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February 10, 2023

Consolidated Financial Results for the Nine Months Ended December 31, 2022 (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, 2023
 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, 2022 (from April 1, 2022 to December 31, 2022)

(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, 2022	176,381	5.5	9,567	(29.5)	12,250	(15.8)	9,492	39.8
December 31, 2021	167,130	14.0	13,569	119.0	14,541	108.6	6,790	80.1

Note: Comprehensive income For the nine months ended December 31, 2022: ¥13,042 million [25.9%]
 For the nine months ended December 31, 2021: ¥10,355 million [2.0%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2022	364.17	—
December 31, 2021	260.66	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
December 31, 2022	192,986	90,573	42.5
March 31, 2022	183,391	90,563	41.7

Reference: Equity
 As of December 31, 2022: ¥82,000 million
 As of March 31, 2022: ¥76,487 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, 2022	—	45.00	—	55.00	100.00
Fiscal year ending March 31, 2023	—	50.00	—		
Fiscal year ending March 31, 2023 (Forecast)				60.00	110.00

Note: Revisions to the forecast of cash dividends most recently announced: None

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
Full year	234,000	4.8	13,000	(25.1)	15,500	(17.2)	11,000	39.7	421.97

Note: Revisions of forecast of financial results from recently announced figures: None

* Note

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- (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: None
 - (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, 2022	27,080,043 shares
As of March 31, 2022	27,080,043 shares

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

As of December 31, 2022	1,008,120 shares
As of March 31, 2022	1,022,456 shares

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

Nine months ended December 31, 2022	26,067,161 shares
Nine months ended December 31, 2021	26,053,325 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, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	22,881	21,005
Notes and accounts receivable - trade, and contract assets	31,241	33,175
Electronically recorded monetary claims - operating	9,077	17,090
Merchandise and finished goods	20,212	23,040
Work in process	3,072	3,588
Raw materials and supplies	11,203	10,474
Other	4,729	5,431
Allowance for doubtful accounts	(132)	(168)
Total current assets	102,286	113,637
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,970	9,080
Machinery, equipment and vehicles, net	19,166	14,663
Land	14,310	13,093
Construction in progress	1,292	912
Other, net	2,712	2,498
Total property, plant and equipment	49,451	40,249
Intangible assets		
Goodwill	12,415	10,404
Software	1,165	1,430
Other	1,391	1,618
Total intangible assets	14,972	13,453
Investments and other assets		
Investment securities	11,719	20,331
Retirement benefit asset	2,529	2,289
Deferred tax assets	1,033	1,570
Other	1,414	1,485
Allowance for doubtful accounts	(42)	(43)
Total investments and other assets	16,654	25,634
Total non-current assets	81,077	79,338
Deferred assets	27	11
Total assets	183,391	192,986

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,672	18,199
Electronically recorded obligations - operating	6,978	15,526
Short-term borrowings	5,983	16,689
Current portion of bonds payable	8,000	3,000
Current portion of long-term borrowings	2,860	3,208
Accounts payable - other	19,434	23,798
Income taxes payable	1,325	352
Provision for bonuses	2,723	1,377
Provision for product warranties	282	266
Provision for loss on litigation	27	—
Other	5,992	6,778
Total current liabilities	74,280	89,198
Non-current liabilities		
Bonds payable	5,000	5,000
Long-term borrowings	6,360	1,465
Deferred tax liabilities	1,627	870
Provision for product warranties	691	896
Retirement benefit liability	3,573	3,618
Provision for loss on litigation	358	459
Negative goodwill	13	11
Other	923	892
Total non-current liabilities	18,547	13,214
Total liabilities	92,828	102,413
Net assets		
Shareholders' equity		
Share capital	15,300	15,300
Capital surplus	13,958	13,965
Retained earnings	38,501	45,257
Treasury shares	(1,364)	(1,345)
Total shareholders' equity	66,395	73,177
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,924	3,416
Deferred gains or losses on hedges	459	(61)
Foreign currency translation adjustment	4,380	4,273
Remeasurements of defined benefit plans	1,327	1,195
Total accumulated other comprehensive income	10,091	8,823
Non-controlling interests	14,075	8,572
Total net assets	90,563	90,573
Total liabilities and net assets	183,391	192,986

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	167,130	176,381
Cost of sales	120,045	129,381
Gross profit	47,084	47,000
Selling, general and administrative expenses	33,515	37,432
Operating profit	13,569	9,567
Non-operating income		
Interest income	38	210
Dividend income	305	344
Amortization of negative goodwill	2	2
Share of profit of entities accounted for using equity method	31	1,613
Foreign exchange gains	5	33
Emission credit income	389	175
Other	429	463
Total non-operating income	1,202	2,843
Non-operating expenses		
Interest expenses	155	109
Loss on sale of trade receivables	6	7
Other	69	42
Total non-operating expenses	230	159
Ordinary profit	14,541	12,250
Extraordinary income		
Gain on sale of non-current assets	2	500
Gain on sale of investment securities	1,190	483
Gain on change in equity	—	4,104
Other	—	12
Total extraordinary income	1,192	5,101
Extraordinary losses		
Loss on sale of non-current assets	2	—
Loss on retirement of non-current assets	84	110
Impairment losses	994	—
Provision for loss on litigation	—	100
Loss on disaster	109	90
Other	0	30
Total extraordinary losses	1,190	331
Profit before income taxes	14,542	17,020
Income taxes - current	4,485	3,552
Income taxes - deferred	(239)	(182)
Total income taxes	4,246	3,369
Profit	10,296	13,650
Profit attributable to non-controlling interests	3,505	4,157
Profit attributable to owners of parent	6,790	9,492

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	10,296	13,650
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,084)	(507)
Deferred gains or losses on hedges	(182)	(554)
Foreign currency translation adjustment	1,390	844
Remeasurements of defined benefit plans, net of tax	(64)	(129)
Share of other comprehensive income of entities accounted for using equity method	0	(261)
Total other comprehensive income	59	(608)
Comprehensive income	10,355	13,042
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,509	8,224
Comprehensive income attributable to non-controlling interests	3,846	4,817

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Cash flows from operating activities		
Profit before income taxes	14,542	17,020
Depreciation	4,160	3,974
Impairment losses	994	—
Loss on retirement of non-current assets	84	110
Loss (gain) on sale of non-current assets	(0)	(500)
Loss (gain) on sale of investment securities	(1,190)	(483)
Loss (gain) on valuation of investment securities	—	18
Loss (gain) on change in equity	—	(4,104)
Amortization of goodwill	1,262	1,380
Increase (decrease) in allowance for doubtful accounts	1	31
Increase (decrease) in provision for bonuses	(955)	(1,318)
Increase (decrease) in provision for product warranties	(102)	190
Increase (decrease) in retirement benefit liability	164	289
Increase (decrease) in provision for loss on litigation	—	73
Interest and dividend income	(343)	(554)
Interest expenses	155	109
Foreign exchange losses (gains)	(49)	(142)
Share of loss (profit) of entities accounted for using equity method	(31)	(1,613)
Decrease (increase) in trade receivables	(7,217)	(11,884)
Decrease (increase) in inventories	(1,959)	(7,355)
Increase (decrease) in trade payables	8,114	10,883
Increase (decrease) in accrued expenses	(84)	56
Other, net	1,108	351
Subtotal	18,655	6,531
Interest and dividends received	343	554
Interest paid	(140)	(97)
Income taxes paid	(4,795)	(4,606)
Net cash provided by (used in) operating activities	14,063	2,381
Cash flows from investing activities		
Net decrease (increase) in time deposits	(4,091)	2,015
Purchase of property, plant and equipment	(2,105)	(2,475)
Proceeds from sale of property, plant and equipment	40	1,064
Purchase of investment securities	(24)	(13)
Proceeds from sale of investment securities	2,025	707
Other, net	(664)	(1,325)
Net cash provided by (used in) investing activities	(4,819)	(27)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(6,868)	15,818
Redemption of bonds	—	(5,000)
Repayments of long-term borrowings	(1,842)	(1,504)
Repayments of finance lease liabilities	(131)	(79)
Purchase of treasury shares	(0)	(0)
Dividends paid	(2,214)	(2,736)
Dividends paid to non-controlling interests	(977)	(6,437)

Net cash provided by (used in) financing activities	(12,035)	60
Effect of exchange rate change on cash and cash equivalents	140	404
Net increase (decrease) in cash and cash equivalents	(2,650)	2,819
Cash and cash equivalents at beginning of period	17,433	17,407
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	(2,779)
Cash and cash equivalents at end of period	14,782	17,447