

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

[Japanese Standard] (Consolidated)

February 9, 2021

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 1st section

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Date scheduled to submit Quarterly report:

February 9, 2021

Creating supplements to the financial statement:

Yes

Holding a briefing session on the financial statement:

No

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

1. Consolidated business results for the Third quarter of the period ending March 2021 (From April 1, 2020 to December 31, 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	%
Third quarter of the period ending March 2021	111,099	(9.0)	7,205	2.0	7,593	3.6	5,190	4.5
Third quarter of the period ending March 2020	122,050	10.2	7,066	30.7	7,331	27.4	4,968	31.6

(Note) Comprehensive income Third quarter of the period ending March 2021 6,745 Million yen 8.0%
Third quarter of the period ending March 2020 6,248 Million yen (302.2%)

	Profit per share		Diluted Profit per share	
	Yen	Sen	Yen	Sen
Third quarter of the period ending March 2021	239.41		—	
Third quarter of the period ending March 2020	225.63		—	

(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 2021	121,280	72,128	59.3	3,316.70
Period ending March 2020	123,049	67,409	54.6	3,101.72

(Reference) Equity capital Third quarter of the period ending March 2021 71,932 Million yen
Period ending March 2020 67,200 Million yen

2. Dividends

	Annual dividends per share				
	End of first quarter		End of Third quarter	End of third 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: 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)	Third quarter of period ending March 2021	22,981,901 shares	Period ending March 2020	22,981,901 shares
② Number of treasury shares at the end of period	Third quarter of period ending March 2021	1,294,062 shares	Period ending March 2020	1,316,396 shares
③ Average number of shares in the period (quarter total)	Third quarter of period ending March 2021	21,680,333 shares	Third quarter of period ending March 2020	22,020,017 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 (150,000 shares for the period ending March 2020, 127,543 shares for the Third quarter of period ending March 2021). In addition, the Company's shares held in the BIP Trust for Directors (150,000 shares for the Third quarter of period ending March 2020, 135,163 shares for the Third 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)	8,500	(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: 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 cumulative period decreased by 13,383 million yen or 9.8% from the same quarter consolidated cumulative period of the previous year, resulting in 122,561 million yen.

Net sales of completed construction contracts decreased by 10,951 million yen or 9.0% from the same quarter consolidated cumulative period of the previous year, resulting in 111,099 million yen.

Gross profit on completed construction contracts increased by 679 million yen or 4.3% from the same quarter consolidated cumulative period of the previous year, resulting in 16,401 million yen.

Operating profit increased by 138 million yen or 2.0% from the same quarter consolidated cumulative period of the previous year, resulting in 7,205 million yen, due to the increase in the gross profit on completed construction contracts.

Ordinary profit increased by 261 million yen or 3.6% from the same quarter consolidated cumulative period of the previous year, resulting in 7,593 million yen, due to the increase in the operating profit, and that foreign exchange losses of 47 million yen that occurred in the previous Third quarter consolidated accounting period turned to foreign exchange gains of 35 million yen in the current Third quarter consolidated accounting period.

Profit attributable to owners of parent increased by 222 million yen or 4.5% from the same quarter consolidated cumulative period of the previous year, resulting in 5,190 million yen, after posting the gain on sales of investment securities of 42 million yen as an extraordinary income and 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 Third quarter consolidated accounting period decreased by 4,017 million yen or 4.3% from the end of the previous consolidated accounting year, resulting in 90,097 million yen. The main factor for this is that the increase of 7,294 million yen or 33.7% in cash and deposits was below the decrease of 12,033 million yen or 20.4% in notes receivable and accounts receivable from completed construction contracts. Non-current assets increased by 2,247 million yen or 7.8% from the end of the previous consolidated accounting year, resulting in 31,182 million yen. The main factor for this is the increase of 2,300 million yen or 15.9% in investment securities.

As a result, total assets decreased by 1,769 million yen or 1.4% from the end of the previous consolidated accounting year, resulting in 121,280 million yen.

(Liabilities)

Current liabilities at the end of the current Third quarter consolidated accounting period decreased by 7,132 million yen or 13.8% from the end of the previous consolidated accounting year, resulting in 44,496 million yen. The main factor for this is the decrease of 5,022 million yen or 24.3% in notes payable and accounts payable for construction contracts. Non-current liabilities increased by 645 million yen or 16.1% from the end of the previous consolidated accounting year, resulting in 4,655 million yen. The main factor for this is that the increase of 1,620 million yen or 215.4% in deferred tax liabilities surpassed the decrease of 982 million yen or 50.4% in long-term borrowings.

As a result, total liabilities decreased by 6,487 million yen or 11.7% from the end of the previous consolidated accounting year, resulting in 49,152 million yen.

(Net Assets)

Total net assets at the end of the current Third quarter consolidated accounting period increased by 4,718 million yen or 7.0% from the end of the previous consolidated accounting year, resulting in 72,128 million yen. The main factor for this is the increase of 3,117 million yen or 5.6% 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) 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 November 6, 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 Third Quarter Consolidated Accounting Period (As of December 31, 2020)
Assets		
Current assets		
Cash and deposits	21,643	28,938
Notes receivable, accounts receivable from completed construction contracts	59,071	47,038
Electronically recorded monetary claims - operating	10,817	10,923
Costs on construction contracts in progress	455	1,941
Other	2,134	1,264
Allowance for doubtful accounts	(8)	(8)
Total current assets	94,114	90,097
Non-current assets		
Property, plant and equipment	5,136	5,135
Intangible assets	335	268
Investments and other assets		
Investment securities	14,443	16,743
Retirement benefit asset	7,632	7,651
Other	1,558	1,554
Allowance for doubtful accounts	(170)	(170)
Total investments and other assets	23,462	25,778
Total non-current assets	28,934	31,182
Total assets	123,049	121,280

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(Millions of yen)

	Previous Consolidated Accounting Year (As of March 31, 2020)	Current Third Quarter Consolidated Accounting Period (As of December 31, 2020)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	20,668	15,646
Electronically recorded obligations - operating	10,721	9,740
Short-term borrowings	3,735	4,537
Income taxes payable	2,119	114
Advances received on construction contracts in progress	1,027	2,424
Provision for bonuses	—	2,088
Provision for directors' bonuses	—	20
Provision for share-based remuneration	35	26
Provision for warranties for completed construction	85	91
Provision for loss on construction contracts	644	356
Other	12,591	9,448
Total current liabilities	51,629	44,496
Non-current liabilities		
Long-term borrowings	1,947	965
Deferred tax liabilities	752	2,373
Net defined benefit liability	1,291	1,287
Provision for foreign investment loss	7	6
Long-term accounts payable	5	5
Other	5	17
Total non-current liabilities	4,010	4,655
Total liabilities	55,639	49,152
Net assets		
Shareholders' equity		
Share capital	4,479	4,479
Capital surplus	4,837	4,837
Retained earnings	55,857	58,975
Treasury shares	(2,336)	(2,291)
Total shareholders' equity	62,837	66,000
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,134	6,687
Foreign currency translation adjustment	33	16
Remeasurements of defined benefit plans	(804)	(773)
Total accumulated other comprehensive income	4,362	5,931
Non-controlling interests	209	196
Total net assets	67,409	72,128
Total liabilities and net assets	123,049	121,280

(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, 2019 to December 31, 2019)	Current Third Quarter Consolidated Cumulative Period (From April 1, 2020 to December 31, 2020)
Net sales of completed construction contracts	122,050	111,099
Cost of sales of completed construction contracts	106,329	94,697
Gross profit on completed construction contracts	15,721	16,401
Selling, general and administrative expenses	8,654	9,195
Operating profit	7,066	7,205
Non-operating income		
Interest income	5	3
Dividend income	306	289
Insurance fee income	90	131
Foreign exchange gains	—	35
Other	27	31
Total non-operating income	430	492
Non-operating expenses		
Interest expenses	94	90
Guarantee commission	4	1
Foreign exchange losses	47	—
Other	19	12
Total non-operating expenses	165	104
Ordinary profit	7,331	7,593
Extraordinary income		
Gain on sales of investment securities	119	42
Gain on liquidation of subsidiaries and associates	70	—
Total extraordinary income	190	42
Extraordinary losses		
Loss on retirement of non-current assets	73	1
Loss on sales of investment securities	51	8
Loss on valuation of investment securities	53	11
Total extraordinary losses	178	21
Profit before income taxes	7,343	7,614
Income taxes - current	1,561	1,500
Income taxes - deferred	797	921
Total income taxes	2,358	2,421
Profit	4,984	5,193
Profit attributable to non-controlling interests	16	3
Profit attributable to owners of parent	4,968	5,190

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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, 2019 to December 31, 2019)	Current Third Quarter Consolidated Cumulative Period (From April 1, 2020 to December 31, 2020)
Profit	4,984	5,193
Other comprehensive income		
Valuation difference on available-for-sale securities	1,300	1,553
Foreign currency translation adjustment	12	(33)
Remeasurements of defined benefit plans	(49)	31
Total other comprehensive income	1,263	1,551
Comprehensive income	6,248	6,745
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,225	6,759
Comprehensive income attributable to non-controlling interests	22	(13)

(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 Third Quarter Consolidated Cumulative Period (From April 1, 2019 to December 31, 2019)		Current Third Quarter Consolidated Cumulative Period (From April 1, 2020 to December 31, 2020)		Increase (decrease)	
		Amount	Component ratio %	Amount	Component ratio %	Amount	Ratio %
Net sales of construction contract orders received	Electrical installations	22,371	16.4	20,165	16.4	(2,206)	(9.9)
	Air conditioning installations	83,984	61.8	71,661	58.5	(12,323)	(14.7)
	Plumbing installations	29,588	21.8	30,735	25.1	1,146	3.9
	Total	135,944	100.0	122,561	100.0	(13,383)	(9.8)
	(Industrial facilities)	42,552	31.3	31,277	25.5	(11,274)	(26.4)
	(Renovations)	66,674	49.0	58,179	47.5	(8,494)	(12.7)
	(Overseas operations)	9,711	7.1	6,743	5.5	(2,967)	(30.6)
Net sales of completed construction contracts	Electrical installations	18,457	15.1	16,646	15.0	(1,811)	(9.8)
	Air conditioning installations	74,560	61.1	67,782	61.0	(6,778)	(9.1)
	Plumbing installations	29,031	23.8	26,670	24.0	(2,361)	(8.1)
	Total	122,050	100.0	111,099	100.0	(10,951)	(9.0)
	(Industrial facilities)	37,703	30.9	40,287	36.3	2,583	6.9
	(Renovations)	59,148	48.5	52,989	47.7	(6,159)	(10.4)
	(Overseas operations)	4,953	4.1	4,100	3.7	(853)	(17.2)
Net sales of uncompleted construction contracts	Electrical installations	19,382	14.1	23,032	17.0	3,650	18.8
	Air conditioning installations	86,925	63.4	81,464	60.0	(5,461)	(6.3)
	Plumbing installations	30,922	22.5	31,194	23.0	272	0.9
	Total	137,230	100.0	135,691	100.0	(1,539)	(1.1)
	(Industrial facilities)	41,916	30.5	31,924	23.5	(9,991)	(23.8)
	(Renovations)	39,759	29.0	38,156	28.1	(1,603)	(4.0)
	(Overseas operations)	9,760	7.1	11,195	8.3	1,434	14.7