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Brief Report on the Second Quarter Financial Statements for the Period Ending March 2023 [Japanese Standard] (Consolidated)

November 8, 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 Prime Market

Tel. (06) 6447 - 8003

Date scheduled to submit Quarterly report:

November 8, 2022

Date scheduled for dividend payment commencement:

December 1, 2022

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 2023 (From April 1, 2022 to September 30, 2022)

(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 2023	82,690	25.7	3,650	31.8	4,330	42.3	3,045	46.6
Second quarter of the period ending March 2022	65,780	(9.6)	2,768	(45.4)	3,044	(43.3)	2,077	(43.2)

(Note) Comprehensive income Second quarter of the period ending March 2023 2,746 Million yen 45.2%
Second quarter of the period ending March 2022 1,891 Million yen (56.9%)

	Profit per share		Diluted Profit per share	
	Yen	Sen	Yen	Sen
Second quarter of the period ending March 2023	142.29	—	—	—
Second quarter of the period ending March 2022	97.14	—	—	—

(2) Consolidated financial position

	Total assets	Net assets	Equity capital ratio
	Million yen	Million yen	%
Second quarter of the period ending March 2023	137,220	79,055	57.5
Period ending March 2022	139,099	77,242	55.4

(Reference) Equity capital Second quarter of the period ending March 2023 78,890 Million yen
Period ending March 2022 77,081 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 2022	—	—	45.00	—	45.00 90.00
Period ending March 2023	—	—	45.00	—	—
Period ending March 2023 (Forecast)	—	—	—	—	55.00 100.00

(Note) 1 Presence of revision from dividend forecast published most recently: None

2 Breakdown of dividend for the period ending March 2023: Ordinary dividend:90yen

Commemorative dividend:10yen (120th anniversary commemorative dividend)

3. Estimate of consolidated performance for the period ending March 2023 (From April 1, 2022 to March 31, 2023)

(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	180,000	10.5	8,500	12.1	8,700	7.5	6,000	3.8	280.46

(Reference) Estimated net sales of construction contract orders 193,000 Million yen

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

* Annotations

(1) Changes in key subsidiaries in the 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 the period ending March 2023	22,981,901 shares	Period ending March 2022	22,981,901 shares
② Number of treasury shares at the end of period	Second quarter of the period ending March 2023	1,571,867 shares	Period ending March 2022	1,588,839 shares
③ Average number of shares in the period (quarter total)	Second quarter of the period ending March 2023	21,401,029 shares	Second quarter of the period ending March 2022	21,383,289 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 (107,302 shares for the period ending March 2022, 90,207 shares for the second quarter of the period ending March 2023). In addition, the Company's shares held in the BIP Trust for Directors (117,469 shares for the second quarter of the period ending March 2022, 99,282 shares for the second quarter of the period ending March 2023) 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 2023 (From April 1, 2022 to March 31, 2023)

(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	175,000	8.6	8,500	10.3	8,700	5.9	6,000	2.3	280.46	

(Reference) Estimated net sales of construction contract orders 182,000 Million yen

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

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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, 2022)	Current Second Quarter Consolidated Accounting Period (As of September 30, 2022)
Assets		
Current assets		
Cash and deposits	16,065	22,686
Notes receivable, accounts receivable from completed construction contracts and other	68,903	62,309
Electronically recorded monetary claims - operating	15,002	13,104
Costs on construction contracts in progress	464	1,597
Other	4,416	2,960
Allowance for doubtful accounts	(6)	(6)
Total current assets	104,846	102,652
Non-current assets		
Property, plant and equipment	5,893	6,518
Intangible assets	409	585
Investments and other assets		
Investment securities	15,837	15,345
Retirement benefit asset	10,628	10,657
Other	1,622	1,596
Allowance for doubtful accounts	(138)	(135)
Total investments and other assets	27,949	27,463
Total non-current assets	34,253	34,568
Total assets	139,099	137,220

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(Millions of yen)

	Previous Consolidated Accounting Year (As of March 31, 2022)	Current Second Quarter Consolidated Accounting Period (As of September 30, 2022)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	24,025	19,307
Electronically recorded obligations - operating	12,047	11,021
Short-term borrowings	3,229	2,859
Income taxes payable	701	1,362
Advances received on construction contracts in progress	2,058	3,570
Provision for bonuses	—	2,615
Provision for directors' bonuses	—	43
Provision for share awards	26	8
Provision for warranties for completed construction	70	80
Provision for loss on construction contracts	615	473
Deposits received	8,703	9,022
Other	6,004	3,442
Total current liabilities	57,483	53,808
Non-current liabilities		
Long-term loans payable	675	519
Deferred tax liabilities	2,419	2,542
Retirement benefit liability	1,251	1,246
Long-term accounts payable - other	5	5
Other	22	42
Total non-current liabilities	4,374	4,356
Total liabilities	61,857	58,165
Net assets		
Shareholders' equity		
Capital stock	4,479	4,479
Capital surplus	4,837	4,837
Retained earnings	63,946	66,024
Treasury shares	(3,166)	(3,132)
Total shareholders' equity	70,097	72,209
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,079	5,837
Foreign currency translation adjustment	34	106
Remeasurements of defined benefit plans	870	737
Total accumulated other comprehensive income	6,984	6,680
Non-controlling interests	160	164
Total net assets	77,242	79,055
Total liabilities and net assets	139,099	137,220

(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, 2021 to September 30, 2021)	Current Second Quarter Consolidated Cumulative Period (From April 1, 2022 to September 30, 2022)
Net sales of completed construction contracts	65,780	82,690
Cost of sales of completed construction contracts	56,923	72,325
Gross profit on completed construction contracts	8,857	10,364
Selling, general and administrative expenses	6,088	6,714
Operating profit	2,768	3,650
Non-operating income		
Interest income	5	5
Dividend income	197	262
Insurance fee income	122	128
Foreign exchange gains	1	291
Rental income from real estate	16	15
Other	8	34
Total non-operating income	352	738
Non-operating expenses		
Interest expenses	54	33
Guarantee commission	2	4
Rental expenses on real estate	8	9
Other	10	10
Total non-operating expenses	76	57
Ordinary profit	3,044	4,330
Extraordinary income		
Gain on sale of non-current assets	—	2
Gain on sale of investment securities	106	268
Total extraordinary income	106	270
Extraordinary losses		
Loss on retirement of non-current assets	65	12
Loss on valuation of investment securities	4	—
Total extraordinary losses	70	12
Profit before income taxes	3,080	4,588
Income taxes - current	124	1,269
Income taxes - deferred	906	288
Total income taxes	1,031	1,557
Profit	2,049	3,030
Loss attributable to non-controlling interests	(27)	(14)
Profit attributable to owners of parent	2,077	3,045

DAI-DAN Co., Ltd. (1980), Brief Report on the Second Quarter Financial Statements for the Period Ending March 2023

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

	(Millions of yen)	
	Previous Second Quarter Consolidated Cumulative Period (From April 1, 2021 to September 30, 2021)	Current Second Quarter Consolidated Cumulative Period (From April 1, 2022 to September 30, 2022)
Profit	2,049	3,030
Other comprehensive income		
Valuation difference on available-for-sale securities	(48)	(242)
Foreign currency translation adjustment	(10)	90
Remeasurements of defined benefit plans	(99)	(132)
Total other comprehensive income	(158)	(284)
Comprehensive income	1,891	2,746
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,924	2,741
Comprehensive income attributable to non-controlling interests	(32)	4

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Previous Second Quarter Consolidated Cumulative Period (From April 1, 2021 to September 30, 2021)	Current Second Quarter Consolidated Cumulative Period (From April 1, 2022 to September 30, 2022)
Cash flows from operating activities		
Profit before income taxes	3,080	4,588
Depreciation	232	234
Increase (decrease) in allowance for doubtful accounts	(5)	(3)
Increase (decrease) in retirement benefit liability	9	1
Interest and dividend income	(203)	(267)
Interest expenses	54	33
Loss (gain) on valuation of investment securities	4	—
Loss (gain) on sale of investment securities	(106)	(268)
Loss (gain) on sales of non-current assets	—	(2)
Loss on retirement of non-current assets	65	12
Decrease (increase) in notes and accounts receivable - trade	5,822	8,492
Decrease (increase) in costs on construction contracts in progress	(826)	(1,132)
Decrease (increase) in other current assets	(1,655)	1,195
Decrease (increase) in other non-current assets	5	8
Decrease (increase) in retirement benefit asset	(181)	(227)
Increase (decrease) in notes and accounts payable - trade	(4,309)	(5,743)
Increase (decrease) in advances received on construction contracts in progress	863	1,512
Increase (decrease) in other current liabilities	(2,325)	383
Increase (decrease) in other non-current liabilities	2	19
Subtotal	527	8,838
Interest and dividends received	203	267
Interest paid	(53)	(32)
Income taxes refund (paid)	(1,523)	(564)
Net cash provided by (used in) operating activities	(846)	8,509

(Millions of yen)

	Previous Second Quarter Consolidated Cumulative Period (From April 1, 2021 to September 30, 2021)	Current Second Quarter Consolidated Cumulative Period (From April 1, 2022 to September 30, 2022)
Cash flows from investing activities		
Purchase of property, plant and equipment	(947)	(805)
Proceeds from sale of property, plant and equipment	—	2
Payments for retirement of property, plant and equipment	(27)	(6)
Purchase of investment securities	(201)	(1)
Proceeds from sale and redemption of investment securities	376	412
Proceeds from collection of loans receivable	—	0
Other payments	(162)	(349)
Other proceeds	17	60
Net cash provided by (used in) investing activities	(945)	(686)
Cash flows from financing activities		
Proceeds from short-term borrowings	19,480	10,700
Repayments of short-term borrowings	(19,580)	(10,700)
Proceeds from long-term borrowings	500	100
Repayments of long-term borrowings	(836)	(626)
Purchase of treasury shares	(0)	(0)
Dividends paid	(967)	(967)
Net cash provided by (used in) financing activities	(1,404)	(1,494)
Effect of exchange rate change on cash and cash equivalents	(6)	293
Net increase (decrease) in cash and cash equivalents	(3,203)	6,621
Cash and cash equivalents at beginning of period	31,747	16,037
Cash and cash equivalents at end of period	28,544	22,659

(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

2. 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		Current Second Quarter Consolidated Cumulative Period		Increase (decrease)	
			(From April 1, 2021 to September 30, 2021)		(From April 1, 2022 to September 30, 2022)			
			Amount	Component ratio %	Amount	Component ratio %	Amount	Ratio %
Net sales of construction contract orders received	Electrical installations		12,340	11.5	18,647	14.9	6,306	51.1
	Air conditioning and plumbing installations	Air conditioning installations	70,667	65.8	78,799	63.1	8,132	11.5
		Plumbing installations	24,415	22.7	27,519	22.0	3,103	12.7
		subtotal	95,082	88.5	106,318	85.1	11,236	11.8
	Total		107,423	100.0	124,966	100.0	17,542	16.3
	(Renovations)		49,326	45.9	49,121	39.3	(204)	(0.4)
	(Industrial facilities)		37,090	34.5	53,744	43.0	16,654	44.9
	(Overseas operations)		6,449	6.0	13,486	10.8	7,037	109.1
Net sales of completed construction contracts	Electrical installations		10,418	15.9	13,970	16.9	3,551	34.1
	Air conditioning and plumbing installations	Air conditioning installations	38,630	58.7	49,091	59.4	10,461	27.1
		Plumbing installations	16,732	25.4	19,628	23.7	2,896	17.3
		subtotal	55,362	84.1	68,720	83.1	13,357	24.1
	Total		65,780	100.0	82,690	100.0	16,909	25.7
	(Renovations)		34,125	51.9	36,092	43.6	1,966	5.8
	(Industrial facilities)		27,565	41.9	32,305	39.1	4,740	17.2
	(Overseas operations)		3,931	6.0	7,794	9.4	3,863	98.3
Net sales of uncompleted construction contracts	Electrical installations		23,807	12.9	28,140	13.6	4,332	18.2
	Air conditioning and plumbing installations	Air conditioning installations	117,975	63.9	135,341	65.7	17,366	14.7
		Plumbing installations	42,903	23.2	42,575	20.7	(327)	(0.8)
		subtotal	160,878	87.1	177,917	86.4	17,039	10.6
	Total		184,685	100.0	206,057	100.0	21,371	11.6
	(Renovations)		48,055	26.0	49,925	24.2	1,870	3.9
	(Industrial facilities)		49,781	27.0	66,699	32.4	16,918	34.0
	(Overseas operations)		14,384	7.8	18,531	9.0	4,146	28.8

(Note) 1. The “Air conditioning and plumbing installations” category has been set as a total of air conditioning installations and plumbing installations.

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