



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

February 8, 2023

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

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Reference: DATA FILE



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for the Period Ending March 2023**

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(Millions of yen)

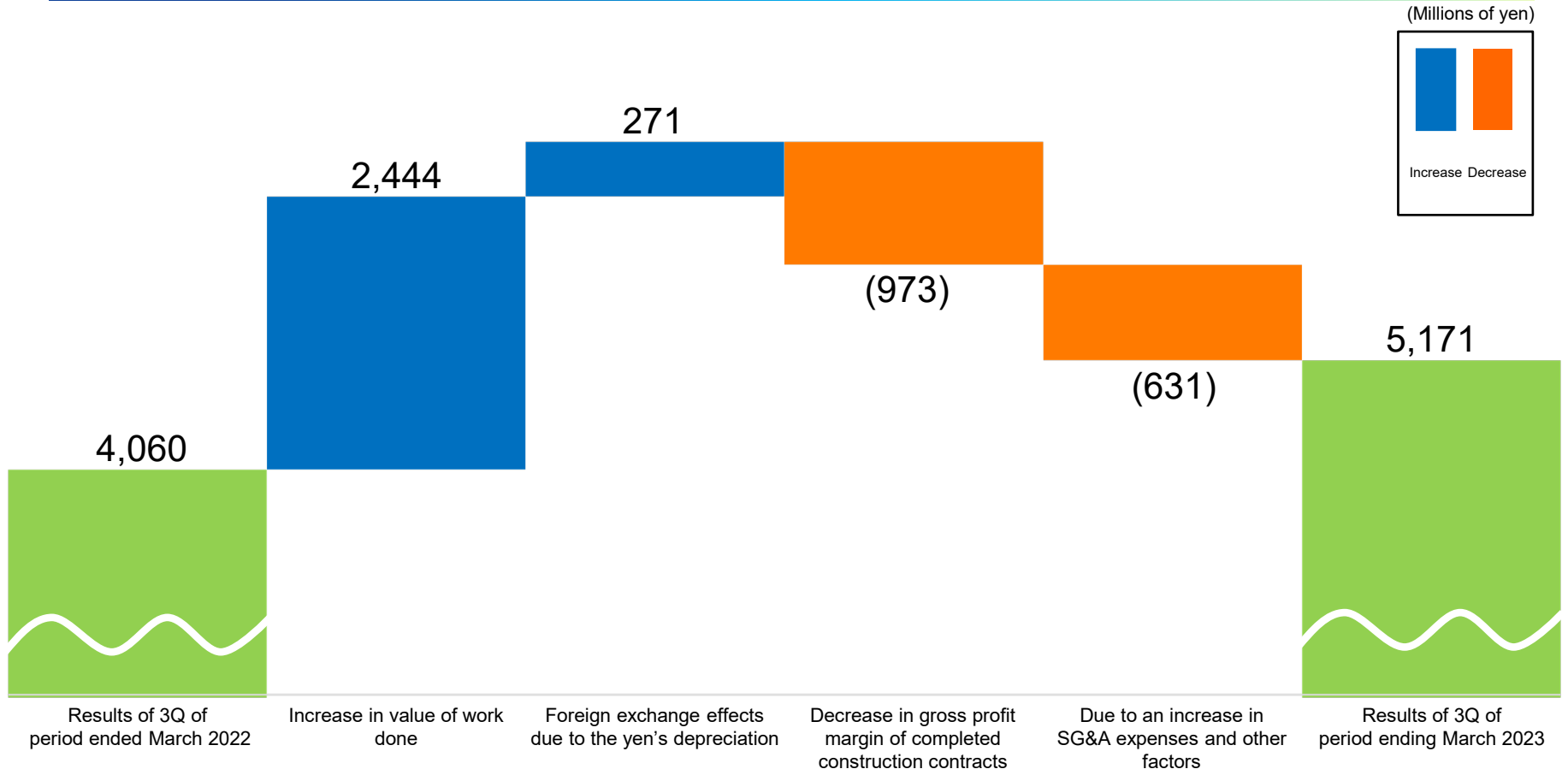
	3rd Quarter of period ended March 2022	3rd Quarter of period ending March 2023	Increase (Decrease)	Change rate
Net sales of uncompleted construction contracts at beginning of period	143,043	163,782	20,738	14.5%
Net sales of construction contract orders received	150,118	165,583	15,464	10.3%
Net sales of completed construction contracts	108,257	130,088	21,831	20.2%
Gross profit on completed construction contracts	13,562	15,476	1,914	14.1%
Gross profit margin of completed construction contracts (%)	12.5%	11.9%	-0.6p	—
Operating profit	4,060	5,171	1,110	27.4%
Operating profit margin (%)	3.8%	4.0%	0.2p	—
Ordinary profit	4,399	5,851	1,451	33.0%
Ordinary profit margin (%)	4.1%	4.5%	0.4p	—
Net profit attributable to owners of parent	3,059	3,999	940	30.7%
Net profit margin (%)	2.8%	3.1%	0.2p	—

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 against the backdrop of corporations' increasing demand for capital investment.
- Due to soaring prices of materials and equipment, profits did not improve as expected, and the gross profit margin of completed construction contracts declined. Uncompleted construction contracts, however, carried over from the previous period and the increase in construction contract orders received during the current period pushed up net sales of completed contracts, leading gross profit on completed construction contracts to increase accordingly.
- As a result of the above, both sales and profits increased.

Consolidated Performance Summary

Breakdown of increase in consolidated operating profit



- The increase in value of work done is attributable to considerable progress on large-scale construction projects such as airports, medical facilities, and industrial facilities.
- Japanese currency began depreciating rapidly at the end of the previous period and still remains weak in the current period, resulting in an increase in foreign currency-denominated sales at our overseas branches, which contributed to profits.
- For construction projects making progress in the current period, amid soaring prices of materials and equipment, the expected improvement in profits was not realized, resulting in a decline in the gross profit margin of completed construction contracts.

Trends in consolidated net sales by construction type

(Millions of yen)

		3rd Quarter of period ended March 2022	3rd Quarter of period ending March 2023	Increase (Decrease)	Change rate	
Orders received	Electrical installations	18,347	24,212	5,864	32.0%	
	Air conditioning and plumbing installations	Air conditioning installations	98,247	104,530	6,283	6.4%
		Plumbing installations	33,523	36,840	3,317	9.9%
		Subtotal	131,770	141,370	9,600	7.3%
	Total	150,118	165,583	15,464	10.3%	
Net sales (completed)	Electrical installations	16,621	21,921	5,300	31.9%	
	Air conditioning and plumbing installations	Air conditioning installations	64,967	78,786	13,819	21.3%
		Plumbing installations	26,668	29,380	2,711	10.2%
		Subtotal	91,636	108,167	16,531	18.0%
	Total	108,257	130,088	21,831	20.2%	
Net sales (uncompleted)	Electrical installations	23,611	25,753	2,141	9.1%	
	Air conditioning and plumbing installations	Air conditioning installations	119,217	131,378	12,160	10.2%
		Plumbing installations	42,074	42,144	70	0.2%
		Subtotal	161,292	173,522	12,230	7.6%
	Total	184,904	199,276	14,372	7.8%	

- Orders received posted an increase in both electrical installations and air conditioning and plumbing installations thanks to orders mainly for airports, factories, data centers, and heat source construction works for overseas resort facilities.
- Net sales (completed) increased due to progress on large-scale construction projects such as airports, factories, and data centers.
- Net sales (uncompleted) increased as uncompleted construction contracts carried over from the previous period and construction contract orders received during the current period increased.

* 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)

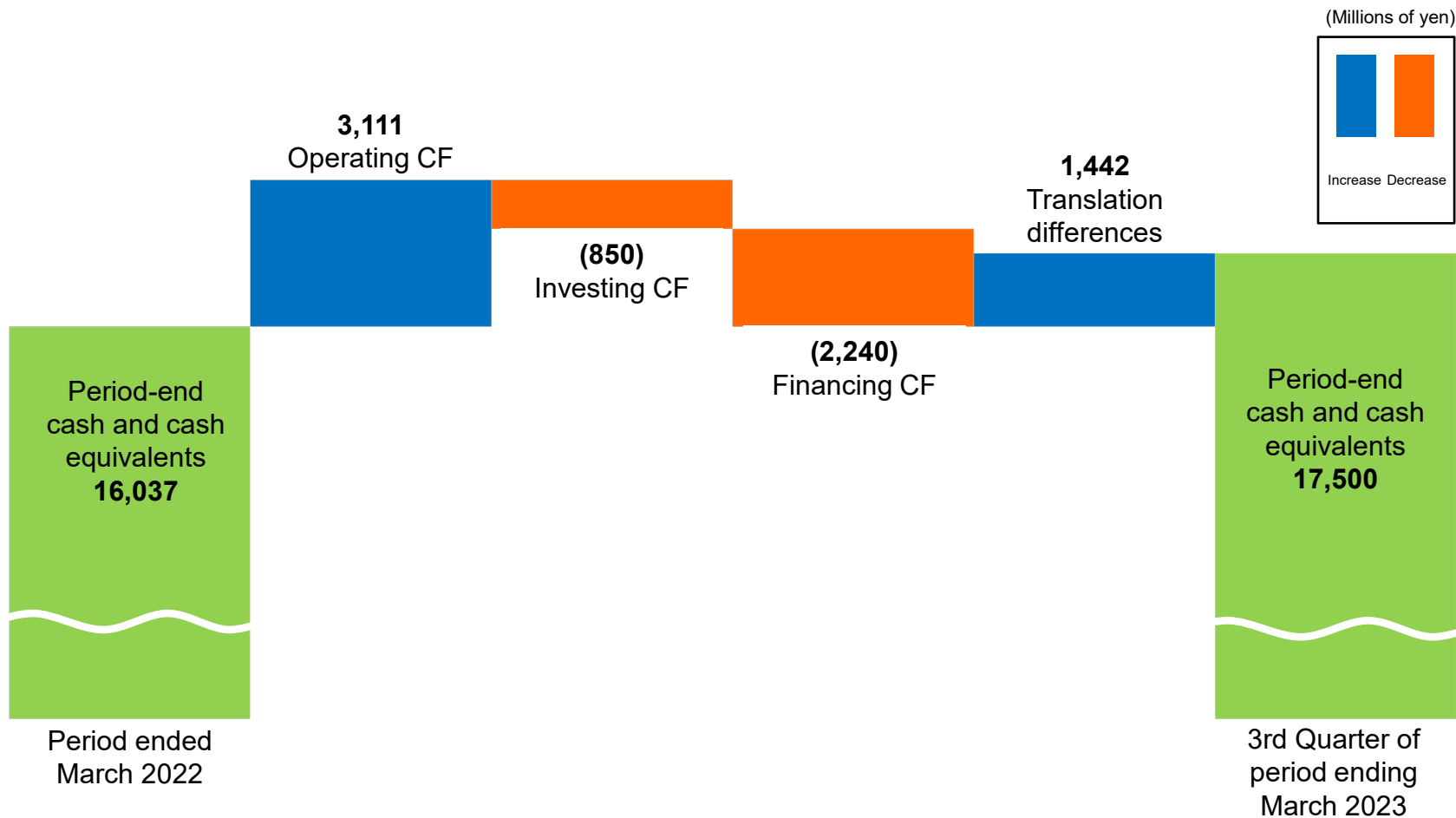
	Period ended March 2022	3rd Quarter of period ending March 2023	Increase (Decrease)	Change rate	Major factors behind increase/decrease and annotation items
Net assets	77,242	79,310	2,068	2.7%	An increase in retained surplus and other factors
Total assets	139,099	139,380	280	0.2%	
Book value per share (BPS)	3,603.11 yen	3,696.92 yen	93.80 yen	2.6%	
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 Dec. 31, 2022: 2,192 yen
Equity capital ratio	55.4%	56.8%	1.4p	—	

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

(Millions of yen)

	3rd Quarter of period ended March 2022	3rd Quarter of period ending March 2023	Increase (Decrease)	Change rate	Major factors behind increase/decrease and annotation items
Cash flows from operating activities	(10,130)	3,111	13,241	—	Trade receivables were collected at a good pace.
Cash flows from investing activities	(1,299)	(850)	449	—	Reconstruction of Hokuriku Branch, demonstration test building of Technical Research Laboratory, etc.
Cash flows from financing activities	(3,196)	(2,240)	955	—	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	(14,614)	1,462	16,076	—	
Cash and cash equivalents at end of quarter	17,133	17,500	366	2.1%	

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



- Increases in Operating CF (trade receivables collected at a good pace) and translation differences (an effect of the yen's depreciation) exceeded decreases in Investing CF (reconstruction of Hokuriku Branch, demonstration test building of Technical Research Laboratory, etc.) and Financing CF (dividend payment).
- We have signed commitment credit line agreements with three banks for efficient working capital financing.



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

**Third 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 to third quarter	Fourth quarter	Full year	First to third quarter	Increase (Decrease)	Change rate
Renovations	72,060	17,164	89,224	66,240	(5,820)	-8.1%
Ratio of renovations (%)	48.0%	51.2%	48.6%	40.0%	-8.0p	—
Mid-to-large renovations	46,859	7,746	54,605	31,913	(14,945)	-31.9%
Small-scale renovations	25,201	9,418	34,619	34,327	9,125	36.2%
General construction works	78,057	16,385	94,443	99,342	21,284	27.3%
Total orders received	150,118	33,549	183,668	165,583	15,464	10.3%
Of which, direct orders	73,898	13,087	86,985	70,540	(3,357)	-4.5%
Ratio of direct orders (%)	49.2%	39.0%	47.4%	42.6%	-6.6p	—
Of which, public works	25,836	5,566	31,403	15,296	(10,540)	-40.8%
Ratio of public works (%)	17.2%	16.6%	17.1%	9.2%	-8.0p	—

- Renovations decreased year-on-year due to a reactionary drop following large-scale projects received in the previous period, although small-scale projects posted an increase.
- General construction works 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.
- Direct orders decreased year-on-year as we focused on receiving orders for large private-sector projects.
- Public works decreased year-on-year due to the reactionary drop following large-scale projects received in the previous period.

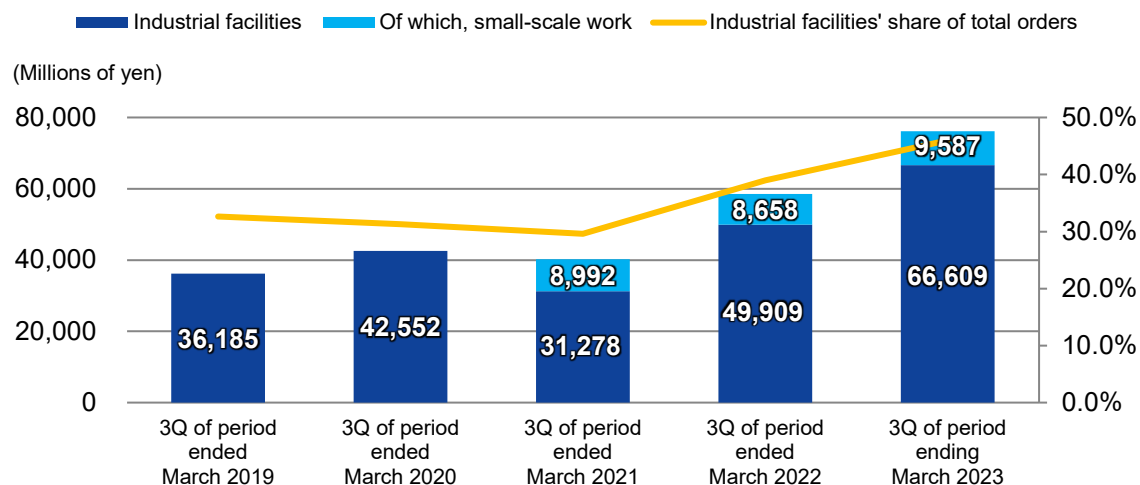
Industrial facilities

(Millions of yen)

	Period ended March 2022			Period ending March 2023	Year-on-year change	
	First to third quarter	Fourth quarter	Full year	First to third quarter	Increase (Decrease)	Change rate
Total industrial facilities	58,567	16,066	74,633	76,196	17,629	30.1%
(Share of total orders: %)	39.0%	47.9%	40.6%	46.0%	7.0p	–
Total orders received	150,118	33,549	183,668	165,583	15,464	10.3%

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

Trends in industrial facility orders received



- Global demand for semiconductors is fueling construction of semiconductor fabrication plants in Japan. In addition, investment in data centers and other DX-related construction projects continues to be strong.
- During the current period again, we received multiple orders for related large-scale projects.
- As a result of the above, we managed to receive our largest amount of orders and highest share in the last five years.

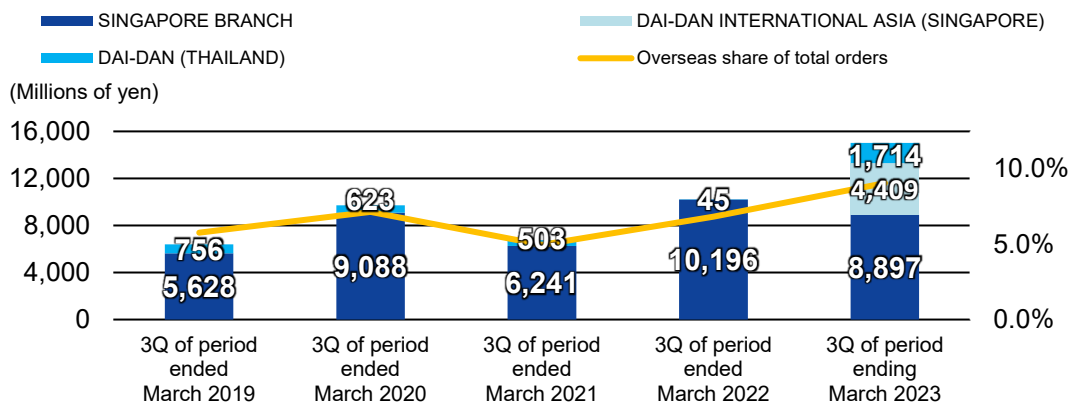
Overseas operations

- Singapore Branch, DAI-DAN INTERNATIONAL ASIA PTE. LTD. (Singapore), DAI-DAN (THAILAND) CO., LTD., and DAI-DAN (VIETNAM) CO., LTD. (non-consolidated) are the bases of our overseas operations.
- As our new overseas bases, we established DAI-DAN Taiwan Co., Ltd. in the current fiscal year.
- On January 26, 2023, the Board of Directors decided to conclude a share transfer agreement with Presico Engineering Pte. Ltd. and make it an equity method applied affiliate. We aim to expand our business and increase corporate value through synergies with Presico's track record in the Singapore equipment construction market, its technological capabilities, and its business areas.

(Millions of yen)

	Period ended March 2022			Period ending March 2023	Year-on-year change	
	First to third quarter	Fourth quarter	Full year	First to third quarter	Increase (Decrease)	Change rate
Total overseas orders received (consolidated)	10,241	1,145	11,386	15,020	4,779	46.7%
(Share of total orders: %)	6.8%	3.4%	6.2%	9.1%	2.2p	—
Total orders received	150,118	33,549	183,668	165,583	15,464	10.3%

Trends in overseas construction orders received
(Consolidated)



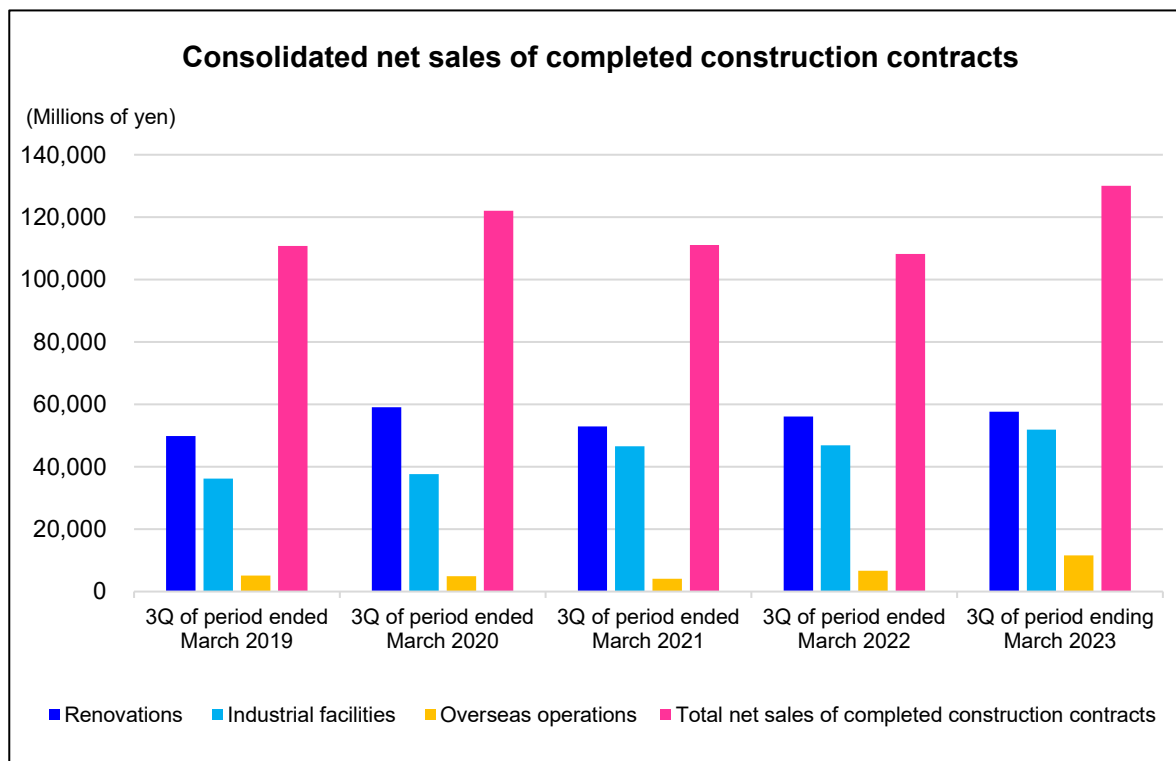
- Singapore moved to “coexisting with Covid-19,” and the situation has now returned to the pre-pandemic condition.
- During the current period, orders were received for heat source construction works for large-scale resort facilities in Singapore and total overseas orders increased compared to a year earlier.
- Thailand has also returned to its pre-Covid condition and orders are increasing steadily.
- As a result of the above, we managed to receive the largest amount of orders and highest share in the last five years.

Status of completed construction contracts

(Millions of yen)

	Third quarter of period ended March 2022		Third 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	108,257	100.0%	130,088	100.0%	21,831	20.2%
Of which;						
(Renovations)	56,129	51.8%	57,717	44.4%	1,588	2.8%
(Industrial facilities)	46,869	43.3%	51,928	39.9%	5,058	10.8%
(Overseas operations)	6,674	6.2%	11,602	8.9%	4,928	73.8%

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



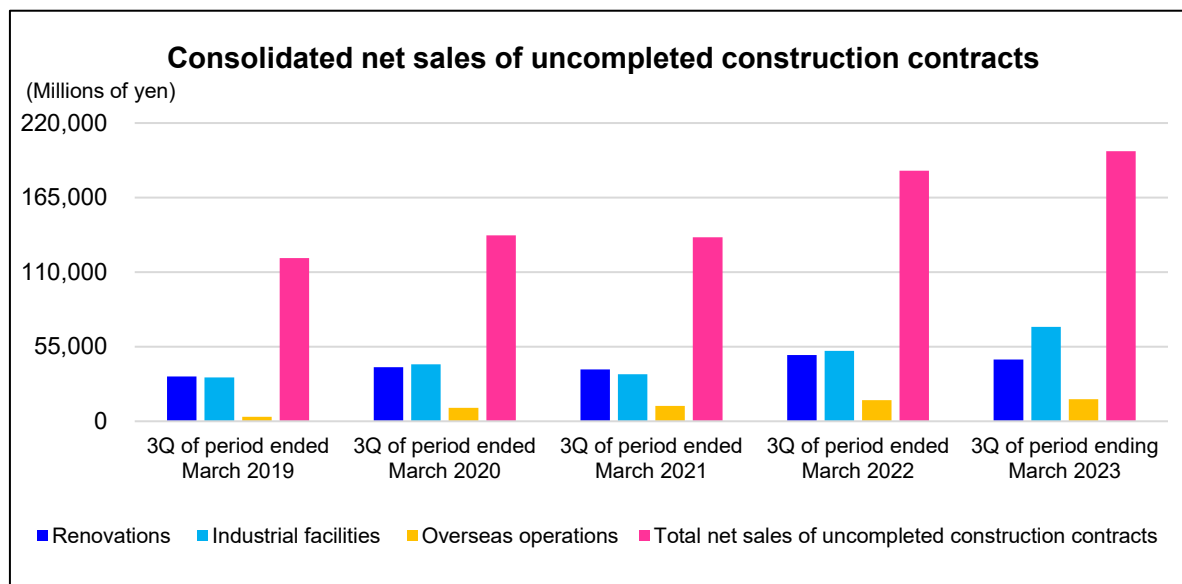
- The increase in renovations, industrial facilities, and overseas operations is largely a result of progress in large-scale construction projects such as airports, factories, and data centers. In particular, net sales in overseas operations have increased significantly.
- In addition to the above, large-scale construction projects such as medical facilities made progress, causing net sales of completed construction contracts to grow for the current period.

Status of uncompleted construction contracts

(Millions of yen)

	Third quarter of period ended March 2022		Third 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	150,118	—	165,583	—	15,464	10.3%
Net sales of completed construction contracts	108,257	—	130,088	—	21,831	20.2%
Net sales of uncompleted construction contracts	184,904	100.0%	199,276	100.0%	14,372	7.8%
Of which; (Renovations)	48,785	26.4%	45,419	22.8%	(3,366)	-6.9%
(Industrial facilities)	51,953	28.1%	69,528	34.9%	17,574	33.8%
(Overseas operations)	15,434	8.3%	16,257	8.2%	823	5.3%
Of these, contracts to be completed in the fourth quarter of the current period	47,447	—	47,345	—	(102)	-0.2%

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



- The highest net sales of uncompleted construction contracts in the last five years were posted in the current period, meaning a sufficient volume of construction works has been secured.
- A sufficient volume of unfinished construction projects has been secured, especially for large-scale projects such as medical facilities, redevelopment projects, and industrial facilities, and these will contribute to the value of work done for the next period and beyond.

Quarterly operating results

(Millions of yen)

		Period ended March 2022	Period ending March 2023	Increase (Decrease)	Change rate
Net sales of construction contract orders received	April–June	44,698	66,712	22,014	49.3%
	July–September	62,725	58,253	(4,471)	-7.1%
	October–December	42,695	40,617	(2,078)	-4.9%
	April–December	150,118	165,583	15,464	10.3%
Net sales of completed construction contracts	April–June	27,257	35,342	8,085	29.7%
	July–September	38,523	47,348	8,825	22.9%
	October–December	42,477	47,398	4,921	11.6%
	April–December	108,257	130,088	21,831	20.2%
Operating profit	April–June	528	818	289	54.7%
	July–September	2,240	2,832	592	26.4%
	October–December	1,292	1,521	229	17.7%
	April–December	4,060	5,171	1,110	27.4%

- For the period from April to June, net sales of construction contract orders received posted an increase from the previous period as orders for redevelopment and industrial facility projects were received on a steady basis. Consistent progress in uncompleted construction contracts carried over from the previous period, causing both net sales of completed construction contracts and operating profit to grow.
- For the period from July to December, net sales of construction contract orders received decreased from the previous period as a result of our efforts to receive orders in consideration of installer capacity following the substantial growth in net sales of construction contract orders received from April to June. Consistent progress in uncompleted construction contracts, however, pushed up both net sales of completed construction contracts and operating profit compared to the previous period.



**Third 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 to third quarter	Fourth quarter	Full year	First to third quarter	Fourth quarter (Forecast)	Full year (Forecast)	Increase (Decrease)	Change rate
Net sales of construction contract orders received	150,118	33,550	183,668	165,583	27,417	193,000	9,332	5.1%
Net sales of completed construction contracts	108,257	54,672	162,929	130,088	49,912	180,000	17,071	10.5%
Gross profit on completed construction contracts	13,562	7,161	20,723	15,476	7,024	22,500	1,777	8.6%
Gross profit margin of completed construction contracts (%)	12.5%	13.1%	12.7%	11.9%	14.1%	12.5%	-0.2p	–
Operating profit	4,060	3,524	7,584	5,171	3,329	8,500	916	12.1%
Operating profit margin (%)	3.8%	6.4%	4.7%	4.0%	6.7%	4.7%	0.1p	–
Ordinary profit	4,399	3,696	8,095	5,851	2,849	8,700	605	7.5%
Ordinary profit margin (%)	4.1%	6.8%	5.0%	4.5%	5.7%	4.8%	-0.1p	–
Net profit attributable to owners of parent	3,059	2,719	5,778	3,999	2,001	6,000	222	3.8%
Net profit margin (%)	2.8%	5.0%	3.5%	3.1%	4.0%	3.3%	-0.2p	–

Preconditions for earnings forecast

- There has been no change to our earnings forecast in the brief report on the financial statements announced on November 8, 2022.

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 for period-end values)	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.

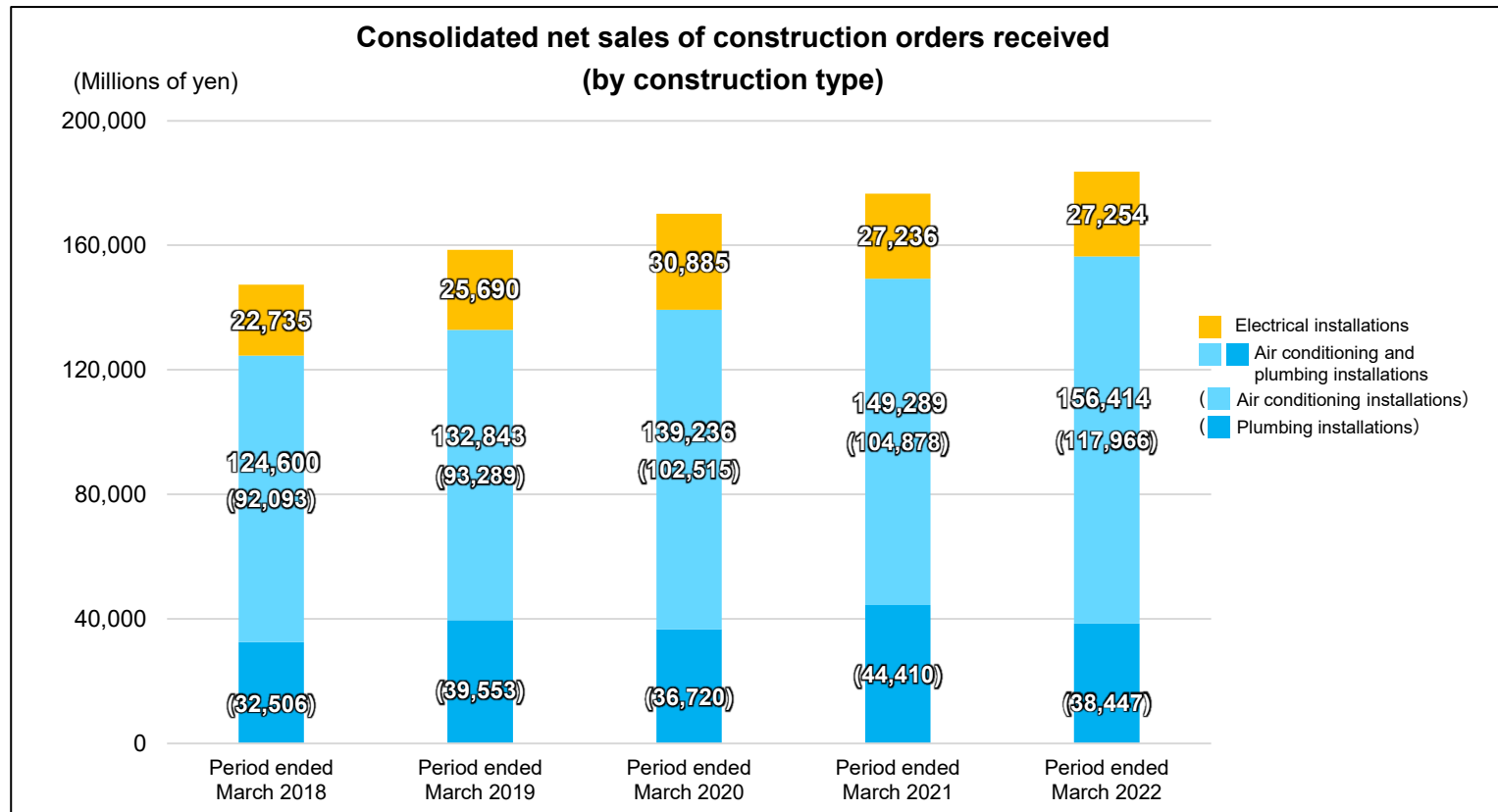


**Reference:
DATA FILE
(Full Year)**

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

(Millions of yen)

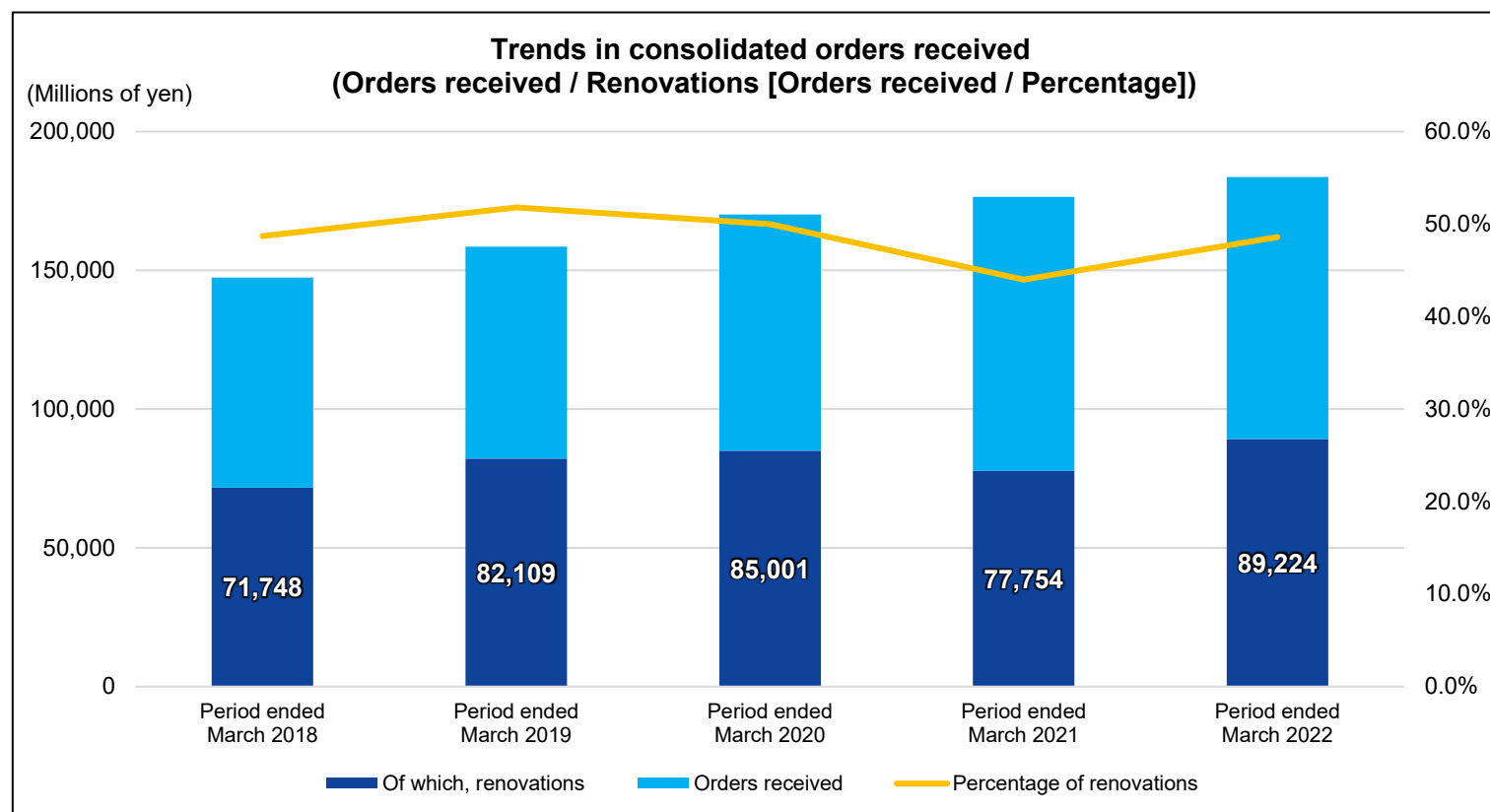
		Period ended March 2018	Period ended March 2019	Period ended March 2020	Period ended March 2021	Period ended March 2022
Electrical installations		22,735	25,690	30,885	27,236	27,254
Air conditioning and plumbing installations	Air conditioning installations	92,093	93,289	102,515	104,878	117,966
	Plumbing 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)

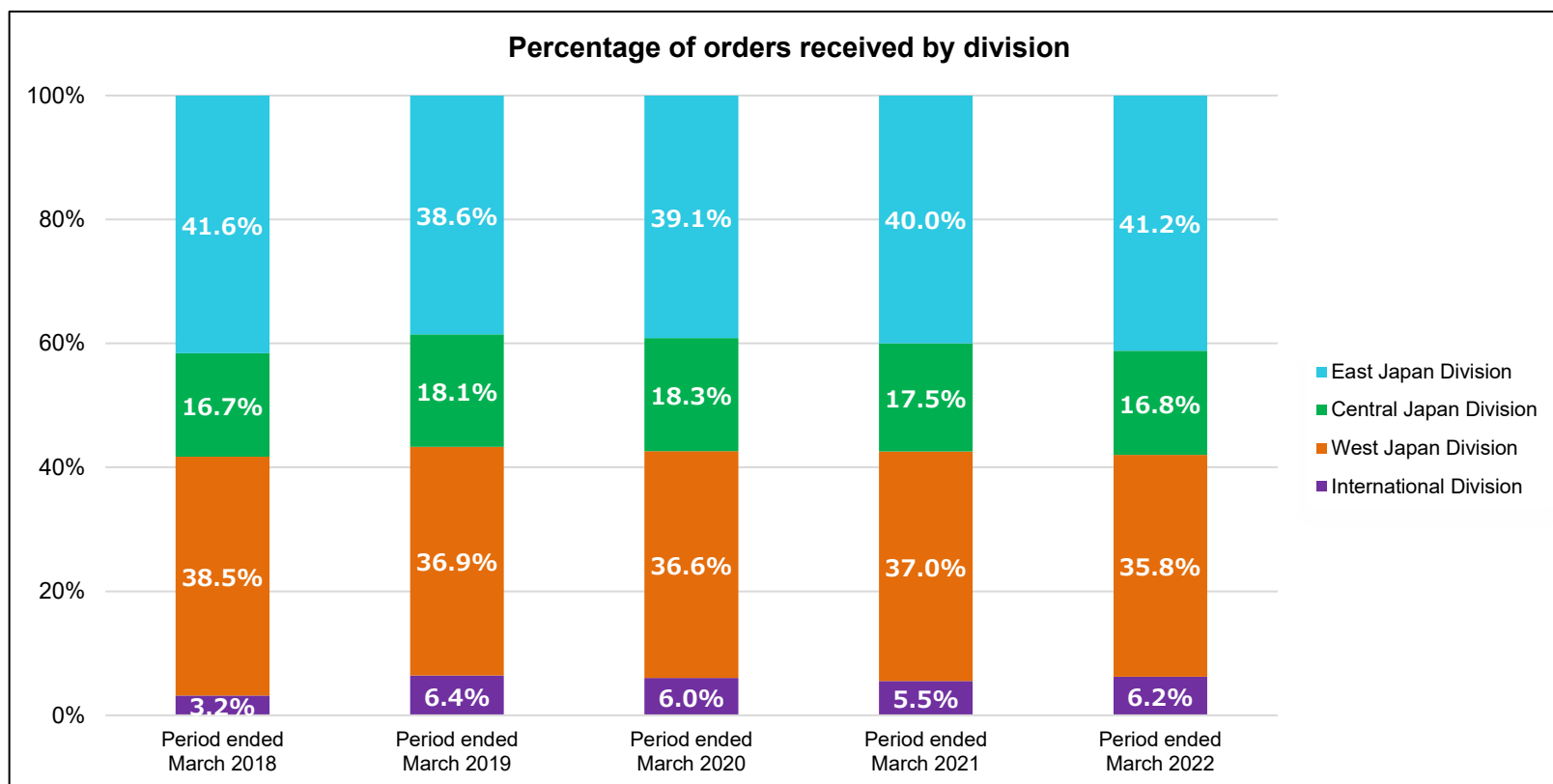
	Period ended March 2018	Period ended March 2019	Period ended March 2020	Period ended March 2021	Period ended March 2022
Net sales of construction contract orders received	147,335	158,533	170,121	176,526	183,668
Renovations	71,748	82,109	85,001	77,754	89,224
Percentage of renovations	48.7%	51.8%	50.0%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



Percentage of consolidated orders received by division (Full year)

Percentage of orders received

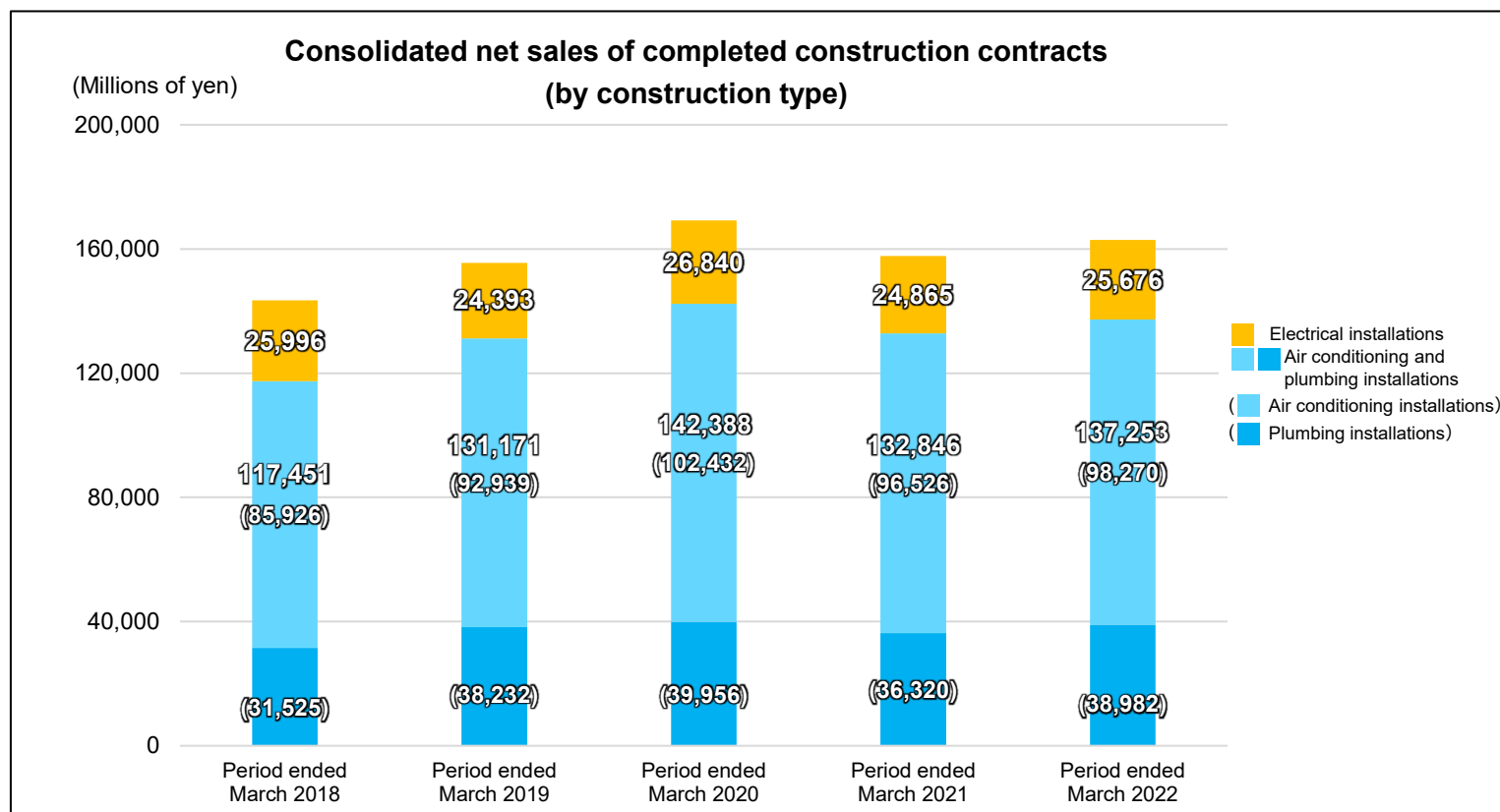
	Period ended March 2018	Period ended March 2019	Period ended March 2020	Period ended March 2021	Period ended March 2022
East Japan Division	41.6%	38.6%	39.1%	40.0%	41.2%
Central Japan Division	16.7%	18.1%	18.3%	17.5%	16.8%
West Japan Division	38.5%	36.9%	36.6%	37.0%	35.8%
International Division	3.2%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

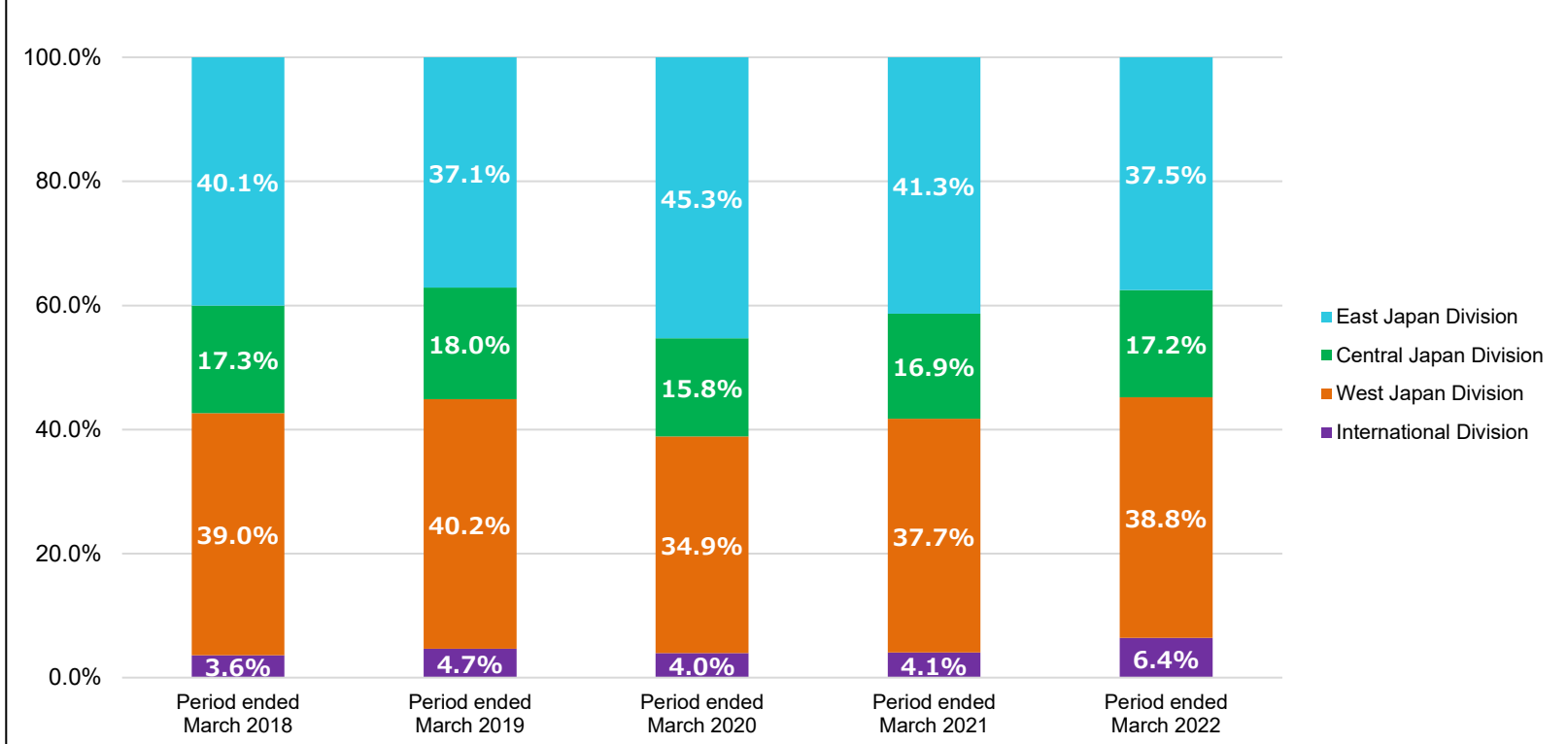


Percentage of consolidated net sales of completed construction contracts by division (Full year)

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%

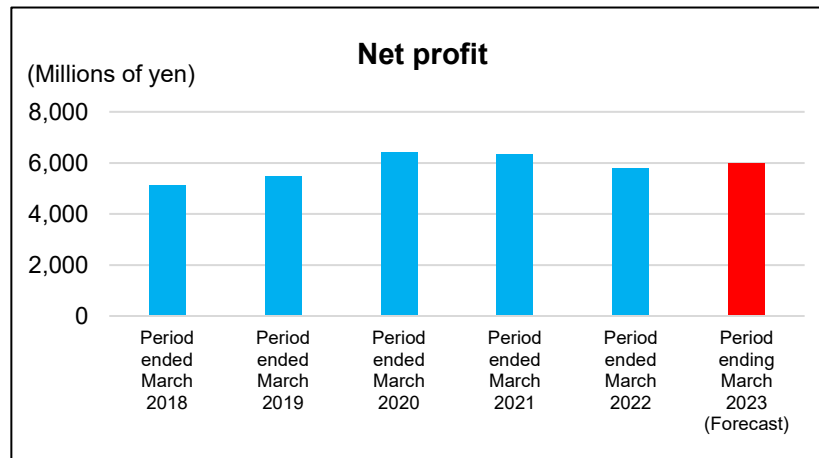
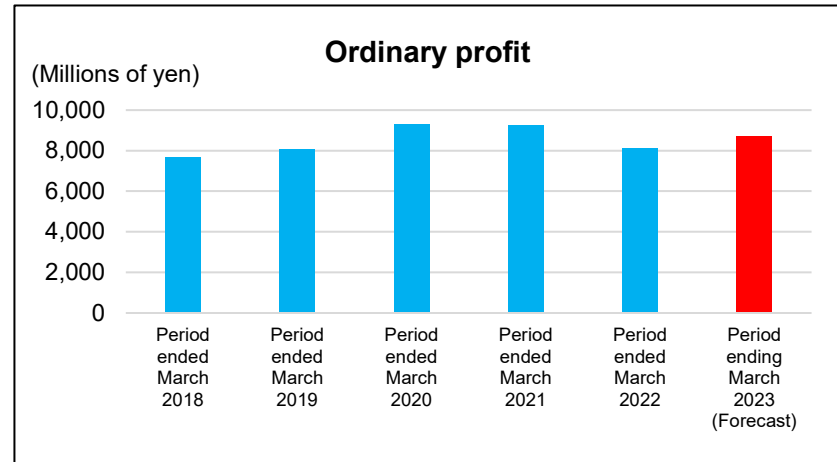
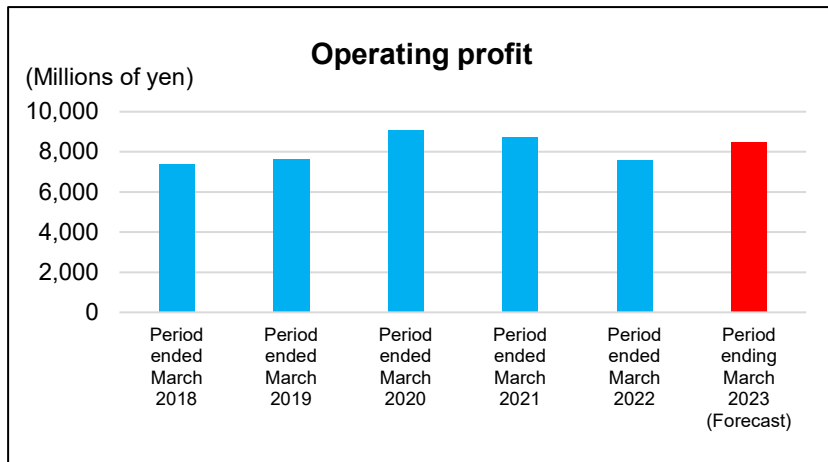
Percentage of net sales of completed construction contracts by division



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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2-15-10 Fujimi, Chiyoda-ku, Tokyo 102-8175