

Brief Report on the First Quarter Financial Statements for the Period Ending March 2021

[Japanese Standard] (Consolidated)

August 7, 2020

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:

August 7, 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 first quarter of the period ending March 2021 (From April 1, 2020 to June 30, 2020)

(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 2021	34,816	3.9	2,281	64.4	2,524	65.2	1,720	59.5
First quarter of the period ending March 2020	33,521	13.3	1,387	29.5	1,527	20.0	1,078	32.6

(Note) Comprehensive income First quarter of the period ending March 2021 1,978 Million yen 632.6%
First quarter of the period ending March 2020 270 Million yen (71.6%)

	Profit per share		Diluted Profit per share	
	Yen	Sen	Yen	Sen
First quarter of the period ending March 2021	79.41	—	—	—
First quarter of the period ending March 2020	48.74	—	—	—

(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 2021	112,859	68,316	60.4	3,143.13
Period ending March 2020	123,049	67,409	54.6	3,101.72

(Reference) Equity capital First quarter of the period ending March 2021 68,126 Million yen
Period ending March 2020 67,200 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 2020	—	—	40.00	—	50.00
Period ending March 2021	—	—	—	—	—
Period ending March 2021 (Forecast)	—	—	45.00	—	45.00
					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 2020: ordinary dividend 50.00 yen

3. Estimate of consolidated performance for the period ending March 2021 (From April 1, 2020 to March 31, 2021)

(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	
Total period	Mil. yen	%	Mil. yen	%	Mil. yen	%	Mil. yen	%	Yen	Sen
	156,000	(7.8)	8,000	(11.7)	8,200	(11.7)	5,700	(10.9)		263.09

(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: Yes

* 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)

First quarter of period ending March 2021	22,981,901 shares	Period ending March 2020	22,981,901 shares
First quarter of period ending March 2021	1,307,139 shares	Period ending March 2020	1,316,396 shares
First quarter of period ending March 2021	21,667,303 shares	First quarter of period ending March 2020	22,128,387 shares

② Number of treasury shares at the end of period

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

(Note) The number of treasury shares at the end of the period includes the Company's shares held in the BIP Trust for Directors (150,000 shares for the period ending March 2020, 140,743 shares for the first quarter of period ending March 2021). In addition, the Company's shares held in the BIP Trust for Directors (148,202 shares for the first quarter of period ending March 2021) 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

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 2021 (From April 1, 2020 to March 31, 2021)

(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	155,000	(7.3)	8,000	(10.8)	8,200	(10.8)	5,700	(10.1)		263.09

(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: Yes

○ Contents of Information

1. Qualitative Information on Current Quarter Business Settlement	2
(1) Explanation on Operating Results.....	2
(2) Explanation on Financial Conditions	2
(3) Explanation on Future Estimate Information such as Estimate of Consolidated Performance.....	2
2. Consolidated Financial Statements and Major Notes	3
(1) Consolidated Balance Sheets	3
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	5
(Consolidated Statements of Income)	
(First Quarter Consolidated Cumulative Period)	5
(Consolidated Statements of Comprehensive Income)	
(First Quarter Consolidated Cumulative Period)	6
(3) Annotation Items Concerning Quarterly Consolidated Financial Statements	7
(Notes to Going Concern Assumption).....	7
(Notes in Case of Significant Changes in the Amount of Shareholders' Equity)	7
3. Supplementary Information	7
Divisional net sales of construction contract orders received, completed construction contracts, and	
uncompleted construction contracts (consolidated)	7

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 cumulative period decreased by 12,530 million yen or 25.7% from the same quarter consolidated cumulative period of the previous year, resulting in 36,167 million yen.

Net sales of completed construction contracts increased by 1,294 million yen or 3.9% from the same quarter consolidated cumulative period of the previous year, resulting in 34,816 million yen.

Gross profit on completed construction contracts increased by 967 million yen or 22.4% from the same quarter consolidated cumulative period of the previous year, resulting in 5,291 million yen, due to the increase in the net sales of completed construction contracts and the gross profit margin on completed construction contracts.

Operating profit increased by 893 million yen or 64.4% from the same quarter consolidated cumulative period of the previous year, resulting in 2,281 million yen, due to the increase in the gross profit on completed construction contracts.

Ordinary profit increased by 996 million yen or 65.2% from the same quarter consolidated cumulative period of the previous year, resulting in 2,524 million yen, due to the increase in the operating profit.

Profit attributable to owners of parent increased by 642 million yen or 59.5% from the same quarter consolidated cumulative period of the previous year, resulting in 1,720 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 10,542 million yen or 11.2% from the end of the previous consolidated accounting year, resulting in 83,571 million yen. The main factor for this is the decrease of 10,872 million yen or 18.4% in notes receivable, accounts receivable from completed construction contracts. Non-current assets increased by 352 million yen or 1.2% from the end of the previous consolidated accounting year, resulting in 29,287 million yen. The main factor for this is the increase of 398 million yen or 2.8% in investment securities.

As a result, total assets decreased by 10,190 million yen or 8.3% from the end of the previous consolidated accounting year, resulting in 112,859 million yen.

(Liabilities)

Current liabilities at the end of the current first quarter consolidated accounting period decreased by 11,607 million yen or 22.5% from the end of the previous consolidated accounting year, resulting in 40,021 million yen. The main factor for this is the decrease of 7,139 million yen or 34.5% in notes payable, accounts payable for construction contracts. Non-current liabilities increased by 510 million yen or 12.7% from the end of the previous consolidated accounting year, resulting in 4,521 million yen. The main factor for this is that the increase of 905 million yen or 120.4% in deferred tax liabilities surpassed the decrease of 401 million yen or 20.6% in long-term borrowings.

As a result, total liabilities decreased by 11,096 million yen or 19.9% from the end of the previous consolidated accounting year, resulting in 44,543 million yen.

(Net Assets)

Total net assets at the end of the current first quarter consolidated accounting period increased by 906 million yen or 1.3% from the end of the previous consolidated accounting year, resulting in 68,316 million yen. The main factor for this is the increase of 629 million yen or 1.1% in retained earnings.

As a result, the equity capital ratio resulted in 60.4% (54.6% at the end of the previous consolidated accounting year).

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

For the period ending March 2021, we are forecasting that Net sales of construction contract orders receive of 161,000 million yen (decrease by 5.4% from the previous consolidated accounting year), sales of completed construction contracts of 156,000 million yen (decrease by 7.8%), operating profit of 8,000 million yen (decrease by 11.7%), ordinary profit of 8,200 million yen (decrease by 11.7%) and profit attributable to owners of parent of 5,700 million yen (decrease by 10.9%).

2. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

	(Millions of yen)	
	Previous Consolidated Accounting Year (As of March 31, 2020)	Current First Quarter Consolidated Accounting Period (As of June 30, 2020)
Assets		
Current assets		
Cash and deposits	21,643	22,060
Notes receivable, accounts receivable from completed construction contracts	59,071	48,199
Electronically recorded monetary claims - operating	10,817	10,181
Costs on construction contracts in progress	455	850
Other	2,134	2,287
Allowance for doubtful accounts	(8)	(8)
Total current assets	94,114	83,571
Non-current assets		
Property, plant and equipment	5,136	5,111
Intangible assets	335	309
Investments and other assets		
Investment securities	14,443	14,841
Retirement benefit asset	7,632	7,638
Other	1,558	1,556
Allowance for doubtful accounts	(170)	(170)
Total investments and other assets	23,462	23,866
Total non-current assets	28,934	29,287
Total assets	123,049	112,859

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(Millions of yen)

	Previous Consolidated Accounting Year (As of March 31, 2020)	Current First Quarter Consolidated Accounting Period (As of June 30, 2020)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	20,668	13,528
Electronically recorded obligations - operating	10,721	9,252
Short-term borrowings	3,735	3,633
Income taxes payable	2,119	37
Advances received on construction contracts in progress	1,027	1,108
Provision for bonuses	—	1,356
Provision for directors' bonuses	—	15
Provision for share-based remuneration	35	26
Provision for warranties for completed construction	85	83
Provision for loss on construction contracts	644	528
Other	12,591	10,452
Total current liabilities	51,629	40,021
Non-current liabilities		
Long-term borrowings	1,947	1,546
Deferred tax liabilities	752	1,658
Net defined benefit liability	1,291	1,290
Provision for foreign investment loss	7	6
Long-term accounts payable - other	5	5
Other	5	12
Total non-current liabilities	4,010	4,521
Total liabilities	55,639	44,543
Net assets		
Shareholders' equity		
Share capital	4,479	4,479
Capital surplus	4,837	4,837
Retained earnings	55,857	56,487
Treasury shares	(2,336)	(2,317)
Total shareholders' equity	62,837	63,486
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,134	5,417
Foreign currency translation adjustment	33	17
Remeasurements of defined benefit plans	(804)	(794)
Total accumulated other comprehensive income	4,362	4,640
Non-controlling interests	209	189
Total net assets	67,409	68,316
Total liabilities and net assets	123,049	112,859

(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, 2019 to June 30, 2019)	Current First Quarter Consolidated Cumulative Period (From April 1, 2020 to June 30, 2020)
Net sales of completed construction contracts	33,521	34,816
Cost of sales of completed construction contracts	29,197	29,525
Gross profit on completed construction contracts	4,323	5,291
Selling, general and administrative expenses	2,935	3,009
Operating profit	1,387	2,281
Non-operating income		
Interest income	1	0
Dividend income	155	148
Insurance fee income	78	104
Foreign exchange gains	—	22
Other	9	9
Total non-operating income	244	285
Non-operating expenses		
Interest expenses	29	31
Guarantee commission	1	0
Foreign exchange losses	54	—
Other	18	10
Total non-operating expenses	104	42
Ordinary profit	1,527	2,524
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	11
Total extraordinary losses	72	11
Profit before income taxes	1,511	2,512
Income taxes - current	(9)	19
Income taxes - deferred	445	775
Total income taxes	436	795
Profit	1,075	1,717
Loss attributable to non-controlling interests	(3)	(3)
Profit attributable to owners of parent	1,078	1,720

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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, 2019 to June 30, 2019)	Current First Quarter Consolidated Cumulative Period (From April 1, 2020 to June 30, 2020)
Profit	1,075	1,717
Other comprehensive income		
Valuation difference on available-for-sale securities	(796)	283
Foreign currency translation adjustment	8	(32)
Remeasurements of defined benefit plans	(16)	10
Total other comprehensive income	(805)	261
Comprehensive income	270	1,978
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	269	1,998
Comprehensive income attributable to non-controlling interests	0	(19)

(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, 2019 to June 30, 2019)		Current First Quarter Consolidated Cumulative Period (From April 1, 2020 to June 30, 2020)		Increase (decrease)	
		Amount	Component ratio %	Amount	Component ratio %	Amount	Ratio %
Net sales of construction contract orders received	Electrical installations	5,490	11.3	6,114	16.9	624	11.4
	Air conditioning installations	30,872	63.4	21,152	58.5	(9,719)	(31.5)
	Plumbing installations	12,334	25.3	8,899	24.6	(3,435)	(27.9)
	Total	48,698	100.0	36,167	100.0	(12,530)	(25.7)
	(Industrial facilities)	15,682	32.2	11,341	31.4	(4,341)	(27.7)
	(Renovations)	24,250	49.8	20,217	55.9	(4,032)	(16.6)
	(Overseas operations)	1,091	2.2	1,252	3.5	161	14.8
Net sales of completed construction contracts	Electrical installations	5,493	16.4	5,249	15.1	(244)	(4.5)
	Air conditioning installations	20,127	60.0	20,957	60.2	830	4.1
	Plumbing installations	7,900	23.6	8,609	24.7	709	9.0
	Total	33,521	100.0	34,816	100.0	1,294	3.9
	(Industrial facilities)	10,178	30.4	12,561	36.1	2,383	23.4
	(Renovations)	16,863	50.3	17,205	49.4	342	2.0
	(Overseas operations)	1,240	3.7	820	2.4	(420)	(33.9)
Net sales of uncompleted construction contracts	Electrical installations	15,465	11.2	20,379	16.2	4,913	31.8
	Air conditioning installations	88,246	63.7	77,780	62.0	(10,466)	(11.9)
	Plumbing installations	34,800	25.1	27,419	21.8	(7,380)	(21.2)
	Total	138,513	100.0	125,579	100.0	(12,933)	(9.3)
	(Industrial facilities)	42,572	30.7	39,713	31.6	(2,858)	(6.7)
	(Renovations)	39,591	28.6	35,977	28.6	(3,613)	(9.1)
	(Overseas operations)	4,853	3.5	8,984	7.2	4,131	85.1