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November 9, 2023

Consolidated Financial Results for the Six Months Ended September 30, 2023 (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: November 9, 2023
 Scheduled date to commence dividend payments: December 8, 2023
 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 six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(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	%
Six months ended								
September 30, 2023	105,047	(12.7)	586	(92.9)	2,805	(71.7)	1,307	(83.2)
September 30, 2022	120,263	10.3	8,297	(5.0)	9,928	5.6	7,771	57.5

Note: Comprehensive income For the six months ended September 30, 2023: ¥7,534 million [(44.1)%]
 For the six months ended September 30, 2022: ¥13,483 million [127.1%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2023	50.15	—
September 30, 2022	298.17	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2023	193,811	98,168	45.7
March 31, 2023	185,797	92,318	45.0

Reference: Equity
 As of September 30, 2023: ¥88,653 million
 As of March 31, 2023: ¥83,523 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, 2023	—	50.00	—	60.00	110.00
Fiscal year ending March 31, 2024	—	60.00			
Fiscal year ending March 31, 2024 (Forecast)			—	0.00	60.00

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

* 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: 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 September 30, 2023	27,080,043 shares
As of March 31, 2023	27,080,043 shares

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

As of September 30, 2023	999,424 shares
As of March 31, 2023	1,008,155 shares

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

Six months ended September 30, 2023	26,076,362 shares
Six months ended September 30, 2022	26,064,775 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	19,574	21,162
Notes and accounts receivable - trade, and contract assets	32,177	34,824
Electronically recorded monetary claims - operating	13,941	14,915
Merchandise and finished goods	22,167	21,153
Work in process	3,513	2,934
Raw materials and supplies	10,650	11,179
Other	5,372	4,103
Allowance for doubtful accounts	(161)	(157)
Total current assets	107,236	110,115
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,874	8,774
Machinery, equipment and vehicles, net	14,508	14,726
Land	12,995	13,143
Construction in progress	912	1,373
Other, net	2,475	2,609
Total property, plant and equipment	39,765	40,627
Intangible assets		
Goodwill	10,145	10,254
Software	1,360	1,646
Other	2,000	1,854
Total intangible assets	13,506	13,755
Investments and other assets		
Investment securities	19,621	23,720
Retirement benefit asset	2,959	2,747
Deferred tax assets	1,263	1,415
Other	1,479	1,467
Allowance for doubtful accounts	(43)	(43)
Total investments and other assets	25,280	29,308
Total non-current assets	78,552	83,690
Deferred assets	7	5
Total assets	185,797	193,811

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,738	15,766
Electronically recorded obligations - operating	12,096	13,454
Short-term borrowings	11,252	14,502
Current portion of bonds payable	—	5,000
Current portion of long-term borrowings	5,817	4,773
Accounts payable - other	21,313	21,842
Income taxes payable	698	680
Provision for bonuses	2,383	2,349
Provision for product warranties	258	249
Other	5,380	5,630
Total current liabilities	74,939	84,248
Non-current liabilities		
Bonds payable	5,000	—
Long-term borrowings	7,500	5,028
Deferred tax liabilities	861	1,062
Provision for product warranties	609	601
Retirement benefit liability	3,426	3,514
Provision for loss on litigation	447	468
Negative goodwill	10	9
Other	684	710
Total non-current liabilities	18,539	11,395
Total liabilities	93,478	95,643
Net assets		
Shareholders' equity		
Share capital	15,300	15,300
Capital surplus	13,965	13,974
Retained earnings	46,089	45,833
Treasury shares	(1,345)	(1,334)
Total shareholders' equity	74,009	73,773
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,902	4,115
Deferred gains or losses on hedges	(40)	77
Foreign currency translation adjustment	4,934	9,114
Remeasurements of defined benefit plans	1,717	1,573
Total accumulated other comprehensive income	9,513	14,880
Non-controlling interests	8,794	9,514
Total net assets	92,318	98,168
Total liabilities and net assets	185,797	193,811

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	120,263	105,047
Cost of sales	86,424	80,983
Gross profit	33,839	24,064
Selling, general and administrative expenses	25,541	23,478
Operating profit	8,297	586
Non-operating income		
Interest income	116	206
Dividend income	219	181
Amortization of negative goodwill	1	1
Share of profit of entities accounted for using equity method	736	1,067
Foreign exchange gains	210	356
Other	470	481
Total non-operating income	1,754	2,293
Non-operating expenses		
Interest expenses	85	50
Loss on sale of trade receivables	4	5
Other	32	18
Total non-operating expenses	123	74
Ordinary profit	9,928	2,805
Extraordinary income		
Gain on sale of non-current assets	122	1
Gain on sale of investment securities	368	—
Gain on change in equity	4,104	—
National subsidies	12	8
Total extraordinary income	4,608	10
Extraordinary losses		
Loss on retirement of non-current assets	98	62
Loss on withdrawal from business	—	1,060
Loss on disaster	55	—
Other	65	40
Total extraordinary losses	219	1,162
Profit before income taxes	14,317	1,652
Income taxes - current	2,913	878
Income taxes - deferred	(95)	(580)
Total income taxes	2,817	297
Profit	11,499	1,355
Profit attributable to non-controlling interests	3,728	47
Profit attributable to owners of parent	7,771	1,307

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	11,499	1,355
Other comprehensive income		
Valuation difference on available-for-sale securities	(558)	1,212
Deferred gains or losses on hedges	(571)	151
Foreign currency translation adjustment	2,449	3,670
Remeasurements of defined benefit plans, net of tax	(84)	(148)
Share of other comprehensive income of entities accounted for using equity method	748	1,292
Total other comprehensive income	1,983	6,178
Comprehensive income	13,483	7,534
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,520	6,674
Comprehensive income attributable to non-controlling interests	4,963	859

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	14,317	1,652
Depreciation	2,725	2,425
Loss on retirement of non-current assets	98	62
Loss (gain) on sale of non-current assets	(122)	(1)
Loss (gain) on sale of investment securities	(368)	—
Loss (gain) on valuation of investment securities	18	10
Loss (gain) on change in equity	(4,104)	—
Amortization of goodwill	929	911
Increase (decrease) in allowance for doubtful accounts	33	(8)
Increase (decrease) in provision for bonuses	(224)	(50)
Increase (decrease) in provision for product warranties	201	(16)
Increase (decrease) in retirement benefit liability	148	290
Increase (decrease) in provision for loss on litigation	7	21
Interest and dividend income	(335)	(387)
Interest expenses	85	50
Foreign exchange losses (gains)	(104)	(117)
Share of loss (profit) of entities accounted for using equity method	(736)	(1,067)
Decrease (increase) in trade receivables	(8,233)	(3,304)
Decrease (increase) in inventories	(4,405)	1,793
Increase (decrease) in trade payables	2,526	1,806
Increase (decrease) in accrued expenses	50	(9)
Other, net	(473)	1,871
Subtotal	2,033	5,932
Interest and dividends received	335	387
Interest paid	(85)	(50)
Income taxes paid	(3,098)	(283)
Net cash provided by (used in) operating activities	(815)	5,986
Cash flows from investing activities		
Net decrease (increase) in time deposits	155	(636)
Purchase of property, plant and equipment	(1,584)	(2,579)
Proceeds from sale of property, plant and equipment	608	2
Purchase of investment securities	(12)	(2)
Proceeds from sale of investment securities	538	—
Other, net	(1,130)	(748)
Net cash provided by (used in) investing activities	(1,425)	(3,964)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	14,654	3,227
Redemption of bonds	(5,000)	—
Repayments of long-term borrowings	(1,457)	(3,515)
Repayments of finance lease liabilities	(57)	(37)
Purchase of treasury shares	(0)	(1)
Dividends paid	(1,433)	(1,564)
Dividends paid to non-controlling interests	(5,031)	(140)

Net cash provided by (used in) financing activities	1,674	(2,030)
Effect of exchange rate change on cash and cash equivalents	575	508
Net increase (decrease) in cash and cash equivalents	10	499
Cash and cash equivalents at beginning of period	17,407	15,936
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(2,779)	—
Cash and cash equivalents at end of period	14,638	16,436