

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

November 10, 2023

Company name: DAIHO CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 1822 URL <https://www.daiho.co.jp>
 Representative: CEO Kakue Morishita
 Inquiries: General Manager of Administration Division Yoshinori Umehara TEL 03-3297-7000
 Accounting Department
 Scheduled date to file Quarterly Securities Report: November 13, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(1) Consolidated operating results (cumulative)

Percentages indicate 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	%
Six months ended September 30, 2023	76,265	9.2	911	(59.7)	1,732	(31.2)	8	(99.4)
Six months ended September 30, 2022	69,843	2.6	2,262	21.2	2,517	31.2	1,475	17.0

Note: Comprehensive income Six months ended September 30, 2023 ¥769 million [(53.6)%]
 Six months ended September 30, 2022 ¥1,658 million [37.3%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	0.49		0.49	
Six months ended September 30, 2022	83.80		82.29	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	157,731	69,640	43.4
As of March 31, 2023	170,359	73,179	42.3

Reference: Equity As of September 30, 2023 ¥68,395 million
 As of March 31, 2023 ¥71,986 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2023	–	–	–	230.00	230.00
Year ending March 31, 2024	–	–	–	–	–
Year ending March 31, 2024 (Forecast)	–	–	–	155.00	155.00

Note: Revisions to the cash dividend forecasts most recently announced: None

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	166,000	6.4	5,800	14.5	5,800	14.8	3,900	33.8	221.22

Note: Revisions to the financial results forecasts most recently announced: None

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2023	18,083,163 shares	As of March 31, 2023	18,083,163 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	506,487 shares	As of March 31, 2023	453,885 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2023	17,625,372 shares	Six months ended September 30, 2022	17,605,001 shares
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Note: The Company has introduced a share distribution trust system for delivering shares to the Company's Directors, etc. via a trust. The Company's shares that are owned by the trust (131,100 shares) are included in "number of treasury shares at the end of the period," and in calculating and presenting "average number of shares outstanding during the period," the Company has considered the shares owned by said trust to be included.

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

Forward-looking statements, including the consolidated forecasts stated in these materials, are based on information currently available to the Company and certain assumptions deemed reasonable. Results may differ materially from the consolidated forecasts due to various factors.

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	28,074	31,832
Notes receivable, accounts receivable from completed construction contracts and other	99,018	79,602
Electronically recorded monetary claims - operating	315	1,100
Costs on construction contracts in progress	2,222	2,583
Short-term loans receivable	2	2
Advances paid	11,025	10,826
Income taxes refund receivable	51	55
Other	1,283	3,389
Allowance for doubtful accounts	(5)	(993)
Total current assets	141,988	128,400
Non-current assets		
Property, plant and equipment		
Buildings and structures	10,813	11,929
Machinery, vehicles, tools, furniture and fixtures	7,557	7,716
Land	8,588	9,056
Leased assets	170	161
Construction in progress	1,075	125
Accumulated depreciation	(10,873)	(11,213)
Total property, plant and equipment	17,332	17,775
Intangible assets	601	582
Investments and other assets		
Investment securities	8,206	9,349
Deferred tax assets	1,039	715
Other	1,320	1,040
Allowance for doubtful accounts	(129)	(132)
Total investments and other assets	10,437	10,972
Total non-current assets	28,371	29,331
Total assets	170,359	157,731

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	34,599	28,890
Electronically recorded obligations - operating	10,652	11,928
Short-term borrowings	950	950
Income taxes payable	1,918	589
Accrued consumption taxes	2,576	21
Advances received on construction contracts in progress	9,322	7,433
Deposits received	19,586	20,792
Provision for warranties for completed construction	1,047	952
Provision for bonuses	808	850
Provision for loss on construction contracts	1,610	1,789
Other	752	479
Total current liabilities	83,826	74,677
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	26	24
Long-term borrowings	6,000	6,000
Provision for share awards	191	187
Provision for retirement benefits for directors (and other officers)	35	17
Provision for retirement benefits for directors (and executive officers)	25	14
Retirement benefit liability	6,302	6,444
Other	772	725
Total non-current liabilities	13,354	13,414
Total liabilities	97,180	88,091
Net assets		
Shareholders' equity		
Share capital	30,736	10,000
Capital surplus	21,746	42,482
Retained earnings	20,843	16,779
Treasury shares	(1,959)	(2,190)
Total shareholders' equity	71,367	67,071
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	510	1,289
Foreign currency translation adjustment	(43)	(54)
Remeasurements of defined benefit plans	152	88
Total accumulated other comprehensive income	618	1,324
Share acquisition rights	166	166
Non-controlling interests	1,026	1,077
Total net assets	73,179	69,640
Total liabilities and net assets	170,359	157,731

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	69,843	76,265
Cost of sales	64,181	71,741
Gross profit	5,662	4,523
Selling, general and administrative expenses	3,399	3,612
Operating profit	2,262	911
Non-operating income		
Interest income	31	9
Dividend income	71	82
Foreign exchange gains	624	765
Other	81	40
Total non-operating income	808	897
Non-operating expenses		
Interest expenses	30	23
Guarantee commission	40	35
Other	482	16
Total non-operating expenses	553	76
Ordinary profit	2,517	1,732
Extraordinary income		
Gain on sale of non-current assets	42	4
Other	–	1
Total extraordinary income	42	6
Extraordinary losses		
Loss on sale and retirement of non-current assets	9	9
Provision of allowance for doubtful accounts	–	991
Loss on litigation	11	16
Loss on valuation of investment securities	1	–
Other	0	0
Total extraordinary losses	22	1,017
Profit before income taxes	2,537	721
Income taxes - current	842	670
Income taxes - deferred	183	(13)
Total income taxes	1,025	657
Profit	1,511	64
Profit attributable to non-controlling interests	36	55
Profit attributable to owners of parent	1,475	8

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	1,511	64
Other comprehensive income		
Valuation difference on available-for-sale securities	137	779
Foreign currency translation adjustment	(6)	(10)
Remeasurements of defined benefit plans, net of tax	15	(63)
Total other comprehensive income	146	705
Comprehensive income	1,658	769
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,621	713
Comprehensive income attributable to non-controlling interests	36	55

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	2,537	721
Depreciation	489	390
Loss on litigation	11	16
Increase (decrease) in allowance for doubtful accounts	(23)	991
Increase (decrease) in provision for warranties for completed construction	5	(95)
Increase (decrease) in provision for bonuses	45	41
Increase (decrease) in retirement benefit liability	100	77
Increase (decrease) in provision for retirement benefits for directors (and other officers)	–	17
Increase (decrease) in provision for retirement benefits for executive officers (and other officers)	–	14
Increase (decrease) in provision for share awards	34	23
Increase (decrease) in provision for loss on construction contracts	(182)	178
Loss (gain) on sale and retirement of non-current assets	(33)	4
Interest and dividend income	(102)	(91)
Interest expenses	30	23
Foreign exchange losses (gains)	(264)	(242)
Decrease (increase) in trade receivables	23,973	18,632
Decrease (increase) in inventories	(1,413)	(356)
Increase (decrease) in trade payables	(8,609)	(4,275)
Increase (decrease) in advances received on construction contracts in progress	2,888	(1,889)
Decrease (increase) in other assets	2,932	(2,223)
Increase (decrease) in other liabilities	(213)	(1,728)
Other loss (gain)	483	8
Subtotal	22,690	10,239
Interest and dividends received	107	96
Interest paid	(32)	(23)
Income taxes paid	(532)	(1,827)
Income taxes refund	614	2
Payments for loss on litigation	(5)	(14)
Net cash provided by (used in) operating activities	22,841	8,471
Cash flows from investing activities		
Payments into time deposits	(10)	(10)
Proceeds from withdrawal of time deposits	10	10
Purchase of property, plant and equipment	(340)	(973)
Proceeds from sale of property, plant and equipment	69	26
Payments for retirement of property, plant and equipment	(0)	(9)
Purchase of intangible assets	(24)	(12)
Purchase of investment securities	(537)	(49)
Proceeds from refund of investment securities	22	23
Net decrease (increase) in short-term loans receivable	9	8
Proceeds from collection of long-term loans receivable	820	405
Payments of leasehold and guarantee deposits	–	(68)
Proceeds from sale of golf club membership	–	2
Net cash provided by (used in) investing activities	19	(646)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(2,000)	–
Proceeds from long-term borrowings	5,878	–
Repayments of long-term borrowings	(3,150)	–
Proceeds from issuance of shares	40,188	–
Purchase of treasury shares	(42,010)	(2)
Payments of money held in trust for purchase of treasury stock	–	(208)
Dividends paid	(4,251)	(4,066)
Dividends paid to non-controlling interests	(3)	(3)
Repayments of lease liabilities	(2)	(3)
Other, net	(47)	28
Net cash provided by (used in) financing activities	(5,399)	(4,255)
Effect of exchange rate change on cash and cash equivalents	251	226
Net increase (decrease) in cash and cash equivalents	17,712	3,795
Cash and cash equivalents at beginning of period	19,751	28,025
Cash and cash equivalents at end of period	37,464	31,820