


Results of Operations for the First Half of the Fiscal Year Ending March 31, 2023 (Fiscal 2023)



**November 22, 2022
DAIKEN CORPORATION
(Security code:7905)**

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First Half of Fiscal 2023

Financial Results

1H Fiscal 2023 Market Environment

Domestic home market

- ◆ Sales of the Company's products did not recover due to the impact of delivery delays and limitations on order acceptance that had occurred to certain products in the Building Materials Business during the 4Q of the previous year, although demand remained firm in the new home and renovation markets. In addition, given surging raw material prices coupled with the sharp depreciation of the yen, the difficult situation continued.

Housing starts in Japan

(Unit: 10,000)	January to June						April to September					
	2020	YoY change	2021	YoY change	2022	YoY change	2020	YoY change	2021	YoY change	2022	YoY change
Housing starts (total)	39.9	-11.2%	41.2	+3.3%	41.9	+1.6%	41.4	-11.3%	44.6	+7.6%	44.3	-0.7%
Owner-built homes	12.4	-13.7%	13.4	+7.7%	12.3	-8.0%	13.1	-14.2%	14.9	+13.3%	13.2	-10.9%
Rental properties	14.9	-10.8%	15.3	+2.6%	16.5	+7.5%	15.7	-10.8%	17.0	+8.6%	17.7	+4.3%
Built-for sale homes	6.7	-7.4%	6.8	+1.4%	7.2	+5.9%	6.4	-14.5%	7.2	+11.8%	7.4	+3.6%

Public and commercial buildings (non-housing sector)

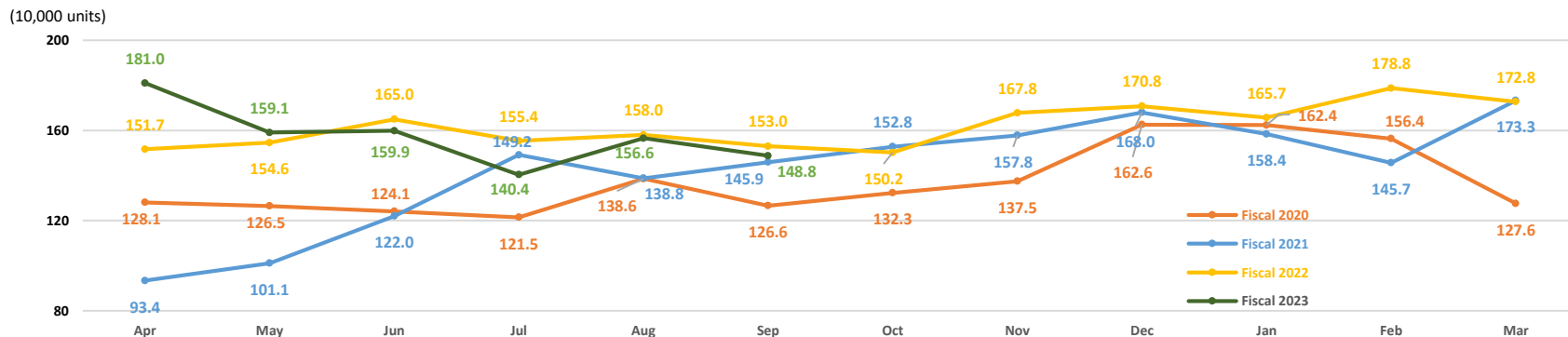
- ◆ Demand for interior finishing work for office and other buildings recovered due to the resumption of a range of construction projects.

MDF market

- ◆ While rising costs for a broad range of items continued to have a negative impact globally, including Japan, inquiries continued to be encouraging, reflecting growth in demand for products used for furniture and building materials in overseas countries, particularly in the U.S., as well as a rise in demand for substitutes for tropical plywood, which was in short supply.

U.S. home market

- ◆ Housing starts started to slow in May due to the impact of higher policy interest rates. Even so, the selling price of LVL remained at high levels.



1H Fiscal 2023 Financial Results

Net sales

Net sales increased, reflecting an increase in the selling price of MDF in both Japan and overseas and that of LVL in the United States, combined with the effect of the weaker yen, which more than offset a decrease in sales due to the impact of delivery delays and limitations on the acceptance of orders that had occurred in the Building Materials Business in the 4Q of the previous fiscal year.

Operating profit

The selling price of LVL remained at high levels in the United States. However, operating profit decreased as streamlining, cost reductions and the transfer of cost increases to selling prices were unable to offset lower profit attributable to a decline in sales in the Building Material Business or a rise in raw material and other costs.

Ordinary profit Net Profit

Both ordinary profit and net profit increased, reflecting the posting as non-operating income of a share of profit of entities accounted for using the equity method of 0.7 billion yen, which was attributable to the expansion of the business of PWT in the U.S., and the posting as extraordinary income of a gain on change in equity of 4.1 billion yen due to changes in PWT.

Unit: million yen)	1H Fiscal 2021 (Result)	1H Fiscal 2021 (Result)	1H Fiscal 2023 (Result)	YoY change		1H Fiscal 2023 (Forecast on June. 6)	Rate of progress (vs. forecast on June. 6)
				Amount	YoY change		
Net sales	92,671	109,002	120,263	+11,261	+10.3%	111,000	108.3%
Operating profit	2,857	8,736	8,297	-438	-5.0%	6,800	122.0%
Operating profit ratio	3.1%	8.0%	6.9%	-1.1pt	-	6.1%	-
Ordinary profit	3,371	9,399	9,928	+529	+5.6%	7,400	134.2%
Profit attributable to owners of parent	1,986	4,935	7,771	+2,836	+57.5%	6,400	121.4%
Earning per share (yen)	76.29	189.45	298.17	+108.72	-	245.61	-

1H Fiscal 2023 Business Segment Results

Industrial Materials Business

Net sales increased due to rises in the selling price of MDF in Japan and overseas and that of LVL in the U.S. Profit increased because the selling price of LVL remained at high levels in the U.S. and efforts were made to reflect cost increases in selling prices to offset rising raw materials and other costs.

Building Materials Business

Profit decreased due to the impact of delivery delays and limitations on order acceptance that had occurred in the 4Q of the previous fiscal year. An operating loss was posted because increases in raw material and other costs were not offset by efforts to pass on cost increases to selling prices, such as revising the catalog prices of products scheduled to be delivered in April and beyond.

Engineering Business

Net sales increased, mainly reflecting a recovery in demand for interior finishing work for office and other buildings, and the strong results of condominium renovations in the Tokyo metropolitan area.

(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	36,660	889	47,684	6,392	58,571	+10,886	+22.8%	10,255	+3,862	+60.4%
Building Materials Business	42,309	1,497	46,602	3,371	43,377	-3,224	-6.9%	-561	-3,933	-
Engineering Business	9,415	253	9,997	391	11,996	+1,998	+20.0%	172	-219	-55.9%
Others	4,285	217	4,717	306	6,318	+1,600	+33.9%	490	+183	+60.0%
Adjustment amount*	-	-	-	-1,726	-	-	-	-2,058	-332	-
Total	92,671	2,857	109,002	8,736	120,263	+11,261	+10.3%	8,297	-438	-5.0%

* Starting from the 1Q of fiscal 2023, to evaluate business performance more appropriately by segment, the Company has decided to adopt the method of allocating expenses related to general administration departments of the headquarters and other facilities to the respective reportable segments to the extent that such expenses are directly related to reportable segments, while posting those that are not related directly as corporate expenses. Figures for 2Q of fiscal 2022 reflect reclassification after the adoption while those for fiscal 2021 reflect figures before the adoption.

1H Fiscal 2023 Changes in Operating Profit

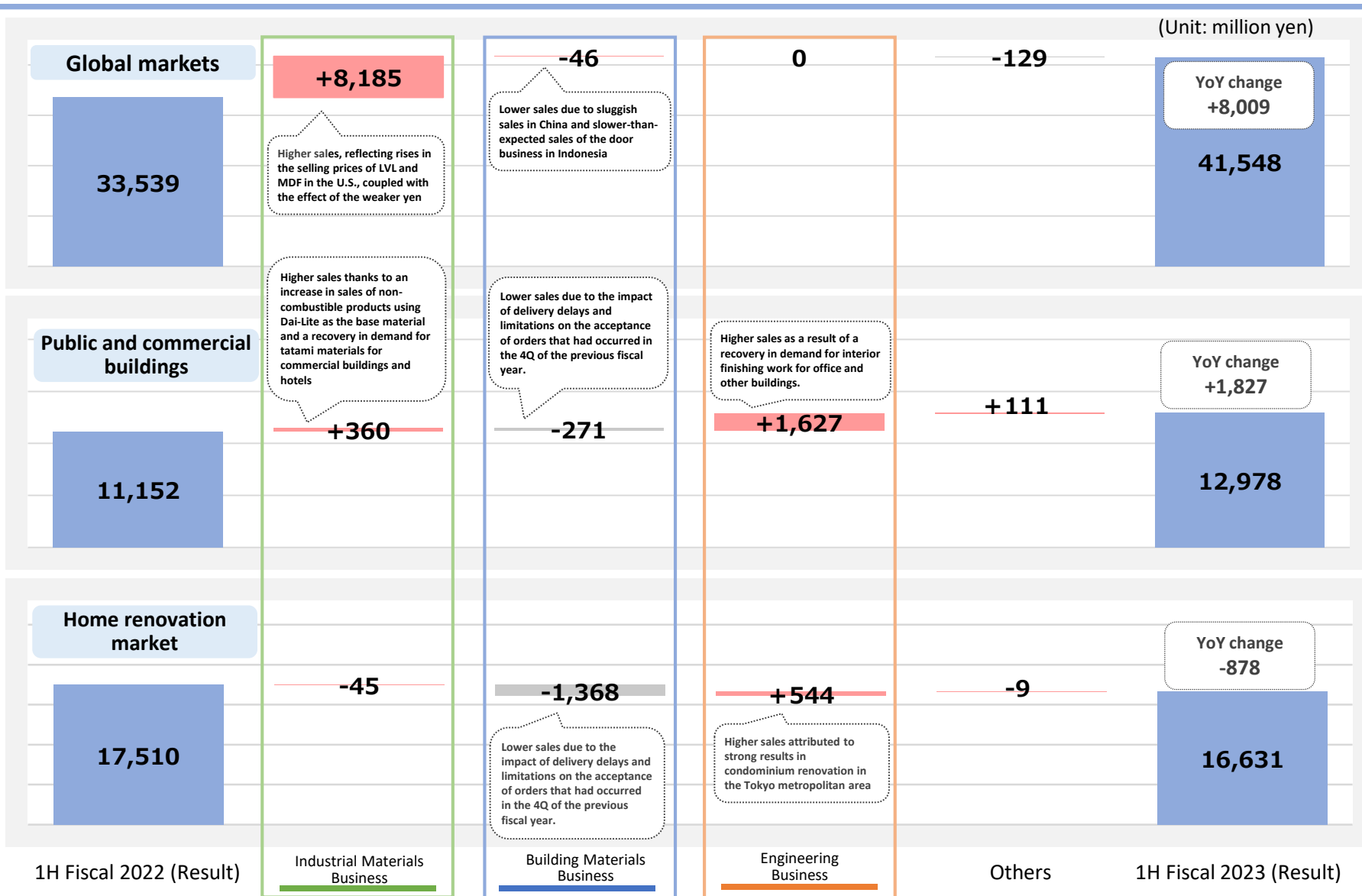
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|----------------------------------|--|
| (1) Higher costs: | Increase in the prices of wood raw materials, adhesives, and other petrochemical products |
| (2) Higher expense of logistics: | Increase in the cost of sea shipping attributable to the global disruption of sea transportation |
| (3) Streamlining/cost reduction: | Review of items to be purchased and reductions in energy costs overseas |
| (4) Selling prices: | High market prices of wood-material products in the U.S. Implementation of a cost pass-through to MDF in response to surging raw material prices |
| (5) Change in sales/composition: | Impact of a decline in sales attributable to delivery delays and limitations on the acceptance of orders in the 4Q of the previous fiscal year and decrease in earnings as a result of changes in PWT in August and thereafter |
| (6) Other expenses: | Increase in expenses, partly reflecting trade fair for sales promotion, investment in human resources, and improvement of treatment |



1H Fiscal 2023 Market Category Sales

(Unit: million yen) Upper: sales Lower: composition	1H Fiscal 2021 (Result)	1H Fiscal 2022 (Result)	1H Fiscal 2023 (Result)	YoY change	
				Amount	YoY change
Global markets	19,593	33,539	41,548	+8,009	+23.9%
	21.1%	30.8%	34.5%	+3.7pt	-
Public and commercial buildings	10,897	11,152	12,978	+1,827	+16.4%
	11.8%	10.2%	10.8%	+0.6pt	-
Industrial materials	12,201	9,383	13,165	+3,782	+40.3%
	13.2%	8.6%	10.9%	+2.3pt	-
Home renovation market	14,270	17,510	16,631	-878	-5.0%
	15.4%	16.1%	13.8%	-2.3pt	-
Domestic new home market	35,502	36,991	35,622	-1,367	-3.7%
	38.3%	33.9%	29.6%	-4.3pt	-
Others	209	428	316	-110	-25.9%
	0.2%	0.4%	0.3%	-0.1pt	-
Domestic market	73,078	75,463	78,715	+3,252	+4.3%
	78.9%	69.2%	65.5%	-3.7pt	-
Total	92,671	109,002	120,263	+11,261	+10.3%
	100.0%	100.0%	100.0%	-	-

1H Fiscal 2023 Business Segment Performance in Three Priority Markets



Fiscal 2023 Full-year Forecast

(Revised on Oct. 27)

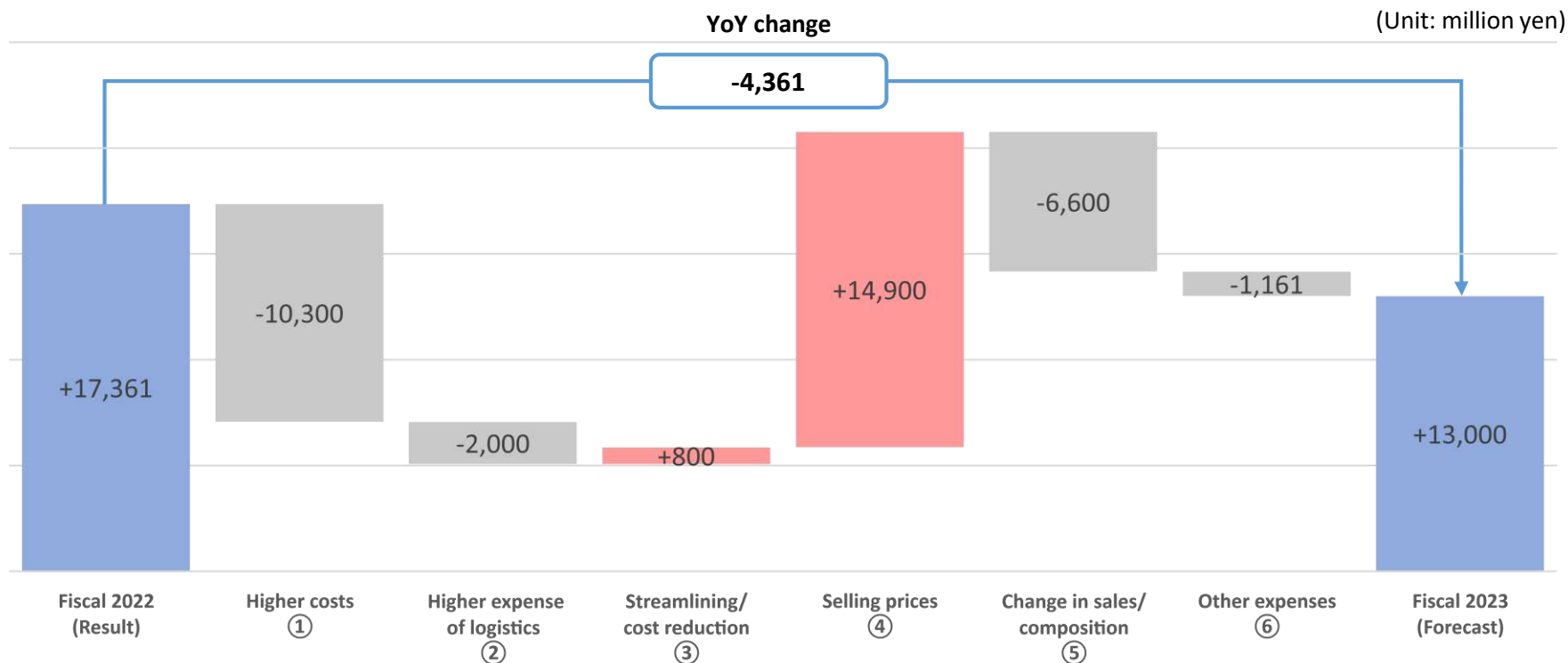
Fiscal 2023 Forecast (Revised on Oct. 27)

In the U.S., the market price of wood material products, which is trending downward, is expected to remain higher than expected, while in Japan, raw material prices, which have been rising more significantly than expected due to surging resource prices coupled with sharp currency fluctuations, will maintain that trend in the third quarter and beyond. The forecast has been made based on these assumptions.

(Unit: million yen)	Fiscal 2021 (Result)	Fiscal 2022 (Result)	Fiscal 2023 (Forecast on June. 22)	Fiscal 2023 (Forecast on Oct. 27) <small>[Amount of the revision]</small>	YoY change	
					Amount	YoY change
Net sales	199,210	223,377	221,000	234,000 [+13,000]	+10,622	+4.8%
Operating profit	8,779	17,361	12,500	13,000 [+500]	-4,361	-25.1%
Operating profit ratio	4.4%	7.8%	5.7%	5.6% [-0.1pt]	-2.2pt	-
Ordinary profit	9,935	18,725	14,000	15,500 [+1,500]	-3,225	-17.2%
Profit attributable to owners of parent	5,620	7,872	10,000	11,000 [+1,000]	+3,127	+39.7%
Earning per share (yen)	215.83	302.18	383.77	421.97	+119.79	-
Dividend per share (yen)	Annual: 70 Interim: 30 Year-end: 40	Annual: 100 Interim: 45 Year-end: 55	Annual: 100 Interim: 50 Year-end: 50 <small>* Include a special dividend of 10 yen in the interim and year-end dividends, respectively.</small>	Annual: 110 Interim: 50 Year-end: 60 [Dividend increase of 10 yen]	Annual: +10 Interim: ± 0 Year-end: +10	-
Dividend payout ratio	32.4%	33.1%	26.1% Excluding temporary factors: 32.6%	26.1% Excluding temporary factor: 41.6%	-7.0pt + 8.5pt	-
ROE	9.1%	10.9%	-	13.6% Excluding temporary factors: 8.7%	+ 2.7pt -2.2pt	-

Fiscal 2023 Forecast of Changes in Operating Profit (Forecast on Oct. 27)

- (1) Higher costs: Increase in the prices of wood raw materials, adhesives, and other petrochemical products
- (2) Higher expense of logistics: Increase in the cost of sea shipping attributable to the global disruption of sea transportation
- (3) Streamlining/cost reduction: Reexamination of all categories of items to be purchased, etc.
- (4) Selling prices: Passing the rising cost of raw materials of MDF to the selling price is assumed in Japan. In addition, according to the initial forecast, market prices for wood material products were expected to move into a correction phase in the second half and beyond in the U.S., the impact of which however is expected to decline due to changes in PWT.
- (5) Change in sales/composition: The impact of lower sales mainly in the first half due to delivery delays and limitations on order acceptance and a decrease in revenue as a result of changes in PWT
- (6) Other expenses: Increase in expenses, partly reflecting trade fair for sales promotion, investment in human resources, and improvement of treatment



Fiscal 2023 Business Segment Results Forecast (Forecast on Oct. 27)

Industrial Materials Business

It is expected that in the U.S., demand will be affected by higher interest rates and that market prices for wood-material products will enter a correction phase. Even so, sales are expected to increase 11.5 billion yen from the forecast in June 2022 in consideration of the upswing in the 2Q. Sales are expected to increase 1.4% year on year.

Building Materials Business

The reflection of cost increases in selling prices is factored in to deal with sharper-than-expected raw material price hikes. However, sales are expected to decrease 0.8 billion yen from the forecast in June 2022, reflecting the impact of lower sales due to deliver delays and limitations on order acceptance that had occurred in the 4Q of the previous fiscal year. Sales are expected to increase 3.0% year on year.

Engineering Business

The initial expectation of a 23.4% sales growth remains unchanged in light of an expected recovery in demand for interior work for buildings, as well as the solid results of condominium renovation in the Tokyo metropolitan area.

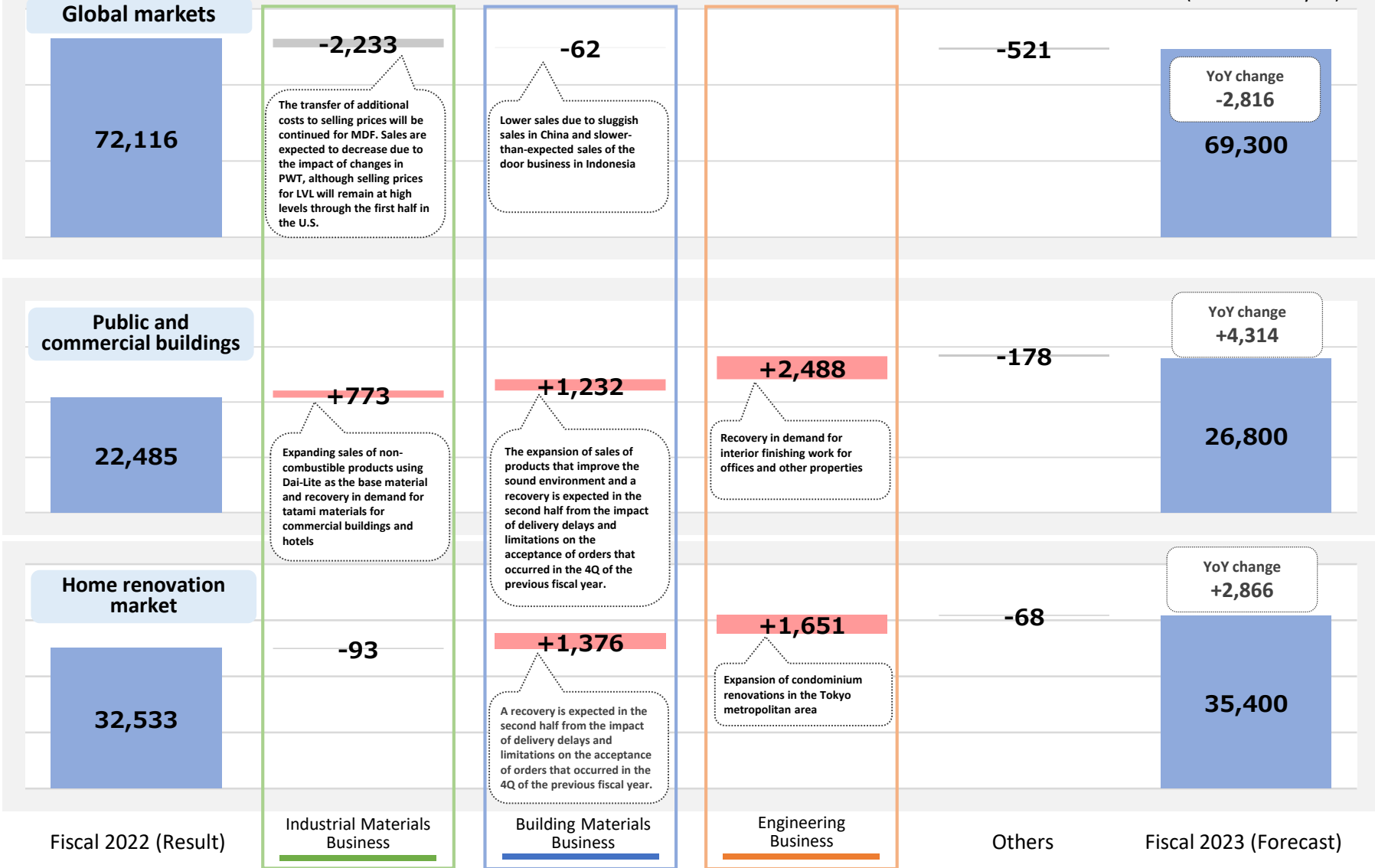
(Unit: million yen)	Fiscal 2020 (Result)	Fiscal 2021 (Result)	Fiscal 2023 (Forecast on June. 22)	Fiscal 2023 (Forecast on Oct. 27) <small>[Amount of the revision]</small>	YoY change	
					Amount	YoY change
Industrial Materials Business	80,692	100,177	90,100	101,600 [+11,500]	+1,422	+1.4%
Building Materials Business	88,697	91,907	95,500	94,700 [-800]	+2,792	+3.0%
Engineering Business	20,542	20,264	25,000	25,000	+4,735	+23.4%
Others	9,277	11,028	10,400	12,700 [+2,300]	+1,671	+15.2%
Total	199,210	223,377	221,000	234,000 [+13,000]	+10,622	+4.8%

Fiscal 2022 Market Category Sales Forecast (Forecast on Oct. 27)

(Unit: million yen) Upper: sales Lower: composition	Fiscal 2020 (Result)	Fiscal 2021 (Result)	Fiscal 2023 (Forecast on June. 22)	Fiscal 2023 (Forecast on Oct. 27) [Amount of the revision]	YoY change	
					Amount	YoY change
Global markets	46,254	72,116	60,500	69,300 [+8,800]	-2,816	-3.9%
	23.2%	32.3%	27.4%	29.6%	-2.7pt	-
Public and commercial buildings	23,709	22,485	26,800	26,800	+4,314	+19.2%
	11.9%	10.1%	12.1%	11.5%	+1.4pt	-
Industrial materials	24,622	19,985	20,700	24,600 [+3,900]	+4,614	+23.1%
	12.4%	8.9%	9.4%	10.5%	+1.6pt	-
Home renovation market	31,266	32,533	35,200	35,400 [+200]	+2,866	+8.8%
	15.7%	14.6%	15.9%	15.1%	+0.5pt	-
Domestic new home market	73,008	75,667	77,800	77,900 [+100]	+2,232	+3.0%
	36.6%	33.9%	35.2%	33.3%	-0.6pt	-
Others	351	588	0	0	-588	-
	0.2%	0.3%	0.0%	0.0%	-0.3pt	-
Domestic market	152,956	151,261	160,500	164,700 [+4,200]	+13,438	+8.9%
	76.8%	67.7%	72.6%	70.4%	+2.7pt	-
Total	199,210	223,377	221,000	234,000 [+13,000]	+10,622	+4.8%
	100.0%	100.0%	100.0%	100.0%	-	-

Fiscal 2023 Forecast for Business Segment Performance in Three Priority Markets (Forecast on Oct. 27)

(Unit: million yen)



Medium-Term Management Plan GP25 3rd Stage

(FY2023-2026)

Positioning of the Medium-Term Management Plan GP25 3rd Stage

Toward the Realization of the
Long-Term Visions GP25 in 2025

Fiscal 2023-2026

GP25 3rd Stage

Establish the image of an all-embracing company for building materials

Execute the growth strategy based on the pursuit of the resolution of social issues using sustainability as the key axis of management and establish the image of an all-embracing company for building materials

Fiscal 2020-2022

GP25 2nd Stage

Accelerate growth to become an all-embracing company for building materials

Fiscal 2017-2019

GP25 1st Stage

The first step toward an all-embracing company for building materials

Basic Policy

I. Execution of the Growth Strategy ~Key to the Resolution of Social Issues (CSV)~

Contribution to a Recycling-Oriented Society

Accelerate the development of industrial materials using wood resources and waste where recycling is managed and the deployment to the global market through utilization development

Meet the user needs in the new normal era

For the needs of users who seek further improved safety, security, health, and comfort in all kinds of spaces, enhance solution proposal capabilities that leverage the strengths of diverse products (industrial materials and building materials), spatial assessments, analytical functions, and construction functions

II. Enhancement of the Management Foundation with Sustainability as the Key Axis

Human Resource Foundation

- Creating the workplace environment and culture where diverse human resources can be active
- Human resource development that supports the growth and can respond to changes
- Establishment of the system and mechanism that admire and support challenges
- Building of the balanced human resource foundation

Business Foundation

- Simultaneous pursuit of the reduction of environmental burden and risk management in the supply chain
- Restructuring of the firm and flexible business infrastructure
- Optimization of the business portfolio (Selection and concentration)
- Ensuring quality, which is the source of provided value
- Offensive/defensive digital strategy
- Building of an efficient and optimal logistics system

Financial Foundation

- Aggressive investments for growth
- Building of the solid financial foundation that supports growth

Governance

- Impartial and highly transparent management that supports the improvement of corporate value
- Improvement of the stakeholder engagement by enhancing the dissemination of information and improving dialogues

Management Goals

I. Execution of growth strategies

(100 million yen)

	Benchmark Fiscal 2016 Result	GP25 1st Stage Fiscal 2019 Result	GP25 2nd Stage Fiscal 2022 Result	GP25 3rd Stage Fiscal 2026 Goals	Amount	
					As compared to 2nd Stage Result	If excluding the decrease associated with the change in PWT in the U.S.
Net sales	1,681	1,829	2,233	2,500	+266	+478
Domestic market	1,579	1,637	1,512	1,835	+322	+322
Global market	102	192	721	665	-56	+156
Operating profit	55	57	173	150	-23	+37
Operating profit ratio	3.3%	3.1%	7.8%	6%	-1.8pt	+0.4pt
Profit attributable to owners of parent	39	44	78	100	+21	+21

II. Enhancement of the Management Foundation

Financial Indicators

		Fiscal 2026 Goals
Capital efficiency	ROE	10% or more
	ROIC	8% or more
Financial soundness	Shareholder equity ratio	40% or more
	Debt equity ratio	0.5 times or less
Shareholder return	Dividend payout ratio	35%
	Dividend on equity ratio	3.5%

Non-financial Indicators

		Fiscal 2026 Goals
E	Total greenhouse gas emissions in Japan and overseas*1	-10%
S	Total diversity index 3rd Stage*2	+30pt
	Serious quality incident/violation*3	0
G	Employee satisfaction*4	60pt
	Serious compliance violations*3	0

*1 Scope1+2 as compared to fiscal 2022

*2 Our unique indices that indexed diversity-related items, such as the female manager ratio, compared with FY 2022. Seven items concerning the calculation method have been reset as the Diversity Composite Index 3rd Stage in the medium-term management plan GP25 3rd Stage in FY 2023

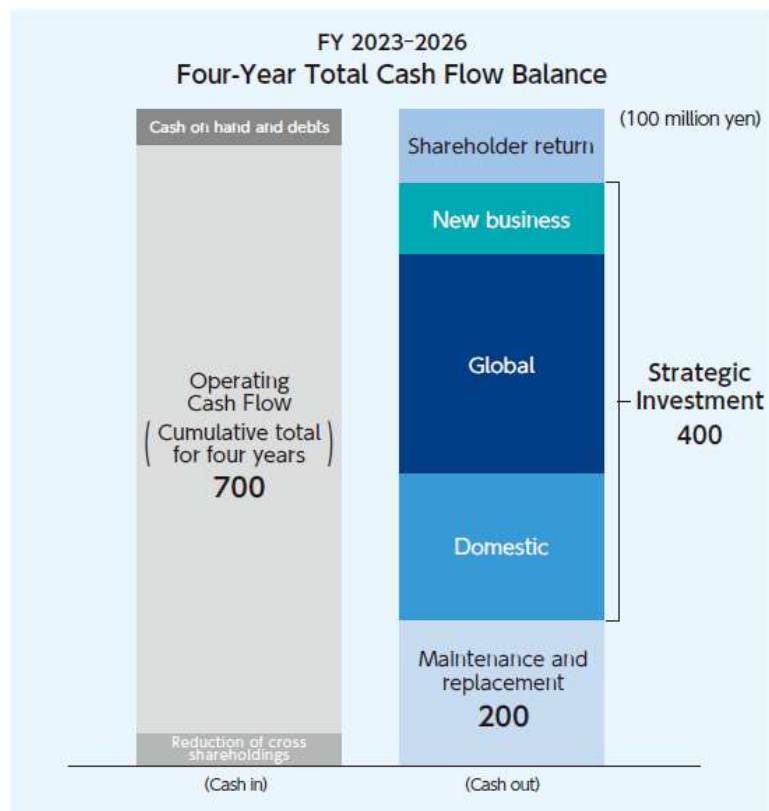
*3 During the Medium-Term Management Plan period *4 Our own indices in which employees' actual feeling for satisfaction / job satisfaction in the workplace were indexed

Investment for Growth and Enhancement of the Foundation

GP25 3rd Stage (FY 2023-2026)

Medium-Term Management Plan (Four-Year) Goals

- Continue the aggressive investment stance that gives consideration to the risk and return as well as the capital cost toward the realization of the long-term vision GP25
- Implement the cash allocation to optimize the aggressive investments for the growth strategy and enhancement of the foundation, financial soundness, and the improvement of the shareholder return



Overview of the Key Strategic Investments

Common

- Enhancement of the R&D structure (Development of new industrial materials and measurement of the spatial environment)
- Expansion into new business areas, including M&A
- Reduction of environmental burden in business activities

Global

- Expansion and improvement of the supply and sales structure for the areas of high demand
- Development of new industrial materials and expansion into new markets and areas

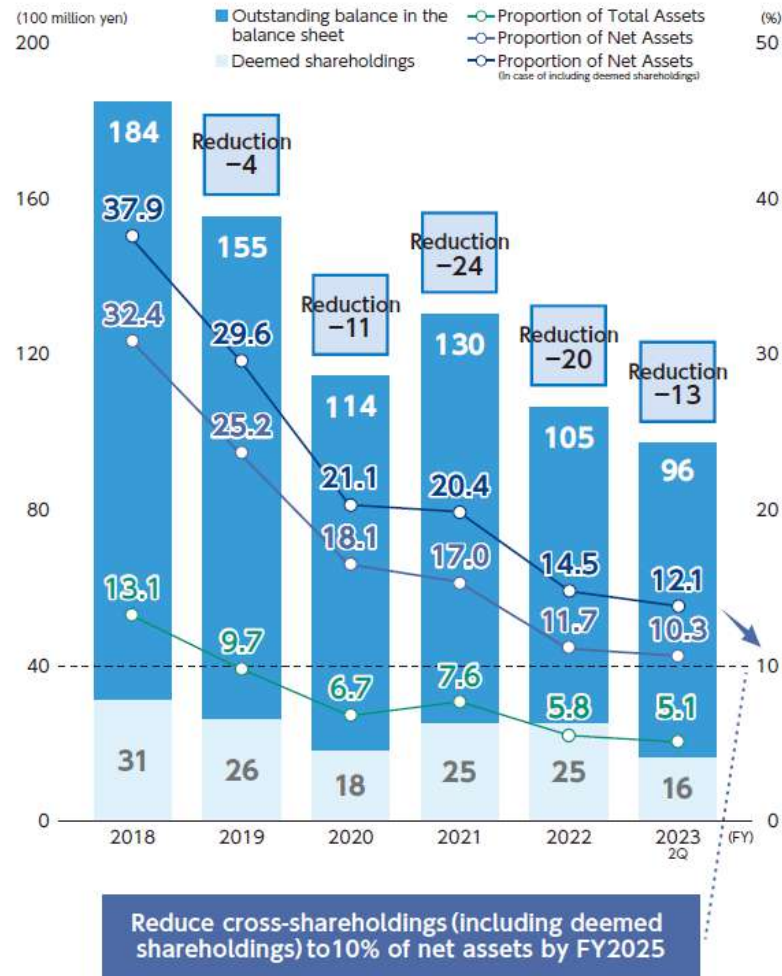
Domestic

- Restructuring of the product supply network according to demand
- Enhancement of the order-taking system for materials and construction to improve spatial performance
- Reform of the ordering system and operational efficiency

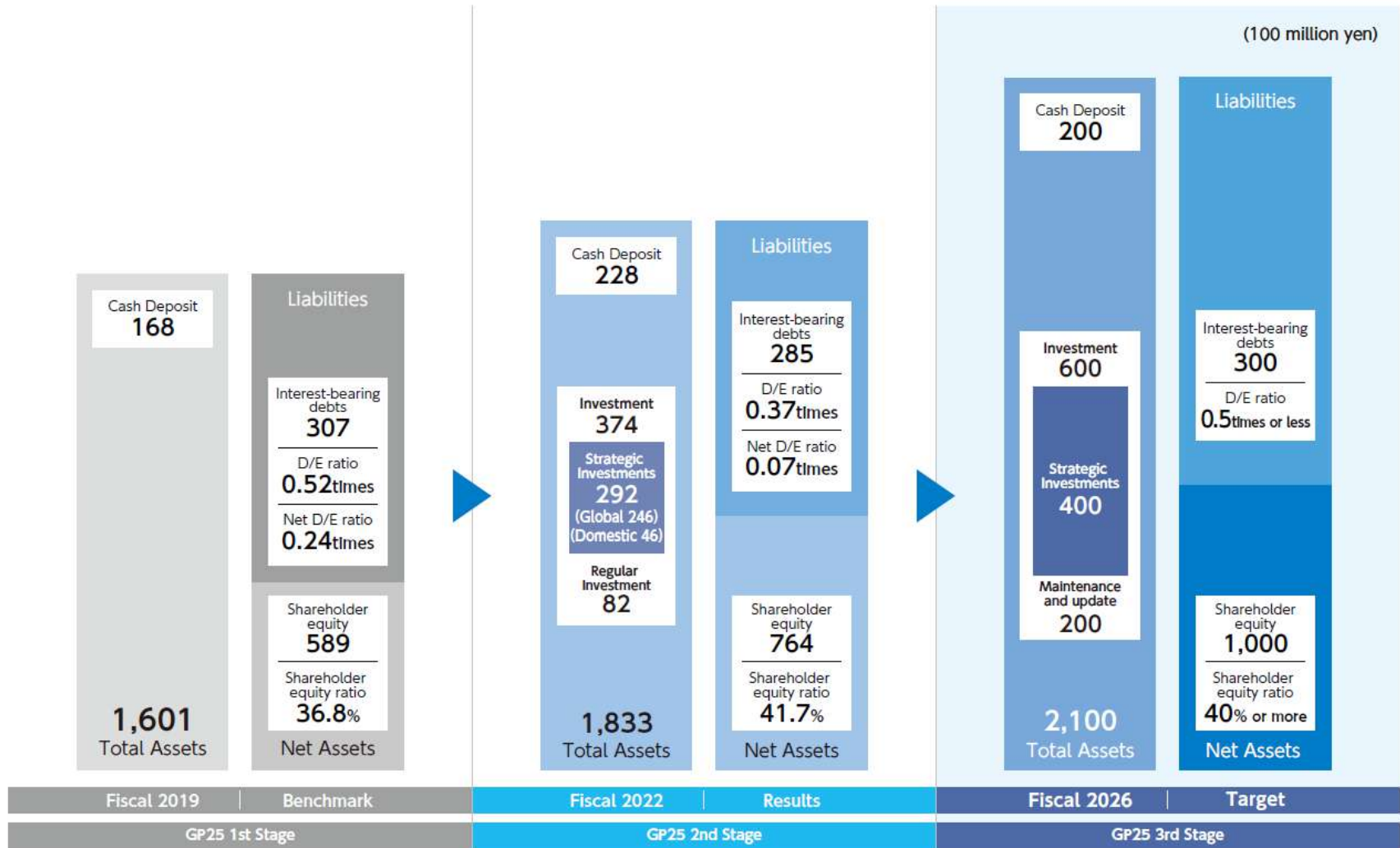
Initiatives for reduction of cross-shareholdings

Trends in Cross-Shareholdings

		(100 million yen)					
		FY2018	FY2019	FY2020	FY2021	FY2022	FY2023 2Q
Outstanding balance in the balance sheet	Listed	183	154	112	129	104	94
	Unlisted	1	1	1	1	1	1
	Total	184	155	114	130	105	96
Deemed shareholdings		31	26	18	25	25	16
Outstanding balance in the balance sheet and Deemed shareholdings		216	182	133	156	131	112
Sale Value		0	-4	-11	-25	-20	-13
Acquisition Cost		0	0	0	0	0	0
Reduction		0	-4	-11	-25	-19	-13
Number of Stock Names	Listed	25	24	19	18	17	17
	Unlisted	25	24	24	22	23	24
	Deemed shareholdings	3	3	3	2	2	2
	Total	53	51	46	42	42	43
	Decrease	0	-2	-6	-4	-1	0
	Increase	1	0	1	0	1	1
	Reduction	1	-2	-5	-4	0	0
Total Assets		1,407	1,601	1,706	1,725	1,833	1,869
Proportion of Total Assets		13.1%	9.7%	6.7%	7.6%	5.8%	5.1%
Net Assets		569	617	629	767	905	937
Proportion of Net Assets		32.4%	25.2%	18.1%	17.0%	11.7%	10.3%
Proportion of Net Assets (In case of including deemed shareholdings)		37.9%	29.6%	21.1%	20.4%	14.5%	12.1%



Target Balance Sheet



Shareholder Return

Shareholder Return Policy in the Medium-Term Management Plan GP25 3rd Stage

- Shareholder return in the Medium-Term Management Plan GP25 3rd Stage for four years (FY 2023–2026) puts emphasis on the improvement of profit return linked with the results of operations and the maintenance of a stable dividend that is less affected by the short-term profit fluctuation and we implement the dividend payment with goals of the dividend payout ratio at 35% and DOE (Dividend On Equity ratio) at 3.5%.

Trends in the Dividend, Dividend Payout Ratio and DOE



Financial Information

1H Fiscal 2023 Consolidated Balance Sheet (Major components)

(Unit: million yen)	Fiscal 2021 (Result)	Fiscal 2022 (Result)	1H Fiscal 2023 (Result)	YoY change Amount
Cash and deposits	17,433	22,881	20,369	-2,512
Notes and accounts receivable - trade	38,454	40,318	46,637	+6,319
Inventories	29,525	34,487	34,507	+20
Other current assets	2,333	4,597	4,110	-487
Total current assets	87,748	102,286	105,627	+3,341
Property, plant and equipment	50,915	49,451	41,145	-8,306
Intangible assets	15,002	14,972	14,467	-505
Investments and other assets	18,835	16,654	25,724	+9,070
Total assets	172,553	183,391	186,980	+3,588
Notes and accounts payable - trade	23,435	27,650	29,586	+1,936
Interest-bearing debt	35,508	28,500	28,435	-65
Other current/non-current liabilities	36,838	36,678	35,235	-1,443
Total liabilities	95,781	92,828	93,256	+428
Total shareholders' equity	60,877	66,395	72,759	+6,364
Total net assets	76,771	90,563	93,723	+3,160
Total liabilities and net assets	172,553	183,391	186,980	+3,588
Shareholders' equity ratio	68,043	76,487	83,599	+7,112
Debt-equity ratio (multiple)	39.4%	41.7%	44.7%	+3.0pt
Net debt-equity ratio (multiple)	0.52	0.37	0.34	-0.03

◆ Inventories	-8,306
<Major factors>	
Impact of changes in PWT	-8,374
Depreciation	-2,407
Acquisition/Construction in progress	+1,672
Exchange rate changes, etc.	+803

◆ Property, plant and equipment	+9,070
<Major factors>	
Increase in investment securities	+8,724
* Portion accounted for by changes in PWT	+9,673

◆ Total net assets	+3,160
<Major factors>	
Increase in retained earnings	+6,338
Foreign currency translation adjustment	+1,992
Non-controlling interests	-3,951
Deferred gains or losses on hedges	-596
Valuation difference on available-for-sale securities	-559

1H Fiscal 2023 Consolidated Statement of Income

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

(Unit: million yen)	1H Fiscal 2021 (Result)	1H Fiscal 2022 (Result)	1H Fiscal 2023 (Result)	YoY change Amount
Net sales	92,671	109,002	120,263	+ 11,261
Gross profit	23,169	30,523	33,839	+ 3,315
SG&A expenses	20,311	21,786	25,541	+ 3,754
Operating profit	2,857	8,736	8,297	-438
Non-operating profit (expenses)	+514	+664	+1,631	+967
Ordinary profit	3,371	9,399	9,928	+ 529
Extraordinary income (losses)	+235	+ 958	+ 4,389	+ 3,431
Profit before income taxes	3,607	10,357	14,317	+3,960
Total income taxes	1,025	3,103	2,817	-285
Profit	2,581	7,253	11,499	+4,245
Profit attributable to non- controlling interests	595	2,318	3,728	+ 1,409
Profit attributable to owners of parent	1,986	4,935	7,771	+ 2,836

◆ **Non-operating profit (expenses) +967**

<Major factors>

Share of profit of entities accounted for using equity method	+715
Foreign exchange gains	+202
Increase in interest income	+96
Increase in dividend income	+21
Decrease in interest expenses	+19
Income on emission rights	-157

◆ **Extraordinary income (losses) +4,389**

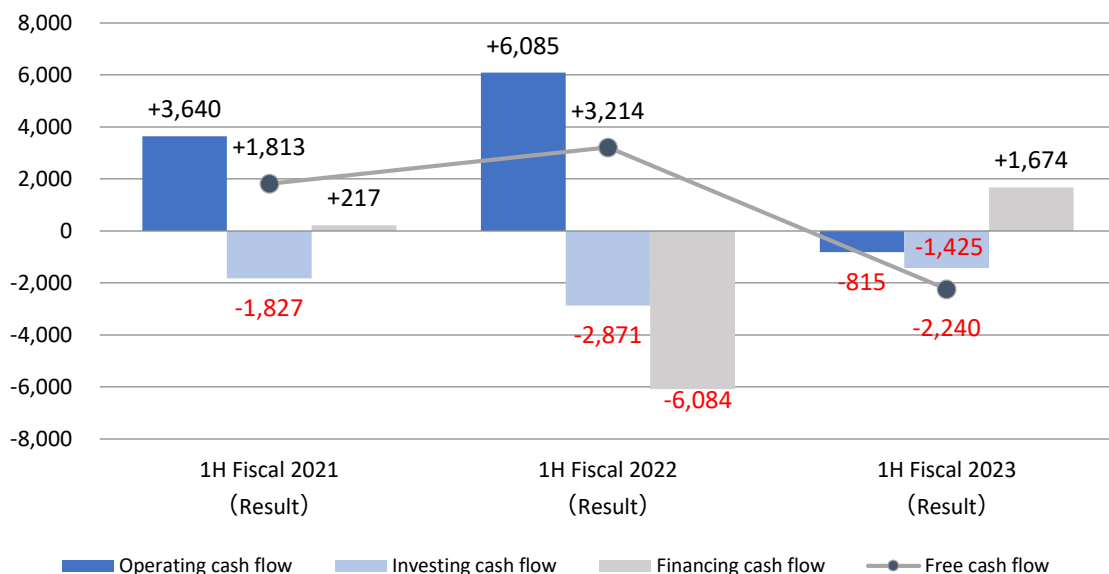
<Major factors>

Gain on change in equity	+4,104
Gain on sale of investment securities	+368
Gain on sale of non-current assets	+122
Loss on retirement of non-current assets	-98
Loss on disaster	-55

Exchange rate (yen)	1H Fiscal 2021 (Result)	1H Fiscal 2022 (Result)	1H Fiscal 2023 (Result)	YoY change Amount
USD	106.82	109.76	139.00	+ 29.24
CAD	78.62	88.20	103.73	+ 15.53
NZD	68.32	77.63	84.48	+6.85
MYR	25.06	26.35	30.31	+ 3.96

1H Fiscal 2023 Consolidated Statement of Cash Flows (Major components)

(Unit: million yen)	1H Fiscal 2021 (Result)	1H Fiscal 2022 (Result)	1H Fiscal 2023 (Result)
Operating cash flow	+3,640	+6,085	-815
Investing cash flow	-1,827	-2,871	-1,425
Free cash flow	+1,813	+3,214	-2,240
Financing cash flow	+217	-6,084	+1,674
Cash and cash equivalents at end of period	19,011	14,546	14,638
Capital expenditures	1,571	1,277	2,391
Depreciation	2,744	2,800	2,725



◆ **Operating cash flow** **-815**

<Major factors>

Profit before income taxes	+14,317
Gain on change in equity	-4,104
Gain on sale of investment securities	-368
Depreciation	+2,725
Amortization of goodwill	+929
Share of loss (profit) of entities accounted for using equity method	-736
Changes in trade receivables/payables	-5,707
Changes in inventories	-4,405
Income taxes paid	-3,098

◆ **Investing cash flow** **-1,425**

<Major factors>

Purchase of property, plant and equipment	-1,584
Other investment	-1,130
Sales of Property, plant and equipment	+608
Sales of investment securities	+538
Increase in time deposits	+155

◆ **Financing cash flow** **+1,674**

<Major factors>

Redemption of bonds	-5,000
Increase in long- and short-term borrowings	+13,197
Dividends paid	-1,433
Dividends paid (to non-controlling)	-5,031

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