

Translation

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

November 14, 2024

Company name: DAIHO CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 1822 URL <https://www.daiho.co.jp>
 Representative: CEO Kakue Morishita
 Deputy General Manager of Administration
 Inquiries: Division Headquarters; Yoshinori Umehara TEL 03-3297-7406
 General Manager of Accounting Division
 Scheduled date to file Semi-annual Securities Report: November 14, 2024
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: No
 Holding of 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, 2024 (from April 1, 2024 to September 30, 2024)

(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, 2024	67,608	(11.4)	626	(31.3)	343	(80.2)	486	–
Six months ended September 30, 2023	76,265	9.2	911	(59.7)	1,732	(31.2)	8	(99.4)

Note: Comprehensive income Six months ended September 30, 2024 ¥(232) million [–%]
 Six months ended September 30, 2023 ¥769 million [(53.6)%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2024	27.66	27.57
Six months ended September 30, 2023	0.49	0.49

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	144,443	68,239	46.3
As of March 31, 2024	165,081	68,919	40.9

Reference: Equity As of September 30, 2024 ¥66,849 million
 As of March 31, 2024 ¥67,534 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, 2024	–	–	–	27.00	27.00
Year ending March 31, 2025	–	–			
Year ending March 31, 2025 (Forecast)			–	114.00	114.00

Note: Revisions to the cash dividend forecasts most recently announced: No

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
Full year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	145,000	(11.2)	5,900	—	5,900	368.4	4,000	—	226.94

Note: Revisions to the financial results forecasts most recently announced: No

4. Notes

- (1) Significant changes in the scope of consolidation during the six months ended September 30, 2024: No
- (2) Application of special accounting methods for preparing semi-annual 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: Yes
- 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, 2024	18,083,163 shares	As of March 31, 2024	18,083,163 shares
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Number of treasury shares at the end of the period

As of September 30, 2024	457,572 shares	As of March 31, 2024	490,847 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, 2024	17,603,710 shares	Six months ended September 30, 2023	17,625,372 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 (117,100 shares) are included in "number of treasury shares at the end of the period," and in calculating and presenting "average number of shares during the period," the Company has considered the shares owned by said trust to be included.

* Semi-annual financial results reports are exempt from 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.

Semi-annual consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	17,533	22,449
Notes receivable, accounts receivable from completed construction contracts and other	100,024	80,394
Electronically recorded monetary claims - operating	5,779	83
Costs on construction contracts in progress	1,258	2,046
Short-term loans receivable	2	2
Advances paid	9,554	9,892
Income taxes refund receivable	538	54
Other	2,199	1,130
Allowance for doubtful accounts	(2,125)	(1,754)
Total current assets	134,764	114,298
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,016	11,897
Machinery, vehicles, tools, furniture and fixtures	7,744	7,807
Land	8,895	8,742
Leased assets	202	203
Construction in progress	4	74
Accumulated depreciation	(11,158)	(11,545)
Total property, plant and equipment	17,705	17,179
Intangible assets	603	510
Investments and other assets		
Investment securities	10,990	10,807
Deferred tax assets	274	946
Other	1,035	1,000
Allowance for doubtful accounts	(293)	(299)
Total investments and other assets	12,007	12,454
Total non-current assets	30,316	30,144
Total assets	165,081	144,443

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	32,556	22,998
Electronically recorded obligations - operating	12,122	7,097
Short-term borrowings	6,950	950
Income taxes payable	286	514
Current portion of convertible-bond-type bonds with share acquisition rights	—	18
Advances received on construction contracts in progress	5,144	7,424
Deposits received	18,670	18,608
Provision for warranties for completed construction	1,026	819
Provision for bonuses	810	830
Provision for loss on construction contracts	3,746	2,679
Other	1,450	833
Total current liabilities	82,762	62,775
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	23	—
Long-term borrowings	6,000	6,000
Deferred tax liabilities	9	2
Provision for share awards	193	165
Provision for retirement benefits for directors (and other officers)	19	23
Provision for retirement benefits for directors (and executive officers)	19	21
Retirement benefit liability	6,430	6,534
Other	703	682
Total non-current liabilities	13,398	13,429
Total liabilities	96,161	76,204
Net assets		
Shareholders' equity		
Share capital	10,000	10,000
Capital surplus	42,446	42,397
Retained earnings	14,698	14,706
Treasury shares	(2,116)	(1,988)
Total shareholders' equity	65,028	65,115
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,507	1,756
Foreign currency translation adjustment	(58)	(72)
Remeasurements of defined benefit plans	56	49
Total accumulated other comprehensive income	2,505	1,733
Share acquisition rights	126	86
Non-controlling interests	1,258	1,302
Total net assets	68,919	68,239
Total liabilities and net assets	165,081	144,443

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, 2023	Six months ended September 30, 2024
Net sales	76,265	67,608
Cost of sales	71,741	63,240
Gross profit	4,523	4,368
Selling, general and administrative expenses	3,612	3,742
Operating profit	911	626
Non-operating income		
Interest income	9	4
Dividend income	82	120
Foreign exchange gains	765	—
Other	40	36
Total non-operating income	897	161
Non-operating expenses		
Interest expenses	23	51
Guarantee commission	35	30
Foreign exchange losses	—	310
Other	16	51
Total non-operating expenses	76	443
Ordinary profit	1,732	343
Extraordinary income		
Gain on sale of non-current assets	4	6
Reversal of allowance for doubtful accounts	—	368
Gain on sale of investment securities	—	50
Other	1	0
Total extraordinary income	6	427
Extraordinary losses		
Loss on sale and retirement of non-current assets	9	2
Provision of allowance for doubtful accounts	991	—
Loss on litigation	16	2
Loss on sale of investment securities	—	3
Impairment losses	0	126
Other	—	0
Total extraordinary losses	1,017	134
Profit before income taxes	721	636
Income taxes - current	670	449
Income taxes - deferred	(13)	(352)
Total income taxes	657	97
Profit	64	538
Profit attributable to non-controlling interests	55	51
Profit attributable to owners of parent	8	486

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	64	538
Other comprehensive income		
Valuation difference on available-for-sale securities	779	(750)
Foreign currency translation adjustment	(10)	(14)
Remeasurements of defined benefit plans, net of tax	(63)	(6)
Total other comprehensive income	705	(771)
Comprehensive income	769	(232)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	713	(284)
Comprehensive income attributable to non-controlling interests	55	51

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	721	636
Depreciation	390	571
Impairment losses	0	126
Loss on litigation	16	1
Increase (decrease) in allowance for doubtful accounts	991	(365)
Increase (decrease) in provision for warranties for completed construction	(95)	(206)
Increase (decrease) in provision for bonuses	41	19
Increase (decrease) in retirement benefit liability	77	96
Increase (decrease) in provision for retirement benefits for directors (and other officers)	17	3
Increase (decrease) in provision for retirement benefits for executive officers (and other officers)	14	1
Increase (decrease) in provision for share awards	23	9
Increase (decrease) in provision for loss on construction contracts	178	(1,066)
Loss (gain) on sale and retirement of non-current assets	4	(4)
Interest and dividend income	(91)	(125)
Interest expenses	23	51
Foreign exchange losses (gains)	(242)	158
Loss (gain) on sale of investment securities	—	(47)
Decrease (increase) in trade receivables	18,632	25,326
Decrease (increase) in inventories	(356)	(785)
Increase (decrease) in trade payables	(4,275)	(14,585)
Increase (decrease) in advances received on construction contracts in progress	(1,889)	2,280
Decrease (increase) in other assets	(2,223)	537
Increase (decrease) in other liabilities	(1,728)	(555)
Other loss (gain)	8	69
Subtotal	10,239	12,147
Interest and dividends received	96	125
Interest paid	(23)	(53)
Income taxes paid	(1,827)	(96)
Income taxes refund	2	465
Payments for loss on litigation	(14)	(2)
Net cash provided by (used in) operating activities	8,471	12,585
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	(973)	(166)
Proceeds from sale of property, plant and equipment	26	100
Payments for retirement of property, plant and equipment	(9)	(11)
Purchase of intangible assets	(12)	(65)
Purchase of investment securities	(49)	(940)
Proceeds from sale of investment securities	—	75
Proceeds from refund of investment securities	23	19
Net decrease (increase) in short-term loans receivable	8	3
Long-term loan advances	—	(0)
Proceeds from collection of long-term loans receivable	405	—
Payments of leasehold and guarantee deposits	(68)	—
Proceeds from sale of golf club membership	2	—
Net cash provided by (used in) investing activities	(646)	(986)

	(Millions of yen)	
	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	–	(6,000)
Purchase of treasury shares	(2)	(3)
Payments of money held in trust for purchase of treasury stock	(208)	–
Dividends paid	(4,066)	(481)
Dividends paid to non-controlling interests	(3)	(7)
Repayments of lease liabilities	(3)	(8)
Other, net	28	(4)
Net cash provided by (used in) financing activities	(4,255)	(6,506)
Effect of exchange rate change on cash and cash equivalents	226	(179)
Net increase (decrease) in cash and cash equivalents	3,795	4,912
Cash and cash equivalents at beginning of period	28,025	17,523
Cash and cash equivalents at end of period	31,820	22,436