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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2024 (Based on Japanese GAAP)

November 6, 2024

Company name DAISUE CONSTRUCTION CO., LTD. Stock exchange listing: Tokyo
 Code Number: 1814 URL <https://www.daisue.co.jp/>
 Representative (Title) President and Representative Director (Name) Kazunori Murao
 Contact person (Title) General Manager of General Affairs Department (Name) Yasumi Iwata TEL 06-6121-7121
 Scheduled date to file Interim Securities Report: November 6, 2024
 Scheduled date to commence dividend payments: December 2, 2024
 Supplementary material for the financial results: Available
 Holding of financial results briefing: Scheduled

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (From April 1, 2024 to September 30, 2024)

(1) Consolidated Financial Results

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2024Q2	41,057	13.3	1,117	378.1	1,138	321.2	757	173.5
FY2023Q2	36,252	(6.6)	233	(74.9)	270	(71.8)	277	(58.9)

(Note) Comprehensive income FY2024Q2 556million yen [21.2%] FY2023Q2 458million yen [(37.3%)]

	Profit per share		Diluted profit per share	
	Yen		Yen	
FY2024Q2	72.72		72.71	
FY2023Q2	26.45		-	

(2) Consolidated Financial Position

	Total Assets		Net assets		Equity Ratio	
	Millions of yen		Millions of yen		%	
As of September 30, 2024	56,721		22,975		40.5	
March 31, 2024	59,107		22,551		38.2	

(Reference) Equity capital As of September 30, 2024 22,975million yen As of March 31, 2024 22,550million yen

2. Cash Dividends

	Annual dividends per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total
	Yen				
FY2023	-	35.00	-	35.00	70.00
FY2024	-	44.50	-	-	-
FY2024 (Forecast)	-	-	-	44.50	89.00

Note: Revisions to the most recently announced dividend forecast: N/A

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 2025 (From April 1, 2024 to March 31, 2025)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	
FY2024(Forecast)	83,900	7.8	2,600	63.5	2,580	61.0	1,700	37.6	Yen 164.05

(Note) Revision to the most recently announced financial results forecast: N/A

(Notes)

(1)Material changes in the scope of consolidation during the six-month period: N/A

(2)Application of special accounting methods specific to preparing interim consolidated financial statements: N/A

(3)Changes in accounting policies, changes in accounting estimates and retrospective restatements

- i) Changes in accounting policies based on revisions of accounting standard : Yes
- ii) Changes in accounting policies other than i) based on revisions of accounting standard : N/A
- iii) Changes in accounting estimates : N/A
- iv) Retrospective restatement : N/A

Note: For details, please refer to page 7 of "2. Consolidated Financial Statements for Six-month Period and Major Notes (3) Notes to Consolidated Financial Statements for Six-month Period."

(4)Number of issued shares (ordinary shares)

i) Number of shares at the end of the period (including Treasury shares)	FY2024Q2	10,614,225shares	FY2023	10,614,225shares
ii) Number of Treasury shares at the end of the period	FY2024Q2	164,232shares	FY2023	320,978shares
iii) Average number of shares during the period (six-month period)	FY2024Q2	10,422,235shares	FY2023Q2	10,475,891shares

*Financial results for the six-month period are exempt from review by certified public accountants or an audit corporation.

*Appropriate use of financial results forecasts and other special matters

The financial results forecasts and other forward-looking statements herein are based on information available to the Company as of the date of this document and certain assumptions that are considered reasonable. The Company does not assure that the forecasts will be achieved. Actual results may materially differ from these forecasts as a result of various factors. For the assumptions underlying the forecasts and cautionary notes on appropriate use of financial results forecasts, please refer to page 2 of the attached document, "1. Qualitative Information on Financial Results for Six-month Period (3) Explanation of Consolidated Financial Results Forecasts and Other Forward-looking Statements."

(Method of obtaining supplementary materials for the financial results)

Supplementary materials for the financial results will be disclosed on TDnet and posted on the Company's website on the same day.

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1. Qualitative Information on Financial Results for Six-month Period

(1) Explanation of Operating Results

During the six-month period under review, the Japanese economy continued a moderate recovery as economic activity normalized and employment and incomes improved. However, the deteriorating situation in the Middle East, unstable foreign exchange rates, and changes in monetary policy may bring instability to the economy.

In the construction industry, although public investment has been solid and private capital investment has been picked up, the business environment remains severe due to soaring construction material prices, rising labor costs, and labor shortages.

Under these circumstances, the Company carried out business activities aimed at achieving the targets of the new medium- to long-term management plan, "Road to 100th anniversary Embracing New Challenges" (FY 2024 to FY 2030). As a result, the Company's business results for the six-month period amounted to 46,341 million yen (up 3.5% year-on-year) in order balance, 41,057 million yen (up 13.3% year-on-year) in net sales, and 109,432 million yen (up 5.5% year-on-year) in carried-over construction balance. In terms of profits, operating profit, ordinary profit, and profit attributable to owners of parent increased to 1,117 million yen (up 378.1% year-on-year), 1,138 million yen (up 321.2% year-on-year), and 757 million yen (up 173.5% year-on-year) respectively.

(2) Explanation of Financial Position

Total Assets at the end of the six-month period under review was 56,721 million yen, a decrease of 2,386 million yen from the end of the previous fiscal year, mainly due to a decrease in cash and deposits.

Total liabilities decreased by 2,811 million yen from the end of the previous fiscal year to 33,745 million yen, mainly due to a decrease in electronically recorded obligations - operating.

Total net assets increased by 424 million yen from the end of the previous fiscal year to 22,975 million yen, mainly due to the posting of profit attributable to owners of parent.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Statements

The full fiscal year financial results forecast remains unchanged from the forecast announced on May 8, 2024.

2. Consolidated Financial Statements for Six-month Period and Major Notes

(1) Consolidated Balance Sheets for Six-month Period

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	8,775	5,649
Notes receivable, accounts receivable from completed construction contracts, and contract assets	36,217	38,193
Electronically recorded monetary claims – operating	2,464	874
Real estate for sale	23	23
Costs on construction contracts in progress	771	1,120
Other	406	444
Allowance for doubtful accounts	(2)	(1)
Total current assets	48,655	46,304
Non-current assets		
Property, plant and equipment		
Land	1,411	1,662
Other, net	1,178	1,382
Total property, plant and equipment	2,589	3,044
Intangible assets		
Goodwill	1,251	1,185
Technology assets	1,901	1,801
Other	717	654
Total intangible assets	3,870	3,641
Investments and other assets		
Investment securities	2,728	2,435
Other	1,263	1,295
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	3,991	3,730
Total non-current assets	10,451	10,416
Total assets	59,107	56,721
Liabilities		
Current liabilities		
Accounts payable for construction contracts	10,147	9,951
Electronically recorded obligations - operating	16,276	12,548
Short-term borrowings	1,300	800
Current portion of long-term borrowings	369	355
Income taxes payable	378	508
Advances received on construction contracts in progress	639	2,412
Provision for warranties for completed construction	479	542
Provision for bonuses	325	347
Provision for loss on construction contracts	0	-
Provision for share awards	-	110
Other	932	897
Total current liabilities	30,848	28,473
Non-current liabilities		
Long-term borrowings	3,004	2,829
Retirement benefit liability	1,974	1,925
Deferred tax liabilities	594	467
Provision for share awards	89	-
Other	44	49
Total non-current liabilities	5,707	5,271
Total liabilities	36,556	33,745

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Net assets		
Shareholders' equity		
Share capital	4,324	4,324
Capital surplus	241	292
Retained earnings	17,095	17,492
Treasury shares	(366)	(186)
Total shareholders' equity	21,295	21,922
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,163	958
Remeasurements of defined benefit plans	91	94
Total accumulated other comprehensive income	1,255	1,053
Share acquisition rights	0	-
Total net assets	22,551	22,975
Total liabilities and net assets	59,107	56,721

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income for Six-month Period
(Consolidated Statement of Income for Six-month Period)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales		
Net sales of completed construction contracts	35,299	40,626
Net sales in real estate business and other	952	430
Total net sales	36,252	41,057
Cost of sales		
Cost of sales of completed construction contracts	33,872	37,301
Cost of sales in real estate business and other	287	352
Total cost of sales	34,159	37,654
Gross profit		
Gross profits of completed construction contracts	1,427	3,324
Gross profits of sales in real estate business and other	665	78
Total gross profit	2,093	3,402
Selling, general and administrative expenses	1,859	2,284
Operating profit	233	1,117
Non-operating income		
Interest income	1	0
Dividend income	51	53
Other	8	7
Total non-operating profit	61	61
Non-operating expenses		
Interest expenses	0	17
Commission expenses	21	21
Other	3	1
Total non-operating expenses	24	40
Ordinary profit	270	1,138
Extraordinary income		
Gain on sale of investment securities	198	-
Total extraordinary income	198	-
Extraordinary losses		
Loss on sale of non-current assets	0	-
Total extraordinary losses	0	-
Profit before income taxes	468	1,138
Income taxes - current	160	440
Income taxes - deferred	30	(59)
Total income taxes	191	381
Profit	277	757
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	277	757

(Consolidated Statement of Comprehensive Income for Six-month Period)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	277	757
Other comprehensive income		
Valuation difference on available-for-sale securities	175	(204)
Remeasurements of defined benefit plans, net of tax	6	2
Total other comprehensive income	181	(201)
Comprehensive income	458	556
Breakdown		
Comprehensive income attributable to owners of parent	458	556
Comprehensive income attributable to non-controlling interests	-	-

(3)Notes to Consolidated Financial Statements for Six-month Period

(Notes to Going Concern Assumption)

Not applicable.

(Notes on Substantial Changes in the Amount of Shareholders' equity)

Not applicable.

(Notes on Changes in Accounting Policies)

Adoption of "Accounting Standard for Current Income Taxes"

The Company has adopted "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, issued on October 28, 2022, hereinafter referred to as "Revised Accounting Standard 2022") since the beginning of the current fiscal year.

Previously, the Company posted income taxes in profit or loss and calculated them in accordance with laws and regulations. In accordance with the Revised Accounting Standard 2022, the Company has classified income taxes into profit or loss, shareholders' equity, and comprehensive income depending on the source of the transaction. When a transaction occurs that results in income taxes classified in accumulated other comprehensive income, the Company records the corresponding amount of income taxes in earnings.

When a taxable transaction relates to profit or loss as well as shareholders' equity or other comprehensive income, and it is difficult to calculate the amount of income taxes imposed on shareholders' equity or other comprehensive income, the Company recognizes the tax amount solely in profit or loss.

With respect to the amendment to the classification of accounting for income taxes (taxation on other comprehensive income), the Company follows to the transitional treatment prescribed in the proviso of paragraph 3 of Article 20 of the Revised Accounting Standard 2022. The Revised Accounting Standard 2022 articulates that an amount of cumulative effect of adopting the new accounting policy retroactively shall be added to or subtracted from retained earnings at the beginning of the first year of adoption. The corresponding amount shall be added to or subtracted from capital surplus, valuation and translation adjustments, or accumulated other comprehensive income. The Company also follows to the transitional treatment prescribed in the proviso of paragraph 2 (2) of Article 65 of "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, issued on October 28, 2022. Hereinafter referred to as the "Implementation Guidance 2022"). The Implementation Guidance 2022 articulates that an amount of cumulative effect of adopting the new accounting policy retroactively shall be added to or subtracted from retained earnings at the beginning of the first year of adoption, and the corresponding amount shall be added to or subtracted from capital surplus.

In addition, the revision related to the review of the treatment in the consolidated financial statements in the case of deferring a profit or loss in tax purposes arising from the sale of subsidiary shares, etc. among consolidated companies, the Company has adopted the Implementation Guidance 2022 from the beginning of the current fiscal year. The change in accounting policy was retroactively applied to the Company's previous interim and annual consolidated financial statements. However, the change in accounting policy is not material to the previous interim and annual consolidated financial statements.

3. Supplementary Information

(1) Non-consolidated Order Balance

	Order balance	
Six months ended September 30, 2024	45,780 Millions of yen	3.0 %
Six months ended September 30, 2023	44,431 Millions of yen	(24.2) %

(Note) Percentages represent year-on-year changes

(Reference) Breakdown of Order Balance

(Millions of yen)

		Six months ended September 30, 2023	Six months ended September 30, 2024	Change	Percentage change (%)	
Construction Business	Construction	Public Sector	780 [1.8 %]	86 [0.2 %]	(693)	(88.9)
		Private Sector	43,650 [98.2 %]	45,693 [99.8 %]	2,042	4.7
		Total	44,431 [100.0 %]	45,780 [100.0 %]	1,349	3.0
	Civil Engineering	Public Sector	- [- %]	- [- %]	-	-
		Private Sector	- [- %]	- [- %]	-	-
		Total	- [- %]	- [- %]	-	-
	Total	Public Sector	780 [1.8 %]	86 [0.2 %]	(693)	(88.9)
		Private Sector	43,650 [98.2 %]	45,693 [99.8 %]	2,042	4.7
		Total	44,431 [100.0 %]	45,780 [100.0 %]	1,349	3.0

(Note) The figures in [] represent percentages of total.

(2) Non-consolidated Order Balance Forecast

	Order balance	
Fiscal year ending March 2025 Forecast	89,000 Millions of yen	(4.1 %)
Fiscal year ended March 2024	92,818 Millions of yen	8.7 %

(Note) Percentages represent year-on-year changes

[Qualitative Information on Non-consolidated Order Balance Results and Forecasts]

For the six-month period under review, the non-consolidated order balance increased by 3.0% year on year to 45,780 million yen. For the full fiscal year forecast, taking into account the results for the six-month period, the Company revised the non-consolidated order balance to 89,000 million yen, up 8,100 million yen from the original forecast of 80,900 million yen.