
Financial Briefing for the Fiscal Year Ended March 2022

Progress towards Compliance with the Prime Market's Continued Listing Criteria

May 19, 2022

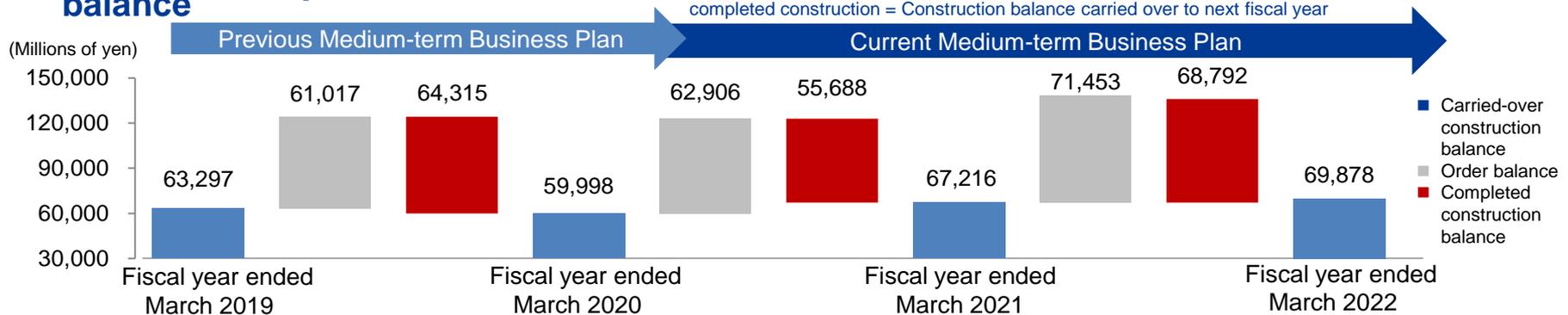


1. Summary of results

Consolidated completed construction balance

68,792 million yen (+23.5% year-on-year)

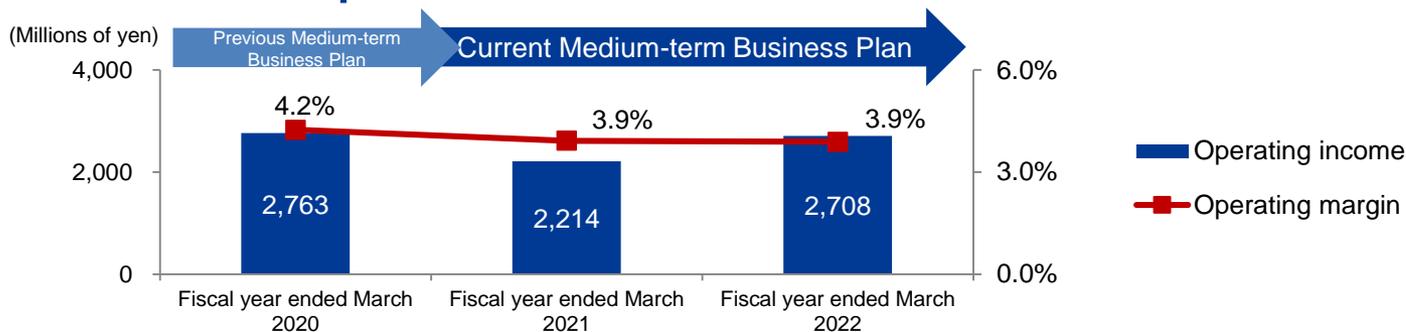
The completed construction balance rose 23.5% from the previous fiscal year to 68,792 million yen as a result of factors including significant increases in the construction balance carried over from the previous year and in the order balance. Reference: Construction balance carried over from previous fiscal year + order balance - completed construction = Construction balance carried over to next fiscal year



Consolidated operating income

2,708 million yen (consolidated operating margin: 3.9%)

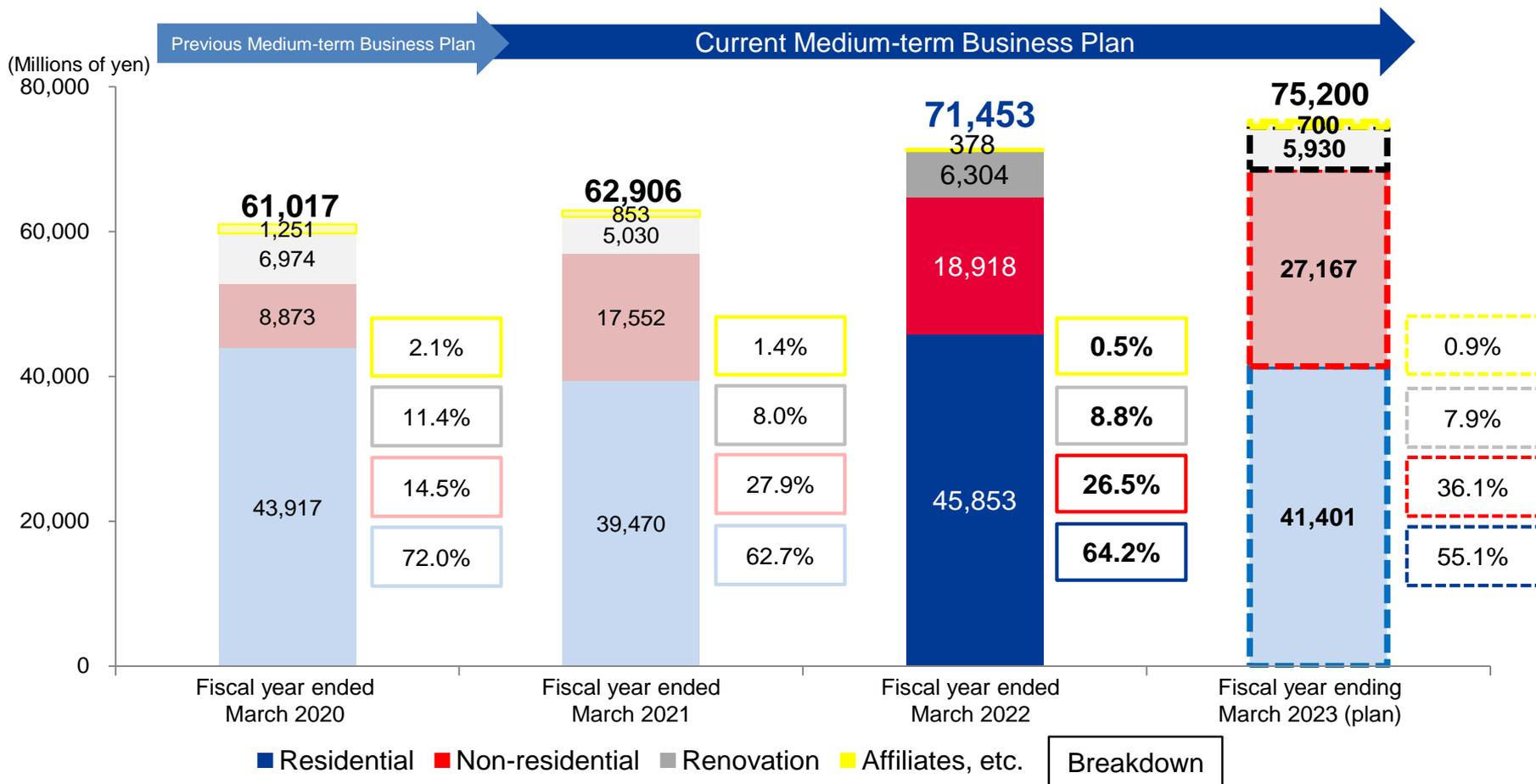
Operating income rose 22.3% from the previous fiscal year to 2,708 million yen thanks to rising sales. (+22.3%/±0 points year-on-year)



*Figures have been rounded down to the nearest million yen.

2-1. Trend in consolidated order balance

The order balance rose 13.6% from the previous fiscal year to 71,453 million yen, surpassing 70 billion yen as residential, non-residential, and renovation orders rose.

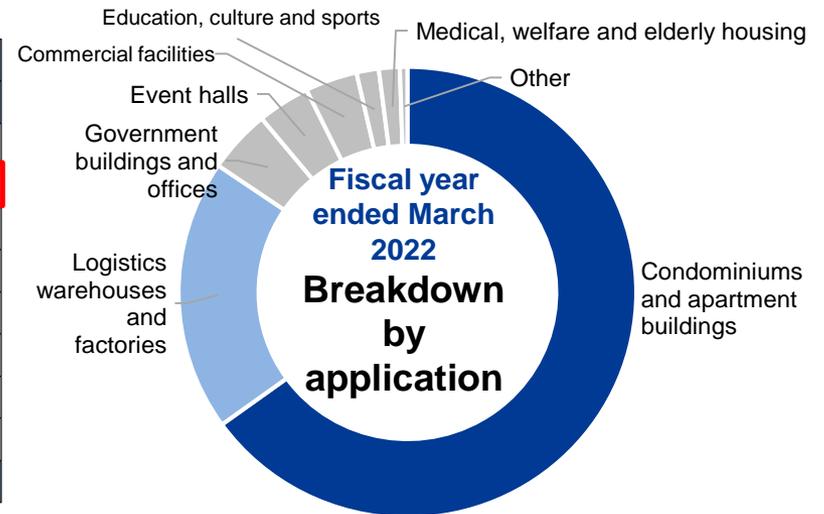


*The classification standards changed as of the fiscal year ended March 2022. Figures for previous fiscal years have been adjusted in line with the new classification standards.

2-2. Trend in consolidated order balance

By application Orders in the “Logistics warehouses and factories” category, a core segment, rose. (Millions of yen)

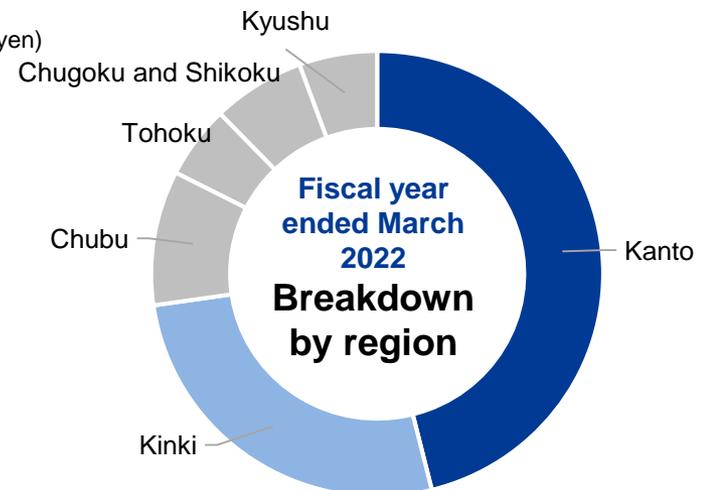
	Fiscal year ended March 2020		Fiscal year ended March 2021		Fiscal year ended March 2022	
		Breakdown		Breakdown		Breakdown
Condominiums and apartment buildings	44,450	72.7%	41,275	65.5%	46,498	65.0%
Logistics warehouses and factories	3,891	6.4%	9,516	15.1%	13,898	19.5%
Government buildings and offices	4,141	6.8%	1,867	3.0%	3,216	4.5%
Event halls	2,915	4.8%	2,737	4.4%	2,657	3.7%
Commercial facilities	2,774	4.5%	2,799	4.5%	2,633	3.7%
Education, culture and sports	1,134	1.9%	1,662	2.6%	1,120	1.6%
Medical, welfare and elderly housing	458	0.8%	2,194	3.5%	1,051	1.5%
Other	1,251	2.1%	853	1.4%	378	0.5%
Total	61,017	100.0%	62,906	100.0%	71,453	100.0%



* Renovation work is classified on the basis of building application, while affiliates are included in the “Other” category.

By region Orders in the “Kanto” category rose. (Millions of yen)

	Fiscal year ended March 2020		Fiscal year ended March 2021		Fiscal year ended March 2022	
		Breakdown		Breakdown		Breakdown
Kanto	20,583	33.7%	28,187	44.8%	32,985	46.1%
Kinki	25,130	41.2%	22,568	35.9%	19,004	26.6%
Chubu	4,341	7.1%	4,852	7.7%	6,977	9.8%
Tohoku	3,185	5.2%	440	0.7%	3,764	5.3%
Chugoku and Shikoku	4,613	7.6%	2,284	3.6%	4,739	6.6%
Kyushu	3,161	5.2%	4,572	7.3%	3,983	5.6%
Total	61,017	100.0%	62,906	100.0%	71,453	100.0%

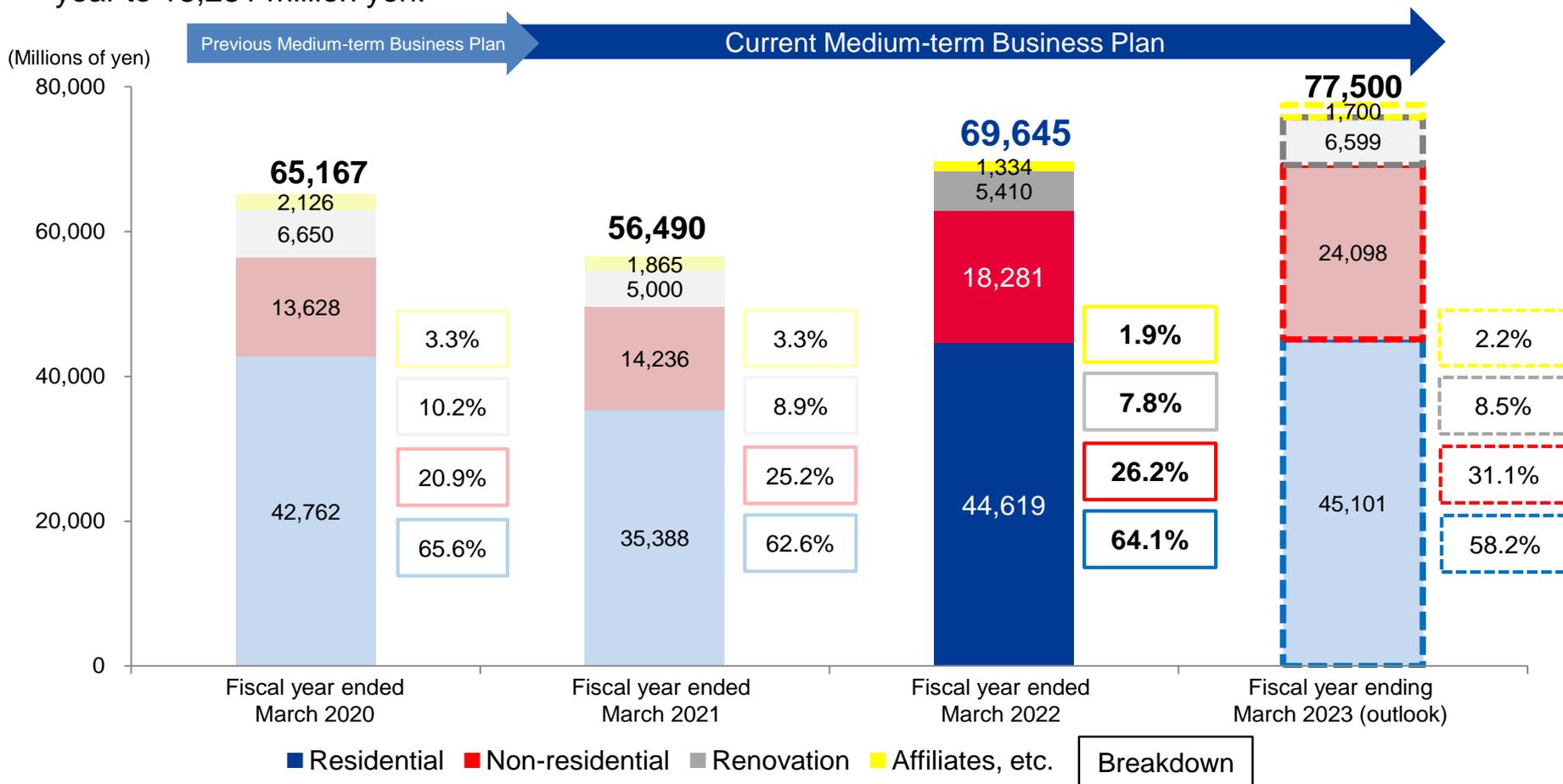


*Affiliates are included in the “Kinki” category.

3. Trend in consolidated sales

Sales rose 23.3% from the previous fiscal year to 69,645 million yen as a result of increases in the construction balance carried over from the previous year and in the order balance.

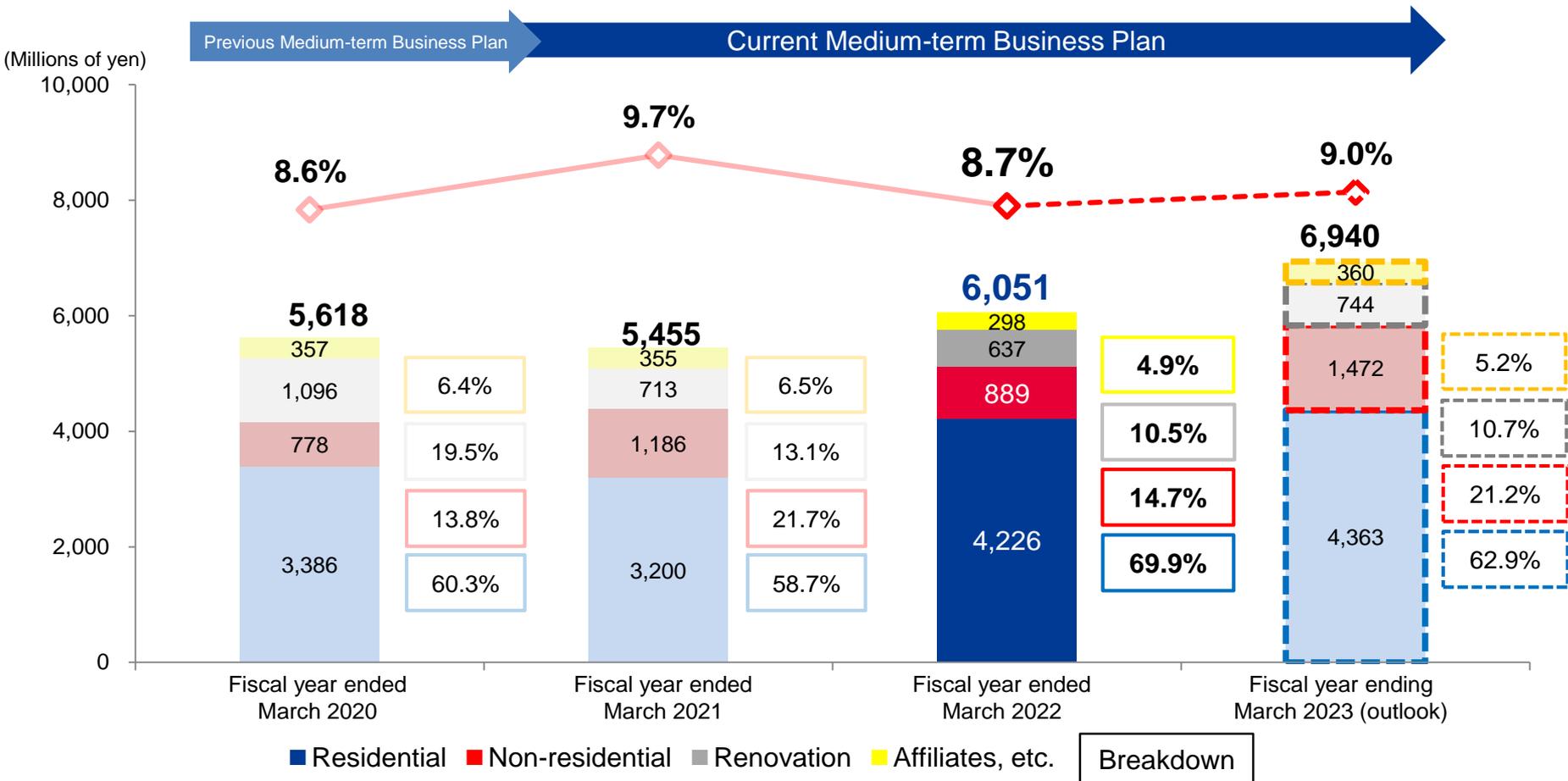
Sales in the “Non-residential” category, which we’re working to strengthen, rose 28.4% from the previous year to 18,281 million yen.



*The classification standards changed as of the fiscal year ended March 2022. Figures for previous fiscal years have been adjusted in line with the new classification standards.

4. Trend in gross margin on consolidated sales

Gross margin on sales rose to **6,051 million yen** thanks to rising sales.



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5. Consolidated balance sheet

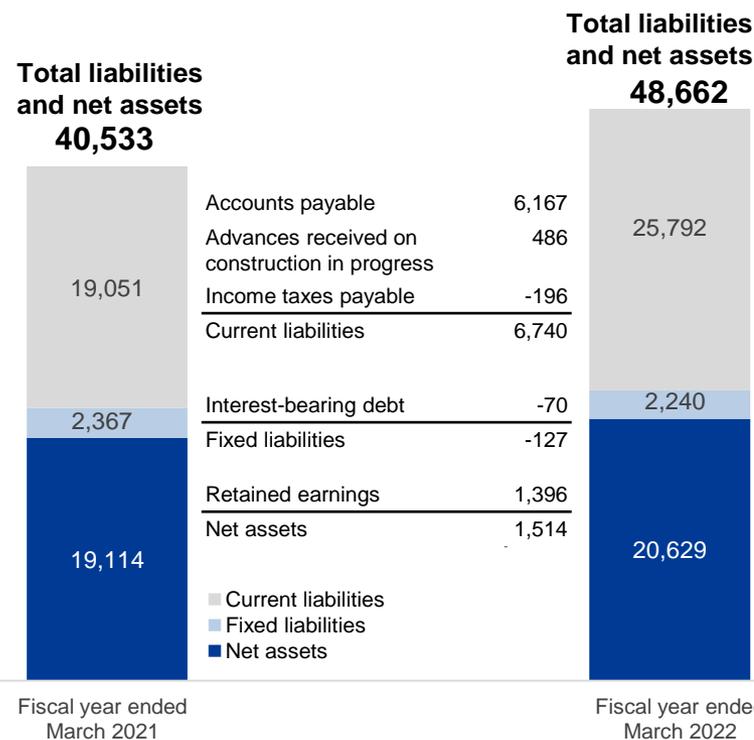
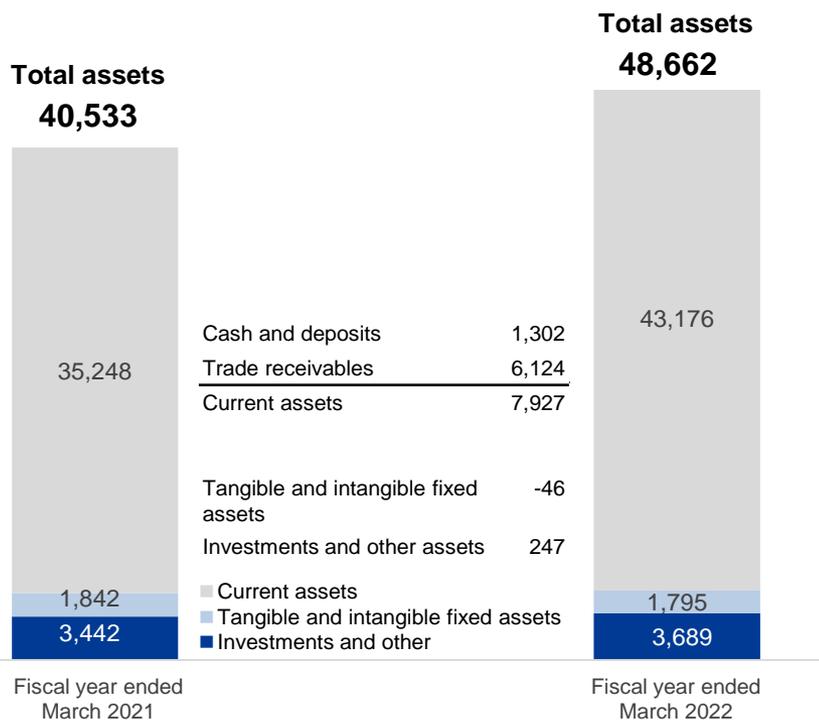
Current assets rose as a result of growth in trade receivables (notes receivable, unpaid income from completed construction, and electronically recorded monetary claims), cash and deposits, and other accounts. Current liabilities rose as a result of growth in accounts payable (notes payable, accounts payable for construction work, and electronically recorded liabilities) and other accounts. Net assets grew due to increase in retained earnings.

■ Assets +8,128

(Millions of yen)

■ Liabilities and net assets +8,128

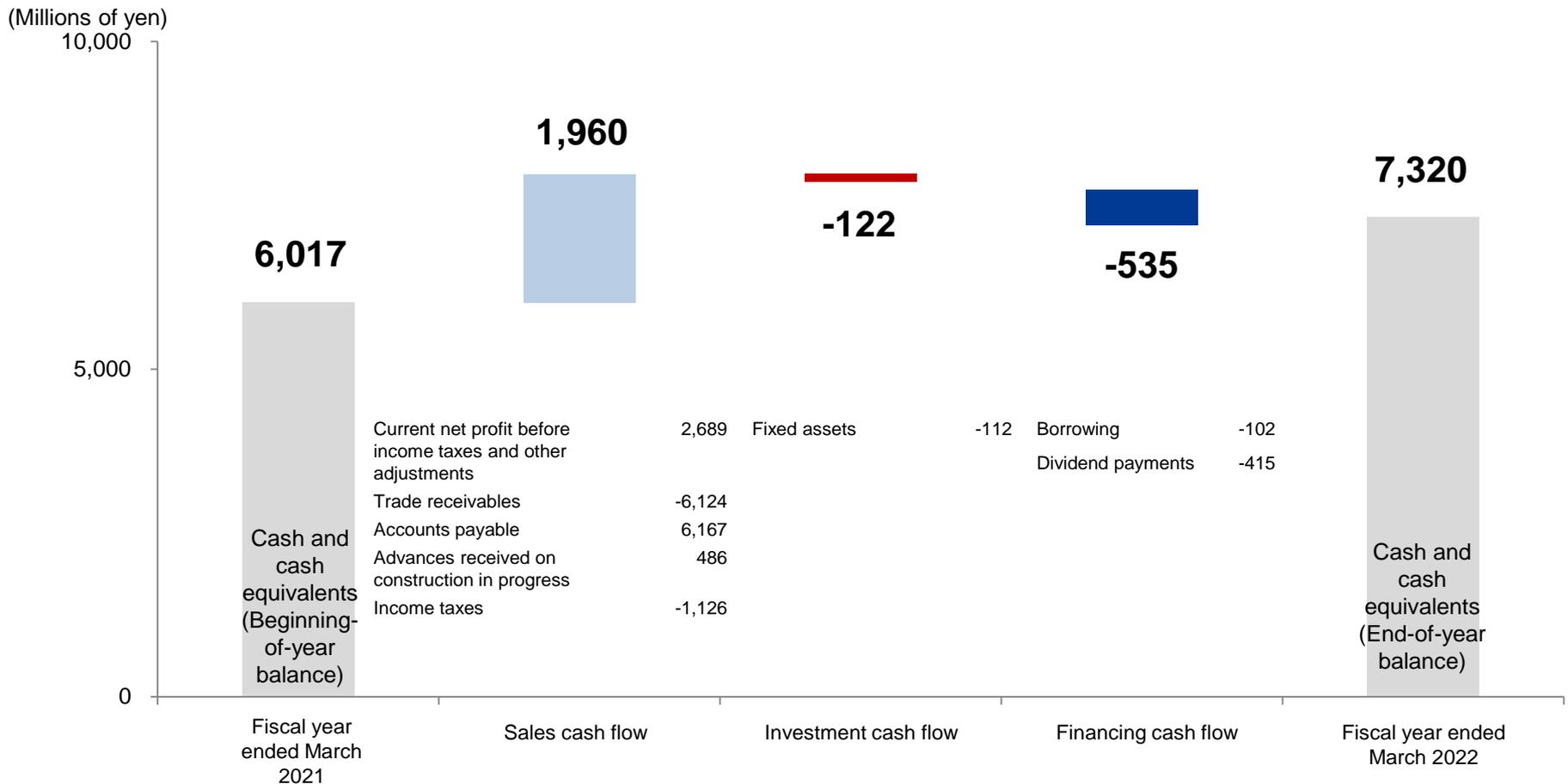
(Millions of yen)



Capital adequacy ratio	Fiscal year ended March 2021	Fiscal year ended March 2022
	47.2%	42.4%

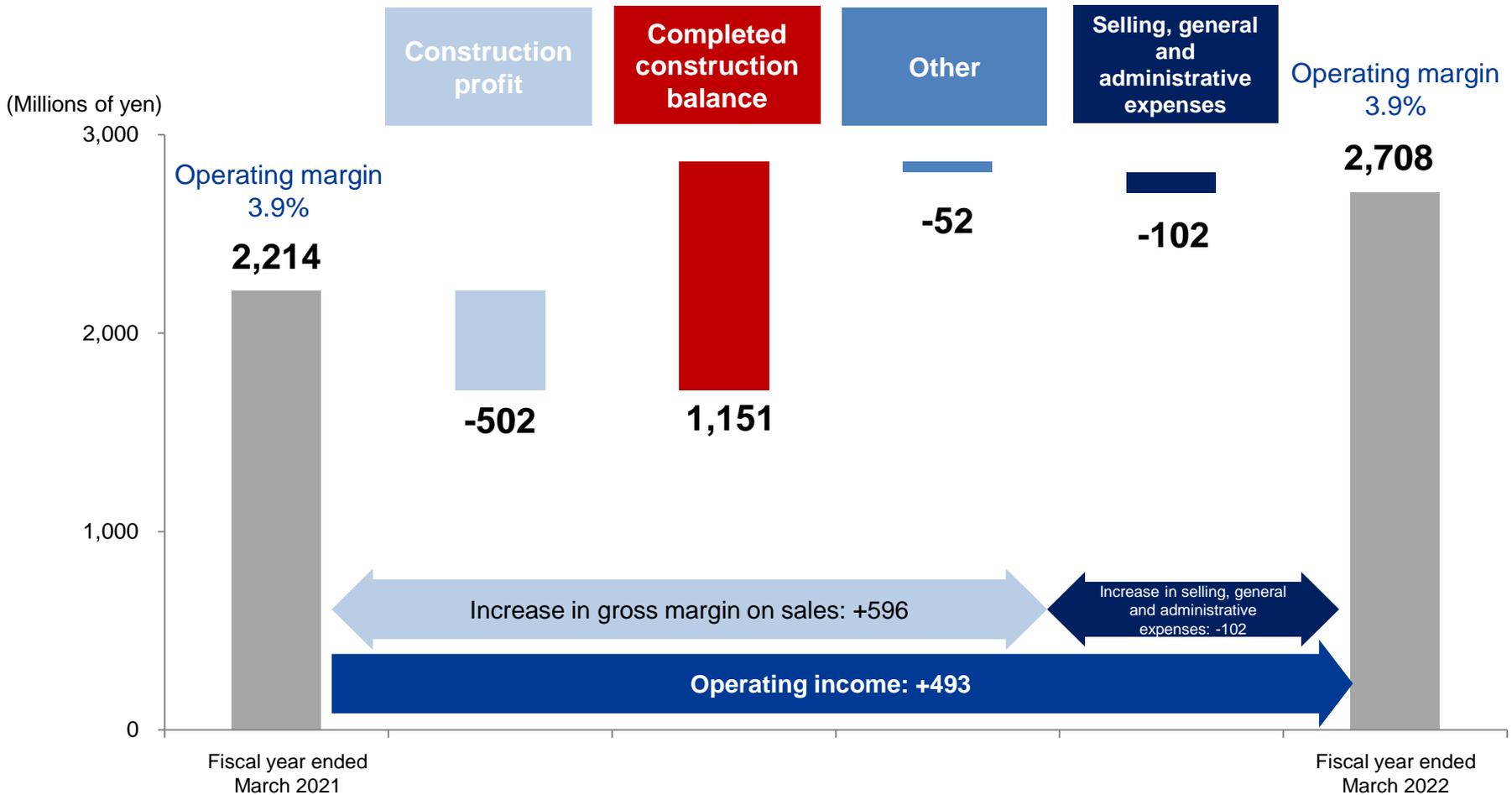
6. Consolidated cash flows

The balance of cash and cash equivalents at the end of the fiscal year rose 1,302 million yen to 7,320 million yen as factors including the posting of income before income taxes and other adjustments and growth in accounts payable (notes payable, accounts payable for construction work, and electronically recorded liabilities) offset increases in trade receivables (notes receivable, unpaid income from completed construction, and electronically recorded monetary claims) and decreases in income tax and other payments.



7. Factors affecting consolidated operating income

Consolidated operating income rose 493 million yen from the previous year thanks to factors including growth in the completed construction balance.



8-1. Principal completed construction

(October 2021 to March 2022)

*In order of prefectural code

Client	Building	Prefecture	Use
Mitsubishi Estate Co., Ltd. ENEOS Real Estate Corporation	Logicross Funabashi	Chiba	Logistics warehouses and factories
JKK Tokyo Public Corporation	Metropolitan Sasazuka 2-chome Apartments	Tokyo	Condominiums and apartment buildings (renovation)
Isseikai Social Medical Corporation	Isseikai Kimura Hospital	Tokyo	Medical, welfare and elderly housing
Shimizu Comprehensive Development Tokyo Tatemono Co., Ltd.	FUJISAWA THE TOWER	Kanagawa	Condominiums and apartment buildings
Daiwa House Industry Co., Ltd.	Premist Yokohama-Tanmachi	Kanagawa	Condominiums and apartment buildings
Kanden Realty & Development Co., Ltd. Kintetsu Real Estate Co., Ltd.	Cielia Minoo-Senba	Osaka	Condominiums and apartment buildings
Kubota Corporation	Building C6, Sakai Plant	Osaka	Logistics warehouses and factories (renovation)
Seino Transportation Co., Ltd.	Kawachi Branch, Seino Transportation Co., Ltd.	Osaka	Logistics warehouses and factories (renovation)
Osaka Gas Co., Ltd.	Osaka Gas Imazu Athletic Field Gymnasium	Hyogo	Educational, cultural, and sports facilities (renovation)
Takara Leben West Japan Co., Ltd.	Leben Haruda SILVISTA	Fukuoka	Condominiums and apartment buildings

8-1. Principal completed construction

(October 2021 to March 2022)



Logicross Funabashi



Isseikai Kimura Hospital



FUJISAWA THE TOWER



Premist Yokohama-Tanmachi



Cielia Minoo-Senba



Leben Haruda SILVISTA

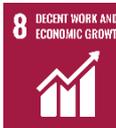
8-2. Principal ordered construction

(October 2021 to March 2022)

*In order of prefectural code

Client	Building (project)	Prefecture	Use
FP Corporation	FP Kanto No. 3 Center FM	Ibaraki	Logistics warehouses and factories (renovation)
Tachibana Syoji Co., Ltd.	Former Toda Chuo Rehabilitation Hospital, Institute, and Clinic	Saitama	Medical, welfare and elderly housing (renovation)
Logi Flag No. 1 LLC	Logi Flag Kuki I	Saitama	Logistics warehouses and factories
Takara Leben Co., Ltd.	L.biz Nihonbashi	Tokyo	Government buildings and offices
Tokyo Tatemono Co., Ltd.	Meguro Ohashi Condominium Project Leased Building	Tokyo	Condominiums and apartment buildings
San Shin Jyuken Ltd. Keikyu Real Estate Co., Ltd. Taisei-Yuraku Real Estate Co., Ltd.	Yokosuka Hinodecho Project	Kanagawa	Condominiums and apartment buildings
Pressance Corporation	Pressance Loger Kamejima 1-chome	Aichi	Condominiums and apartment buildings
Mitsubishi Estate Co., Ltd.	Logicross Osaka-Katano	Osaka	Logistics warehouses and factories
Tokyo Tatemono Co., Ltd. NTT Urban Development Corporation	Nishinomiya Takatsukacho Project	Hyogo	Condominiums and apartment buildings
Anabuki Kosan Inc.	AlphaStates Matsue Station South	Shimane	Condominiums and apartment buildings

9. SDG initiatives (from the Medium-term Business Plan)

Area	Example initiative	Target	SDG targets	2021/3 Performance	2022/3 Performance
Resolving environmental problems E nvironment	Extending the service life of existing buildings	Value of update and renovation orders	  	4.7 billion yen	5.3 billion yen
Resolving social issues S ocial	Making existing buildings more resilient	Number of earthquake resistance renovation orders received	 	4	6
	Conducting R&D into construction technologies	Number of new-technology development initiatives	 	3	5
	Improving productivity	Per capita sales improvement rate	  	-17.7% *Versus fiscal year ended March 2020	+0.8% *Versus fiscal year ended March 2020
Corporate governance G overnance	Raising compliance awareness	Number of educational sessions for officers and employees	 	15	15

Progress towards Compliance with the Prime Market's Continued Listing Criteria

Compliance with the Prime Market's Continued Listing Criteria



	Fiscal year ended March 2021* ¹	As of transition reference date* ²	Compliance plan* ³	Fiscal year ended March 2022* ¹	Fiscal year ending March 2023	Fiscal year ending March 2024	Fiscal year ending March 2025
Market capitalization	5.93 billion yen	6.48 billion yen	7.4 billion yen	8.63 billion yen			At least 10 billion yen
Trading value	10 million yen per day	9 million yen per day	20 million yen per day	20 million yen per day			At least 20 million yen per day

Reference: Progress towards targets listed in our compliance plan

Dividend ratio	26.2%	—	—	34.6%	At least 50%		
ROE	8.7%	—	—	9.1%			At least 10%
ROIC	7.8%	—	—	9.1%			At least 10%
Consolidated sales	56.4 billion yen	—	—	69.6 billion yen	77.5 billion yen		
Consolidated current net profit (Consolidated operating income)	1.6 billion yen (2.21 billion yen)	—	—	1.81 billion yen (2.7 billion yen)	1.99 billion yen (2.9 billion yen)		

*1 Market capitalization has been calculated by multiplying the average final share price on the Tokyo Stock Exchange during the three months leading up to the last day of the business year by the number of outstanding shares as of the last day of the business year; trading volume has been calculated as the average value from January through December for each year.

*2 From “Primary Decision Results Concerning Compliance with New Market Section Continued Listing Criteria.”

*3 From “Plan for Achieving Compliance with New Market Section Continued Listing Criteria,” as disclosed on December 15, 2021.

Market capitalization as of November 30, 2021; average trading value from January 2021 to November 2021.

The number of outstanding shares as of March 31, 2021, was used to calculate *1, *2, and *3.

Basic plan for increasing shareholder value

- Building **interconnected business and capital strategies** with the goal of increasing shareholder value, along with governance structures to support them
- For the time being, striving to achieve growth and improvement through high-priority investments that help resolve issues and balance-sheet management



Quickly realizing DX plan formulation, system development, and companywide deployment

Giving efforts to increase corporate value top priority and establishing the DX Implementation Headquarters, which is chaired by the president, on April 1, 2022, in an effort to implement our Medium-term Business Plan and Vision 2030

Focusing investment on profit centers that yield orders and profits

Sales DX

- Building DX systems that dramatically boost quotation speed and estimation precision
- Contributing to customers' high-precision business planning and expanding opportunities to be involved from the business planning stage
- Deploying DX systems and increasing our ability to secure orders in new markets
- Reducing post-order profit fluctuation risk through use of the most recent data to secure reliable profits

Construction DX

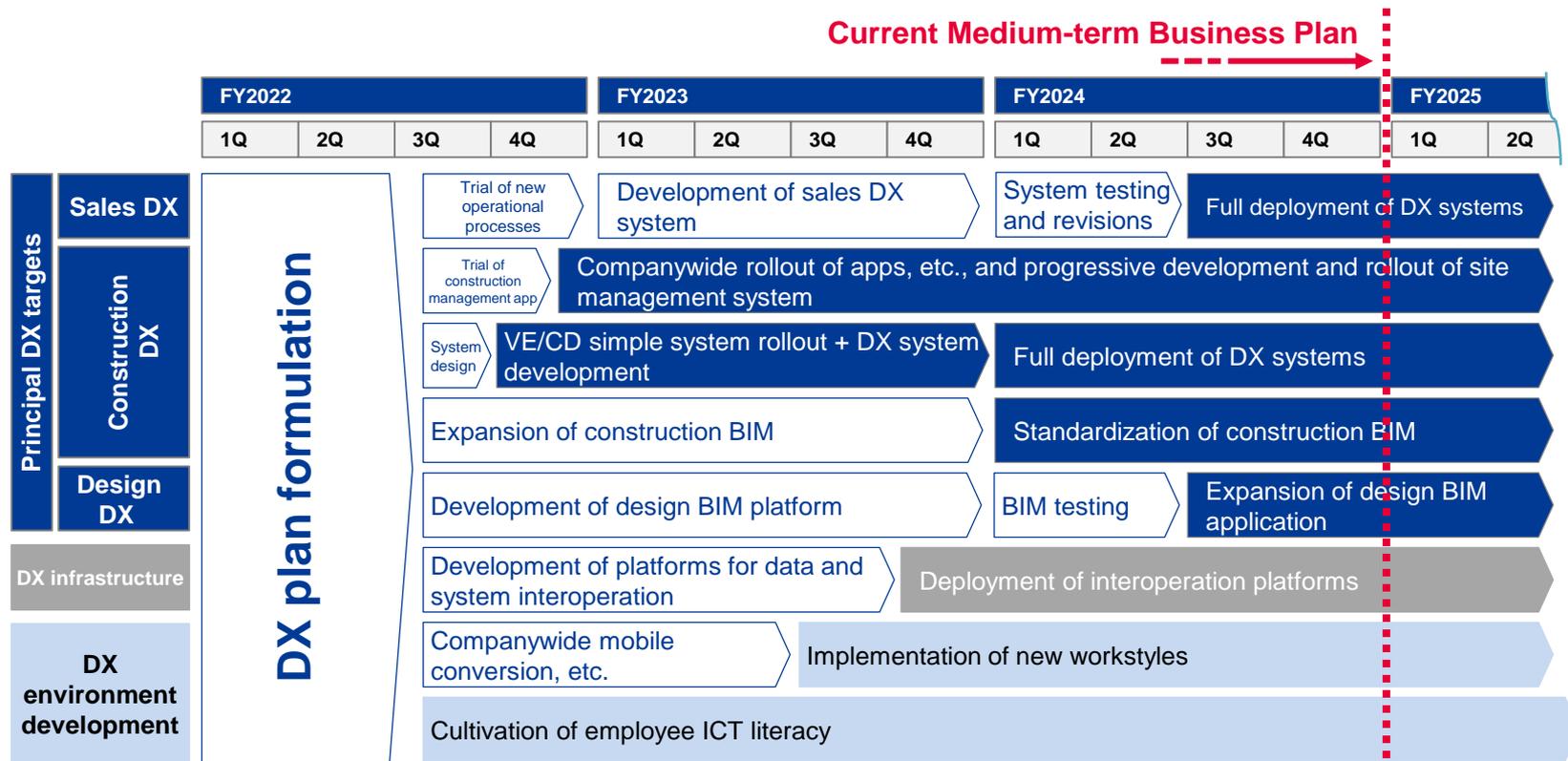
- Streamlining operations by putting in place mobile environments at construction sites and deploying ICT tools, construction BIM, and other resources
- Establishing structures for handling 100 billion yen projects by increasing per capita productivity, defined as construction value
- Further improving profitability during the construction stage by building VE and CD support systems

Design DX

- Increasing profit through front-loading by boosting the percentage of jobs for which we handle both design and construction by enhancing our BIM design capabilities
- Strengthening our ability to participate in large-scale construction projects by improving our ability to offer compelling proposals to customers through BIM
- Improving our ability to secure orders by strengthening our design capabilities in the non-residential segment through BIM

Strategic growth investment (2) (DX plan overview and roadmap)

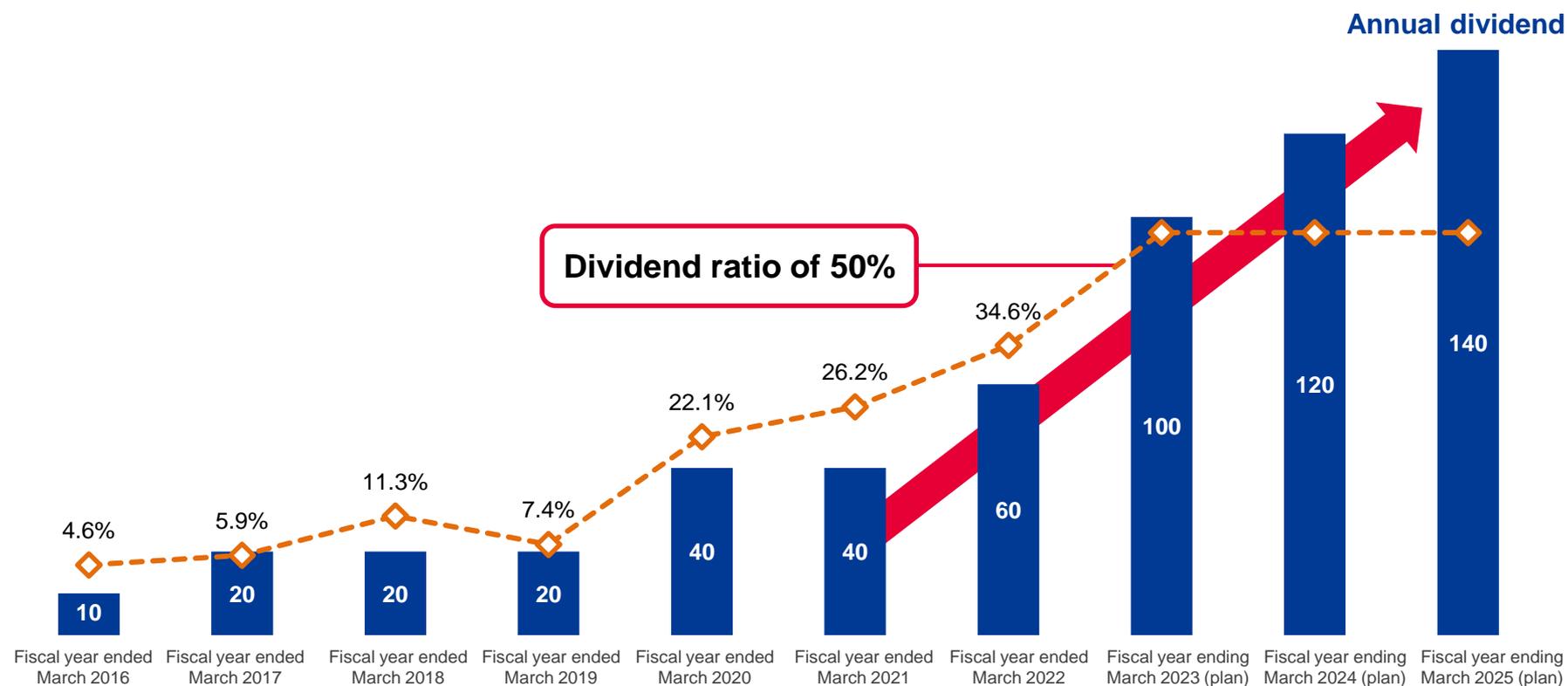
- Establish a roadmap expressing DX investment benefits for FY2024, the final year of the current Medium-term Business Plan.
- Formulate a DX plan for all domains by October 31, 2022, and determine our approach to new operational processes and data utilization.
- Put in place DX infrastructure and a DX environment in advance so that DX systems can operate in an effective manner.



Colored arrows indicate when the effects of measures will be felt.

Capital strategies

We will adopt a dividend ratio of **at least 50%** starting with the fiscal year ending in March 2023.



* The annual dividend during the fiscal year ending in March 2023 and beyond is determined in accordance with current quantitative plans. Actual dividend amounts will vary with the extent to which the plans are being achieved.

Specific initiative measures (governance structures)

CG Code	Initiative	Fiscal year ended March 2016	Fiscal year ended March 2017	Fiscal year ended March 2022	Fiscal year ending March 2023	Fiscal year ending March 2024	Fiscal year ending March 2025
Already implemented							
4	Transitioning to a corporate structure with an Audit and Supervisory Committee		Complete				
4-10 (1)	Establishing a Nomination and Remuneration Committee and ensuring its independence	Complete					
4-6	Revising operating officer structures (to reflect officers' status as contractors rather than employees)			Complete			
4-2 (1)	Introducing a performance-linked compensation program		Complete		Introducing a new performance-linked stock compensation program*1		
4-1 (3)	Formulating a succession plan			Complete			
1-2 (4)	Implementing a platform allowing voting rights to be exercised electronically			Complete			
3-1 (2)	Disclosing information and providing materials in English			Complete for earnings summaries	(Gradually increasing the scope of disclosure) 		
Future initiatives							
4-8	Ensuring independent outside directors comprise at least one-third of the Board of Directors (Formulating a skill matrix)				Scheduled completion		
4-11 (1)	Promoting female directors				Scheduled completion		
3-1 (3)	Implementing TCFD disclosures					Scheduled completion	
5-1	Revitalizing our IR activities	Disclosing supplemental end-of-year financial information		Hosting briefings for institutional and private investors	 (Implementing as appropriate)		

*1 Scheduled to be discussed at the Regular Shareholders' Meeting scheduled to be held on June 24, 2022.

Concerning the introduction of a performance-linked stock compensation program



■ Overview of the program

- We will introduce a performance-linked stock compensation program (performance share unit program).

* Eligibility: Daisue directors other than outside directors and directors who serve on the Audit and Supervisory Committee, as well as operating officers who do not serve as directors.

* A resolution concerning the introduction of this program is scheduled to be considered at the 76th Regular Shareholders' Meeting scheduled to be held on June 24, 2022.

■ Purpose of the program

- To establish a clearer link between eligible directors' compensation and Daisue's performance and shareholder value
- To raise awareness of the need to contribute to improving medium- and long-term performance and corporate value

■ Grant conditions and method for calculating number of shares

- The following factors will be considered as of June 30, 2025:

(1) That Daisue's market capitalization has exceeded 10 billion yen

(2) That Daisue continues to be listed in the Tokyo Stock Exchange's Prime Market, and that no decision has been made to move its shares to another market

- Total shareholder return (TSR) will be used as a performance-linked coefficient.

*Calculation period: 3 years (March 31, 2022, to March 31, 2025)

A company that creates spaces rich in
security and joy

