

Financial Briefing Material for the First Quarter of the Period Ending March 2023

August 5, 2022

 **DAI-DAN CO., LTD.**

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Reference: DATA FILE



**First Quarter Financial Results
for the Period Ending March 2023**

Consolidated Performance Summary

Overview of consolidated management indicators, etc. (operating results)

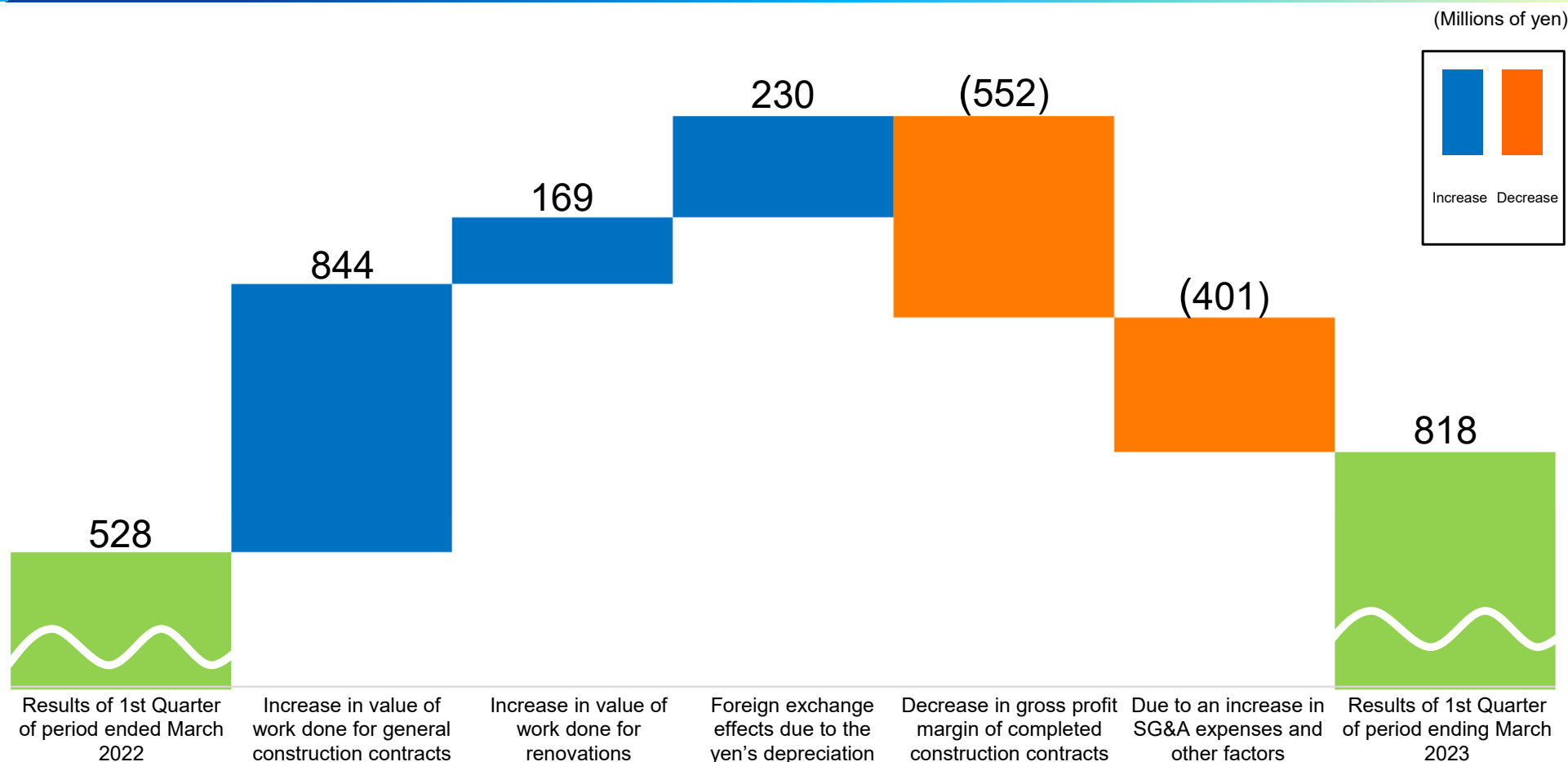
(Millions of yen)

	1st Quarter of period ended March 2022	1st Quarter of period ending March 2023	Increase (Decrease)	Change rate
Net sales of uncompleted construction contracts at beginning of period	143,043	163,782	20,738	14.5%
Net sales of construction contract orders received	44,698	66,712	22,014	49.3%
Net sales of completed construction contracts	27,256	35,342	8,085	29.7%
Gross profit on completed construction contracts	3,587	4,280	693	19.3%
Gross profit margin of completed construction contracts (%)	13.2%	12.1%	-1.0p	
Operating profit	528	818	289	54.8%
Operating profit margin (%)	1.9%	2.3%	0.4p	
Ordinary profit	760	1,308	547	72.0%
Ordinary profit margin (%)	2.8%	3.7%	0.9p	
Net profit attributable to owners of parent	501	862	360	71.9%
Net profit margin (%)	1.8%	2.4%	0.6p	

Business environment and the Company's performance summary

- Net sales of construction contract orders received increased significantly year-on-year as a result of strong orders for redevelopment projects and industrial facilities, especially large-scale construction projects for the current period, against the backdrop of corporations' increasing demand for capital investment.
- Amid intensifying competition for order acquisition and soaring prices of materials and equipment, our expected improvement in profits was not realized, and the gross profit margin of completed construction contracts declined. However, uncompleted construction contracts that had been secured in the previous period made progress, pushing up net sales of completed construction contracts and gross profit on completed construction contracts as well.
- As a result of the above factors, both sales and profits increased.

Breakdown of increase in consolidated operating profit



- The increase in profit from general construction is attributable to considerable progress on large-scale construction projects, such as airports, medical facilities and redevelopment projects. The increase in profit from renovations is attributable to the considerable progress on large-scale construction projects, such as factories and data centers.
- The yen's rapid depreciation that began at the end of the previous period continued in the current period, resulting in an increase in foreign currency-denominated sales of our overseas branches.
- For construction projects making progress in the current period, amid intensifying competition for order acquisition and soaring prices of materials and equipment, the expected improvement in profits was not realized, resulting in a decline in gross profit margin of completed construction contracts.

Trends in consolidated net sales by construction type

(Millions of yen)

		1st Quarter of period ended March 2022	1st Quarter of period ending March 2023	Increase (Decrease)	Change rate	
Orders received	Electrical installations	6,697	7,906	1,209	18.1%	
	Air conditioning and plumbing installations	Air conditioning installations	27,352	45,041	17,689	64.7%
		Plumbing installations	10,648	13,764	3,115	29.3%
		Subtotal	38,001	58,805	20,804	54.7%
	Total	44,698	66,712	22,014	49.3%	
Net sales (completed)	Electrical installations	4,070	6,102	2,032	49.9%	
	Air conditioning and plumbing installations	Air conditioning installations	16,135	21,446	5,311	32.9%
		Plumbing installations	7,050	7,792	741	10.5%
		Subtotal	23,186	29,239	6,053	26.1%
	Total	27,256	35,342	8,085	29.7%	
Net sales (uncompleted)	Electrical installations	24,511	25,266	754	3.1%	
	Air conditioning and plumbing installations	Air conditioning installations	97,155	129,228	32,073	33.0%
		Plumbing installations	38,818	40,656	1,838	4.7%
		Subtotal	135,973	169,885	33,912	24.9%
	Total	160,484	195,152	34,667	21.6%	

- Orders received for air conditioning and plumbing installations posted an increase thanks to orders for large-scale redevelopment projects, data centers and research labs, and heat source construction works for overseas resort facilities.
- Net sales (completed) increased due to progress on large-scale construction projects such as airports and medical facilities.
- Net sales (uncompleted) increased, supported by orders received for large-scale construction such as redevelopment projects, industrial facilities, and medical facilities.

* The “Air conditioning and plumbing installations” category has been set as a total of air conditioning installations and plumbing installations

Overview of consolidated management indicators, etc. (financial position)

(Millions of yen)

	Period ended March 2022	1st Quarter of period ending March 2023	Increase (Decrease)	Change rate	Major factors behind increase/decrease and annotation items
Net assets	77,242	77,040	(201)	-0.3%	Dividend payment exceeded retained earnings.
Total assets	139,099	126,427	(12,672)	-9.1%	Payment of liabilities recorded in the previous period made progress.
Book value per share (BPS)	3,603.11 yen	3,592.78 yen	(10.33 yen)	-0.3%	
Price book-value ratio (PBR)	0.58 times	0.59 times	—	—	(Reference) Closing stock price as of Mar. 31, 2022: 2,099 yen Closing stock price as of Jun. 30, 2022: 2,113 yen
Equity capital ratio	55.4%	60.8%	5.4p	—	

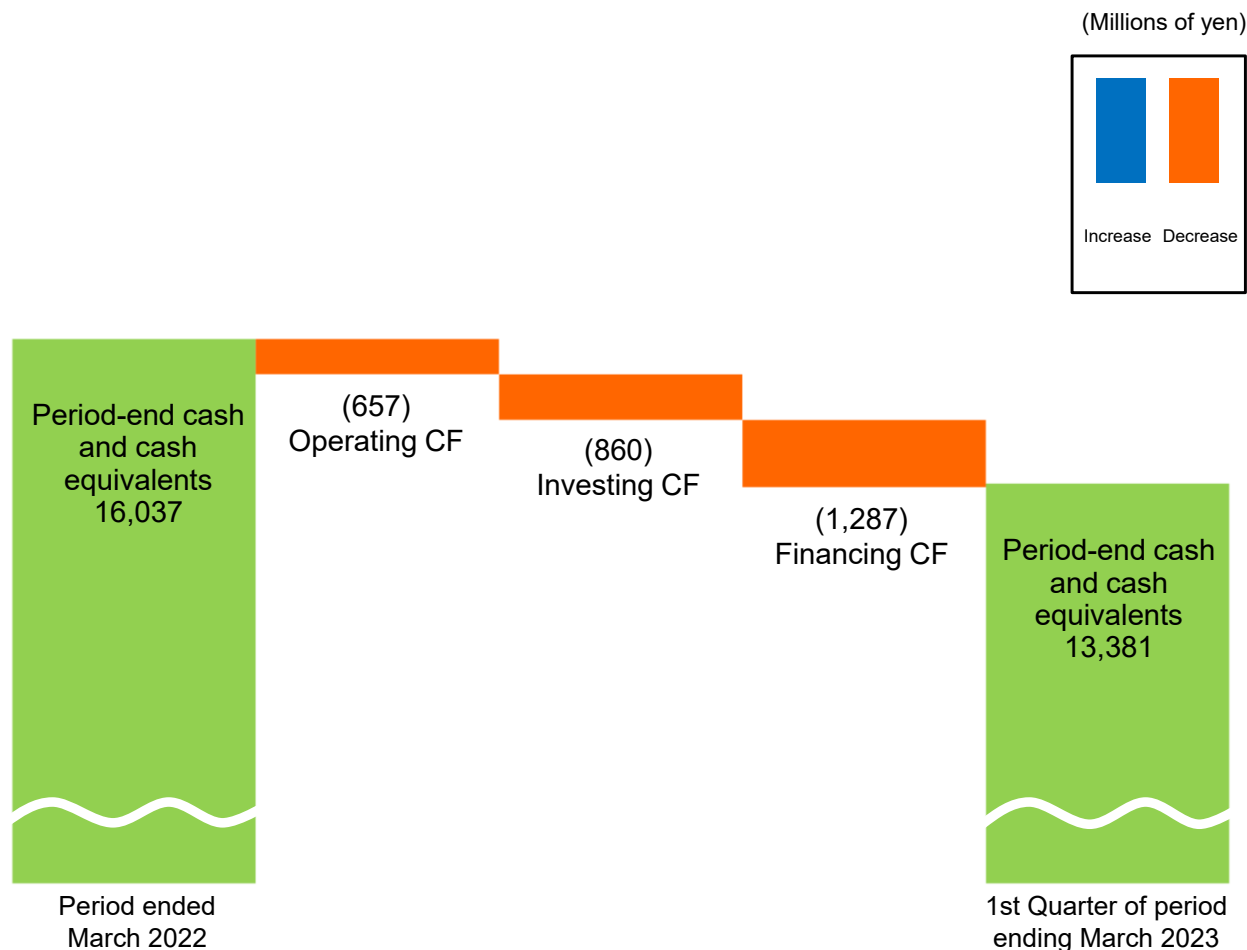
Overview of consolidated management indicators, etc. (cash flows)

[Reference: Not disclosed in the brief report on financial statements]

(Millions of yen)

	1st Quarter of period ended March 2022	1st Quarter of period ending March 2023	Increase (Decrease)	Change rate	Major factors behind increase/decrease and annotation items
Cash flows from operating activities	(4,683)	(657)	4,025	—	
Cash flows from investing activities	(476)	(860)	(384)	—	Reconstruction of Hokuriku Branch
Cash flows from financing activities	(1,188)	(1,287)	(98)	—	Dividend payment
Cash and cash equivalents at beginning of period	31,747	16,037	(15,710)	-49.5%	
Increase/decrease in cash and cash equivalents	(6,350)	(2,655)	3,694	—	
Cash and cash equivalents at end of quarter	25,397	13,381	(12,015)	-47.3%	

Breakdown of cash flows (Trends in period-end balance of cash and cash equivalents)



- Regarding the breakdown of cash flows, net cash decreased in all three categories due to different factors: Operating CF (advance payment of construction costs), Investing CF (reconstruction of Hokuriku Branch), and Financing CF (dividend payment).
- We have signed commitment credit line agreements with three banks for efficient working capital financing.



**First Quarter Financial Results
for the Period Ending March 2023**

**First Quarter
Financial Closing
Highlights**

Renovations, direct orders, and public works

(Millions of yen)

	Period ended March 2022			Period ending March 2023	Year-on-year change	
	First quarter	Second to fourth quarters	Full year	First quarter	Increase (Decrease)	Change rate
Renovations	24,803	64,421	89,224	30,251	5,447	22.0%
Ratio of renovations (%)	55.5%	46.4%	48.6%	45.3%		
Mid-to-large renovations	15,539	39,065	54,605	16,491	951	6.1%
Small-scale renovations	9,263	25,355	34,619	13,759	4,496	48.5%
General construction works	19,894	74,548	94,443	36,461	16,567	83.3%
Total orders received	44,698	138,970	183,668	66,712	22,014	49.3%
Of which, direct orders	20,394	66,591	86,985	33,279	12,885	63.2%
Ratio of direct orders (%)	45.6%	47.9%	47.4%	49.9%		
Of which, public works	3,927	27,475	31,403	5,606	1,679	42.7%
Ratio of public works (%)	8.8%	19.8%	17.1%	8.4%		

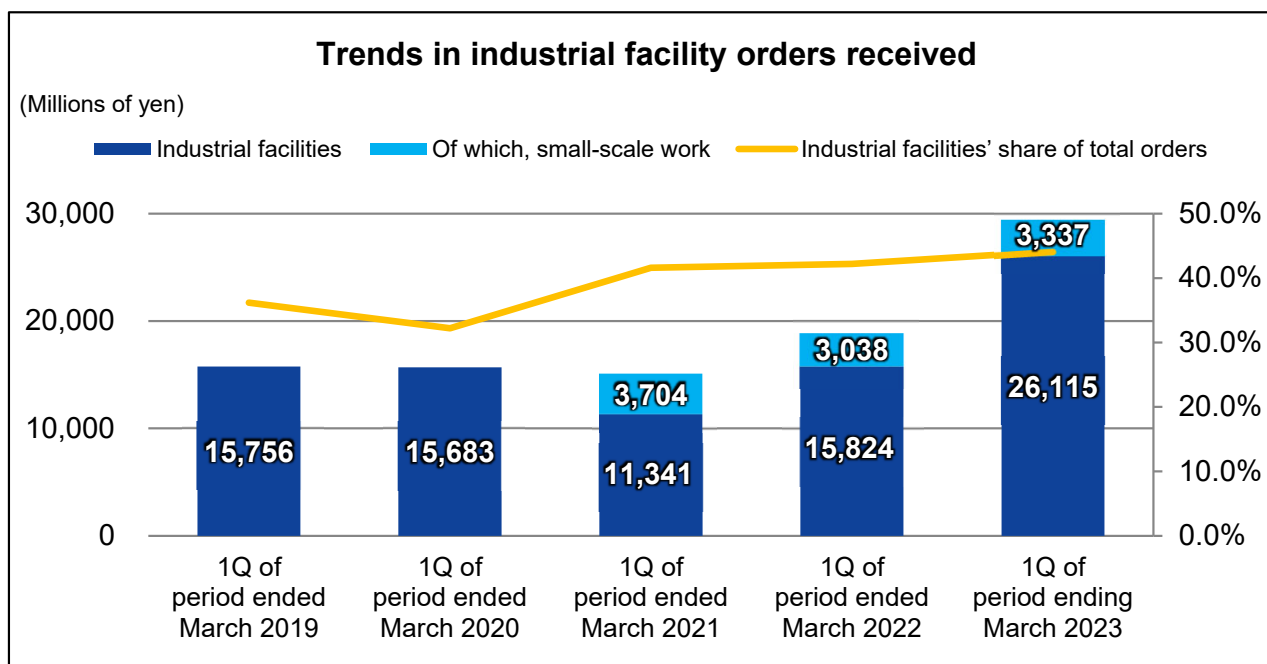
- Renovations increased year-on-year supported by corporations' increasing demand for capital investment as they resume their business activities, with a sharp increase in small-scale renovation projects.
- General construction work increased year-on-year thanks to orders received for redevelopment projects and industrial facilities in Japan, and heat source construction works for overseas resort facilities.
- The increase in direct orders is attributable to the above-mentioned industrial facility and overseas construction works.

Industrial facilities

(Millions of yen)

	Period ended March 2022			Period ending March 2023	Year-on-year change	
	First quarter	Second to fourth quarters	Full year	First quarter	Increase (Decrease)	Change rate
Total industrial facilities	18,862	55,771	74,633	29,452	10,589	56.1%
(Share of total orders: %)	42.2%	40.1%	40.6%	44.1%		
Total orders received	44,698	138,970	183,668	66,712	22,014	49.3%

* Factories, labs, data centers, and logistics facilities are classified as “industrial facilities.”



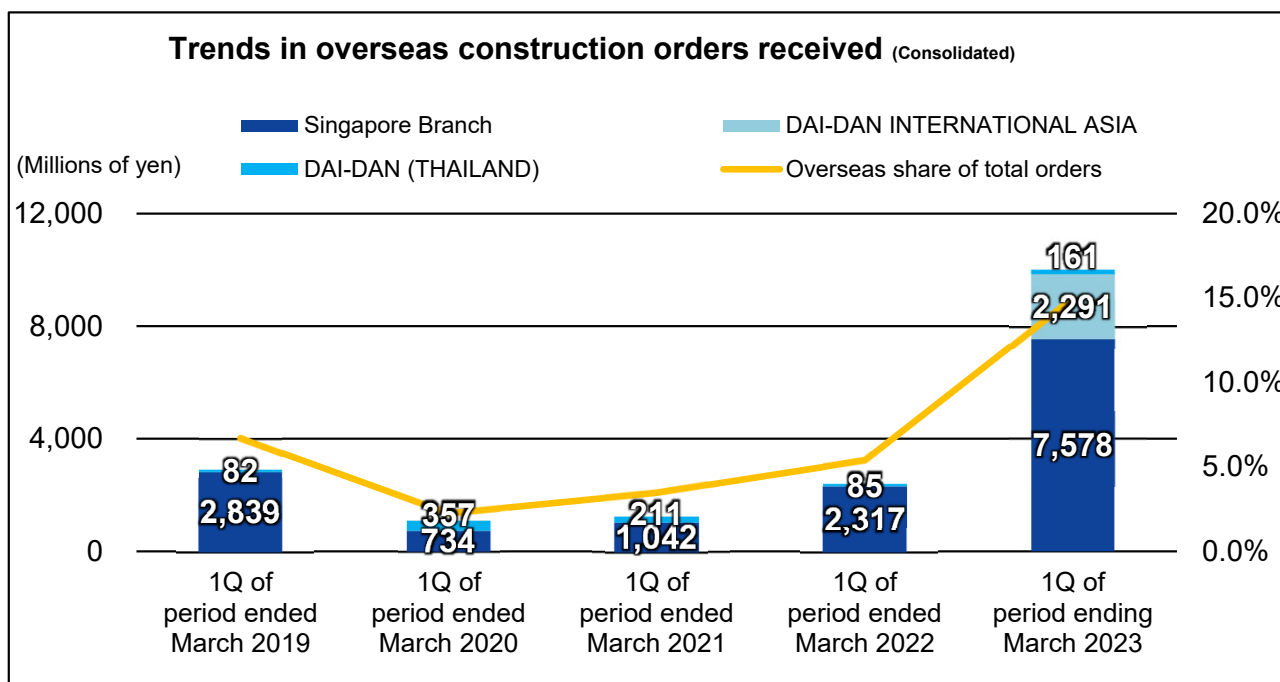
- Demand for data center expansion remains at a high level, and the amount of capital investment has been increasing in recent years. During the current period, we received multiple orders for large-scale data center projects.
- Against the backdrop of corporations' increasing demand for capital investment, we received the largest amount of orders in the last five years.

Overseas operations

- Singapore Branch, DAI-DAN INTERNATIONAL ASIA PTE. LTD. (Singapore), DAI-DAN (THAILAND) CO., LTD., and DAI-DAN (VIETNAM) CO., LTD. are the pillars of our overseas operations.
- As our new overseas bases, we established DAI-DAN Taiwan CO., LTD. in the current fiscal year.

(Millions of yen)

	Period ended March 2022			Period ending March 2023	Year-on-year change	
	First quarter	Second to fourth quarters	Full year	First quarter	Increase (Decrease)	Change rate
Total overseas orders received (Consolidated)	2,401	8,984	11,386	10,029	7,628	317.6%
(Share of total orders: %)	5.4%	6.5%	6.2%	15.0%		
Total orders received	44,698	138,970	183,668	66,712	22,014	49.3%



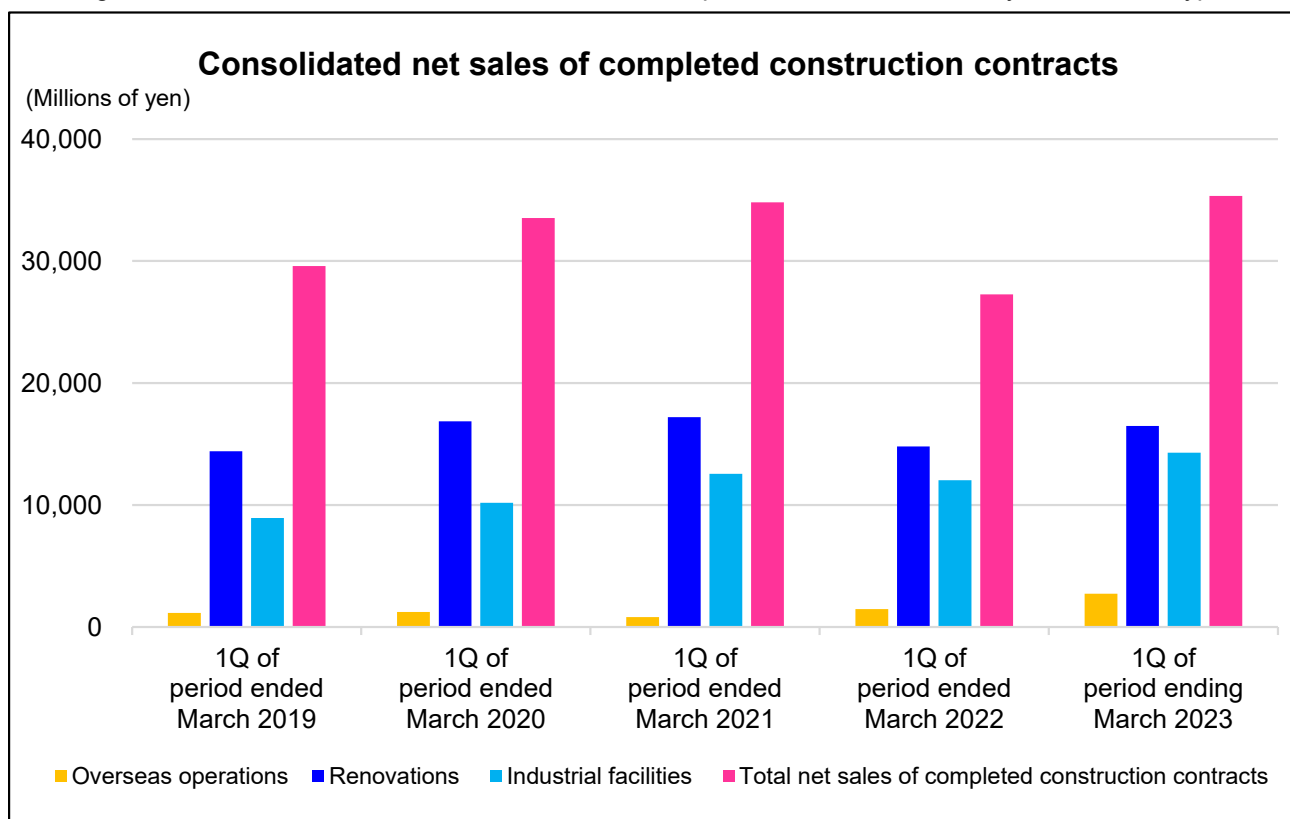
- Singapore is moving toward “coexisting with Covid-19,” and now order receiving activities and the operation of construction sites are returning to the pre-pandemic condition.
- During the current period, orders were received for heat source construction works for large-scale resort facilities in Singapore, leading to a substantial year-on-year increase.

Status of completed construction contracts

(Millions of yen)

	First quarter of period ended March 2022		First quarter of period ending March 2023		Year-on-year change	
	Monetary amount	Composition ratio	Monetary amount	Composition ratio	Monetary amount	Change rate
Total net sales of completed construction contracts	27,256	100.0%	35,342	100.0%	8,085	29.7%
Of which;						
(Industrial facilities)	12,030	44.1%	14,293	40.4%	2,263	18.8%
(Renovations)	14,806	54.3%	16,479	46.6%	1,672	11.3%
(Overseas operations)	1,477	5.4%	2,738	7.7%	1,260	85.3%

* The figures in the table include a certain amount of overlap, as calculation is done by construction type: industrial facilities, renovations, and overseas operations.



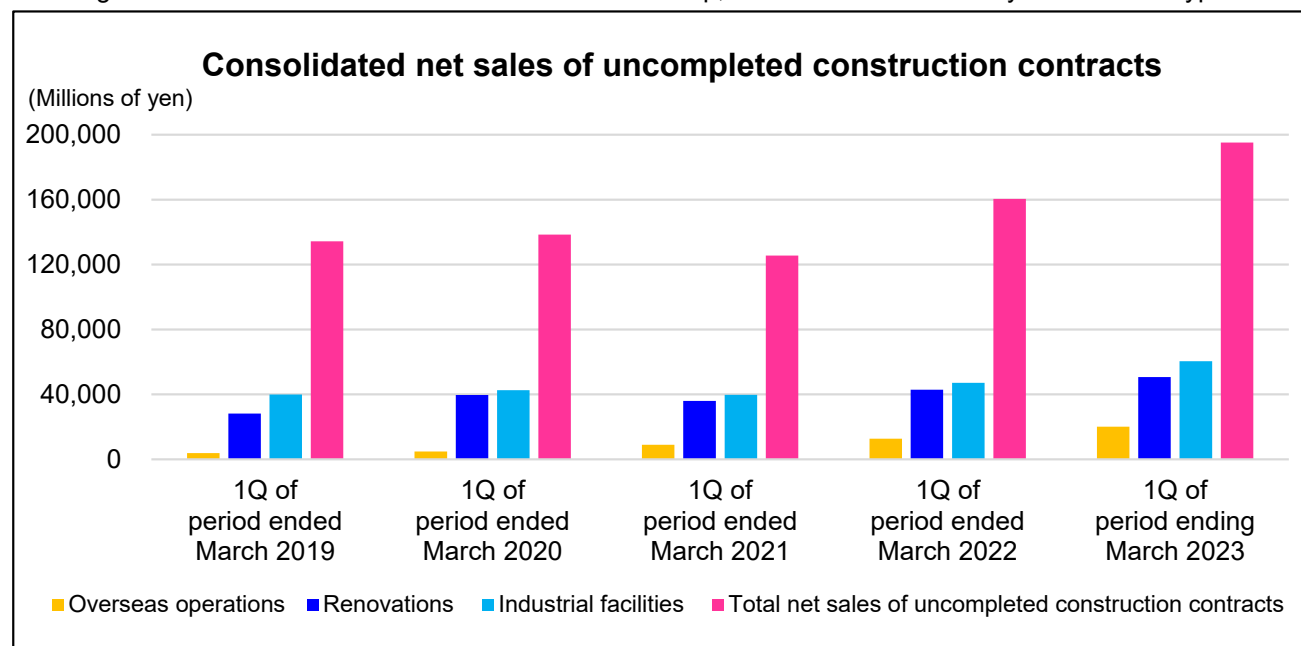
- During the current period, large-scale construction projects made progress, especially airports and medical facilities, and net sales of completed construction contracts increased as a whole.
- Industrial facility construction works and renovations made progress, especially for factories and data centers, causing net sales of completed construction contracts to grow.

Status of uncompleted construction contracts

(Millions of yen)

	First quarter of period ended March 2022		First quarter of period ending March 2023		Year-on-year change	
	Monetary amount	Composition ratio	Monetary amount	Composition ratio	Monetary amount	Change rate
Net sales of uncompleted construction contracts at beginning of period	143,043	—	163,782	—	20,738	14.5%
Net sales of construction contract orders received	44,698	—	66,712	—	22,014	49.3%
Net sales of completed construction contracts	27,256	—	35,342	—	8,085	29.7%
Net sales of uncompleted construction contracts	160,484	100.0%	195,152	100.0%	34,667	21.6%
Of which;						
(Industrial facilities)	47,088	29.3%	60,417	31.0%	13,328	28.3%
(Renovations)	42,851	26.7%	50,668	26.0%	7,816	18.2%
(Overseas operations)	12,790	8.0%	20,130	10.3%	7,339	57.4%
Of these, contracts to be completed in current period	89,348	—	104,264	—	14,915	16.7%

* The figures in the table include a certain amount of overlap, as calculation is done by construction type: industrial facilities, renovations, and overseas operations.



- As for uncompleted construction contracts for the current period, net sales of construction contract orders received exceeded net sales of completed construction contracts, posting year-on-year growth.
- A sufficient volume of unfinished construction projects has been secured, especially for large-scale projects such as medical facilities and industrial facilities, and these will contribute to the value of work done for the current period.



**First Quarter Financial Results
for the Period Ending March 2023**

**Full-Year Earnings
Forecast for the
Period Ending
March 2023**

Consolidated full-year earnings forecast

(Millions of yen)

	Period ended March 2022			Period ending March 2023			Year-on-year change, full year	
	First quarter	Second to fourth quarters	Full year	First quarter	Second to fourth quarters (Forecast)	Full-year (Forecast)	Increase (Decrease)	Change rate
Net sales of construction contract orders received	44,698	138,970	183,668	66,712	126,288	193,000	9,332	5.1%
Net sales of completed construction contracts	27,256	135,673	162,929	35,342	139,658	175,000	12,071	7.4%
Gross profit on completed construction contracts	3,587	17,136	20,723	4,280	18,720	23,000	2,277	11.0%
Gross profit margin of completed construction contracts (%)	13.2%	12.6%	12.7%	12.1%	13.4%	13.1%	0.4%	
Operating profit	528	7,056	7,584	818	7,682	8,500	916	12.1%
Operating profit margin (%)	1.9%	5.2%	4.7%	2.3%	5.5%	4.9%	0.2%	
Ordinary profit	760	7,335	8,095	1,308	7,392	8,700	605	7.5%
Ordinary profit margin (%)	2.8%	5.4%	5.0%	3.7%	5.3%	5.0%	0.0%	
Net profit attributable to owners of parent	501	5,277	5,778	862	5,138	6,000	222	3.8%
Net profit margin (%)	1.8%	3.9%	3.5%	2.4%	3.7%	3.4%	-0.1%	

Preconditions for earnings forecast

- There has been no change to our earnings forecast in the brief report on the financial statements announced on May 11, 2022.
- Given the increase in both sales and profits achieved in the first quarter of the current period as well as a sufficient volume of uncompleted construction contracts to be completed in the current period, our full-year earnings are expected to reach the figures in the forecast shown above.

Shareholder return policy

- We consider returning profits to our shareholders through profit distribution as the most important management issue and strive to build a sound financial structure.
- We have a dividend policy of striving for a payout ratio of 30% or more as per the numerical targets in our Mid-Term Management Plan.

Dividend status

	Full-year dividend			Total dividend (Total sum)	Dividend ratio (Consolidated)	Dividend on equity ratio (Consolidated)
	End of second quarter	End of period	Total			
	Yen Sen	Yen Sen	Yen Sen	Million yen	%	%
Period ended March 2021	45.00	45.00	90.00	1,949	30.8%	2.7%
Period ended March 2022	45.00	45.00	90.00	1,935	33.3%	2.5%
Period ending March 2023 (Forecast)	45.00	55.00	100.00	—	35.7%	—

- We will celebrate the 120th anniversary of our company's founding on March 4, 2023. We would like to express our sincere gratitude to all of our shareholders and other stakeholders for their support.
As a token of our gratitude to all the shareholders who have supported us, we will pay an ordinary dividend of 90 yen, plus a dividend of 10 yen to commemorate the 120th anniversary of our company's founding, totaling 100 yen as an annual dividend per share (an interim dividend of 45 yen and a year-end dividend of 55 yen) for the current fiscal year.

Purchase of treasury shares

- We will consider it as appropriate aiming for returning profits to our shareholders and improving capital efficiency.

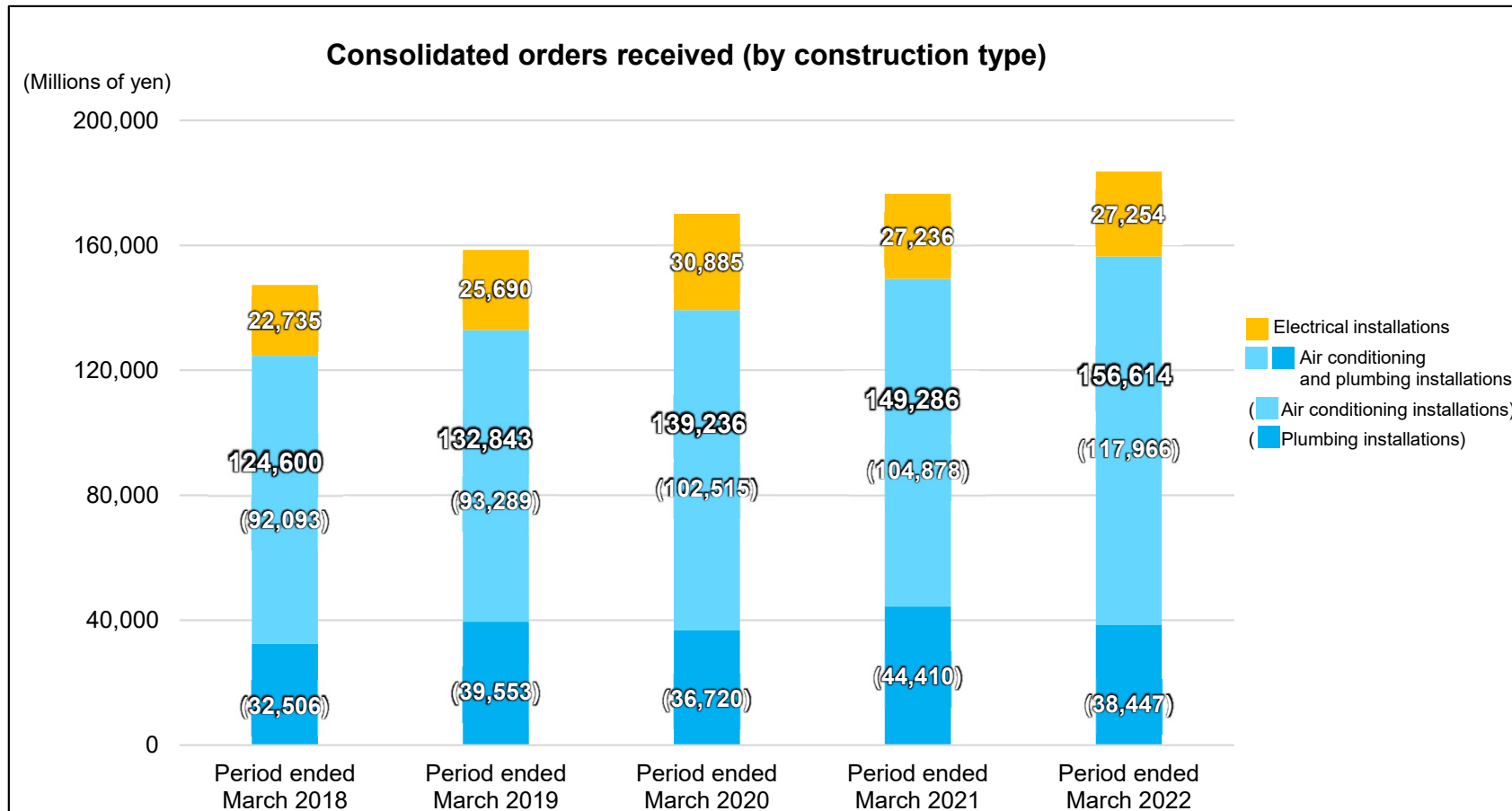
An underwater scene with a diver on the left and several large fish swimming towards the right. The background is a deep blue with some greenish-yellow light filtering in from the bottom. The scene is partially obscured by a large, semi-transparent blue triangle that points downwards from the top left corner.

**Reference:
DATA FILE
(Full Year)**

Consolidated net sales of construction orders received by construction type (Full year)

(Millions of yen)

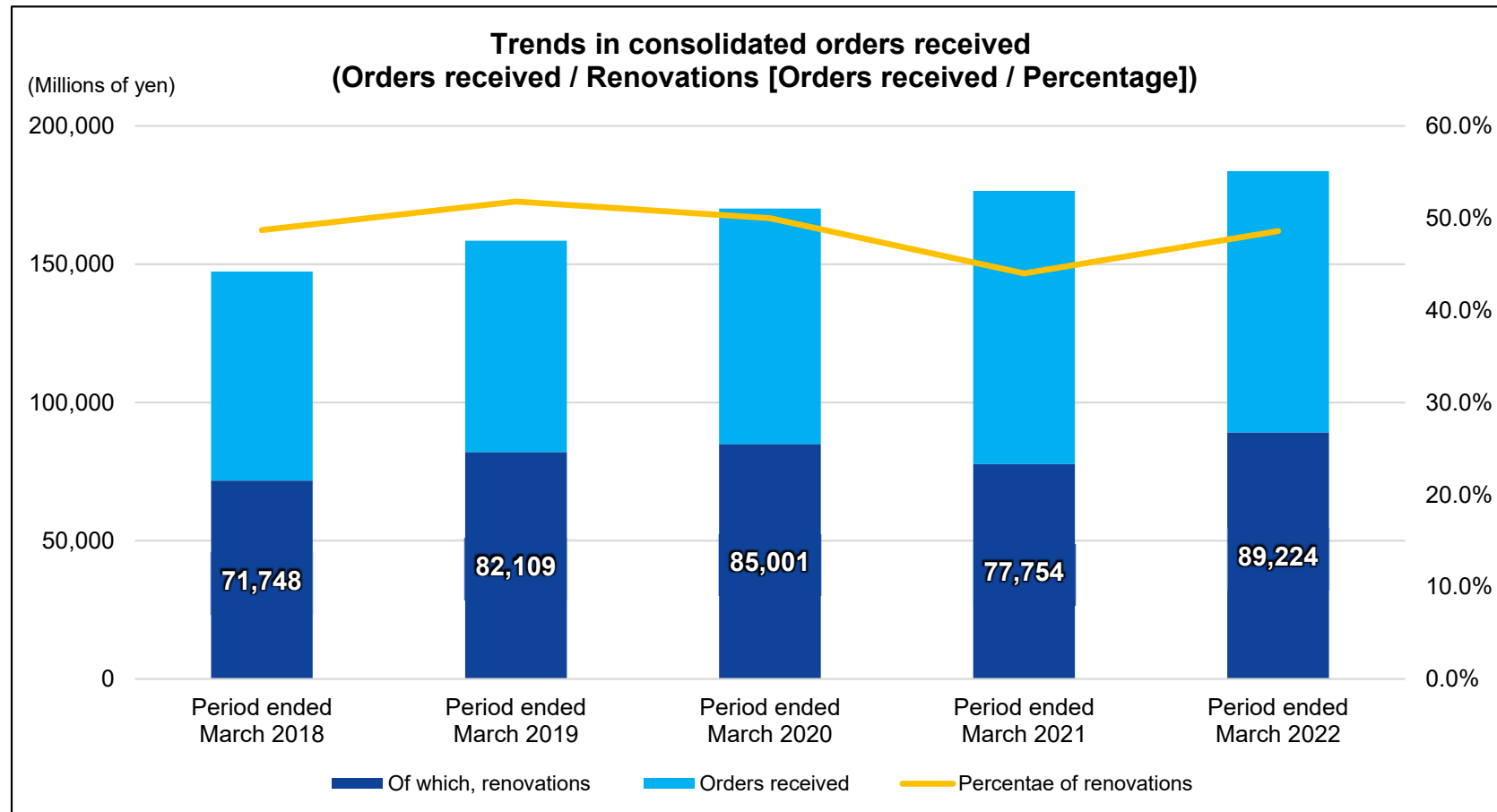
		Period ended March 2018	Period ended March 2019	Period ended March 2020	Period ended March 2021	Period ended March 2022
Electrical installations		22,735	25,690	30,885	27,236	27,254
Air conditioning and plumbing installations	Air conditioning installations	92,093	93,289	102,515	104,878	117,966
	Plumbing installations	32,506	39,553	36,720	44,410	38,447
	Subtotal	124,600	132,843	139,236	149,289	156,414
Total		147,335	158,533	170,121	176,526	183,668



Trends in consolidated orders received (Orders received / Renovations) (Full year)

(Millions of yen)

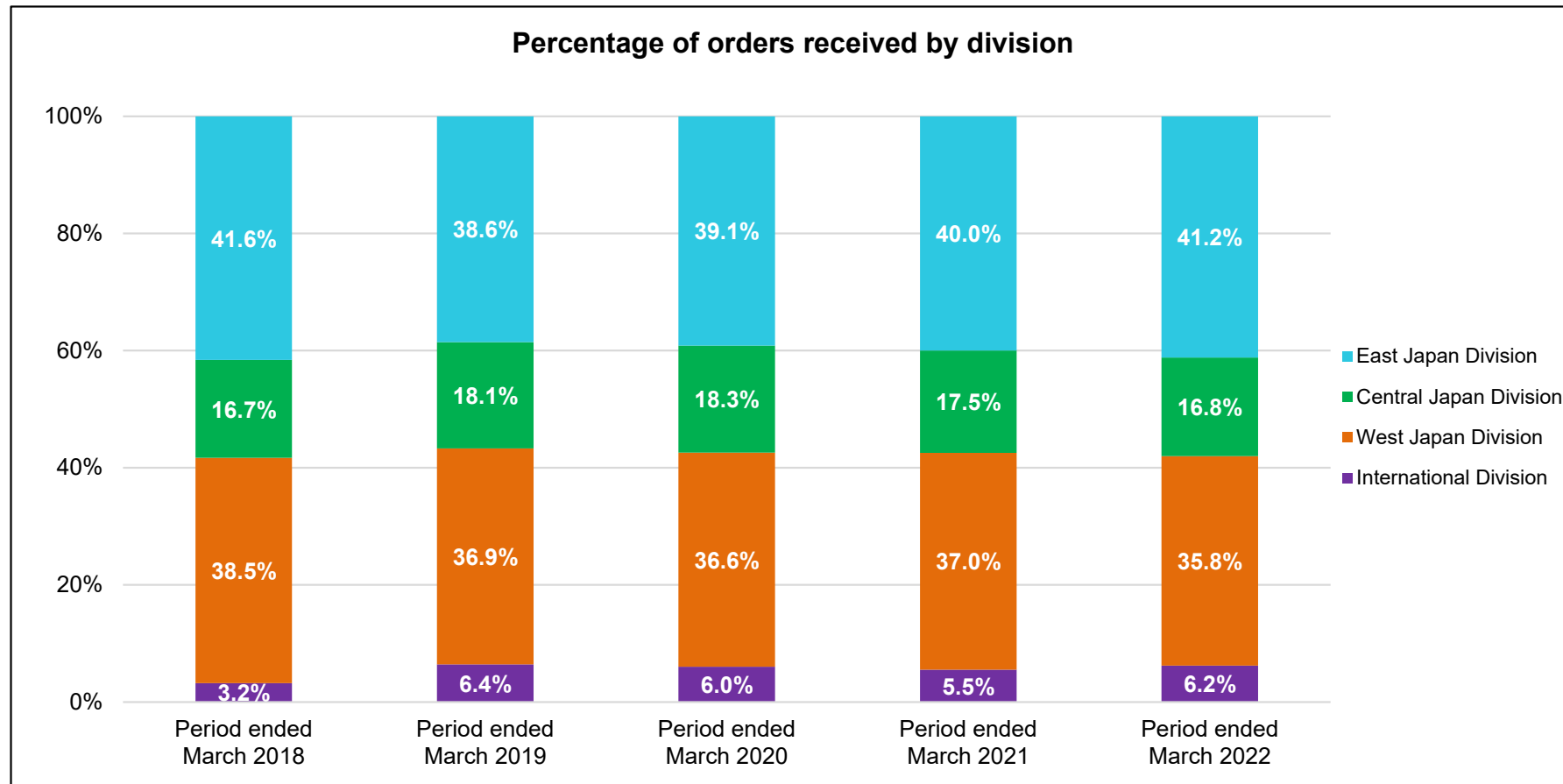
	Period ended March 2018	Period ended March 2019	Period ended March 2020	Period ended March 2021	Period ended March 2022
Net sales of construction contract orders received	147,335	158,533	170,121	176,526	183,668
Renovations	71,748	82,109	85,001	77,754	89,224
Percentage of renovations	48.7%	51.8%	50.0%	44.0%	48.6%



Percentage of consolidated orders received by division (Full year)

Percentage of orders received

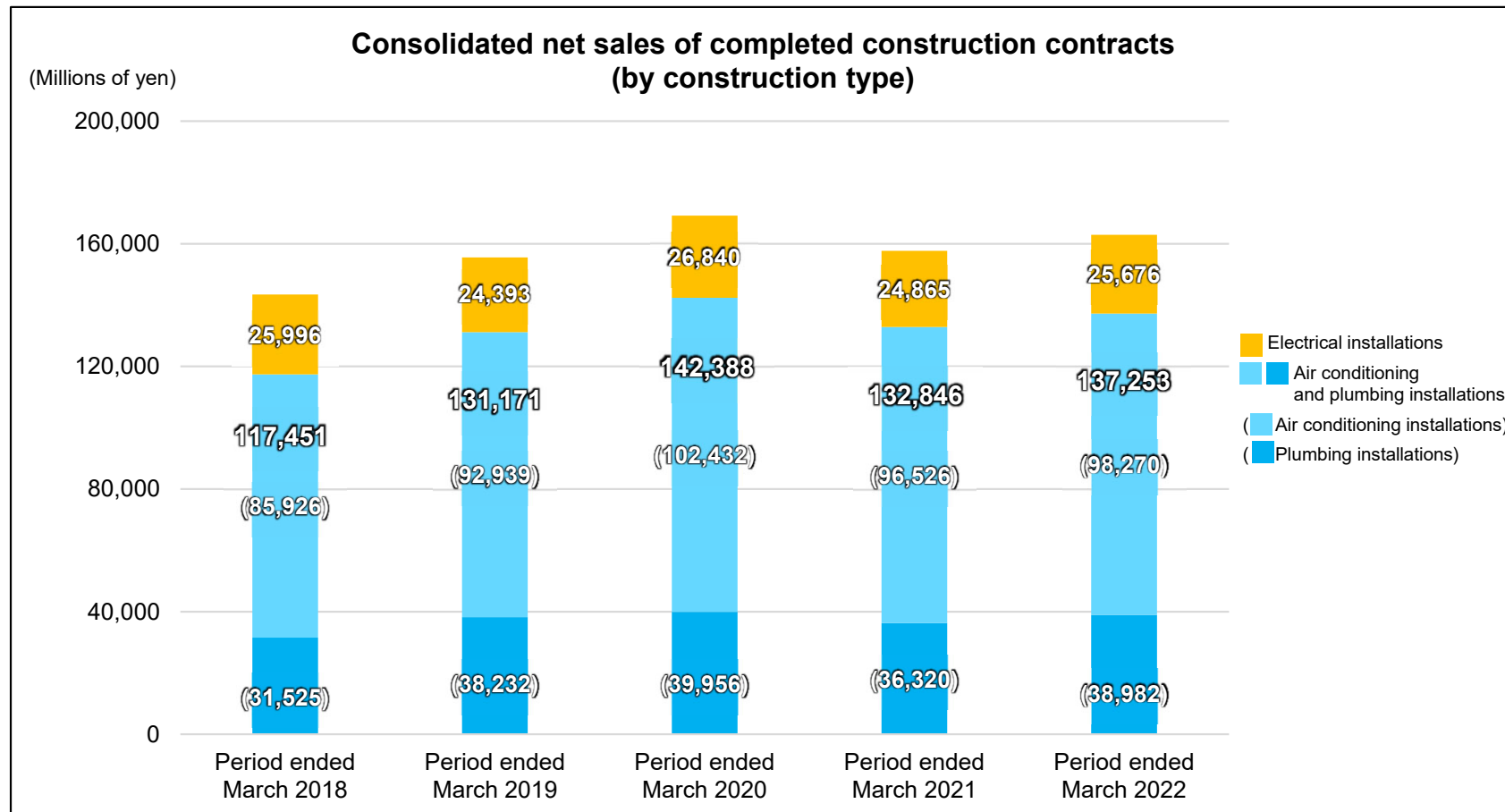
	Period ended March 2018	Period ended March 2019	Period ended March 2020	Period ended March 2021	Period ended March 2022
East Japan Division	41.6%	38.6%	39.1%	40.0%	41.2%
Central Japan Division	16.7%	18.1%	18.3%	17.5%	16.8%
West Japan Division	38.5%	36.9%	36.6%	37.0%	35.8%
International Division	3.2%	6.4%	6.0%	5.5%	6.2%



Consolidated net sales of completed construction contracts by construction type (Full year)

(Millions of yen)

		Period ended March 2018	Period ended March 2019	Period ended March 2020	Period ended March 2021	Period ended March 2022
Electrical installations		25,996	24,393	26,840	24,865	25,676
Air conditioning and plumbing installations	Air conditioning installations	85,926	92,939	102,432	96,526	98,270
	Plumbing installations	31,525	38,232	39,956	36,320	38,982
	Subtotal	117,451	131,171	142,388	132,846	137,253
Total		143,448	155,565	169,229	157,712	162,929

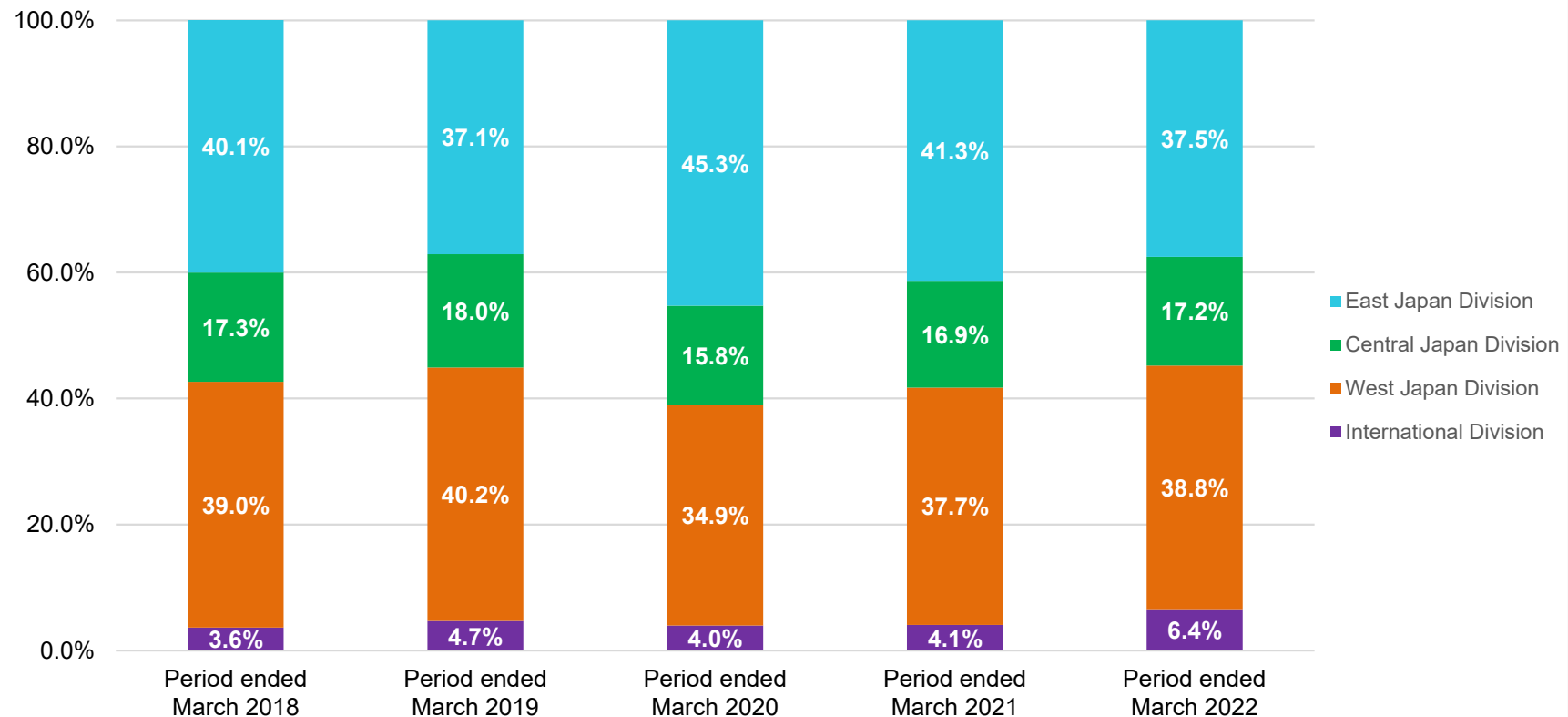


Percentage of consolidated net sales of completed construction contracts by division (Full year)

Percentage of net sales of completed construction contracts

	Period ended March 2018	Period ended March 2019	Period ended March 2020	Period ended March 2021	Period ended March 2022
East Japan Division	40.1%	37.1%	45.3%	41.3%	37.5%
Central Japan Division	17.3%	18.0%	15.8%	16.9%	17.2%
West Japan Division	39.0%	40.2%	34.9%	37.7%	38.8%
International Division	3.6%	4.7%	4.0%	4.1%	6.4%

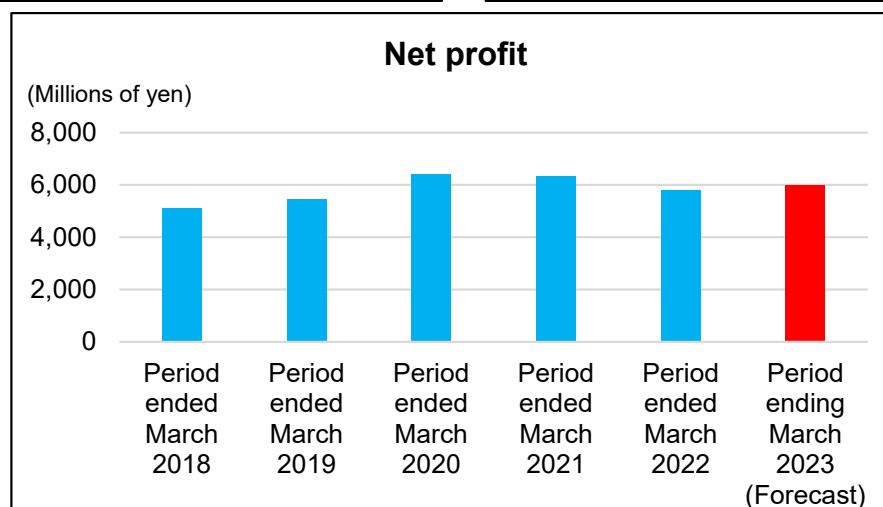
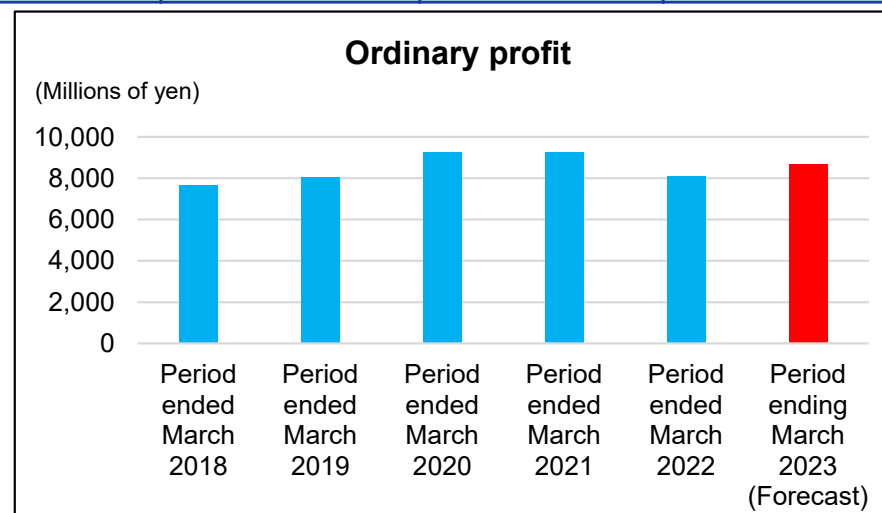
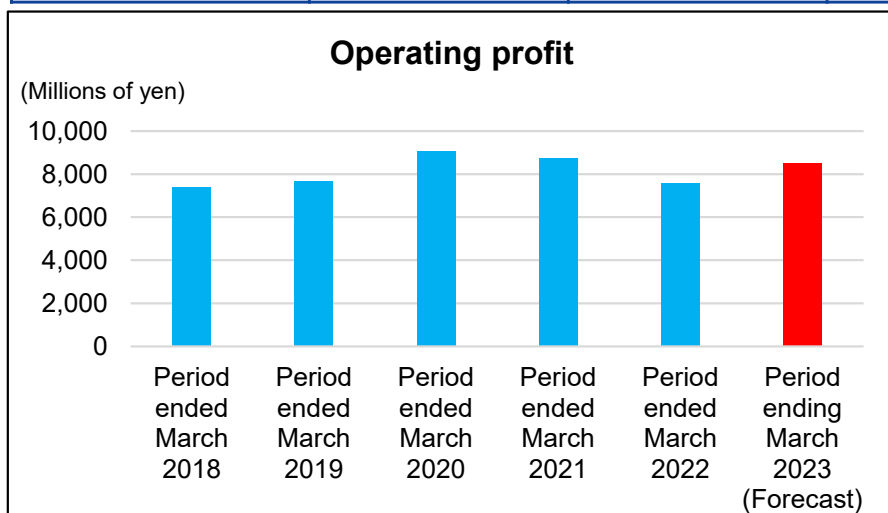
Percentage of net sales of completed construction contracts by division



Consolidated operating/ordinary/net profits (Full year)

(Millions of yen)

	Period ended March 2018	Period ended March 2019	Period ended March 2020	Period ended March 2021	Period ended March 2022	Period ending March 2023 (Forecast)
Operating profit	7,385	7,661	9,063	8,754	7,584	8,500
Ordinary profit	7,674	8,057	9,282	9,262	8,095	8,700
Net profit	5,109	5,464	6,399	6,318	5,778	6,000



Disclaimer

The forecast concerning future business results, including future plans and strategies, disclosed by the Company is based on assumptions deemed reasonable at the time of announcement. Therefore, actual business results may differ from the forecast due to various factors.

IR-related inquiries:

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