

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

## [Japanese Standard] (Consolidated)

February 6, 2020

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

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

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Stock Exchange Listing:

Tokyo Stock Exchange 1<sup>st</sup> section

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Date scheduled to submit Quarterly report:

February 6, 2020

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 third quarter of the period ending March 2020 (From April 1, 2019 to December 31, 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	%
Third quarter of the period ending March 2020	122,050	10.2	7,066	30.7	7,331	27.4	4,968	31.6
Third quarter of the period ending March 2019	110,776	7.9	5,408	5.0	5,755	3.7	3,774	2.9

(Note) Comprehensive income Third quarter of the period ending March 2020 6,248 Million yen 302.2%  
Third quarter of the period ending March 2019 1,553 Million yen (71.9%)

	Profit per share		Diluted Profit per share	
	Yen	Sen	Yen	Sen
Third quarter of the period ending March 2020	225.63	—	—	—
Third quarter of the period ending March 2019	169.34	—	—	—

#### (2) Consolidated financial position

	Total assets	Net assets	Equity capital ratio	Net assets per share
	Million yen	Million yen	%	Yen Sen
Third quarter of the period ending March 2020	123,390	69,867	56.4	3,170.98
Period ending March 2019	120,728	66,390	54.8	2,970.59

(Reference) Equity capital Third quarter of the period ending March 2020 69,653 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 third quarter	Period end	Through year
	Yen Sen	Yen Sen	Yen Sen	Yen Sen	Yen Sen
Period ending March 2019	—	28.00	—	48.00	76.00
Period ending March 2020	—	40.00	—	—	—
Period ending March 2020 (Forecast)	—	—	—	50.00	90.00

(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)

Third quarter of period ending March 2020	22,981,901 shares	Period ending March 2019	22,981,901 shares
Third quarter of period ending March 2020	1,016,123 shares	Period ending March 2019	690,998 shares
Third quarter of period ending March 2020	22,020,017 shares	Third quarter of period ending March 2019	22,291,440 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 third quarter consolidated accounting period increased by 25,106 million yen or 22.7% from the same quarter consolidated cumulative period of the previous year, resulting in 135,944 million yen.

Net sales of completed construction contracts increased by 11,273 million yen or 10.2% from the same quarter consolidated cumulative period of the previous year, resulting in 122,050 million yen.

Gross profit on completed construction contracts increased by 1,970 million yen or 14.3% from the same quarter consolidated cumulative period of the previous year, resulting in 15,721 million yen.

Operating profit increased by 1,658 million yen or 30.7% from the same quarter consolidated cumulative period of the previous year, resulting in 7,066 million yen, due to the increase in the gross profit on completed construction contracts.

Ordinary profit increased by 1,576 million yen or 27.4% from the same quarter consolidated cumulative period of the previous year, resulting in 7,331 million yen, due to the increase in the operating profit, even though non-operating expenses increased because of posting of the foreign exchange losses.

Profit attributable to owners of parent increased by 1,193 million yen or 31.6% from the same quarter consolidated cumulative period of the previous year, resulting in 4,968 million yen, after posting the gain on sales of investment securities of 119 million yen, etc. as extraordinary income, the loss on retirement of non-current assets of 73 million yen, etc. as extraordinary losses, as well as deducting the income tax - current, income taxes - deferred, and the profit attributable to non-controlling interests.

### (2) Explanation on Financial Conditions

#### (Assets)

Current assets at the end of the current third quarter consolidated accounting period increased by 1,266 million yen or 1.4% from the end of the previous consolidated accounting year, resulting in 90,180 million yen. The main factor for this is that the increase of 2,235 million yen or 17.5% in cash and deposits and that of 3,135 million yen or 115.9% in other current assets surpassed the decrease of 4,147 million yen or 7.1% in notes receivable, accounts receivable from completed construction contracts and that of 778 million yen or 5.3% in electronically recorded monetary claims - operating. Non-current assets increased by 1,395 million yen or 4.4% from the end of the previous consolidated accounting year, resulting in 33,210 million yen. The main factor for this is the increase of 1,540 million yen or 9.6% in investment securities.

As a result, total assets increased by 2,661 million yen or 2.2% from the end of the previous consolidated accounting year, resulting in 123,390 million yen.

#### (Liabilities)

Current liabilities at the end of the current third quarter consolidated accounting period decreased by 2,335 million yen or 4.7% from the end of the previous consolidated accounting year, resulting in 47,243 million yen. The main factor for this is the decrease of 2,815 million yen or 13.6% in notes payable, accounts payable for construction contracts. Non-current liabilities increased by 1,520 million yen or 31.9% from the end of the previous consolidated accounting year, resulting in 6,279 million yen. The main factor for this is the increase of 1,349 million yen or 70.9% in deferred tax liabilities.

As a result, total liabilities decreased by 815 million yen or 1.5% from the end of the previous consolidated accounting year, resulting in 53,522 million yen.

#### (Net Assets)

Total net assets at the end of the current third quarter consolidated accounting period increased by 3,477 million yen or 5.2% from the end of the previous consolidated accounting year, resulting in 69,867 million yen. The main factor for this is the increase of 3,013 million yen or 5.9% in retained earnings.

As a result, the equity capital ratio resulted in 56.4% (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 Third Quarter Consolidated Accounting Period (As of December 31, 2019)
<b>Assets</b>		
Current assets		
Cash and deposits	12,803	15,039
Notes receivable, accounts receivable from completed construction contracts	58,088	53,940
Electronically recorded monetary claims - operating	14,814	14,036
Costs on construction contracts in progress	509	1,330
Other	2,705	5,840
Allowance for doubtful accounts	(8)	(8)
Total current assets	88,913	90,180
Non-current assets		
Property, plant and equipment	5,198	5,107
Intangible assets	457	352
Investments and other assets		
Investment securities	16,129	17,670
Retirement benefit asset	8,675	8,711
Other	1,536	1,540
Allowance for doubtful accounts	(183)	(171)
Total investments and other assets	26,159	27,750
Total non-current assets	31,815	33,210
Total assets	120,728	123,390

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(Millions of yen)

	Previous Consolidated Accounting Year (As of March 31, 2019)	Current Third Quarter Consolidated Accounting Period (As of December 31, 2019)
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts	20,763	17,948
Electronically recorded obligations - operating	9,796	11,313
Short-term loans payable	3,826	3,619
Income taxes payable	1,149	415
Advances received on construction contracts in progress	1,574	1,203
Provision for bonuses	—	1,854
Provision for directors' bonuses	—	25
Provision for share-based remuneration	—	27
Provision for warranties for completed construction	85	86
Provision for loss on construction contracts	138	63
Other	12,244	10,685
Total current liabilities	49,578	47,243
Non-current liabilities		
Long-term loans payable	1,543	1,715
Deferred tax liabilities	1,903	3,253
Net defined benefit liability	1,299	1,292
Provision for foreign investment loss	5	6
Long-term accounts payable - other	6	6
Other	0	6
Total non-current liabilities	4,759	6,279
Total liabilities	54,338	53,522
<b>Net assets</b>		
Shareholders' equity		
Share capital	4,479	4,479
Capital surplus	4,809	4,837
Retained earnings	51,412	54,426
Treasury shares	(690)	(1,553)
Total shareholders' equity	60,011	62,190
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,172	7,473
Foreign currency translation adjustment	22	28
Remeasurements of defined benefit plans	10	(38)
Total accumulated other comprehensive income	6,205	7,463
Non-controlling interests	172	214
Total net assets	66,390	69,867
Total liabilities and net assets	120,728	123,390

(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, 2018 to December 31, 2018)	Current Third Quarter Consolidated Cumulative Period (From April 1, 2019 to December 31, 2019)
Net sales of completed construction contracts	110,776	122,050
Cost of sales of completed construction contracts	97,026	106,329
Gross profit on completed construction contracts	13,750	15,721
Selling, general and administrative expenses	8,342	8,654
Operating profit	5,408	7,066
Non-operating income		
Interest income	7	5
Dividend income	303	306
Insurance fee income	107	90
Foreign exchange gains	0	—
Other	38	27
Total non-operating income	456	430
Non-operating expenses		
Interest expenses	91	94
Guarantee commission	6	4
Foreign exchange losses	—	47
Other	11	19
Total non-operating expenses	109	165
Ordinary profit	5,755	7,331
Extraordinary income		
Gain on sales of investment securities	—	119
Gain on liquidation of subsidiaries and associates	—	70
Total extraordinary income	—	190
Extraordinary losses		
Loss on retirement of non-current assets	—	73
Loss on sales of investment securities	—	51
Loss on valuation of investment securities	110	53
Total extraordinary losses	110	178
Profit before income taxes	5,645	7,343
Income taxes - current	1,157	1,561
Income taxes - deferred	722	797
Total income taxes	1,880	2,358
Profit	3,764	4,984
Profit (loss) attributable to non-controlling interests	(10)	16
Profit attributable to owners of parent	3,774	4,968



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

(Millions of yen)

	Previous Third Quarter Consolidated Cumulative Period (From April 1, 2018 to December 31, 2018)	Current Third Quarter Consolidated Cumulative Period (From April 1, 2019 to December 31, 2019)
Profit	3,764	4,984
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,283)	1,300
Foreign currency translation adjustment	4	12
Remeasurements of defined benefit plans	67	(49)
Total other comprehensive income	(2,210)	1,263
Comprehensive income	1,553	6,248
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,561	6,225
Comprehensive income attributable to non-controlling interests	(8)	22

## (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 Third Quarter Consolidated Cumulative Period (From April 1, 2018 to December 31, 2018)		Current Third Quarter Consolidated Cumulative Period (From April 1, 2019 to December 31, 2019)		Increase (decrease)	
		Amount	Component ratio %	Amount	Component ratio %	Amount	Ratio %
Net sales of construction contract orders received	Electrical installations	14,467	13.1	22,371	16.4	7,903	54.6
	Air conditioning installations	67,843	61.2	83,984	61.8	16,141	23.8
	Plumbing installations	28,527	25.7	29,588	21.8	1,060	3.7
	Total	110,838	100.0	135,944	100.0	25,106	22.7
	(Industrial facilities)	36,184	32.6	42,552	31.3	6,367	17.6
	(Renovations)	59,560	53.7	66,674	49.0	7,113	11.9
	(Overseas operations)	6,383	5.8	9,711	7.1	3,327	52.1
Net sales of completed construction contracts	Electrical installations	17,029	15.4	18,457	15.1	1,427	8.4
	Air conditioning installations	65,834	59.4	74,560	61.1	8,726	13.3
	Plumbing installations	27,912	25.2	29,031	23.8	1,119	4.0
	Total	110,776	100.0	122,050	100.0	11,273	10.2
	(Industrial facilities)	36,256	32.7	37,703	30.9	1,446	4.0
	(Renovations)	49,922	45.1	59,148	48.5	9,226	18.5
	(Overseas operations)	5,166	4.7	4,953	4.1	(213)	(4.1)
Net sales of uncompleted construction contracts	Electrical installations	11,609	9.7	19,382	14.1	7,773	67.0
	Air conditioning installations	79,161	65.7	86,925	63.4	7,764	9.8
	Plumbing installations	29,659	24.6	30,922	22.5	1,262	4.3
	Total	120,429	100.0	137,230	100.0	16,800	14.0
	(Industrial facilities)	32,358	26.9	41,916	30.5	9,558	29.5
	(Renovations)	32,931	27.3	39,759	29.0	6,828	20.7
	(Overseas operations)	3,306	2.7	9,760	7.1	6,453	195.2