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Brief Report on the Third Quarter Financial Statements for the Period Ending March 2022 [Japanese Standard] (Consolidated)

February 9, 2022

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:

February 9, 2022

Creating supplements to the financial statement:

Yes

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 2022 (From April 1, 2021 to December 31, 2021)

(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 2022	108,257	(2.6)	4,060	(43.6)	4,399	(42.1)	3,059	(41.1)
Third quarter of the period ending March 2021	111,099	(9.0)	7,205	2.0	7,593	3.6	5,190	4.5

(Note) Comprehensive income Third quarter of the period ending March 2022 2,229 Million yen (66.9%)

Third quarter of the period ending March 2021 6,745 Million yen 8.0%

	Profit per share		Diluted Profit per share	
	Yen	Sen	Yen	Sen
Third quarter of the period ending March 2022	143.04	—	—	—
Third quarter of the period ending March 2021	239.41	—	—	—

(2) Consolidated financial position

	Total assets	Net assets	Equity capital ratio
	Million yen	Million yen	%
Third quarter of the period ending March 2022	129,582	75,172	57.9
Period ending March 2021	132,210	74,837	56.4

(Reference) Equity capital Third quarter of the period ending March 2022 75,018 Million yen

Period ending March 2021 74,632 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 2021	—	45.00	—	45.00	90.00
Period ending March 2022	—	45.00	—	—	—
Period ending March 2022 (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 2022 (From April 1, 2021 to March 31, 2022)

(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	162,000	2.7	7,000	(20.0)	7,200	(22.3)	5,000	(20.9)	233.80

(Reference) Estimated net sales of construction contract orders 183,000 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.: Yes
 - ② Changes in accounting policies other than ①: None
 - ③ Changes in accounting estimates: None
 - ④ Restatement: None
 (Note) Please refer to Change in accounting policy on page 6.

(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 2022	22,981,901 shares	Period ending March 2021	22,981,901 shares
② Number of treasury shares at the end of period	Third quarter of period ending March 2022	1,588,736 shares	Period ending March 2021	1,608,562 shares
③ Average number of shares in the period (quarter total)	Third quarter of period ending March 2022	21,386,600 shares	Third quarter of period ending March 2021	21,680,333 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 (127,543 shares for the period ending March 2021, 107,302 shares for the third quarter of period ending March 2022). In addition, the Company's shares held in the BIP Trust for Directors (135,163 shares for the third quarter of period ending March 2021, 114,080 shares for the third quarter of period ending March 2022) 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

(Caution regarding forward-looking statements and others)

The forward-looking statements disclosed herein 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.

(How to obtain supplementary explanatory materials for quarterly financial results)

Supplementary explanatory materials for quarterly financial results will be available on the Company's website.

(Reference) Estimate of individual performance

Estimate of individual performance for the period ending March 2022 (From April 1, 2021 to March 31, 2022)

(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	2.4	7,000	(19.0)	7,200	(21.3)	5,000	(19.9)	233.80	

(Reference) Estimated net sales of construction contract orders 180,000 Million yen

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

Explanation on Future Estimate Information such as Estimate of Consolidated Performance

There is change in the estimate of performance for a full accounting year published on May 12,2021.

Revision of Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2022(April 1,2021 through March 31,2022)

	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
Previous forecasts (A)	168,000	7,500	7,700	5,200	243.29
Actual results(B)	162,000	7,000	7,200	5,000	233.80
Change in amount (B-A)	(6,000)	(500)	(500)	(200)	—
Percentage of change (%)	(3.6)	(6.7)	(6.5)	(3.8)	—
(Reference) Results for the same period of last year	157,712	8,754	9,262	6,318	291.96

(Note)There is no change in net sales construction contract orders from initial forecast 183,000 Million yen.

(Reference)Revision of Non-Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2022(April 1,2021 through March 31,2022)

	Net sales	Operating profit	Ordinary profit	Profit	Profit per share
	Mil. yen	Mil. yen	Mil. yen	Mil. yen	Yen Sen
Previous forecasts (A)	165,000	7,500	7,700	5,200	243.29
Actual results(B)	160,000	7,000	7,200	5,000	233.80
Change in amount (B-A)	(5,000)	(500)	(500)	(200)	—
Percentage of change (%)	(3.0)	(6.7)	(6.5)	(3.8)	—
(Reference) Results for the same period of last year	156,194	8,644	9,146	6,242	288.44

(Note) There is no change in net sales construction contract orders from initial forecast 180,000 Million yen.

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1. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

		(Millions of yen)
	Previous Consolidated Accounting Year (As of March 31, 2021)	Current Third Quarter Consolidated Accounting Period (As of December 31, 2021)
Assets		
Current assets		
Cash and deposits	31,775	17,160
Notes receivable, accounts receivable from completed construction contracts and other	53,163	60,854
Electronically recorded monetary claims - operating	10,050	8,625
Costs on construction contracts in progress	374	1,925
Other	1,560	5,603
Allowance for doubtful accounts	(7)	(7)
Total current assets	96,916	94,161
Non-current assets		
Property, plant and equipment	5,190	5,941
Intangible assets	342	271
Investments and other assets		
Investment securities	17,998	17,374
Retirement benefit asset	10,385	10,428
Other	1,522	1,543
Allowance for doubtful accounts	(145)	(139)
Total investments and other assets	29,762	29,207
Total non-current assets	35,294	35,421
Total assets	132,210	129,582

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(Millions of yen)

	Previous Consolidated Accounting Year (As of March 31, 2021)	Current Third Quarter Consolidated Accounting Period (As of December 31, 2021)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	19,778	19,066
Electronically recorded obligations - operating	10,695	10,650
Short-term borrowings	4,449	3,327
Income taxes payable	1,677	—
Advances received on construction contracts in progress	1,367	2,009
Provision for bonuses	—	1,582
Provision for directors' bonuses	—	21
Provision for share awards	30	17
Provision for warranties for completed construction	78	65
Provision for loss on construction contracts	1,604	641
Other	13,202	11,763
Total current liabilities	52,883	49,146
Non-current liabilities		
Long-term loans payable	734	596
Deferred tax liabilities	2,492	3,394
Retirement benefit liability	1,240	1,244
Long-term accounts payable - other	5	5
Other	15	23
Total non-current liabilities	4,489	5,263
Total liabilities	57,372	54,410
Net assets		
Shareholders' equity		
Capital stock	4,479	4,479
Capital surplus	4,837	4,837
Retained earnings	60,103	61,227
Treasury shares	(3,206)	(3,166)
Total shareholders' equity	66,214	67,378
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,446	6,831
Foreign currency translation adjustment	28	16
Remeasurements of defined benefit plans	942	793
Total accumulated other comprehensive income	8,417	7,640
Non-controlling interests	205	153
Total net assets	74,837	75,172
Total liabilities and net assets	132,210	129,582

(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, 2020 to December 31, 2020)	Current Third Quarter Consolidated Cumulative Period (From April 1, 2021 to December 31, 2021)
Net sales of completed construction contracts	111,099	108,257
Cost of sales of completed construction contracts	94,697	94,694
Gross profit on completed construction contracts	16,401	13,562
Selling, general and administrative expenses	9,195	9,502
Operating profit	7,205	4,060
Non-operating income		
Interest income	3	7
Dividend income	289	299
Insurance fee income	131	122
Foreign exchange gains	35	16
Other	31	34
Total non-operating income	492	481
Non-operating expenses		
Interest expenses	90	117
Guarantee commission	1	4
Other	12	20
Total non-operating expenses	104	142
Ordinary profit	7,593	4,399
Extraordinary income		
Gain on sale of investment securities	42	248
Total extraordinary income	42	248
Extraordinary losses		
Loss on retirement of non-current assets	1	82
Loss on sale of investment securities	8	—
Loss on valuation of investment securities	11	4
Total extraordinary losses	21	87
Profit before income taxes	7,614	4,560
Income taxes - current	1,500	301
Income taxes - deferred	921	1,239
Total income taxes	2,421	1,541
Profit	5,193	3,019
Profit (loss) attributable to non-controlling interests	3	(39)
Profit attributable to owners of parent	5,190	3,059

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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, 2020 to December 31, 2020)	Current Third Quarter Consolidated Cumulative Period (From April 1, 2021 to December 31, 2021)
Profit	5,193	3,019
Other comprehensive income		
Valuation difference on available-for-sale securities	1,553	(615)
Foreign currency translation adjustment	(33)	(24)
Remeasurements of defined benefit plans	31	(149)
Total other comprehensive income	1,551	(789)
Comprehensive income	6,745	2,229
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,759	2,281
Comprehensive income attributable to non-controlling interests	(13)	(52)

(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

(Change in Accounting Policy)

(Application of accounting standards related to revenue recognition)

The Accounting Standard for Revenue Recognition (ASBJ Statement No.29, March 31,2020) has been applied from the beginning of the first quarter for the current fiscal year.

2. 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, 2020 to December 31, 2020)		Current Third Quarter Consolidated Cumulative Period (From April 1, 2021 to December 31, 2021)		Increase (decrease)	
		Amount	Component ratio %	Amount	Component ratio %	Amount	Ratio %
Net sales of construction contract orders received	Electrical installations	20,165	16.4	18,347	12.2	(1,817)	(9.0)
	Air conditioning installations	71,661	58.5	98,247	65.5	26,586	37.1
	Plumbing installations	30,735	25.1	33,523	22.3	2,787	9.1
	Total	122,561	100.0	150,118	100.0	27,556	22.5
	(Industrial facilities)	40,269	32.9	58,567	39.0	18,297	45.4
	(Renovations)	58,179	47.5	72,060	48.0	13,880	23.9
	(Overseas operations)	6,743	5.5	10,241	6.8	3,497	51.9
Net sales of completed construction contracts	Electrical installations	16,646	15.0	16,621	15.4	(25)	(0.2)
	Air conditioning installations	67,782	61.0	64,967	60.0	(2,814)	(4.2)
	Plumbing installations	26,670	24.0	26,668	24.6	(1)	(0.0)
	Total	111,099	100.0	108,257	100.0	(2,841)	(2.6)
	(Industrial facilities)	46,623	42.0	46,869	43.3	246	0.5
	(Renovations)	52,989	47.7	56,129	51.8	3,139	5.9
	(Overseas operations)	4,100	3.7	6,674	6.2	2,573	62.8
Net sales of uncompleted construction contracts	Electrical installations	23,032	17.0	23,611	12.8	579	2.5
	Air conditioning installations	81,464	60.0	119,217	64.5	37,753	46.3
	Plumbing installations	31,194	23.0	42,074	22.7	10,880	34.9
	Total	135,691	100.0	184,904	100.0	49,212	36.3
	(Industrial facilities)	34,580	25.5	51,953	28.1	17,373	50.2
	(Renovations)	38,156	28.1	48,785	26.4	10,629	27.9
	(Overseas operations)	11,195	8.3	15,434	8.3	4,238	37.9

(Note)1. As a result of reviewing the construction classification from the current first quarter consolidated cumulative period, a part of small-scale construction is included in "Industrial facilities". The previous third quarter consolidated cumulative period also indicates the value after applying the revision of the construction classification.

2. Industrial facilities and Renovations, Overseas operations are aggregated for each type of construction. These includes duplicated construction.