

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

## [Japanese Standard] (Consolidated)

November 6, 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 1<sup>st</sup> section

Tel. (06) 6447 - 8003

Date scheduled to submit Quarterly report:

November 6, 2020

Date scheduled for dividend payment commencement:

December 1, 2020

Creating supplements to the financial statement:

Yes

Holding a briefing session on the financial statement:

Yes (for instituted investors and analysts)

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

### 1. Consolidated business results for the Second quarter of the period ending March 2021 (From April 1, 2020 to September 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	%
Second quarter of the period ending March 2021	72,734	(7.8)	5,070	23.9	5,366	26.8	3,654	26.1
Second quarter of the period ending March 2020	78,917	13.3	4,091	12.1	4,230	7.4	2,897	9.5

(Note) Comprehensive income Second quarter of the period ending March 2021 4,392 Million yen 57.6%

Second quarter of the period ending March 2020 2,786 Million yen (6.1%)

	Profit per share		Diluted Profit per share	
	Yen	Sen	Yen	Sen
Second quarter of the period ending March 2021	168.61	—	—	—
Second quarter of the period ending March 2020	131.43	—	—	—

#### (2) Consolidated financial position

	Total assets	Net assets	Equity capital ratio	Net assets per share
	Million yen	Million yen	%	Yen Sen
Second quarter of the period ending March 2021	119,044	70,756	59.3	3,253.09
Period ending March 2020	123,049	67,409	54.6	3,101.72

(Reference) Equity capital Second quarter of the period ending March 2021 70,552 Million yen

Period ending March 2020 67,200 Million yen

### 2. Dividends

	Annual dividends per share				
	End of first quarter		End of second quarter		Through year
	Yen	Sen	Yen	Sen	Yen Sen
Period ending March 2020	—	—	40.00	—	50.00 90.00
Period ending March 2021	—	—	45.00	—	—
Period ending March 2021 (Forecast)	—	—	—	—	45.00 90.00

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

### 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	
	Mil. yen	%	Mil. yen	%	Mil. yen	%	Mil. yen	%	Yen	Sen
Total period	156,000	(7.8)	8,500	(6.2)	8,700	(6.3)	6,000	(6.2)	276.65	

(Reference) Estimated net sales of construction contract orders (Total period) 168,000 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)

Second quarter of period ending March 2021	22,981,901 shares	Period ending March 2020	22,981,901 shares
Second quarter of period ending March 2021	1,293,939 shares	Period ending March 2020	1,316,396 shares
Second quarter of period ending March 2021	21,676,532 shares	Second quarter of period ending March 2020	22,047,113 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, 127,543 shares for the Second quarter of period ending March 2021). In addition, the Company's shares held in the BIP Trust for Directors (150,000 shares for the Second quarter of period ending March 2020, 138,973 shares for the Second 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, (4) Explanation on Future Estimate Information such as Estimate of Consolidated Performance" on page 3.

(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)	8,500	(5.2)	8,700	(5.3)	6,000	(5.4)	276.65	

(Reference) Estimated net sales of construction contract orders (Total period) 167,000 Million yen

(Note) Presence of revision from estimate of performance published most recently: Yes

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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 second quarter consolidated cumulative period decreased by 3,245 million yen or 3.7% from the same quarter consolidated cumulative period of the previous year, resulting in 84,656 million yen.

Net sales of completed construction contracts decreased by 6,183 million yen or 7.8% from the same quarter consolidated cumulative period of the previous year, resulting in 72,734 million yen.

Gross profit on completed construction contracts increased by 1,308 million yen or 13.3% from the same quarter consolidated cumulative period of the previous year, resulting in 11,179 million yen.

Operating profit increased by 979 million yen or 23.9% from the same quarter consolidated cumulative period of the previous year, resulting in 5,070 million yen, due to the increase in the gross profit on completed construction contracts.

Ordinary profit increased by 1,135 million yen or 26.8% from the same quarter consolidated cumulative period of the previous year, resulting in 5,366 million yen, due to the increase in the operating profit, and that foreign exchange losses of 87 million yen that occurred in the previous second quarter consolidated accounting period turned to foreign exchange gains of 21 million yen in the current second quarter consolidated accounting period.

Profit attributable to owners of parent increased by 757 million yen or 26.1% from the same quarter consolidated cumulative period of the previous year, resulting in 3,654 million yen, after posting the loss on valuation of investment securities of 11 million yen as an extraordinary loss, 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 second quarter consolidated accounting period decreased by 4,930 million yen or 5.2% from the end of the previous consolidated accounting year, resulting in 89,184 million yen. The main factor for this is the decrease of 9,883 million yen or 16.7% in notes receivable and accounts receivable from completed construction contracts. Non-current assets increased by 925 million yen or 3.2% from the end of the previous consolidated accounting year, resulting in 29,860 million yen. The main factor for this is the increase of 1,043 million yen or 7.2% in investment securities.

As a result, total assets decreased by 4,005 million yen or 3.3% from the end of the previous consolidated accounting year, resulting in 119,044 million yen.

#### (Liabilities)

Current liabilities at the end of the current second quarter consolidated accounting period decreased by 7,569 million yen or 14.7% from the end of the previous consolidated accounting year, resulting in 44,059 million yen. The main factor for this is the decrease of 5,817 million yen or 28.1% in notes payable and accounts payable for construction contracts. Non-current liabilities increased by 217 million yen or 5.4% from the end of the previous consolidated accounting year, resulting in 4,227 million yen. The main factor for this is that the increase of 982 million yen or 130.6% in deferred tax liabilities surpassed the decrease of 771 million yen or 39.6% in long-term borrowings.

As a result, total liabilities decreased by 7,352 million yen or 13.2% from the end of the previous consolidated accounting year, resulting in 48,287 million yen.

#### (Net Assets)

Total net assets at the end of the current second quarter consolidated accounting period increased by 3,346 million yen or 5.0% from the end of the previous consolidated accounting year, resulting in 70,756 million yen. The main factor for this is the increase of 2,564 million yen or 4.6% in retained earnings.

As a result, the equity capital ratio resulted in 59.3% (54.6% at the end of the previous consolidated accounting year).

(3) Situations of Cash Flows

Cash and cash equivalents (hereinafter referred to as "fund") in the current second quarter consolidated cumulative period increased by 4,980 million yen or 23.0% from the end of the previous consolidated accounting year, resulting in 26,597 million yen. The situation of cash flows and their factors during the current second quarter consolidated cumulative period are as follows.

(Cash flows from operating activities)

As a result of the operating activities, the increased fund resulted in 6,157 million yen (increase by 12,840 million yen of the fund in the same quarter consolidated cumulative period of the previous year). The main factor for this is that the posting of profit before income taxes and the decrease in trade receivables surpassed the decrease in trade payables.

(Cash flows from investing activities)

As a result of the investing activities, the decreased fund resulted in 187 million yen (decrease by 286 million yen of the fund in the same quarter consolidated cumulative period of the previous year). The main factor for this is the purchase of property, plant and equipment.

(Cash flows from financing activities)

As a result of the financing activities, the decreased fund resulted in 1,000 million yen (decrease by 1,826 million yen of the fund in the same quarter consolidated cumulative period of the previous year). The main factor for this is the dividends paid.

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

The estimate of consolidated and individual performance have been revised from the estimate announced on August 7, 2020.

## 2. Consolidated Financial Statements and Major Notes

### (1) Consolidated Balance Sheets

		(Millions of yen)
	Previous Consolidated Accounting Year (As of March 31, 2020)	Current Second Quarter Consolidated Accounting Period (As of September 30, 2020)
<b>Assets</b>		
Current assets		
Cash and deposits	21,643	26,624
Notes receivable, accounts receivable from completed construction contracts	59,071	49,188
Electronically recorded monetary claims - operating	10,817	9,716
Costs on construction contracts in progress	455	1,324
Other	2,134	2,338
Allowance for doubtful accounts	(8)	(8)
<b>Total current assets</b>	<b>94,114</b>	<b>89,184</b>
Non-current assets		
Property, plant and equipment	5,136	5,079
Intangible assets	335	295
Investments and other assets		
Investment securities	14,443	15,486
Retirement benefit asset	7,632	7,645
Other	1,558	1,524
Allowance for doubtful accounts	(170)	(170)
<b>Total investments and other assets</b>	<b>23,462</b>	<b>24,485</b>
<b>Total non-current assets</b>	<b>28,934</b>	<b>29,860</b>
<b>Total assets</b>	<b>123,049</b>	<b>119,044</b>

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(Millions of yen)

	Previous Consolidated Accounting Year (As of March 31, 2020)	Current Second Quarter Consolidated Accounting Period (As of September 30, 2020)
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts	20,668	14,851
Electronically recorded obligations - operating	10,721	9,901
Short-term borrowings	3,735	4,596
Income taxes payable	2,119	1,163
Advances received on construction contracts in progress	1,027	1,462
Provision for bonuses	—	2,687
Provision for directors' bonuses	—	35
Provision for share-based remuneration	35	13
Provision for warranties for completed construction	85	89
Provision for loss on construction contracts	644	361
Other	12,591	8,896
Total current liabilities	51,629	44,059
Non-current liabilities		
Long-term borrowings	1,947	1,176
Deferred tax liabilities	752	1,735
Net defined benefit liability	1,291	1,291
Provision for foreign investment loss	7	7
Long-term accounts payable	5	5
Other	5	11
Total non-current liabilities	4,010	4,227
Total liabilities	55,639	48,287
Net assets		
Shareholders' equity		
Share capital	4,479	4,479
Capital surplus	4,837	4,837
Retained earnings	55,857	58,421
Treasury shares	(2,336)	(2,290)
Total shareholders' equity	62,837	65,447
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,134	5,864
Foreign currency translation adjustment	33	25
Remeasurements of defined benefit plans	(804)	(784)
Total accumulated other comprehensive income	4,362	5,105
Non-controlling interests	209	204
Total net assets	67,409	70,756
Total liabilities and net assets	123,049	119,044



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

	(Millions of yen)	
	Previous Second Quarter Consolidated Cumulative Period (From April 1, 2019 to September 30, 2019)	Current Second Quarter Consolidated Cumulative Period (From April 1, 2020 to September 30, 2020)
Net sales of completed construction contracts	78,917	72,734
Cost of sales of completed construction contracts	69,046	61,554
Gross profit on completed construction contracts	9,870	11,179
Selling, general and administrative expenses	5,779	6,109
Operating profit	4,091	5,070
Non-operating income		
Interest income	5	3
Dividend income	196	196
Insurance fee income	90	131
Foreign exchange gains	—	21
Other	18	18
Total non-operating income	310	370
Non-operating expenses		
Interest expenses	62	62
Guarantee commission	2	1
Foreign exchange losses	87	—
Other	19	10
Total non-operating expenses	171	74
Ordinary profit	4,230	5,366
Extraordinary income		
Gain on sales of investment securities	108	—
Gain on liquidation of subsidiaries and associates	70	—
Total extraordinary income	179	—
Extraordinary losses		
Loss on retirement of non-current assets	73	—
Loss on sales of investment securities	51	—
Loss on valuation of investment securities	55	11
Total extraordinary losses	180	11
Profit before income taxes	4,229	5,354
Income taxes - current	886	1,046
Income taxes - deferred	440	651
Total income taxes	1,327	1,697
Profit	2,902	3,657
Profit attributable to non-controlling interests	4	2
Profit attributable to owners of parent	2,897	3,654

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

(Millions of yen)

	Previous Second Quarter Consolidated Cumulative Period (From April 1, 2019 to September 30, 2019)	Current Second Quarter Consolidated Cumulative Period (From April 1, 2020 to September 30, 2020)
Profit	2,902	3,657
Other comprehensive income		
Valuation difference on available-for-sale securities	(92)	730
Foreign currency translation adjustment	9	(15)
Remeasurements of defined benefit plans	(32)	20
Total other comprehensive income	(115)	734
Comprehensive income	2,786	4,392
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,777	4,397
Comprehensive income attributable to non-controlling interests	8	(5)

## (3) Consolidated Statements of Cash Flows

(Millions of yen)

	Previous Second Quarter Consolidated Cumulative Period (From April 1, 2019 to September 30, 2019)	Current Second Quarter Consolidated Cumulative Period (From April 1, 2020 to September 30, 2020)
Cash flows from operating activities		
Profit before income taxes	4,229	5,354
Depreciation	223	238
Increase (decrease) in allowance for doubtful accounts	(12)	0
Increase (decrease) in retirement benefit liability	(3)	8
Interest and dividend income	(201)	(199)
Interest expenses	62	62
Increase (decrease) in allowance for foreign investment loss	1	(0)
Loss (gain) on valuation of investment securities	55	11
Loss (gain) on sales of investment securities	(57)	—
Loss (gain) on liquidation of subsidiaries and associates	(70)	—
Loss on retirement of non-current assets	73	—
Decrease (increase) in trade receivables	11,068	10,983
Decrease (increase) in costs on construction contracts in progress	(248)	(868)
Decrease (increase) in other current assets	(1,906)	(166)
Decrease (increase) in other non-current assets	11	1
Decrease (increase) in retirement benefit asset	(80)	8
Increase (decrease) in trade payables	1,086	(6,637)
Increase (decrease) in advances received on construction contracts in progress	(544)	434
Increase (decrease) in other current liabilities	27	(1,256)
Increase (decrease) in other non-current liabilities	—	6
Subtotal	13,714	7,981
Interest and dividends received	201	199
Interest paid	(62)	(62)
Income taxes (paid) refund	(1,012)	(1,960)
Net cash provided by (used in) operating activities	12,840	6,157

(Millions of yen)

	Previous Second Quarter Consolidated Cumulative Period (From April 1, 2019 to September 30, 2019)	Current Second Quarter Consolidated Cumulative Period (From April 1, 2020 to September 30, 2020)
Cash flows from investing activities		
Purchase of property, plant and equipment	(649)	(137)
Payments for retirement of property, plant and equipment	(1)	—
Purchase of investment securities	(2)	(2)
Proceeds from sales and redemption of investment securities	323	—
Proceeds from liquidation of subsidiaries and associates	88	—
Other payments	(66)	(67)
Other proceeds	22	20
Net cash provided by (used in) investing activities	(286)	(187)
Cash flows from financing activities		
Proceeds from short-term borrowings	19,580	18,580
Repayments of short-term borrowings	(19,680)	(17,480)
Proceeds from long-term borrowings	1,225	—
Repayments of long-term borrowings	(1,106)	(1,010)
Purchase of treasury shares	(1,078)	—
Proceeds from disposal of treasury shares	303	—
Dividends paid	(1,069)	(1,090)
Net cash provided by (used in) financing activities	(1,826)	(1,000)
Effect of exchange rate change on cash and cash equivalents	(18)	10
Net increase (decrease) in cash and cash equivalents	10,709	4,980
Cash and cash equivalents at beginning of period	12,776	21,616
Cash and cash equivalents at end of period	23,485	26,597

## (4) 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 Second Quarter Consolidated Cumulative Period (From April 1, 2019 to September 30, 2019)		Current Second Quarter Consolidated Cumulative Period (From April 1, 2020 to September 30, 2020)		Increase (decrease)	
		Amount	Component ratio %	Amount	Component ratio %	Amount	Ratio %
Net sales of construction contract orders received	Electrical installations	11,140	12.7	15,824	18.7	4,683	42.0
	Air conditioning installations	55,288	62.9	47,510	56.1	(7,778)	(14.1)
	Plumbing installations	21,473	24.4	21,322	25.2	(150)	(0.7)
	Total	87,902	100.0	84,656	100.0	(3,245)	(3.7)
	(Industrial facilities)	27,225	31.0	21,196	25.0	(6,028)	(22.1)
	(Renovations)	45,321	51.6	39,731	46.9	(5,589)	(12.3)
	(Overseas operations)	3,765	4.3	5,043	6.0	1,277	33.9
Net sales of completed construction contracts	Electrical installations	12,029	15.2	10,400	14.3	(1,629)	(13.5)
	Air conditioning installations	47,963	60.8	43,648	60.0	(4,315)	(9.0)
	Plumbing installations	18,924	24.0	18,685	25.7	(238)	(1.3)
	Total	78,917	100.0	72,734	100.0	(6,183)	(7.8)
	(Industrial facilities)	24,527	31.1	26,664	36.7	2,136	8.7
	(Renovations)	37,985	48.1	34,856	47.9	(3,129)	(8.2)
	(Overseas operations)	2,980	3.8	2,431	3.3	(548)	(18.4)
Net sales of uncompleted construction contracts	Electrical installations	14,579	11.0	24,937	18.3	10,358	71.0
	Air conditioning installations	84,827	64.1	81,446	59.8	(3,380)	(4.0)
	Plumbing installations	32,914	24.9	29,766	21.9	(3,148)	(9.6)
	Total	132,321	100.0	136,151	100.0	3,829	2.9
	(Industrial facilities)	39,764	30.1	35,466	26.0	(4,298)	(10.8)
	(Renovations)	39,540	29.9	37,840	27.8	(1,699)	(4.3)
	(Overseas operations)	5,788	4.4	11,163	8.2	5,375	92.9