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Brief Report on the Third Quarter Financial Statements for the Period Ending March 2023 [Japanese Standard] (Consolidated)

February 8, 2023

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 Prime Market

Tel. (06) 6447 - 8003

Date scheduled to submit Quarterly report:

February 8, 2023

Creating supplements to the financial statement:

Yes

Holding a briefing session on the financial statement:

None

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

1. Consolidated business results for the Third quarter of the period ending March 2023 (From April 1, 2022 to December 31, 2022)

(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	%
Third quarter of the period ending March 2023	130,088	20.2	5,171	27.4	5,851	33.0	3,999	30.7
Third quarter of the period ending March 2022	108,257	(2.6)	4,060	(43.6)	4,399	(42.1)	3,059	(41.1)

(Note) Comprehensive income Third quarter of the period ending March 2023 3,969 Million yen 78.1%
Third quarter of the period ending March 2022 2,229 Million yen (66.9%)

	Profit per share		Diluted Profit per share	
	Yen	Sen	Yen	Sen
Third quarter of the period ending March 2023	186.86	—	—	—
Third quarter of the period ending March 2022	143.04	—	—	—

(2) Consolidated financial position

	Total assets	Net assets	Equity capital ratio
	Million yen	Million yen	%
Third quarter of the period ending March 2023	139,380	79,310	56.8
Period ending March 2022	139,099	77,242	55.4

(Reference) Equity capital Third quarter of the period ending March 2023 79,150 Million yen
Period ending March 2022 77,081 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 2022	—	—	45.00	—	—	45.00	—	90.00
Period ending March 2023	—	—	45.00	—	—	—	—	—
Period ending March 2023 (Forecast)	—	—	—	—	—	55.00	—	100.00

(Note) 1 Presence of revision from dividend forecast published most recently: None

2 Breakdown of dividend for the period ending March 2023: Ordinary dividend:90yen

Commemorative dividend:10yen (120th anniversary commemorative dividend)

3. Estimate of consolidated performance for the period ending March 2023 (From April 1, 2022 to March 31, 2023)

(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	180,000	10.5	8,500	12.1	8,700	7.5	6,000	3.8	280.46	—

(Reference) Estimated net sales of construction contract orders 193,000 Million yen

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

* Annotations

(1) Changes in key subsidiaries in the 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.: None

② Changes in accounting policies other than ①: None

③ Changes in accounting estimates: None

④ Restatement: None

(4) Number of issued shares (common stock)

① Number of issued shares at the end of period (including treasury shares)

Third quarter of the period ending March 2023	22,981,901 shares	Period ending March 2022	22,981,901 shares
② Number of treasury shares at the end of period	1,572,017 shares	Period ending March 2022	1,588,839 shares
③ Average number of shares in the period (quarter total)	21,404,017 shares	Third quarter of the period ending March 2022	21,386,600 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 (107,302 shares for the period ending March 2022, 90,207 shares for the third quarter of the period ending March 2023). In addition, the Company's shares held in the BIP Trust for Directors (114,080 shares for the third quarter of the period ending March 2022, 96,257 shares for the quarter of the third period ending March 2023) 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 2023 (From April 1, 2022 to March 31, 2023)

(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	175,000	8.6	8,500	10.3	8,700	5.9	6,000	2.3		280.46

(Reference) Estimated net sales of construction contract orders 182,000 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

	(Millions of yen)	
	Previous Consolidated Accounting Year (As of March 31, 2022)	Current Third Quarter Consolidated Accounting Period (As of December 31, 2022)
Assets		
Current assets		
Cash and deposits	16,065	17,531
Notes receivable, accounts receivable from completed construction contracts and other	68,903	61,491
Electronically recorded monetary claims - operating	15,002	20,665
Costs on construction contracts in progress	464	1,475
Other	4,416	2,572
Allowance for doubtful accounts	(6)	(126)
Total current assets	104,846	103,610
Non-current assets		
Property, plant and equipment	5,893	7,003
Intangible assets	409	802
Investments and other assets		
Investment securities	15,837	15,810
Retirement benefit asset	10,628	10,672
Other	1,622	1,612
Allowance for doubtful accounts	(138)	(131)
Total investments and other assets	27,949	27,964
Total non-current assets	34,253	35,770
Total assets	139,099	139,380

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(Millions of yen)

	Previous Consolidated Accounting Year (As of March 31, 2022)	Current Third Quarter Consolidated Accounting Period (As of December 31, 2022)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	24,025	18,401
Electronically recorded obligations - operating	12,047	12,566
Short-term borrowings	3,229	2,578
Income taxes payable	701	450
Advances received on construction contracts in progress	2,058	3,393
Provision for bonuses	—	1,820
Provision for directors' bonuses	—	21
Provision for share awards	26	17
Provision for warranties for completed construction	70	84
Provision for loss on construction contracts	615	428
Deposits received	8,703	10,542
Other	6,004	4,402
Total current liabilities	57,483	54,709
Non-current liabilities		
Long-term loans payable	675	1,021
Deferred tax liabilities	2,419	3,052
Retirement benefit liability	1,251	1,233
Long-term accounts payable - other	5	5
Other	22	46
Total non-current liabilities	4,374	5,360
Total liabilities	61,857	60,069
Net assets		
Shareholders' equity		
Capital stock	4,479	4,479
Capital surplus	4,837	4,837
Retained earnings	63,946	66,011
Treasury shares	(3,166)	(3,132)
Total shareholders' equity	70,097	72,195
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,079	6,166
Foreign currency translation adjustment	34	117
Remeasurements of defined benefit plans	870	670
Total accumulated other comprehensive income	6,984	6,954
Non-controlling interests	160	160
Total net assets	77,242	79,310
Total liabilities and net assets	139,099	139,380

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

	(Millions of yen)	
	Previous Third Quarter Consolidated Cumulative Period (From April 1, 2021 to December 31, 2021)	Current Third Quarter Consolidated Cumulative Period (From April 1, 2022 to December 31, 2022)
Net sales of completed construction contracts	108,257	130,088
Cost of sales of completed construction contracts	94,694	114,612
Gross profit on completed construction contracts	13,562	15,476
Selling, general and administrative expenses	9,502	10,305
Operating profit	4,060	5,171
Non-operating income		
Interest income	7	7
Dividend income	299	367
Rental income from real estate	25	23
Insurance fee income	122	128
Foreign exchange gains	16	205
Other	9	42
Total non-operating income	481	775
Non-operating expenses		
Interest expenses	82	53
Guarantee commission	4	8
Rental expenses on real estate	9	9
Arrangement Fees	35	—
Commitment Fees	0	15
Other	11	8
Total non-operating expenses	142	95
Ordinary profit	4,399	5,851
Extraordinary income		
Gain on sale of non-current assets	—	3
Gain on sale of investment securities	248	270
Total extraordinary income	248	274
Extraordinary losses		
Loss on retirement of non-current assets	82	16
Loss on valuation of investment securities	4	—
Total extraordinary losses	87	16
Profit before income taxes	4,560	6,108
Income taxes - current	301	1,444
Income taxes - deferred	1,239	682
Total income taxes	1,541	2,126
Profit	3,019	3,982
Loss attributable to non-controlling interests	(39)	(17)
Profit attributable to owners of parent	3,059	3,999

DAI-DAN Co., Ltd. (1980), Brief Report on the Third Quarter Financial Statements for the Period Ending March 2023

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

(Millions of yen)

	Previous Third Quarter Consolidated Cumulative Period (From April 1, 2021 to December 31, 2021)	Current Third Quarter Consolidated Cumulative Period (From April 1, 2022 to December 31, 2022)
Profit	3,019	3,982
Other comprehensive income		
Valuation difference on available-for-sale securities	(615)	86
Foreign currency translation adjustment	(24)	100
Remeasurements of defined benefit plans	(149)	(199)
Total other comprehensive income	(789)	(12)
Comprehensive income	2,229	3,969
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,281	3,969
Comprehensive income attributable to non-controlling interests	(52)	(0)

(3) 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

2. Supplementary Information

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

(Millions of yen)

		Previous Third Quarter Consolidated Cumulative Period		Current Third Quarter Consolidated Cumulative Period		Increase (decrease)		
		(From April 1, 2021 to December 31, 2021)		(From April 1, 2022 to December 31, 2022)		Amount	Ratio %	
		Amount	Component ratio %	Amount	Component ratio %			
Net sales of construction contract orders received	Electrical installations	18,347	12.2	24,212	14.6	5,864	32.0	
	Air conditioning and plumbing installations	Air conditioning installations	98,247	65.5	104,530	63.1	6,283	6.4
		Plumbing installations	33,523	22.3	36,840	22.3	3,317	9.9
		subtotal	131,770	87.8	141,370	85.4	9,600	7.3
	Total	150,118	100.0	165,583	100.0	15,464	10.3	
	(Renovations)	72,060	48.0	66,240	40.0	(5,820)	(8.1)	
	(Industrial facilities)	58,567	39.0	76,196	46.0	17,629	30.1	
(Overseas operations)	10,241	6.8	15,020	9.1	4,779	46.7		
Net sales of completed construction contracts	Electrical installations	16,621	15.4	21,921	16.8	5,300	31.9	
	Air conditioning and plumbing installations	Air conditioning installations	64,967	60.0	78,786	60.6	13,819	21.3
		Plumbing installations	26,668	24.6	29,380	22.6	2,711	10.2
		subtotal	91,636	84.6	108,167	83.2	16,531	18.0
	Total	108,257	100.0	130,088	100.0	21,831	20.2	
	(Renovations)	56,129	51.8	57,717	44.4	1,588	2.8	
	(Industrial facilities)	46,869	43.3	51,928	39.9	5,058	10.8	
(Overseas operations)	6,674	6.2	11,602	8.9	4,928	73.8		
Net sales of uncompleted construction contracts	Electrical installations	23,611	12.8	25,753	12.9	2,141	9.1	
	Air conditioning and plumbing installations	Air conditioning installations	119,217	64.5	131,378	65.9	12,160	10.2
		Plumbing installations	42,074	22.7	42,144	21.2	70	0.2
		subtotal	161,292	87.2	173,522	87.1	12,230	7.6
	Total	184,904	100.0	199,276	100.0	14,372	7.8	
	(Renovations)	48,785	26.4	45,419	22.8	(3,366)	(6.9)	
	(Industrial facilities)	51,953	28.1	69,528	34.9	17,574	33.8	
(Overseas operations)	15,434	8.3	16,257	8.2	823	5.3		

(Note) 1. The “Air conditioning and plumbing installations” category has been set as a total of air conditioning installations and plumbing installations.

2. Renovations, Industrial facilities and Overseas operations are aggregated for each type of construction. These includes duplicated construction.