

Brief Report on the First Quarter Financial Statements for the Period Ending March 2020

[Japanese Standard] (Consolidated)

August 8, 2019

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

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Stock Exchange Listing:

Tokyo Stock Exchange 1st section

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Date scheduled to submit Quarterly report:

August 8, 2019

Creating supplements to the financial statement:

None

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 2020 (From April 1, 2019 to June 30, 2019)

(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 2020	33,521	13.3	1,387	29.5	1,527	20.0	1,078	32.6
First quarter of the period ending March 2019	29,585	6.2	1,071	54.1	1,273	39.9	813	35.5

(Note) Comprehensive income First quarter of the period ending March 2020 270 Million yen (71.6%)

First quarter of the period ending March 2019 950 Million yen (10.4%)

	Profit per share		Diluted Profit per share	
	Yen	Sen	Yen	Sen
First quarter of the period ending March 2020	48.74	—	—	—
First quarter of the period ending March 2019	36.49	—	—	—

(2) Consolidated financial position

	Total assets	Net assets	Equity capital ratio	Net assets per share
	Million yen	Million yen	%	Yen Sen
First quarter of the period ending March 2020	108,262	64,815	59.7	2,942.82
Period ending March 2019	120,728	66,390	54.8	2,970.59

(Reference) Equity capital First quarter of the period ending March 2020 64,641 Million yen

Period ending March 2019 66,217 Million yen

2. Dividends

	Annual dividends per share				
	End of first quarter		End of second quarter	End of first quarter	Period end
	Yen	Sen	Yen Sen	Yen Sen	Yen Sen
Period ending March 2019	—	—	28.00	—	48.00
Period ending March 2020	—	—	—	—	—
Period ending March 2020 (Forecast)	—	—	40.00	—	40.00
					80.00

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

(Note 2) Breakdown of dividend at the end of the period ending March 2019: ordinary dividend 28.00 yen and special dividend 20.00 yen

3. Estimate of consolidated performance for the period ending March 2020 (From April 1, 2019 to March 31, 2020)

(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	161,000	3.5	8,000	4.4	8,200	1.8	5,700	4.3	255.71	

(Reference) Estimated net sales of construction contract orders (Total period) 161,000 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.: 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)

② Number of treasury shares at the end of period

③ Average number of shares in the period (quarter total)

First quarter of period ending March 2020	22,981,901 shares	Period ending March 2019	22,981,901 shares
First quarter of period ending March 2020	1,016,057 shares	Period ending March 2019	690,998 shares
First quarter of period ending March 2020	22,128,387 shares	First quarter of period ending March 2019	22,291,564 shares

* 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

The above forecasts 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. For precautions for use of the assumptions for the above forecasts and forecasts of business results, please refer to the Section "1. Qualitative Information on Current Quarter Business Settlement, (3) Explanation on Future Estimate Information such as Estimate of Consolidated Performance" on page 2.

(Reference) Estimate of individual performance

Estimate of individual performance for the period ending March 2020 (From April 1, 2019 to March 31, 2020)

(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	160,000	4.0	8,000	5.2	8,200	2.6	5,700	5.0	255.71	

(Reference) Estimated net sales of construction contract orders (Total period) 160,000 Million yen

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

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1. Qualitative Information on Current Quarter Business Settlement

(1) Explanation on Operating Results

Net sales of construction contract orders received in the current first quarter consolidated accounting period increased by 5,155 million yen or 11.8% from the same quarter consolidated cumulative period of the previous year, resulting in 48,698 million yen.

Net sales of completed construction contracts increased by 3,936 million yen or 13.3% from the same quarter consolidated cumulative period of the previous year, resulting in 33,521 million yen.

Gross profit on completed construction contracts increased by 454 million yen or 11.7% from the same quarter consolidated cumulative period of the previous year, resulting in 4,323 million yen, due to the increase in the net sales of completed construction contracts.

Operating profit increased by 315 million yen or 29.5% from the same quarter consolidated cumulative period of the previous year, resulting in 1,387 million yen, due to the increase in the gross profit on completed construction contracts.

Ordinary profit increased by 254 million yen or 20.0% from the same quarter consolidated cumulative period of the previous year, resulting in 1,527 million yen, due to the increase in the operating profit in spite of the increase in foreign exchange losses.

Profit attributable to owners of parent increased by 265 million yen or 32.6% from the same quarter consolidated cumulative period of the previous year, resulting in 1,078 million yen, after deducting the income tax - current, income taxes - deferred, and the loss attributable to non-controlling interests.

(2) Explanation on Financial Conditions

(Assets)

Current assets at the end of the current first quarter consolidated accounting period decreased by 11,204 million yen or 12.6% from the end of the previous consolidated accounting year, resulting in 77,709 million yen. The main factors for this are the decrease of 13,137 million yen or 22.6% in notes receivable, accounts receivable from completed construction contracts and the decrease of 3,561 million yen or 24.0% in electronically recorded monetary claims - operating, etc. Non-current assets decreased by 1,262 million yen or 4.0% from the end of the previous consolidated accounting year, resulting in 30,553 million yen. The main factor for this is the decrease of 1,313 million yen or 8.1% in investment securities.

As a result, total assets decreased by 12,466 million yen or 10.3% from the end of the previous consolidated accounting year, resulting in 108,262 million yen.

(Liabilities)

Current liabilities at the end of the current first quarter consolidated accounting period decreased by 10,871 million yen or 21.9% from the end of the previous consolidated accounting year, resulting in 38,707 million yen. The main factor for this is the decrease of 5,490 million yen or 26.4% in notes payable, accounts payable for construction contracts. Non-current liabilities decreased by 19 million yen or 0.4% from the end of the previous consolidated accounting year, resulting in 4,740 million yen. The main factor for this is that the decrease of 95 million yen or 6.2% in long-term loans payable surpassed the increase of 86 million yen or 4.6% in deferred tax liabilities.

As a result, total liabilities decreased by 10,891 million yen or 20.0% from the end of the previous consolidated accounting year, resulting in 43,447 million yen.

(Net Assets)

Total net assets at the end of the current first quarter consolidated accounting period decreased by 1,574 million yen or 2.4% from the end of the previous consolidated accounting year, resulting in 64,815 million yen. The main factor for this is the decrease of 796 million yen or 12.9% in valuation difference on available-for-sale securities.

As a result, the equity capital ratio resulted in 59.7% (54.8% at the end of the previous consolidated accounting year).

(3) Explanation on Future Estimate Information such as Estimate of Consolidated Performance

There is no change in the estimate of performance for a full accounting year published on May 9, 2019.

2. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

	(Millions of yen)	
	Previous Consolidated Accounting Year (As of March 31, 2019)	Current First Quarter Consolidated Accounting Period (As of June 30, 2019)
Assets		
Current assets		
Cash and deposits	12,803	17,618
Notes receivable, accounts receivable from completed construction contracts	58,088	44,950
Electronically recorded monetary claims - operating	14,814	11,253
Costs on construction contracts in progress	509	1,013
Other	2,705	2,881
Allowance for doubtful accounts	(8)	(8)
Total current assets	88,913	77,709
Non-current assets		
Property, plant and equipment	5,198	5,255
Intangible assets	457	417
Investments and other assets		
Investment securities	16,129	14,815
Retirement benefit asset	8,675	8,687
Other	1,536	1,548
Allowance for doubtful accounts	(183)	(172)
Total investments and other assets	26,159	24,879
Total non-current assets	31,815	30,553
Total assets	120,728	108,262

(Millions of yen)

	Previous Consolidated Accounting Year (As of March 31, 2019)	Current First Quarter Consolidated Accounting Period (As of June 30, 2019)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	20,763	15,272
Electronically recorded obligations - operating	9,796	7,893
Short-term loans payable	3,826	3,685
Income taxes payable	1,149	31
Advances received on construction contracts in progress	1,574	1,510
Provision for bonuses	—	1,247
Provision for directors' bonuses	—	25
Provision for warranties for completed construction	85	85
Provision for loss on construction contracts	138	101
Other	12,244	8,855
Total current liabilities	49,578	38,707
Non-current liabilities		
Long-term loans payable	1,543	1,448
Deferred tax liabilities	1,903	1,990
Net defined benefit liability	1,299	1,288
Provision for foreign investment loss	5	6
Long-term accounts payable - other	6	6
Other	0	0
Total non-current liabilities	4,759	4,740
Total liabilities	54,338	43,447
Net assets		
Shareholders' equity		
Share capital	4,479	4,479
Capital surplus	4,809	4,809
Retained earnings	51,412	51,421
Treasury shares	(690)	(1,465)
Total shareholders' equity	60,011	59,245
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,172	5,375
Foreign currency translation adjustment	22	26
Remeasurements of defined benefit plans	10	(5)
Total accumulated other comprehensive income	6,205	5,396
Non-controlling interests	172	173
Total net assets	66,390	64,815
Total liabilities and net assets	120,728	108,262

(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, 2018 to June 30, 2018)	Current First Quarter Consolidated Cumulative Period (From April 1, 2019 to June 30, 2019)
Net sales of completed construction contracts	29,585	33,521
Cost of sales of completed construction contracts	25,715	29,197
Gross profit on completed construction contracts	3,869	4,323
Selling, general and administrative expenses	2,797	2,935
Operating profit	1,071	1,387
Non-operating income		
Interest income	1	1
Dividend income	153	155
Insurance fee income	84	78
Other	17	9
Total non-operating income	257	244
Non-operating expenses		
Interest expenses	29	29
Guarantee commission	1	1
Foreign exchange losses	12	54
Other	11	18
Total non-operating expenses	55	104
Ordinary profit	1,273	1,527
Extraordinary income		
Gain on sales of investment securities	—	56
Total extraordinary income	—	56
Extraordinary losses		
Loss on retirement of non-current assets	—	6
Loss on valuation of investment securities	—	65
Total extraordinary losses	—	72
Profit before income taxes	1,273	1,511
Income taxes - current	19	(9)
Income taxes - deferred	449	445
Total income taxes	468	436
Profit	804	1,075
Loss attributable to non-controlling interests	(8)	(3)
Profit attributable to owners of parent	813	1,078

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

(Millions of yen)

	Previous First Quarter Consolidated Cumulative Period (From April 1, 2018 to June 30, 2018)	Current First Quarter Consolidated Cumulative Period (From April 1, 2019 to June 30, 2019)
Profit	804	1,075
Other comprehensive income		
Valuation difference on available-for-sale securities	128	(796)
Foreign currency translation adjustment	(4)	8
Remeasurements of defined benefit plans	22	(16)
Total other comprehensive income	145	(805)
Comprehensive income	950	270
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	961	269
Comprehensive income attributable to non-controlling interests	(11)	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

3. 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 (From April 1, 2018 to June 30, 2018)		Current First Quarter Consolidated Cumulative Period (From April 1, 2019 to June 30, 2019)		Increase (decrease)	
		Amount	Component ratio %	Amount	Component ratio %	Amount	Ratio %
Net sales of construction contract orders received	Electrical installations	4,442	10.2	5,490	11.3	1,048	23.6
	Air conditioning installations	27,422	63.0	30,872	63.4	3,449	12.6
	Plumbing installations	11,677	26.8	12,334	25.3	657	5.6
	Total	43,542	100.0	48,698	100.0	5,155	11.8
	(Industrial facilities)	15,755	36.2	15,682	32.2	(72)	(0.5)
	(Renovations)	19,357	44.5	24,250	49.8	4,892	25.3
	(Overseas operations)	2,921	6.7	1,091	2.2	(1,829)	(62.6)
Net sales of completed construction contracts	Electrical installations	4,845	16.4	5,493	16.4	648	13.4
	Air conditioning installations	18,011	60.9	20,127	60.0	2,116	11.7
	Plumbing installations	6,728	22.7	7,900	23.6	1,171	17.4
	Total	29,585	100.0	33,521	100.0	3,936	13.3
	(Industrial facilities)	8,932	30.2	10,178	30.4	1,246	14.0
	(Renovations)	14,412	48.7	16,863	50.3	2,451	17.0
	(Overseas operations)	1,164	3.9	1,240	3.7	76	6.5
Net sales of uncompleted construction contracts	Electrical installations	13,768	10.3	15,465	11.2	1,697	12.3
	Air conditioning installations	86,563	64.4	88,246	63.7	1,683	1.9
	Plumbing installations	33,993	25.3	34,800	25.1	807	2.4
	Total	134,325	100.0	138,513	100.0	4,187	3.1
	(Industrial facilities)	39,919	29.7	42,572	30.7	2,653	6.6
	(Renovations)	28,238	21.0	39,591	28.6	11,352	40.2
	(Overseas operations)	3,846	2.9	4,853	3.5	1,006	26.2