

Financial Results Material for the First Quarter of the Period Ending March 2024

August 4, 2023



DAI-DAN



Contents

**Consolidated Performance
Summary**

**First Quarter Financial Closing
Highlights**

Full-Year Earnings Forecast

Reference: DATA FILE(Full Year)



**First Quarter Financial Results
for the Period Ending March 2024**

Consolidated Performance Summary

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

(Millions of yen)

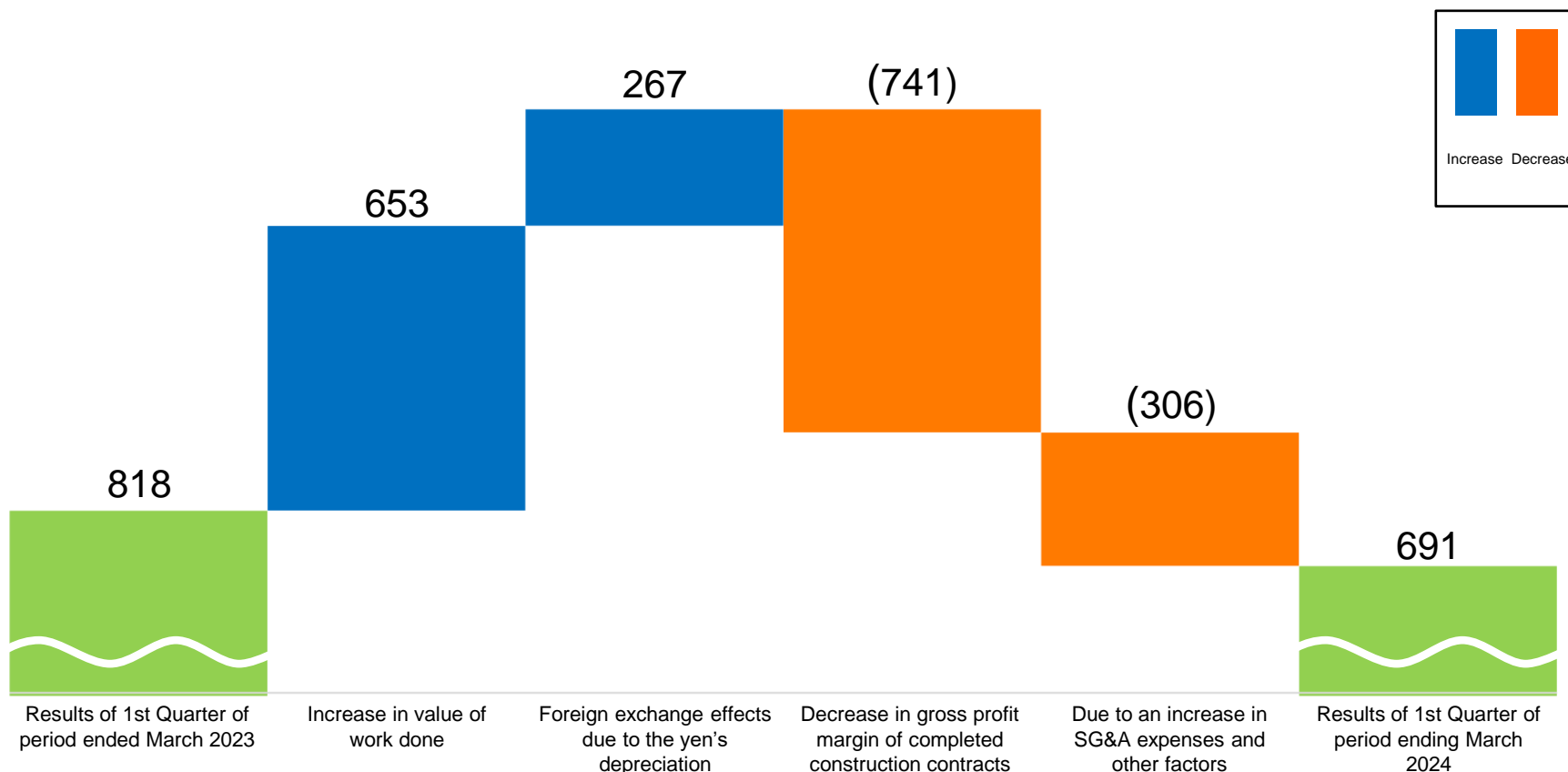
	1st Quarter of period ended March 2023	1st Quarter of period ending March 2024	Increase (Decrease)	Change rate
Net sales of uncompleted construction contracts at beginning of period	163,782	184,158	20,375	12.4%
Net sales of construction contract orders received	66,712	67,005	292	0.4%
Net sales of completed construction contracts	35,342	40,731	5,389	15.2%
Gross profit on completed construction contracts	4,280	4,459	179	4.2%
Gross profit margin of completed construction contracts (%)	12.1%	10.9%	-1.2p	—
Operating profit	818	691	(126)	-15.5%
Operating profit margin (%)	2.3%	1.7%	-0.6p	—
Ordinary profit	1,308	1,141	(167)	-12.8%
Ordinary profit margin (%)	3.7%	2.8%	-0.9p	—
Net profit attributable to owners of parent	862	755	(107)	-12.5%
Net profit margin (%)	2.4%	1.9%	-0.6p	—

Business environment and the Company's performance summary

- Net sales of construction contract orders received remained favorable, at the same level as the previous period, thanks to orders secured for large-scale construction projects, mainly for industrial, medical, and Osaka Kansai Expo-related facilities.
- In uncompleted construction contracts carried over from the previous period, large-scale general construction projects posted an increase. On the other hand, highly profitable mid-to-large renovations decreased. As a result, while net sales of completed construction contracts increased, gross profit margin of completed construction contracts decreased.
- Despite the year-on-year increase in gross profit on completed construction contracts, operating profit decreased due to an increase in SG&A expenses resulting from DX investment and other reasons.

Breakdown of increase in consolidated operating profit

(Millions of yen)



- The increase in the value of work done is attributable to steady progress on large-scale construction projects such as industrial facilities, airports, and medical facilities.
- The yen's depreciation, which began in the previous year, is still ongoing in the current period, resulting in an increase in foreign currency-denominated sales at our overseas branches, contributing to profit growth.
- The decrease in highly profitable medium-scale renovations pushed down the gross profit margin of completed construction contracts.

Trends in consolidated net sales by construction type

(Millions of yen)

		1st Quarter of period ended March 2023	1st Quarter of period ending March 2024	Increase (Decrease)	Change rate
Orders received	Electrical installations	7,906	10,959	3,052	38.6%
	Air conditioning and plumbing installations	58,805	56,046	(2,759)	-4.7%
	Total	66,712	67,005	292	0.4%
Net sales (completed)	Electrical installations	6,102	6,160	58	1.0%
	Air conditioning and plumbing installations	29,239	34,571	5,331	18.2%
	Total	35,342	40,731	5,389	15.2%
Net sales (uncompleted)	Electrical installations	25,266	24,122	(1,143)	-4.5%
	Air conditioning and plumbing installations	169,885	186,308	16,423	9.7%
	Total	195,152	210,431	15,279	7.8%

- Orders received remained unchanged from the previous period due to an increase in orders mainly for industrial facilities and redevelopment projects in electrical installations.
- Net sales (completed) increased as large-scale construction projects including industrial facilities, airports, and medical facilities saw steady progress.
- Net sales (uncompleted) increased as large-scale construction contract orders were received mainly for medical facilities, redevelopment projects, and industrial facilities.

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

(Millions of yen)

	Period ended March 2023	1st Quarter of period ending March 2024	Increase (Decrease)	Change rate	Major factors behind increase/decrease and annotation items
Net assets	82,424	83,093	668	0.8%	—
Total assets	148,544	136,803	(11,740)	-7.9%	Payment of liabilities recorded in the previous period made progress.
Book value per share (BPS)	3,841.33 yen	3,870.13 yen	28.80 yen	0.7%	—
Price book-value ratio (PBR)	0.62 times	0.70 times	—	—	(Reference) Closing stock price as of Mar. 31, 2023: 2,369 yen Closing stock price as of Jun. 30, 2023: 2,722 yen
Equity capital ratio	55.4%	60.6%	5.2p	—	—

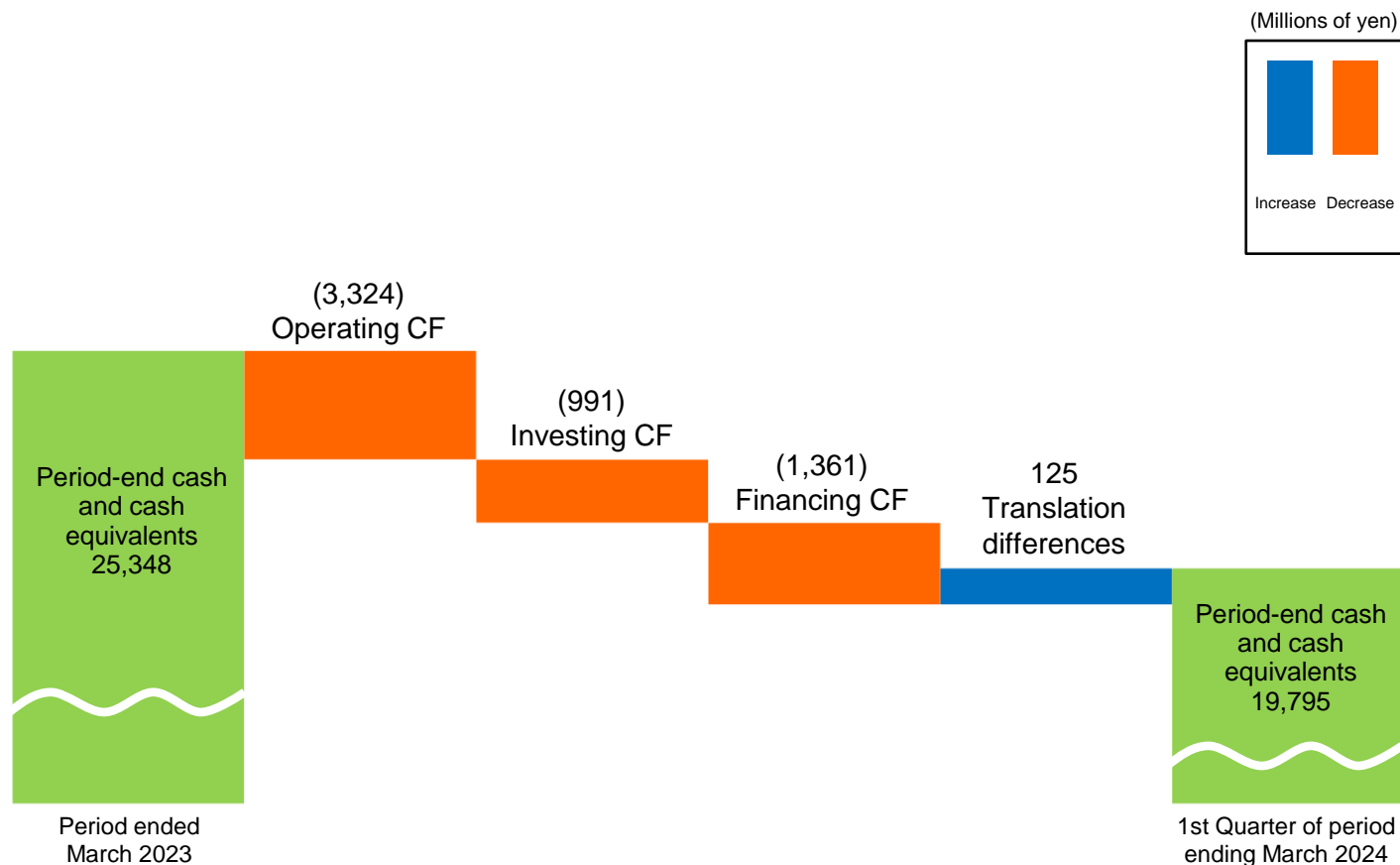
Overview of consolidated management indicators, etc. (cash flows)

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

(Millions of yen)

	1st Quarter of period ended March 2023	1st Quarter of period ending March 2024	Increase (Decrease)	Change rate	Major factors behind increase/decrease and annotation items
Cash flows from operating activities	(657)	(3,324)	(2,666)	—	Advanced payment of construction costs
Cash flows from investing activities	(860)	(991)	(130)	—	Reconstruction of Niigata Branch, construction of offsite facilities, etc.
Cash flows from financing activities	(1,287)	(1,361)	(74)	—	Dividend payment
Cash and cash equivalents at beginning of period	16,037	25,348	9,310	58.1%	—
Increase/decrease in cash and cash equivalents	(2,655)	(5,552)	(2,897)	—	—
Cash and cash equivalents at end of quarter	13,381	19,795	6,413	47.9%	—

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 Niigata Branch, construction of offsite facilities, etc.), 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 2024**

First Quarter Financial Closing Highlights

Renovations, direct orders, and public works

(Millions of yen)

	Period ended March 2023			Period ending March 2024	Year-on-year change	
	First quarter	Second to fourth quarters	Full year	First quarter	Increase (Decrease)	Change rate
Renovations	30,251	53,440	83,691	21,668	(8,582)	-28.4%
Ratio of renovations (%)	45.3%	38.3%	40.6%	32.3%	—	—
Mid-to-large renovations	16,491	22,527	39,018	9,625	(6,866)	-41.6%
Small-scale renovations	13,759	30,913	44,673	12,043	(1,716)	-12.5%
General construction works	36,461	86,184	122,646	45,336	8,875	24.3%
Total orders received	66,712	139,625	206,337	67,005	292	0.4%
Of which, direct orders	33,279	57,013	90,293	23,373	(9,906)	-29.8%
Ratio of direct orders (%)	49.9%	40.8%	43.8%	34.9%	—	—
Of which, public works	5,606	14,224	19,830	15,753	10,146	181.0%
Ratio of public works (%)	8.4%	10.2%	9.6%	23.5%	—	—

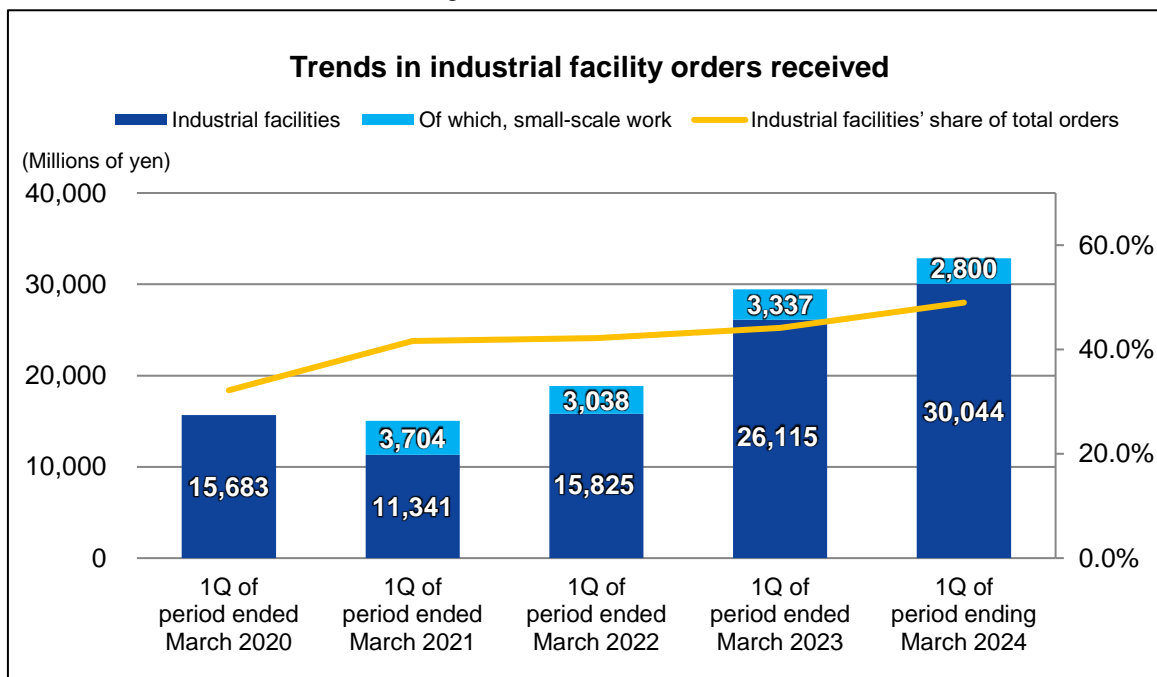
- Renovations decreased as we focused on receiving large-scale general construction project orders to increase order receipts.
- Large-scale general construction work increased thanks to orders received mainly for industrial and medical facilities.
- Direct orders showed a reactionary drop following the overseas large-scale projects received in the previous period.
- Public work grew substantially thanks to large-scale project orders received.

Industrial facilities

(Millions of yen)

	Period ended March 2023			Period ending March 2024	Year-on-year change	
	First quarter	Second to fourth quarters	Full year	First quarter	Increase (Decrease)	Change rate
Total industrial facilities	29,452	61,728	91,181	32,843	3,391	11.5%
(Share of total orders: %)	44.1%	44.2%	44.2%	49.0%	–	–
Total orders received	66,712	139,625	206,337	67,005	292	0.4%

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



- Orders received for industrial facility construction exceeded the previous period's record high, and the share of total orders received rose to 49%.
- We expect to receive more construction orders, such as for large-scale semiconductor plants.

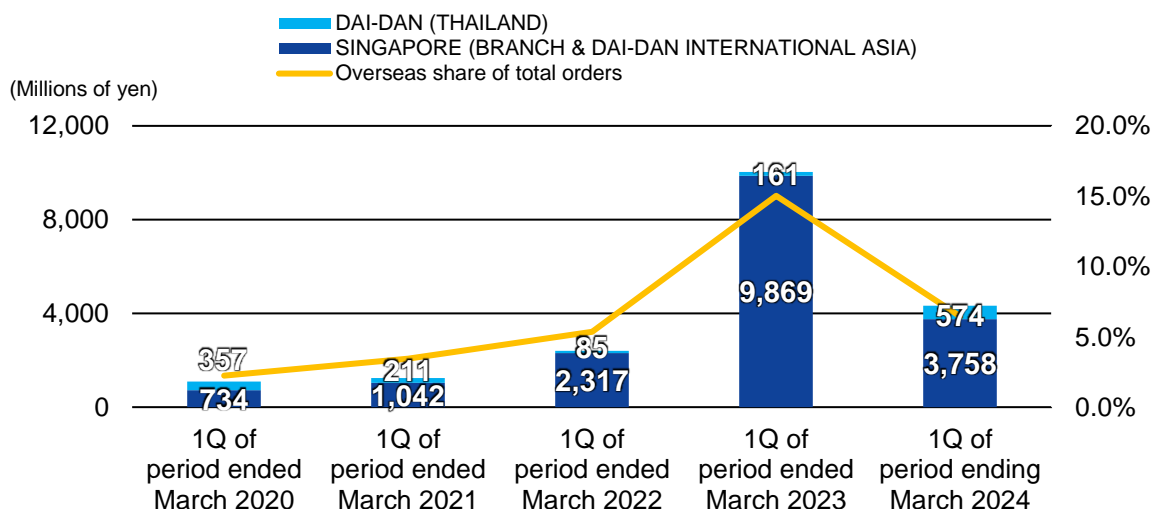
Overseas operations

- Singapore (Branch and DAI-DAN INTERNATIONAL ASIA PTE. LTD.), Thailand (DAI-DAN (THAILAND) CO., LTD.), Vietnam (DAI-DAN (VIETNAM) CO., LTD. (non-consolidated)), and Taiwan (DAI-DAN Taiwan Co., Ltd. (non-consolidated)) are the bases of our overseas operations.
- In February 2023, we acquired 40% of shares of Presico Engineering Pte. Ltd., a Singaporean company, and made it an equity method applied affiliate.

(Millions of yen)

	Period ended March 2023			Period ending March 2024	Year-on-year change	
	First quarter	Second to fourth quarters	Full year	First quarter	Increase (Decrease)	Change rate
Total overseas orders received (Consolidated)	10,029	10,360	20,390	4,331	(5,698)	-56.8%
(Share of total orders: %)	15.0%	7.4%	9.9%	6.5%	—	—
Total orders received	66,712	139,625	206,337	67,005	292	0.4%

Trends in overseas construction orders received (Consolidated)



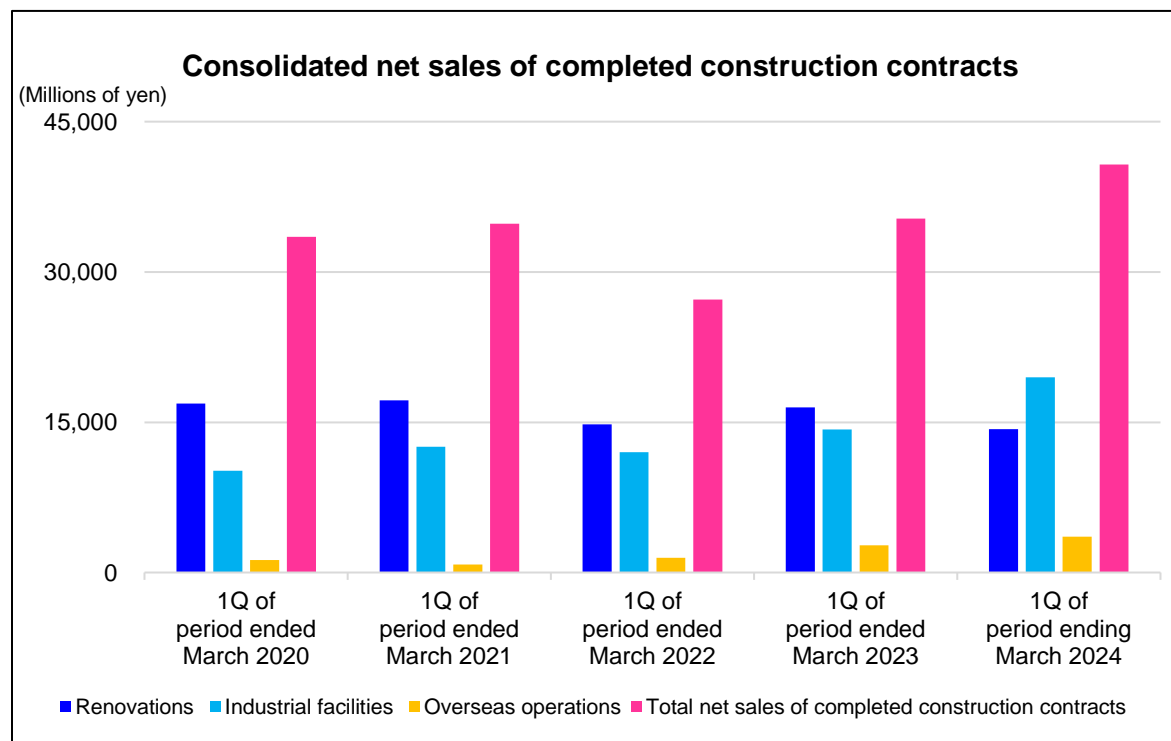
- Singapore experienced a reactionary drop following the overseas large-scale resort facility projects received in the previous period.
- Thailand posted a year-on-year increase resulting mainly from orders received for plant construction.

Status of completed construction contracts

(Millions of yen)

	First quarter of period ended March 2023		First quarter of period ending March 2024		Year-on-year change	
	Monetary amount	Composition ratio	Monetary amount	Composition ratio	Monetary amount	Change rate
Total net sales of completed construction contracts	35,342	100.0%	40,731	100.0%	5,389	15.2%
Of which; (Renovations)	16,479	46.6%	14,307	35.1%	(2,171)	-13.2%
(Industrial facilities)	14,293	40.4%	19,498	47.9%	5,204	36.4%
(Overseas operations)	2,738	7.7%	3,585	8.8%	847	30.9%

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



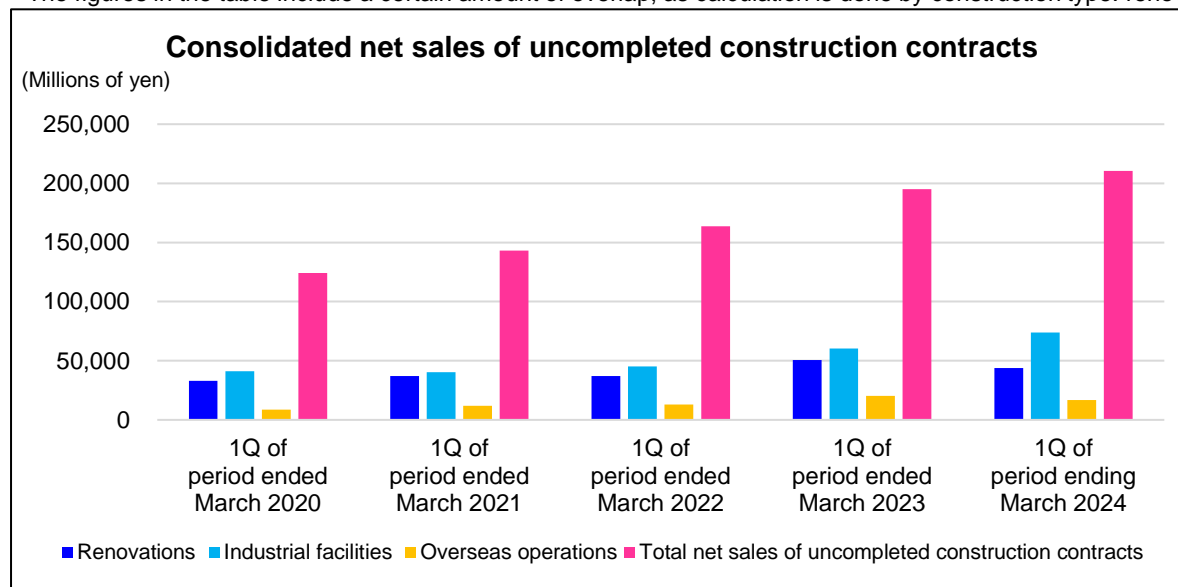
- Renovations decreased due to an increase in general construction work carried over from the previous period.
- Industrial facility construction works and overseas operations increased due primarily to progress in large-scale construction projects for factories and data centers.
- In addition to the above, progress with airport and redevelopment projects pushed up net sales of completed construction contracts.

Status of uncompleted construction contracts

(Millions of yen)

	First quarter of period ended March 2023		First quarter of period ending March 2024		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	163,782	—	184,158	—	20,375	12.4%
Net sales of construction contract orders received	66,712	—	67,005	—	292	0.4%
Net sales of completed construction contracts	35,342	—	40,731	—	5,389	15.2%
Net sales of uncompleted construction contracts	195,152	100.0%	210,431	100.0%	15,279	7.8%
Of which; (Renovations)	50,668	26.0%	43,663	20.7%	(7,005)	-13.8%
(Industrial facilities)	60,417	31.0%	73,913	35.1%	13,495	22.3%
(Overseas operations)	20,130	10.3%	16,742	8.0%	(3,388)	-16.8%
Of these, contracts to be completed in current period	104,264	—	122,594	—	18,330	17.6%

* The figures in the table include a certain amount of overlap, as calculation is done by construction type: renovations, industrial facilities, 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 2024**

**Full-Year Earnings
Forecast for the
Period Ending
March 2024**

Consolidated full-year earnings forecast

(Millions of yen)

	Period ended March 2023			Period ending March 2024			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	66,712	139,625	206,337	67,005	142,995	210,000	3,663	1.8%
Net sales of completed construction contracts	35,342	150,619	185,961	40,731	159,269	200,000	14,039	7.5%
Gross profit on completed construction contracts	4,280	18,344	22,624	4,459	19,941	24,400	1,776	7.9%
Gross profit margin of completed construction contracts (%)	12.1%	12.2%	12.2%	10.9%	12.5%	12.2%	0.0%	—
Operating profit	818	7,610	8,428	691	7,809	8,500	72	0.9%
Operating profit margin (%)	2.3%	5.1%	4.5%	1.7%	4.9%	4.3%	-0.3%	—
Ordinary profit	1,308	7,980	9,288	1,141	7,759	8,900	(388)	-4.2%
Ordinary profit margin (%)	3.7%	5.3%	5.0%	2.8%	4.9%	4.5%	-0.5%	—
Net profit attributable to owners of parent	862	5,764	6,626	755	5,745	6,500	(126)	-1.9%
Net profit margin (%)	2.4%	3.8%	3.6%	1.9%	3.6%	3.3%	-0.3%	—
Return on equity (ROE)	—	—	8.3%	—	—	7.7%	-0.6%	—

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, 2023.
- Compared to a year ago, we recorded higher sales but lower profits in the first quarter of the current period. Nevertheless, we have a sufficient volume of unfinished construction projects to be completed in the current period and expect full-year earnings to be in line with our forecast.

Stock split and revision of dividend forecast (dividend increase)

At a Board of Directors meeting held on August 4, 2023, the Company resolved to approve a stock split, partially amend its Articles of Incorporation, and revise its dividend forecast (dividend increase).

Stock split

1. Stock split

(1) Purpose of the stock split

The purpose of the stock split is to create a more investment-friendly environment, improve market liquidity, and expand the investor base by reducing the price of share-trading units of the Company's stock.

(2) Outline of the stock split

[1] Split method

The record date of the stock split will be Saturday, September 30, 2023 (the determination of shareholders listed on the shareholder register will effectively be made on Friday, September 29, 2023, because September 30, 2023 is a non-business day). Each share of the Company's common stock held by shareholders listed on the final shareholder register as of the record date will be split into 2 shares.

[2] Increase in the number of shares resulting from the stock split

Total number of shares outstanding before the stock split	22,981,901 shares
Number of shares to be increased by the stock split	22,981,901 shares
Total number of shares issued and outstanding after the stock split	45,963,802 shares
Total number of authorized shares after the stock split	80,000,000 shares

[3] Schedule for the stock split

(Scheduled) Date of public notice of record date: September 14, 2023 (Thursday); Record date: September 30, 2023 (Saturday); and Effective date: October 1, 2023 (Sunday)

Revision of dividend forecast (dividend increase)

- To further enhance returns to our shareholders who provide us with continued support, we plan to increase the year-end dividend per share for the fiscal year ending March 31, 2024 by 5 yen from the 55 yen per share before the stock split announced on May 11, 2023, to 60 yen per share before the stock split (30 yen after the stock split).

	Full-year dividend			Total dividend	Dividend ratio	Dividend on equity ratio
	End of second quarter	End of period	Total	(Total sum)	(Consolidated)	(Consolidated)
	Yen Sen	Yen Sen	Yen Sen	Million yen	%	%
Period ended March 2022	45.00	45.00	90.00	1,935	33.3%	2.5%
Period ended March 2023	45.00	55.00	100.00	2,150	32.3%	2.7%
Period ending March 2024 (Forecast)	55.00	30.00	–	–	37.9%	–
(On the pre-stock split basis)		(60.00)	(115.00)			

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.
- Aiming to further promote profit returns to shareholders, we have set a new dividend policy of a dividend payout ratio of 35% or more (previously 30%) for the period ending March 2024 and onward.

Purchase of treasury shares

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

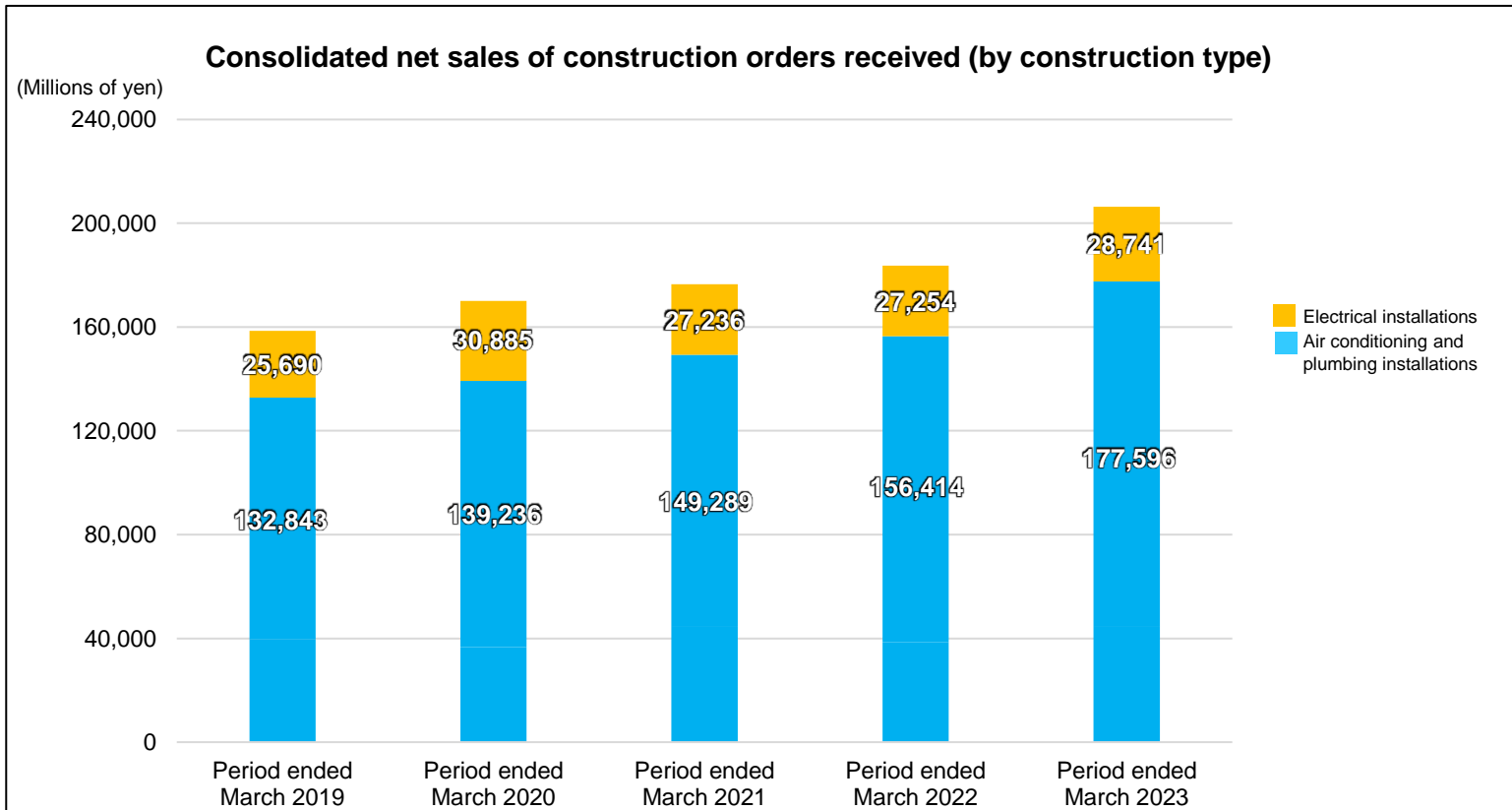


**Reference:
DATA FILE
(Full Year)**

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

(Millions of yen)

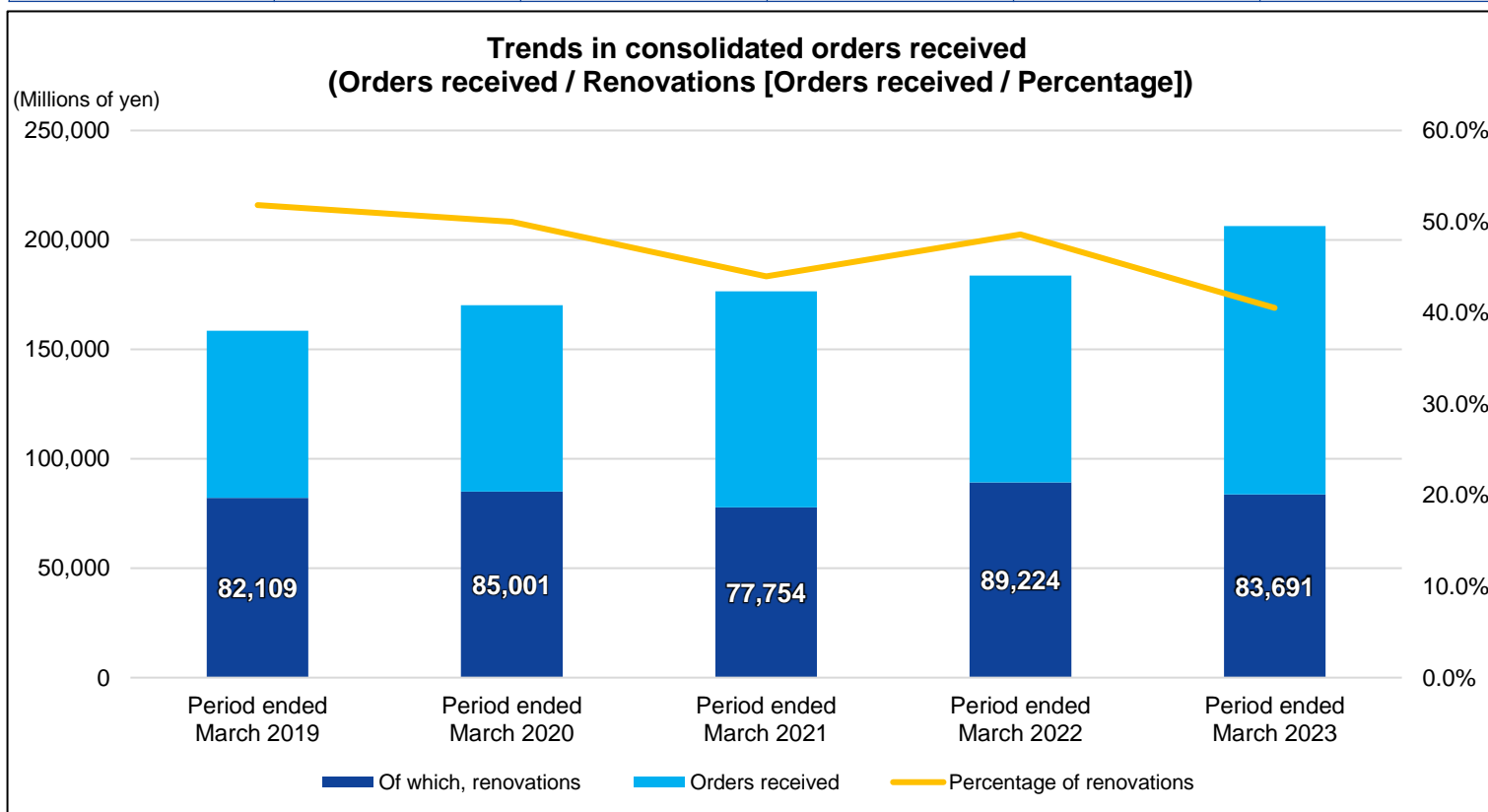
	Period ended March 2019	Period ended March 2020	Period ended March 2021	Period ended March 2022	Period ended March 2023
Electrical installations	25,690	30,885	27,236	27,254	28,741
Air conditioning and plumbing installations	132,843	139,236	149,289	156,414	177,596
Total	158,533	170,121	176,526	183,668	206,337



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

(Millions of yen)

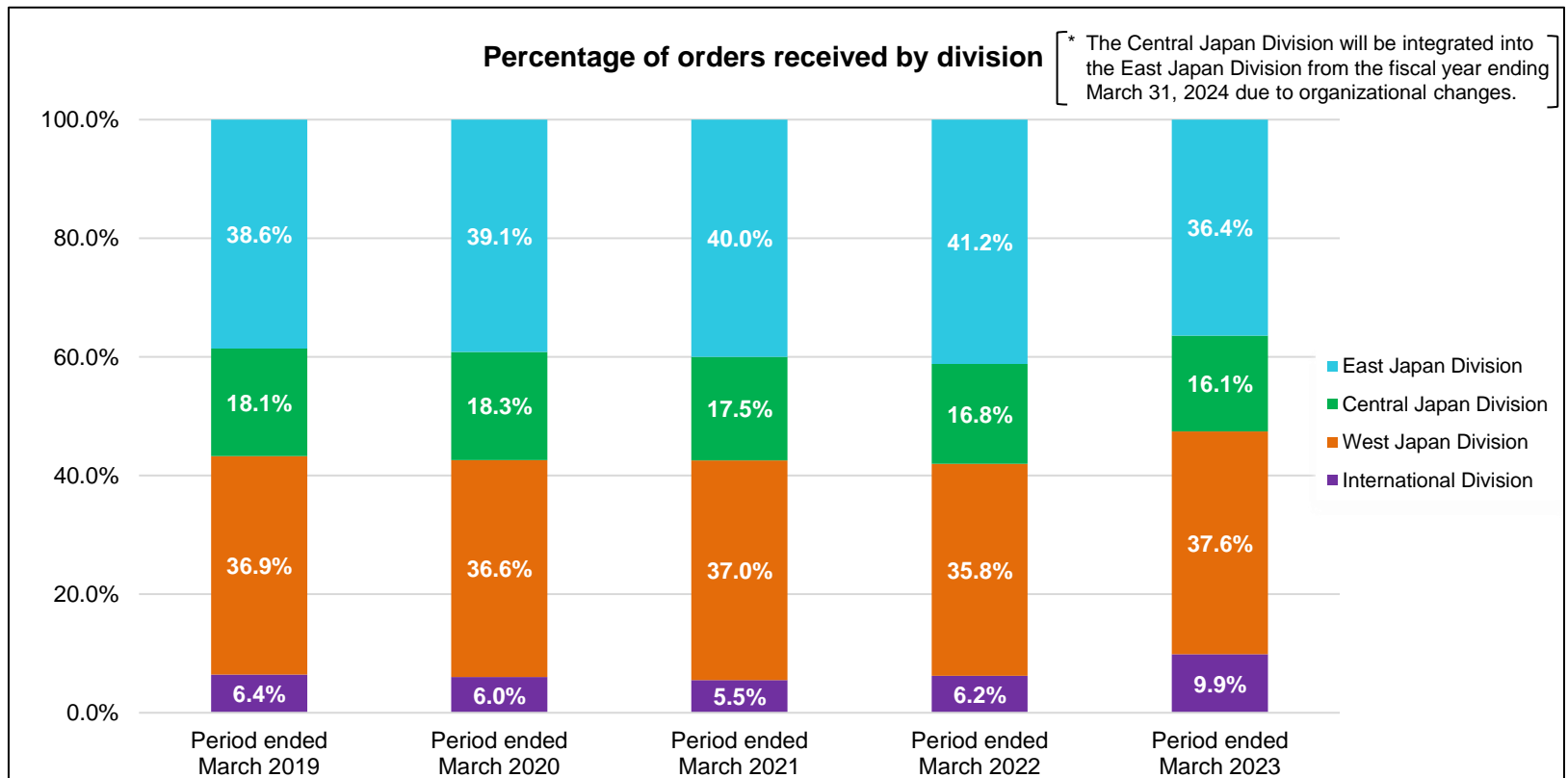
	Period ended March 2019	Period ended March 2020	Period ended March 2021	Period ended March 2022	Period ended March 2023
Net sales of construction contract orders received	158,533	170,121	176,526	183,668	206,337
Renovations	82,109	85,001	77,754	89,224	83,691
Percentage of renovations	51.8%	50.0%	44.0%	48.6%	40.6%



Percentage of consolidated orders received by division (Full year)

Percentage of orders received

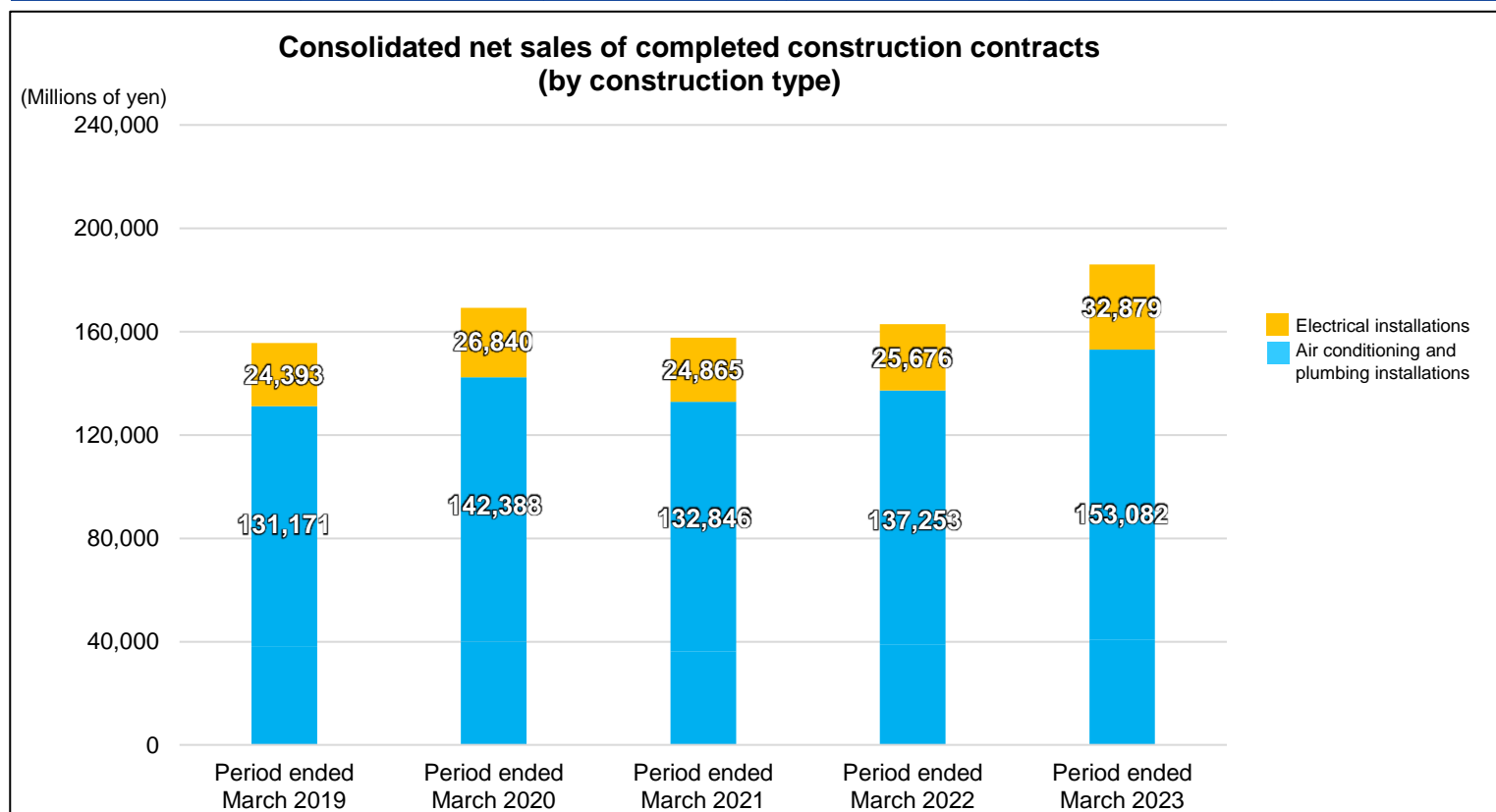
	Period ended March 2019	Period ended March 2020	Period ended March 2021	Period ended March 2022	Period ended March 2023
East Japan Division	38.6%	39.1%	40.0%	41.2%	36.4%
Central Japan Division	18.1%	18.3%	17.5%	16.8%	16.1%
West Japan Division	36.9%	36.6%	37.0%	35.8%	37.6%
International Division	6.4%	6.0%	5.5%	6.2%	9.9%



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

(Millions of yen)

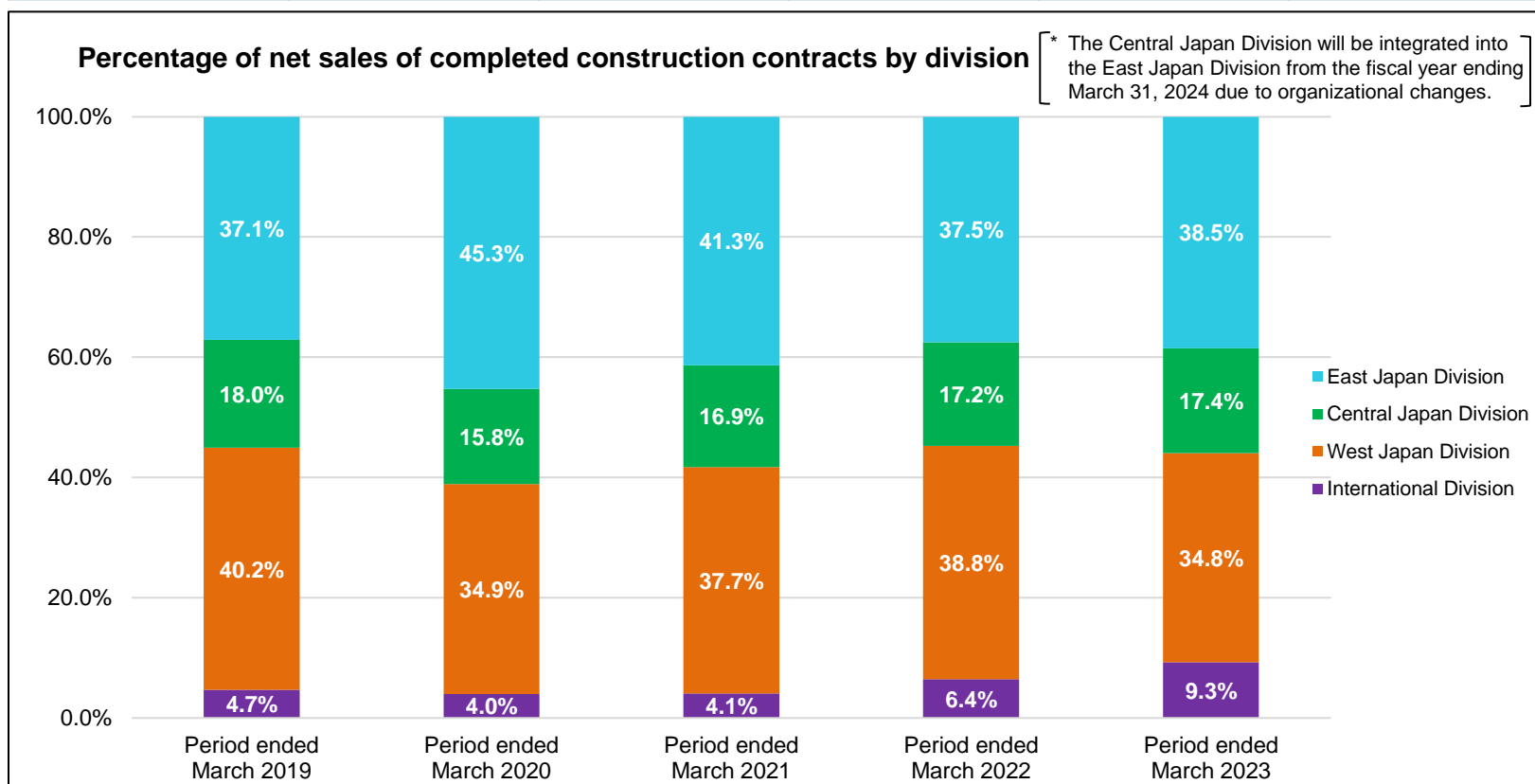
	Period ended March 2019	Period ended March 2020	Period ended March 2021	Period ended March 2022	Period ended March 2023
Electrical installations	24,393	26,840	24,865	25,676	32,879
Air conditioning and plumbing installations	131,171	142,388	132,846	137,253	153,082
Total	155,565	169,229	157,712	162,929	185,961



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

Percentage of net sales of completed construction contracts

	Period ended March 2019	Period ended March 2020	Period ended March 2021	Period ended March 2022	Period ended March 2023
East Japan Division	37.1%	45.3%	41.3%	37.5%	38.5%
Central Japan Division	18.0%	15.8%	16.9%	17.2%	17.4%
West Japan Division	40.2%	34.9%	37.7%	38.8%	34.8%
International Division	4.7%	4.0%	4.1%	6.4%	9.3%



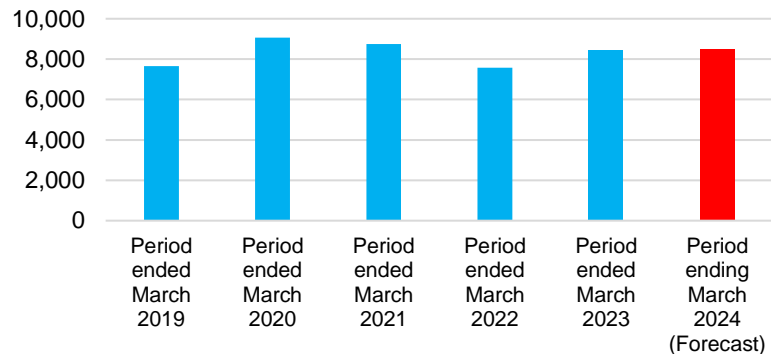
Consolidated operating/ordinary/net profits (Full year)

(Millions of yen)

	Period ended March 2019	Period ended March 2020	Period ended March 2021	Period ended March 2022	Period ended March 2023	Period ending March 2024 (Forecast)
Operating profit	7,661	9,063	8,754	7,584	8,428	8,500
Ordinary profit	8,057	9,282	9,262	8,095	9,288	8,900
Net profit	5,464	6,399	6,318	5,778	6,626	6,500

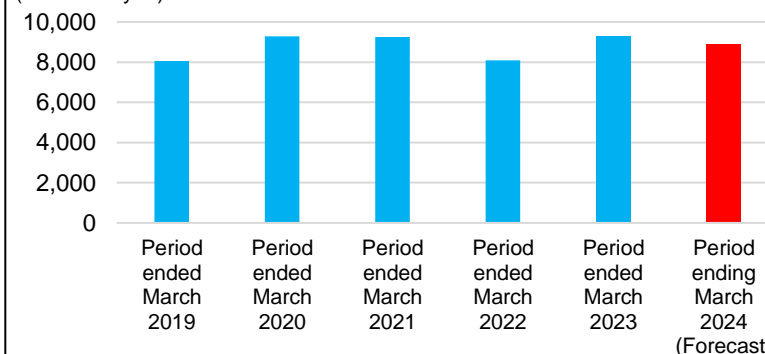
Operating profit

(Millions of yen)



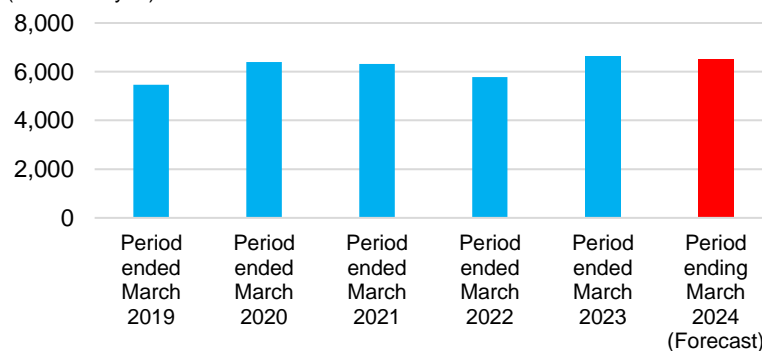
Ordinary profit

(Millions of yen)



Net profit

(Millions of yen)





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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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