Supplementary Materials on the Financial Results for the Fiscal Year ended March 2025

May 13, 2025

DAISUE CONSTRUCTION CO., LTD.

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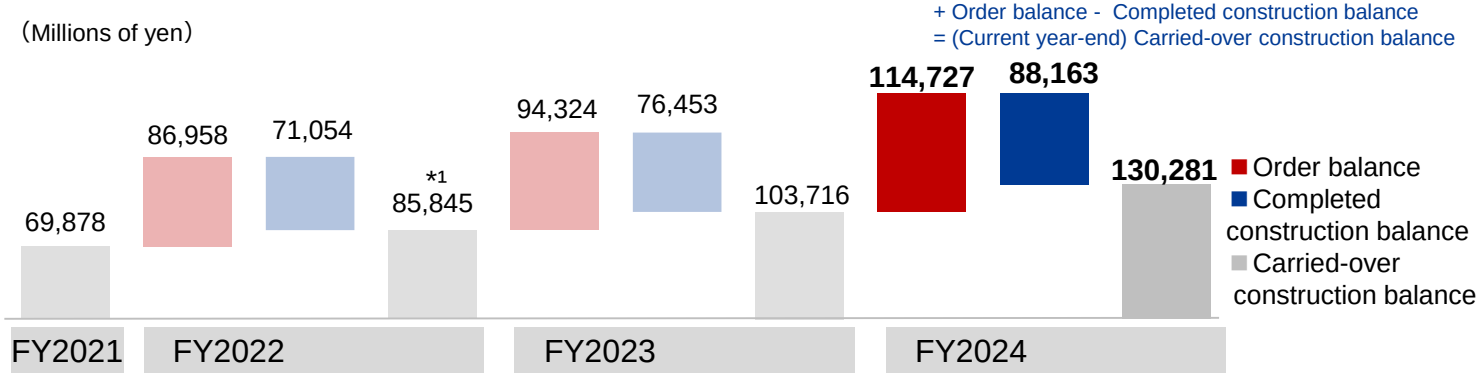
1. Financial Results Highlight for FY2024

Consolidated order balance

114,727 million yen (up 21.6% from the previous fiscal year)

Order balance increased by 21.6% year-on-year to 114,727 million yen, exceeded 100 billion yen

Reference: (Previous year-end) Carried-over construction balance
+ Order balance - Completed construction balance
= (Current year-end) Carried-over construction balance

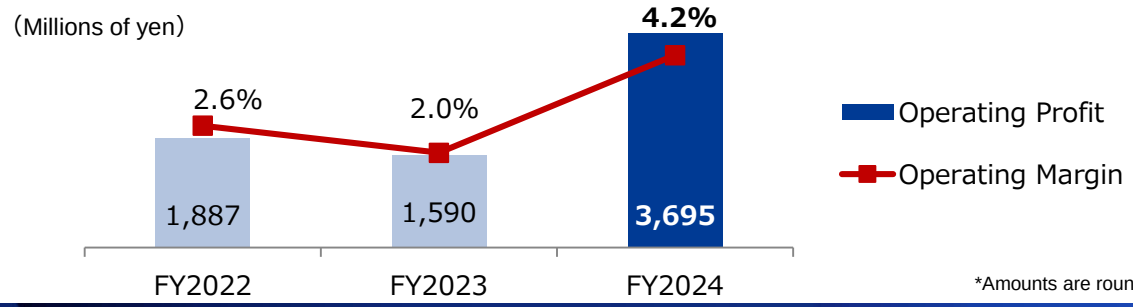


*1 Carried-over construction balance of includes that of Kamisima Corporation, which became our wholly owned subsidiary in November 2023

Consolidated operating profit

3,695 million yen (consolidate operating margin 4.2%)

Operating profit increased by 132.4% year-on-year to 3,695 million yen due to significant improvement in construction profitability
Operating margin also increased by 2.2 points year-on-year to 4.2%

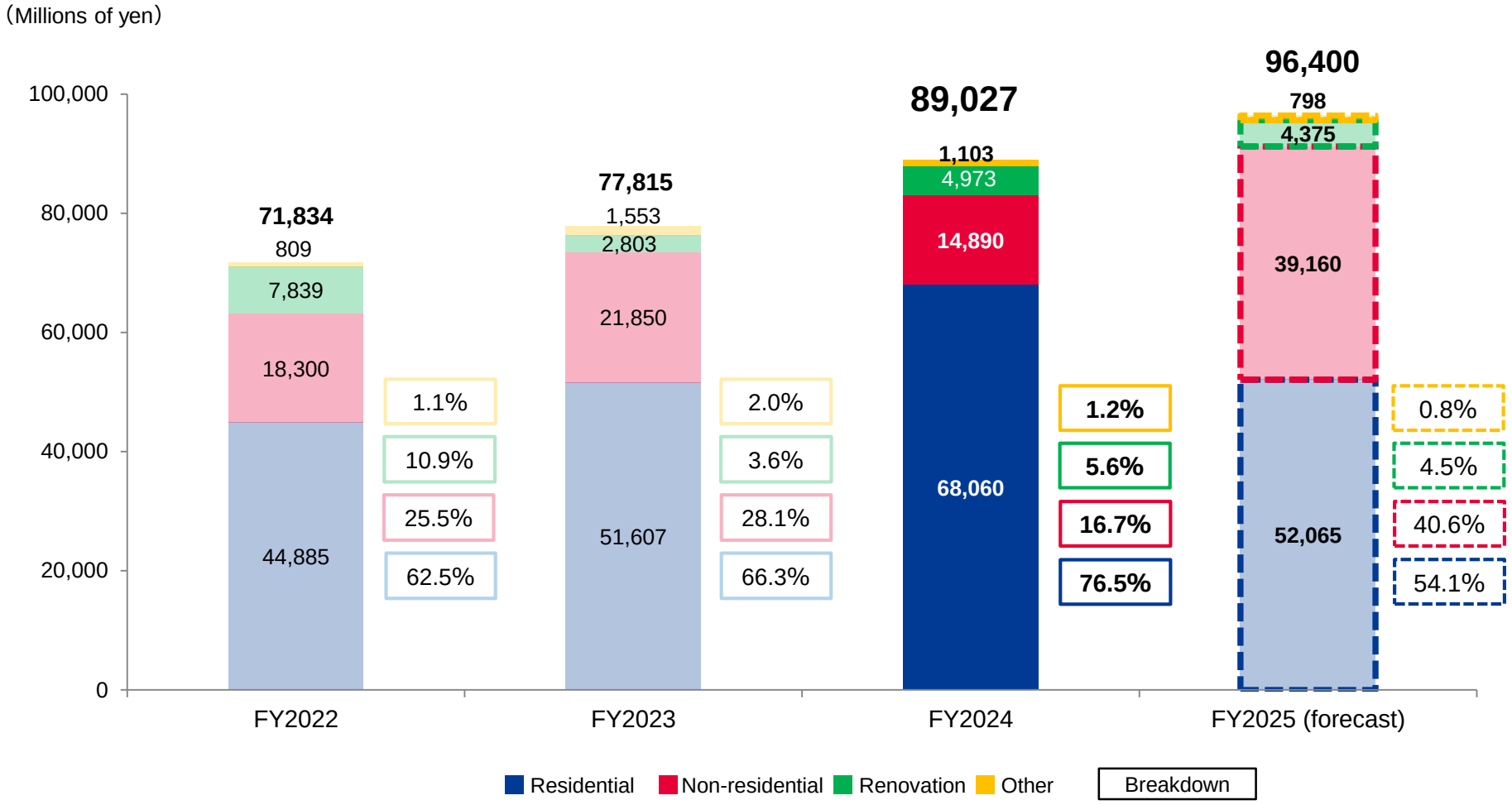


*Amounts are rounded down to the nearest 1 million yen.

2. Consolidated Net sales

2-1. Changes in Consolidated Net sales

Consolidated net sales increased by 14.4% year-on-year to 89,027 million yen due to the smooth progress of carried-over construction balance



2. Consolidated Net sales

2-2. Major Completed Constructions

*In order of prefectural code

Client	Building (Project)	Prefecture	Type
Tokyo Tatemono Co., Ltd. San Shin Jyuken ltd.	Brillia Meguro Ohashi	Tokyo	Condominiums and apartment buildings
Hoosiers Corporation	Duo Hills Nagano Gondo	Nagano	Condominiums and apartment buildings
Kintetsu Real Estate Co.,LTD.	Laurel i+ MEIEKI HIGASHI	Aichi	Condominiums and apartment buildings
Sekisui House, Ltd.	Grande Maison Kitahorie Residence	Osaka	Condominiums and apartment buildings
Czech Republic	EXPO2025 Osaka, Kansai, Czechia National Pavilion	Osaka	Event halls
Hannan City	HANNAN City School Lunch Center *1	Osaka	Logistics warehouses and factories (renovation)
CENTRAL GENERAL DEVELOPMENT CO.,LTD.	CLARE HOMES NAGATSUKA	Hiroshima	Condominiums and apartment buildings
ITOCHU Property Development, Ltd.	Medical Rehab Home Granda Suizenji	Kumamoto	Medical welfare and housing for the elderly

*1 By a joint venture group

2. Consolidated Net sales

2-3. Major Completed Constructions



Laurel i+ MEIEKI HIGASHI

Kintetsu Real Estate Co.,LTD.
/ Aichi



EXPO2025 Osaka, Kansai,
Czechia National Pavilion

Czech Republic / Osaka



Brillia Meguro Ohashi

Tokyo Tatemono Co., Ltd. , San Shin Jyuken ltd.
/ Tokyo



CLARE HOMES NAGATSUKA

CENTRAL GENERAL DEVELOPMENT CO.,LTD.
/ Hiroshima



Grande Maison Kitahorie Residence

Sekisui House, Ltd. / Osaka



Medical Rehab Home Granda Suizenji

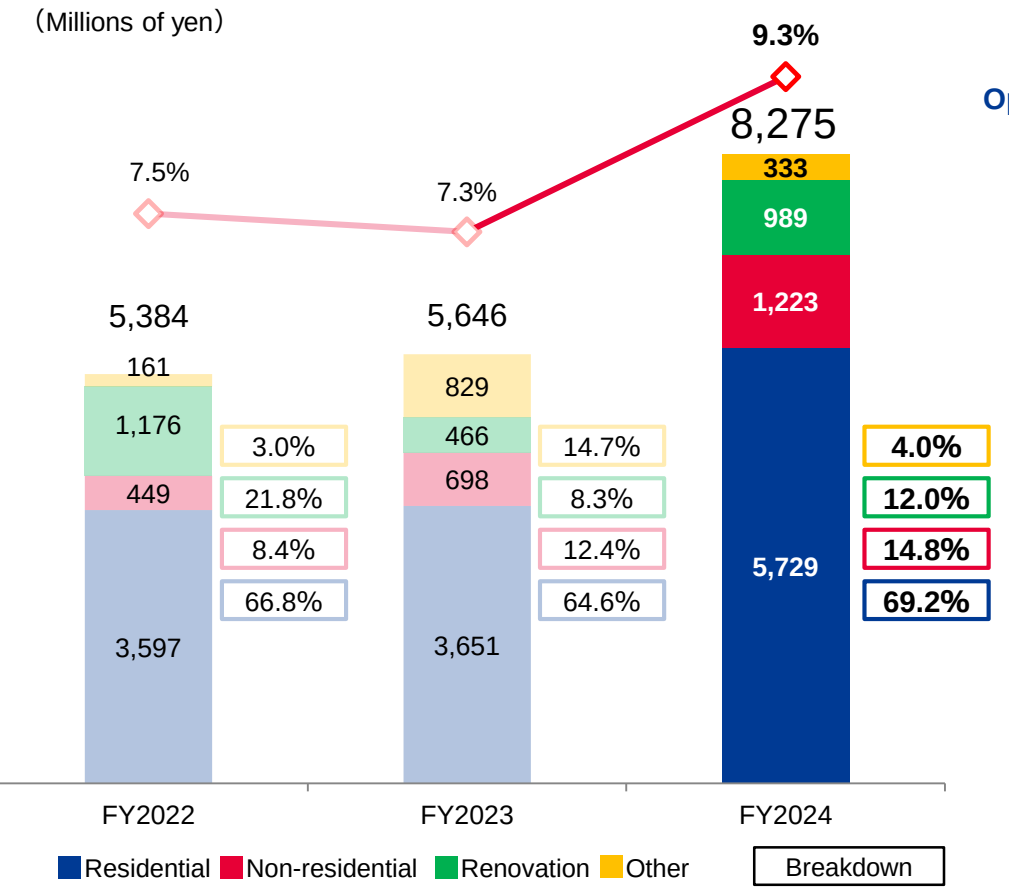
ITOCHU Property Development, Ltd.
/ Kumamoto

3. Changes in Gross profit and Operating profit

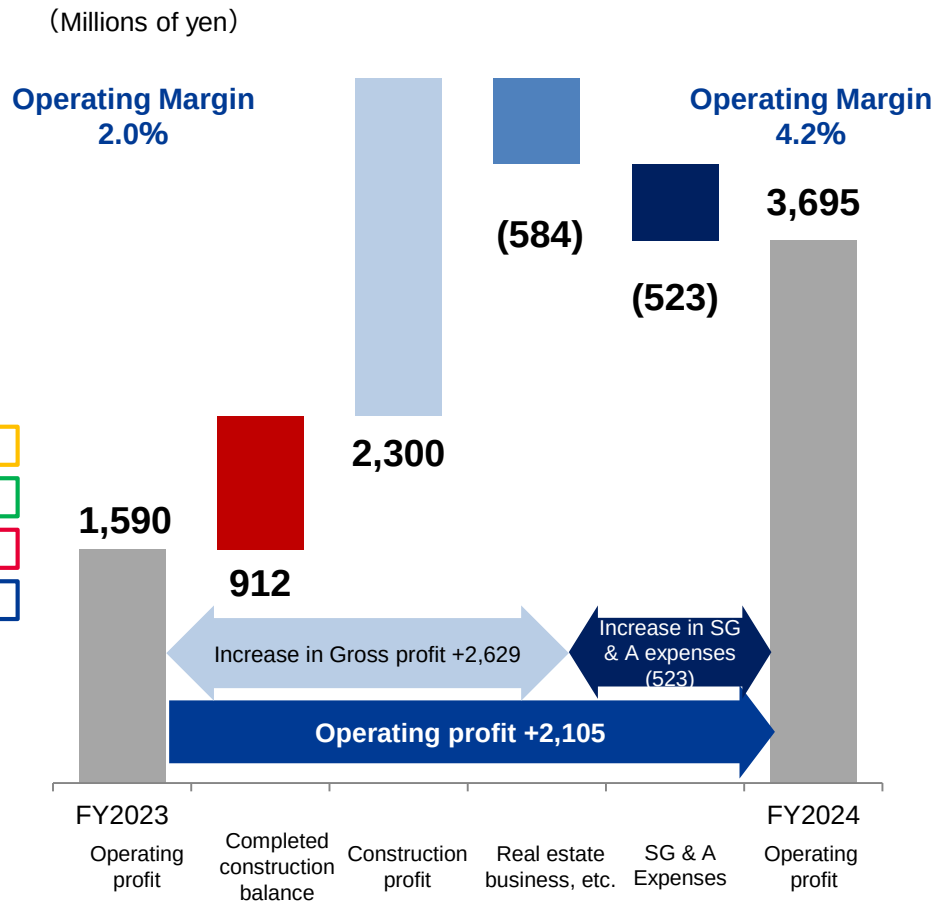
Gross profit increased by 46.6% year-on-year to 8,275 million yen due to improvements in profitability of constructions and increased net sales, and gross margin spiked to 9.3%

Operating profit increased accordingly to 3,695 million yen and operating margin reached 4.2%

Gross profit Trends



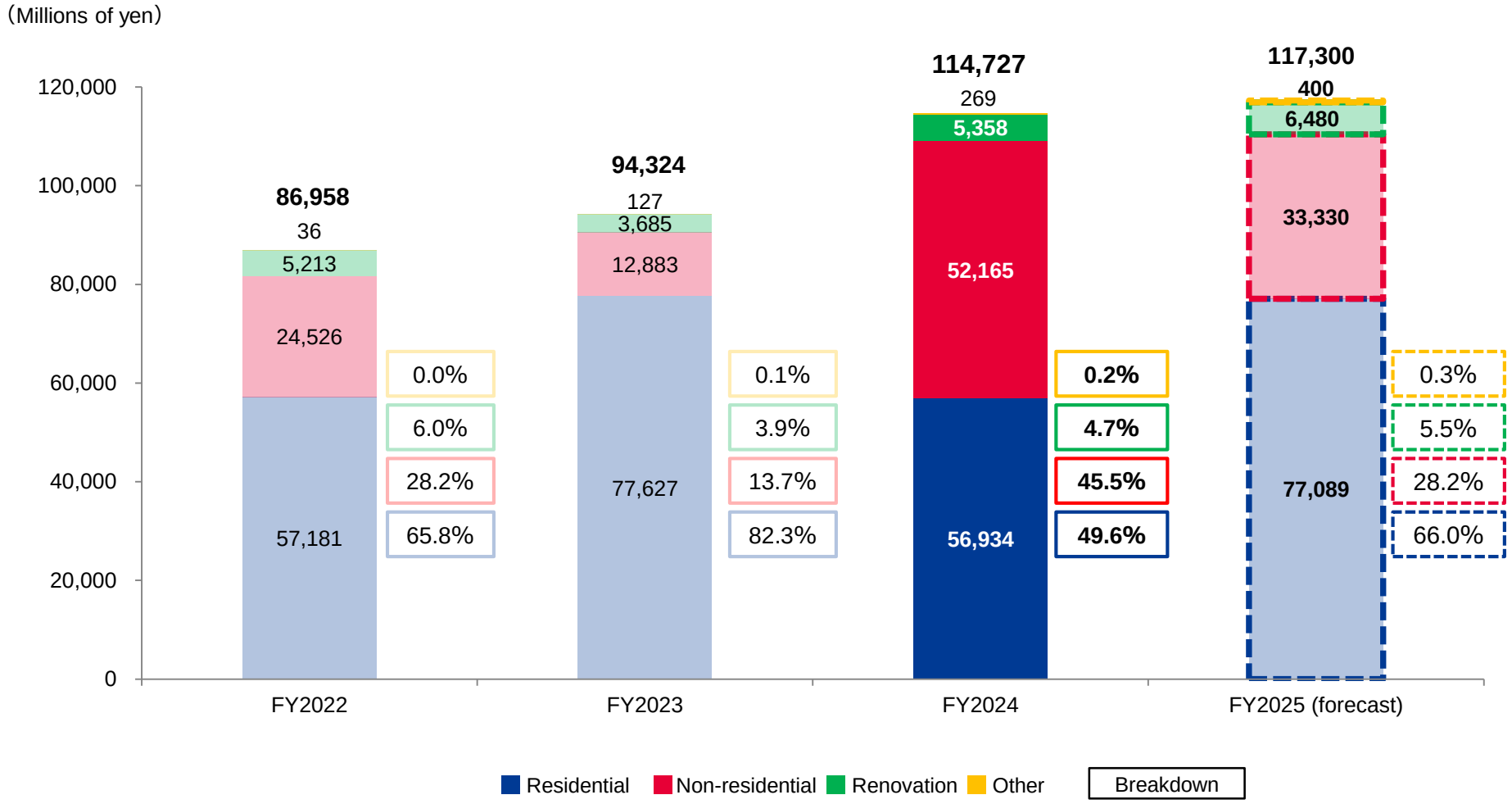
Increase/decrease in Operating profit



4. Consolidated Order balance

4-1. Changes in Consolidated Order balance

Consolidated order balance increased by 21.6% year-on-year to 114,727 million yen boosted by several large-scale orders in the non-residential segment



4. Consolidated Order balance

4-2. Consolidated Order balance breakdown

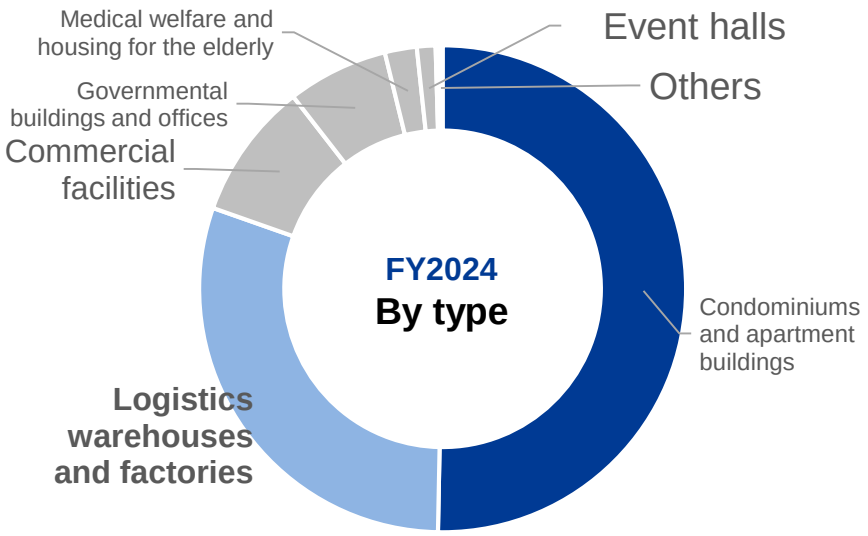
By type

Logistic warehouse and factories, and commercial facilities largely increased

(Millions of yen)

	FY2022		FY2023		FY2024	
		% of total		% of total		% of total
Condominiums and apartment buildings	58,337	66.9%	78,137	82.8%	57,713	50.4%
Logistics warehouses and factories	16,919	19.5%	5,281	5.6%	34,512	30.1%
Commercial facilities	5,979	6.9%	4,015	4.3%	10,435	9.1%
Governmental buildings and offices	2,415	2.8%	3,443	3.7%	7,683	6.7%
Medical welfare and housing for the elderly	1,956	2.3%	3,130	3.3%	2,433	2.1%
Event halls	614	0.7%	78	0.1%	1,418	1.2%
Education, culture, and sports	675	0.8%	96	0.1%	243	0.2%
Others	59	0.1%	141	0.1%	285	0.2%
Total	86,958	100.0%	94,324	100.0%	114,727	100.0%

*The renewal work is classified according to the type in buildings.

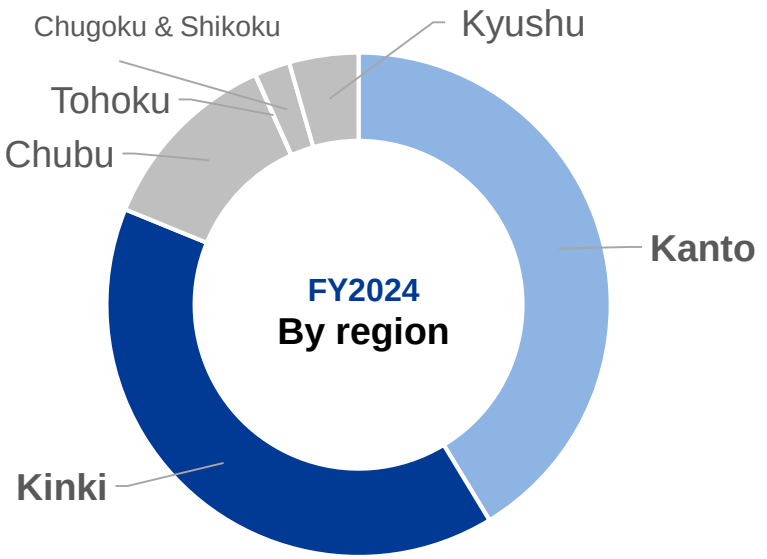


By region

Kanto region is stable while Kinki region increased significantly

(Millions of yen)

	FY2022		FY2023		FY2024	
		% of total		% of total		% of total
Kanto	39,315	45.3%	38,194	40.6%	47,395	41.3%
Kinki	28,085	32.3%	18,886	20.0%	45,732	39.9%
Chubu	8,630	9.9%	19,386	20.6%	13,881	12.1%
Tohoku	2,906	3.3%	6,227	6.6%	29	0.0%
Chugoku & Shikoku	3,947	4.5%	5,587	5.9%	2,590	2.3%
Kyushu	4,072	4.7%	6,042	6.4%	5,098	4.4%
Total	86,958	100.0%	94,324	100.0%	114,727	100.0%



4. Consolidated Order balance

4-3. Major Ordered Constructions

*In order of prefectural code

Client	Building (Project)	Prefecture	Type
Hankyu Hanshin Properties Corp.	Shimorenjaku 3 chome Mitaka city Procject	Tokyo	Condominiums and apartment buildings
MUFG Bank, Ltd.	Demolition Work of MUFG Bank Main Office (underground and above ground)	Tokyo	Governmental buildings and offices
Tokyo Gas Real Estate Co., Ltd.	Negishi Logistic Facility Project	Kanagawa	Logistics warehouses and factories
Daiwa House Industry Co., Ltd.	D Project Silver – Nagoya	Aichi	Medical welfare and housing for the elderly
MEC City Development SPC No.13 Taisho-ku Tsurumachi Development TMK	Osaka Taisho-ku Tsurumachi Cold Storage Warehouse Project	Osaka	Logistics warehouses and factories
Kubota Corporation	Hanshin Factory Amagasaki Plant 1, 2 Casting Plant	Hyogo	Logistics warehouses and factories (renovation)
Tokyo Tatemono Co., Ltd.	Kobe Ekimae Project	Hyogo	Condominiums and apartment buildings
ANABUKI KOSAN INC.	Alpha States Shingu	Fukuoka	Condominiums and apartment buildings

*1 By a joint venture group

5. Consolidated Balance Sheets

Assets decreased compared to the end of the previous fiscal year mainly due to a decrease in goodwill[*1] and investment securities[*1]

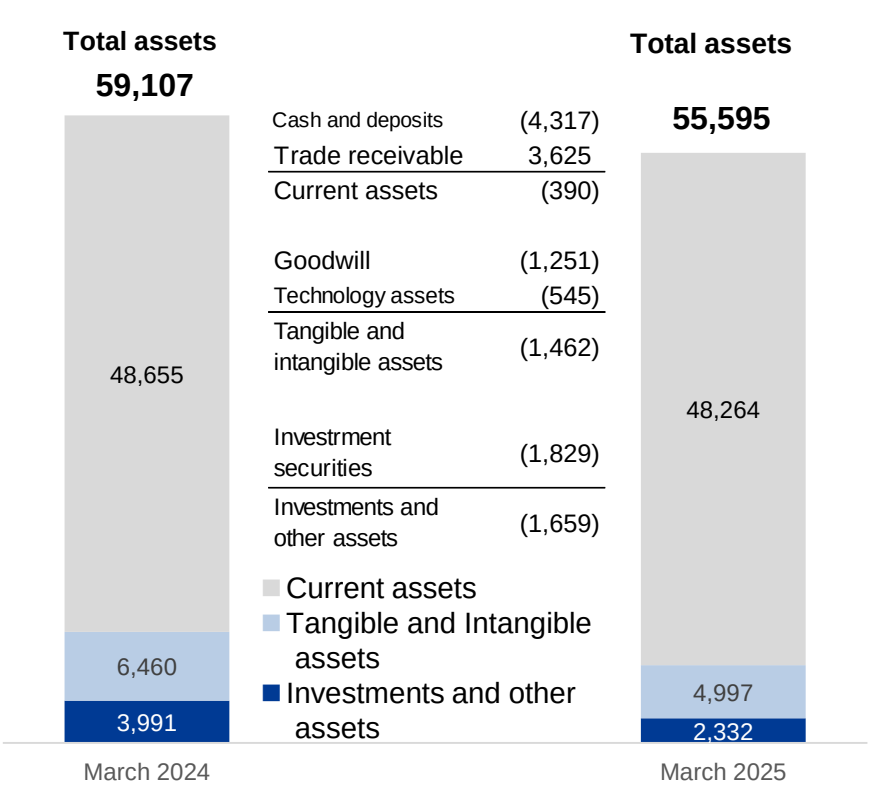
The decrease in trade payables[*2] and interest-bearing debt is the main reason for the decrease in liabilities and net assets

[*1] Please refer to page 14 for details

[*2] Trade payables consist of accounts payable for construction contracts, and electronically recorded obligations - operating

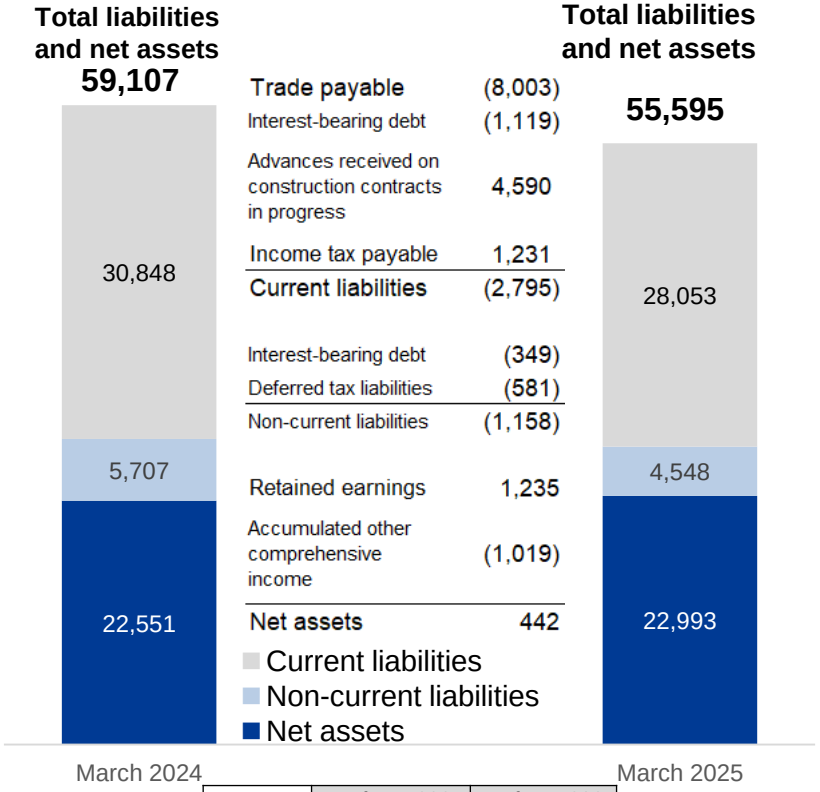
■ Assets (3,512)

(Millions of yen)



■ Liabilities and net assets (3,512)

(Millions of yen)

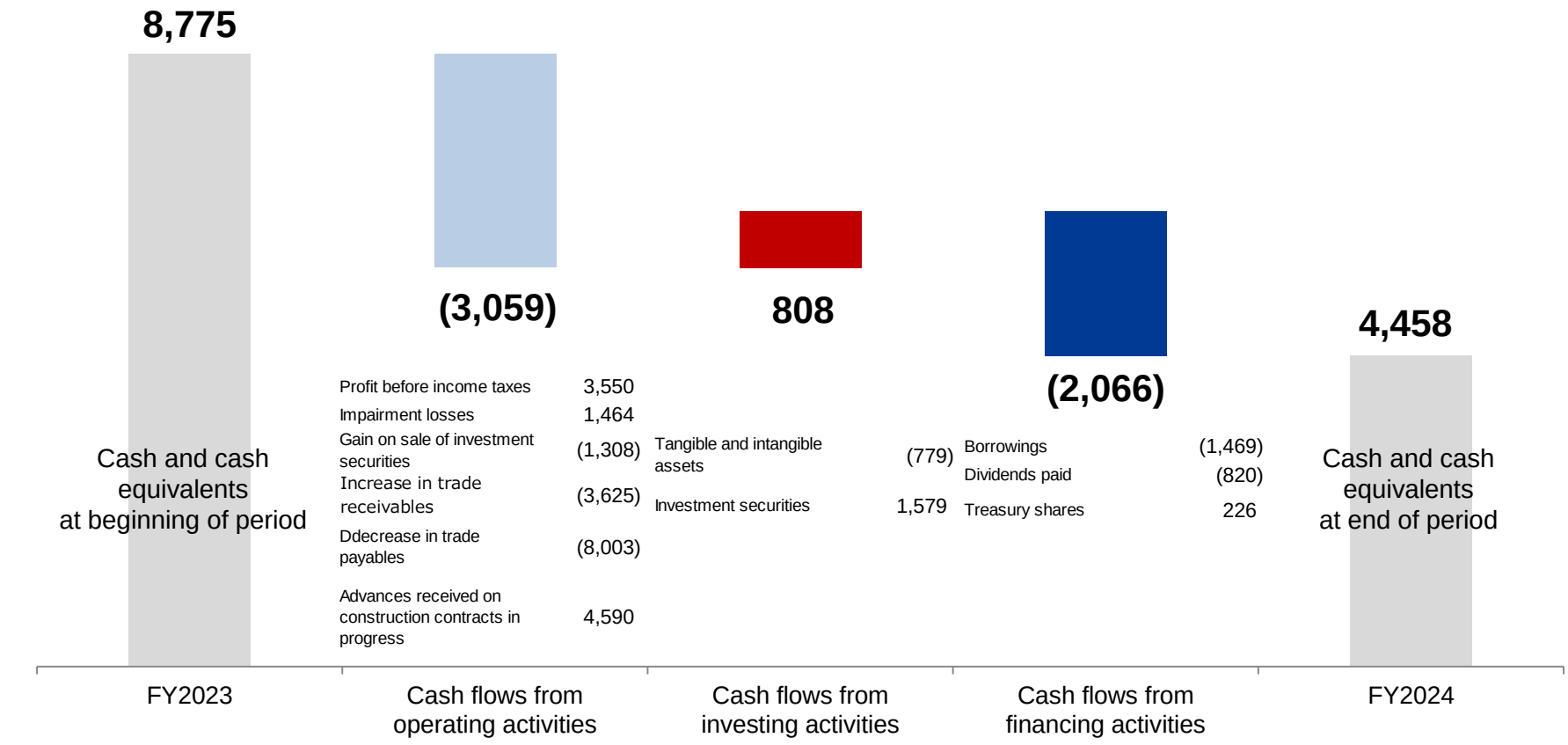


Equity ratio	As of Mar 2024	As of Mar 2025
	38.2%	41.4%

6. Consolidated Statement of Cash Flows

Operating cash flow decreased due to a decrease in trade payables (accounts payable for construction contracts, electronically recorded obligations - operating) resulting from shortening of payment terms. As a result, cash and cash equivalents at the end of the period decreased by 4,317 million yen from the beginning of the period to 4,458 million yen due to aforementioned factor and repayment of borrowings and payment of dividends, etc.

(Millions of yen)



7.Impairment losses of Goodwill etc. and Our Initiatives for Kamishima

7-1.Overview of Kamishima and Reasons for Impairment

In FY2024, we posted an impairment loss of 1.46 billion yen on the non-current assets, including goodwill of Kamishima, a consolidated subsidiary from November 2023

Overview of the Subsidiary

Kamishima Corporation

- In the special civil engineering domain of “Rock-Breaking“, Kamishima has proprietary patented techniques with superiority in vibration and noise control, high profitability, and extensive track records in Japan.
- Although there are many enquiries due to the uniqueness of the techniques and the extensive records, Kamishima’s order balance are volatile.
- In November 2023, we acquired ownership of Kamishima with the aim of re-entering the civil engineering business, accelerating growth by investing our resources, and increasing profitability for the group as a whole.

Reasons for Impairment

We have determined that it will take time to stabilize Kamishima’s business base, and after careful review of the business plan, we recorded impairment losses for the following reasons.

I. A delay in the onset of effects of stabilizing measures

- We have endeavoured to expand our sales network across the country and strengthen our construction capabilities to carry out large “Rock-Breaking” projects on a stable basis, but the effects of such stabilization measures have proved to take longer than expected.

II. Delays in the timing and failure of large projects

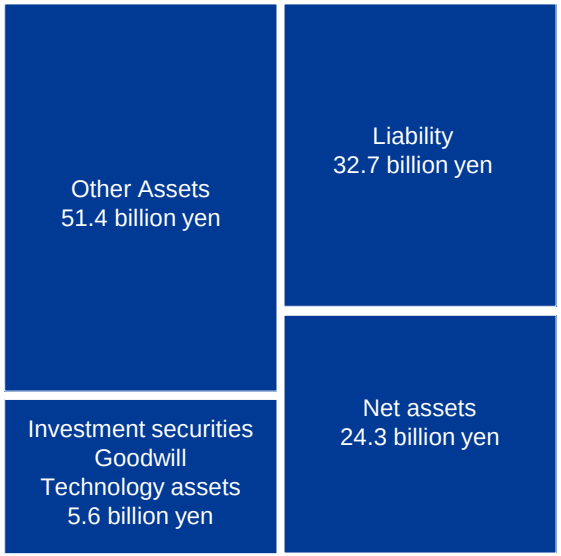
- Delays in the timing of some large-scale projects and failures of orders due to unexpected events have led us to carefully review the accuracy of orders in the pipeline.

7.Impairment losses of Goodwill etc. and Our Initiatives for Kamishima

7-2. Impact of Impairment Losses and Sale of Investment securities on Balance Sheets

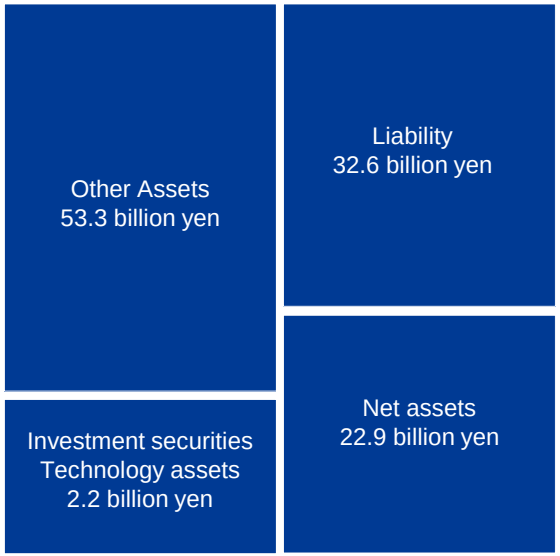
In the current fiscal year, both gains on the sale of investment securities (extraordinary income: 1.31 billion yen) and impairment losses (extraordinary losses: 1.46 billion yen) were recorded. The equity ratio did not change significantly, and the impact of the impairment loss on our financial base was limited

FY2024
before impairment losses



Equity ratio: 42.7%

FY2024
after impairment losses



Equity ratio: 41.4%

(Reference)
Equity ratio as of Mar 2024: 38.2%

7.Impairment losses of Goodwill etc. and Our Initiatives for Kamishima

7-3. Our Strategy for Civil Engineering Business Based on Current Situation

We haven't changed our strategy of seeking medium to long-term growth in the civil engineering business by leveraging Kamishima's advantage; Kamishima has a great potential in proprietary patented techniques

Kamishima's Strengths

Kamishima’s proprietary patented techniques in “Rock-Breaking” are superior to other conventional methods.

High productivity by crushing force and volume

- Kamishima’s mehods enable to shorten the construction period because of the excellent crushing force for semi-hard rocks and the volume per unit time.
- Kamishima has an extensive track record in large-scale works such as dams and river engineering.

Low environmental impact by vibration and noise control

- Kamishima’s methods have low environmental impacts such as noise, vibration, dust, etc. in a situation that requires consideration for the neighborhood and the natural environment.



- Kachiwaru-kun method -



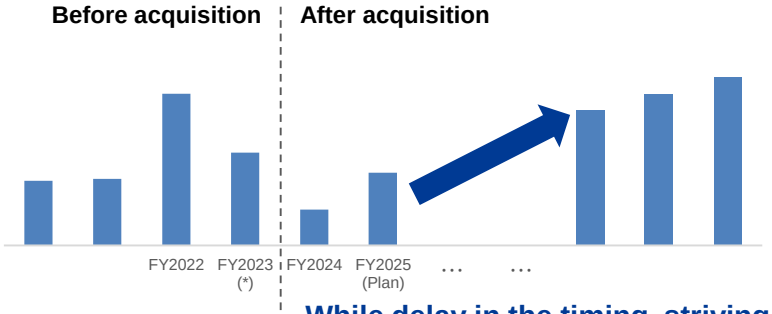
- Pakat-kun method -

Our Strategy

Continuing our strategy of seeking growth in the civil engineering business by leveraging Kamishima's advantage

- Kamishima's technological superiority remains unchanged.
- The technologies are only recognised locally and have room to disseminate nationwide.
- We aim to stabilize Kamishima’s business base by investing our group's resources to disseminate its recognition nationwide and to encourage the adoption of its construction methods.

Changes in net sales and planned image



While delay in the timing, striving to stabilize the business base

* The duration of FY2023 was 10 months because Kamishima changed the month of its fiscal year end from May to March

7.Impairment losses of Goodwill etc. and Our Initiatives for Kamishima

7-4. Our Ongoing Initiatives for Kamishima

In order to stabilize the business foundation of Kamishima, we have taken the following initiatives as a whole group. As inquiries from new regions and customers have been increased, we are seeing steady progress

Our Ongoing Initiatives #1　Gain Publicity

- The name of Kamishima and its construction method have been known to limited area. In order to gain nationwide publicity, we strive for publicity activities.
- Kamishima's original construction method has been registered in the New Technology Information System "NETIS" operated by MLIT, and has received high technical evaluation. The more its uniqueness and strength are recoginized, the more business we can achieve in a broader area, so study sessions are being held for construction consultants.
- Through the use of SEO, targeted advertising and the renovation of the company's website, we reach potential customers.

Our Ongoing Initiatives #2　Strengthening Sales Activities

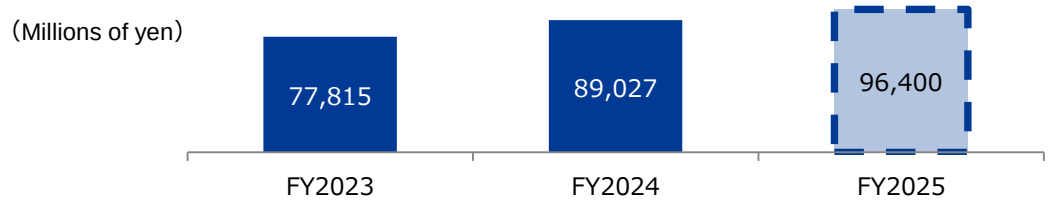
- We have expanded into potential markets that capitalize on Kamishima's advantages for sustainable growth.
- In public works, where Kamishima's main business is, Kamishima usually subcontracts from a prime contractor (larger construction companies) that receives an order from the central or municipal government. Sales activities for major construction companies and construction consultants to build relationships and gain repeat customers in the future.
- To build a pipeline of projects, we cooperate with our group companies to explore project information to see if Kamishima's methods can be used.

8. Summary of the Plan for FY2025

Consolidated net sales

96,400 million yen (up 8.3% year-on-year)

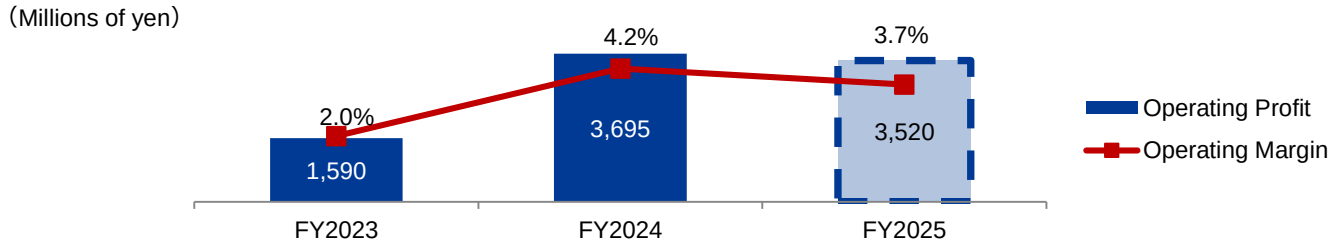
Net sales are expected to increase to 96,400 million yen on the back of an abundance of construction work carried over



Consolidated operating profit

3,520 million yen (down 4.7% year-on year)

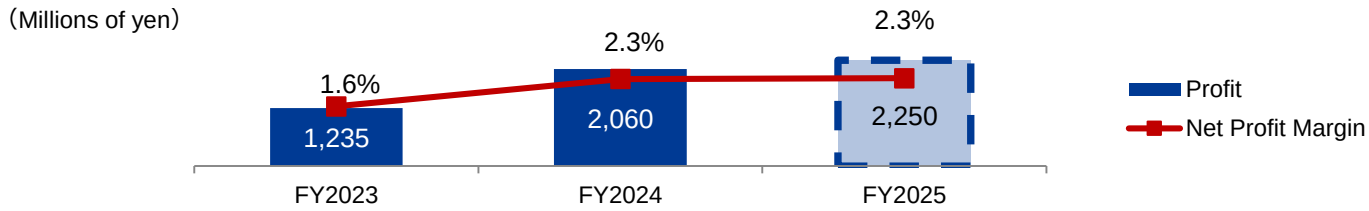
Although profitability of constructions continue to improve, operating profit is expected to fall to 3,520 million yen, down 4.7% year-on-year, due to an increase in fixed costs such as personnel expenses



Consolidated profit

2,250 million yen (up 9.2% year-on year)

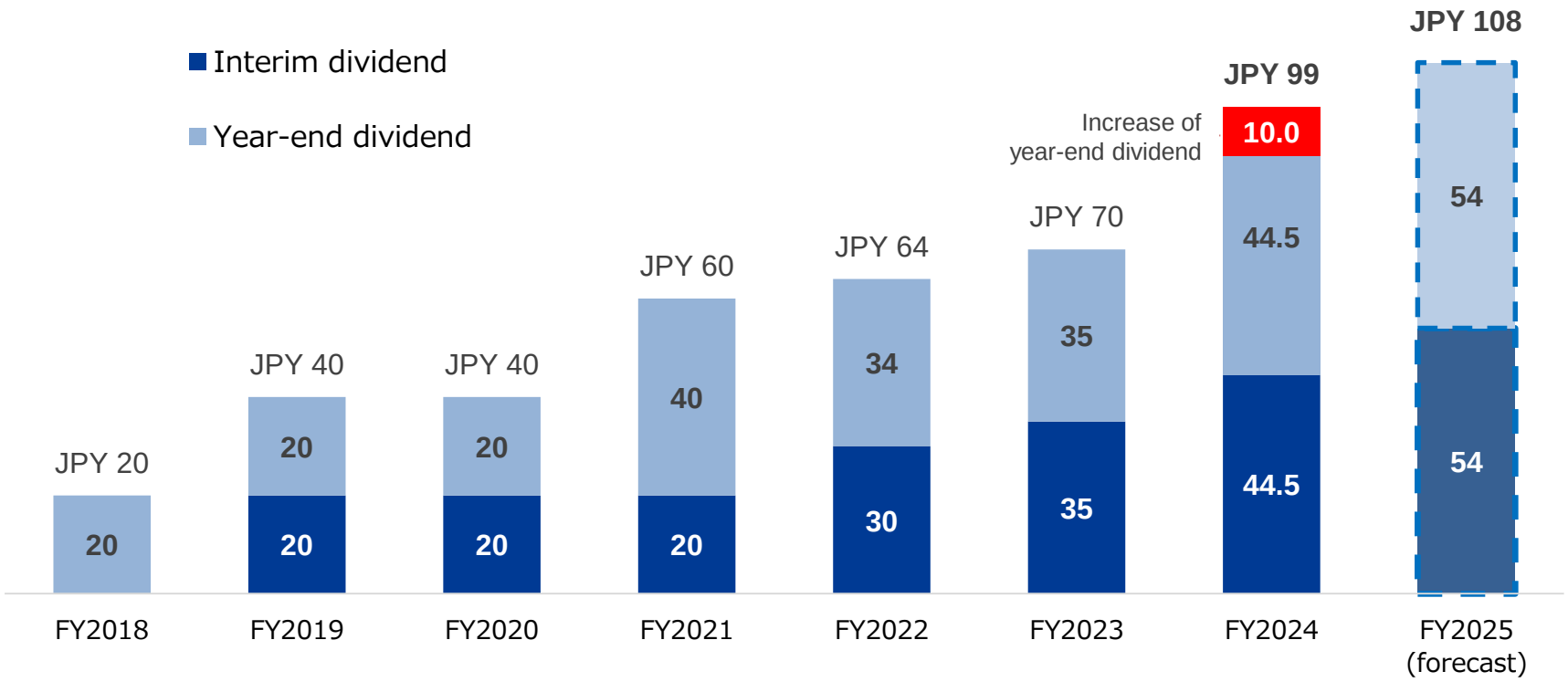
Profit is expected to 2,250 million yen, up 9.2% year-on-year



9. Shareholder returns

In line with our policy on shareholder returns of “a total payout ratio of at least 50% and a DOE of at least 4.0%”, we plan to increase **the annual dividend by JPY 10 to JPY 99 per share from the forecast in May 2024** (the interim dividend of JPY 44.5 was paid in November 2024)

We expect an **annual dividend of JPY 108 per share** in FY2025, JPY 54 each in the interim and at the year-end, five consecutive years of growth

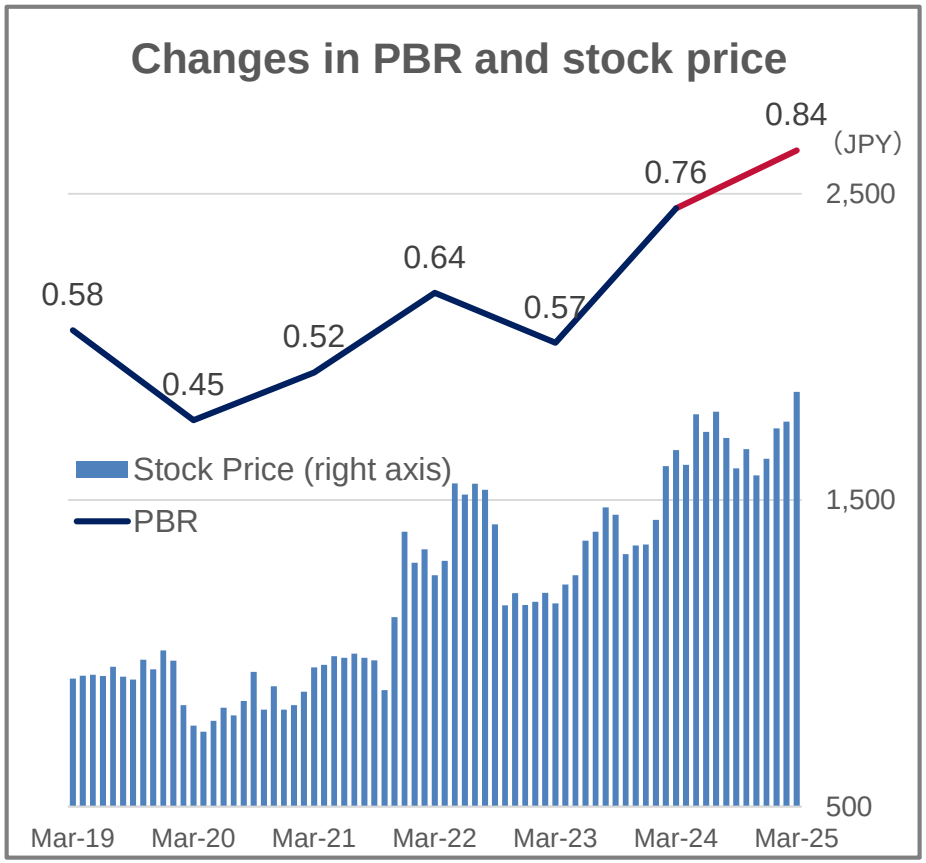


10. Management conscious of Cost of Capital and Stock Price

To exceed one times PBR by FY2030, we have targeted ROE of 10% or more and P/E of 10 times or more

ROE has been improved by increasing shareholder returns and profitability. We aim to improve ROE by implementing measures in our long- and medium-term business plan in order to continue to exceed the cost of capital

The P/E is also on an upward trend as a result of improvement in disclosure and active dialogue with investors. As a result, the PBR has improved significantly



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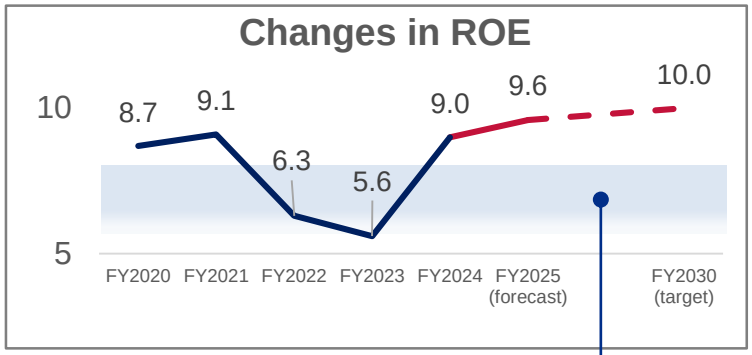
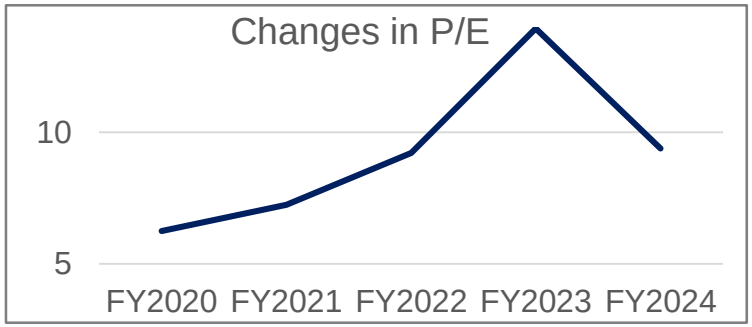


Range of our cost of capital:6%～8%

We estimated our cost of capital by hearing from investors and using CAPM (Equity Beta: five-years weekly, Market Risk Premium: 6%~7%)



Stock Price: Closing price at the end of month, PBR: Closing price at the end of period / Net assets per share at the end of period,
ROE: Profit per share / Net asset per share (beginning and end of period average), P/E: Closing price at the end of period / Profit per share

11. Sustainability Initiatives

We have set 17 KPIs for sustainability initiatives in our long- and medium-term business plan which commenced in FY2024

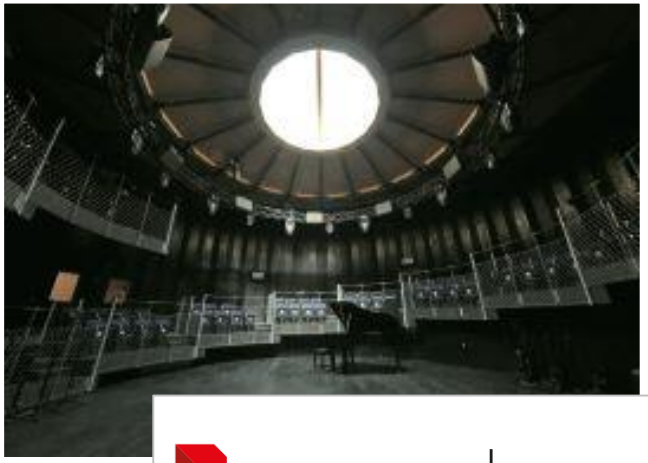
We have made good progress in FY2024

Major Initiatives (excerpted)		FY2023	FY2024
Environment			
Addressing climate change			
Reducing GHG emissions	Scope1 and 2 emissions	5,970.7t-CO2 (emissions per unit: 7.9t-CO_2 per 100 million yen)	5,872.2t-CO2 (emissions per unit: 6.8t-CO_2 per 100 million yen)
Pursuing ZEB, ZEH structures and wood construction	Ratio in new buildings (including scheduled for certification)	10.5%	62.2%
Pursuing environmentally friendly business activities			
Reducing construction byproducts	Construction byproducts per unit	6.[illegible]kg/㎡	7.[illegible]kg/㎡
Society			
Pursuing work-life balance			
Encouraging to take paternal leave programs	Ratio of taking paternal leaves	72.7%	100%
Ensuring occupational health and safety			
Reducing the number of occupational accidents	Accident frequency rate (four or more lost work days)	1.02	0.87
Promoting diversity			
Increasing the number of female managers	Ratio of female managers	5.9%	8.5%
Increasing the number of female employees	Ratio of female employees	13.3%	14.1%
Increasing the number of experienced workers	Ratio of experienced workers in new hiring	22.4%	45.1%

12. EXPO 2025 Osaka Kansai and Future Initiatives with Czechia Republic

We reached a basic agreement with the Commissioner General Office of the Czech Republic on Strategic Partnership at the EXPO 2025 Osaka, Kansai in April 2025

We will hold publicity campaigns in Czechia National Pavilion, EXPO 2025 Osaka, Kansai, which we built and we will cooperate with them to expand sales channels for wooden construction materials in Japan



“DAISUE Hall” inside Czechia Pavilion



Our Special Website

(Reference) Sponsored Research Report

Our corporate research report has been released. It was created through a joint business of Sponsored Research by QUICK Corp., Nomura Investor Relations Co.,Ltd., and Nomura Securities Co.,Ltd.

This report was prepared at the request of our company and was written with ensuring accuracy and objectivity.

The report is available through financial data vendors, e.g. QUICK, Bloomberg, FactSet, LSEG, and others.



(Note) About QUICK & NOMURA Corporate Research (Q&N Research)

Q&N Research is a joint business of Sponsored Research by QUICK Corp., Nomura Investor Relations Co.,Ltd., and Nomura Securities Co.,Ltd.. Reports are distributed through financial data vendors, e.g. QUICK, Bloomberg, FactSet, LSEG, and others.

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