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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2024 (Based on Japanese GAAP)

February 4, 2025

Company name DAISUE CONSTRUCTION CO.,LTD. Listing: Tokyo Stock Exchange
 Securities code 1814 URL <https://www.daisue.co.jp/en/>
 Representative: (Title) President and Representative Director (Name) Kazunori Murao
 Inquiries: (Title) General Manager of General Affairs Department (Name) Yasumi Iwata TEL +81-6-6121-7121
 Scheduled date to commence dividend payments: N/A
 Supplementary material for the financial results: Not available
 Holding of financial results briefing: No

(Amounts of less than 1 million yen are rounded down.)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2024 (From April 1, 2024 to December 31, 2024)

(1) Consolidated Financial Results (cumulative) (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	%
FY2024Q3	64,585	13.8	1,917	300.2	1,985	263.8	1,306	174.6
FY2023Q3	56,755	2.9	479	(65.9)	545	(62.7)	475	(52.6)

(Note) Comprehensive income FY2024Q3 1,086 million yen [93.4%] FY2023Q3 562 million yen [(53.0%)]

	Profit per share	Diluted profit per share
	Yen	Yen
FY2024Q3	125.22	125.21
FY2023Q3	45.41	45.37

(Note) The Company finalized a provisional accounting treatment of the business combination in the previous fiscal year and the figures for the previous nine-month period reflect the finalization of the provisional accounting treatment.

(2) Consolidated Financial Position

	Total Assets	Net assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of December 31, 2024	63,545	23,040	36.3
As of March 31, 2024	59,107	22,551	38.2

(Reference) Equity As of December 31, 2024 23,040 million yen As of March 31, 2024 22,550 million 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	Yen	Yen	Yen	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 31, 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	%	Yen
FY2024(Forecast)	83,900	7.8	2,600	63.5	2,580	61.0	1,700	37.6	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 nine-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 the Nine-month Period and Major Notes (3) Notes to Consolidated Financial Statements for the Nine-month Period."

(4)Number of issued shares (ordinary shares)

i) Number of shares at the end of the period (including treasury shares)	FY2024Q3	10,614,225shares	FY2023	10,614,225shares
ii) Number of treasury shares at the end of the period	FY2024Q3	165,661shares	FY2023	320,978shares
iii) Average number of shares during the period (nine-month period)	FY2024Q3	10,430,362shares	FY2023Q3	10,475,223shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

* 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. Overview of Operating Results (3) Explanation of Consolidated Financial Results Forecasts and Other Forward-looking Statements."

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1. Overview of Operating Results

(1) Overview of Operating Results for the Nine-month Period

During the nine-month period under review, the Japanese economy continued a moderate recovery as economic activity normalized and employment and income conditions improved. However, policy changes in United States, 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 continued to pick 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 nine-month period amounted to 82,317 million yen (up 15.1% year on year) in order balance, 64,585 million yen (up 13.8% year on year) in net sales, and 122,093 million yen (up 17.7% from the end of the previous fiscal year) in carried-over construction balance. In terms of profits, operating profit, ordinary profit, and profit attributable to owners of parent increased to 1,917 million yen (up 300.2% year on year), 1,985 million yen (up 263.8% year on year), and 1,306 million yen (up 174.6% year on year) respectively.

(2) Overview of Financial Position for the Nine-month Period

Total Assets at the end of the nine-month period under review was 63,545 million yen, up 4,437 million yen from the end of the previous fiscal year, mainly due to an increase in "Notes receivable, accounts receivable from completed construction contracts, and contract assets."

Total liabilities increased by 3,948 million yen from the end of the previous fiscal year to 40,505 million yen, mainly due to an increase in "Short-term borrowings."

Total net assets increased by 489 million yen from the end of the previous fiscal year to 23,040 million yen, as a result of 1,306 million yen in profit attributable to owners of parent, the payment of dividends, and others.

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

There are no changes to the full-year financial results forecast announced on May 8, 2024.

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

(1) Consolidated Balance Sheets for the Nine-month Period

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	8,775	10,335
Notes receivable, accounts receivable from completed construction contracts, and contract assets	36,217	40,921
Electronically recorded monetary claims - operating	2,464	226
Real estate for sale	23	23
Costs on construction contracts in progress	771	1,029
Other	406	766
Allowance for doubtful accounts	(2)	(1)
Total current assets	48,655	53,300
Non-current assets		
Property, plant and equipment		
Land	1,411	1,662
Other, net	1,178	1,352
Total property, plant and equipment	2,589	3,014
Intangible assets		
Goodwill	1,251	1,152
Technology assets	1,901	1,751
Other	717	623
Total intangible assets	3,870	3,526
Investments and other assets		
Investment securities	2,728	2,410
Other	1,263	1,292
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	3,991	3,703
Total non-current assets	10,451	10,244
Total assets	59,107	63,545
Liabilities		
Current liabilities		
Accounts payable for construction contracts	10,147	11,097
Electronically recorded obligations - operating	16,276	12,557
Short-term borrowings	1,300	6,900
Current portion of long-term borrowings	369	351
Income taxes payable	378	505
Advances received on construction contracts in progress	639	1,667
Provision for warranties for completed construction	479	573
Provision for bonuses	325	95
Provision for loss on construction contracts	0	218
Provision for share awards	-	120
Other	932	1,247
Total current liabilities	30,848	35,335
Non-current liabilities		
Long-term borrowings	3,004	2,741
Retirement benefit liability	1,974	1,925
Deferred tax liabilities	594	450
Provision for share awards	89	-
Other	44	51
Total non-current liabilities	5,707	5,169
Total liabilities	36,556	40,505

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Net assets		
Shareholders' equity		
Share capital	4,324	4,324
Capital surplus	241	292
Retained earnings	17,095	17,575
Treasury shares	(366)	(188)
Total shareholders' equity	21,295	22,004
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,163	940
Remeasurements of defined benefit plans	91	95
Total accumulated other comprehensive income	1,255	1,035
Share acquisition rights	0	-
Total net assets	22,551	23,040
Total liabilities and net assets	59,107	63,545

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

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net sales		
Net sales of completed construction contracts	55,596	63,940
Net sales in real estate business and other	1,158	645
Total net sales	56,755	64,585
Cost of sales		
Cost of sales of completed construction contracts	52,890	58,815
Cost of sales in real estate business and other	446	519
Total cost of sales	53,337	59,335
Gross profit		
Gross profits of completed construction contracts	2,706	5,124
Gross profits of sales in real estate business and other	711	125
Total gross profit	3,417	5,250
Selling, general and administrative expenses	2,938	3,333
Operating profit	479	1,917
Non-operating income		
Interest income	1	0
Dividend income	87	100
Other	23	34
Total non-operating profit	112	135
Non-operating expenses		
Interest expenses	3	31
Commission expenses	31	32
Other	9	3
Total non-operating expenses	45	66
Ordinary profit	545	1,985
Extraordinary income		
Gain on sale of non-current assets	2	-
Gain on sale of investment securities	299	-
Total extraordinary income	302	-
Extraordinary losses		
Loss on sale of non-current assets	0	-
Total extraordinary losses	0	-
Profit before income taxes	847	1,985
Income taxes - current	247	737
Income taxes - deferred	124	(57)
Total income taxes	372	679
Profit	475	1,306
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	475	1,306

Consolidated Statement of Comprehensive Income for the Nine-month period

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Profit	475	1,306
Other comprehensive income		
Valuation difference on available-for-sale securities	76	(223)
Remeasurements of defined benefit plans, net of tax	10	4
Total other comprehensive income	86	(219)
Comprehensive income	562	1,086
(Breakdown)		
Comprehensive income attributable to owners of parent	562	1,086
Comprehensive income attributable to non-controlling interests	-	-

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

(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 posts 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 stipulates 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.

(Notes to Going Concern Assumption)

Not applicable.

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

Not applicable.

(Notes on Consolidated Cash Flow Statements for the Nine-month Period)

Consolidated cash flow statements for the nine-month period is not prepared. Depreciation (includes amortization of intangible assets excluding goodwill) and amortization of goodwill for the Nine-month period were as follows:

	(Millions of yen)	
	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Depreciation	152	363
Amortization of goodwill	32	98

(Note) The Company finalized a provisional accounting treatment of the business combination in the previous fiscal year and the figures for the previous nine-month period reflect the finalization of the provisional accounting treatment.

(Notes on Segment Information)

Nine-month period from April 1, 2023 to December 31, 2023

The Company considers the construction business and incidental operations to be a single reportable segment. The description of other business is omitted due to its insignificance.

Nine-month period from April 1, 2024 to December 31, 2024

The Company considers the construction business and incidental operations to be a single reportable segment. The description of other business is omitted due to its insignificance.

3. Supplementary Information

(1) Non-consolidated Order Balance

	Order balance	
Nine months ended December 31, 2024	81,428 million yen	15.8 %
Nine months ended December 31, 2023	70,308 million yen	(1.6 %)

(Note) Percentages represent year on year changes

(Reference) Breakdown of Orders Balance

(Millions of yen)

		Nine months ended December 31, 2023	Nine months ended December 31, 2024	Change	Percentage change (%)	
Construction Business	Construction	Public Sector	780 [1.1 %]	87 [0.1 %]	(692)	(88.7)
		Private Sector	69,528 [98.9 %]	81,340 [99.9 %]	11,812	17.0
		Total	70,308 [100.0 %]	81,428 [100.0 %]	11,119	15.8
	Civil Engineering	Public Sector	- [- %]	- [- %]	-	-
		Private Sector	- [- %]	- [- %]	-	-
		Total	- [- %]	- [- %]	-	-
	Total	Public Sector	780 [1.1 %]	87 [0.1 %]	(692)	(88.7)
		Private Sector	69,528 [98.9 %]	81,340 [99.9 %]	11,812	17.0
		Total	70,308 [100.0 %]	81,428 [100.0 %]	11,119	15.8

(Note) Percentages shown in [] represent percentages of total

(2) Non-consolidated Order Balance Forecast

	Order balance	
Fiscal year ending March 2025 Forecast	100,000 million yen	7.7 %
Fiscal year ended March 2024	92,818 million yen	8.7 %

(Note) Percentages represent year on year changes

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

For the nine-month period under review, the non-consolidated order balance increased by 15.8% year on year to 81,428 million yen. For the full fiscal year forecast, taking into account the results for the nine-month period, the Company revised the forecast for the non-consolidated order balance to 100,000 million yen, up 11,000 million yen from the previous forecast of 89,000 million yen.

Independent Auditor's Interim Review Report on the Quarterly Consolidated Financial Statements

(Translation)

January 31, 2025

To the Board of Directors of DAISUE CONSTRUCTION CO.,LTD.

Grant Thornton Taiyo LLC.

Osaka Office

Designated Limited Liability Partner
Engagement Partner

Certified Public Accountant Satoshi Oki

Designated Limited Liability Partner
Engagement Partner

Certified Public Accountant Noriaki Yamauchi

Auditor's Conclusion

We have reviewed the quarterly consolidated financial statements of DAISUE CONSTRUCTION CO.,LTD., i.e. the quarterly consolidated balance sheets, the quarterly consolidated statement of income, the quarterly consolidated statement of comprehensive income, and the notes thereto, included in the "Attachments" to the Summary of Consolidated Financial Results for the three month period (October 1, 2024 to December 31, 2024) and the cumulative third quarter (April 1, 2024 to December 31, 2024) of the fiscal year from April 1, 2024 to March 31, 2025.

In our interim review, we found no material facts that would lead us to believe that the aforementioned quarterly consolidated financial statements are not prepared in accordance with Article 4, paragraph 1 of "Standards for Preparation of Quarterly Financial Statements" of the Tokyo Stock Exchange (the omission of statements stipulated in Article 4, Paragraph 2 of the "Standards for Preparation of Quarterly Financial Statements" is applied) and accounting standards for quarterly financial statements generally accepted in Japan.

Basis of the Auditor's Conclusion

We have reviewed in accordance with the standards generally accepted as fair and appropriate in Japan. Our responsibilities for the interim review standards are stated in "Auditor's Responsibilities for the Interim Review of the Quarterly Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the code of professional ethics in Japan. We also fulfill other ethical responsibilities as auditors. We believe that we have obtained evidence to support our conclusions.

Responsibilities of Management and the Audit and Supervisory Committee for the Quarterly Consolidated Financial Statements

The management is responsible for preparing the quarterly consolidated financial statements in accordance with Article 4, paragraph 1 of "Standards for Preparation of Quarterly Financial Statements" of the Tokyo Stock Exchange and the accounting standards generally accepted in Japan (the omission of statements stipulated in Article 4, Paragraph 2 of the "Standards for Preparation of Quarterly Financial Statements" is applied), and for such internal controls as management determines is necessary to enable the preparation of quarterly consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the quarterly consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing matters relating to the going concern, when necessary, in accordance with Article 4, paragraph 1 of "Standards for Preparation of Quarterly Financial Statements" of the Tokyo Stock Exchange (the omission of statements stipulated in Article 4, Paragraph 2 of the "Standards for Preparation of Quarterly Financial Statements" is applied.)

The Audit and Supervisory Committee is responsible for overseeing the directors' performance of their duties in the design and operation of the Company's financial reporting process.

Auditor's Responsibilities for the Interim Review of the Quarterly Consolidated Financial Statements

Our objectives are to issue an auditor's interim review report that includes our conclusion on the quarterly consolidated financial statements based on the interim review.

As part of an interim review in accordance with the standards for the interim review generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the interim review. We also:

- Perform the interim review process, which includes interviewing with management and persons responsible for financial and accounting matters, conducting analytical procedures, and others. The interim review process is a more limited process than the auditing annual financial statements in accordance with auditing standards generally accepted in Japan.
- Conclude, based on the evidence obtained, whether there are any matters that would lead us to believe that the quarterly consolidated financial statements are not prepared in accordance with Article 4, paragraph 1 of "Standards for Preparation of Quarterly Financial Statements" of the Tokyo Stock Exchange and the accounting standards generally accepted in Japan (the omission of statements stipulated in Article 4, Paragraph 2 of the "Standards for Preparation of Quarterly Financial Statements" is applied), if we consider that a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our interim review report to the related disclosures in the quarterly financial statements or, if such disclosures are inadequate, to express a qualified conclusion or an adverse conclusion. Our conclusions are based on audit evidence obtained up to the date of our interim review report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether there are any matters any matters that would lead us to believe that the overall presentation and disclosures of the quarterly consolidated financial statements are not prepared in accordance with Article 4, paragraph 1 of "Standards for Preparation of Quarterly Financial Statements" of the Tokyo Stock Exchange and the accounting standards generally accepted in Japan (the omission of statements stipulated in Article 4, Paragraph 2 of the "Standards for Preparation of Quarterly Financial Statements" is applied.)
- Obtain evidence regarding the financial information of the Company and its consolidated subsidiaries to express a conclusion on the quarterly consolidated financial statements. We are responsible for the direction, supervision and performance of the interim review of the quarterly consolidated financial statements. We remain solely responsible for our conclusion.

We communicate with the Audit and Supervisory Committee with the planned scope and timing of the interim review, and significant audit findings for the interim review.

We provide the Audit and Supervisory Committee that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Act of Japan

Our firm and its engagement partners do not have any interest in the Company and its consolidated subsidiaries which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

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- (Note) 1. The original Japanese-language copy of the above Independent Auditor's Interim Review Report is retained separately by the Company (the reporting company.)
2. XBRL and HTML data are outside the scope of the interim review.