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Brief Report on the Second Quarter Financial Statements for the Period Ending March 2022 [Japanese Standard] (Consolidated)

November 9, 2021

Name of listed company: DAI-DAN Co., Ltd.

Code No.: 1980 URL: <https://www.daidan.co.jp/>

Representative of Company: Ichiro Fujisawa, Representative Director, President

Inquiries to be addressed to: Yasuo Kamei, Director, Executive Corporate Officer,
Head of General Administration

Stock Exchange Listing:

Tokyo Stock Exchange 1st section

Tel. (06) 6447 - 8003

Date scheduled to submit Quarterly report:

November 9, 2021

Date scheduled for dividend payment commencement:

December 1, 2021

Creating supplements to the financial statement:

Yes

Holding a briefing session on the financial statement:

Yes (for instituted investors and analysts)

(Amounts are indicated with figures less than 1 million yen discarded)

1. Consolidated business results for the Second quarter of the period ending March 2022 (From April 1, 2021 to September 30, 2021)

(1) Consolidated management performance (Cumulative total) (Percentage indications show increase or decrease from the previous period.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|--|-------------|-------|------------------|--------|-----------------|--------|---|--------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Second quarter of the period ending March 2022 | 65,780 | (9.6) | 2,768 | (45.4) | 3,044 | (43.3) | 2,077 | (43.2) |
| Second quarter of the period ending March 2021 | 72,734 | (7.8) | 5,070 | 23.9 | 5,366 | 26.8 | 3,654 | 26.1 |

(Note) Comprehensive income Second quarter of the period ending March 2022 1,891 Million yen (56.9%)
Second quarter of the period ending March 2021 4,392 Million yen 57.6%

| | Profit per share | | Diluted Profit per share | |
|--|------------------|-----|--------------------------|-----|
| | Yen | Sen | Yen | Sen |
| Second quarter of the period ending March 2022 | 97.14 | | — | |
| Second quarter of the period ending March 2021 | 168.61 | | — | |

(2) Consolidated financial position

| | Total assets | Net assets | Equity capital ratio |
|--|--------------|-------------|----------------------|
| | Million yen | Million yen | % |
| Second quarter of the period ending March 2022 | 126,308 | 75,801 | 59.9 |
| Period ending March 2021 | 132,210 | 74,837 | 56.4 |

(Reference) Equity capital Second quarter of the period ending March 2022 75,627 Million yen
Period ending March 2021 74,632 Million yen

2. Dividends

| | Annual dividends per share | | | | | | | | |
|-------------------------------------|----------------------------|-----|-----------------------|-----|----------------------|------------|--------------|-----|-------|
| | End of first quarter | | End of second quarter | | End of third quarter | Period end | Through year | | |
| | Yen | Sen | Yen | Sen | Yen | Sen | Yen | Sen | |
| Period ending March 2021 | — | | 45.00 | | — | | 45.00 | | 90.00 |
| Period ending March 2022 | — | | 45.00 | | | | | | |
| Period ending March 2022 (Forecast) | | | | | — | | 45.00 | | 90.00 |

(Note) Presence of revision from dividend forecast published most recently: None

3. Estimate of consolidated performance for the period ending March 2022 (From April 1, 2021 to March 31, 2022)

(Percentage indications show increase or decrease from the previous period.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Profit per share | |
|--------------|-----------|-----|------------------|--------|-----------------|--------|---|--------|------------------|-----|
| | Mil. yen | % | Mil. yen | % | Mil. yen | % | Mil. yen | % | Yen | Sen |
| Total period | 168,000 | 6.5 | 7,500 | (14.3) | 7,700 | (16.9) | 5,200 | (17.7) | 243.29 | |

(Reference) Estimated net sales of construction contract orders 183,000 Million yen

(Note) Presence of revision from estimate of performance published most recently: None

* Annotations

- (1) Changes in key subsidiaries in the current quarter consolidated cumulative period (changes in specific subsidiaries requiring changes of consolidation scope): None
- (2) Application of particular accounting to the preparation of quarter consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, restatement
- ① Changes in accounting policies due to revision of accounting standards, etc.: Yes
 - ② Changes in accounting policies other than ①: None
 - ③ Changes in accounting estimates: None
 - ④ Restatement: None
- (Note) Please refer to Changes in accounting policies on page 8.

(4) Number of issued shares (common stock)

| | | | | |
|--|--|-------------------|--|-------------------|
| ① Number of issued shares at the end of period (including treasury shares) | Second quarter of period ending March 2022 | 22,981,901 shares | Period ending March 2021 | 22,981,901 shares |
| ② Number of treasury shares at the end of period | Second quarter of period ending March 2022 | 1,588,568 shares | Period ending March 2021 | 1,608,562 shares |
| ③ Average number of shares in the period (quarter total) | Second quarter of period ending March 2022 | 21,383,289 shares | Second quarter of period ending March 2021 | 21,676,532 shares |

(Note) The number of treasury shares at the end of the period includes the Company's shares held in the BIP Trust for Directors (127,543 shares for the period ending March 2021, 107,302 shares for the second quarter of period ending March 2022). In addition, the Company's shares held in the BIP Trust for Directors (138,973 shares for the second quarter of period ending March 2021, 117,469 shares for the second quarter of period ending March 2022) are also included in treasury shares, which is deducted in the calculation of the average number of shares outstanding during the period.

* Brief report on quarterly financial statements is beyond the object of audit by CPA or an audit corporation.

* Explanation about adequate use of achievement forecasts and other noteworthy matters

(Caution regarding forward-looking statements and others)

The forward-looking statements disclosed herein are based on the information available at the time of preparation of this document and the assumption considered as reasonable.

Consequently, actual results differ materially from forecasts above due to changes in business results.

(How to obtain supplementary explanatory materials for quarterly financial results)

Supplementary explanatory materials for quarterly financial results will be available on the Company's website.

(Reference) Estimate of individual performance

Estimate of individual performance for the period ending March 2022 (From April 1, 2021 to March 31, 2022)

(Percentage indications show increase or decrease from the previous period.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit | | Profit per share | |
|--------------|-----------|-----|------------------|--------|-----------------|--------|----------|--------|------------------|--------|
| | Mil. yen | % | Mil. yen | % | Mil. Yen | % | Mil. yen | % | Yen | Sen |
| Total period | 165,000 | 5.6 | 7,500 | (13.2) | 7,700 | (15.8) | 5,200 | (16.7) | | 243.29 |

(Reference) Estimated net sales of construction contract orders 180,000 Million yen

(Note) Presence of revision from estimate of performance published most recently: None

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1. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

| | Previous Consolidated Accounting Year (As of March 31, 2021) | Current Second Quarter Consolidated Accounting Period (As of September 30, 2021) |
|--|--|---|
| (Millions of yen) | | |
| Assets | | |
| Current assets | | |
| Cash and deposits | 31,775 | 28,572 |
| Notes receivable, accounts receivable from completed construction contracts | 53,163 | 50,139 |
| Electronically recorded monetary claims - operating | 10,050 | 7,251 |
| Costs on construction contracts in progress | 374 | 1,201 |
| Other | 1,560 | 3,218 |
| Allowance for doubtful accounts | (7) | (7) |
| Total current assets | 96,916 | 90,374 |
| Non-current assets | | |
| Property, plant and equipment | 5,190 | 5,972 |
| Intangible assets | 342 | 273 |
| Investments and other assets | | |
| Investment securities | 17,998 | 17,857 |
| Retirement benefit asset | 10,385 | 10,414 |
| Other | 1,522 | 1,555 |
| Allowance for doubtful accounts | (145) | (139) |
| Total investments and other assets | 29,762 | 29,688 |
| Total non-current assets | 35,294 | 35,934 |
| Total assets | 132,210 | 126,308 |

DAI-DAN Co., Ltd. (1980), Brief Report on the Second Quarter Financial Statements for the Period Ending March 2022

(Millions of yen)

| | Previous Consolidated Accounting Year (As of March 31, 2021) | Current Second Quarter Consolidated Accounting Period (As of September 30, 2021) |
|--|--|---|
| Liabilities | | |
| Current liabilities | | |
| Notes payable, accounts payable for construction contracts | 19,778 | 17,347 |
| Electronically recorded obligations - operating | 10,695 | 8,816 |
| Short-term borrowings | 4,449 | 4,148 |
| Income taxes payable | 1,677 | 270 |
| Advances received on construction contracts in progress | 1,367 | 2,231 |
| Provision for bonuses | — | 2,405 |
| Provision for directors' bonuses | — | 43 |
| Provision for share awards | 30 | 8 |
| Provision for warranties for completed construction | 78 | 73 |
| Provision for loss on construction contracts | 1,604 | 763 |
| Other | 13,202 | 9,200 |
| Total current liabilities | 52,883 | 45,308 |
| Non-current liabilities | | |
| Long-term loans payable | 734 | 599 |
| Deferred tax liabilities | 2,492 | 3,333 |
| Retirement benefit liability | 1,240 | 1,241 |
| Long-term accounts payable - other | 5 | 5 |
| Other | 15 | 18 |
| Total non-current liabilities | 4,489 | 5,198 |
| Total liabilities | 57,372 | 50,507 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 4,479 | 4,479 |
| Capital surplus | 4,837 | 4,837 |
| Retained earnings | 60,103 | 61,213 |
| Treasury shares | (3,206) | (3,165) |
| Total shareholders' equity | 66,214 | 67,364 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 7,446 | 7,398 |
| Foreign currency translation adjustment | 28 | 22 |
| Remeasurements of defined benefit plans | 942 | 842 |
| Total accumulated other comprehensive income | 8,417 | 8,264 |
| Non-controlling interests | 205 | 172 |
| Total net assets | 74,837 | 75,801 |
| Total liabilities and net assets | 132,210 | 126,308 |

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
 (Consolidated Statements of Income)
 (Second Quarter Consolidated Cumulative Period)

| | (Millions of yen) | |
|---|---|--|
| | Previous Second Quarter Consolidated Cumulative Period (From April 1, 2020 to September 30, 2020) | Current Second Quarter Consolidated Cumulative Period (From April 1, 2021 to September 30, 2021) |
| Net sales of completed construction contracts | 72,734 | 65,780 |
| Cost of sales of completed construction contracts | 61,554 | 56,923 |
| Gross profit on completed construction contracts | 11,179 | 8,857 |
| Selling, general and administrative expenses | 6,109 | 6,088 |
| Operating profit | 5,070 | 2,768 |
| Non-operating income | | |
| Interest income | 3 | 5 |
| Dividend income | 196 | 197 |
| Insurance fee income | 131 | 122 |
| Foreign exchange gains | 21 | 1 |
| Other | 18 | 25 |
| Total non-operating income | 370 | 352 |
| Non-operating expenses | | |
| Interest expenses | 62 | 54 |
| Guarantee commission | 1 | 2 |
| Other | 10 | 19 |
| Total non-operating expenses | 74 | 76 |
| Ordinary profit | 5,366 | 3,044 |
| Extraordinary income | | |
| Gain on sale of investment securities | — | 106 |
| Total extraordinary income | — | 106 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | — | 65 |
| Loss on valuation of investment securities | 11 | 4 |
| Total extraordinary losses | 11 | 70 |
| Profit before income taxes | 5,354 | 3,080 |
| Income taxes - current | 1,046 | 124 |
| Income taxes - deferred | 651 | 906 |
| Total income taxes | 1,697 | 1,031 |
| Profit | 3,657 | 2,049 |
| Profit (loss) attributable to non-controlling interests | 2 | (27) |
| Profit attributable to owners of parent | 3,654 | 2,077 |

DAI-DAN Co., Ltd. (1980), Brief Report on the Second Quarter Financial Statements for the Period Ending March 2022

(Consolidated Statements of Comprehensive Income)
(Second Quarter Consolidated Cumulative Period)

(Millions of yen)

| | Previous Second Quarter Consolidated Cumulative Period (From April 1, 2020 to September 30, 2020) | Current Second Quarter Consolidated Cumulative Period (From April 1, 2021 to September 30, 2021) |
|--|---|--|
| Profit | 3,657 | 2,049 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 730 | (48) |
| Foreign currency translation adjustment | (15) | (10) |
| Remeasurements of defined benefit plans | 20 | (99) |
| Total other comprehensive income | 734 | (158) |
| Comprehensive income | 4,392 | 1,891 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 4,397 | 1,924 |
| Comprehensive income attributable to non-controlling interests | (5) | (32) |

(3) Consolidated Statements of Cash Flows

(Millions of yen)

| | Previous Second Quarter Consolidated Cumulative Period (From April 1, 2020 to September 30, 2020) | Current Second Quarter Consolidated Cumulative Period (From April 1, 2021 to September 30, 2021) |
|--|--|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 5,354 | 3,080 |
| Depreciation | 238 | 232 |
| Increase (decrease) in allowance for doubtful accounts | 0 | (5) |
| Increase (decrease) in retirement benefit liability | 8 | 9 |
| Interest and dividend income | (199) | (203) |
| Interest expenses | 62 | 54 |
| Increase (decrease) in allowance for foreign investment loss | (0) | — |
| Loss (gain) on valuation of investment securities | 11 | 4 |
| Loss (gain) on sale of investment securities | — | (106) |
| Loss on retirement of non-current assets | — | 65 |
| Decrease (increase) in notes and accounts receivable - trade | 10,983 | 5,822 |
| Decrease (increase) in costs on construction contracts in progress | (868) | (826) |
| Decrease (increase) in other current assets | (166) | (1,655) |
| Decrease (increase) in other non-current assets | 1 | 5 |
| Decrease (increase) in retirement benefit asset | 8 | (181) |
| Increase (decrease) in notes and accounts payable - trade | (6,637) | (4,309) |
| Increase (decrease) in advances received on construction contracts in progress | 434 | 863 |
| Increase (decrease) in other current liabilities | (1,256) | (2,325) |
| Increase (decrease) in other non-current liabilities | 6 | 2 |
| Subtotal | 7,981 | 527 |
| Interest and dividends received | 199 | 203 |
| Interest paid | (62) | (53) |
| Income taxes refund (paid) | (1,960) | (1,523) |
| Net cash provided by (used in) operating activities | 6,157 | (846) |

(Millions of yen)

| | Previous Second Quarter Consolidated Cumulative Period (From April 1, 2020 to September 30, 2020) | Current Second Quarter Consolidated Cumulative Period (From April 1, 2021 to September 30, 2021) |
|---|--|---|
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (137) | (947) |
| Payments for retirement of property, plant and equipment | — | (27) |
| Purchase of investment securities | (2) | (201) |
| Proceeds from sale and redemption of investment securities | — | 376 |
| Other payments | (67) | (162) |
| Other proceeds | 20 | 17 |
| Net cash provided by (used in) investing activities | (187) | (945) |
| Cash flows from financing activities | | |
| Proceeds from short-term borrowings | 18,580 | 19,480 |
| Repayments of short-term borrowings | (17,480) | (19,580) |
| Proceeds from long-term borrowings | — | 500 |
| Repayments of long-term borrowings | (1,010) | (836) |
| Purchase of treasury shares | — | (0) |
| Dividends paid | (1,090) | (967) |
| Net cash provided by (used in) financing activities | (1,000) | (1,404) |
| Effect of exchange rate change on cash and cash equivalents | 10 | (6) |
| Net increase (decrease) in cash and cash equivalents | 4,980 | (3,203) |
| Cash and cash equivalents at beginning of period | 21,616 | 31,747 |
| Cash and cash equivalents at end of period | 26,597 | 28,544 |

(4) Annotation Items Concerning Quarterly Consolidated Financial Statements

(Notes to Going Concern Assumption)

None

(Notes in Case of Significant Changes in the Amount of Shareholders' Equity)

None

(Change in Accounting Policy)

(Application of accounting standards related to revenue recognition)

The Accounting Standard for Revenue Recognition (ASBJ Statement No.29, March 31,2020) has been applied from the beginning of the first quarter for the current fiscal year.

2. Supplementary Information

Divisional net sales of construction contract orders received, completed construction contracts, and uncompleted construction contracts (consolidated)

(Millions of yen)

| | | Previous Second Quarter Consolidated Cumulative Period (From April 1, 2020 to September 30, 2020) | | Current Second Quarter Consolidated Cumulative Period (From April 1, 2021 to September 30, 2021) | | Increase (decrease) | |
|--|--------------------------------|--|-------------------|---|-------------------|---------------------|---------|
| | | Amount | Component ratio % | Amount | Component ratio % | Amount | Ratio % |
| Net sales of construction contract orders received | Electrical installations | 15,824 | 18.7 | 12,340 | 11.5 | (3,483) | (22.0) |
| | Air conditioning installations | 47,510 | 56.1 | 70,667 | 65.8 | 23,157 | 48.7 |
| | Plumbing installations | 21,322 | 25.2 | 24,415 | 22.7 | 3,092 | 14.5 |
| | Total | 84,656 | 100.0 | 107,423 | 100.0 | 22,766 | 26.9 |
| | (Industrial facilities) | 27,434 | 32.4 | 37,090 | 34.5 | 9,655 | 35.2 |
| | (Renovations) | 39,731 | 46.9 | 49,326 | 45.9 | 9,594 | 24.1 |
| | (Overseas operations) | 5,043 | 6.0 | 6,449 | 6.0 | 1,405 | 27.9 |
| Net sales of completed construction contracts | Electrical installations | 10,400 | 14.3 | 10,418 | 15.9 | 18 | 0.2 |
| | Air conditioning installations | 43,648 | 60.0 | 38,630 | 58.7 | (5,018) | (11.5) |
| | Plumbing installations | 18,685 | 25.7 | 16,732 | 25.4 | (1,953) | (10.5) |
| | Total | 72,734 | 100.0 | 65,780 | 100.0 | (6,953) | (9.6) |
| | (Industrial facilities) | 30,961 | 42.6 | 27,565 | 41.9 | (3,396) | (11.0) |
| | (Renovations) | 34,856 | 47.9 | 34,125 | 51.9 | (731) | (2.1) |
| | (Overseas operations) | 2,431 | 3.3 | 3,931 | 6.0 | 1,499 | 61.7 |
| Net sales of uncompleted construction contracts | Electrical installations | 24,937 | 18.3 | 23,807 | 12.9 | (1,130) | (4.5) |
| | Air conditioning installations | 81,446 | 59.8 | 117,975 | 63.9 | 36,528 | 44.8 |
| | Plumbing installations | 29,766 | 21.9 | 42,903 | 23.2 | 13,137 | 44.1 |
| | Total | 136,151 | 100.0 | 184,685 | 100.0 | 48,534 | 35.6 |
| | (Industrial facilities) | 37,406 | 27.5 | 49,781 | 27.0 | 12,374 | 33.1 |
| | (Renovations) | 37,840 | 27.8 | 48,055 | 26.0 | 10,214 | 27.0 |
| | (Overseas operations) | 11,163 | 8.2 | 14,384 | 7.8 | 3,221 | 28.9 |

(Note) As a result of reviewing the construction classification from the current first quarter consolidated cumulative period, a part of small-scale construction is included in "Industrial facilities". The previous second quarter consolidated cumulative period also indicates the value after applying the revision of the construction classification.