

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

November 11, 2022

Company name: DAIHO CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 1822 URL <https://www.daiho.co.jp>
 Representative: CEO Kakue Morishita
 Inquiries: General Manager, Accounting Department, Yoshinori Umehara TEL 03-3297-7000
 Administration Division
 Scheduled date to file Quarterly Securities Report: November 14, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2022 (from April 1, 2022 to September 30, 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	%
Six months ended September 30, 2022	69,843	2.6	2,262	21.2	2,517	31.2	1,475	17.0
Six months ended September 30, 2021	68,053	(9.3)	1,867	(25.6)	1,918	(23.8)	1,260	(20.8)

Note: Comprehensive income Six months ended September 30, 2022 ¥1,658 million [37.3%]
 Six months ended September 30, 2021 ¥1,207 million [(34.9)%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	83.80		82.29	
Six months ended September 30, 2021	72.27		67.96	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	160,776	71,849	44.0
As of March 31, 2022	169,621	74,493	43.3

Reference: Equity As of September 30, 2022 ¥70,729 million
 As of March 31, 2022 ¥73,381 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2022	–	–	–	243.00	243.00
Year ending March 31, 2023	–	–	–	–	–
Year ending March 31, 2023 (Forecast)	–	–	–	230.00	230.00

Note: Revisions to the cash dividend forecasts most recently announced: None

3. Forecast of consolidated financial results for the 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		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	165,000	5.4	8,600	(2.9)	8,600	(7.7)	5,700	(4.8)	326.60

Note: Revisions to the financial results forecasts most recently announced: None

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2022 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of September 30, 2022	18,083,163 shares	As of March 31, 2022	18,433,163 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	485,992 shares	As of March 31, 2022	980,528 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2022	17,605,001 shares	Six months ended September 30, 2021	17,446,564 shares
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Note: The Company has introduced a share distribution trust system for delivering shares to the Company's Directors, etc. via a trust. The Company's shares that are owned by the trust (78,500 shares) are included in "number of treasury shares at the end of the period," and in calculating and presenting "average number of shares outstanding during the period," the Company has considered the shares owned by said trust to be included.

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

* Proper use of earnings forecasts, and other special matters

Forward-looking statements, including the consolidated forecasts stated in these materials, are based on information currently available to the Company and certain assumptions deemed reasonable. Results may differ materially from the consolidated forecasts due to various factors.

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	19,780	37,514
Notes receivable, accounts receivable from completed construction contracts and other	100,889	76,960
Electronically recorded monetary claims - operating	301	258
Costs on construction contracts in progress	2,303	3,787
Short-term loans receivable	2	2
Advances paid	13,367	11,758
Other	3,528	1,604
Allowance for doubtful accounts	(6)	(2)
Total current assets	140,167	131,883
Non-current assets		
Property, plant and equipment		
Buildings and structures	10,880	10,809
Machinery, vehicles, tools, furniture and fixtures	8,053	7,401
Land	8,662	8,623
Leased assets	145	170
Construction in progress	214	403
Accumulated depreciation	(10,804)	(10,479)
Total property, plant and equipment	17,151	16,930
Intangible assets	231	228
Investments and other assets		
Investment securities	8,044	8,762
Long-term loans receivable	2,659	1,838
Deferred tax assets	850	595
Other	623	623
Allowance for doubtful accounts	(106)	(86)
Total investments and other assets	12,071	11,733
Total non-current assets	29,454	28,892
Total assets	169,621	160,776

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	34,991	27,108
Electronically recorded obligations - operating	10,409	9,683
Short-term borrowings	2,950	950
Current portion of long-term borrowings	3,150	–
Income taxes payable	558	1,068
Advances received on construction contracts in progress	9,959	12,848
Deposits received	21,174	21,223
Provision for warranties for completed construction	687	693
Provision for bonuses	821	867
Provision for loss on construction contracts	855	672
Other	888	454
Total current liabilities	86,445	75,570
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	1,463	47
Long-term borrowings	–	6,000
Deferred tax liabilities	8	2
Provision for share awards	162	157
Retirement benefit liability	6,267	6,353
Other	781	795
Total non-current liabilities	8,683	13,356
Total liabilities	95,128	88,926
Net assets		
Shareholders' equity		
Share capital	10,549	30,736
Capital surplus	9,059	21,746
Retained earnings	56,753	19,464
Treasury shares	(3,725)	(2,110)
Total shareholders' equity	72,636	69,837
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	747	885
Foreign currency translation adjustment	(31)	(37)
Remeasurements of defined benefit plans	28	43
Total accumulated other comprehensive income	744	891
Share acquisition rights	266	241
Non-controlling interests	845	878
Total net assets	74,493	71,849
Total liabilities and net assets	169,621	160,776

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	68,053	69,843
Cost of sales	63,132	64,181
Gross profit	4,921	5,662
Selling, general and administrative expenses	3,054	3,399
Operating profit	1,867	2,262
Non-operating income		
Interest income	32	31
Dividend income	69	71
Foreign exchange gains	30	624
Other	39	81
Total non-operating income	172	808
Non-operating expenses		
Interest expenses	25	30
Guarantee commission	47	40
Commission expenses	37	474
Other	10	7
Total non-operating expenses	120	553
Ordinary profit	1,918	2,517
Extraordinary income		
Gain on sale of non-current assets	241	42
Other	18	–
Total extraordinary income	259	42
Extraordinary losses		
Loss on sale and retirement of non-current assets	108	9
Loss on litigation	4	11
Loss on valuation of investment securities	–	1
Other	0	0
Total extraordinary losses	113	22
Profit before income taxes	2,064	2,537
Income taxes - current	548	842
Income taxes - deferred	214	183
Total income taxes	762	1,025
Profit	1,301	1,511
Profit attributable to non-controlling interests	40	36
Profit attributable to owners of parent	1,260	1,475

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	1,301	1,511
Other comprehensive income		
Valuation difference on available-for-sale securities	(124)	137
Foreign currency translation adjustment	6	(6)
Remeasurements of defined benefit plans, net of tax	24	15
Total other comprehensive income	(94)	146
Comprehensive income	1,207	1,658
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,166	1,621
Comprehensive income attributable to non-controlling interests	40	36

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	2,064	2,537
Depreciation	561	489
Loss on litigation	4	11
Increase (decrease) in allowance for doubtful accounts	15	(23)
Increase (decrease) in provision for warranties for completed construction	(619)	5
Increase (decrease) in provision for bonuses	53	45
Increase (decrease) in retirement benefit liability	114	100
Increase (decrease) in provision for share awards	36	34
Increase (decrease) in provision for loss on construction contracts	(36)	(182)
Loss (gain) on sale and retirement of non-current assets	(133)	(33)
Interest and dividend income	(101)	(102)
Interest expenses	25	30
Foreign exchange losses (gains)	(55)	(264)
Decrease (increase) in trade receivables	16,997	23,973
Decrease (increase) in inventories	(648)	(1,413)
Increase (decrease) in trade payables	(9,670)	(8,609)
Increase (decrease) in advances received on construction contracts in progress	3,836	2,888
Decrease (increase) in other assets	2,919	2,932
Increase (decrease) in other liabilities	2,230	(213)
Other loss (gain)	33	483
Subtotal	17,627	22,690
Interest and dividends received	101	107
Interest paid	(25)	(32)
Income taxes paid	(2,057)	(532)
Income taxes refund	–	614
Payments for loss on litigation	(7)	(5)
Net cash provided by (used in) operating activities	15,637	22,841
Cash flows from investing activities		
Payments into time deposits	(10)	(10)
Proceeds from withdrawal of time deposits	10	10
Purchase of property, plant and equipment	(1,072)	(340)
Proceeds from sale of property, plant and equipment	251	69
Payments for retirement of property, plant and equipment	(7)	(0)
Purchase of intangible assets	(20)	(24)
Purchase of investment securities	(147)	(537)
Proceeds from sale of investment securities	29	–
Proceeds from refund of investment securities	0	22
Net decrease (increase) in short-term loans receivable	1	9
Long-term loan advances	(45)	–
Proceeds from collection of long-term loans receivable	1	820
Net cash provided by (used in) investing activities	(1,008)	19

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(7,000)	(2,000)
Proceeds from long-term borrowings	–	5,878
Repayments of long-term borrowings	–	(3,150)
Proceeds from issuance of shares	–	40,188
Purchase of treasury shares	(4,767)	(42,010)
Dividends paid	(1,985)	(4,251)
Dividends paid to non-controlling interests	(2)	(3)
Repayments of lease liabilities	(3)	(2)
Other, net	(42)	(47)
Net cash provided by (used in) financing activities	(13,801)	(5,399)
Effect of exchange rate change on cash and cash equivalents	55	251
Net increase (decrease) in cash and cash equivalents	884	17,712
Cash and cash equivalents at beginning of period	28,203	19,751
Cash and cash equivalents at end of period	29,087	37,464