taxes paid	(2,004)	(698)
Net cash provided by (used in) operating activities	(1,389)	1,221
<b>Cash flows from investing activities</b>		
Net decrease (increase) in time deposits	(1,846)	(511)
Purchase of property, plant and equipment	(867)	(1,215)
Proceeds from sale of property, plant and equipment	80	0
Purchase of investment securities	(11)	(1)
Other, net	(539)	(273)
Net cash provided by (used in) investing activities	(3,184)	(2,000)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	4,600	3,185
Repayments of long-term borrowings	(48)	(838)
Repayments of finance lease liabilities	(29)	(18)
Purchase of treasury shares	(0)	—
Dividends paid	(1,433)	(1,564)
Net cash provided by (used in) financing activities	3,088	765
Effect of exchange rate change on cash and cash equivalents	482	321
Net increase (decrease) in cash and cash equivalents	(1,002)	307

Cash and cash equivalents at beginning of period	17,407	15,936
Cash and cash equivalents at end of period	16,404	16,243