
Financial Briefing for the Fiscal Year Ended March 2023

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

May 26, 2023



1. Summary of results for the fiscal year ended March 2023

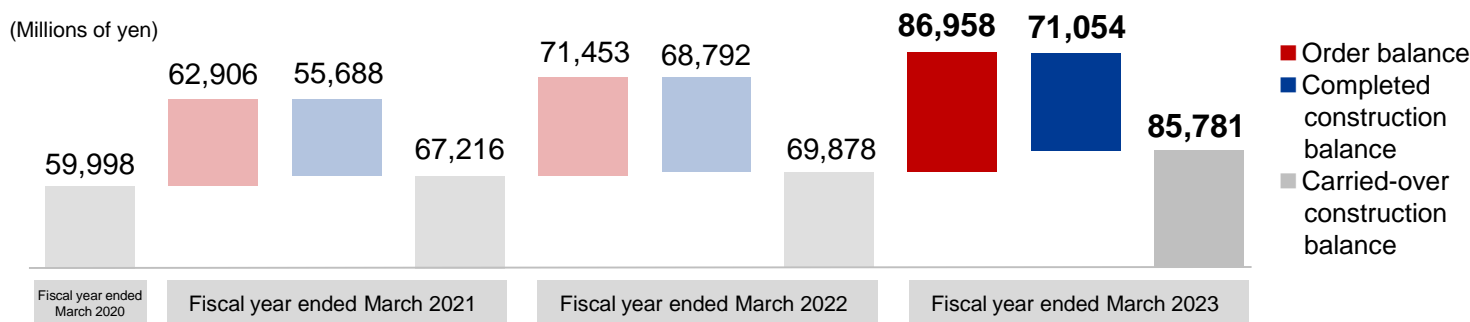


Consolidated completed construction balance

71,054 million yen (+3.3% year-on-year)

The completed construction balance rose 3.3% from the previous fiscal year to 71,054 million yen as a result of an increase in the construction balance carried forward from the previous fiscal year and a significant increase in the order balance resulting from the receipt of large residential orders.

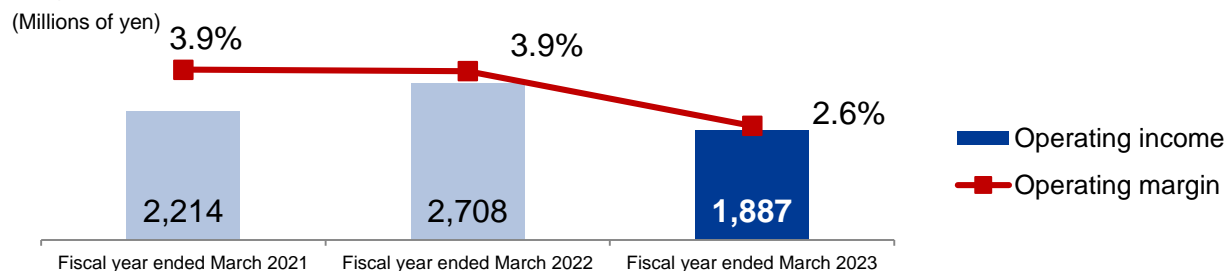
Reference: $\text{Construction balance carried over from previous fiscal year} + \text{order balance} - \text{completed construction} = \text{Construction balance carried over to next fiscal year}$



Consolidated operating income

1,887 million yen (consolidated operating margin: 2.6%)

Consolidated operating income fell 30.3% from the previous fiscal year to 1,887 million yen as a result of factors including soaring building material costs and efforts to secure strategic orders in flagship business areas.



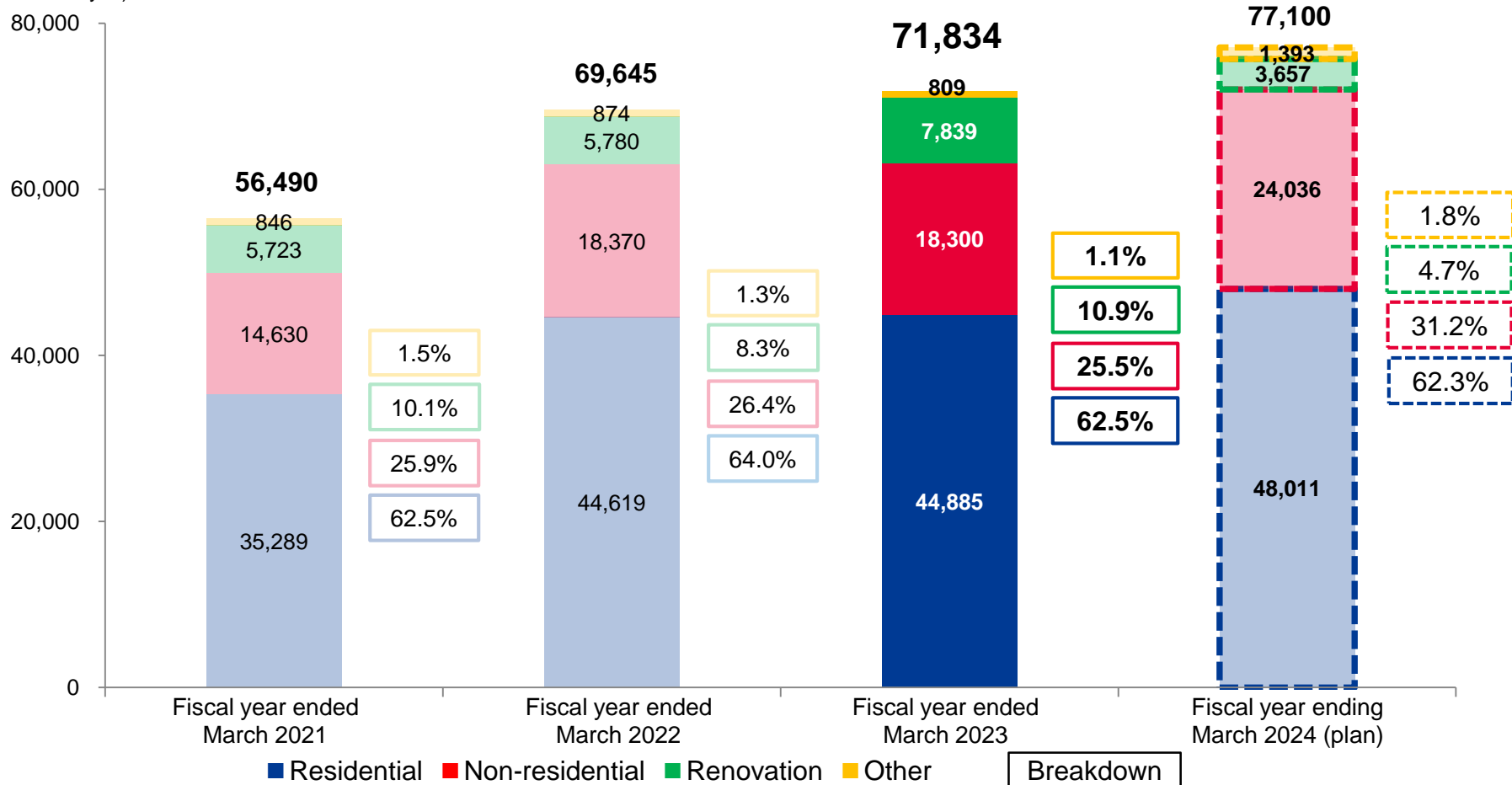
*Figures have been rounded down to the nearest million yen.

2-1. Trend in consolidated sales

Sales rose 3.1% from the previous fiscal year to 71,834 million yen as a result of increases in the construction balance carried over from the previous year and in the order balance.

We're making steady progress towards achieving the 2030 Vision's sales target of 100 billion yen.

(Millions of yen)



*The classification standards changed as of the fiscal year ended March 2023. Figures for previous fiscal years have been adjusted in line with the new classification standards.

2-2. Principal completed construction

Residential



Brillia Nerima-Kasugacho

Tokyo Tatemono Co., Ltd. / Tokyo



Latierra Otorii

Tokyo Gas Real Estate Co., Ltd. / Tokyo



Proud Omiya-Sakuragicho

Nomura Real Estate Development Co., Ltd. /
Saitama Prefecture

Non-residential



Ref Kanku-Izumisano by Vessel Hotels

JA Mitsui Leasing Tatemono Co., Ltd. / Osaka Prefecture



Logicross Osaka-Katano

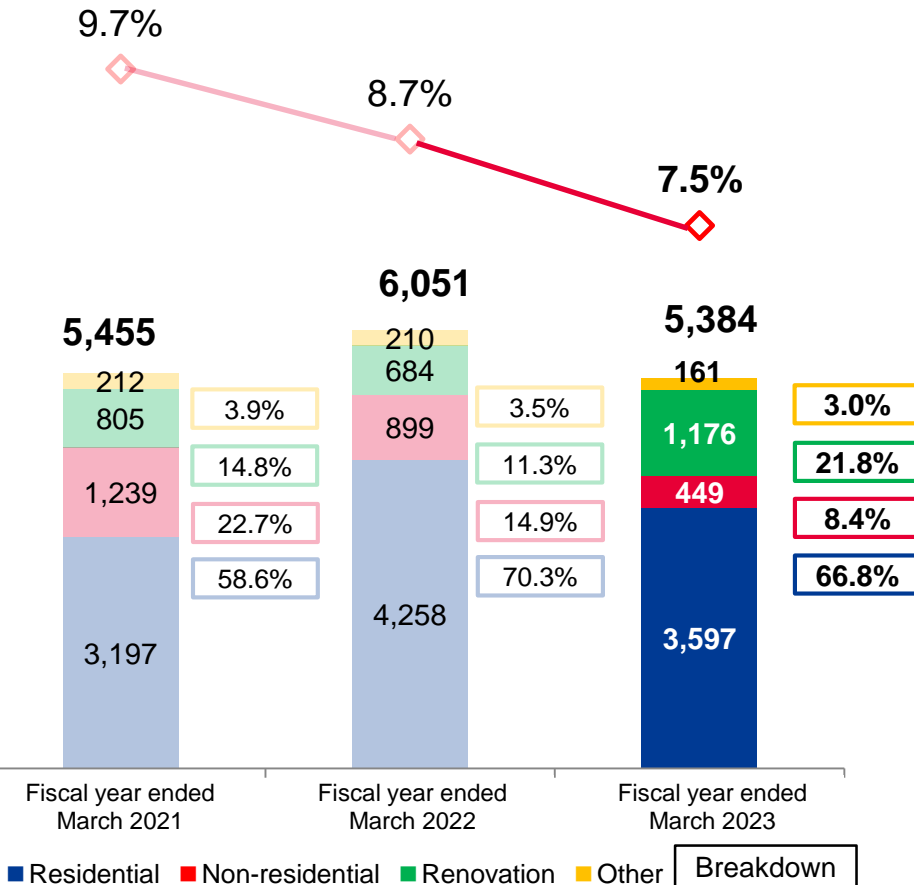
Mitsubishi Estate Co., Ltd. / Osaka Prefecture

3-1. Trend in gross margin on sales and factors affecting operating income

Gross margin on sales fell 11.0% from the previous fiscal year to 5,384 million yen while operating income fell 30.3% to 1,887 million yen, reflecting factors including (1) soaring building material costs and (2) efforts to secure strategic orders in core business areas.

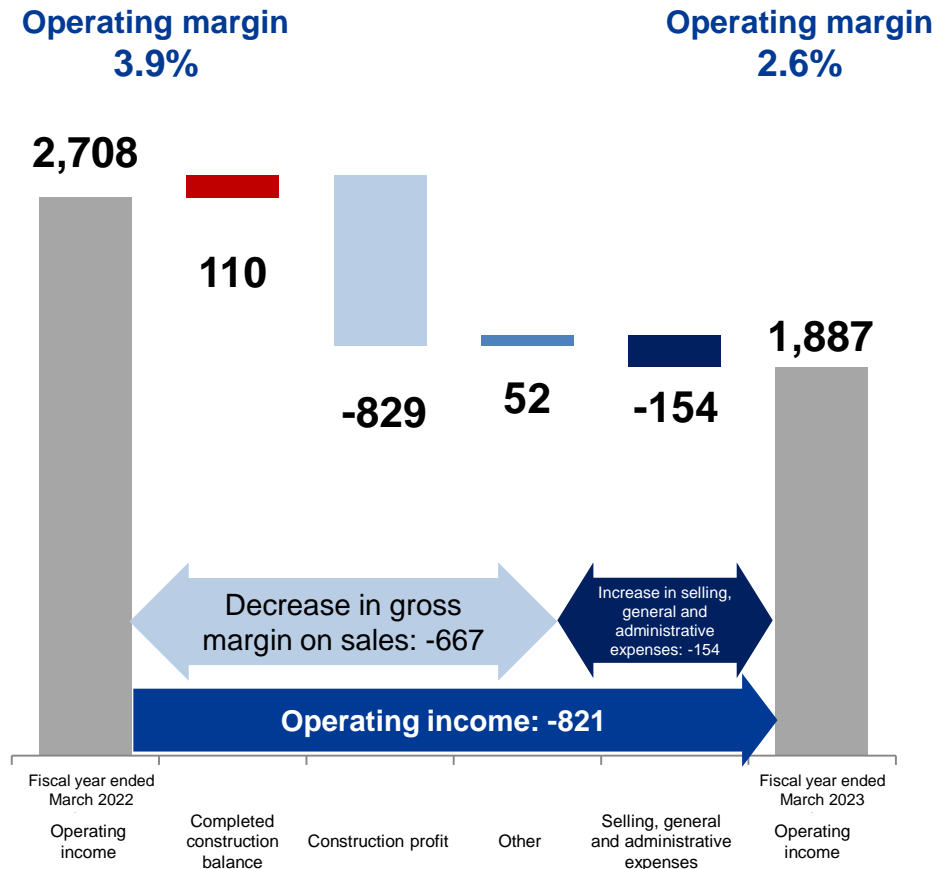
Trend in gross margin on sales

(Millions of yen)



Factors affecting operating income

(Millions of yen)



*The classification standards changed as of the fiscal year ended March 2023. Figures for previous fiscal years have been adjusted in line with the new classification standards.

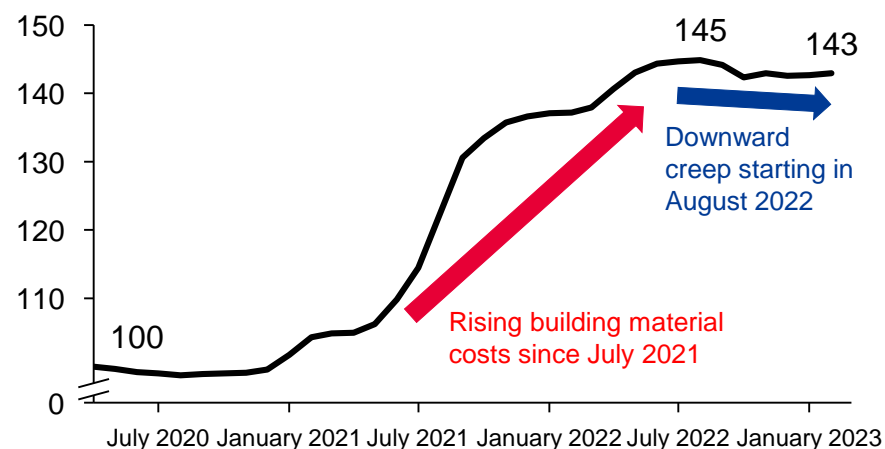
3-2. Factors behind the decrease in profitability and improvement initiatives

The decrease in profitability is due to two principal factors—(1) soaring building material costs and (2) efforts to create a strategic track record of participation in projects in core business areas—and will have a temporary effect. We expect profit to improve going forward as building material costs settle down and as a trend towards improved profitability takes hold in the non-residential segment of our business.

Factor (1) Soaring building material costs

- Price hikes for building materials exceeded our initial expectations, pushing down profitability in multiple projects.
- The trend since August 2022 has been for prices to creep down, and we're seeing signs of stability.

Construction material price index (nationwide)*1



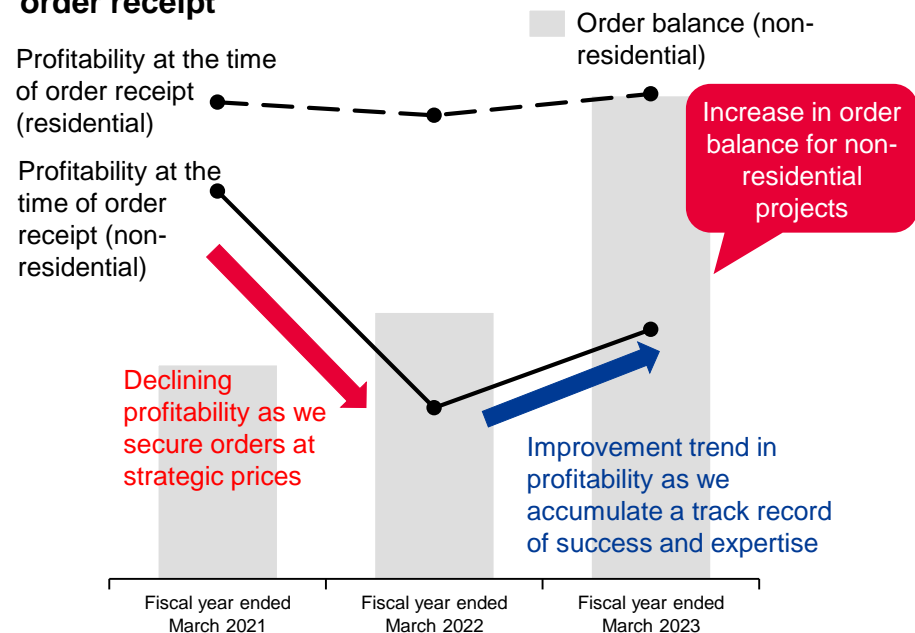
We're currently **bolstering structures so we can deal with price fluctuations in a timely manner** (more aggressive price negotiations in times of inflation, sales DX, etc.) as a way to prepare for additional upward price pressure on building materials.

*1: Compiled based on data released by the Economic Research Association; April 2020 = 100.

Factor (2) Efforts to create a strategic track record of participation in projects in core business areas

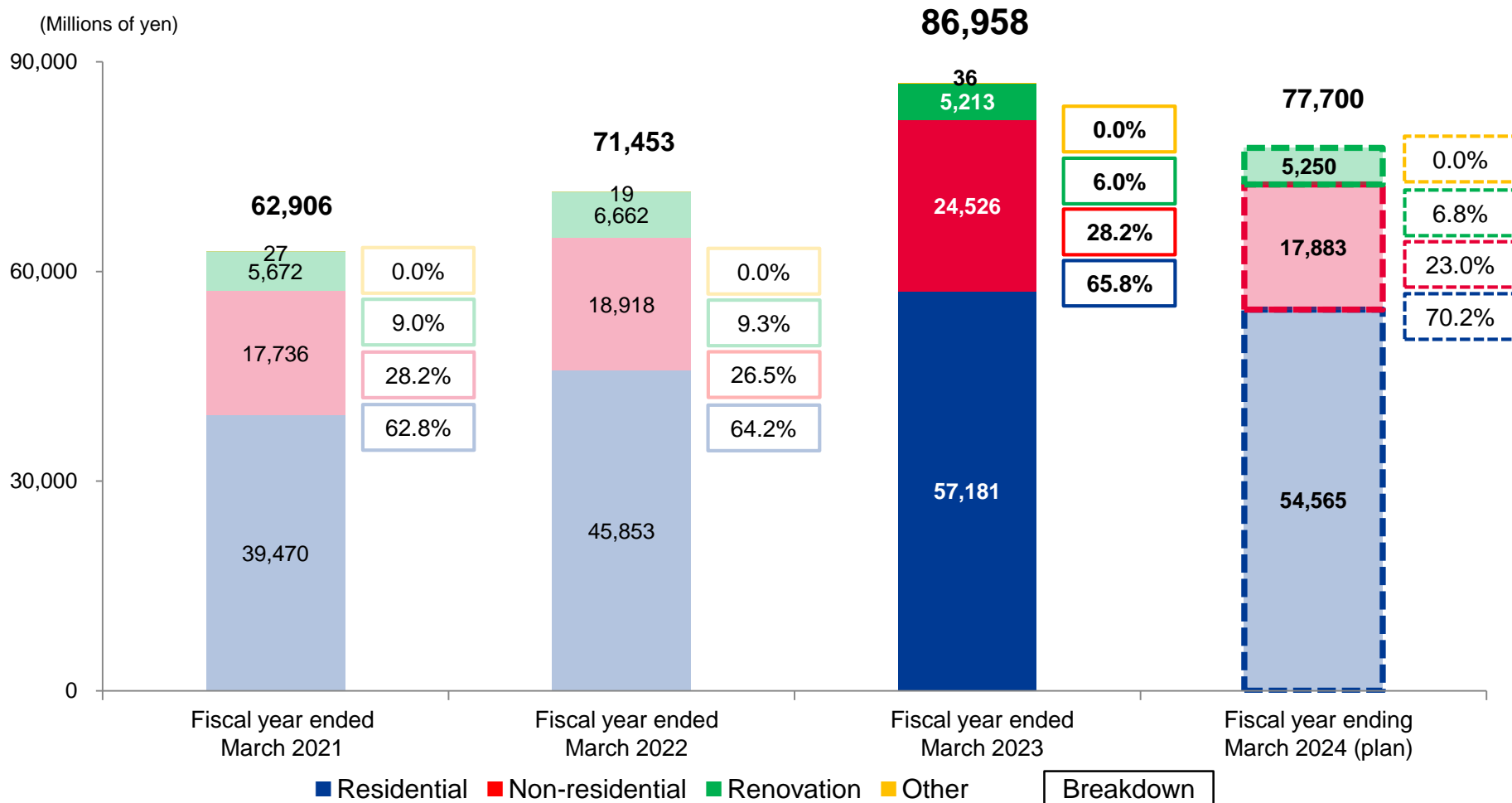
- During the fiscal year ended March 2022, we secured orders for non-residential projects (particularly for logistics projects) at strategic prices in order to build a track record of success while gaining expertise.
- Profitability at the time of order receipt started to improve during the fiscal year ended March 2023 as we accumulate a track record of success and expertise.

Illustration of order balance and profitability at the time of order receipt



4-1. Trend in consolidated order balance

We added orders for large condominium buildings as well as orders for logistics warehouses and other facilities, both of which are flagship business areas, pushing the consolidated order balance up to 86,958 million yen.



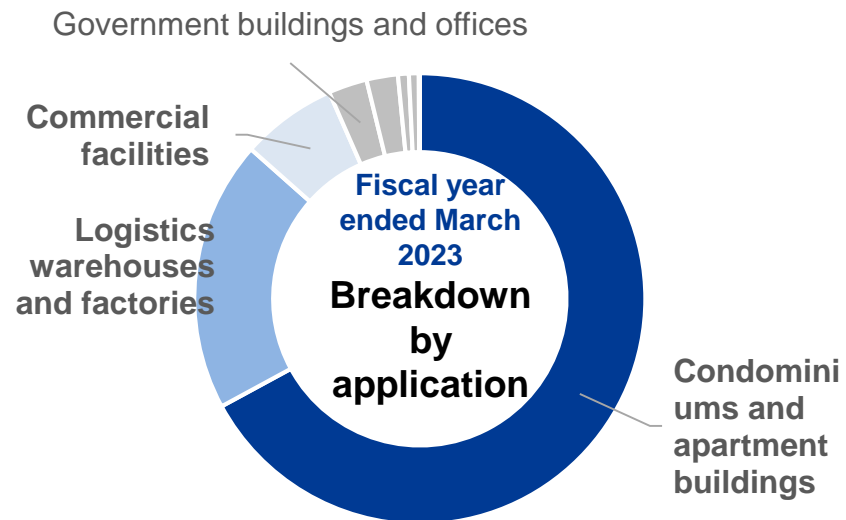
*The classification standards changed as of the fiscal year ended March 2023. Figures for previous fiscal years have been adjusted in line with the new classification standards.

4-2. Breakdown of the consolidated order balance

By application Orders for condominium and apartment buildings as well as orders for logistics warehouses and commercial facilities, all flagship business areas, rose. (Millions of yen)

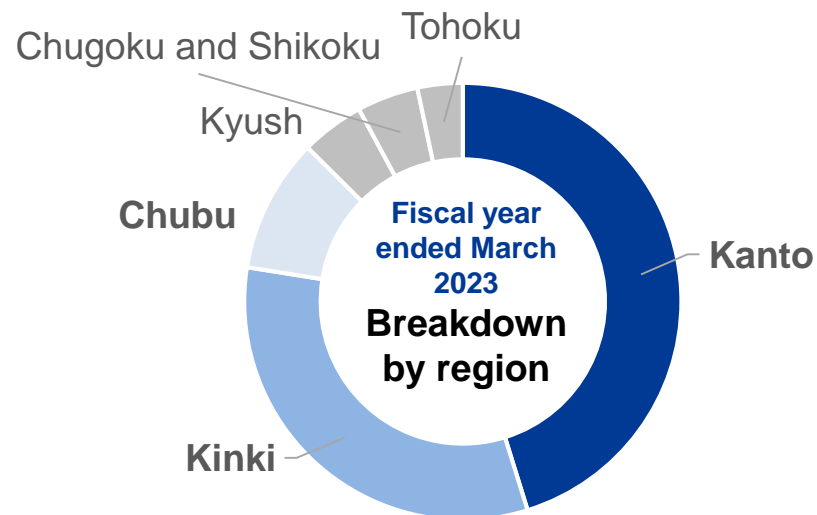
	2021/3		2022/3		2023/3	
		Breakdown		Breakdown		Breakdown
Condominiums and apartment buildings	41,851	66.5%	46,775	65.5%	58,337	66.9%
Logistics warehouses and factories	9,745	15.5%	13,947	19.5%	16,919	19.5%
Commercial facilities	2,809	4.5%	2,634	3.7%	5,979	6.9%
Government buildings and offices	1,878	3.0%	3,241	4.5%	2,415	2.8%
Medical, welfare and elderly housing	2,195	3.5%	1,055	1.5%	1,956	2.3%
Education, culture and sports	2,737	4.4%	2,657	3.7%	675	0.8%
Event halls	1,662	2.6%	1,122	1.6%	614	0.7%
Other	27	0.0%	20	0.0%	59	0.1%
Total	62,906	100.0%	71,453	100.0%	86,958	100.0%

*Renovation work is classified on the basis of building application.



By region Orders rose in the Kanto, Kinki, and Chubu regions, all of which are major markets for Daisue. (Millions of yen)

	2021/3		2022/3		2023/3	
		Breakdown		Breakdown		Breakdown
Kanto	28,562	45.4%	33,069	46.2%	39,315	45.3%
Kinki	22,193	35.3%	18,920	26.5%	28,085	32.3%
Chubu	4,852	7.7%	6,977	9.8%	8,630	9.9%
Kyushu	4,572	7.3%	3,983	5.6%	4,072	4.7%
Chugoku and Shikoku	2,284	3.6%	4,739	6.6%	3,947	4.5%
Tohoku	440	0.7%	3,764	5.3%	2,906	3.3%
Total	62,906	100.0%	71,453	100.0%	86,958	100.0%



4-3. Favorable factors in the residential segment 1/2

The urban small and medium-size condominium market is a major business segment for Daisue, and we have a leading track record in that domain. In recent years, we've also focused on strengthening our ability to handle large projects, reflecting a recent trend towards larger and higher condominium buildings.

The urban small and medium-size condominium market is a major business segment for Daisue.

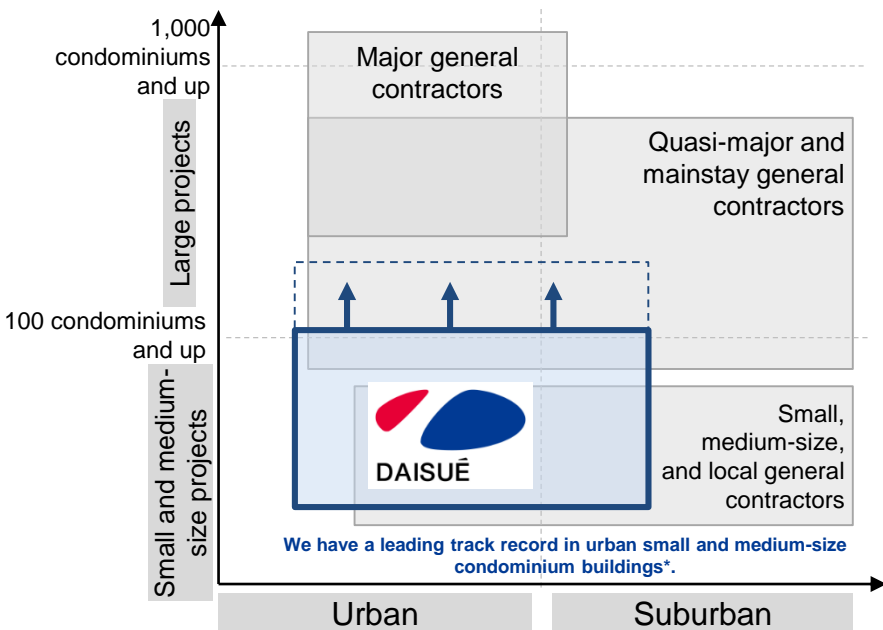
We've accumulated a track record of success by focusing on urban small and medium-size condominium buildings even as other companies have focused on non-residential projects in recent years.

We have a **leading track record of success** in the domain.

In recent years, we're strengthened our ability to handle large projects as well.

We're strengthening our ability to handle high-rise condominium projects, reflecting a recent trend towards larger and higher condominium buildings.

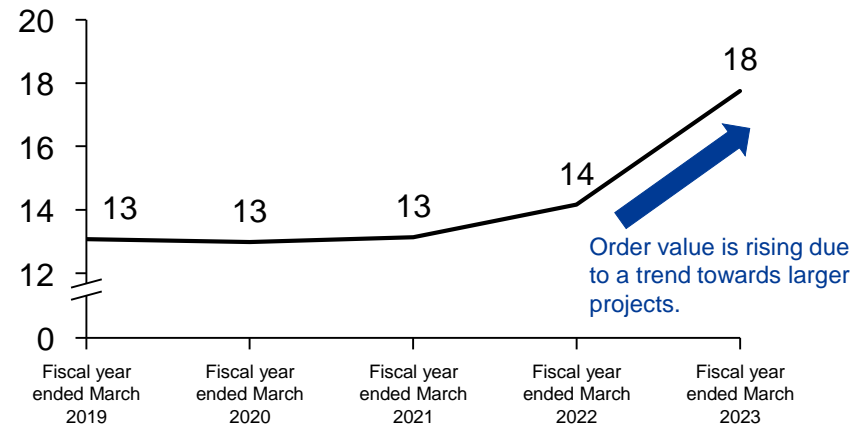
The value of orders is trending up, and we're starting to see results.



Source: Daisue estimates based on "Nationwide Condominium Market Trends," published by the Real Estate Economic Institute Co, Ltd.

Trend in Daisue order value

(Hundreds of millions of yen)



Track record of securing orders for large projects

- Grand Maison Kitahorie 2-chome Project (official name to be determined) (178 condominiums)
- Residential Building, Miyamotocho District 2 Improvement Program for Select Structures (250 condominiums)

4-3. Favorable factors in the residential segment 2/2

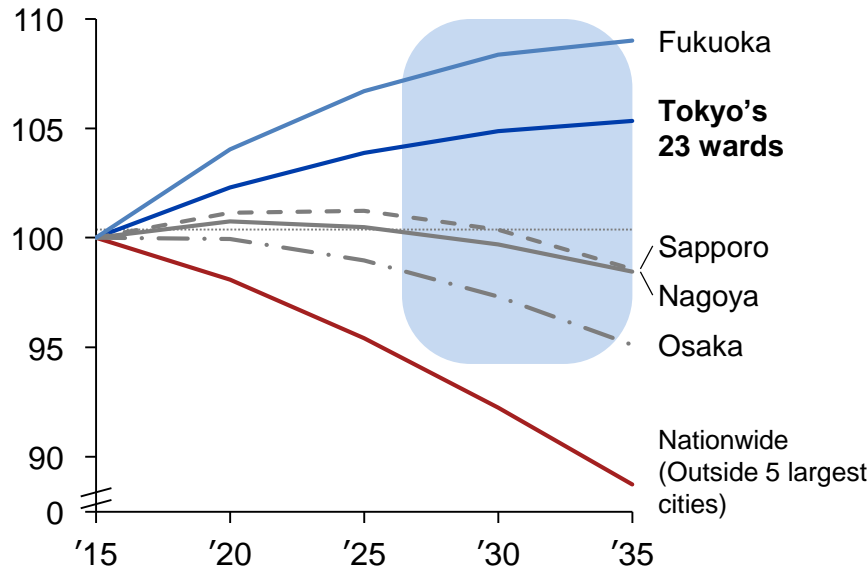
The shrinking of Japan's population is having little impact in the urban areas that are Daisue's major markets; therefore, the current, stable order environment is expected to continue, and we expect order value to rise as part of the trend towards larger projects.

Although the condominium market is shrinking as a result of nationwide population loss...

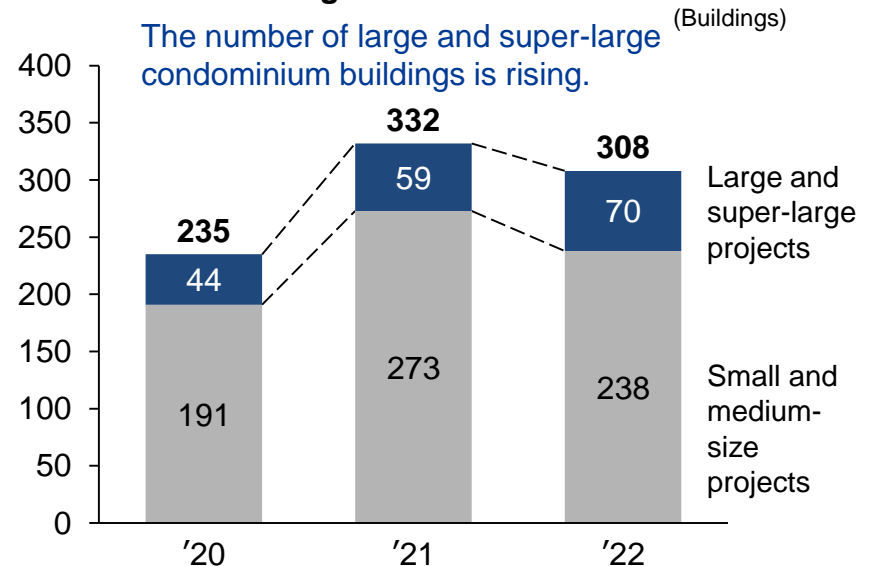
The impact of the shrinking population in the urban areas that are Daisue's major markets is limited, and Tokyo's 23 wards are expected to continue to experience population inflows in the immediate future.

The recent trend to larger condominiums has been pronounced, and order value is rising steadily.

Estimated future population (coefficient of change)*1



Number of completed construction projects in five largest cities*2



*1 Compiled based on Japan's national census. 2015 population = 100.

*2 Compiled based on "Newly Built Condominium Building Property Data (2020 to 2022 Supply)," published by the Real Estate Economic Institute Co., Ltd.

4-4. Principal ordered construction

* An artist's conception of the completed building is shown for each project.

Residential



Lions Kakuozan

Daikyo Incorporated /
Aichi Prefecture



Albio Garden Shin-Kurashiki Ekimae

Misawa Homes Chugoku Co., Ltd. /
Okayama Prefecture



Grand Maison Kitahorie 2-chome Project
(official name to be determined)

Sekisui House, Ltd. / Osaka
Prefecture

Non-residential



Logifront Atsugi (official name to be
determined)

Nippon Steel Kowa Real Estate Co., Ltd. /
Kanagawa Prefecture



Commercial Building, Miyamotocho District 2 Improvement Program for Select
Structures*1

Miyamotocho District 2 Improvement Program for Select Structures
Joint Contractor Conference / Gunma Prefecture

*1 This composite
redevelopment project
includes a department store,
condominiums, and other
occupants. Daisue received
the general order.

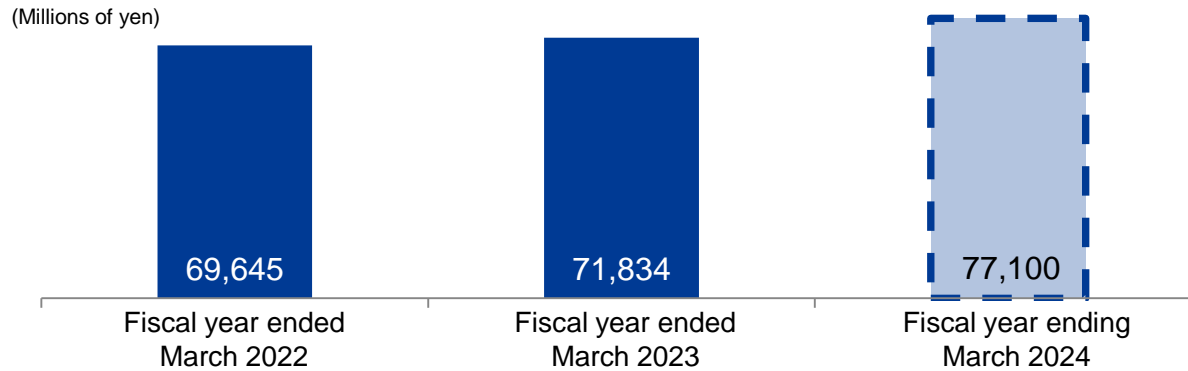
5. Summary of the plan for the fiscal year ending March 2024



Consolidated sales

77,100 million yen (+7.3% year-on-year)

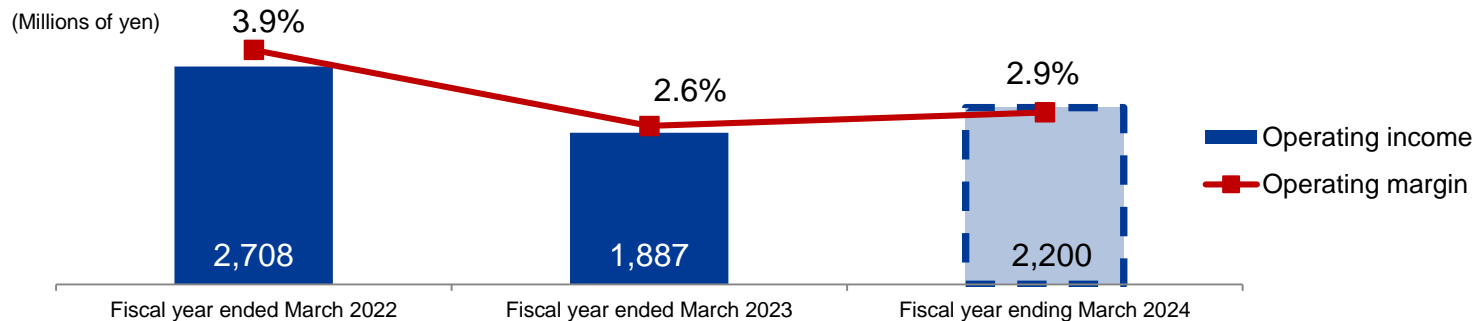
We expect sales for the fiscal year ending March 2024 to rise 7.3% to 77,100 million yen thanks to factors including a significant increase in the order balance for the fiscal year ended March 2023.



Consolidated operating income

2,200 million yen (consolidated operating margin: 2.9%)

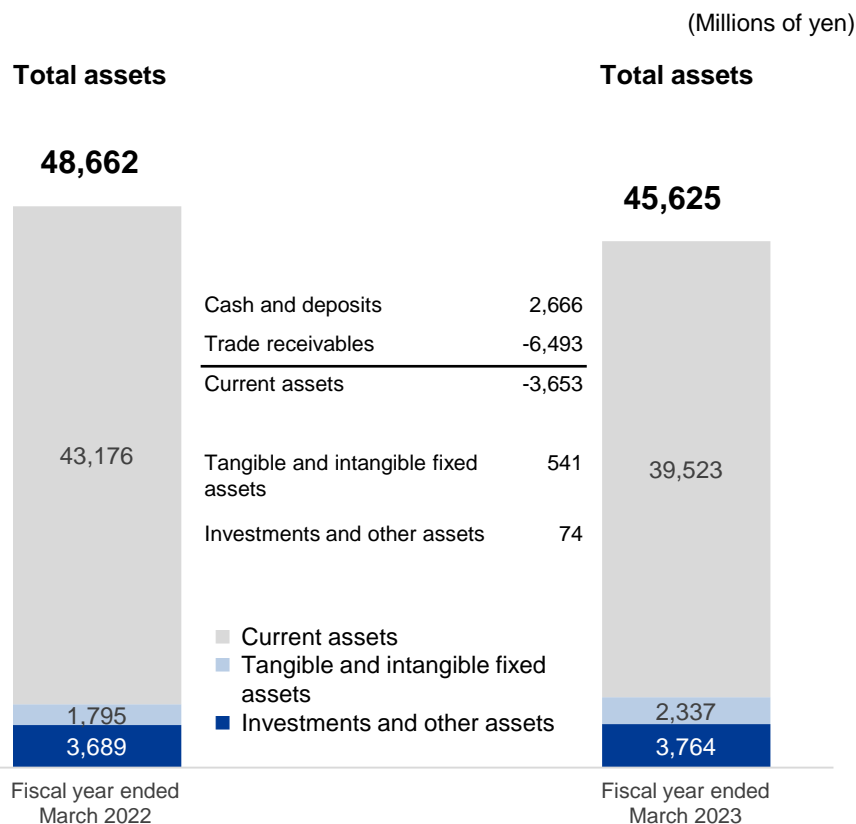
We expect consolidated operating income to rise 312 million yen from the previous fiscal year to 2,200 million yen thanks to gradual improvement in construction profitability as we approach the end of the fiscal year. (+16.6% year-on-year)



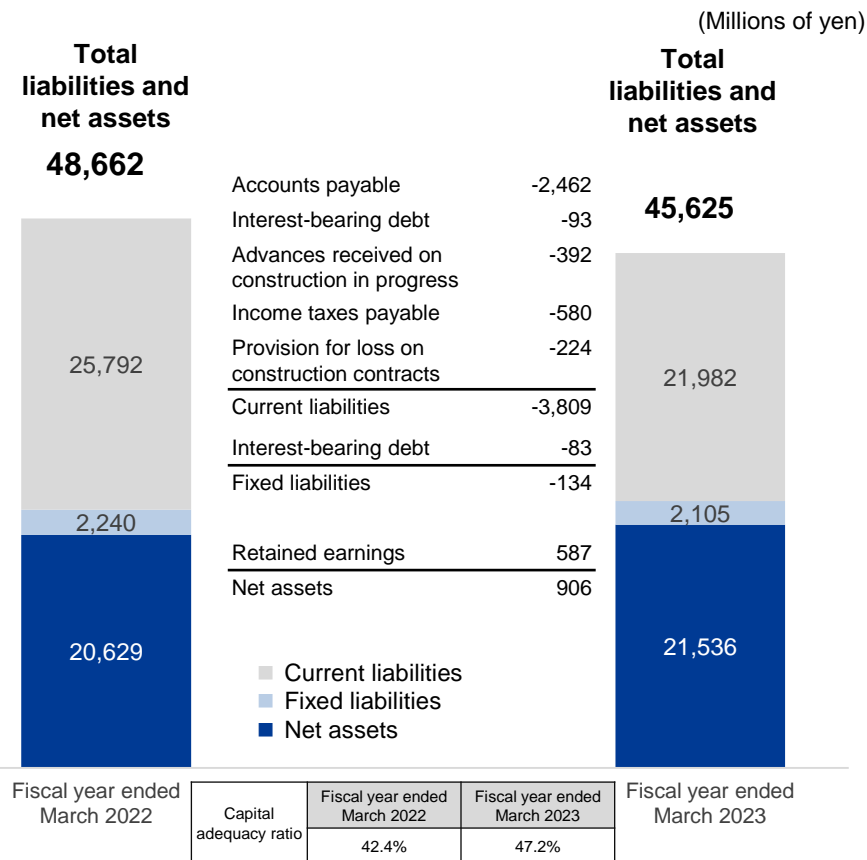
6. Consolidated balance sheet

With regard to assets, among current assets, trade receivables (notes receivable, unpaid income from completed construction, and electronically recorded monetary claims) fell compared to the previous fiscal year. With regard to liabilities and net assets, current liabilities fell as a result of factors including decreases in accounts payable (notes payable, accounts payable for construction work, and electronically recorded liabilities), while net assets rose as a result of an increase in retained earnings and other factors.

■ Assets -3,037



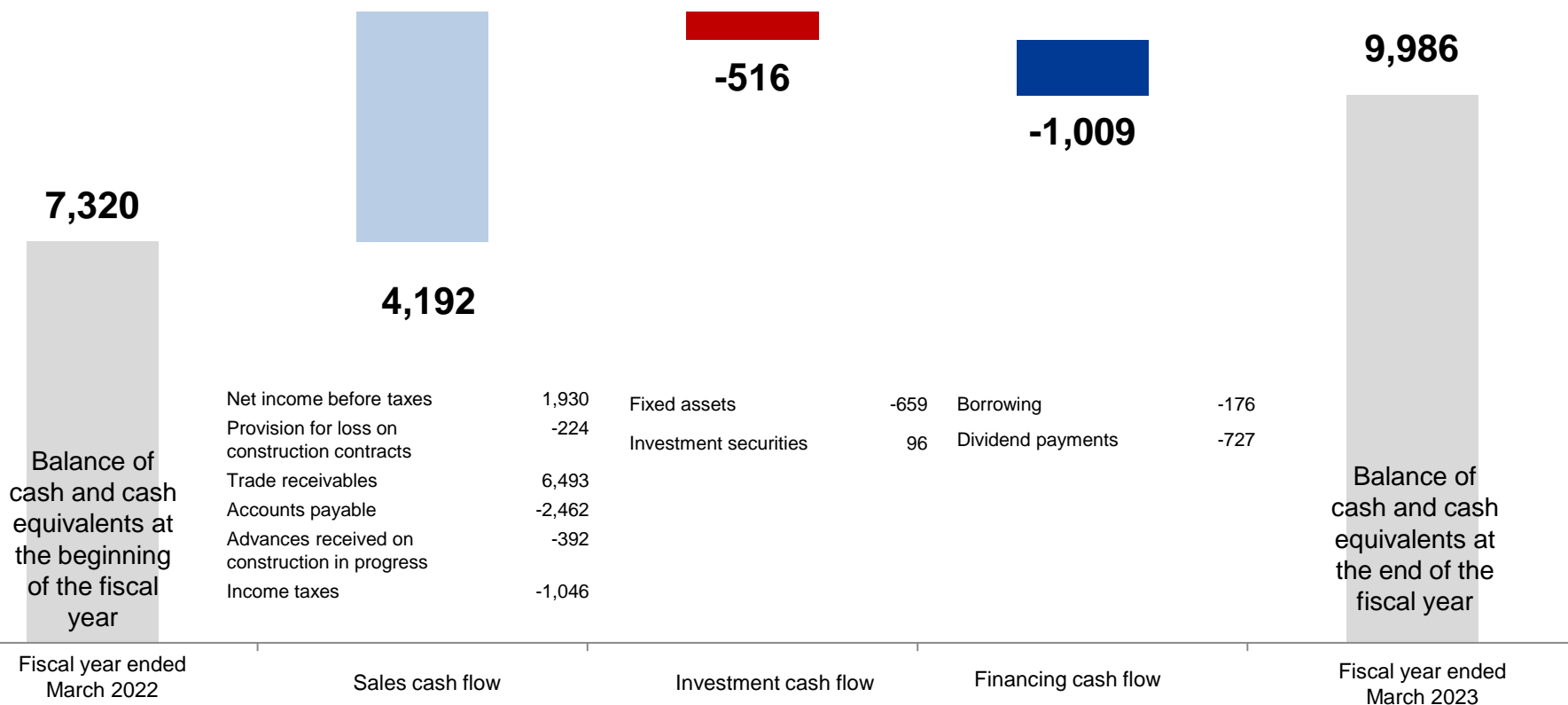
■ Liabilities and net assets -3,037



7. Consolidated cash flows

The balance of cash and cash equivalents at the end of the fiscal year rose 2,666 million yen to 9,986 million yen as factors including a decrease in trade receivables (notes receivable, unpaid income from completed construction, contract assets, and electronically recorded monetary claims) and posting of income before income taxes and other adjustments offset decreases in accounts payable (notes payable, accounts payable for construction work, and electronically recorded liabilities) and decreases due to payment of income taxes, payment of dividends, and other factors.

(Millions of yen)



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

Area	Example initiative	Target	SDG targets	Implemented during fiscal year ended March 2022	Implemented during fiscal year ended March 2023
Resolving environmental problems E nvironment	Extending the service life of existing buildings	Value of update and renovation orders	  	5.3 billion yen	3.84 billion yen
Resolving social issues S ocial	Making existing buildings more resilient	Number of earthquake resistance renovation orders received	 	6	3
	Conducting R&D into construction technologies	Number of new-technology development initiatives	 	5	2
	Improving productivity	Per capita sales improvement rate *Versus fiscal year ended March 2020	  	+0.8%	-0.0%
Corporate governance G overnance	Raising compliance awareness	Number of educational sessions for officers and employees	 	15	15

9. SDG initiatives (reference)

Participating as a member organization of the Osaka Zero Carbon Smart City Foundation (OZCaF) because we support its mission

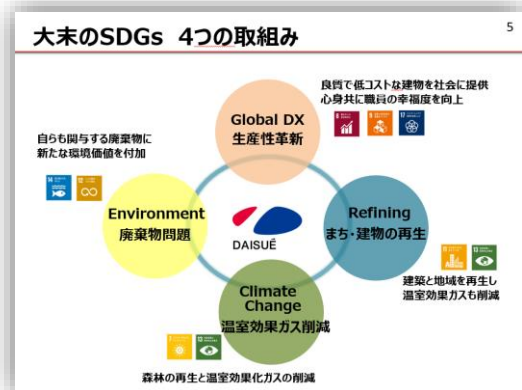


What is the Osaka Zero Carbon Smart City Foundation (OZCaF)?

The Osaka Zero Carbon Smart City Foundation was founded with the goal of giving shape to more ambitious, advanced initiatives related to the Sustainable Development Goals (SDGs) from Osaka, facilitating their spread nationwide, and playing a leading role in the realization of a decarbonized society by 2050.

A Daisue representative participated as a panelist at the OZCaF Innovation Conference, which was held on March 14, 2023.

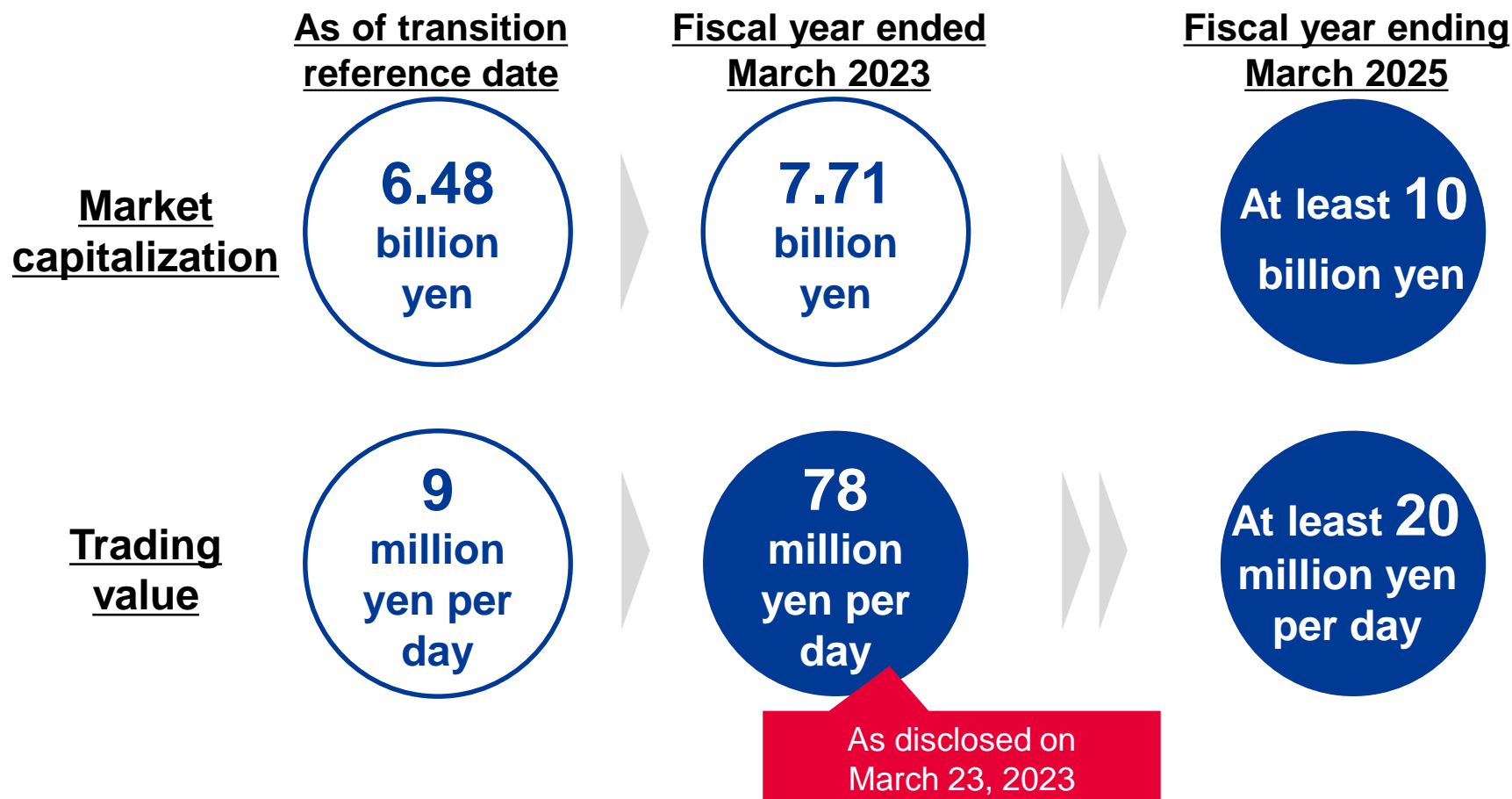
Participants discussed topics including initiatives to help realize a decarbonized society.



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

Summary of compliance with the Prime Market's continued listing criteria

With regard to the continued listing criteria, we did not meet the market capitalization criterion as of the judgment for the fiscal year ended March 2023, but we met the trading value criterion, as we disclosed on March 23, 2023.



*For details, including the timing of calculations, please see the following page.

Details concerning compliance with the Prime Market's continued listing criteria



We will continue to work to achieve compliance with the Prime Market's criteria by the end of the fiscal year ending March 2025.

	Fiscal year ended March 2021* ¹	As of transition reference date * ²	Compliance plan* ³	Fiscal year ended March 2022* ¹	Fiscal year ended March 2023* ¹	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	7.71 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	70 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%	50.7%		
ROE	8.7%	—	—	9.1%	6.3%		At least 10%
ROIC	7.8%	—	—	9.1%	6.2%		At least 10%
Consolidated sales	56.4 billion yen	—	—	69.6 billion yen	71.8 billion yen		80 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)	1.32 billion yen (1.88 billion yen)		2.8 billion yen (4 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."

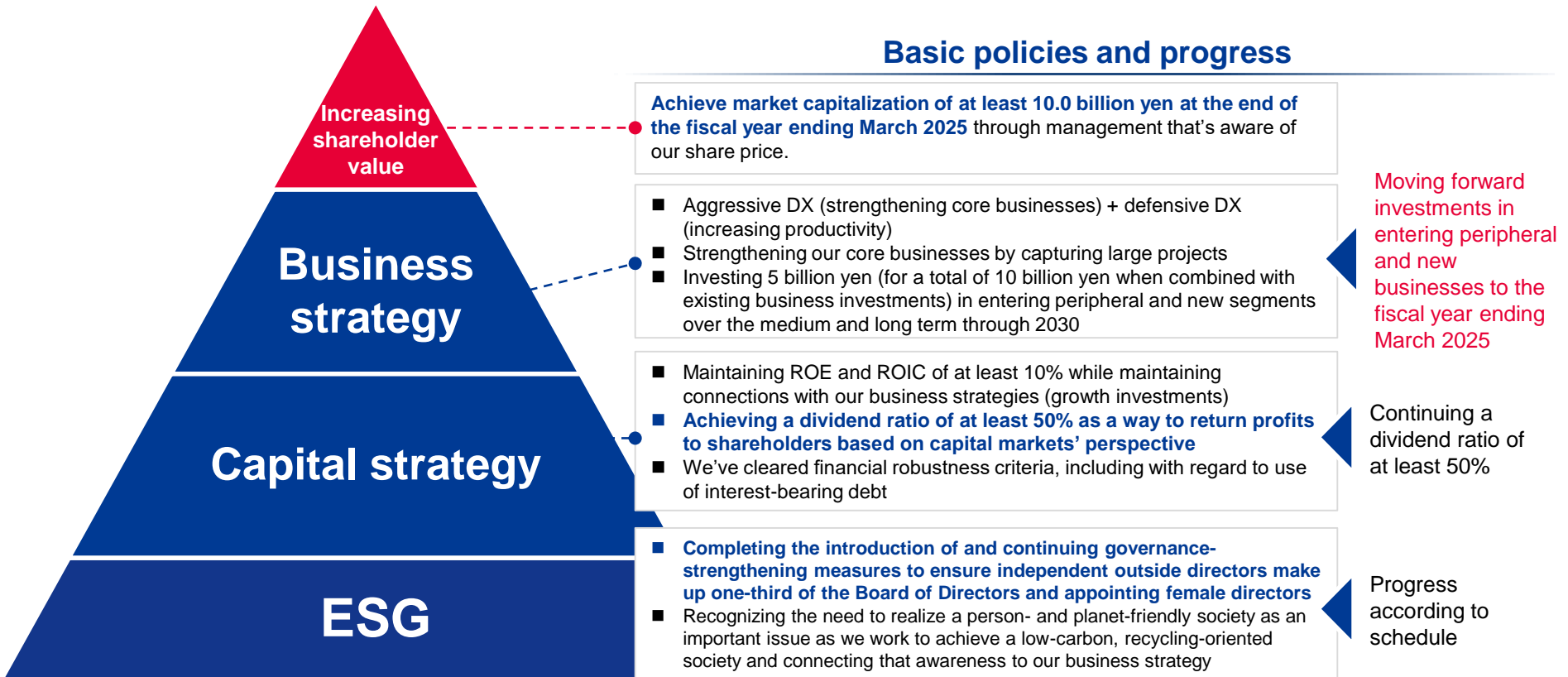
*3 From "Plan for Achieving Compliance with New Market Section Continued Listing Criteria," as disclosed on December 15, 2021. Market capitalization as of November 30, 2021; average trading value from January 2021 to November 2021.

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

Basic plan for increasing shareholder value

Striving to comply with the listing criteria while increasing medium- and long-term value

- Starting to study whether to move the next Medium-term Business Plan forward from the fiscal year ending March 2024 in an effort to realize a medium- and long-term transition to profitability while 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



Business growth and investment policies

In addition to strengthening the business platforms that underpin our existing businesses, we will invest a total of 10 billion yen by the fiscal year ending March 2025 as we move forward that spending from the Medium-term Business Plan in an effort to accelerate our entry into peripheral and new segments.

5.0 billion yen

Increasing the technical capability and profitability of existing businesses



- Implementing the DX (sales, construction, and design)
- Entry into super-high-rise buildings and super-large projects worth at least 5.0 to 10.0 billion yen
- Developing and acquiring zero-energy technologies like ZEB, ZEH, and wood construction techniques

5.0 billion yen

Entering peripheral businesses and new segments



Moving investment forward to the period from this fiscal year to the fiscal year ending March 2025

- Reentering the civil engineering business as a domain where we can build competitive advantages in a business that's not impacted by market conditions
- Entering the real estate business in an effort to increase added value for client proposals through techniques such as incorporating land offerings into the sales process
- Aiming to capture orders in growth domains while contributing to the achievement of the SDGs in areas such as renewable energy

Strengthening existing businesses: DX goals

Approach to DX for realizing the Medium-term Business Plan for the fiscal year ending in March 2025 and 2030 Vision

Issues for realizing the Medium-term Business Plan for the fiscal year ending in March 2025 and 2030 Vision

- Expanding orders and strengthening construction capabilities in order to achieve sales of 100 billion yen
- Preparing young employees to make an immediate contribution by passing on veterans' technical skills and expertise



Using DX to resolve issues and working to make reforms with an overwhelming sense of speed

Sales DX: Strengthening sales capabilities

- Strengthening sales capabilities by using DX systems to apply veteran salespeople's expertise horizontally across the company
- Increasing quotation speed by developing systems

Construction DX: Strengthening site management capabilities

- Strengthening site management capabilities by using DX systems to apply veteran site managers' expertise horizontally across the company
- Improving productivity by using ICT tools to streamline work

Implementing the DX to enable knowledge to be passed on from veterans to young employees and to allow use of integrated information throughout the company

Reforms to facilitate the realization of the 2030 Vision

Design DX: Improving the precision of design work

- Increasing the precision of design drawings through the use of BIM
- Improving "buildability" by visualizing drawings with BIM

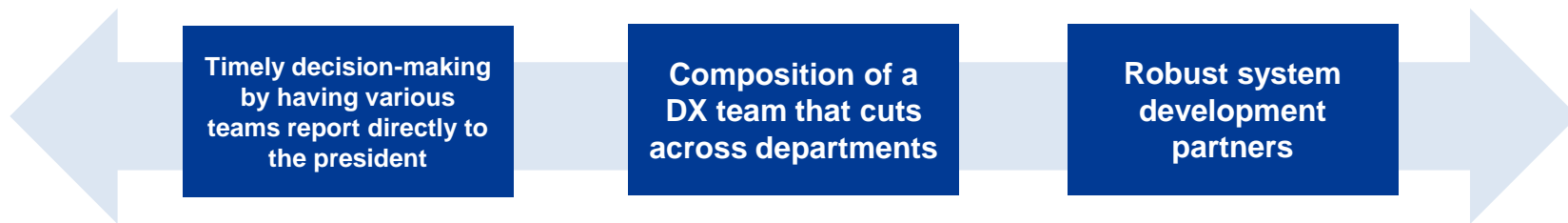
Management DX: Accelerating decision-making

- Supporting prompt countermeasures and improvement activities through the timely assessment and analysis of administration- and management-related data, for example construction progress

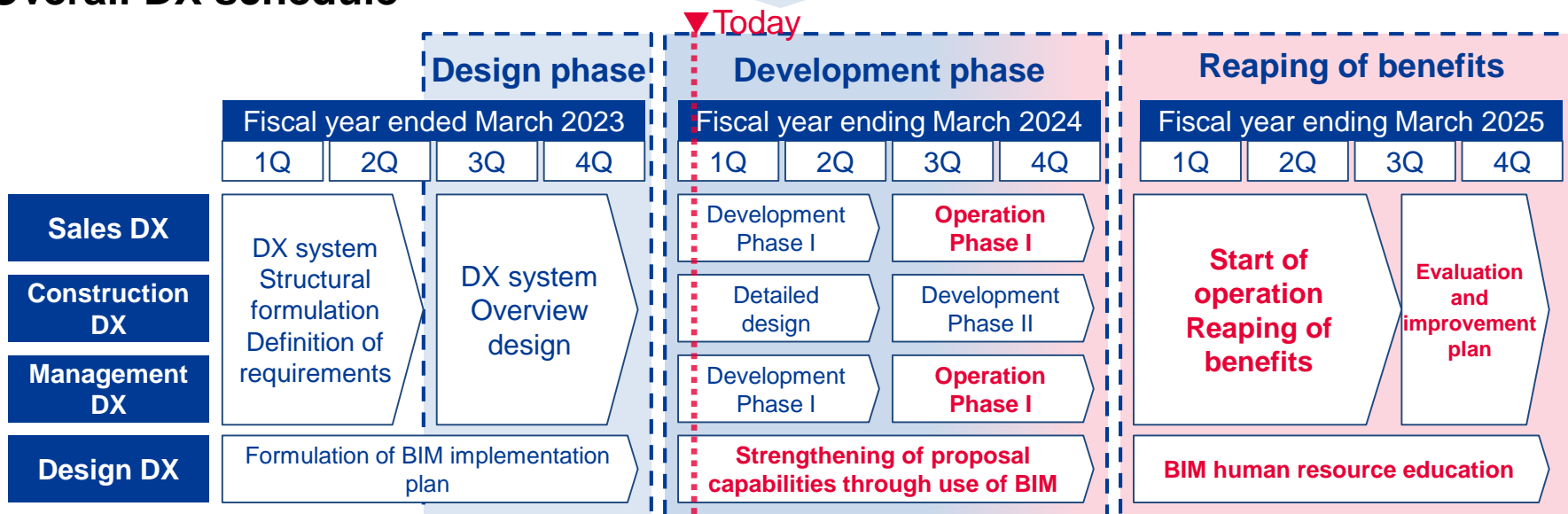
Strengthening existing businesses: DX implementation structures and schedule

Companywide DX implementation structures

DX as a way to aggregate and evolve companywide capabilities

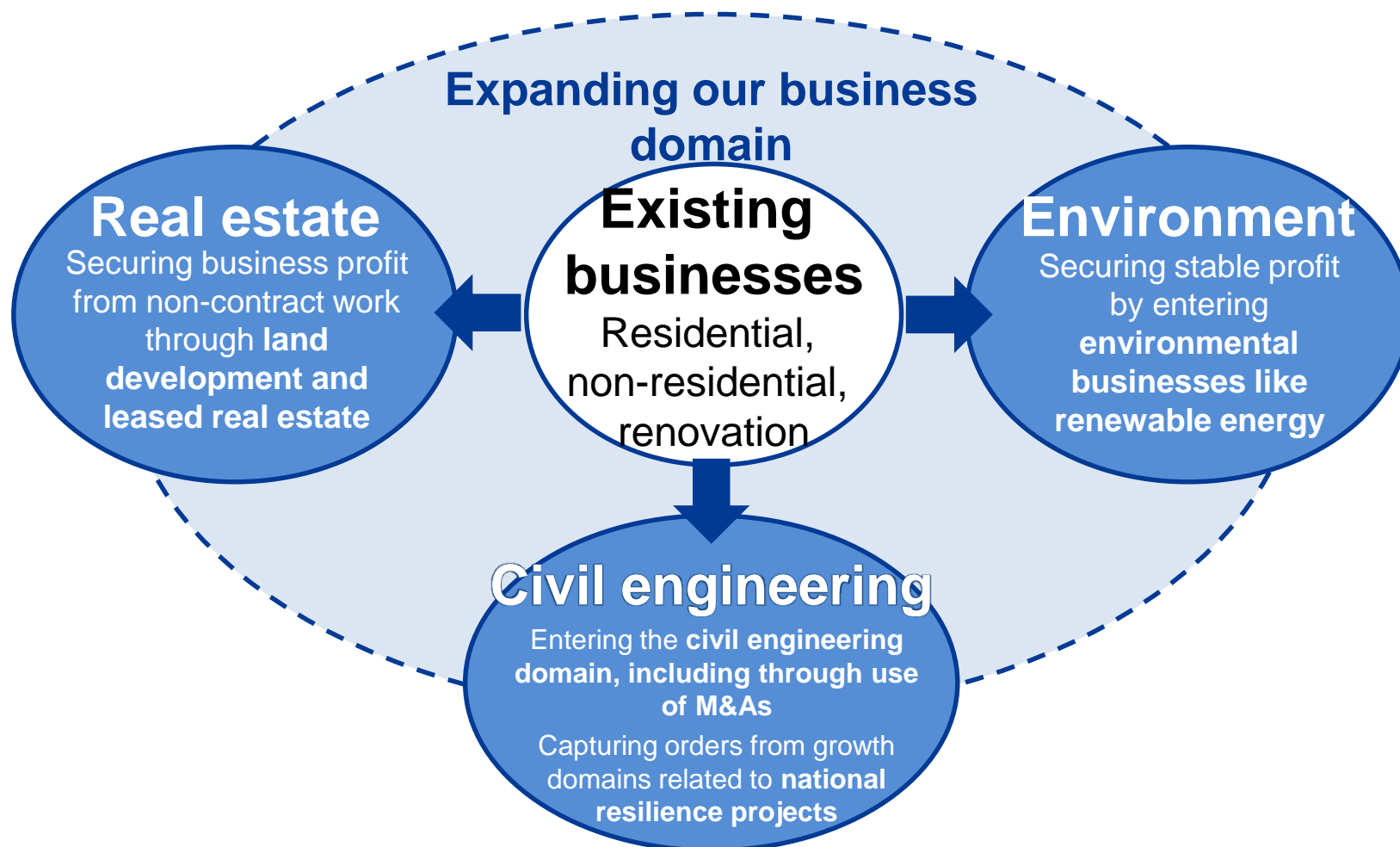


Overall DX schedule



We're currently making progress according to schedule as we work to progressively start operation and reap benefits from this fiscal year.

Entering peripheral businesses and new segments



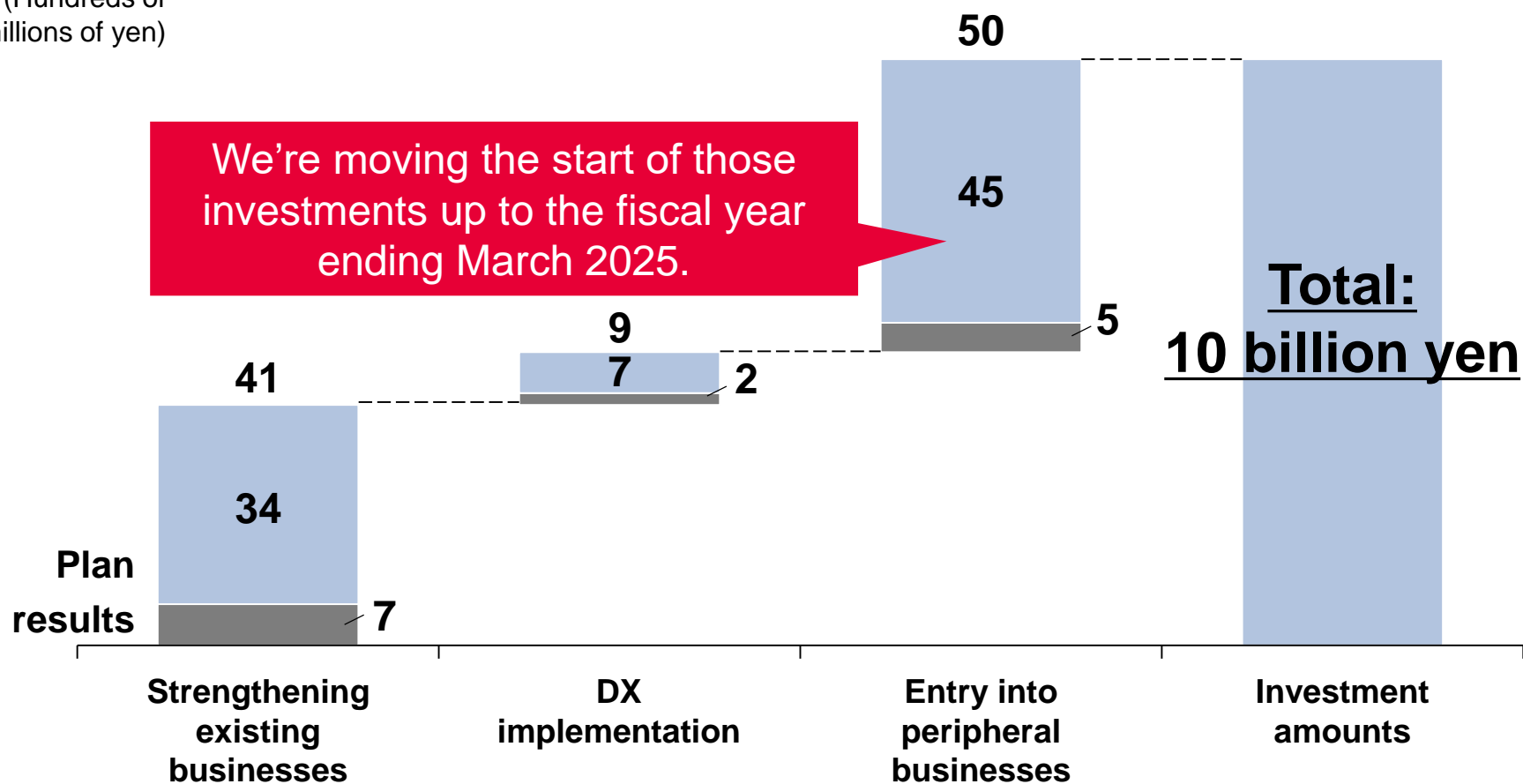
We're studying entering the civil engineering business, real estate business, and environmental business in an effort to stabilize our portfolio through business diversification.

Allocation of growth investments (by the fiscal year ending March 2025)

We've decided to allocate growth investments of 10 billion yen by the fiscal year ending March 2025. As of this fiscal year, we've already invested 900 million yen to strengthen existing businesses and implement the DX, as well as 500 million yen to enter peripheral businesses and new segments.

Anticipated investment amounts

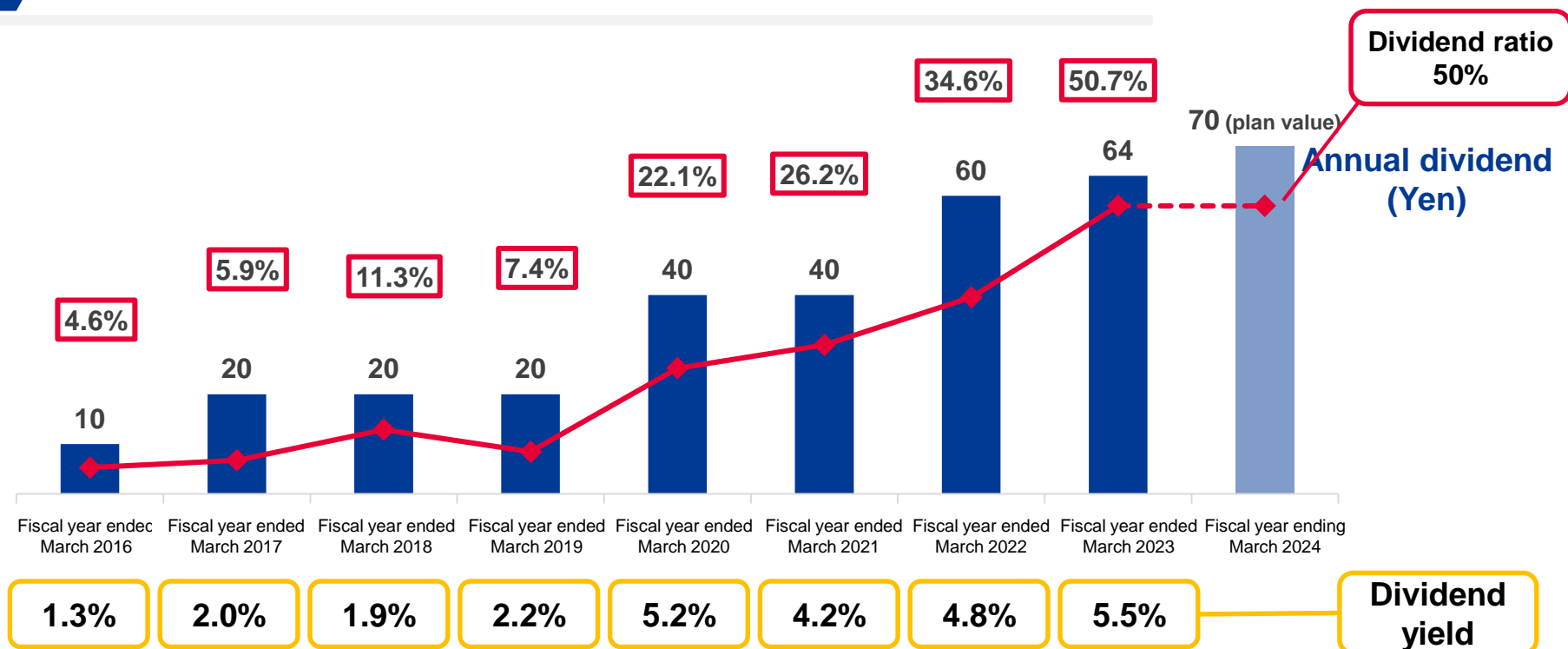
(Hundreds of millions of yen)



Dividend policy geared to increase shareholder value

We've maintained a dividend ratio of at least 50% since the fiscal year ended March 2023, and we will continue to actively return profits to shareholders.



We adopted a dividend ratio of **at least 50%** starting with the fiscal year ended March 2023.



*The annual dividend during the fiscal year ending March 2024 is determined in accordance with current quantitative plans. Actual dividend amounts will vary with the extent to which the plans are being achieved.

Progress of initiatives to strengthen governance

We've completed the implementation of various policies according to schedule.

CG Code	Initiative	Fiscal year ended March 2016	Fiscal year ended March 2017	Fiscal year ended March 2022	Fiscal year ended 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 ensure consistency with a delegation approach)			Complete			
4-2 (1)	Introducing a performance-linked compensation program		Complete		Introducing a performance-linked stock compensation program (complete)		
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)				Complete		
4-11 (1)	Promoting female directors				Complete		
3-1 (3)	Implementing TCFD disclosures					Scheduled completion	
5-1	Revitalizing our IR activities (Strengthening dialog with investors)	Disclosing supplemental end-of-year financial information		Hosting briefings for institutional and private investors	(Strengthening implementation) 		

Strengthening dialog with investors

We're strengthening our IR activities, for example by hosting briefings and one-on-one meetings to help more institutional investors and private investors understand Daisue's business activities.

Hosting investor briefings

- During the fiscal year ended March 2023, we held two briefings for institutional investors and one briefing for private investors.
 - We also began streaming briefings online (on YouTube).
- Plans for fiscal year ending March 2024
 - For institutional investors: First half (May), second half (November)
 - For private investors: At least 1 briefing
- Starting during the fiscal year ending March 2024, we will adopt a policy of **increasing the number of one-on-one meetings** with institutional investors.

■ Investor briefing (in person and on [YouTube](#))

Briefing for private investors in Tokyo hosted by Nihon Securities Journal Inc. (November 22, 2022)



施工実績（住宅分野）

DAISUE

<p>リーザ南千歳/2007年1月</p>  <p>プランシティ湘南台/2022年9月</p> 	 <p>FUJISAWA THE TOWER /2021年11月</p>	<p>大阪府箕野田住宅/2009年11月</p>  <p>プラウド朝霞台/2021年1月</p> 
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Director
Daisue Construction Co., Ltd.
Tokyo Stock Exchange, Prime
Market (1814)

A company that creates spaces rich
in security and joy



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