


Results of Operations for the First Half of the Fiscal Year Ending March 31, 2022 (Fiscal 2022)



**November 18, 2021
DAIKEN CORPORATION
(Security code:7905)**

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First Half of Fiscal 2022

Financial Results

1H Fiscal 2022 Market Environment

Domestic home market

◆ Demand for products for new home and renovation markets remained strong thanks to an increase in consumer demand for more comfortable living environments as a result of spending more time at home due to recommendations to stay at home and the ubiquitization of telecommuting in addition to a recovery from the COVID-19 pandemic in the first quarter of the previous fiscal year.

Housing starts in Japan

| (Unit: 10,000) | January to June | | | | | | April to September | | | | | |
|------------------------|-----------------|------------|------|------------|------|------------|--------------------|------------|------|------------|------|------------|
| | 2019 | YoY change | 2020 | YoY change | 2021 | YoY change | 2019 | YoY change | 2020 | YoY change | 2021 | YoY change |
| Housing starts (total) | 44.9 | -0.2% | 39.9 | -11.2% | 41.2 | +3.3% | 46.7 | -5.0% | 41.4 | -11.3% | 44.6 | +7.6% |
| Owner-built homes | 14.4 | +8.6% | 12.4 | -13.7% | 13.4 | +7.7% | 15.3 | +4.4% | 13.1 | -14.2% | 14.9 | +13.3% |
| Rental properties | 16.7 | -11.3% | 14.9 | -10.8% | 15.3 | +2.6% | 17.5 | -15.7% | 15.7 | -10.8% | 17.0 | +8.6% |
| Built-for sale homes | 7.2 | +5.9% | 6.7 | -7.4% | 6.8 | +1.4% | 7.5 | +4.0% | 6.4 | -14.5% | 7.2 | +11.8% |

Public and commercial buildings (non-housing sector)

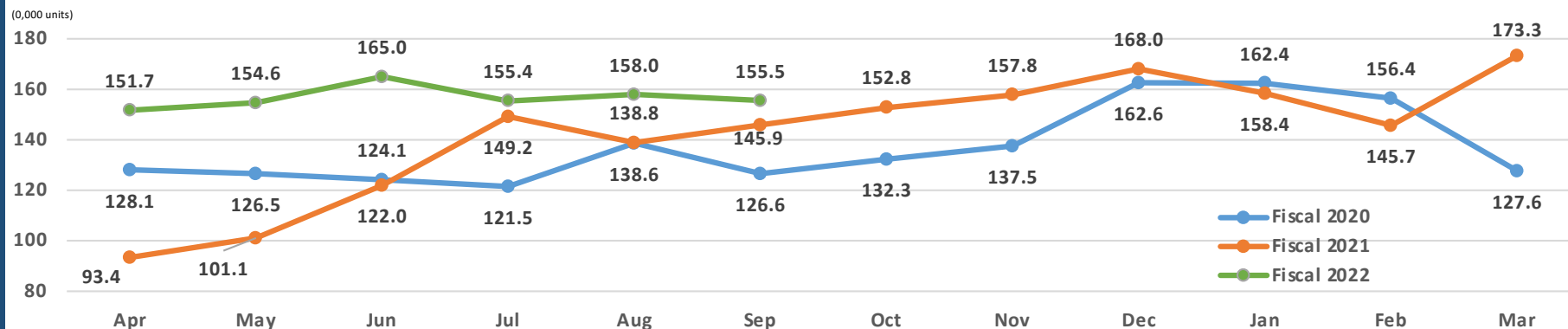
◆ A decrease in commercial building and hotel construction due to foreign tourists being shut out of the market and the recommendations that people stay at home had a prolonged impact. Construction mainly in the Tokyo metropolitan area was temporarily suspended during the Tokyo Olympics and Paralympics. Demand for construction is expected to recover in or after the latter half of the second half of the fiscal year under review.

MDF market

◆ Harsh market conditions in which profit was reduced by an increase in the prices of raw materials such as petrochemical products and wood materials, energy costs, and sea shipping costs were aggravated despite an increase in inquiries due to growth in demand for products used for furniture and building materials based on a recovery of the economy, particularly in the U.S., and demand for substitutes for tropical plywood 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.



1H Fiscal 2022 Financial Results

Net sales Net sales increased thanks to growth in sales of building materials for the domestic new home and renovation markets, condominium renovation in the Tokyo metropolitan area, overseas sales of MDF, and sales of LVL for the U.S. home market, which more than offset a decrease caused by the sale of a domestic MDF sales subsidiary at the end of the previous fiscal year. (There was an increase of 22.2% when excluding the impact of the sale of the domestic MDF sales subsidiary.)

Operating profit Operating profit increased due to the effects of sales growth, streamlining and cost reduction in response to an increase in the cost of raw materials and other goods, and the transfer of a portion of the increased costs not absorbed through self-help efforts to selling prices.

Comparison with the forecast published in the 1Q (Aug. 6) Both net sales and profit exceeded the revised forecasts as of August 6. Results from the North American business in the global market and results from the sale of building materials and the renovation of condominiums in the Tokyo metropolitan area in the domestic market were better than expected.

| (Unit: million yen) | 1H Fiscal 2020 (Result) | 1H Fiscal 2021 (Result) | 1H Fiscal 2022 (Result) | YoY change | | 1H Fiscal 2022 (Forecast on Aug. 6) | Rate of progress (vs. forecast on Aug. 6) |
|--|----------------------------|----------------------------|-------------------------------|----------------|----------------|--|--|
| | | | | Amount | YoY change | | |
| Net sales | 97,548 | 92,671 | Record high 109,002 | +16,330 | +17.6% | 106,000 | 102.8% |
| Operating profit | 3,790 | 2,857 | Record high 8,736 | +5,878 | +205.7% | 8,300 | 105.3% |
| Operating profit ratio | 3.9% | 3.1% | 8.0% | +4.9pt | - | 7.8% | - |
| Ordinary profit | 4,197 | 3,371 | Record high 9,399 | +6,027 | +178.8% | 8,700 | 108.0% |
| Profit attributable to owners of parent | 2,087 | 1,986 | Record high 4,935 | +2,948 | +148.5% | 4,600 | 107.3% |
| Earning per share (yen) | 80.21 | 76.29 | 189.45 | +113.16 | - | 176.58 | - |

1H Fiscal 2022 Business Segment Results

Industrial Materials Business Sales increased due to growth in overseas sales of MDF, sales of LVL for the U.S. home market, and sales of tatami materials for domestic new home and renovation markets, which more than offset a decrease due to the sale of domestic MDF sales subsidiary. Earnings increased as a result primarily of streamlining and cost reduction in response to an increase in the cost of raw materials and other goods, the transfer of additional costs to selling prices, and the increase of the composition ratio of high value-added products in the U.S., in addition to the effects of sales growth. (There was an increase of 43.8% when excluding the impact of the sale of the domestic MDF sales subsidiary.)

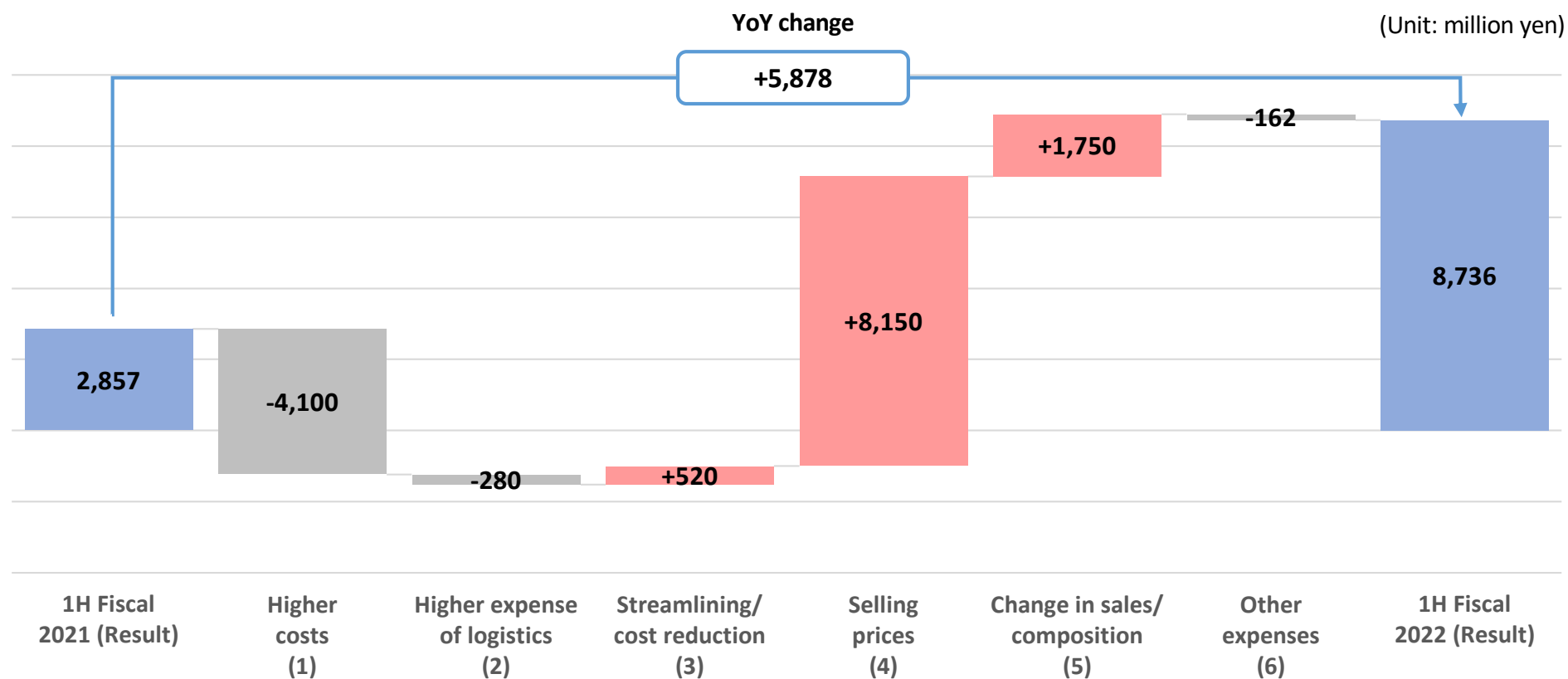
Building Materials Business Sales increased mainly owing to an increase in sales of flooring, doors, and soundproofing products for new home, the renovation market, and public and commercial buildings. Earnings increased as a result of streamlining and cost reduction in response to an increase in the cost of raw materials and other goods and the transfer of additional costs to selling prices, in addition to the effects of sales growth.

Engineering Business Sales and earnings increased due to strong results in condominium renovation in the Tokyo metropolitan area, coupled with the recovery of demand for renovation work which has been severely affected by delays and the postponement of construction due to COVID-19 in the previous fiscal year.

| (Unit: million yen) | 1H Fiscal 2020 (Result) | | 1H Fiscal 2021 (Result) | | 1H Fiscal 2022 (Result) | | | | | |
|--------------------------------------|----------------------------|------------------|----------------------------|------------------|----------------------------|----------------|---------------|------------------|---------------|----------------|
| | Net sales | Operating profit | Net sales | Operating profit | Net sales | YoY change | | Operating profit | YoY change | |
| | | | | | | Amount | YoY change | | Amount | YoY change |
| Industrial Materials Business | 36,365 | 1,129 | 36,660 | 889 | 47,684 | +11,024 | +30.1% | 5,499 | +4,610 | +518.2% |
| Building Materials Business | 46,652 | 2,226 | 42,309 | 1,497 | 46,602 | +4,292 | +10.1% | 2,512 | +1,015 | +67.8% |
| Engineering Business | 10,152 | 329 | 9,415 | 253 | 9,997 | +581 | +6.2% | 391 | +138 | +54.6% |
| Others | 4,376 | 104 | 4,285 | 217 | 4,717 | +431 | +10.1% | 331 | 114 | +52.6% |
| Total | 97,548 | 3,790 | 92,671 | 2,857 | 109,002 | +16,330 | +17.6% | 8,736 | +5,878 | +205.7% |

1H 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: | Increased cost of sea shipping mainly due to the shortage of containers |
| (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: | Higher selling prices mainly of products in the Industrial Materials Business to reflect a steep rise in the market prices of wood, which continues in the U.S. |
| (5) Change in sales/composition: | The effect of sales growth due to a recovery from the COVID-19 pandemic |
| (6) Other expenses: | Increase in expenses due to resumption of activities in comparison to the previous fiscal year |

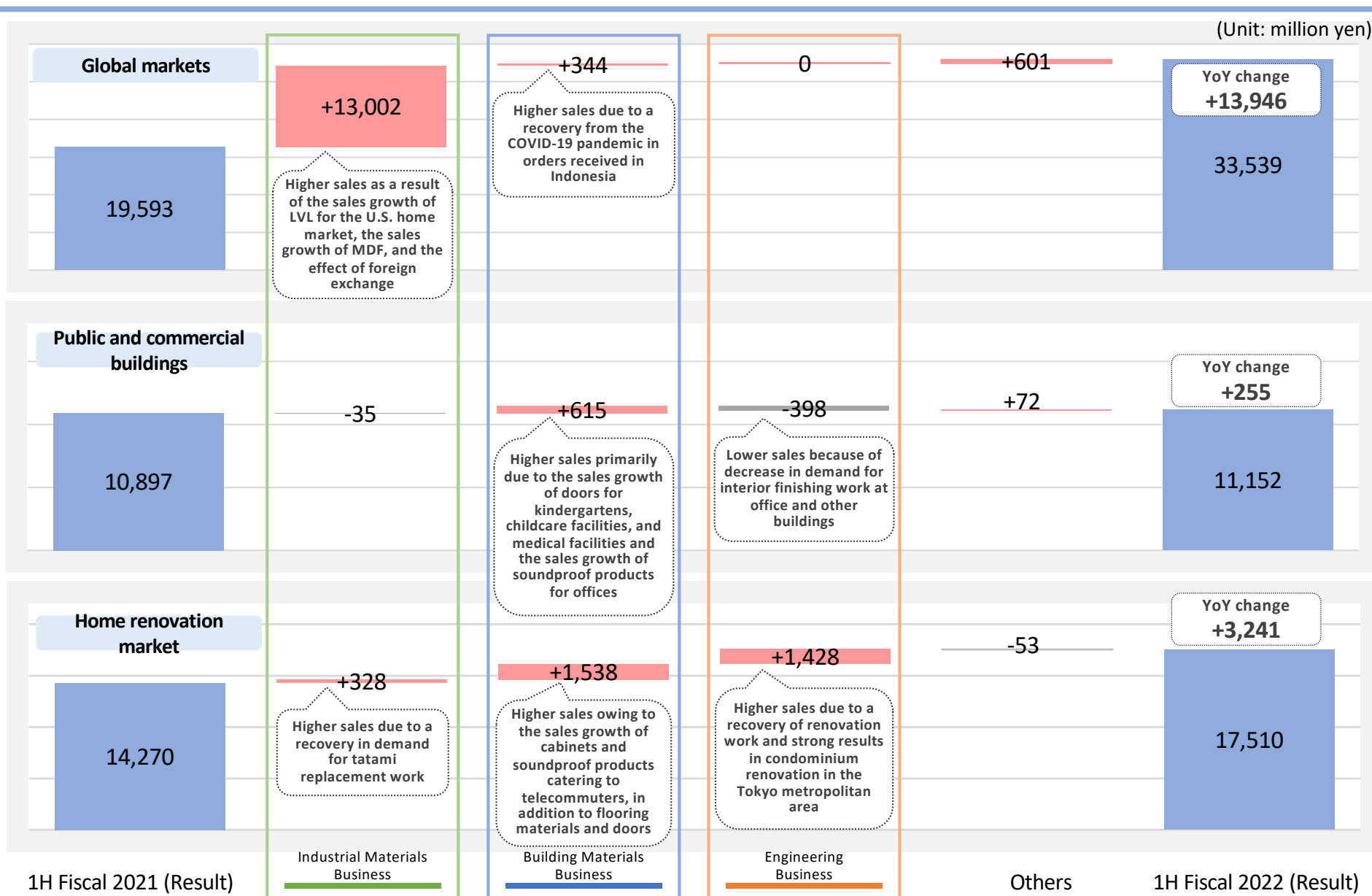


1H Fiscal 2022 Market Category Sales

| (Unit: million yen) Upper: sales Lower: composition | 1H Fiscal 2020 (Result) | 1H Fiscal 2021 (Result) | 1H Fiscal 2022 (Result) | YoY change | |
|--|----------------------------|----------------------------|----------------------------|----------------|---------------|
| | | | | Amount | YoY change |
| Global markets | 16,255 | 19,593 | 33,539 | +13,946 | +71.2% |
| | 16.7% | 21.1% | 30.8% | +9.7pt | - |
| Public and commercial buildings | 11,024 | 10,897 | 11,152 | +255 | +2.3% |
| | 11.3% | 11.8% | 10.2% | -1.6pt | - |
| Industrial materials | 14,174 | 12,201 | 9,383 | -2,818 | -23.1% * |
| | 14.5% | 13.2% | 8.6% | -4.6pt | - |
| Home renovation market | 16,249 | 14,270 | 17,510 | +3,241 | +22.7% |
| | 16.7% | 15.4% | 16.1% | +0.7pt | - |
| Domestic new home market | 39,447 | 35,502 | 36,991 | +1,489 | +4.2% |
| | 40.4% | 38.3% | 33.9% | -4.4pt | - |
| Others | 400 | 209 | 428 | 219 | +104.8% |
| | 0.4% | 0.2% | 0.4% | +0.2pt | - |
| Domestic market | 81,293 | 73,078 | 75,463 | +2,385 | +3.3% |
| | 83.3% | 78.9% | 69.2% | -9.7pt | - |
| Total | 97,548 | 92,671 | 109,002 | +16,330 | +17.6% |
| | 100.0% | 100.0% | 100.0% | - | - |

* +7.8% excluding the impact of the sale of a domestic MDF sales subsidiary

1H Fiscal 2022 Business Segment Performance in Three Priority Markets



Fiscal 2022 Full-year Forecast

(Revised on Nov. 12)

Fiscal 2022 Forecast (Revised on Nov. 12)

Forecasts for both net sales and profit were revised upward from the August 6 revised forecasts based on the expectation that the market prices of wood-material products would be higher than initially assumed due to strong demand for housing in the U.S. despite some concerns such as a steep rise in raw material prices.

As in the August 6 revised forecasts, net sales, operating profit, ordinary profit, and profit attributable to owners of parent are expected to be record highs.

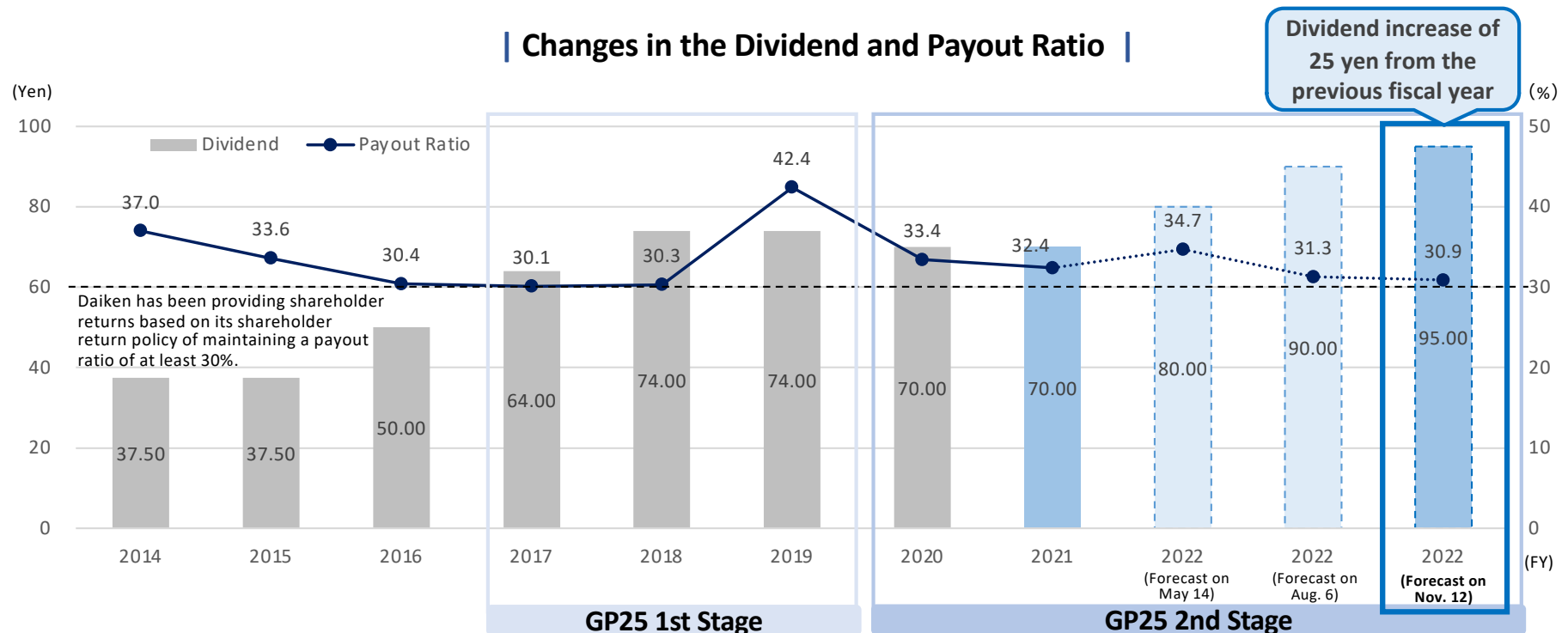
| (Unit: million yen) | Fiscal 2020 (Result) | Fiscal 2021 (Result) | Fiscal 2022 (Forecast on Aug. 6) | Fiscal 2022 (Forecast on Nov. 12) [Amount of the revision] | YoY change | |
|---|-----------------------------------|--|--|--|---|---------------|
| | | | | | Amount | YoY change |
| Net sales | 202,481 | 199,210 | 210,000 | Record high 217,000 [+7,000] | +17,789 | +8.9% |
| Operating profit | 8,384 | 8,779 | 13,300 | Record high 15,000 [+1,700] | +6,220 | +70.9% |
| Operating profit ratio | 4.1% | 4.4% | 6.3% | 6.9% [+0.6pt] | +2.5pt | - |
| Ordinary profit | 9,108 | 9,935 | 13,900 | Record high 15,900 [+2,000] | +5,964 | +60.0% |
| Profit attributable to owners of parent | 5,447 | 5,620 | 7,500 | Record high 8,000 [+500] | +2,379 | +42.3% |
| Earning per share (yen) | 209.32 | 215.83 | 287.86 | 307.05 | +91.22 | - |
| Dividend per share (yen) | 70 Interim: 35 Year-end: 35 | 70 Interim: 30 Year-end: 40 | 90 Interim: 45 Year-end: 45 | 95 Interim: 45 Year-end: 50 [Dividend increase of 5 yen] | +25 Interim: +15 Year-end: +10 | - |
| Dividend payout ratio | 33.4% | 32.4% | 31.3% | 30.9% | -1.5pt | - |
| ROE | 9.5% | 9.1% | 10.7% | 11.4% | +2.3pt | - |

Shareholder Returns and Dividends (Revised Forecasts on Nov. 12)

| Basic Capital Policy |

- ◆ To improve its corporate value, Daiken strives for efficient management that emphasizes ROE, the improvement of shareholder return, and the optimization of its balancing of financial soundness and strategic investment.
- ◆ Regarding shareholder returns, Daiken seeks to achieve a dividend payout ratio of at least 30%. In addition, it strives to maintain stable dividend payments while considering the distribution of earnings linked to the results of operations.
- ◆ Daiken makes decisions about the purchase of treasury shares comprehensively based on its current level of capital, the market environment and other considerations.
- ◆ Daiken effectively uses shareholders' equity to establish and reinforce its production, sales and construction systems, and to facilitate new businesses, global operations, and other activities, with an eye toward the achievement of medium-and long-term growth and the establishment of a solid foundation that supports this growth.

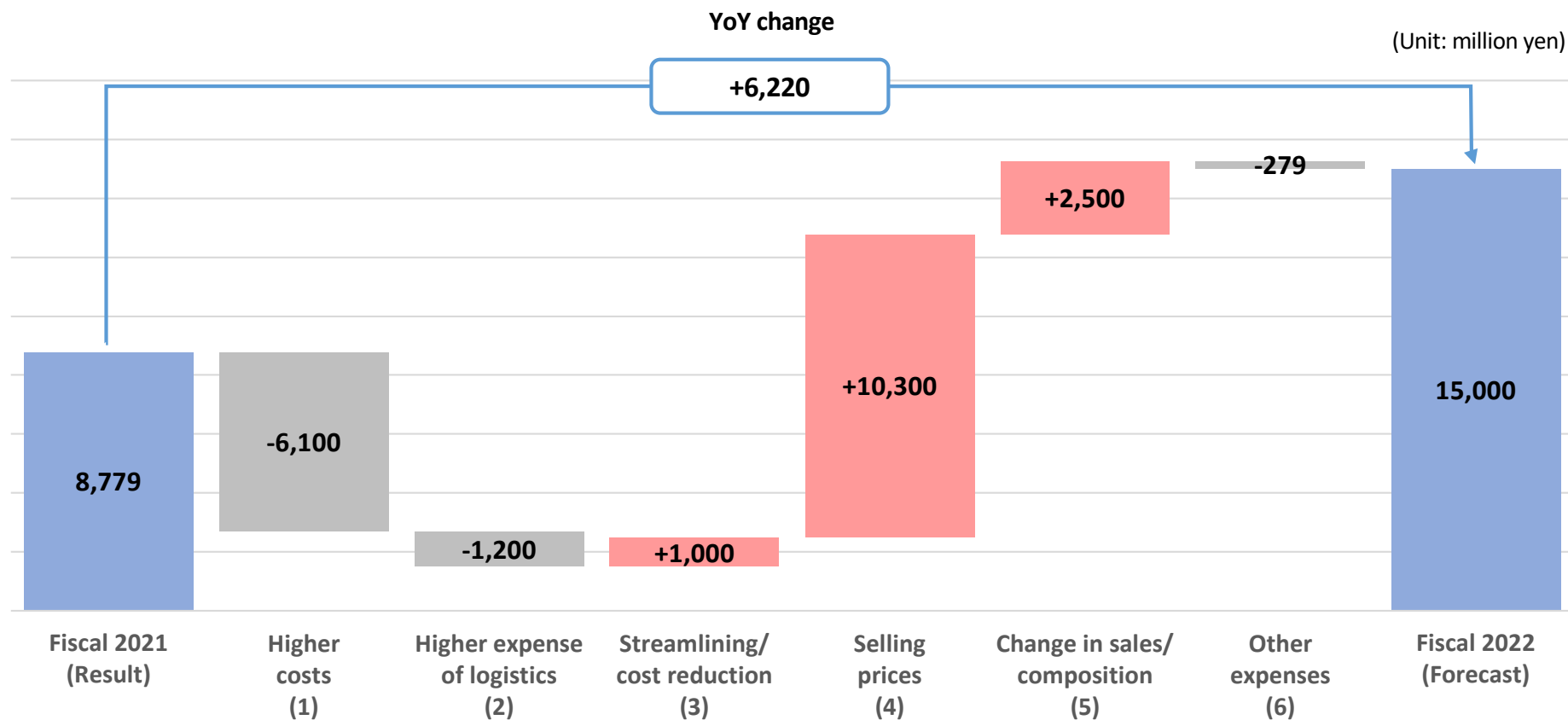
| Changes in the Dividend and Payout Ratio |



(Note) On October 1, 2016, Daiken conducted a one-for-five reverse stock split. Figures prior to the reverse stock split are calculated retroactively for the ease of comparison.

Fiscal 2022 Forecast of Changes in Operating Profit (Forecast on Nov. 12)

- (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 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) Selling prices: Reflects a rise in the market prices of wood-material products in the U.S. 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
- (6) Other expenses: Expenses will increase due to the restart of activities although efforts for a thorough review of expenses will continue



Fiscal 2022 Business Segment Results Forecast (Forecast on Nov. 12)

Industrial Materials Business Sales are expected to grow 12.0% year on year due to growth in overseas sales of MDF and sales of LVL in the U.S. home market, which continues to be strong, despite the impact of the sale of a domestic MDF sales subsidiary at the end of the previous fiscal year.
(There will be an increase of 23.5% year on year when excluding the impact of the sale of the domestic MDF sales subsidiary.)

Building Materials Business Year-on-year sales growth of 6.3% is expected as a result of work to expand business in the new home, renovation, and public and commercial buildings markets by strengthening proposals for functional building materials that meet consumer demand for more comfortable living spaces amid the COVID-19 pandemic.

Engineering Business Year-on-year sales growth of 14.4% is expected as a result of a recovery in demand for interior work from the latter half of the second half of the fiscal year under review in addition to the steady demand for renovation work and the expansion of condominium renovation that continues to be strong in the Tokyo metropolitan area.

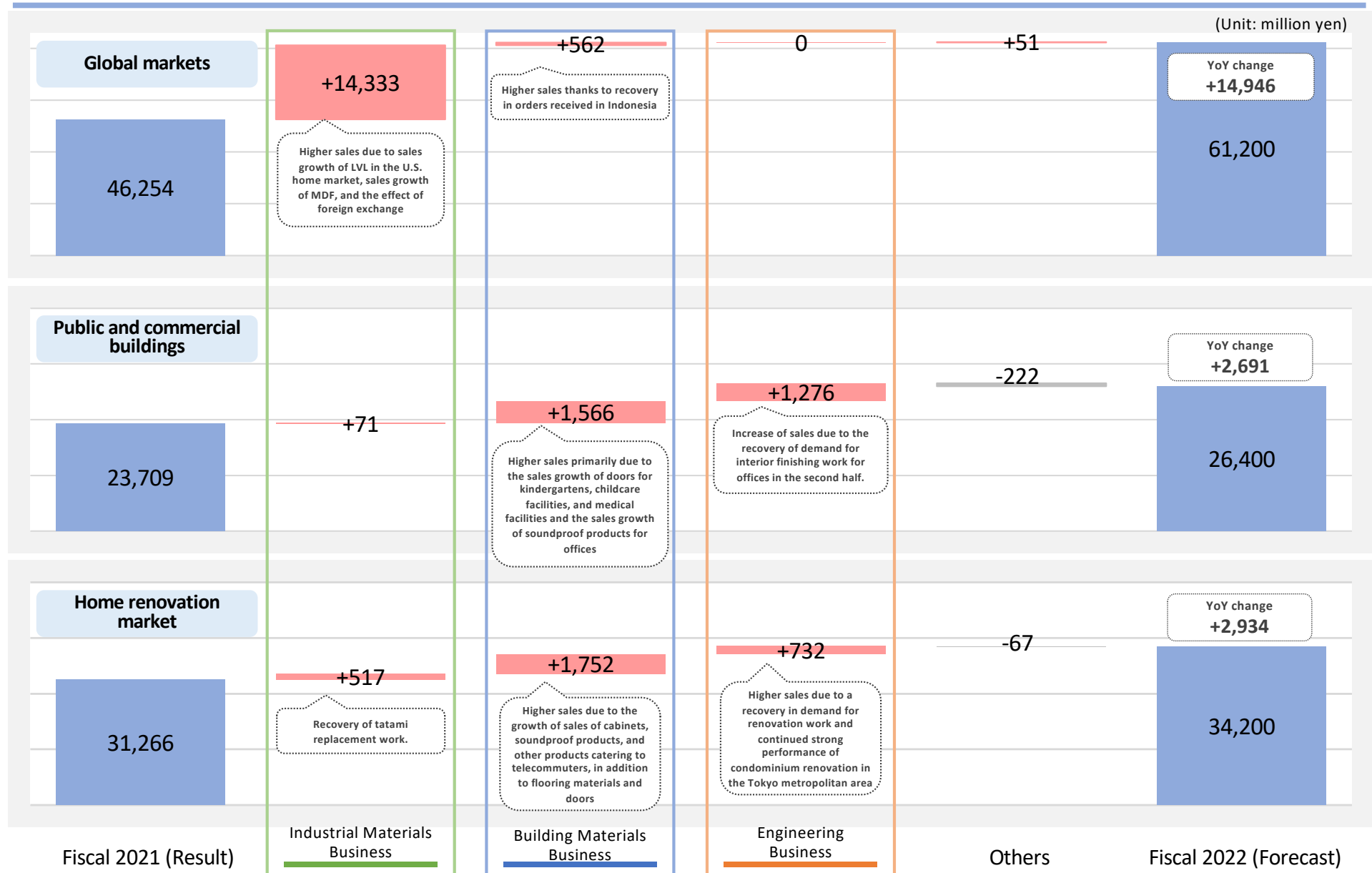
| (Unit: million yen) | Fiscal 2020 (Result) | Fiscal 2021 (Result) | Fiscal 2022 (Forecast on Aug. 6) | Fiscal 2022 (Forecast on Nov. 12) [Amount of the revision] | YoY change | |
|--------------------------------------|-------------------------|-------------------------|-------------------------------------|--|----------------|-----------------|
| | | | | | Amount | YoY change |
| Industrial Materials Business | 76,589 | 80,692 | 85,400 | 90,400 [+5,000] | +9,707 | +12.0% * |
| Building Materials Business | 94,938 | 88,697 | 92,300 | 94,300 [+2,000] | +5,602 | +6.3% |
| Engineering Business | 21,713 | 20,542 | 23,500 | 23,500 | +2,957 | +14.4% |
| Others | 9,240 | 9,277 | 8,800 | 8,800 | -477 | -5.1% |
| Total | 202,481 | 199,210 | 210,000 | 217,000 [+7,000] | +17,789 | +8.9% |

Fiscal 2022 Market Category Sales Forecast (Forecast on Nov. 12)

| (Unit: million yen) Upper: sales Lower: composition | Fiscal 2020 (Result) | Fiscal 2021 (Result) | Fiscal 2022 (Forecast on Aug. 6) | Fiscal 2022 (Forecast on Nov. 12) [Amount of the revision] | YoY change | |
|--|-------------------------|-------------------------|-------------------------------------|--|----------------|-----------------|
| | | | | | Amount | YoY change |
| Global markets | 36,516 | 46,254 | 56,200 | 61,200 [+5,000] | +14,946 | +32.3% |
| | 18.0% | 23.2% | 26.8% | 28.2% | +5.0pt | - |
| Public and commercial buildings | 26,292 | 23,709 | 26,400 | 26,400 | +2,691 | +11.3% |
| | 13.0% | 11.9% | 12.6% | 12.2% | +0.3pt | - |
| Industrial materials | 28,483 | 24,622 | 18,700 | 18,700 | -5,922 | -24.1% * |
| | 14.1% | 12.4% | 8.9% | 8.6% | -3.8pt | - |
| Home renovation market | 31,777 | 31,266 | 33,200 | 34,200 [+1,000] | +2,934 | +9.4% |
| | 15.7% | 15.7% | 15.8% | 15.8% | +0.1pt | - |
| Domestic new home market | 78,630 | 73,008 | 75,500 | 76,500 [+1,000] | +3,492 | +4.8% |
| | 38.8% | 36.6% | 36.0% | 35.3% | -1.3pt | - |
| Others | 783 | 351 | 0 | 0 | -351 | - |
| | 0.4% | 0.2% | 0.0% | 0.0% | -0.2pt | - |
| Domestic market | 165,965 | 152,956 | 153,800 | 155,800 [+2,000] | +2,843 | +1.9% |
| | 82.0% | 76.8% | 73.2% | 71.8% | -5.0pt | - |
| Total | 202,481 | 199,210 | 210,000 | 217,000 [+7,000] | +17,789 | +8.9% |
| | 100.0% | 100.0% | 100.0% | 100.0% | - | - |

* +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 (Forecast on Nov. 12)



ESG Information

Formulation of the DAIKEN Global Environmental Vision 2050

In October 2021, DAIKEN formulated the DAIKEN Global Environmental Vision 2050 to set out its long-term initiatives, policies and targets in conjunction with the environmental issues faced by the Group. The Group, as one, will seek to resolve social issues, including environmental issues, with the goal of contributing to the realization of a sustainable society from three perspectives: the promotion of resource recycling, the mitigation of climate change and coexistence with nature.

| Vision |

For a future full of smiles

The overall aim of the Daiken Group is to realize a sustainable society towards 2050 by promoting resource recycling, mitigating climate change, and coexisting with nature.

Environmental Policy

1 Promotion of resource recycling

– Waste reduction and reuse of resources –

By actively taking advantage of properly managed sustainable forest resources, we can promote forest circulation and help to realize a circular economy of sustainable resource circulation throughout society by reusing resources, material recycling, and thermal recycling, rather than disposal.

2 Mitigation of climate change

– Realization of carbon neutrality –

We will reduce our own greenhouse gas emissions, as well as emissions throughout the entire supply chain. Also, by using sustainable forests and wood resources, we will help to expand carbon storage and contribute to the maintenance and circulation of carbon sinks as we work together with society to achieve carbon neutrality.

3 Coexistence with nature

– Conservation of biodiversity –

In consideration of biodiversity, our objective is to coexist with a sustainable natural environment and preserve ecosystems by contributing to environmental impact reduction, conservation, and restoration.

Long-term goals

1 100% waste recycling

- Promote material recycling and thermal recycling on the premise of cascade use.
- Zero final disposal of waste in landfills.
- Reduce waste through a series of processes from procurement of raw materials to the use and disposal of products.

2 Net zero greenhouse gas emissions

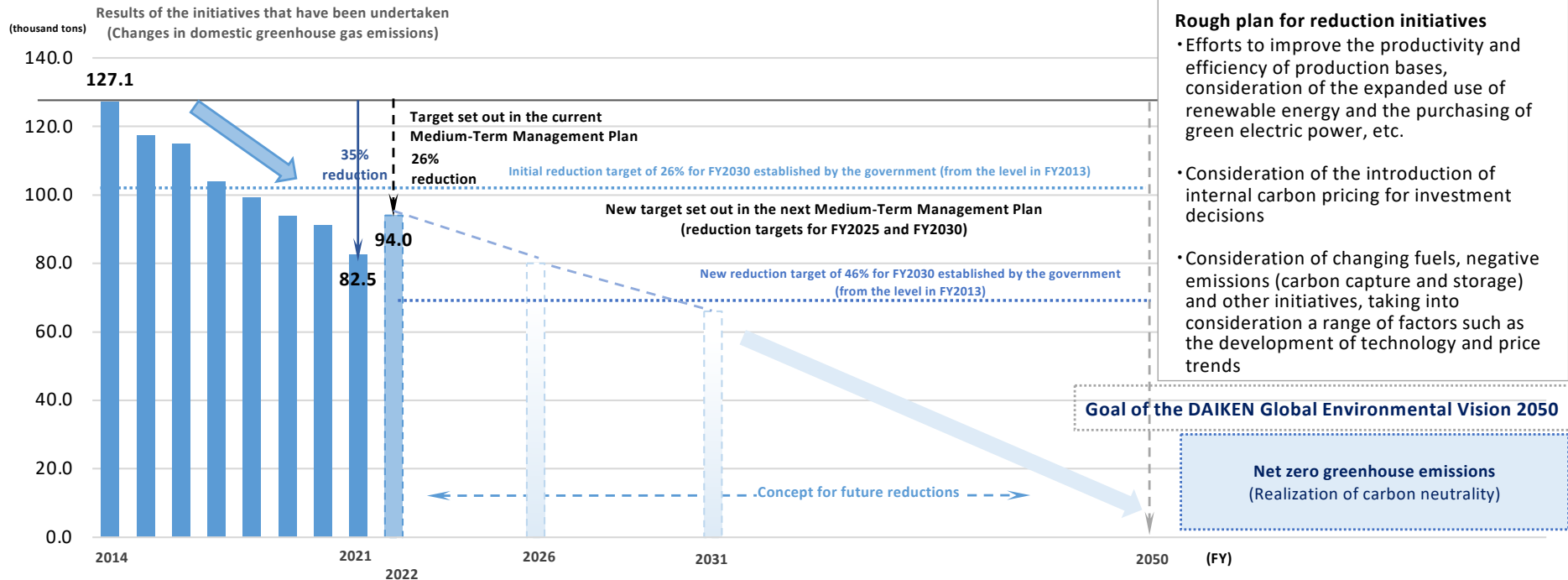
- Promote energy conservation by improving productivity and efficiency.
- Expand the use of renewable energy.
- Expand the use of wood materials and products that store carbon.
- Promote reforestation through the active use of materials from managed forests.
- Contribute to the maintenance and recycling of CO₂ sinks through afforestation.

3 Reduce the impact on the natural environment

- Zero use of lauan wood.
- Appropriately manage chemical substances and reduce emissions.
- Promote the effective use of water resources.
- Reduce the use of plastics derived from fossil fuels.

Mitigation of climate change — Initiatives for net zero greenhouse gas emissions —

In FY2020, the Group achieved a 35% reduction from the level in FY2013 through the proactive use of woody biomass energy. The Group will accelerate its efforts to achieve its long-term targets and to achieve net zero greenhouse emissions as set out in the DAIKEN Global Environmental Vision.



MSCI ESG Ratings

DAIKEN 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.



Announcement of support for TCFD initiatives

DAIKEN announced its support for the TCFD (Task Force on Climate-related Financial Disclosures) in October 2021. It will conduct a scenario analysis in accordance with the TCFD recommendations and reflect the results of this analysis in its management strategies going forward, while also seeking to properly disclose information.

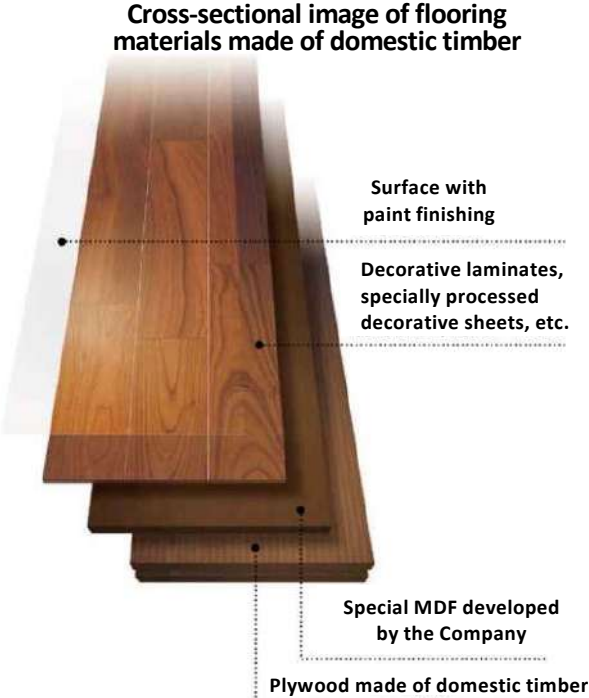
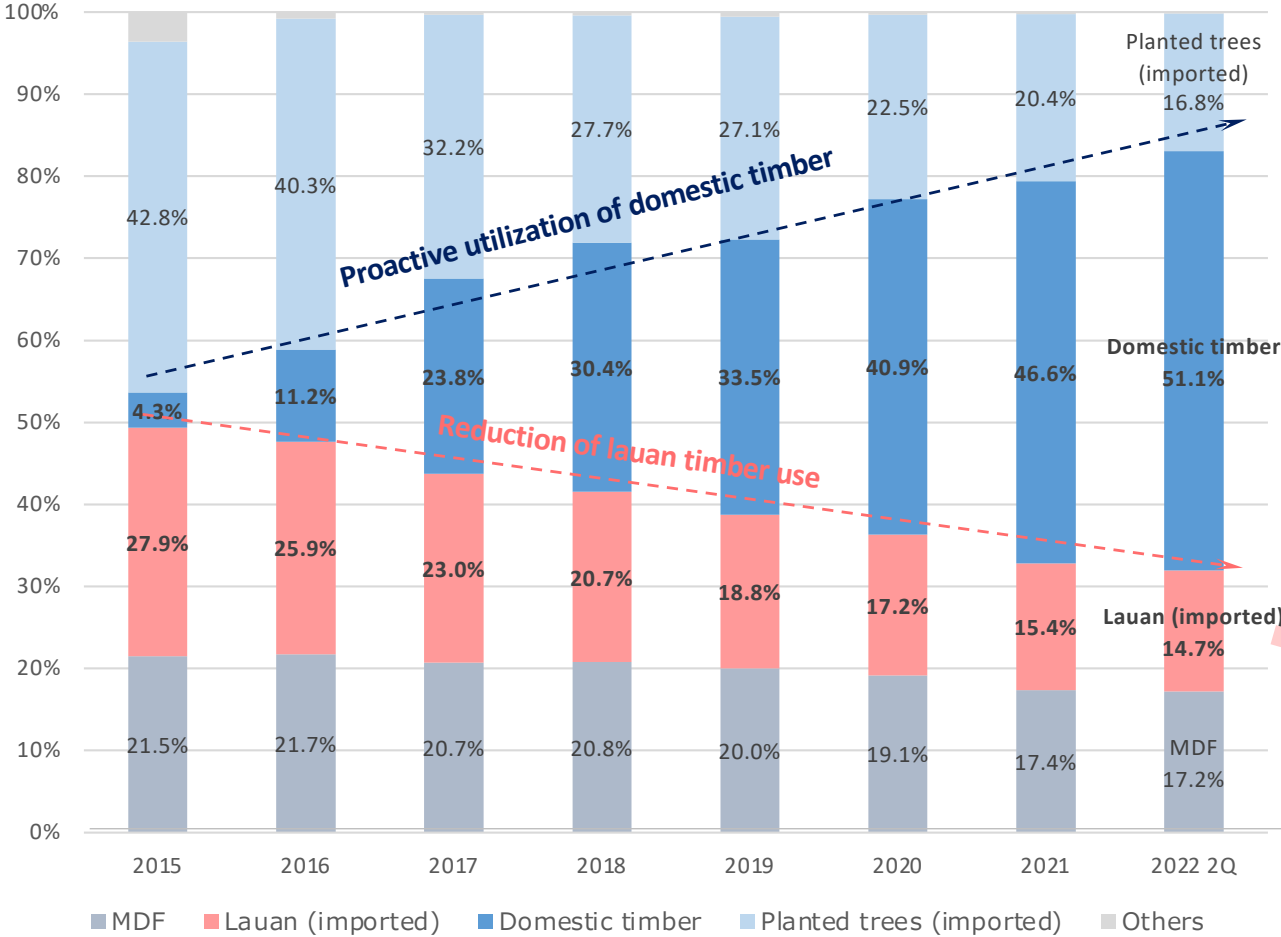


Reduction of the load on the natural environment

— Initiatives ending the use of lauan wood —

Efforts are being made to change base flooring materials from natural lauan timber to planted trees, MDF or domestic timber from the perspectives of price stability and exchange rate fluctuation risk mitigation, as well as the reduction of environmental load. By increasing efforts to develop technology, DAIKEN aims to end the use of lauan timber.

Building materials business: Changes in use of base flooring materials



Goal of the DAIKEN Global Environmental Vision 2050

Ending the use of lauan timber by 2050.

2050 (FY)

Financial Information

1H Fiscal 2022 Consolidated Balance Sheet (Major components)

| (Unit: million yen) | Fiscal 2020 (Result) | Fiscal 2021 (Result) | 1H Fiscal 2022 (Result) | YoY change Amount | |
|---|-------------------------|-------------------------|----------------------------|----------------------|--|
| Cash and deposits | 16,839 | 17,433 | 17,708 | +275 | |
| Notes and accounts receivable - trade | 42,092 | 38,454 | 40,949 | +2,495 | |
| Inventories | 27,010 | 29,525 | 30,014 | +489 | ◆ Inventories +489 <Major factors> Merchandise/Work in process +1,216 Raw materials/Supplies +705 Partly-finished work -1,432 |
| Other current assets | 1,990 | 2,333 | 3,603 | +1,270 | |
| Total current assets | 87,934 | 87,748 | 92,276 | +4,528 | |
| Property, plant and equipment | 51,426 | 50,915 | 49,821 | -1,094 | ◆ Property, plant and equipment -1,094 <Major factors> Depreciation -2,488 Acquisition/Construction in progress +1,519 Exchange rate changes, etc. -125 |
| Intangible assets | 14,834 | 15,002 | 14,225 | -777 | |
| Investments and other assets | 16,351 | 18,835 | 16,829 | -2,006 | |
| Total assets | 170,638 | 172,553 | 173,192 | +638 | |
| Notes and accounts payable - trade | 26,846 | 23,435 | 24,103 | +668 | |
| Interest-bearing debt | 43,876 | 35,508 | 31,586 | -3,922 | ◆ Interest-bearing debt -3,922 <Major factors> Decrease in long- and short-term borrowings -3,922 |
| Other current/non-current liabilities | 36,940 | 36,838 | 35,953 | -858 | |
| Total liabilities | 107,662 | 95,781 | 92,642 | -3,139 | |
| Total shareholders' equity | 57,059 | 60,877 | 64,630 | +3,753 | |
| Total net assets | 62,975 | 76,771 | 80,549 | +3,778 | ◆ Total net assets +3,778 <Major factors> Increase in retained earnings +3,727 Non-controlling interests +1,316 Foreign currency translation adjustment -136 Deferred gains or losses on hedges -257 Valuation difference on available-for-sale securities -852 |
| Total liabilities and net assets | 170,638 | 172,553 | 173,192 | +638 | |
| Shareholders' equity ratio | 32.7% | 39.4% | 40.7% | +1.3pt | |
| Debt-equity ratio (multiple) | 0.79 | 0.52 | 0.45 | +0.07 | |
| Net debt-equity ratio (multiple) | 0.48 | 0.27 | 0.20 | -0.07 | |

1H Fiscal 2022 Consolidated Statement of Income

(Information about non-operating profit (expenses) and extraordinary income (losses))

| (Unit: million yen) | 1H Fiscal 2020 (Result) | 1H Fiscal 2021 (Result) | 1H Fiscal 2022 (Result) | YoY change Amount |
|--|----------------------------|----------------------------|----------------------------|----------------------|
| Net sales | 97,548 | 92,671 | 109,002 | +16,330 |
| Gross profit | 24,289 | 23,169 | 30,523 | +7,353 |
| SG&A expenses | 20,499 | 20,311 | 21,786 | +1,475 |
| Operating profit | 3,790 | 2,857 | 8,736 | +5,878 |
| Non-operating profit (expenses) | +407 | +514 | +664 | +150 |
| Ordinary profit | 4,197 | 3,371 | 9,399 | +6,027 |
| Extraordinary income (losses) | -433 | +235 | +958 | +723 |
| Profit before income taxes | 3,764 | 3,607 | 10,357 | +6,749 |
| Total income taxes | 1,223 | 1,025 | 3,103 | +2,077 |
| Profit | 2,541 | 2,581 | 7,253 | +4,672 |
| Profit attributable to non- controlling interests | 453 | 595 | 2,318 | +1,723 |
| Profit attributable to owners of parent | 2,087 | 1,986 | 4,935 | +2,948 |

◆ Non-operating profit (expenses) +150

<Major factors>

| | |
|---|------|
| Income on emission rights | +204 |
| Foreign exchange gains | +100 |
| Reduction of sales discounts (change in accounting processing) | +61 |
| Decrease in dividend income | -59 |
| Decrease in COVID-19 subsidies | -167 |

◆ Extraordinary income (losses) +958

<Major factors>

| | |
|--|--------|
| Gain on sale of investment securities | +1,190 |
| Loss on retirement of non-current assets | -56 |
| Impairment losses | -67 |
| Loss on disaster | -109 |

| Exchange rate (yen) | 1H Fiscal 2020 (Result) | 1H Fiscal 2021 (Result) | 1H Fiscal 2022 (Result) | YoY change Amount |
|---------------------|----------------------------|----------------------------|----------------------------|----------------------|
| USD | 107.29 | 106.82 | 109.76 | +2.94 |
| CAD | 81.25 | 78.62 | 88.20 | +9.58 |
| NZD | 71.20 | 68.32 | 77.63 | +9.31 |
| MYR | 26.12 | 25.06 | 26.35 | +1.29 |

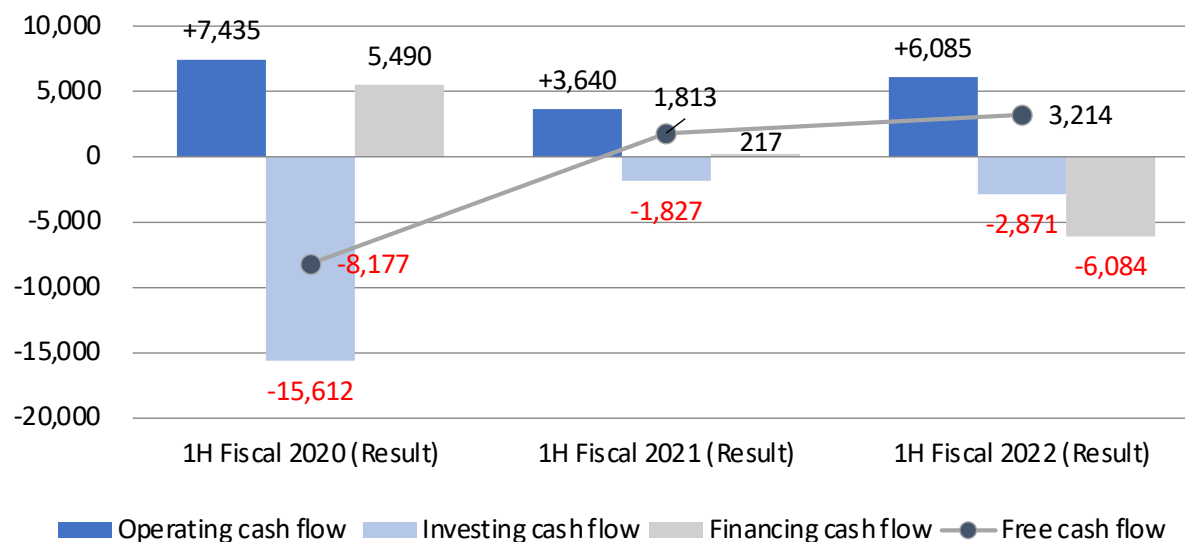
1H Fiscal 2022 Consolidated Statement of Cash Flows (Major components)

| (Unit: million yen) | 1H Fiscal 2020 (Result) | 1H Fiscal 2021 (Result) | 1H Fiscal 2022 (Result) |
|--|----------------------------|----------------------------|----------------------------|
| Operating cash flow | +7,435 | +3,640 | +6,085 |
| Investing cash flow | -15,612 | -1,827 | -2,871 |
| Free cash flow | -8,177 | +1,813 | +3,214 |
| Financing cash flow | +5,490 | +217 | -6,084 |
| Cash and cash equivalents at end of period | 13,955 | 19,011 | 14,546 |
| Capital expenditures | 2,353 | 1,571 | 1,277 |
| Depreciation | 2,353 | 2,744 | 2,800 |

| ◆ Operating cash flow | +6,085 |
|---------------------------------------|---------------|
| <Major factors> | |
| Profit before income taxes | +10,357 |
| Depreciation | +2,800 |
| Amortization of goodwill | +842 |
| Gain on sale of investment securities | -1,190 |
| Changes in trade receivables/payables | -2,259 |
| Changes in inventories | -1,167 |
| Income taxes paid | -3,188 |

| ◆ Investing cash flow | -2,871 |
|--|---------------|
| <Major factors> | |
| Increase in time deposits exceeding three months | -3,178 |
| Purchase of property, plant and equipment | -1,416 |
| Sales of investment securities | +2,025 |

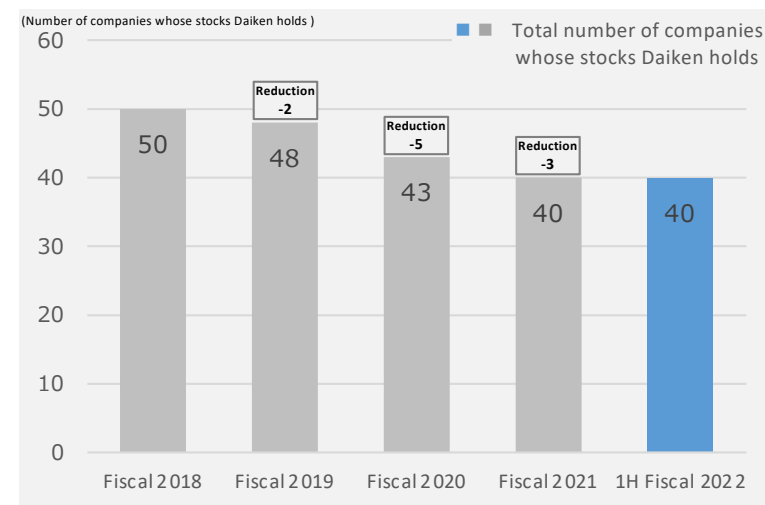
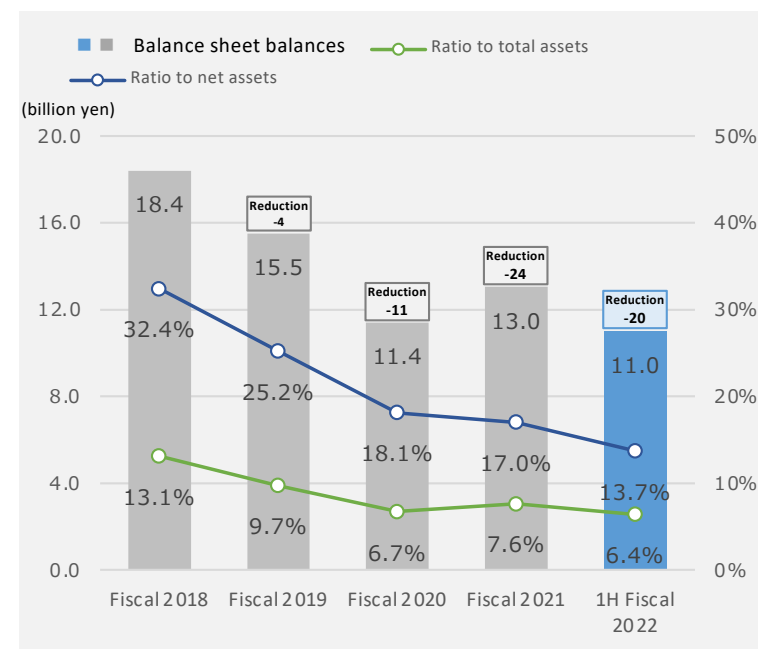
| ◆ Financing cash flow | -6,084 |
|--|---------------|
| <Major factors> | |
| Dividends paid | -1,041 |
| Dividends paid (to non-controlling shareholders) | -977 |
| Repayments of long- and short-term borrowings | -3,971 |



Initiatives for Reduction of Cross-Shareholdings

Changes in cross-shareholdings

| (Unit: billion yen) | | Fiscal 2018 | Fiscal 2019 | Fiscal 2020 | Fiscal 2021 | 1H Fiscal 2022 |
|---|-----------|-------------|-------------|-------------|-------------|----------------|
| Balance sheet balances | Listed | 183 | 154 | 112 | 129 | 108 |
| | Unlisted | 1 | 1 | 1 | 1 | 1 |
| | Total | 184 | 155 | 114 | 130 | 110 |
| Sale price | | - | -4 | -11 | -24 | -20 |
| Acquisition price | | 0 | 0 | 0 | 0 | 0 |
| Reduction | | 0 | -4 | -11 | -24 | -20 |
| Number of companies whose stocks Daiken holds | Listed | 25 | 24 | 19 | 18 | 17 |
| | Unlisted | 25 | 24 | 24 | 22 | 23 |
| | Total | 50 | 48 | 43 | 40 | 40 |
| | Decrease | 0 | -2 | -6 | -3 | -1 |
| | Increase | 1 | 0 | 1 | 0 | 1 |
| | Reduction | 1 | -2 | -5 | -3 | 0 |
| Total assets | | 1,407 | 1,601 | 1,706 | 1,725 | 1,731 |
| Ratio to total assets | | 13.1% | 9.7% | 6.7% | 7.6% | 6.4% |
| Net assets | | 569 | 617 | 629 | 767 | 805 |
| Ratio to net assets | | 32.4% | 25.2% | 18.1% | 17.0% | 13.7% |



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