

Translation

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Summary of Consolidated Financial Results for the Year Ended May 31, 2021 (Based on Japanese GAAP)

July 7, 2021

Company name: DAIKOKUTENBUSSAN CO.,LTD.
 Stock exchange listing: Tokyo
 Stock code: 2791 URL <http://www.e-dkt.co.jp/>
 Representative: President and Representative Director SHOJI OGA
 Senior Managing Director,
 Inquiries: General Manager, Corporate Strategy Office TOMOHIRO KAWATA TEL 086-435-1100
 Scheduled date of ordinary general meeting of shareholders: August 25, 2021
 Scheduled date to file Securities Report: August 25, 2021
 Scheduled date to commence dividend payments: August 26, 2021
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended May 31, 2021 (from June 1, 2020 to May 31, 2021)

(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	%
Year ended May 31, 2021	221,551	4.5	8,599	44.9	8,827	43.6	5,518	47.7
Year ended May 31, 2020	212,059	15.6	5,935	116.5	6,149	110.7	3,735	—

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended May 31, 2021	396.21	396.16	14.2	11.8	3.9
Year ended May 31, 2020	267.50	—	10.8	8.4	2.8

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of May 31, 2021	75,635	41,537	54.7	2,971.58
As of May 31, 2020	73,489	36,331	49.3	2,598.76

(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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended May 31, 2021	9,853	(7,006)	(2,436)	7,857
Year ended May 31, 2020	13,263	(5,673)	(7,506)	7,446

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended May 31, 2020	—	0.00	—	27.00	27.00	376	10.1	1.0
Year ended May 31, 2021	—	0.00	—	29.00	29.00	403	7.3	1.0
Year ending May 31, 2022 (Forecast)	—	0.00	—	29.00	29.00		8.4	

3. Forecast of consolidated financial results for the year ending May 31, 2022 (from June 1, 2021 to May 31, 2022)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending November 30, 2021	109,500	–	3,600	(21.7)	3,700	(22.2)	2,200	(24.4)	157.94
Full year	222,700	–	7,900	(8.1)	8,000	(9.4)	4,800	(13.0)	344.60

4. Notes

(1) Changes in significant subsidiaries during the year ended May 31, 2021

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of May 31, 2021	14,474,200 shares	As of May 31, 2020	14,474,200 shares
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Number of treasury shares at the end of the period

As of May 31, 2021	545,320 shares	As of May 31, 2020	545,320 shares
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Average number of shares during the period

Year ended May 31, 2021	13,928,880 shares	Year ended May 31, 2020	13,963,142 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of May 31, 2020	As of May 31, 2021
Assets		
Current assets		
Cash and deposits	7,446	7,857
Notes and accounts receivable - trade	110	126
Merchandise and finished goods	5,970	6,529
Work in process	171	92
Raw materials and supplies	351	304
Other	5,448	4,183
Allowance for doubtful accounts	(203)	(203)
Total current assets	19,296	18,889
Non-current assets		
Property, plant and equipment		
Buildings and structures	52,331	55,087
Accumulated depreciation	(25,618)	(28,398)
Buildings and structures, net	26,712	26,688
Machinery, equipment and vehicles	3,024	3,272
Accumulated depreciation	(1,578)	(2,149)
Machinery, equipment and vehicles, net	1,445	1,123
Tools, furniture and fixtures	11,541	12,791
Accumulated depreciation	(7,399)	(8,608)
Tools, furniture and fixtures, net	4,141	4,183
Land	7,944	8,101
Leased assets	1,015	1,292
Accumulated depreciation	(566)	(673)
Leased assets, net	449	619
Construction in progress	274	2,458
Other	877	881
Accumulated depreciation	(404)	(371)
Other, net	473	509
Total property, plant and equipment	41,443	43,685
Intangible assets	338	322
Investments and other assets		
Investment securities	374	445
Long-term loans receivable	23	23
Construction assistance fund receivables	1,814	1,677
Deferred tax assets	3,833	4,256
Guarantee deposits	4,825	4,907
Other	1,624	1,483
Allowance for doubtful accounts	(84)	(55)
Total investments and other assets	12,411	12,738
Total non-current assets	54,193	56,746
Total assets	73,489	75,635

(Millions of yen)

	As of May 31, 2020	As of May 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,988	13,385
Short-term borrowings	3,793	3,904
Lease obligations	111	173
Income taxes payable	2,048	2,520
Provision for bonuses	484	555
Asset retirement obligations	6	6
Other	7,772	7,438
Total current liabilities	29,206	27,983
Non-current liabilities		
Long-term borrowings	3,112	1,070
Lease obligations	364	488
Deferred tax liabilities	192	146
Retirement benefit liability	41	40
Asset retirement obligations	2,730	2,909
Other	1,511	1,457
Total non-current liabilities	7,951	6,114
Total liabilities	37,157	34,097
Net assets		
Shareholders' equity		
Share capital	1,661	1,661
Capital surplus	1,823	1,823
Retained earnings	33,553	38,695
Treasury shares	(880)	(880)
Total shareholders' equity	36,157	41,300
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	39	90
Total accumulated other comprehensive income	39	90
Share acquisition rights	42	46
Non-controlling interests	91	100
Total net assets	36,331	41,537
Total liabilities and net assets	73,489	75,635

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended May 31, 2020	Fiscal year ended May 31, 2021
Net sales	212,059	221,551
Cost of sales	162,287	168,526
Gross profit	49,772	53,025
Selling, general and administrative expenses		
Salaries allowances and bonuses	18,652	19,615
Provision for bonuses	457	526
Retirement benefit expenses	75	70
Utilities expenses	3,628	3,433
Rent expenses	6,190	6,382
Depreciation	4,249	4,281
Provision of allowance for doubtful accounts	0	0
Other	10,582	10,116
Total selling, general and administrative expenses	43,837	44,425
Operating profit	5,935	8,599
Non-operating income		
Interest income	30	29
Dividend income	3	3
Rental income	90	87
Reversal of allowance for doubtful accounts	–	27
Insurance claim income	115	136
Other	95	58
Total non-operating income	335	342
Non-operating expenses		
Interest expenses	35	25
Rental expenses	52	49
Provision of allowance for doubtful accounts	28	–
Loss on disposal of non-current assets	–	34
Other	4	5
Total non-operating expenses	121	114
Ordinary profit	6,149	8,827
Extraordinary income		
Gain on sale of non-current assets	67	2
Subsidy income	18	35
Total extraordinary income	86	38
Extraordinary losses		
Loss on sale of non-current assets	24	–
Impairment losses	326	177
Loss on tax purpose reduction entry of non-current assets	18	35
Total extraordinary losses	369	212
Profit before income taxes	5,866	8,653
Income taxes - current	2,829	3,614
Income taxes - deferred	(709)	(490)
Total income taxes	2,120	3,124
Profit	3,745	5,528
Profit attributable to non-controlling interests	10	9
Profit attributable to owners of parent	3,735	5,518

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended May 31, 2020	Fiscal year ended May 31, 2021
Profit	3,745	5,528
Other comprehensive income		
Valuation difference on available-for-sale securities	25	50
Total other comprehensive income	25	50
Comprehensive income	3,771	5,578
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,761	5,569
Comprehensive income attributable to non-controlling interests	10	9

Consolidated statements of changes in equity

Fiscal year ended May 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,661	1,823	30,168	(557)	33,096
Changes during period					
Dividends of surplus			(350)		(350)
Profit attributable to owners of parent			3,735		3,735
Purchase of treasury shares				(323)	(323)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	3,384	(323)	3,061
Balance at end of period	1,661	1,823	33,553	(880)	36,157

	Accumulated other comprehensive income	Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities			
Balance at beginning of period	14	28	80	33,219
Changes during period				
Dividends of surplus				(350)
Profit attributable to owners of parent				3,735
Purchase of treasury shares				(323)
Net changes in items other than shareholders' equity	25	13	10	49
Total changes during period	25	13	10	3,111
Balance at end of period	39	42	91	36,331

Fiscal year ended May 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,661	1,823	33,553	(880)	36,157
Changes during period					
Dividends of surplus			(376)		(376)
Profit attributable to owners of parent			5,518		5,518
Purchase of treasury shares					–
Net changes in items other than shareholders' equity					
Total changes during period	–	–	5,142	–	5,142
Balance at end of period	1,661	1,823	38,695	(880)	41,300

	Accumulated other comprehensive income	Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities			
Balance at beginning of period	39	42	91	36,331
Changes during period				
Dividends of surplus				(376)
Profit attributable to owners of parent				5,518
Purchase of treasury shares				–
Net changes in items other than shareholders' equity	50	3	9	63
Total changes during period	50	3	9	5,206
Balance at end of period	90	46	100	41,537

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended May 31, 2020	Fiscal year ended May 31, 2021
Cash flows from operating activities		
Profit before income taxes	5,866	8,653
Depreciation	5,343	5,582
Increase (decrease) in provision for bonuses	25	71
Increase (decrease) in allowance for doubtful accounts	25	(28)
Impairment losses	326	177
Interest and dividend income	(34)	(32)
Interest expenses	35	25
Loss (gain) on sale of property, plant and equipment	(43)	(2)
Subsidy income	(18)	(35)
Loss on tax purpose reduction entry of non-current assets	18	35
He amount of rent offset of construction assistance fund receivables	194	195
He amount of rent off set of construction assistance fund receivables deposited	(48)	(48)
Decrease (increase) in trade receivables	153	(15)
Decrease (increase) in inventories	121	(432)
Decrease (increase) in other current assets	(1,260)	1,256
Increase (decrease) in trade payables	2,498	(1,603)
Increase (decrease) in other current liabilities	1,536	(878)
Increase (decrease) in other non-current liabilities	24	27
Other, net	41	23
Subtotal	14,806	12,968
Interest and dividends received	7	7
Interest paid	(31)	(20)
Subsidies received	32	35
Income taxes paid	(1,551)	(3,137)
Net cash provided by (used in) operating activities	13,263	9,853
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,380)	(6,823)
Proceeds from sale of property, plant and equipment	268	79
Purchase of intangible assets	(158)	(125)
Expense by payment of guarantee money paid	(190)	(159)
Proceeds from refund of guarantee deposits	75	125
Payments of construction assistance fund receivables	(232)	(30)
Long-term loan advances	–	(4)
Proceeds from collection of long-term loans receivable	1	2
Other, net	(57)	(70)
Net cash provided by (used in) investing activities	(5,673)	(7,006)

(Millions of yen)

	Fiscal year ended May 31, 2020	Fiscal year ended May 31, 2021
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(3,250)	1,200
Proceeds from long-term borrowings	665	–
Repayments of long-term borrowings	(4,083)	(3,131)
Repayments of lease obligations	(164)	(128)
Purchase of treasury shares	(323)	–
Dividends paid	(350)	(376)
Net cash provided by (used in) financing activities	(7,506)	(2,436)
Net increase (decrease) in cash and cash equivalents	83	410
Cash and cash equivalents at beginning of period	7,363	7,446
Cash and cash equivalents at end of period	7,446	7,857