



Daito Trust Construction Co., Ltd.

Q1 Financial Results Briefing for the Fiscal Year Ending March 2025

July 31, 2024

Event Summary

[Company Name]	Daito Trust Construction Co., Ltd.		
[Company ID]	1878-QCODE		
[Event Language]	JPN		
[Event Type]	Earnings Announcement		
[Event Name]	Q1 Financial Results Briefing for the Fiscal Year Ending March 2025		
[Fiscal Period]	FY2025 Q1		
[Date]	July 31, 2024		
[Time]	15:30 – 16:32		
[Venue]	Webcast		
[Participants]	80		
[Number of Speakers]	2		
	Kei Takeuchi	President, Representative Director, CEO	
	Tsukasa Okamoto	Director, Senior Executive Officer, CFO	
		General Manager of Corporate Management Headquarter	

Presentation

Moderator: Now that the time has arrived, we will begin the Daito Trust Construction Co., Ltd. Q1 financial results briefing for the fiscal year ending March 2025. Today, we are remotely broadcasting the financial results briefing that is being held at our company's site. The content of today's presentation will be posted on our website at a later date, so if any details are difficult to hear, please refer to that page.

As for today's schedule, Okamoto, Director, Senior Executive Officer, and CFO General Manager of Corporate Management Headquarters, will provide an overview of financial results for Q1 of the fiscal year ending March 31, 2025, followed by an explanation of the results of key indicators and beyond by Takeuchi, President, Representative Director, and CEO.

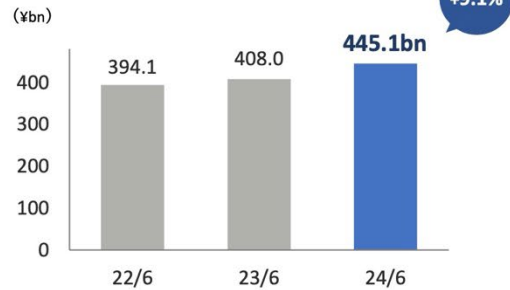
Thereafter, we will proceed to the Question and Answer session. Regarding the method of asking questions, I will explain at the beginning of the Question and Answer session. We will now begin. Mr. Okamoto, please begin.

Okamoto: Good afternoon, ladies and gentlemen. Thank you very much for joining us today despite your busy schedule and the extremely hot weather. I would like to explain our Q1 results. Unless otherwise noted, I will explain on a consolidated basis.

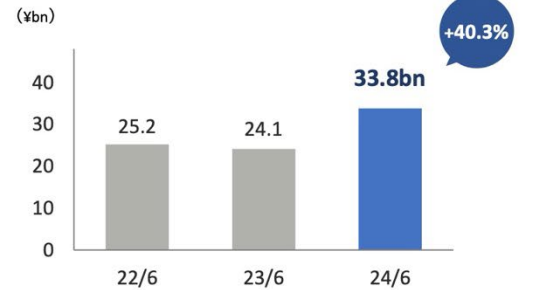
PL (Consolidated PL)

4

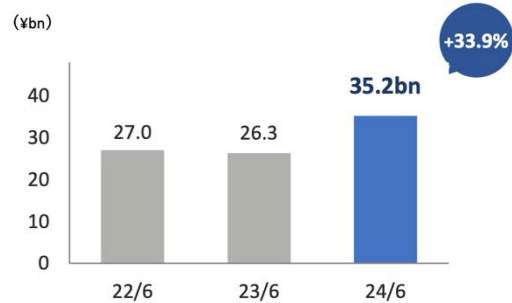
Net sales



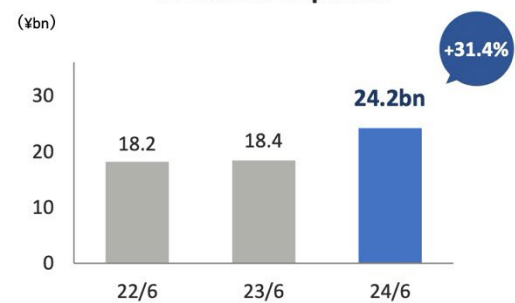
Operating income



Ordinary income

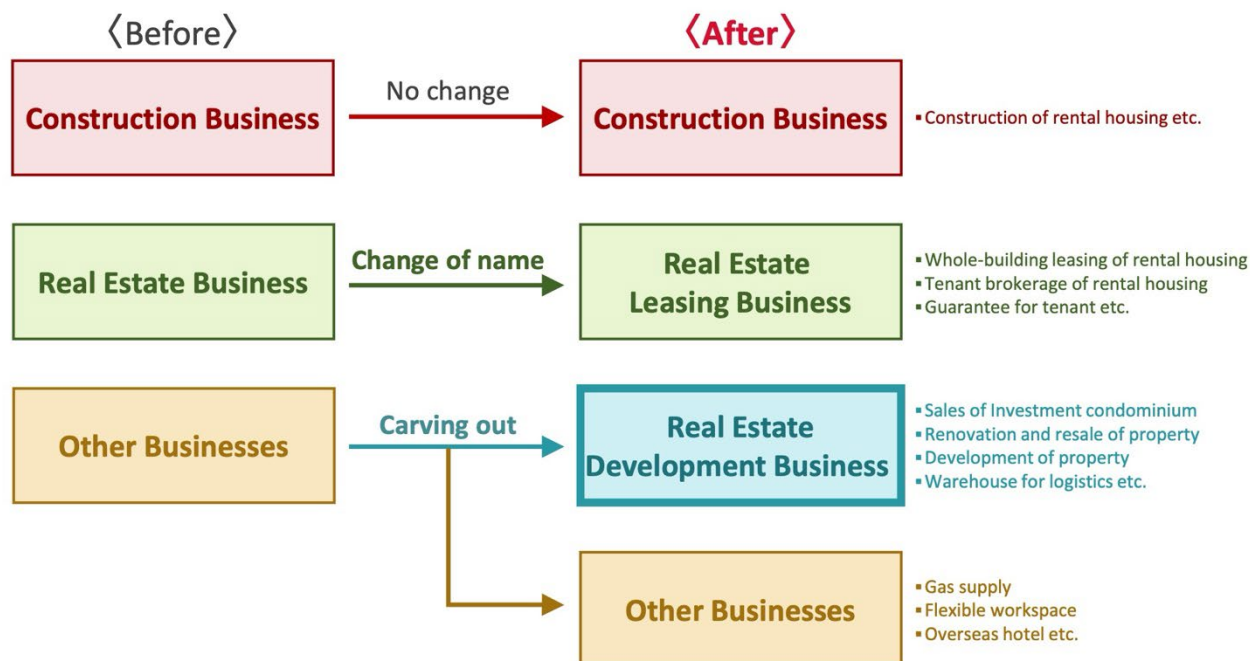


Net income attributable to owners of parent



Please refer to page four. I would like to explain the profit and loss situation for the period under review. Net sales increased 9.1% YoY to JPY445.1 billion, operating income increased 40.3% YoY to JPY33.8 billion, and net income attributable to owners of parent increased 31.4% YoY to JPY24.2 billion. I will explain the details by segment later.

Addition of “Real Estate Development Business” segment as a focus area in the medium-term management plan



Note; Hereafter, past performance will also be shown in the revised segments.

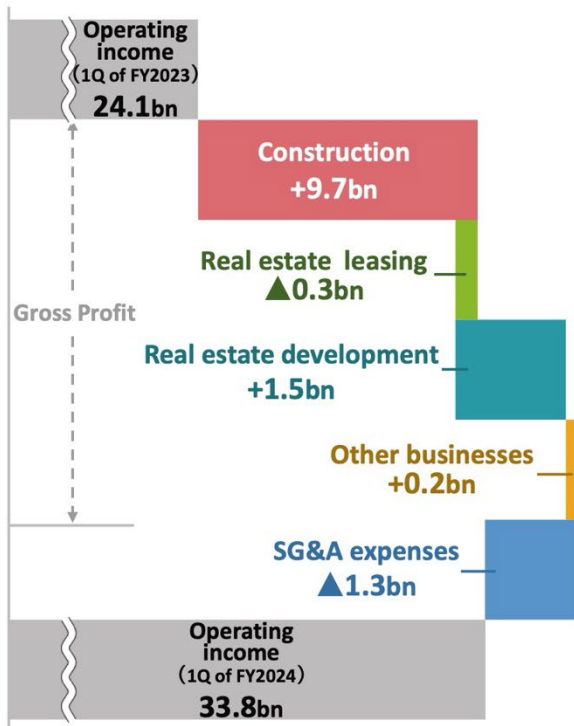
Please refer to page five. Beginning with Q1 of the current fiscal year, the real estate development segment, which is a focus area of the medium-term management plan, has been separated from the other segment and is now a separate segment.

As a result, please note that after the revision, we have four new segments: construction, real estate leasing, real estate development, and other businesses.

PL (Factors of fluctuation in operating income) <YoY>

6

Profit & Loss by segment



Major factors of fluctuation <+¥9.7bn YoY>

Construction +¥9.7bn	Completed construction (¥104.2bn→¥126.0bn)	+¥4.67bn
	Gross profit margin (21.4%→25.4%)	+¥5.04bn
Real estate leasing △¥0.3bn	Real estate management business	△¥0.32bn
	Guarantee business	+¥0.11bn
	Rent from head office building	△¥0.39bn
	Others	+¥0.18bn
Real estate development +¥1.5bn	Investment condominium business	+¥0.88bn
	Renovation and resale, development business	+¥0.57bn
Other businesses +¥0.2bn	Overseas hotel business	+¥0.23bn
	Flexible workspace business	+¥0.18bn
	Gas business	△¥0.18bn
SG&A expenses ▲¥1.3bn	Personnel expenses	+¥0.97bn
	Other expenses	△¥2.27bn

DAITO TRUST CONSTRUCTION CO., LTD.

© 2024 Daito Trust Construction Co., Ltd.

Please turn to page six. Operating income for the current fiscal year was JPY33.8 billion, an increase of JPY9.7 billion from JPY24.1 billion in the previous fiscal year.

The breakdown is as follows: in the construction business, as a result of an increase in the amount of completed construction work due to the leveling off of construction starts and an improvement in the gross profit margin due to price revisions, operating income increased by JPY9.7 billion. In the real estate leasing business, there was a decrease of JPY0.3 billion due to a slight decrease in the occupancy rate from the previous period, despite an increase in the number of properties under management. In the real estate development business, sales expanded as a result of the investment of management resources, including funds and human resources, in this new growth area, resulting in an increase of JPY1.5 billion. In other businesses, there was an increase of JPY0.2 billion due to an improvement in the occupancy rate of a hotel in Malaysia and other factors.

As for SG&A expenses, personnel expenses decreased due to the absence of the one-time payment of an inflation allowance in June of the previous fiscal year. On the other hand, sales promotion expenses such as events increased, partly because COVID-19 has settled down, resulting in an overall increase of JPY1.3 billion.

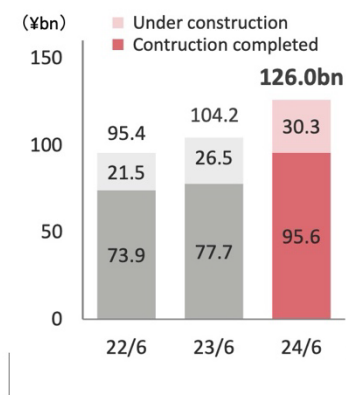
Profit & Loss by segment (Construction business - 1)

7

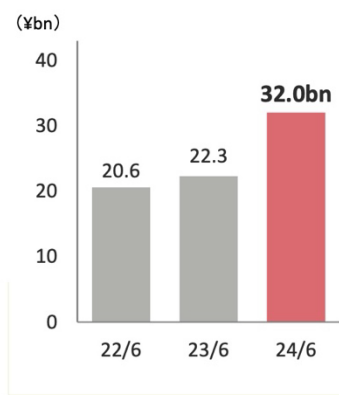
(¥bn)

	2023/6	2024/6	(YoY)
Net sales	104.2	126.0	(+20.9%)
Gross profit	22.3	32.0	(+43.5%)
Operating income	0.6	10.8	(+1491.8%)

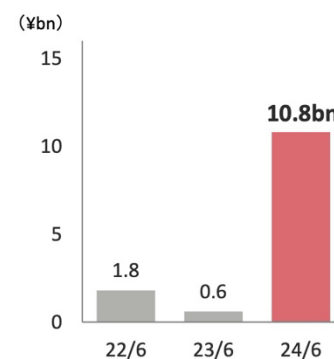
Net sales



Gross profit



Operating income



DAITO TRUST CONSTRUCTION CO., LTD.

© 2024 Daito Trust Construction Co., Ltd.

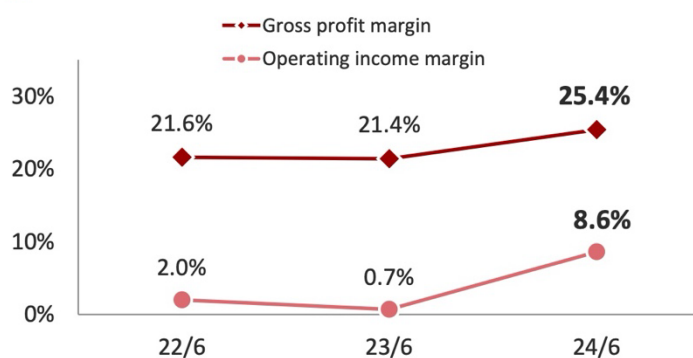
Please turn to page seven. In the construction segment, the number of completed construction contracts increased by 20.9% YoY to JPY126 billion, and operating income increased by JPY10.2 billion YoY to JPY10.8 billion.

Profit & Loss by segment (Construction business - 2)

8

	2023/6	2024/6	(YoY)
Gross profit margin	21.4%	25.4%	(+4.0p)
Operating income margin	0.7%	8.6%	(+7.9p)

Gross profit margin / Operating income margin



Major breakdown of the variance (+4.0p YoY)

① Price revision	+6.3p
② Labor cost	△1.9p
③ Material cost	△3.5p
④ Exchange	+3.1p

Please see page eight. The gross margin ratio increased by 4 percentage points YoY to 25.4%. The breakdown of the increase in gross profit margin is as shown in the table below, but despite the continued rise in the cost of construction materials and labor costs, including the 2024 problem, the gross profit margin improved due to the effects of price revisions implemented two years ago, as well as the stabilization of imported lumber prices.

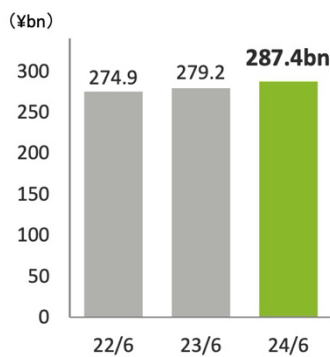
Profit & Loss by segment (Real estate leasing business - 1)

9

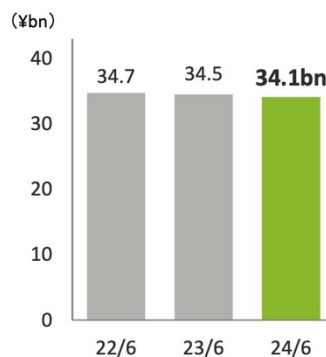
(¥bn)

	2023/6	2024/6	(YoY)
Net sales	279.2	287.4	(+2.9%)
Gross profit	34.5	34.1	(△0.9%)
Operating income	23.4	22.5	(△3.9%)

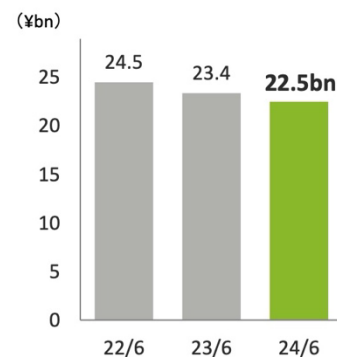
■ Net sales



■ Gross profit



■ Operating income



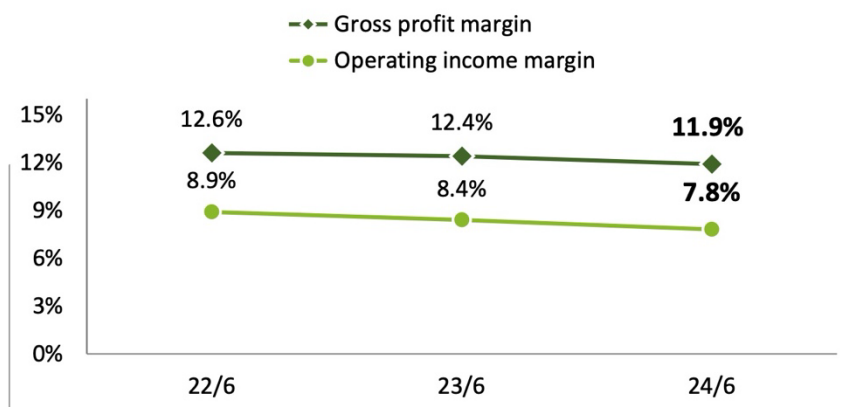
Please turn to page nine. In the real estate leasing segment, this is the former real estate segment. Net sales increased 2.9% YoY to JPY287.4 billion, and operating income decreased 3.9% YoY to JPY22.5 billion.

Profit & Loss by segment (Real estate leasing business - 2)

10

	2023/6	2024/6	(YoY)
Gross profit margin	12.4%	11.9%	(△0.5p)
Operating income margin	8.4%	7.8%	(△0.6p)

Gross profit margin / Operating income margin



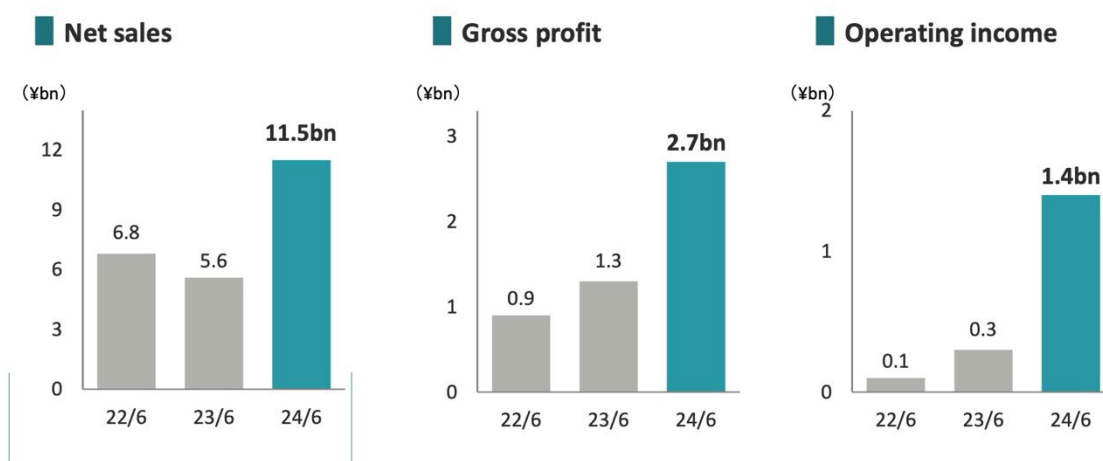
Please turn to page 10. The gross profit margin and operating profit margin declined by about 0.5 percentage points YoY due to the decline in the occupancy rate, but they remain high compared to the gross profit margin of around 10% pre-COVID-19.

Profit & Loss by segment (Real estate development business - 1)

11

(¥bn)

	2023/6	2024/6	(YoY)
Net sales	5.6	11.5	(+105.2%)
Gross profit	1.3	2.7	(+111.9%)
Operating income	0.3	1.4	(+266.3%)



DAITO TRUST CONSTRUCTION CO., LTD.

© 2024 Daito Trust Construction Co., Ltd.

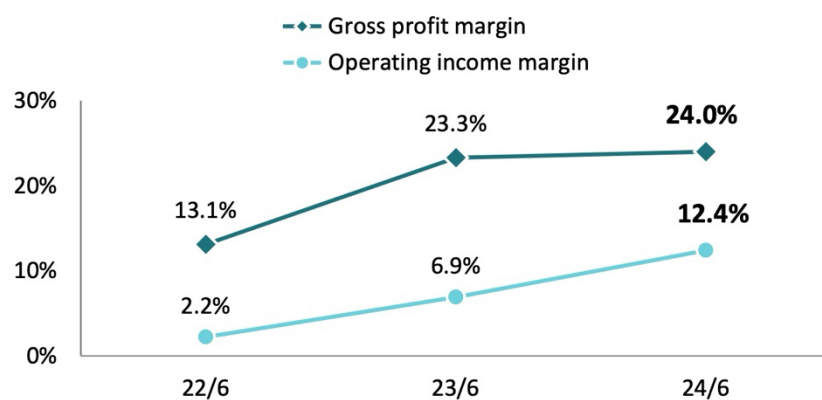
Please turn to page 11. In the real estate development segment, sales increased 105.2% YoY to JPY11.5 billion, and operating income increased by JPY1.1 billion to JPY1.4 billion, reflecting the delivery of properties for which full-scale development began last year.

Profit & Loss by segment (Real estate development business - 2)

12

	2023/6	2024/6	(YoY)
Gross profit margin	23.3%	24.0%	(+0.7p)
Operating income margin	6.9%	12.4%	(+5.5p)

Gross profit margin / Operating income margin



Please turn to page 12. The gross margin for the real estate development segment was 24%, and the operating margin was 12.4%, thanks to efficient sales activities.

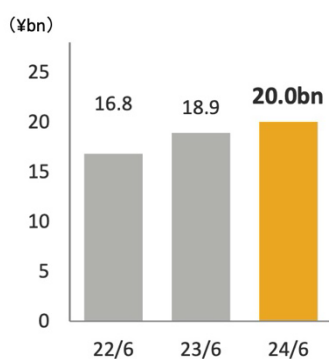
Profit & Loss by segment (Other businesses)

13

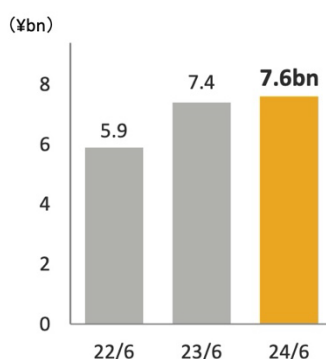
(¥bn)

	2023/6	2024/6	(YoY)
Net sales	18.9	20.0	(+6.1%)
Gross profit	7.4	7.6	(+2.7%)
Operating income	2.8	3.1	(+8.8%)

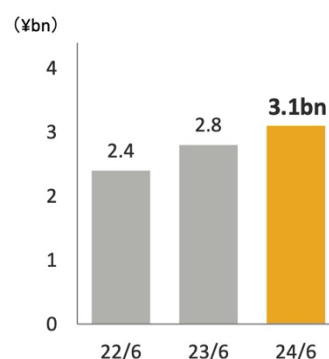
■ Net sales



■ Gross profit



■ Operating income



Please turn to page 13. The figures for the other segment are shown after excluding the figures of the real estate development business mentioned earlier from the financial results of the previous fiscal year and the two previous fiscal years.

In the other business segment, net sales increased 6.1% YoY to JPY20 billion, and operating income increased 8.8% YoY to JPY3.1 billion.

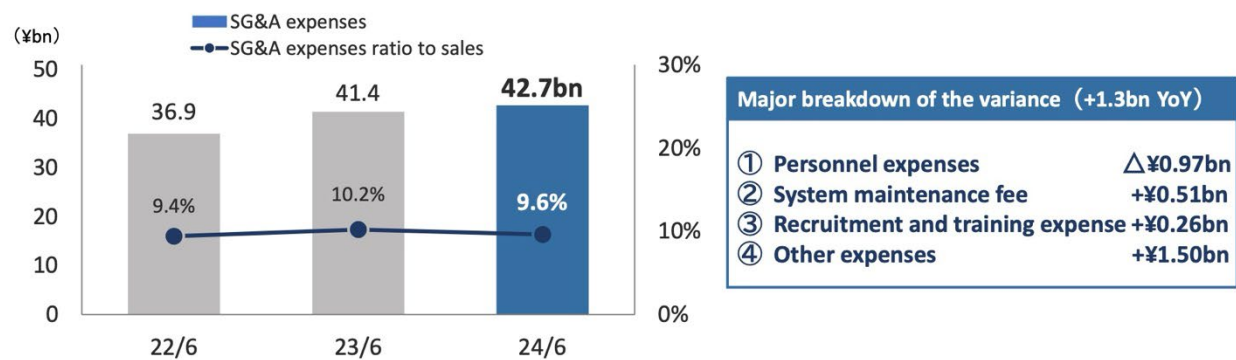
Profit & Loss (Selling, general and administrative expenses)

14

	2023/6	2024/6	(YoY)
SG&A expenses	41.4	42.7	(+3.2%)
SG&A expenses ratio to sales	10.2%	9.6%	[△0.6p]

[] : Difference from same period in previous year

SG&A expenses / SG&A expenses ratio to sales



Please turn to page 14. SG&A expenses increased by JPY1.3 billion YoY to JPY42.7 billion. The SG&A expenses ratio to sales decreased by 0.6 percentage points YoY to 9.6%.

Financial review (Consolidated BS)

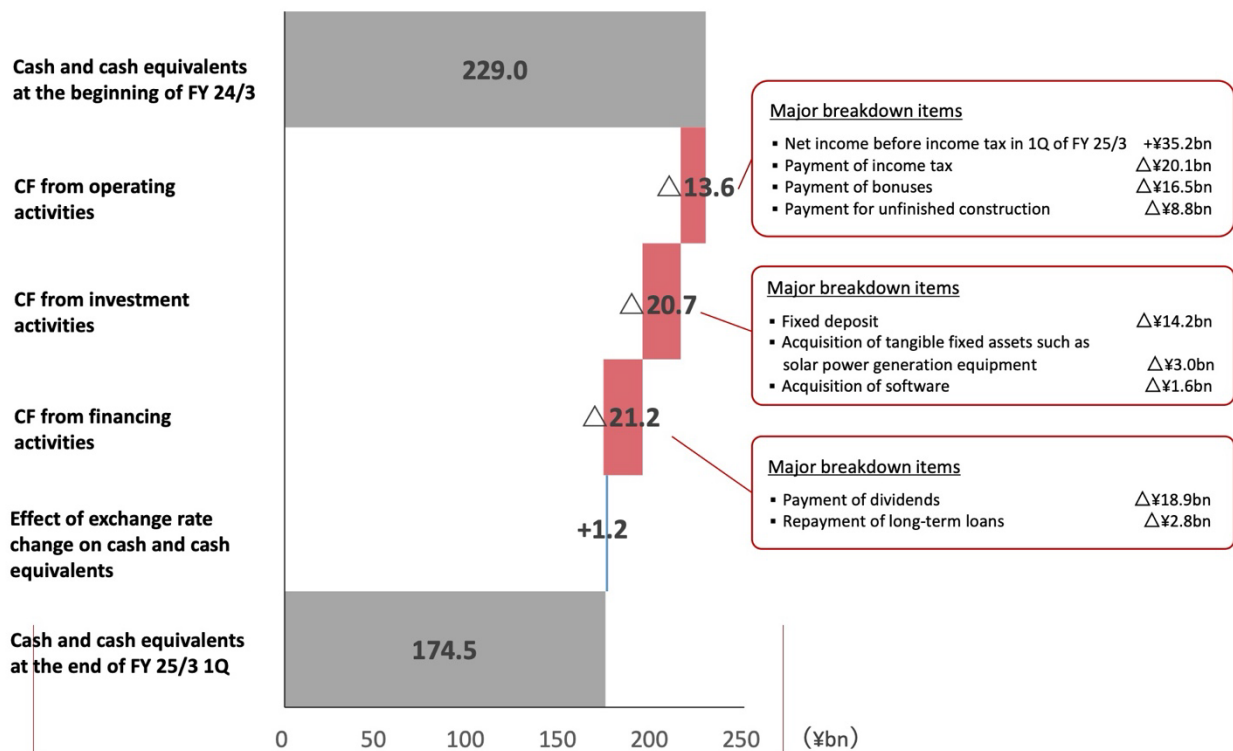
15

End of June 2023		End of March 2024		End of June 2024 (¥bn)	
Total assets ¥1,046.8bn		Total assets ¥1,080.0bn (+¥33.2bn)		Total assets ¥1,046.1bn (△¥33.9bn)	
Current assets 602.1	Current liabilities 290.0	Current assets 624.2 (+22.1)	Current liabilities 326.9 (+36.9)	Current assets 592.0 (△32.2)	Current liabilities 287.1 (△39.8)
Fixed assets 444.7	Fixed liabilities 346.7	Fixed assets 455.7 (+11.0)	Fixed liabilities 347.3 (+0.6)	Fixed assets 454.0 (△1.7)	Fixed liabilities 345.8 (△1.5)
Net assets 410.0		Net assets 405.8 (△4.2)		Net assets 413.1 (+7.3)	
Equity ratio	39.2%	Equity ratio	37.6%	Equity ratio	39.5%
BPS	¥6,006.15	BPS	¥6,211.64	BPS	¥6,314.83
EPS	¥270.53	EPS	¥1,110.59	EPS	¥371.63

※BPS : Net assets per share

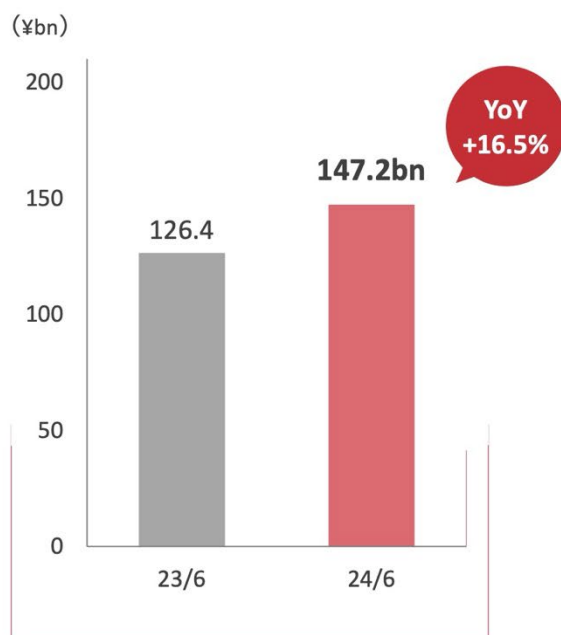
※EPS : Quarterly (current year) net income per share

Please turn to page 15. Financial review. There were no major changes in the consolidated balance sheet, as noted. Following the share buyback implemented in November last year, BPS, net assets per share, EPS, and earnings per share have all improved.

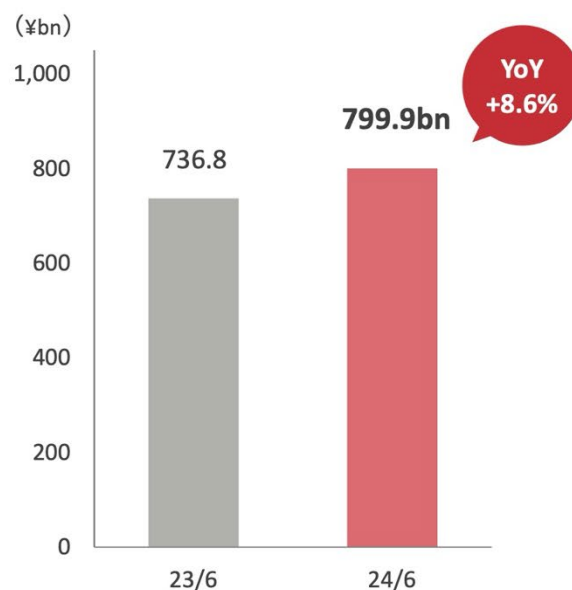


Please turn to page 16. Last but not least, consolidated cash flow. The reasons for the increase/decrease are as shown on the slide. This concludes the overview of the Q1 financial results. Now, Mr. Takeuchi, if you would please.

Orders received



Orders in hand



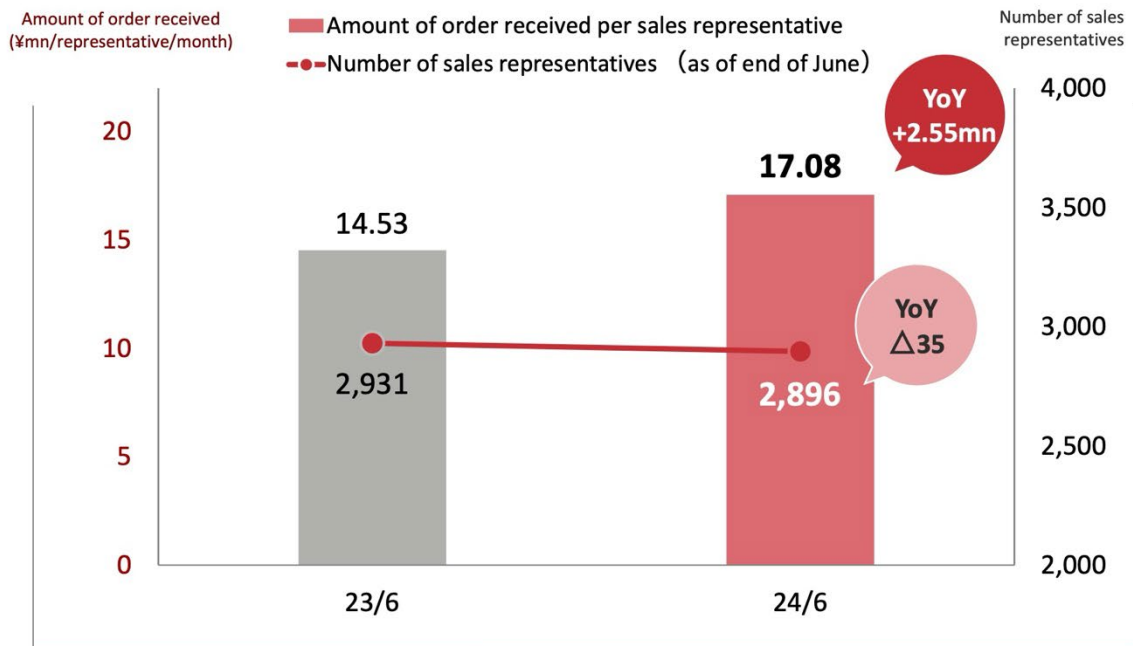
Takeuchi: I will now explain the results of key figures. Thank you very much for joining us today in this very hot weather.

Please turn to page 18. First of all, orders received for the current fiscal year totaled JPY147.2 billion, up 16.5% YoY, despite a slight rise in interest rates, the impact of which has not been so great. As a result, the balance of new orders received increased 8.6% YoY to JPY799.9 billion.

Orders received (Efficiency in receiving orders)

19

- Amount of order received per sales representative
- Number of sales representatives

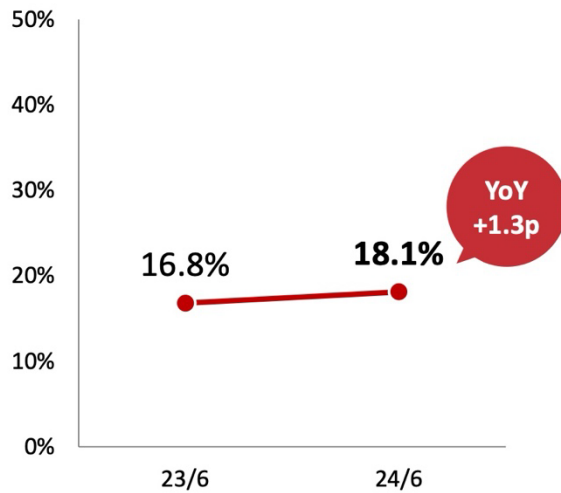


Please turn to page 19. The number of sales representatives at the end of June decreased by 35 YoY to 2,896. We will continue our recruiting activities to increase the number of sales representatives to 3,000. Orders received per sales representative increased by JPY2.55 million YoY to JPY17.08 million.

Orders received (Mid-rise ratio and rebuild ratio)

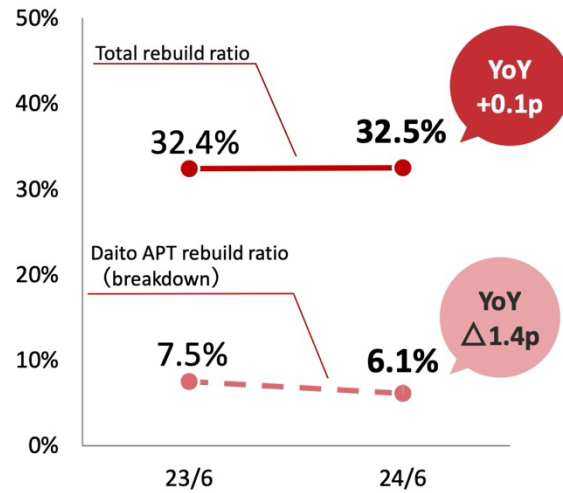
20

Mid-rise ratio^{※1}



※1 Mid-rise ratio = Number of orders received for APT house with 3 or more stories / Total number of orders received

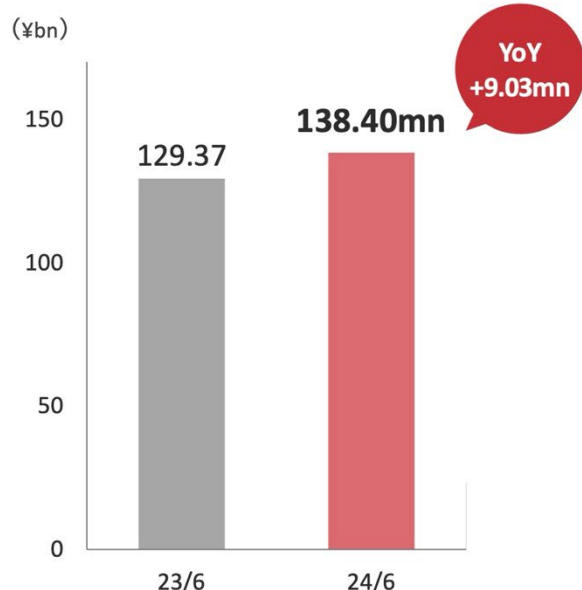
Rebuild ratio^{※2}



※2 Total rebuild ratio = Number of orders received for rebuilding APT / Total number of orders received
Daito APT rebuild ratio = Number of orders received for rebuilding APT built by Daito / Total number of orders received

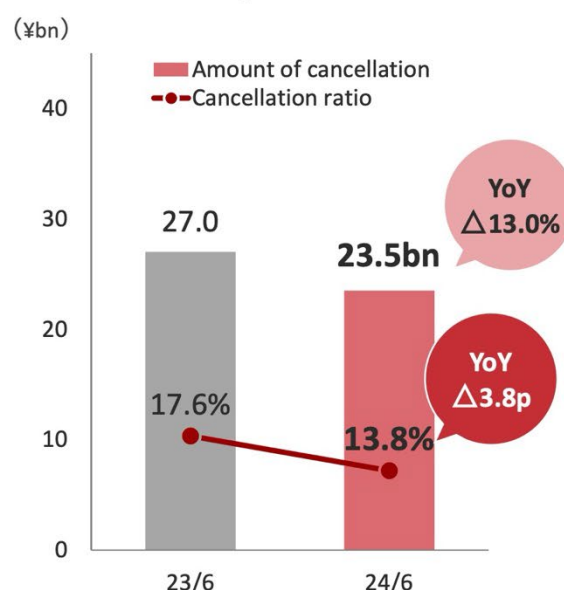
Please turn to page 20. Until now, ZEH products have been sold mainly for two-story buildings, but we have developed and improved three-story ZEH products, and through sales promotion, the mid-rise ratio increased by 1.3% YoY to 18.1%. The ratio of reconstructed units rose 0.1 percentage points YoY to 32.5%.

■ Average price of orders received※1



※1 Average price of order received = Amount of new orders received / Number of orders received

■ Amount of cancellation / Cancellation ratio※2



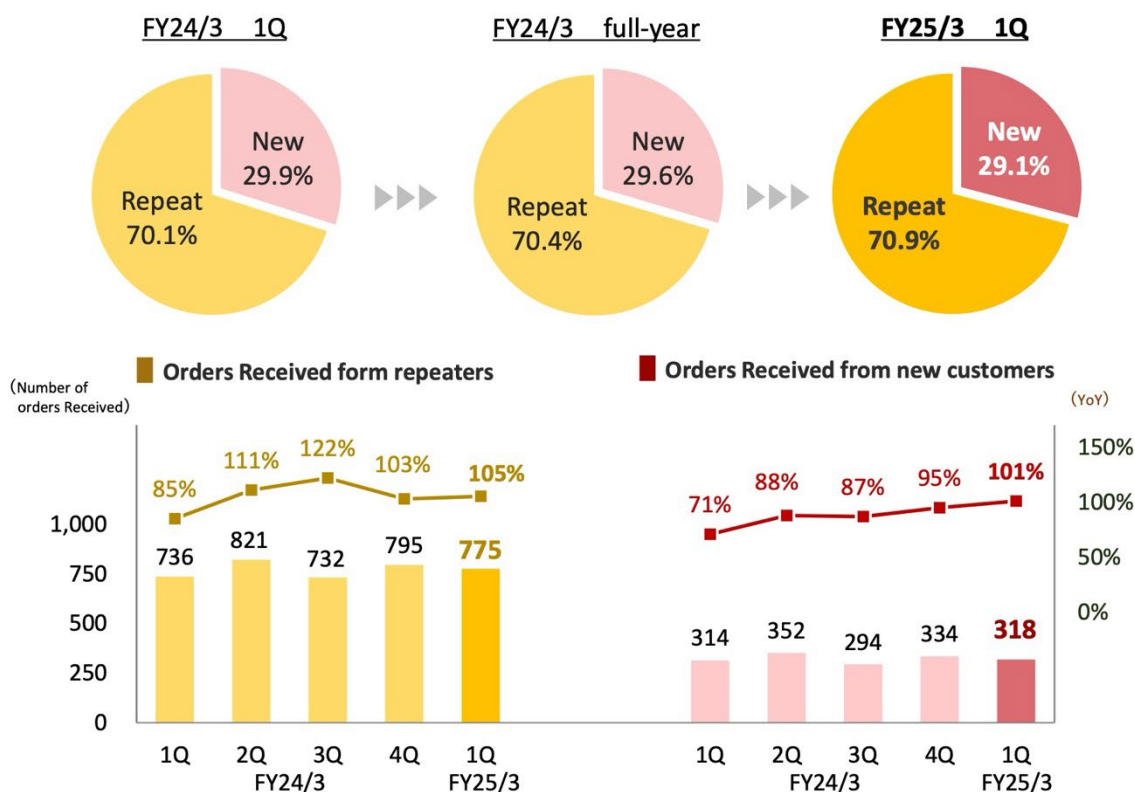
※2 Cancellation ratio
= Amount of cancellation / Amount of new orders received Orders received
= Amount of new orders received – Amount of cancellation

Please turn to page 21. The graph on the left shows the unit price of orders received and the cancellation rate. The graph on the left shows the unit price of orders received, which increased by JPY9.03 million YoY to JPY138.4 million due to the price revision.

Please see the graph on the right. This graph shows the change in the cancellation rate. It improved by 3.8 percentage points YoY to 13.8%. We intend to curb the occurrence of cancellation rate by continuing to finalize loans at the time of contract.

Orders received (Number of orders received & their channels)

22



Please turn to page 22. During the period under review, the percentage of new customers decreased by 0.8 percentage points YoY to 29.1%, while the percentage of repeat customers increased by 0.8 percentage points YoY to 70.9%. The increase in repeat contracts here results from our efforts to strengthen our grip on existing owners by focusing on sales activities.

Tenancy recruitment (Number of recruitment)

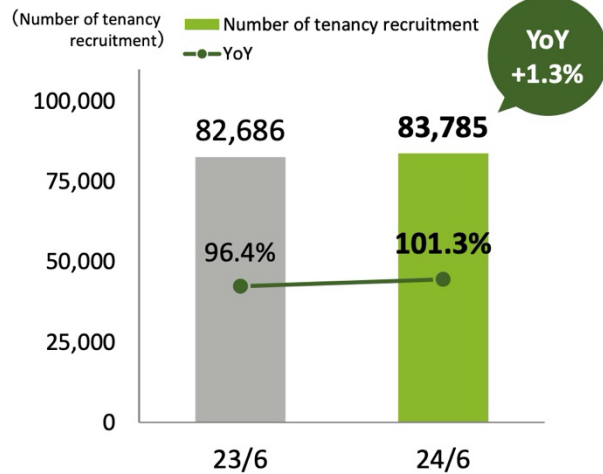
23

Number of tenancy recruitment 84,249

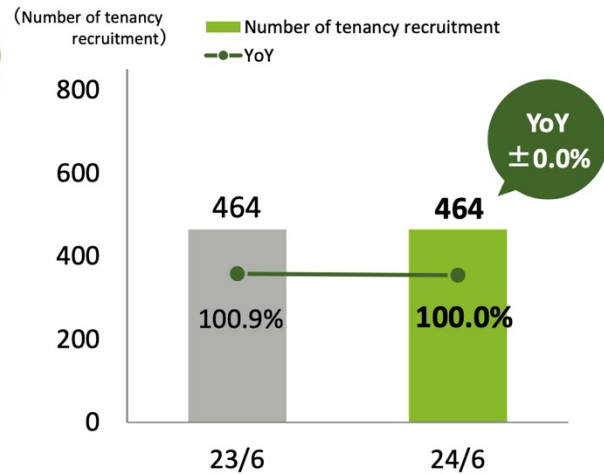
(Residential use + Commercial use)

YoY
+1.6%

Residential use



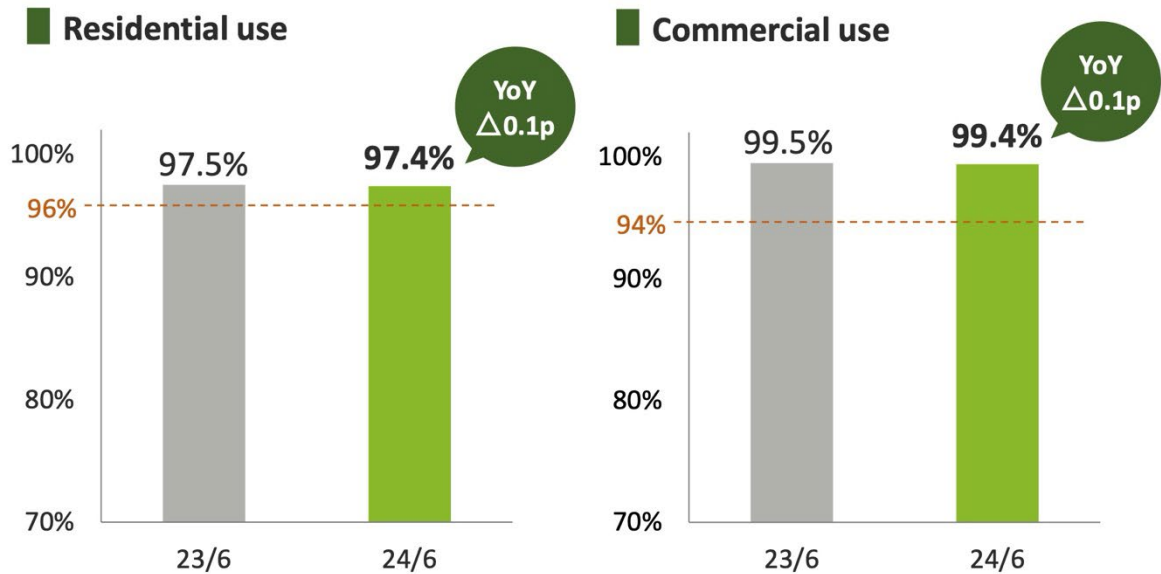
Commercial use



※Including the number of tenant recruitment for units managed by other companies

Please turn to page 23. In terms of the number of tenant placement activities, the number increased by 1.3% YoY to 84,249.

Continuously maintains sound level of occupancy (residential use : 96% / commercial use : 94%)



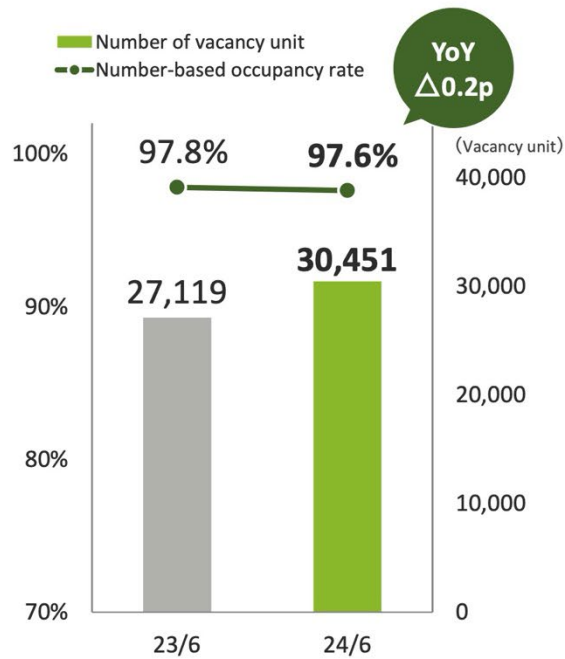
※Rent-based as occupancy rate = 100% - (Lease fee payment for vacant units / Aggregate amount of rent [%])

Please turn to page 24. The occupancy rate based on rent decreased 0.1 percentage points YoY to 97.4%. Although the occupancy rate decreased, it was actually 97.2% pre-COVID-19, so we believe we are maintaining a high occupancy rate compared to the previous year.

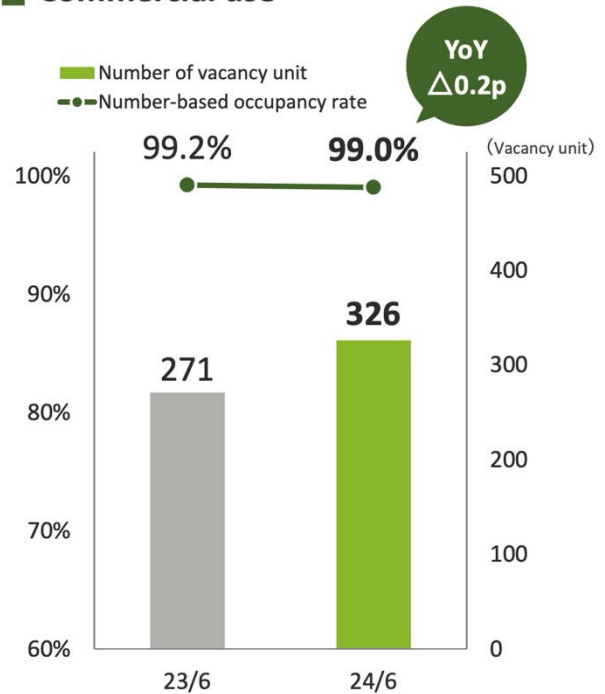
Tenancy recruitment (Number-based occupancy rate※)

25

Residential use



Commercial use



※Number-based occupancy rate = (Number of occupancy units) / (Number of units under management)

Please turn to page 25. The occupancy rate by number of units decreased by 0.2 percentage points YoY to 97.6%.

Achieved the mid-term target* of employee engagement score ahead of schedule

* 2030 target : 62.0(AA)

Factors for score improvement

- ✓ Explanation of management philosophy and strategy directly to all employees
- ✓ Raise of the basic wage (+5.1%)
- ✓ Initiatives to improve work environment and job satisfaction



Next is topics. Please turn to page 27. The first topic is employee engagement. In this year's survey, we received a score of 63.1 points, which is the first time we have received a rating of AA. This result exceeds the medium-term management plan target of 62 points. The factors behind this result include the medium-term management plan and purpose, which were explained directly to all employees at a meeting in April by the executive officers. We also announced the granting of restricted stock to all employees. We believe that our efforts to improve the work environment and job satisfaction have significantly impacted the Company's performance.

Hiring Uzbekistan's university students as construction engineers

Responding to the serious shortage of engineers due to "The 2024 problem"

Hire them as full-time employees with the same treatment as Japanese employees

- ✓ They will receive supports for their life in Japan, including Japanese language education for six months after hiring.
- ✓ They will be employed under the same conditions as domestic employees, including being provided with company housing.
- ✓ They aim to obtain the national qualification "First Class Construction Management Engineer"



Uzbekistan Ambassador Mr. ABDURAKHMONOV (right)
(June 27, 2024, Minato-ku, Tokyo)

Construction workers are on the decline

Number of construction workers



DAITO TRUST CONSTRUCTION CO., LTD.



by Ministry of Internal Affairs and Communications

© 2024 Daito Trust Construction Co., Ltd.

Please see page 28. Secondly, we have begun recruiting university students from Uzbekistan to work as construction engineers. The number of workers in the construction industry is decreasing annually, and the shortage of engineers, particularly, is becoming very severe. In order to solve these problems, we plan to welcome five students who have studied at national universities in Uzbekistan during this fiscal year under the same working conditions as our Japanese employees.

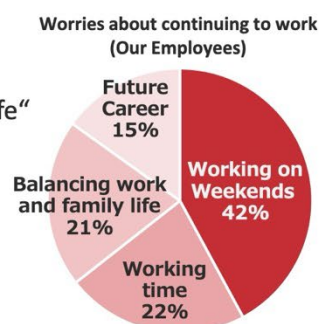
While the population of Uzbekistan is growing remarkably, there is a very serious shortage of work opportunities, and a quarter of university graduates go abroad to work, so we are planning to increase the number of recruits and expand the construction capacity.

Opening of a new style of brokerage store that caters to flexible working styles

■ Background and purpose of introduction

- ✓ Many female employees at our brokerage stores resign due to life events.
- ✓ "Working on weekends," "working time," and "balancing work and family life" are obstacles to continuing working
- ✓ Solving social issues through diverse working styles that allow employees to balance work with childcare and nursing care

Introduce new working styles to secure employees and improve retention rates



■ Features of the new style stores

	Normal store	New style store
Business hours	10:00 ~ 18:00	10:00 ~ 12:30, 13:30 ~ 16:00
Closed day	Wednesday	Weekends, national holiday
Appointment	Unnecessary	By appointment only



Store staff

Please see page 29. Here, I would like to talk about the opening of a new brokerage store style. Normally, brokerage offices are very busy on Saturdays and Sundays, and it has been the norm for real estate brokerage offices to work on Saturdays and Sundays. This has forced many female employees to resign from their jobs due to childcare, nursing care, or other life events. To support new ways of working, we have started to operate stores that offer weekends and holidays, shortened hours, and a complete appointment system.

Currently, employees who are raising children are the main employees working there, but we are considering expanding the number of employees who can work there, such as those who are taking care of family members. We would like to continue creating an environment where employees can demonstrate their ambition and abilities without being bound by existing frameworks.

That concludes my brief explanation.