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May 13, 2022

Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (Under Japanese GAAP)

Company name: DAIKEN CORPORATION
 Listing: Tokyo Stock Exchange
 Securities code: 7905
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 Scheduled date of annual general meeting of shareholders: June 24, 2022
 Scheduled date to commence dividend payments: June 27, 2022
 Scheduled date to file annual securities report: June 27, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated operating results

(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	%
Fiscal year ended								
March 31, 2022	223,377	12.1	17,361	97.8	18,725	88.5	7,872	40.1
March 31, 2021	199,210	(1.6)	8,779	4.7	9,935	9.1	5,620	3.2

Note: Comprehensive income For the fiscal year ended March 31, 2022: ¥17,123 million [4.5%]
 For the fiscal year ended March 31, 2021: ¥16,393 million [−%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2022	302.18	—	10.9	10.5	7.8
March 31, 2021	215.83	—	9.1	5.8	4.4

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended March 31, 2022: ¥46 million
 For the fiscal year ended March 31, 2021: ¥44 million

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2022	183,391	90,563	41.7	2,935.31
March 31, 2021	172,553	76,771	39.4	2,612.54

Reference: Equity
 As of March 31, 2022: ¥76,487 million
 As of March 31, 2021: ¥68,043 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2022	16,834	(6,636)	(10,737)	17,407
March 31, 2021	12,254	(910)	(11,369)	17,433

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2021	—	30.00	—	40.00	70.00	1,823	32.4	2.9
Fiscal year ended March 31, 2022	—	45.00	—	55.00	100.00	2,605	33.1	3.6
Fiscal year ending March 31, 2023 (Forecast)	—	40.00	—	40.00	80.00		35.9	

3. Earnings forecast of consolidated financial results for fiscal year ending march 31, 2023 (From April 1, 2022 to March 31, 2023)

(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, 2022	112,000	2.8	6,000	(31.3)	6,300	(33.0)	2,200	(55.4)	84.43
Full year	232,000	3.9	12,500	(28.0)	13,000	(30.6)	5,800	(26.3)	222.58

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) 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
- (3) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2022	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 March 31, 2022	1,022,456 shares
As of March 31, 2021	1,035,274 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2022	26,054,391 shares
Fiscal year ended March 31, 2021	26,040,628 shares

* Financial results reports are exempt from audit 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 March 31, 2022
Assets		
Current assets		
Cash and deposits	17,433	22,881
Notes and accounts receivable - trade	30,233	—
Notes receivable - trade	—	1,161
Electronically recorded monetary claims - operating	8,221	9,077
Accounts receivable - trade	—	28,655
Contract assets	—	1,423
Merchandise and finished goods	16,073	20,212
Work in process	4,056	3,072
Raw materials and supplies	9,396	11,203
Other	2,460	4,729
Allowance for doubtful accounts	(127)	(132)
Total current assets	87,748	102,286
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,313	11,970
Machinery, equipment and vehicles, net	19,992	19,166
Land	14,923	14,310
Leased assets, net	5	—
Construction in progress	873	1,292
Other, net	2,806	2,712
Total property, plant and equipment	50,915	49,451
Intangible assets		
Goodwill	12,946	12,415
Software	1,314	1,165
Other	741	1,391
Total intangible assets	15,002	14,972
Investments and other assets		
Investment securities	14,285	11,719
Retirement benefit asset	2,350	2,529
Deferred tax assets	822	1,033
Other	1,444	1,414
Allowance for doubtful accounts	(66)	(42)
Total investments and other assets	18,835	16,654
Total non-current assets	84,752	81,077
Deferred assets		
Bond issuance costs	51	27
Total deferred assets	51	27
Total assets	172,553	183,391

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,876	20,672
Electronically recorded obligations - operating	6,559	6,978
Short-term borrowings	9,889	5,983
Current portion of bonds payable	—	8,000
Current portion of long-term borrowings	3,358	2,860
Lease liabilities	127	110
Accounts payable - other	18,371	19,434
Income taxes payable	1,597	1,325
Accrued consumption taxes	794	116
Provision for bonuses	2,490	2,723
Provision for product warranties	345	282
Provision for loss on litigation	27	27
Other	5,518	5,764
Total current liabilities	65,956	74,280
Non-current liabilities		
Bonds payable	13,000	5,000
Long-term borrowings	8,950	6,360
Lease liabilities	183	184
Deferred tax liabilities	2,630	1,627
Provision for product warranties	745	691
Retirement benefit liability	3,582	3,573
Provision for loss on litigation	272	358
Negative goodwill	16	13
Other	444	738
Total non-current liabilities	29,825	18,547
Total liabilities	95,781	92,828
Net assets		
Shareholders' equity		
Share capital	15,300	15,300
Capital surplus	13,948	13,958
Retained earnings	33,009	38,501
Treasury shares	(1,381)	(1,364)
Total shareholders' equity	60,877	66,395
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,086	3,924
Deferred gains or losses on hedges	265	459
Foreign currency translation adjustment	793	4,380
Remeasurements of defined benefit plans	1,019	1,327
Total accumulated other comprehensive income	7,165	10,091
Non-controlling interests	8,728	14,075
Total net assets	76,771	90,563
Total liabilities and net assets	172,553	183,391

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	199,210	223,377
Cost of sales	148,328	160,210
Gross profit	50,881	63,167
Selling, general and administrative expenses	42,102	45,805
Operating profit	8,779	17,361
Non-operating income		
Interest income	37	62
Dividend income	450	348
Rental income	156	99
Subsidy income	198	31
Dividend income of life insurance	41	41
Amortization of negative goodwill	3	2
Share of profit of entities accounted for using equity method	44	46
Foreign exchange gains	63	46
Emission credit income	156	512
Miscellaneous income	540	470
Total non-operating income	1,693	1,661
Non-operating expenses		
Interest expenses	262	203
Sales discounts	125	—
Loss on sale of trade receivables	14	8
Miscellaneous expenses	135	86
Total non-operating expenses	537	298
Ordinary profit	9,935	18,725
Extraordinary income		
Gain on sale of non-current assets	390	12
Gain on sale of investment securities	1,110	1,190
National subsidies	119	—
Other	2	—
Total extraordinary income	1,623	1,203
Extraordinary losses		
Loss on sale of non-current assets	—	2
Loss on retirement of non-current assets	107	110
Loss on tax purpose reduction entry of non-current assets	119	—
Impairment losses	—	1,232
Loss on sale of investment securities	119	—
Loss on sale of shares of subsidiaries	20	—
Provision for loss on litigation	153	177
Loss on disaster	65	133
Other	3	9
Total extraordinary losses	588	1,664
Profit before income taxes	10,970	18,264
Income taxes - current	3,794	6,079
Income taxes - deferred	(107)	(891)
Total income taxes	3,687	5,188
Profit	7,283	13,076
Profit attributable to non-controlling interests	1,662	5,203
Profit attributable to owners of parent	5,620	7,872

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	7,283	13,076
Other comprehensive income		
Valuation difference on available-for-sale securities	2,175	(1,162)
Deferred gains or losses on hedges	755	186
Foreign currency translation adjustment	4,909	4,708
Remeasurements of defined benefit plans, net of tax	1,269	315
Share of other comprehensive income of entities accounted for using equity method	0	0
Total other comprehensive income	9,110	4,047
Comprehensive income	16,393	17,123
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,067	10,798
Comprehensive income attributable to non-controlling interests	2,326	6,325

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	15,300	14,080	29,081	(1,403)	57,059
Changes during period					
Dividends of surplus			(1,692)		(1,692)
Profit attributable to owners of parent			5,620		5,620
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		7		22	29
Change in ownership interest of parent due to transactions with non-controlling interests		(139)			(139)
Net changes in items other than shareholders' equity					
Total changes during period	—	(131)	3,928	22	3,818
Balance at end of period	15,300	13,948	33,009	(1,381)	60,877

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,912	(443)	(3,493)	(256)	(1,281)	7,197	62,975
Changes during period							
Dividends of surplus							(1,692)
Profit attributable to owners of parent							5,620
Purchase of treasury shares							(0)
Disposal of treasury shares							29
Change in ownership interest of parent due to transactions with non-controlling interests							(139)
Net changes in items other than shareholders' equity	2,174	709	4,287	1,275	8,446	1,531	9,978
Total changes during period	2,174	709	4,287	1,275	8,446	1,531	13,796
Balance at end of period	5,086	265	793	1,019	7,165	8,728	76,771

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	15,300	13,948	33,009	(1,381)	60,877
Cumulative effects of changes in accounting policies			(167)		(167)
Restated balance	15,300	13,948	32,842	(1,381)	60,710
Changes during period					
Dividends of surplus			(2,214)		(2,214)
Profit attributable to owners of parent			7,872		7,872
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		9		17	27
Net changes in items other than shareholders' equity					
Total changes during period	—	9	5,658	17	5,685
Balance at end of period	15,300	13,958	38,501	(1,364)	66,395

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	5,086	265	793	1,019	7,165	8,728	76,771
Cumulative effects of changes in accounting policies							(167)
Restated balance	5,086	265	793	1,019	7,165	8,728	76,604
Changes during period							
Dividends of surplus							(2,214)
Profit attributable to owners of parent							7,872
Purchase of treasury shares							(0)
Disposal of treasury shares							27
Net changes in items other than shareholders' equity	(1,162)	193	3,587	307	2,925	5,347	8,273
Total changes during period	(1,162)	193	3,587	307	2,925	5,347	13,958
Balance at end of period	3,924	459	4,380	1,327	10,091	14,075	90,563

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	10,970	18,264
Depreciation	5,563	5,546
Impairment losses	—	1,232
Amortization of bond issuance costs	39	24
Loss on retirement of non-current assets	107	110
Loss (gain) on sale of non-current assets	(390)	(10)
Loss (gain) on sale of investment securities	(990)	(1,190)
Loss (gain) on valuation of investment securities	—	1
Amortization of goodwill	1,544	1,686
Increase (decrease) in allowance for doubtful accounts	8	(19)
Increase (decrease) in provision for bonuses	81	203
Increase (decrease) in provision for product warranties	84	(118)
Increase (decrease) in retirement benefit liability	(1,426)	(189)
Increase (decrease) in provision for loss on litigation	130	86
Interest and dividend income	(488)	(410)
Interest expenses	262	203
Foreign exchange losses (gains)	52	(81)
Share of loss (profit) of entities accounted for using equity method	(44)	(46)
Decrease (increase) in trade receivables	2,537	(1,601)
Decrease (increase) in inventories	(1,642)	(4,650)
Increase (decrease) in trade payables	(3,190)	3,926
Decrease (increase) in consumption taxes refund receivable	70	(251)
Increase (decrease) in accrued consumption taxes	(353)	(677)
Other, net	2,939	962
Subtotal	15,866	23,000
Interest and dividends received	488	410
Interest paid	(262)	(204)
Income taxes paid	(3,838)	(6,371)
Net cash provided by (used in) operating activities	12,254	16,834

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from investing activities		
Net decrease (increase) in time deposits	—	(5,038)
Purchase of property, plant and equipment	(3,230)	(2,803)
Proceeds from sale of property, plant and equipment	107	58
Purchase of investment securities	(4)	(25)
Proceeds from sale of investment securities	2,479	2,025
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(83)	—
Other, net	(178)	(853)
Net cash provided by (used in) investing activities	(910)	(6,636)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	781	(4,018)
Redemption of bonds	(7,000)	—
Proceeds from long-term borrowings	8,000	—
Repayments of long-term borrowings	(10,425)	(3,363)
Repayments of finance lease liabilities	(167)	(163)
Purchase of treasury shares	(0)	(0)
Dividends paid	(1,692)	(2,214)
Dividends paid to non-controlling interests	(657)	(977)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(207)	—
Net cash provided by (used in) financing activities	(11,369)	(10,737)
Effect of exchange rate change on cash and cash equivalents	619	513
Net increase (decrease) in cash and cash equivalents	594	(25)
Cash and cash equivalents at beginning of period	16,839	17,433
Cash and cash equivalents at end of period	17,433	17,407