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February 10, 2022

Consolidated Financial Results for the Nine Months Ended December 31, 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: February 10, 2022
 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 nine months ended December 31, 2021 (from April 1, 2021 to December 31, 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	%
Nine months ended								
December 31, 2021	167,130	14.0	13,569	119.0	14,541	108.6	6,790	80.1
December 31, 2020	146,544	(2.2)	6,195	(4.5)	6,972	(0.9)	3,771	(4.2)

Note: Comprehensive income For the nine months ended December 31, 2021: ¥10,355 million [2.0%]
 For the nine months ended December 31, 2020: ¥10,157 million [156.3%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2021	260.66	—
December 31, 2020	144.83	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
December 31, 2021	179,191	83,794	40.3
March 31, 2021	172,553	76,771	39.4

Reference: Equity
 As of December 31, 2021: ¥72,198 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	—	45.00	—		
Fiscal year ending March 31, 2022 (Forecast)				55.00	100.00

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
Full year	220,000	10.4	16,000	82.2	17,200	73.1	8,300	47.7	318.56

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 December 31, 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 December 31, 2021	1,022,456 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)

Nine months ended December 31, 2021	26,053,325 shares
Nine months ended December 31, 2020	26,039,243 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 December 31, 2021
Assets		
Current assets		
Cash and deposits	17,433	18,974
Notes and accounts receivable - trade	30,233	—
Notes and accounts receivable - trade, and contract assets	—	34,189
Electronically recorded monetary claims - operating	8,221	11,359
Merchandise and finished goods	16,073	17,933
Work in process	4,056	3,019
Raw materials and supplies	9,396	10,233
Other	2,460	3,773
Allowance for doubtful accounts	(127)	(129)
Total current assets	87,748	99,353
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,313	11,957
Machinery, equipment and vehicles, net	19,992	19,005
Land	14,923	14,198
Construction in progress	873	1,123
Other, net	2,812	2,669
Total property, plant and equipment	50,915	48,954
Intangible assets		
Goodwill	12,946	12,034
Software	1,314	1,177
Other	741	1,106
Total intangible assets	15,002	14,318
Investments and other assets		
Investment securities	14,285	11,943
Retirement benefit asset	2,350	2,193
Deferred tax assets	822	1,020
Other	1,444	1,439
Allowance for doubtful accounts	(66)	(65)
Total investments and other assets	18,835	16,531
Total non-current assets	84,752	79,804
Deferred assets	51	33
Total assets	172,553	179,191

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,876	20,216
Electronically recorded obligations - operating	6,559	7,907
Short-term borrowings	9,889	3,122
Current portion of bonds payable	—	5,000
Current portion of long-term borrowings	3,358	3,024
Accounts payable - other	18,371	22,618
Income taxes payable	1,597	1,230
Provision for bonuses	2,490	1,542
Provision for product warranties	345	295
Provision for loss on litigation	27	27
Other	6,440	7,384
Total current liabilities	65,956	72,370
Non-current liabilities		
Bonds payable	13,000	8,000
Long-term borrowings	8,950	7,550
Deferred tax liabilities	2,630	1,968
Provision for product warranties	745	693
Retirement benefit liability	3,582	3,585
Provision for loss on litigation	272	272
Negative goodwill	16	14
Other	627	940
Total non-current liabilities	29,825	23,026
Total liabilities	95,781	95,396
Net assets		
Shareholders' equity		
Share capital	15,300	15,300
Capital surplus	13,948	13,958
Retained earnings	33,009	37,419
Treasury shares	(1,381)	(1,364)
Total shareholders' equity	60,877	65,313
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,086	4,002
Deferred gains or losses on hedges	265	97
Foreign currency translation adjustment	793	1,837
Remeasurements of defined benefit plans	1,019	947
Total accumulated other comprehensive income	7,165	6,884
Non-controlling interests	8,728	11,596
Total net assets	76,771	83,794
Total liabilities and net assets	172,553	179,191

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Net sales	146,544	167,130
Cost of sales	109,370	120,045
Gross profit	37,173	47,084
Selling, general and administrative expenses	30,978	33,515
Operating profit	6,195	13,569
Non-operating income		
Interest income	29	38
Dividend income	418	305
Amortization of negative goodwill	2	2
Share of profit of entities accounted for using equity method	29	31
Foreign exchange gains	—	5
Emission credit income	131	389
Other	705	429
Total non-operating income	1,316	1,202
Non-operating expenses		
Interest expenses	202	155
Sales discounts	93	—
Loss on sale of trade receivables	11	6
Foreign exchange losses	138	—
Other	93	69
Total non-operating expenses	539	230
Ordinary profit	6,972	14,541
Extraordinary income		
Gain on sale of non-current assets	374	2
Gain on sale of investment securities	162	1,190
National subsidies	119	—
Other	2	—
Total extraordinary income	660	1,192
Extraordinary losses		
Loss on sale of non-current assets	—	2
Loss on retirement of non-current assets	80	84
Loss on tax purpose reduction entry of non- current assets	119	—
Loss on sale of investment securities	119	—
Impairment losses	—	994
Loss on disaster	63	109
Other	2	0
Total extraordinary losses	385	1,190
Profit before income taxes	7,246	14,542
Income taxes - current	2,040	4,485
Income taxes - deferred	384	(239)
Total income taxes	2,425	4,246
Profit	4,821	10,296
Profit attributable to non-controlling interests	1,050	3,505
Profit attributable to owners of parent	3,771	6,790

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Profit	4,821	10,296
Other comprehensive income		
Valuation difference on available-for-sale securities	2,004	(1,084)
Deferred gains or losses on hedges	894	(182)
Foreign currency translation adjustment	2,420	1,390
Remeasurements of defined benefit plans, net of tax	15	(64)
Share of other comprehensive income of entities accounted for using equity method	0	0
Total other comprehensive income	5,335	59
Comprehensive income	10,157	10,355
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,978	6,509
Comprehensive income attributable to non-controlling interests	1,178	3,846

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Cash flows from operating activities		
Profit before income taxes	7,246	14,542
Depreciation	4,155	4,160
Impairment losses	—	994
Loss on retirement of non-current assets	80	84
Loss (gain) on sale of non-current assets	(374)	(0)
Loss (gain) on sale of investment securities	(43)	(1,190)
Amortization of goodwill	1,140	1,262
Increase (decrease) in allowance for doubtful accounts	(2)	1
Increase (decrease) in provision for bonuses	(1,109)	(955)
Increase (decrease) in provision for product warranties	(133)	(102)
Increase (decrease) in retirement benefit liability	305	164
Increase (decrease) in provision for loss on litigation	(22)	—
Interest and dividend income	(447)	(343)
Interest expenses	202	155
Foreign exchange losses (gains)	85	(49)
Share of loss (profit) of entities accounted for using equity method	(29)	(31)
Decrease (increase) in trade receivables	(2,157)	(7,217)
Decrease (increase) in inventories	(598)	(1,959)
Increase (decrease) in trade payables	1,491	8,114
Increase (decrease) in accrued expenses	(98)	(84)
Other, net	1,260	1,108
Subtotal	10,950	18,655
Interest and dividends received	447	343
Interest paid	(179)	(140)
Income taxes paid	(3,241)	(4,795)
Net cash provided by (used in) operating activities	7,977	14,063
Cash flows from investing activities		
Net decrease (increase) in time deposits	—	(4,091)
Purchase of property, plant and equipment	(2,553)	(2,105)
Proceeds from sale of property, plant and equipment	95	40
Purchase of investment securities	(3)	(24)
Proceeds from sale of investment securities	837	2,025
Other, net	(84)	(664)
Net cash provided by (used in) investing activities	(1,709)	(4,819)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(4,833)	(6,868)
Proceeds from long-term borrowings	8,000	—
Repayments of long-term borrowings	(5,505)	(1,842)
Repayments of finance lease obligations	(124)	(131)
Purchase of treasury shares	(0)	(0)
Dividends paid	(1,692)	(2,214)
Dividends paid to non-controlling interests	(57)	(977)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(207)	—

Net cash provided by (used in) financing activities	(4,420)	(12,035)
Effect of exchange rate change on cash and cash equivalents	233	140
Net increase (decrease) in cash and cash equivalents	2,081	(2,650)
Cash and cash equivalents at beginning of period	16,839	17,433
Cash and cash equivalents at end of period	18,921	14,782