

**Results of Operations
for the Fiscal Year Ended March 31, 2021 (Fiscal 2021)**



May 20, 2021

DAIKEN CORPORATION

(Security Code: 7905)

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Impact of the Spread of COVID-19 Infections and Status of Our Response

Impact of the Spread of COVID-19 Infections and Status of Our Response

	Fiscal 2021		Fiscal 2022
	1Q	2Q-4Q	to May 20
Corporate level	<ul style="list-style-type: none"> ◆ All activities at Daiken involving the COVID-19 crisis are overseen by the New Coronavirus Response Headquarters, which is supervised by the president of Daiken. ◆ Since April (state of emergency in Japan): Used teleworking to reduce by 80% people working at Daiken business sites. After the end of the state of emergency, this ratio was about 50% at the Tokyo, Osaka and other business sites. Operations returned to almost normal at business sites other than in major metropolitan areas. After the end of the state of emergency, showrooms reopened but require reservations. 	<p>Continued these activities</p> <hr/> <p>Continued these activities</p> <hr/>	<hr/> <hr/>
Domestic production bases	<ul style="list-style-type: none"> ◆ Okayama plant, Takahagi plant, Mie plant, Inami plant, other group factories - Continuing operations after production adjustments at some locations. 	<p>Continued these activities</p> <hr/>	<hr/>
Overseas production bases	<ul style="list-style-type: none"> ◆ Malaysia: Operated two MDF plants with 50% workforce reduction; since mid-May, operating consistently with about 90% of the workforce. ◆ New Zealand: Two MDF plants are operating normally following the April lockdown. ◆ North America: The Canada veneer plant is continuing to operate normally; the U.S. LVL plant cut output 60% in April-May but then slowly raised output and has been operating normally since July. ◆ China: Suspended operations after the spring festival until Feb. 17; resumed operations with 70% capacity utilization and returned to normal operations in June. ◆ Indonesia: Suspended operations in May and resumed operation in early June after the Lebaran holidays. 	<p>Normal operations</p> <hr/> <p>Operations suspended from February 1 to 6 due to new COVID-19 infections.</p> <p>Normal operations</p> <hr/> <p>Normal operations</p> <hr/> <p>Normal operations</p> <hr/> <p>Normal operations</p> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>
Response to risks	<ul style="list-style-type: none"> ◆ Capital expenditure freeze: Stopped investments based on the outlook for sales growth. ◆ Thorough review and careful selection of expenses. ◆ Increased cash and deposits (liquidity) because of the uncertain outlook for market conditions. 	<p>Continued these activities</p> <hr/> <p>As of March 31, 2021 Liquidity: ¥22.4 billion Cash and deposits: ¥17.4 billion Committed credit line: ¥5.0 billion (unused) Improved financial soundness indicators as well.</p>	<hr/>

Fiscal 2021

Financial Results

Fiscal 2021 Market Environment

Domestic home market

- ◆ Both housing starts and renovations remained sluggish, reflecting weak demand that continued up to the second quarter in reaction to the October 2019 consumption tax hike and coupled with the impact of the COVID-19 pandemic.

Fiscal 2021 (April 2020 - March 2021) housing starts in Japan

(Unit: 10,000)	January to June			April to September			January to December			April to March		
	Fiscal 2020	Fiscal 2021	YoY change	Fiscal 2020	Fiscal 2021	YoY change	Fiscal 2020	Fiscal 2021	YoY change	Fiscal 2020	Fiscal 2021	YoY change
Housing starts (total)	44.9	39.8	-11.4%	46.7	41.4	-11.3%	90.5	81.5	-9.9%	88.4	81.2	-8.1%
Owner-built homes	14.4	12.4	-13.7%	15.3	13.1	-14.2%	28.9	26.1	-9.6%	28.3	26.3	-7.1%
Rental properties	16.7	14.9	-11.0%	17.5	15.7	-10.8%	34.2	30.7	-10.4%	33.5	30.3	-9.4%
Built-for sale homes	7.2	6.7	-7.4%	7.5	6.4	-14.5%	14.8	13.1	-11.4%	14.6	12.9	-11.5%

Public and commercial buildings (non-housing sector)

- ◆ Shutout of foreign tourists and people voluntarily refraining from going out had a major negative impact due to commercial building and hotel construction suspensions and postponements.
- ◆ Overall construction demand is low because the Tokyo Olympics/Paralympics were scheduled for 2020.

Cost of raw materials and logistics

- ◆ Prices of imported plywood and those for energy and plastics and other chemical products rose around the end of the fiscal year although they had been declining until that point. The impact of logistics expenses, which continued to rise until the previous year, was mostly alleviated although the cost of sea shipping increased around the end of the year due to the shortage of containers.

The MDF market

- ◆ The recovery of lowered sale prices was delayed, affecting earnings. The decline reflected a fall in demand for raw materials for furniture and building materials due to the impact of the COVID-19 pandemic, as well as worsening market conditions, mainly in Asia, mainly attributable to the U.S.-China trade friction that has continued from the previous year.

Recent U.S. home market

- ◆ In the 1Q, a big negative impact of the drop in demand caused by construction suspensions due to COVID-19. In the 2Q and afterward, housing starts recovered rapidly.

The market remained strong after the 2Q, primarily aided by brisk DIY demand from consumers staying at home due to the pandemic.

Fiscal 2021 (April 2020 - March 2021) housing starts in the United States.

		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Fiscal 2020	Annualized/10,000	128.1	126.5	124.1	121.5	138.6	126.6	132.3	137.5	162.6	162.4	156.4	127.6
Fiscal 2021	Annualized/10,000	93.4	101.1	122.0	149.2	138.8	145.9	152.8	154.7	168.0	158.4	145.7	173.3
	YoY change	-27.1%	-20.1%	-1.7%	+22.8%	+0.1%	+15.2%	+15.5%	+12.5%	+3.3%	-2.5%	-6.8%	+35.8%

Fiscal 2021 Financial Results

Net sales

Net sales decreased 1.6% year on year due to a decline in sales of products in existing businesses, despite the impact of the consolidation of four subsidiaries in the 2Q of the previous year and increased sales of LVL in the United States in the 2Q and subsequent quarters in the fiscal year under review. (Net sales decreased 4.3% year on year, excluding the impact of the consolidation of the four subsidiaries in the previous year)

Operating profit

Operating profit increased 4.7% year on year, reflecting efforts made to increase sales in the United States, streamline operations and reduce costs and SG&A expenses, which more than offset the impact of a decline in profits due to reduced sales of products in existing businesses.

Comparison with the forecast published in the 3Q

Sales and earnings increased from the full-year forecast included in the announcement of the results of operations for the 3Q of the fiscal year under review.

Results from the North American business in the global market and results from the renovation of condominiums in the Tokyo metropolitan area in the domestic market were better than expected.

(Unit: million yen)	Fiscal 2020 (Result)	Fiscal 2021 (Result)	YoY change		Fiscal 2021 (Forecast on Feb. 10)	Vs. results
			Amount	%		
Net sales	202,481	199,210	-3,270	-1.6%	197,000	+2,210
Operating profit	8,384	8,779	+394	+4.7%	8,600	+179
Operating profit ratio	4.1%	4.4%	+0.3pt	-	4.4%	±0pt
Ordinary profit	9,108	9,935	+826	+9.1%	9,500	+435
Profit attributable to owners of parent	5,447	5,620	+172	+3.2%	5,500	+120
Earning per share (yen)	209.32	215.83	+6.51	+3.1%	211.21	+4.62
Dividend per share (yen)	70	70	±0	-	70	±0
Dividend payout ratio	33.4%	32.4%	-1.0pt	-	36.4%	-4.0pt
ROE	9.5%	9.1%	-0.4pt	-	8.5%	+0.6pt

Fiscal 2021 Business Segment Results

Industrial Materials Business

Sales and earnings increased due to an increase in sales of LVL in the United States in the 2Q and subsequent quarters in the fiscal year under review, coupled with the impact of the consolidation of the North American business in the 2Q of the previous fiscal year, offsetting the continued decline of sales of products in existing businesses, such as MDF and tatami.

Building Materials Business

Sales and earnings decreased, reflecting weak demand that continued up to the 2Q of the fiscal year under review in reaction to the October 2019 consumption tax hike and the significant impact of a decline in sales for new homes and renovations due to the COVID-19 pandemic, which more than offset an increase in sales for public and commercial buildings.

Engineering Business

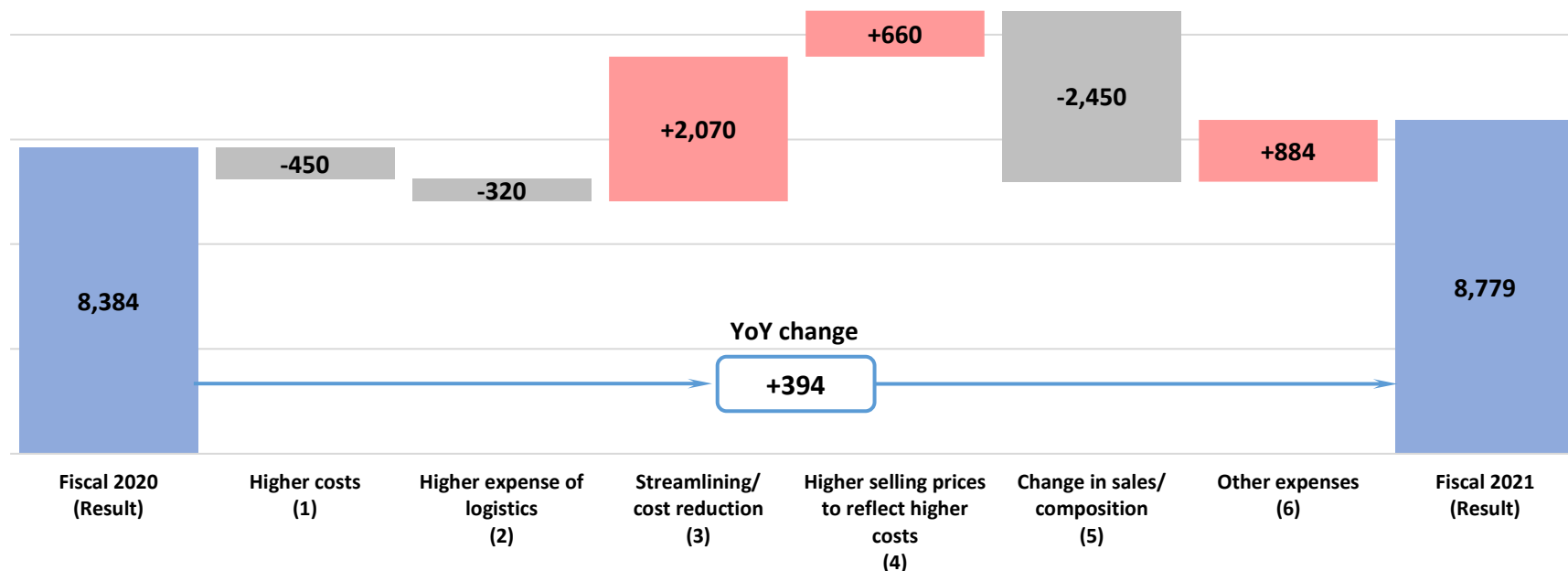
Sales and earnings decreased due to a fall in demand for interior finishing work for offices and other properties, despite the impact of the consolidation in the 2Q of the previous year and an increase in sales and an improvement in profitability in condominium renovations.

(Unit: million yen)	Fiscal 2020 (Result)		Fiscal 2021 (Result)					
	Net sales	Operating profit	Net sales	YoY change		Operating profit	YoY change	
				Amount	%		Amount	%
Industrial Materials Business	76,589	2,503	80,692	+4,103	+5.4%	3,732	+1,228	+49.1%
Building Materials Business	94,938	4,955	88,697	-6,241	-6.6%	4,076	-878	-17.7%
Engineering Business	21,713	613	20,542	-1,170	-5.4%	508	-104	-17.1%
Others	9,240	312	9,277	+36	+0.4%	461	+149	+47.8%
Total	202,481	8,384	199,210	-3,270	-1.6%	8,779	+394	+4.7%

Fiscal 2021 Changes in Operating Profit

- (1) Higher costs: Increase in the cost of raw materials around the end of the fiscal year, offsetting the limited impact of the declining trend that had continued to that point
- (2) Higher expense of logistics: Increase in the cost of sea shipping around the end of the fiscal year under review, offsetting the peaking of logistics expenses that had been increasing during the previous fiscal year
- (3) Streamlining/cost reduction: Reduction of fixed manufacturing costs and a reexamination of all categories of items purchased, coupled with a declining trend in imported plywood prices during the fiscal year under review
- (4) Higher selling prices to reflect higher costs: A revenue-increasing effect was generated by higher-than-expected sales, reflecting the measures implemented late in the 1Q of the previous fiscal year in response to a surge in logistics expenses
- (5) Change in sales/composition: A smaller decline in earnings, reflecting the higher-than-expected sales of housing units in the domestic market and strong results in the United States, despite the continued impact of a decline in sales of products in existing businesses
- (6) Other expenses: Continued cost reduction through limited activities during the COVID-19 pandemic, as well as careful selection and thorough inspection of expenses

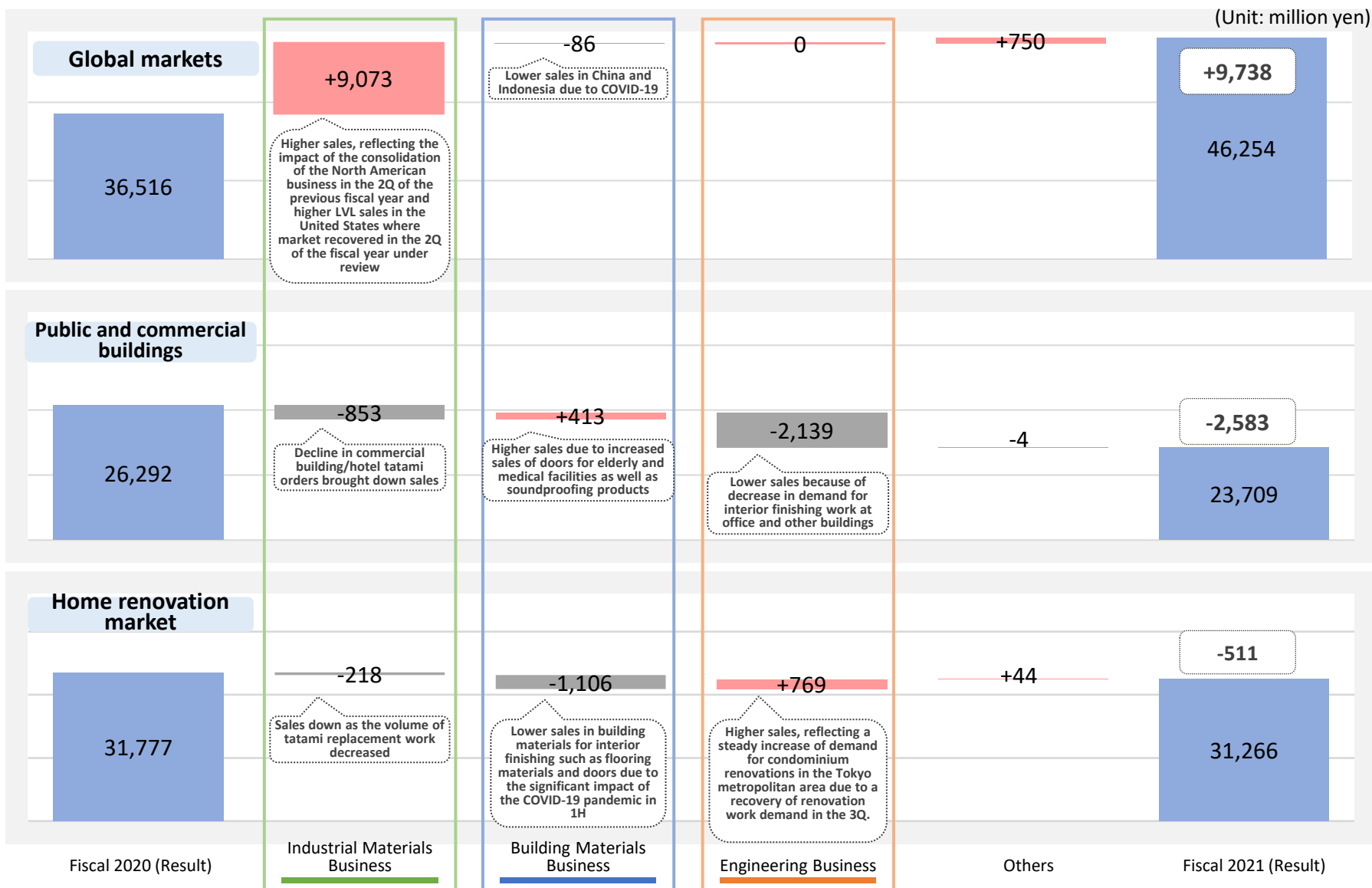
(Unit: million yen)



Fiscal 2021 Market Category Sales

(Unit: million yen) Upper: sales Lower: composition	Fiscal 2020 (Result)	Fiscal 2021 (Result)	YoY change	
			Amount	%
Global markets	36,516	46,254	+9,738	+26.7%
	18.0%	23.2%	+5.2pt	-
Public and commercial buildings	26,292	23,709	-2,583	-9.8%
	13.0%	11.9%	-1.1pt	-
Industrial materials	28,483	24,622	-3,862	-13.6%
	14.1%	12.4%	-1.7pt	-
Home renovation market	31,777	31,266	-511	-1.6%
	15.7%	15.7%	±0pt	-
Domestic new home market	78,630	73,008	-5,621	-7.1%
	38.8%	36.6%	-2.2pt	-
Others	783	351	-432	-55.2%
	0.4%	0.2%	-0.2pt	-
Domestic market	165,965	152,956	-13,009	-8.0%
	82.0%	76.8%	-5.2pt	-
Total	202,481	199,210	-3,270	-1.6%
	100.0%	100.00%	-	-

Fiscal 2021 Business Segment Performance in Three Priority Markets



Fiscal 2022

Forecast

Fiscal 2022 Market Environment Forecast

Domestic home market

- ◆ Demand for more comfortable living conditions is growing among consumers because people spend more time at home due to their voluntarily refraining from going out and more people are working from home. The government will continue to implement incentive programs such as Green Jutaku Points. These government policies are expected to underpin demand for new homes and renovations. There is concern that the construction of many new housing units will be rescheduled due to a surge in prices for wood products against the backdrop of tightening supply conditions (the Wood Shock).

Public and commercial buildings (non-housing sector)

- ◆ Demand from commercial buildings and hotels will continue to decline due to the disappearance of in-bound demand and people voluntarily refraining from going out.
- ◆ No substantial demand is expected to be created until late in the second half because of the temporary suspension of construction mainly in the Tokyo metropolitan area during the scheduled period of the Tokyo Olympics/Paralympics.

Cost of raw materials and logistics

- ◆ The cost of wood raw materials such as imported plywood and wood chips will increase due to the Wood Shock. The cost of chemical products such as adhesives will also increase. In addition, the cost of sea shipping will increase mainly due to the global shortage of containers.

MDF market

- ◆ The recovery of selling prices will be delayed, offsetting the correction of the oversupply conditions that arose due to a decline in demand for MDF for furniture and building materials during the COVID-19 pandemic, coupled with the deterioration of market conditions mainly in Asia caused by the U.S.-China trade friction that has continued until the previous fiscal year. Selling prices will be raised to reflect the increase of costs for raw materials and sea shipping.

U.S. home market

- ◆ The market will continue to be strong against the backdrop of a relocation to suburban housing units due to more people teleworking, a rise in DIY demand and low interest rates, among other factors. The surge in costs for wood products during the previous fiscal year is expected to continue. In this situation, the increased costs will be reflected in selling prices while ensuring stable procurement.

Fiscal 2022 Forecast

Impact of the adoption of the Accounting Standard for Revenue Recognition

Daiken has decided to apply the Accounting Standard for Revenue Recognition for forecast for the fiscal year ending March 31, 2022. However, due to the minor impact that its application has had, no adjustments have been made to the results for the previous fiscal year to indicate the change.

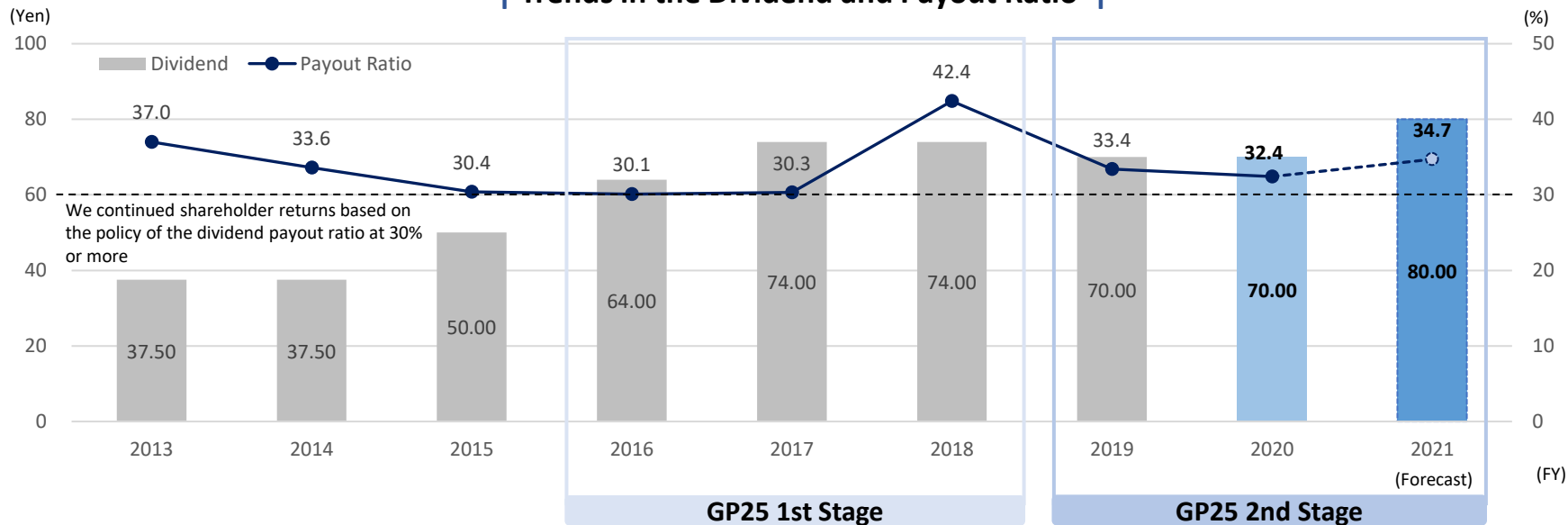
(Unit: million yen)	Fiscal 2021 (Result)	Fiscal 2022 (Forecast)	YoY change	
			Amount	%
Net sales	199,210	204,000	+4,789	+2.4%
Operating profit	8,779	10,000	+1,220	+13.9%
Operating profit ratio	4.4%	4.9%	+0.5pt	-
Ordinary profit	9,935	10,400	+464	+4.7%
Profit attributable to owners of parent	5,620	6,000	+379	+6.8%
Earnings per share (yen)	215.83	230.37	+14.54	-
Dividend per share (yen)	70 (Interim 30, Year-end 40)	80 (Interim 40, Year-end 40)	+10 (Interim +10, Year-end ±0)	-
Dividend payout ratio	32.4%	34.7%	+2.3pt	-
ROE	9.1%	8.6%	-0.5pt	-

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 |

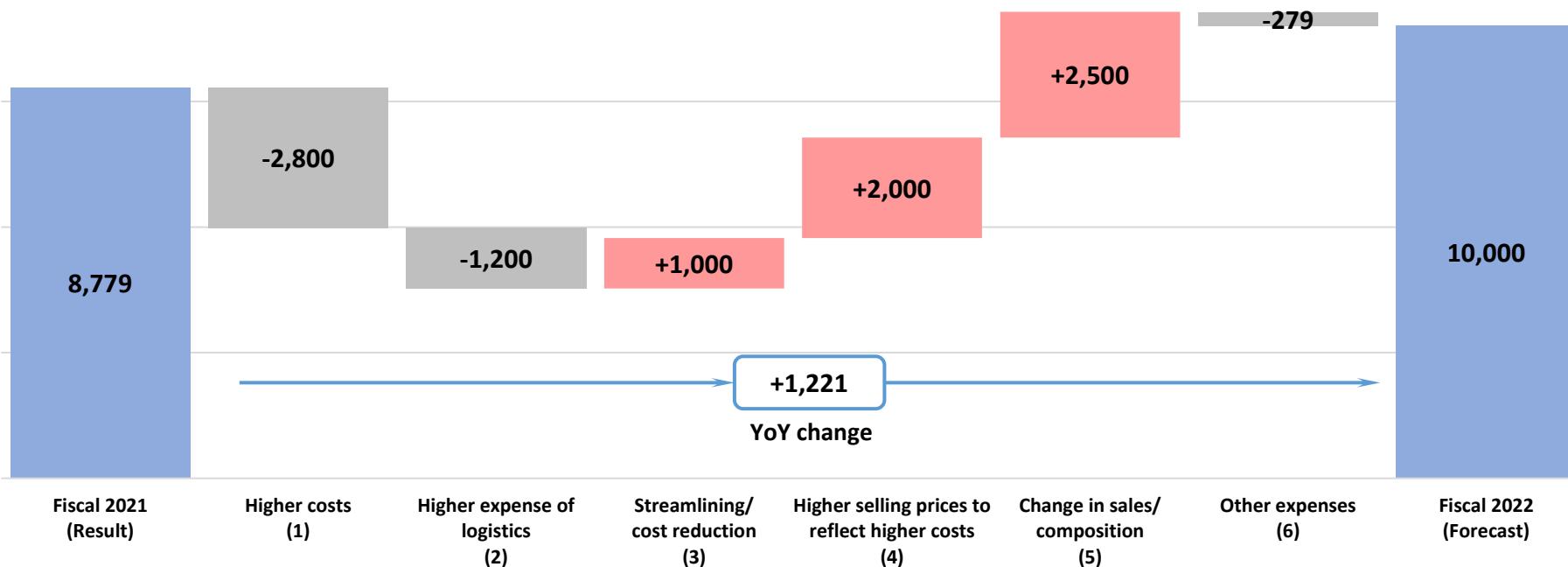


(Note) The company consolidated shares at a rate of one share per five as of October 1, 2016. The past figures were also consolidated retrospectively for ease of comparison.

Fiscal 2022 Forecast of Changes in Operating Profit

- (1) Higher costs: Increase of costs for chemical products and wood raw materials against the backdrop of global materials price inflation
- (2) Higher expense of logistics: Increased cost of sea shipping mainly due to the shortage of containers
- (3) Streamlining/cost reduction: Facilitation of a shift to in-house production and reexamination of all categories of items to be purchased
- (4) Higher selling prices to reflect higher costs: Increased costs for raw materials and sea shipping that cannot be absorbed internally will be reflected in selling prices
- (5) Change in sales/composition: Effects from the recovery of domestic demand and the increase of both sales and earnings in the United States where strong market conditions continue.
- (6) Other expenses: Expenses will increase due to the restart of activities although efforts for a thorough review of expenses will continue

(Unit: million yen)



Fiscal 2022 Business Segment Results Forecast

Industrial Materials Business

Sales are expected to decline 1.6% year on year, reflecting the impact of the sale of a domestic MDF sales subsidiary at the end of the previous fiscal year, despite an increase in sales chiefly due to higher LVL sales in the United States where strong market conditions continue and the recovery of the MDF business whose operations were suspended for one month because of lockdowns in the previous fiscal year. (Sales will increase by 8.5% year on year excluding the impact of the sale of a domestic MDF sales subsidiary*)

Building Materials Business

Sales are projected to increase 4.1% year on year, reflecting growth in the Housing sector and the Public and Commercial sector through the recovery of market conditions in the first half of the previous year, and efforts to strengthen proposals for functional building materials in response to demand for more comfortable living spaces during the COVID-19 pandemic.

Engineering Business

Sales are projected to climb 14.4% year on year, reflecting the recovery of demand for interior finishing work late in the second half, coupled with the recovery of renovation work and an increase in condominium renovations in the Tokyo metropolitan area.

(Unit: million yen)	Fiscal 2021 (Result)	Fiscal 2022 (Forecast)	YoY change	
			Amount	%
Industrial Materials Business	80,692	79,400	-1,292	-1.6%*
Building Materials Business	88,697	92,300	+3,602	+4.1%
Engineering Business	20,542	23,500	+2,957	14.4%
Others	9,277	8,800	-477	-5.1%
Total	199,210	204,000	+4,789	+2.4%

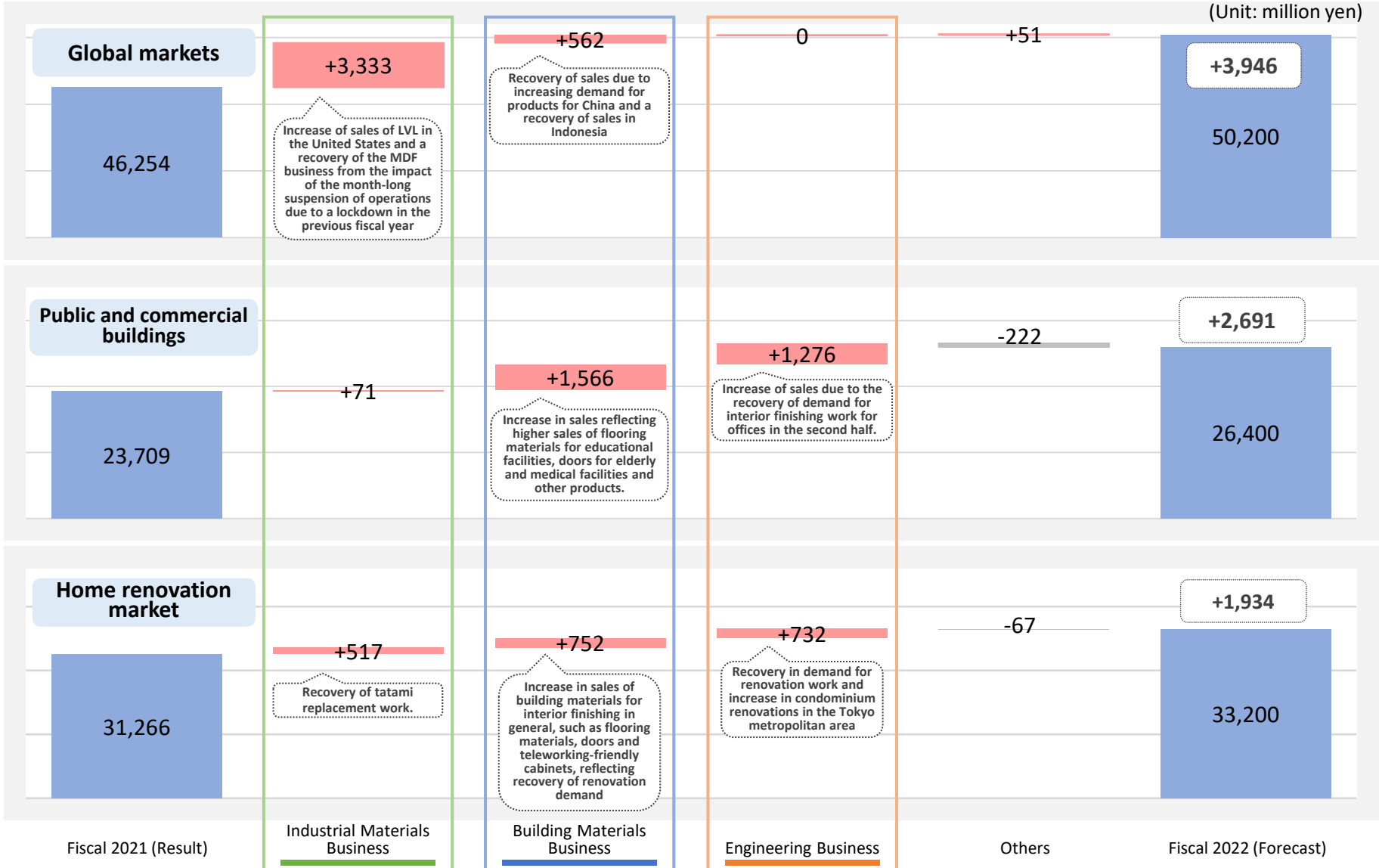
Fiscal 2022 Market Category Sales Forecast

(Unit: million yen) Upper: sales Lower: composition	Fiscal 2021 (Result)	Fiscal 2022 (Forecast)	YoY change	
			Amount	%
Global markets	46,254	50,200	+3,946	+8.5%
	23.2%	24.6%	+1.4pt	-
Public and commercial buildings	23,709	26,400	+2,691	+11.3%
	11.9%	12.9%	+1.0pt	-
Industrial materials	24,622	18,700	-5,922	-24.1%*
	12.4%	9.2%	-3.2pt	-
Home renovation market	31,266	33,200	+1,934	+6.2%
	15.7%	16.3%	+0.6pt	-
Domestic new home market	73,008	75,500	+2,492	+3.4%
	36.6%	37.0%	+0.4pt	-
Others	351	0	-351	-
	0.2%	0.0%	-0.2pt	-
Domestic market	152,956	153,800	+844	+0.6%
	76.8%	75.4%	-1.4pt	-
Total	199,210	204,000	+4,789	+2.4%
	100.00%	100.00%	-	-

* + 9.2% excluding the impact of the sale of a domestic MDF sales subsidiary

Fiscal 2022 Forecast for Business Segment Performance in Three Priority Markets

(Unit: million yen)

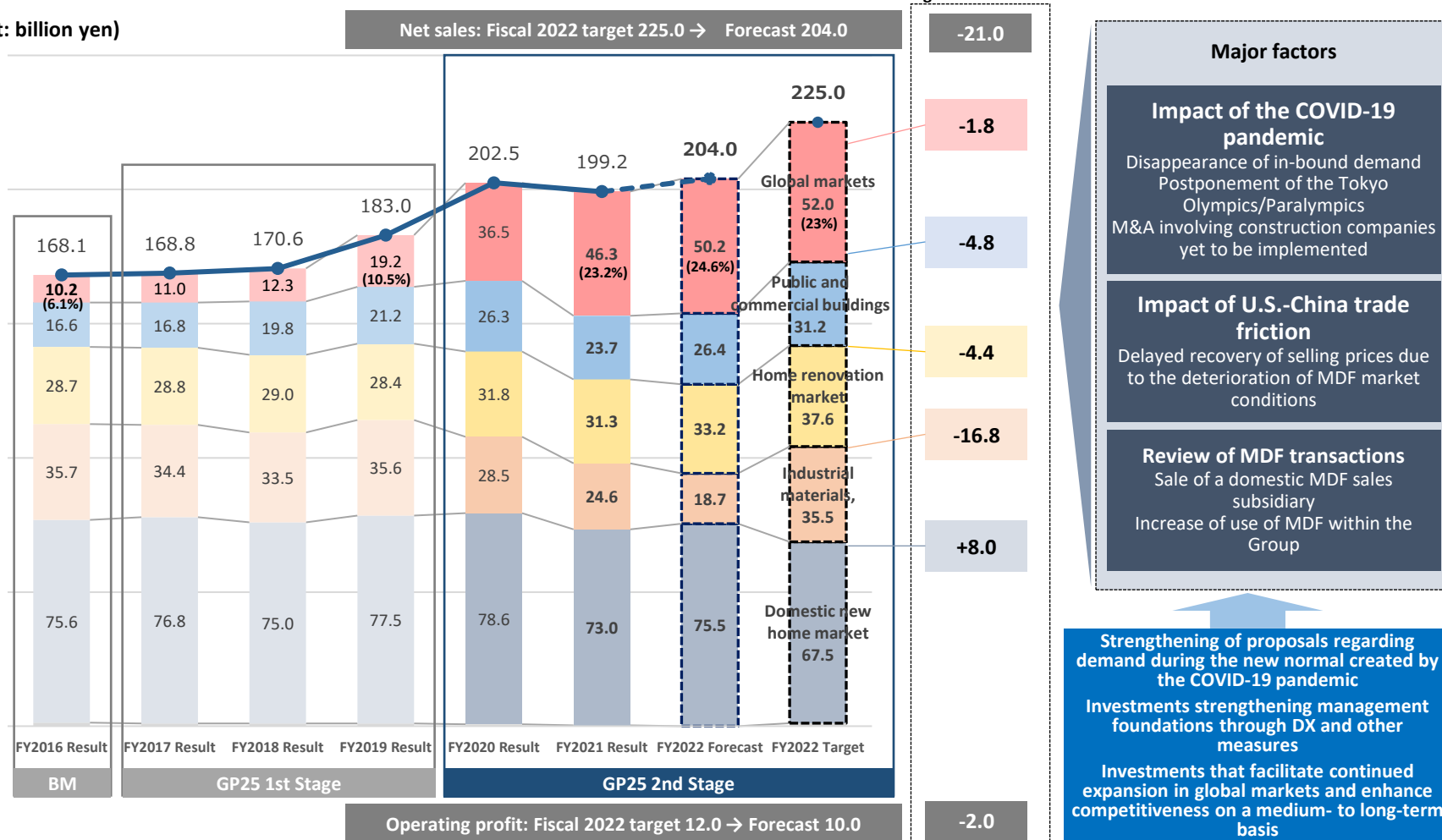


Differences between the Targets in the Medium-Term Management Plan and the Results Forecasts

The basic strategies presented in the GP25 2nd Stage (fiscal 2020 - fiscal 2022) medium-term management plan will remain unchanged despite the impact of changes in the external environment, such as the COVID-19 pandemic. There will be proactive investment to strengthen proposals regarding market demand during the new normal created by the COVID-19 pandemic and to enhance competitiveness on a medium- to long-term basis, with an eye toward the achievement of the 2025 long-term vision.

(Unit: billion yen)

Differences between targets and forecasts



ESG

Contribution to Carbon Neutrality

Contributing to Carbon Neutrality Through Effective Use of Wood Resources

DAIKEN's priority issues (Materiality):

In pursuit of sustainable use of wood resources

Our business of effectively using wood resources since our establishment contributes to carbon neutrality, by storing and fixing carbon. We continue to create social and economic value that contributes to solving social issues, and thereby sustainably enhance our corporate value.



Financial Information

Fiscal 2021 Consolidated Balance Sheet (Major components)

(Unit: million yen)	Fiscal 2019 (Result)	Fiscal 2020 (Result)	Fiscal 2021 (Result)	YoY change Amount
Cash and deposits	16,865	16,839	17,433	+594
Notes and accounts receivable-trade	50,511	42,092	38,454	-3,638
Inventories	21,363	27,010	29,525	+2,515
Other current assets	2,810	1,990	2,333	+343
Total current assets	91,553	87,934	87,748	-186
Property, plant and equipment	41,321	51,426	50,915	-511
Intangible assets	6,375	14,834	15,002	+168
Investments and other assets	20,831	16,351	18,835	+2,484
Total assets	160,158	170,638	172,553	+1,915
Notes and accounts payable-trade	30,573	26,846	23,435	-3,411
Interest-bearing debt	30,682	43,876	35,508	-8,367
Other current/non-current liabilities	37,153	36,940	36,838	-102
Total liabilities	98,416	107,662	95,781	-11,881
Total shareholders' equity	53,460	57,059	60,877	+3,818
Total net assets	61,741	62,975	76,771	+13,796
Total liabilities and net assets	160,158	170,638	172,553	+1,915
ROA	4.5%	5.5%	5.8%	+0.3pt
Shareholders' equity ratio	36.8%	32.7%	39.4%	+6.7pt
Debt-equity ratio (multiple)	0.52	0.79	0.52	-0.27
Net debt-equity ratio (multiple)	0.52	0.48	0.27	-0.21

◆ **Cash and deposits** **+594**
 <Major factors>
 Increased liquidity +594
 * Separate unused credit facility 5,000

◆ **Inventories** **+2,515**
 <Major factors>
 Merchandise/Work in process +253
 Raw materials/Supplies +2,262

◆ **Property, plant and equipment** **-511**
 <Major factors>
 Acquisition/Construction in progress +2,897
 Depreciation -4,767
 Exchange rate changes, etc. +1,359

◆ **Interest-bearing debt** **-8,367**
 <Major factors>
 Redemption of bonds -7,000
 Decrease in borrowings -1,367

◆ **Total net assets** **+13,796**
 <Major factors>
 Foreign currency translation adjustment +4,286
 Increase in retained earnings +3,928
 Valuation difference on available-for-sale securities +2,174
 Non-controlling interests +1,531

Fiscal 2021 Consolidated Statement of Income (Information about non-operating profit (expenses) and extraordinary income (losses))

(Unit: million yen)	Fiscal 2019 (Result)	Fiscal 2020 (Result)	Fiscal 2021 (Result)	YoY change Amount
Net sales	182,962	202,481	199,210	-3,270
Gross profit	43,673	51,038	50,881	-156
SG&A expenses	37,940	42,653	42,102	-550
Operating profit	5,733	8,384	8,779	+394
Non-operating profit (expenses)	+1,105	+724	+1,156	+432
Ordinary profit	6,838	9,108	9,935	+826
Extraordinary income (losses)	+463	-237	+1,035	+1,272
Profit before income taxes	7,301	8,871	10,970	+2,098
Total income taxes	2,703	2,359	3,687	+1,327
Profit	4,597	6,512	7,283	+770
Profit attributable to non- controlling interests	195	1,064	1,662	+598
Profit attributable to owners of parent	4,402	5,447	5,620	+172

◆ Non-operating profit (expenses) +432

<Major factors>

COVID-19 subsidies	+171
Foreign exchange gains	+144
Decrease in interest expenses	+29
Decrease in interest income	-21

◆ Extraordinary income (losses) +1,035

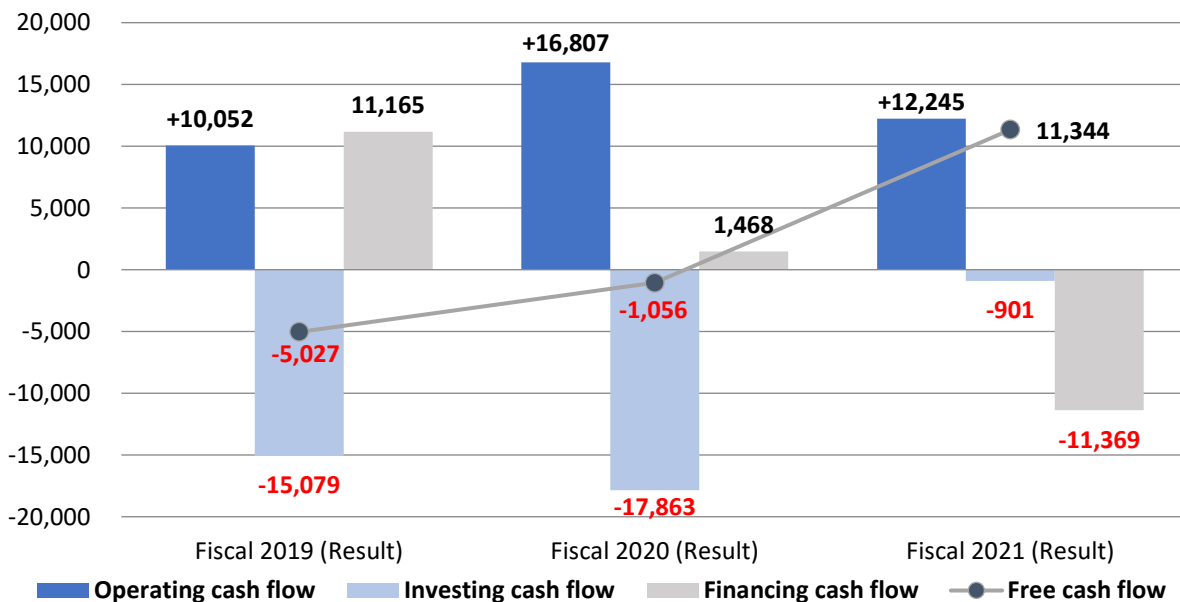
<Major factors>

Gain on sale of investment securities	+991
Gain on sale of non-current assets	+390
Provision for loss on litigation	-153
Loss on retirement of non-current assets	-107
Loss on disaster	-65
Loss on sale of shares of subsidiaries	-20

Exchange rate (yen)	Fiscal 2019 (Result)	Fiscal 2020 (Result)	Fiscal 2021 (Result)	YoY change Amount
USD	-	108.29	106.02	-2.27
CAD	-	81.57	80.24	-1.33
NZD	75.45	70.39	71.09	+0.70
MYR	27.18	26.10	25.39	-0.71

Fiscal 2021 Consolidated Statement of Cash Flows (Major components)

(Unit: million yen)	Fiscal 2019 (Result)	Fiscal 2020 (Result)	Fiscal 2021 (Result)
Operating cash flow	+10,052	+16,807	+12,245
Investing cash flow	-15,079	-17,863	-910
Free cash flow	-5,027	-1,056	+11,344
Financing cash flow	+11,165	+1,468	-11,369
Cash and cash equivalents at end of period	16,865	16,839	17,433
Capital expenditures	6,586	5,490	3,170
Depreciation	4,134	5,079	5,563



◆ Operating cash flow +12,245

<Major factors>

Profit before income taxes	+10,970
Depreciation	+5,563
Amortization of goodwill	+1,544
Changes in trade receivables/payables	-653
Changes in inventories	-1,642
Income taxes paid	-3,838

◆ Investing cash flow -910

<Major factors>

Purchase of property, plant and equipment	-3,230
Sales of investment securities	+2,479

◆ Financing cash flow -11,369

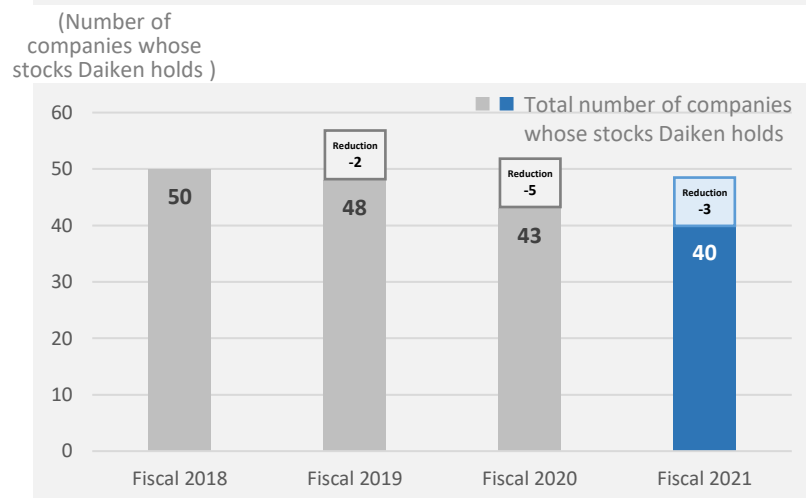
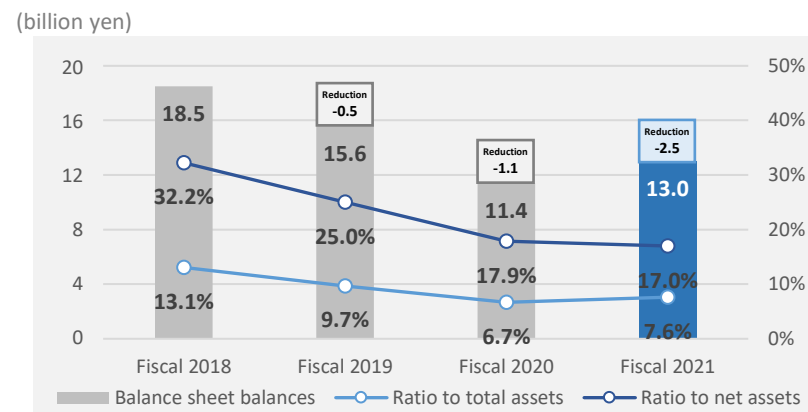
<Major factors>

Redemption of bonds	-7,000
Decrease in long- and short-term borrowings	-1,811
Dividends paid	-1,692

Initiatives for Reduction of Cross-Shareholdings

Daiken seeks to achieve balance sheet conditions that satisfy the financial indicators set out in its medium-term management plan by improving asset efficiency, while at the same time investing proactively for growth on a medium- to long-term basis. As part of these efforts, it is moving forward with its reduction of cross-shareholdings. In fiscal 2021, it sold shares in seven companies amounting to 2.5 billion yen in total (including partial sales of its holdings in certain companies). It sold shares worth 4.1 billion yen during the three-year period starting from fiscal 2019.

(Unit: billion yen)		Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021
Balance sheet balances	Listed	18.3	15.4	11.3	12.9
	Unlisted	0.1	0.1	0.1	0.1
	Total	18.5	15.6	11.4	13.0
Sale price		-	0.5	1.1	2.5
Acquisition price		0.0	0.0	0.0	0.0
Reduction		0.0	-0.5	-1.1	-2.5
Number of companies whose stocks Daiken holds	Listed	2.5	2.4	1.9	1.8
	Unlisted	2.5	2.4	2.4	2.2
	Total	5.0	4.8	4.3	4.0
	Decrease	0.0	-0.2	-0.6	-0.3
	Increase	0.1	0.0	0.1	0.0
	Reduction	0.1	-0.2	-0.5	-0.3
Total assets		140.7	160.1	170.6	172.5
Ratio to total assets		13.1%	9.7%	6.7%	7.6%
Net assets		57.0	61.7	63.0	76.7
Ratio to net assets		32.2%	25.0%	17.9%	17.0%



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