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Consolidated Financial Statements for the First Quarter of the Period Ending March 2024 [Japanese Standard]

August 4, 2023

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

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Date scheduled to submit Quarterly report:

August 4, 2023

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 first quarter of the period ending March 2024 (From April 1, 2023 to June 30, 2023)

(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 2024	40,731	15.2	691	(15.5)	1,141	(12.8)	755	(12.5)
First quarter of the period ending March 2023	35,342	29.7	818	54.8	1,308	72.0	862	71.9

(Note) Comprehensive income First quarter of the period ending March 2024 1,840 Million yen 143.6%
First quarter of the period ending March 2023 755 Million yen 968.6%

	Profit per share		Diluted Profit per share	
	Yen	Sen	Yen	Sen
First quarter of the period ending March 2024	35.27	—	—	—
First quarter of the period ending March 2023	40.31	—	—	—

(2) Consolidated financial position

	Total assets	Net assets	Equity capital ratio
	Million yen	Million yen	%
First quarter of the period ending March 2024	136,803	83,093	60.6
Period ending March 2023	148,544	82,424	55.4

(Reference) Equity capital First quarter of the period ending March 2024 82,879 Million yen
Period ending March 2023 82,242 Million yen

2. Dividends

Dividends

	Annual dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Period end	Through year
	Yen Sen	Yen Sen	Yen Sen	Yen Sen	Yen Sen
Period ending March 2023	—	45.00	—	55.00	100.00
Period ending March 2024	—				
Period ending March 2024 (Forecast)		55.00	—	30.00	—

(Note) 1 Presence of revision from dividend forecast published most recently: Yes

At a meeting of the Board of Directors held today, the Company resolved to conduct a 2-for-1 stock split of shares of common stock, with an effective date of October 1, 2023.

Without considering the stock split, the Company plans to pay a year-end dividend of 60 yen per share for the fiscal year ending March 31, 2024, an increase of 5 yen from the 55 yen per share announced on May 11, 2023.

As a result, the annual dividend will be 115 yen per share.

The year-end dividend for the period ending March 31, 2024 (forecast) shown in the table above reflects the effect of this stock split, and the total annual dividend is shown as "—".

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 2024 (From April 1, 2023 to March 31, 2024)

(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	200,000	7.5	8,500	0.8	8,900	(4.2)	6,500	(1.9)		303.60

(Reference) Estimated net sales of construction contract orders 210,000 Million yen

(Note) Presence of revision from estimate of performance published most recently: None

* 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)

First quarter of the period ending March 2024	22,981,901 shares	Period ending March 2023	22,981,901 shares
② Number of treasury shares at the end of period	1,566,626 shares	Period ending March 2023	1,572,067 shares
③ Average number of shares in the period (quarter total)	21,410,769 shares	First quarter of the period ending March 2023	21,393,963 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 (90,207 shares for the period ending March 2023, 84,626 shares for the first quarter of the period ending March 2024). In addition, the Company's shares held in the BIP Trust for Directors (106,390 shares for the first quarter of the period ending March 2023, 89,233 shares for the quarter of the first period ending March 2024) 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 2024 (From April 1, 2023 to March 31, 2024)

(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	190,000	5.8	8,500	(0.5)	8,900	(5.6)	6,500	(4.1)	303.60	

(Reference) Estimated net sales of construction contract orders 200,000 Million yen

(Note) Presence of revision from estimate of performance published most recently: None

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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, 2023)	Current First Quarter Consolidated Accounting Period (As of June 30, 2023)
Assets		
Current assets		
Cash and deposits	25,379	19,795
Notes receivable, accounts receivable from completed construction contracts and other	69,625	57,338
Electronically recorded monetary claims - operating	9,487	13,161
Costs on construction contracts in progress	671	1,055
Other	3,092	3,247
Allowance for doubtful accounts	(136)	(153)
Total current assets	108,120	94,444
Non-current assets		
Property, plant and equipment	7,516	7,778
Intangible assets	1,178	1,162
Investments and other assets		
Investment securities	18,790	20,402
Retirement benefit asset	11,459	11,492
Other	1,611	1,656
Allowance for doubtful accounts	(133)	(133)
Total investments and other assets	31,728	33,417
Total non-current assets	40,424	42,358
Total assets	148,544	136,803

DAI-DAN Co., Ltd. (1980), Consolidated Financial Statements for the First Quarter of the Period Ending March 2024

(Millions of yen)

	Previous Consolidated Accounting Year (As of March 31, 2023)	Current first Quarter Consolidated Accounting Period (As of June 30, 2023)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	23,294	16,182
Electronically recorded obligations - operating	12,109	9,821
Short-term borrowings	2,901	2,881
Income taxes payable	2,258	64
Advances received on construction contracts in progress	1,899	1,852
Provision for bonuses	—	1,347
Provision for directors' bonuses	—	19
Provision for share awards	26	22
Provision for warranties for completed construction	48	60
Provision for loss on construction contracts	516	994
Deposits received	9,307	12,068
Other	9,169	3,153
Total current liabilities	61,532	48,470
Non-current liabilities		
Long-term loans payable	720	562
Deferred tax liabilities	2,660	3,496
Retirement benefit liability	1,148	1,131
Long-term accounts payable - other	5	5
Other	51	43
Total non-current liabilities	4,587	5,239
Total liabilities	66,119	53,710
Net assets		
Shareholders' equity		
Capital stock	4,479	4,479
Capital surplus	4,837	4,837
Retained earnings	68,638	68,210
Treasury shares	(3,132)	(3,121)
Total shareholders' equity	74,822	74,406
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,116	7,226
Foreign currency translation adjustment	112	93
Remeasurements of defined benefit plans	1,191	1,154
Total accumulated other comprehensive income	7,419	8,473
Non-controlling interests	182	213
Total net assets	82,424	83,093
Total liabilities and net assets	148,544	136,803

(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, 2022 to June 30, 2022)	Current First Quarter Consolidated Cumulative Period (From April 1, 2023 to June 30, 2023)
Net sales of completed construction contracts	35,342	40,731
Cost of sales of completed construction contracts	31,062	36,272
Gross profit on completed construction contracts	4,280	4,459
Selling, general and administrative expenses	3,461	3,767
Operating profit	818	691
Non-operating income		
Interest income	1	2
Dividend income	151	142
Insurance fee income	122	133
Foreign exchange gains	226	163
Share of profit of entities accounted for using equity method	—	41
Rental income from real estate	7	8
Other	14	6
Total non-operating income	523	499
Non-operating expenses		
Interest expenses	16	30
Guarantee commission	2	1
Rental expenses on real estate	9	9
Other	4	7
Total non-operating expenses	32	49
Ordinary profit	1,308	1,141
Extraordinary income		
Gain on sale of non-current assets	1	—
Total extraordinary income	1	—
Extraordinary losses		
Loss on retirement of non-current assets	12	1
Total extraordinary losses	12	1
Profit before income taxes	1,298	1,139
Income taxes - current	(19)	(3)
Income taxes - deferred	465	362
Total income taxes	446	359
Profit	851	780
Profit (loss) attributable to non-controlling interests	(10)	25
Profit attributable to owners of parent	862	755

DAI-DAN Co., Ltd. (1980), Consolidated Financial Statements for the First Quarter of the Period Ending March 2024

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

(Millions of yen)

	Previous First Quarter Consolidated Cumulative Period (From April 1, 2022 to June 30, 2022)	Current First Quarter Consolidated Cumulative Period (From April 1, 2023 to June 30, 2023)
Profit	851	780
Other comprehensive income		
Valuation difference on available-for-sale securities	(73)	1,110
Foreign currency translation adjustment	43	(14)
Remeasurements of defined benefit plans	(66)	(37)
Total other comprehensive income	(96)	1,059
Comprehensive income	755	1,840
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	754	1,809
Comprehensive income attributable to non-controlling interests	0	30

(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

(Significant Subsequent Event)

(Stock split and partial amendments to the Articles of Incorporation in relation to stock split)

At the meeting of the Board of Directors held on August 4, 2023, the Company resolved to implement a stock split and to partially revise the Articles of Incorporation in relation to the stock split.

(1) Objective of the stock split

The purpose of the stock split is to lower the unit investment amount, creating a more investment-friendly environment and broadening the shareholder base.

(2) Outline of the stock split

① Method of stock split

With September 30, 2023 (Saturday) (since this date will be treated as a holiday, shareholders of record will effectively be determined on September 29, 2023 (Friday)) as the record date, The Company will implement a 2-for-1 stock split of common shares owned by shareholders listed or recorded in the closing register of shareholders with a record date.

② Number of shares to be increased by stock split

Total number of issued shares before the stock split	22,981,901 shares
Increase in number of shares due to the stock split	22,981,901 shares
Total number of issued shares after the stock split	45,963,802 shares
Total number of shares authorized to be issued after the stock split	80,000,000 shares

③ Schedule of the stock split

Date of public notice of the record date	September 14, 2023 (Scheduled date)
Record date	September 30, 2023
Effective date	October 1, 2023

④ Impact on per share information

Pro forma per share information assuming the stock split was conducted at the beginning of the previous fiscal year is as follows.

	Previous First Quarter Consolidated Cumulative Period (from April 1, 2022 to June 30, 2022)	Current First Quarter Consolidated Cumulative Period (from April 1, 2023 to June 30, 2023)
Net income per share	¥20.16	¥17.63

(Note) Diluted Profit per share is not shown in the above table, as there are no residual shares.

(3) Partial amendments to the Articles of Incorporation in relation to the stock split

① Reason for amendments to the Articles of Incorporation

In conjunction with the stock split, the Company's Articles of Incorporation will be partially amended on October 1, 2023, as the effective date, by resolution of the Board of Directors in accordance with the provisions in Article 184, paragraph (2) of the Companies Act.

② Details of amendments to the Articles of Incorporation

The details of the amendments are as follows. (Underlined portions indicate the proposed changes.)

Current Articles of Incorporation	Amended Articles of Incorporation
Article 5(Total Number of Authorized Shares) The total number of shares authorized to be issued by the Company shall be <u>40,000,000 shares.</u>	Article 5 (Total Number of Authorized Shares) The total number of shares authorized to be issued by the Company shall be <u>80,000,000 shares.</u>

③ Schedule of the revision of the Articles of Incorporation

Date of the meeting of Board of Directors	August 4, 2023
Effective date	October 1, 2023

(4) Other

There will be no change in the amount of capital upon this stock split.

2. 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		Current First Quarter Consolidated Cumulative Period		Increase (decrease)	
		(From April 1, 2022 to June 30, 2022)		(From April 1, 2023 to June 30,2023)			
		Amount	Component ratio %	Amount	Component ratio %	Amount	Ratio %
Net sales of construction contract orders received	Electrical installations	7,906	11.9	10,959	16.4	3,052	38.6
	Air conditioning and plumbing installations	58,805	88.1	56,046	83.6	(2,759)	(4.7)
	Total	66,712	100.0	67,005	100.0	292	0.4
	(Renovations)	30,251	45.3	21,668	32.3	(8,582)	(28.4)
	(Industrial facilities)	29,452	44.1	32,843	49.0	3,391	11.5
	(Overseas operations)	10,029	15.0	4,331	6.5	(5,698)	(56.8)
Net sales of completed construction contracts	Electrical installations	6,102	17.3	6,160	15.1	58	1.0
	Air conditioning and plumbing installations	29,239	82.7	34,571	84.9	5,331	18.2
	Total	35,342	100.0	40,731	100.0	5,389	15.2
	(Renovations)	16,479	46.6	14,307	35.1	(2,171)	(13.2)
	(Industrial facilities)	14,293	40.4	19,498	47.9	5,204	36.4
	(Overseas operations)	2,738	7.7	3,585	8.8	847	30.9
Net sales of uncompleted construction contracts	Electrical installations	25,266	13.0	24,122	11.5	(1,143)	(4.5)
	Air conditioning and plumbing installations	169,885	87.0	186,308	88.5	16,423	9.7
	Total	195,152	100.0	210,431	100.0	15,279	7.8
	(Renovations)	50,668	26.0	43,663	20.7	(7,005)	(13.8)
	(Industrial facilities)	60,417	31.0	73,913	35.1	13,495	22.3
	(Overseas operations)	20,130	10.3	16,742	8.0	(3,388)	(16.8)

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

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