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Consolidated Financial Statements for the First Quarter of the Period Ending March 2024 [Japanese Standard]

August 4, 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:

August 4, 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 first quarter of the period ending March 2024 (From April 1, 2023 to June 30, 2023)

(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 | % |
| First quarter of the period ending March 2024 | 40,731 | 15.2 | 691 | (15.5) | 1,141 | (12.8) | 755 | (12.5) |
| First quarter of the period ending March 2023 | 35,342 | 29.7 | 818 | 54.8 | 1,308 | 72.0 | 862 | 71.9 |

(Note) Comprehensive income First quarter of the period ending March 2024 1,840 Million yen 143.6%
First quarter of the period ending March 2023 755 Million yen 968.6%

| | Profit per share | | Diluted Profit per share | |
|---|------------------|-----|--------------------------|-----|
| | Yen | Sen | Yen | Sen |
| First quarter of the period ending March 2024 | 35.27 | — | — | — |
| First quarter of the period ending March 2023 | 40.31 | — | — | — |

(2) Consolidated financial position

| | Total assets | Net assets | Equity capital ratio |
|---|--------------|-------------|----------------------|
| | Million yen | Million yen | % |
| First quarter of the period ending March 2024 | 136,803 | 83,093 | 60.6 |
| Period ending March 2023 | 148,544 | 82,424 | 55.4 |

(Reference) Equity capital First quarter of the period ending March 2024 82,879 Million yen
Period ending March 2023 82,242 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 2023 | — | — | 45.00 | — | — | — | 55.00 | — | 100.00 |
| Period ending March 2024 | — | — | — | — | — | — | — | — | — |
| Period ending March 2024 (Forecast) | — | — | 55.00 | — | — | — | 30.00 | — | — |

(Note) 1 Presence of revision from dividend forecast published most recently: Yes

At a meeting of the Board of Directors held today, the Company resolved to conduct a 2-for-1 stock split of shares of common stock, with an effective date of October 1, 2023.

Without considering the stock split, the Company plans to pay a year-end dividend of 60 yen per share for the fiscal year ending March 31, 2024, an increase of 5 yen from the 55 yen per share announced on May 11, 2023.

As a result, the annual dividend will be 115 yen per share.

The year-end dividend for the period ending March 31, 2024 (forecast) shown in the table above reflects the effect of this stock split, and the total annual dividend is shown as "—".

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 2024 (From April 1, 2023 to March 31, 2024)

(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 | 200,000 | 7.5 | 8,500 | 0.8 | 8,900 | (4.2) | 6,500 | (1.9) | 303.60 | |

(Reference) Estimated net sales of construction contract orders 210,000 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) | First quarter of the period ending March 2024 | 22,981,901 shares | Period ending March 2023 | 22,981,901 shares |
| ② Number of treasury shares at the end of period | First quarter of the period ending March 2024 | 1,566,626 shares | Period ending March 2023 | 1,572,067 shares |
| ③ Average number of shares in the period (quarter total) | First quarter of the period ending March 2024 | 21,410,769 shares | First quarter of the period ending March 2023 | 21,393,963 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 (90,207 shares for the period ending March 2023, 84,626 shares for the first quarter of the period ending March 2024). In addition, the Company's shares held in the BIP Trust for Directors (106,390 shares for the first quarter of the period ending March 2023, 89,233 shares for the quarter of the first period ending March 2024) 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 2024 (From April 1, 2023 to March 31, 2024)

(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 | 190,000 | 5.8 | 8,500 | (0.5) | 8,900 | (5.6) | 6,500 | (4.1) | 303.60 | |

(Reference) Estimated net sales of construction contract orders 200,000 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, 2023) |
| | Current First Quarter Consolidated Accounting Period (As of June 30, 2023) |
| Assets | |
| Current assets | |
| Cash and deposits | 25,379 |
| Notes receivable, accounts receivable from completed construction contracts and other | 69,625 |
| Electronically recorded monetary claims - operating | 9,487 |
| Costs on construction contracts in progress | 671 |
| Other | 3,092 |
| Allowance for doubtful accounts | (136) |
| Total current assets | 108,120 |
| Non-current assets | |
| Property, plant and equipment | 7,516 |
| Intangible assets | 1,178 |
| Investments and other assets | |
| Investment securities | 18,790 |
| Retirement benefit asset | 11,459 |
| Other | 1,611 |
| Allowance for doubtful accounts | (133) |
| Total investments and other assets | 31,728 |
| Total non-current assets | 40,424 |
| Total assets | 148,544 |
| | 136,803 |

DAI-DAN Co., Ltd. (1980), Consolidated Financial Statements for the First Quarter of the Period Ending March 2024

(Millions of yen)

| | Previous Consolidated Accounting Year (As of March 31, 2023) | Current first Quarter Consolidated Accounting Period (As of June 30, 2023) |
|--|--|---|
| Liabilities | | |
| Current liabilities | | |
| Notes payable, accounts payable for construction contracts | 23,294 | 16,182 |
| Electronically recorded obligations - operating | 12,109 | 9,821 |
| Short-term borrowings | 2,901 | 2,881 |
| Income taxes payable | 2,258 | 64 |
| Advances received on construction contracts in progress | 1,899 | 1,852 |
| Provision for bonuses | — | 1,347 |
| Provision for directors' bonuses | — | 19 |
| Provision for share awards | 26 | 22 |
| Provision for warranties for completed construction | 48 | 60 |
| Provision for loss on construction contracts | 516 | 994 |
| Deposits received | 9,307 | 12,068 |
| Other | 9,169 | 3,153 |
| Total current liabilities | 61,532 | 48,470 |
| Non-current liabilities | | |
| Long-term loans payable | 720 | 562 |
| Deferred tax liabilities | 2,660 | 3,496 |
| Retirement benefit liability | 1,148 | 1,131 |
| Long-term accounts payable - other | 5 | 5 |
| Other | 51 | 43 |
| Total non-current liabilities | 4,587 | 5,239 |
| Total liabilities | 66,119 | 53,710 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 4,479 | 4,479 |
| Capital surplus | 4,837 | 4,837 |
| Retained earnings | 68,638 | 68,210 |
| Treasury shares | (3,132) | (3,121) |
| Total shareholders' equity | 74,822 | 74,406 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 6,116 | 7,226 |
| Foreign currency translation adjustment | 112 | 93 |
| Remeasurements of defined benefit plans | 1,191 | 1,154 |
| Total accumulated other comprehensive income | 7,419 | 8,473 |
| Non-controlling interests | 182 | 213 |
| Total net assets | 82,424 | 83,093 |
| Total liabilities and net assets | 148,544 | 136,803 |

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

(Millions of yen)

| | Previous First Quarter Consolidated Cumulative Period (From April 1, 2022 to June 30, 2022) | Current First Quarter Consolidated Cumulative Period (From April 1, 2023 to June 30, 2023) |
|---|---|--|
| Net sales of completed construction contracts | 35,342 | 40,731 |
| Cost of sales of completed construction contracts | 31,062 | 36,272 |
| Gross profit on completed construction contracts | 4,280 | 4,459 |
| Selling, general and administrative expenses | 3,461 | 3,767 |
| Operating profit | 818 | 691 |
| Non-operating income | | |
| Interest income | 1 | 2 |
| Dividend income | 151 | 142 |
| Insurance fee income | 122 | 133 |
| Foreign exchange gains | 226 | 163 |
| Share of profit of entities accounted for using equity method | — | 41 |
| Rental income from real estate | 7 | 8 |
| Other | 14 | 6 |
| Total non-operating income | 523 | 499 |
| Non-operating expenses | | |
| Interest expenses | 16 | 30 |
| Guarantee commission | 2 | 1 |
| Rental expenses on real estate | 9 | 9 |
| Other | 4 | 7 |
| Total non-operating expenses | 32 | 49 |
| Ordinary profit | 1,308 | 1,141 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 1 | — |
| Total extraordinary income | 1 | — |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 12 | 1 |
| Total extraordinary losses | 12 | 1 |
| Profit before income taxes | 1,298 | 1,139 |
| Income taxes - current | (19) | (3) |
| Income taxes - deferred | 465 | 362 |
| Total income taxes | 446 | 359 |
| Profit | 851 | 780 |
| Profit (loss) attributable to non-controlling interests | (10) | 25 |
| Profit attributable to owners of parent | 862 | 755 |

DAI-DAN Co., Ltd. (1980), Consolidated Financial Statements for the First Quarter of the Period Ending March 2024

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

(Millions of yen)

| | Previous First Quarter Consolidated Cumulative Period (From April 1, 2022 to June 30, 2022) | Current First Quarter Consolidated Cumulative Period (From April 1, 2023 to June 30, 2023) |
|--|---|--|
| Profit | 851 | 780 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (73) | 1,110 |
| Foreign currency translation adjustment | 43 | (14) |
| Remeasurements of defined benefit plans | (66) | (37) |
| Total other comprehensive income | (96) | 1,059 |
| Comprehensive income | 755 | 1,840 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 754 | 1,809 |
| Comprehensive income attributable to non-controlling interests | 0 | 30 |

(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

(Significant Subsequent Event)

(Stock split and partial amendments to the Articles of Incorporation in relation to stock split)

At the meeting of the Board of Directors held on August 4, 2023, the Company resolved to implement a stock split and to partially revise the Articles of Incorporation in relation to the stock split.

(1) Objective of the stock split

The purpose of the stock split is to lower the unit investment amount, creating a more investment-friendly environment and broadening the shareholder base.

(2) Outline of the stock split

① Method of stock split

With September 30, 2023 (Saturday) (since this date will be treated as a holiday, shareholders of record will effectively be determined on September 29, 2023 (Friday)) as the record date, The Company will implement a 2-for-1 stock split of common shares owned by shareholders listed or recorded in the closing register of shareholders with a record date.

② Number of shares to be increased by stock split

| | |
|--|-------------------|
| Total number of issued shares before the stock split | 22,981,901 shares |
| Increase in number of shares due to the stock split | 22,981,901 shares |
| Total number of issued shares after the stock split | 45,963,802 shares |
| Total number of shares authorized to be issued after the stock split | 80,000,000 shares |

③ Schedule of the stock split

| | |
|--|-------------------------------------|
| Date of public notice of the record date | September 14, 2023 (Scheduled date) |
| Record date | September 30, 2023 |
| Effective date | October 1, 2023 |

④ Impact on per share information

Pro forma per share information assuming the stock split was conducted at the beginning of the previous fiscal year is as follows.

| | Previous First Quarter Consolidated Cumulative Period (from April 1, 2022 to June 30, 2022) | Current First Quarter Consolidated Cumulative Period (from April 1, 2023 to June 30, 2023) |
|----------------------|---|--|
| Net income per share | ¥20.16 | ¥17.63 |

(Note) Diluted Profit per share is not shown in the above table, as there are no residual shares.

(3) Partial amendments to the Articles of Incorporation in relation to the stock split

① Reason for amendments to the Articles of Incorporation

In conjunction with the stock split, the Company's Articles of Incorporation will be partially amended on October 1, 2023, as the effective date, by resolution of the Board of Directors in accordance with the provisions in Article 184, paragraph (2) of the Companies Act.

② Details of amendments to the Articles of Incorporation

The details of the amendments are as follows. (Underlined portions indicate the proposed changes.)

| Current Articles of Incorporation | Amended Articles of Incorporation |
|--|---|
| Article 5(Total Number of Authorized Shares) The total number of shares authorized to be issued by the Company shall be <u>40,000,000 shares.</u> | Article 5 (Total Number of Authorized Shares) The total number of shares authorized to be issued by the Company shall be <u>80,000,000 shares.</u> |

③ Schedule of the revision of the Articles of Incorporation

| | |
|---|-----------------|
| Date of the meeting of Board of Directors | August 4, 2023 |
| Effective date | October 1, 2023 |

(4) Other

There will be no change in the amount of capital upon this stock split.

2. Supplementary Information

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

(Millions of yen)

| | | Previous First Quarter Consolidated Cumulative Period | | Current First Quarter Consolidated Cumulative Period | | Increase (decrease) | |
|---|---|---|----------------------|--|----------------------|------------------------|---------|
| | | (From April 1, 2022 to June 30, 2022) | | (From April 1, 2023 to June 30, 2023) | | Amount | Ratio % |
| | | Amount | Component ratio % | Amount | Component ratio % | | |
| Net sales of construction contract orders received | Electrical installations | 7,906 | 11.9 | 10,959 | 16.4 | 3,052 | 38.6 |
| | Air conditioning and plumbing installations | 58,805 | 88.1 | 56,046 | 83.6 | (2,759) | (4.7) |
| | Total | 66,712 | 100.0 | 67,005 | 100.0 | 292 | 0.4 |
| | (Renovations) | 30,251 | 45.3 | 21,668 | 32.3 | (8,582) | (28.4) |
| | (Industrial facilities) | 29,452 | 44.1 | 32,843 | 49.0 | 3,391 | 11.5 |
| | (Overseas operations) | 10,029 | 15.0 | 4,331 | 6.5 | (5,698) | (56.8) |
| Net sales of completed construction contracts | Electrical installations | 6,102 | 17.3 | 6,160 | 15.1 | 58 | 1.0 |
| | Air conditioning and plumbing installations | 29,239 | 82.7 | 34,571 | 84.9 | 5,331 | 18.2 |
| | Total | 35,342 | 100.0 | 40,731 | 100.0 | 5,389 | 15.2 |
| | (Renovations) | 16,479 | 46.6 | 14,307 | 35.1 | (2,171) | (13.2) |
| | (Industrial facilities) | 14,293 | 40.4 | 19,498 | 47.9 | 5,204 | 36.4 |
| | (Overseas operations) | 2,738 | 7.7 | 3,585 | 8.8 | 847 | 30.9 |
| Net sales of uncompleted construction contracts | Electrical installations | 25,266 | 13.0 | 24,122 | 11.5 | (1,143) | (4.5) |
| | Air conditioning and plumbing installations | 169,885 | 87.0 | 186,308 | 88.5 | 16,423 | 9.7 |
| | Total | 195,152 | 100.0 | 210,431 | 100.0 | 15,279 | 7.8 |
| | (Renovations) | 50,668 | 26.0 | 43,663 | 20.7 | (7,005) | (13.8) |
| | (Industrial facilities) | 60,417 | 31.0 | 73,913 | 35.1 | 13,495 | 22.3 |
| | (Overseas operations) | 20,130 | 10.3 | 16,742 | 8.0 | (3,388) | (16.8) |

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

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