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August 6, 2021

Consolidated Financial Results for the Three Months Ended June 30, 2021 (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 6, 2021
 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, 2021 (from April 1, 2021 to June 30, 2021)

(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, 2021	52,880	22.3	4,337	597.3	4,703	448.4	2,332	538.7
June 30, 2020	43,241	△1.4	621	△50.1	857	△47.3	365	△63.9

Note: Comprehensive income For the three months ended June 30, 2021: ¥2,950 million [24.4%]
 For the three months ended June 30, 2020: ¥2,371 million [—%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2021	89.56	—
June 30, 2020	14.03	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2021	174,023	78,395	39.4
March 31, 2021	172,553	76,771	39.4

Reference: Equity
 As of June 30, 2021: ¥68,540 million
 As of March 31, 2021: ¥68,043 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, 2021	—	30.00	—	40.00	70.00
Fiscal year ending March 31, 2022	—				
Fiscal year ending March 31, 2022 (Forecast)		45.00	—	45.00	90.00

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, 2022 (From April 1, 2021 to March 31, 2022)

(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, 2021	106,000	14.4	8,300	190.4	8,700	158.0	4,600	131.6	176.58
Full year	210,000	5.4	13,300	51.5	13,900	39.9	7,500	33.4	287.86

Note: Revisions of forecast of financial results from recently announced figures: Yes

* Note

- (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: Yes
 - (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, 2021	27,080,043 shares
As of March 31, 2021	27,080,043 shares

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

As of June 30, 2021	1,035,274 shares
As of March 31, 2021	1,035,274 shares

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

Three months ended June 30, 2021	26,044,769 shares
Three months ended June 30, 2020	26,028,104 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, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	17,433	18,137
Notes and accounts receivable - trade	30,233	—
Notes and accounts receivable - trade, and contract assets	—	31,046
Electronically recorded monetary claims - operating	8,221	7,857
Merchandise and finished goods	16,073	16,969
Work in process	4,056	3,003
Raw materials and supplies	9,396	10,234
Other	2,460	3,846
Allowance for doubtful accounts	△127	△128
Total current assets	87,748	90,968
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,313	12,104
Machinery, equipment and vehicles, net	19,992	19,691
Land	14,923	14,936
Construction in progress	873	1,192
Other, net	2,812	2,768
Total property, plant and equipment	50,915	50,693
Intangible assets		
Goodwill	12,946	12,685
Software	1,314	1,300
Other	741	760
Total intangible assets	15,002	14,746
Investments and other assets		
Investment securities	14,285	12,942
Retirement benefit asset	2,350	2,314
Deferred tax assets	822	929
Other	1,444	1,449
Allowance for doubtful accounts	△66	△66
Total investments and other assets	18,835	17,569
Total non-current assets	84,752	83,010
Deferred assets	51	45
Total assets	172,553	174,023

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,876	17,971
Electronically recorded obligations - operating	6,559	5,862
Short-term borrowings	9,889	10,207
Current portion of long-term borrowings	3,358	3,351
Accounts payable - other	18,371	17,635
Income taxes payable	1,597	1,104
Provision for bonuses	2,490	1,153
Provision for product warranties	345	327
Provision for loss on litigation	27	27
Other	6,440	8,717
Total current liabilities	65,956	66,356
Non-current liabilities		
Bonds payable	13,000	13,000
Long-term borrowings	8,950	8,906
Deferred tax liabilities	2,630	2,129
Provision for product warranties	745	702
Retirement benefit liability	3,582	3,563
Provision for loss on litigation	272	272
Negative goodwill	16	15
Other	627	679
Total non-current liabilities	29,825	29,270
Total liabilities	95,781	95,627
Net assets		
Shareholders' equity		
Share capital	15,300	15,300
Capital surplus	13,948	13,948
Retained earnings	33,009	34,133
Treasury shares	△1,381	△1,381
Total shareholders' equity	60,877	62,000
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,086	4,333
Deferred gains or losses on hedges	265	107
Foreign currency translation adjustment	793	1,099
Remeasurements of defined benefit plans	1,019	999
Total accumulated other comprehensive income	7,165	6,539
Non-controlling interests	8,728	9,855
Total net assets	76,771	78,395
Total liabilities and net assets	172,553	174,023

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Net sales	43,241	52,880
Cost of sales	32,763	37,792
Gross profit	10,478	15,087
Selling, general and administrative expenses	9,856	10,750
Operating profit	621	4,337
Non-operating income		
Interest income	11	7
Dividend income	256	162
Amortization of negative goodwill	0	0
Share of profit of entities accounted for using equity method	10	9
Foreign exchange gains	—	36
Other	319	222
Total non-operating income	598	439
Non-operating expenses		
Interest expenses	69	51
Sales discounts	32	—
Loss on sale of trade receivables	3	2
Foreign exchange losses	227	—
Other	28	20
Total non-operating expenses	362	73
Ordinary profit	857	4,703
Extraordinary income		
Gain on sale of non-current assets	8	0
Gain on sale of investment securities	1	415
Total extraordinary income	9	416
Extraordinary losses		
Loss on sale of non-current assets	3	0
Loss on retirement of non-current assets	23	27
Loss on disaster	61	—
Other	2	—
Total extraordinary losses	91	28
Profit before income taxes	775	5,091
Income taxes - current	190	1,736
Income taxes - deferred	175	△146
Total income taxes	366	1,590
Profit	409	3,500
Profit attributable to non-controlling interests	44	1,168
Profit attributable to owners of parent	365	2,332

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Profit	409	3,500
Other comprehensive income		
Valuation difference on available-for-sale securities	△18	△752
Deferred gains or losses on hedges	511	△166
Foreign currency translation adjustment	1,485	382
Remeasurements of defined benefit plans, net of tax	△15	△13
Share of other comprehensive income of entities accounted for using equity method	0	△0
Total other comprehensive income	1,961	△550
Comprehensive income	2,371	2,950
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,226	1,706
Comprehensive income attributable to non-controlling interests	144	1,243

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Cash flows from operating activities		
Profit before income taxes	775	5,091
Depreciation	1,349	1,375
Loss on retirement of non-current assets	23	27
Loss (gain) on sale of non-current assets	△4	△0
Loss (gain) on sale of investment securities	△1	△415
Amortization of goodwill	370	424
Increase (decrease) in allowance for doubtful accounts	△1	0
Increase (decrease) in provision for bonuses	△1,279	△1,337
Increase (decrease) in provision for product warranties	△44	△61
Increase (decrease) in retirement benefit liability	72	19
Increase (decrease) in provision for loss on litigation	△4	—
Interest and dividend income	△267	△170
Interest expenses	69	51
Foreign exchange losses (gains)	160	△31
Share of loss (profit) of entities accounted for using equity method	△10	△9
Decrease (increase) in trade receivables	3,233	△710
Decrease (increase) in inventories	△1,100	△1,290
Increase (decrease) in trade payables	△4,374	△128
Increase (decrease) in accrued expenses	△57	1,740
Other, net	△625	△418
Subtotal	△1,715	4,156
Interest and dividends received	267	170
Interest paid	△45	△34
Income taxes paid	△1,460	△2,248
Net cash provided by (used in) operating activities	△2,954	2,043
Cash flows from investing activities		
Net decrease (increase) in time deposits	—	△1,781
Purchase of property, plant and equipment	△737	△931
Proceeds from sale of property, plant and equipment	9	15
Purchase of investment securities	△1	△21
Proceeds from sale and redemption of investment securities	1	705
Other, net	△273	△177
Net cash provided by (used in) investing activities	△999	△2,191
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	659	284
Proceeds from long-term borrowings	7,000	—
Repayments of long-term borrowings	△76	△60
Repayments of finance lease obligations	△40	△57
Purchase of treasury shares	△0	—
Dividends paid	△910	△1,041
Dividends paid to non-controlling interests	—	△116

Net cash provided by (used in) financing activities	6,630	△991
Effect of exchange rate change on cash and cash equivalents	124	51
Net increase (decrease) in cash and cash equivalents	2,801	△1,087
Cash and cash equivalents at beginning of period	16,839	17,433
Cash and cash equivalents at end of period	19,640	16,345