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

November 9, 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:

November 9, 2023

Date scheduled for dividend payment commencement:

December 1, 2023

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 2024 (From April 1, 2023, to September 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	%
Second quarter of the period ending March 2024	91,306	10.4	3,031	(16.9)	3,595	(17.0)	2,411	(20.8)
Second quarter of the period ending March 2023	82,690	25.7	3,650	31.8	4,330	42.3	3,045	46.6

(Note) Comprehensive income Second quarter of the period ending March 2024 3,807 Million yen 38.6%
Second quarter of the period ending March 2023 2,746 Million yen 45.2%

	Profit per share		Diluted Profit per share	
	Yen	Sen	Yen	Sen
Second quarter of the period ending March 2024	56.29	—	—	—
Second quarter of the period ending March 2023	71.15	—	—	—

(Note) The Company conducted a 2-for-1 stock split of shares of common stock, with an effective date of October 1, 2023. "Profit per share" is calculated assuming that the stock split was executed at the beginning of the previous consolidated accounting year.

(2) Consolidated financial position

	Total assets	Net assets	Equity capital ratio
	Million yen	Million yen	%
Second quarter of the period ending March 2024	146,498	85,082	57.9
Period ending March 2023	148,544	82,424	55.4

(Reference) Equity capital Second quarter of the period ending March 2024 84,843 Million yen
Period ending March 2023 82,242 Million yen

2. 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	—	55.00	—	—	—
Period ending March 2024 (Forecast)	—	—	—	30.00	—

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

2 The Company conducted a 2-for-1 stock split of shares of common stock, with an effective date of October 1, 2023. Dividends before the second quarter of the fiscal year ending March 31, 2024, are the actual dividend amount before the stock split. The period end dividend for the period ending March 31, 2024 (forecast) shown in the table above reflects the effect of the stock split, and the total annual dividend is shown as "—". Without considering the stock split, the Company plans to pay a period end dividend of 60 yen per share for the fiscal year ending March 31, 2024.

3 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)		151.80

(Reference) Estimated net sales of construction contract orders 240,000 Million yen

(Note) 1 Presence of revision from estimate of performance published most recently: None

2 The consolidated financial results forecast for earnings per share for the fiscal year ending March 31, 2024, is presented in an amount after the stock split.

* 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 2024	45,963,802 shares	Period ending March 2023	45,963,802 shares
Second quarter of the period ending March 2024	3,111,380 shares	Period ending March 2023	3,144,134 shares
Second quarter of the period ending March 2024	42,835,176 shares	Second quarter of the period ending March 2023	42,802,057 shares

② Number of treasury shares at the end of period

③ Average number of shares in the period (quarter total)

(Note) 1 The Company conducted a 2-for-1 stock split of shares of common stock, with an effective date of October 1, 2023.

“Number of issued shares at the end of period,” “Number of treasury shares at the end of period” and “Average numbers of shares in the period” are calculated assuming that the stock split was executed at the beginning of the previous consolidated accounting year.

2 The number of treasury shares at the end of the period includes the Company's shares held in the BIP Trust for Directors (180,414 shares for the period ending March 2023, 147,252 shares for the Second quarter of the period ending March 2024). In addition, the Company's shares held in the BIP Trust for Directors (198,564 shares for the Second quarter of the period ending March 2023, 164,692 shares for the quarter of the Second 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.

(About the Stock Split)

The Company conducted to conduct a 2-for-1 stock split of shares of common stock, with an effective date of October 1, 2023.

(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)		151.80

(Reference) Estimated net sales of construction contract orders 230,000 Million yen

(Note) 1 Presence of revision from estimate of performance published most recently: None

2 The individual financial results forecast for earnings per share for the fiscal year ending March 31, 2024, is presented in an amount after the stock split.

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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 Second Quarter Consolidated Accounting Period (As of September 30, 2023)
Assets		
Current assets		
Cash and deposits	25,379	18,193
Notes receivable, accounts receivable from completed construction contracts and other	69,625	69,850
Electronically recorded monetary claims - operating	9,487	8,985
Costs on construction contracts in progress	671	1,901
Other	3,092	4,167
Allowance for doubtful accounts	(136)	(168)
Total current assets	108,120	102,930
Non-current assets		
Property, plant and equipment	7,516	7,802
Intangible assets	1,178	1,374
Investments and other assets		
Investment securities	18,790	21,360
Retirement benefit asset	11,459	11,490
Other	1,611	1,674
Allowance for doubtful accounts	(133)	(133)
Total investments and other assets	31,728	34,391
Total non-current assets	40,424	43,568
Total assets	148,544	146,498

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

(Millions of yen)

	Previous Consolidated Accounting Year (As of March 31, 2023)	Current Second Quarter Consolidated Accounting Period (As of September 30, 2023)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	23,294	18,134
Electronically recorded obligations - operating	12,109	13,769
Short-term borrowings	2,901	2,835
Income taxes payable	2,258	1,232
Advances received on construction contracts in progress	1,899	2,250
Provision for bonuses	—	2,684
Provision for directors' bonuses	—	38
Provision for share awards	26	8
Provision for warranties for completed construction	48	60
Provision for loss on construction contracts	516	985
Deposits received	9,307	10,827
Other	9,169	3,491
Total current liabilities	61,532	56,316
Non-current liabilities		
Long-term loans payable	720	429
Deferred tax liabilities	2,660	3,474
Retirement benefit liability	1,148	1,142
Long-term accounts payable - other	5	5
Other	51	47
Total non-current liabilities	4,587	5,099
Total liabilities	66,119	61,416
Net assets		
Shareholders' equity		
Capital stock	4,479	4,479
Capital surplus	4,837	4,837
Retained earnings	68,638	69,867
Treasury shares	(3,132)	(3,099)
Total shareholders' equity	74,822	76,084
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,116	7,681
Foreign currency translation adjustment	112	(12)
Remeasurements of defined benefit plans	1,191	1,090
Total accumulated other comprehensive income	7,419	8,758
Non-controlling interests	182	239
Total net assets	82,424	85,082
Total liabilities and net assets	148,544	146,498

(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, 2022 to September 30, 2022)	Current Second Quarter Consolidated Cumulative Period (From April 1, 2023 to September 30, 2023)
Net sales of completed construction contracts	82,690	91,306
Cost of sales of completed construction contracts	72,325	80,822
Gross profit on completed construction contracts	10,364	10,483
Selling, general and administrative expenses	6,714	7,452
Operating profit	3,650	3,031
Non-operating income		
Interest income	5	6
Dividend income	262	209
Insurance fee income	128	136
Foreign exchange gains	291	205
Share of profit of entities accounted for using equity method	—	36
Rental income from real estate	15	16
Other	34	10
Total non-operating income	738	623
Non-operating expenses		
Interest expenses	33	32
Guarantee commission	4	3
Rental expenses on real estate	9	10
Other	10	13
Total non-operating expenses	57	59
Ordinary profit	4,330	3,595
Extraordinary income		
Gain on sale of non-current assets	2	1
Gain on sales of investment securities	268	94
Total extraordinary income	270	95
Extraordinary losses		
Loss on retirement of non-current assets	12	1
Total extraordinary losses	12	1
Profit before income taxes	4,588	3,689
Income taxes - current	1,269	1,068
Income taxes - deferred	288	167
Total income taxes	1,557	1,235
Profit	3,030	2,454
Profit (loss) attributable to non-controlling interests	(14)	42
Profit attributable to owners of parent	3,045	2,411

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

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

(Millions of yen)

	Previous Second Quarter Consolidated Cumulative Period (From April 1, 2022 to September 30, 2022)	Current Second Quarter Consolidated Cumulative Period (From April 1, 2023 to September 30, 2023)
Profit	3,030	2,454
Other comprehensive income		
Valuation difference on available-for-sale securities	(242)	1,565
Foreign currency translation adjustment	90	(111)
Remeasurements of defined benefit plans	(132)	(101)
Total other comprehensive income	(284)	1,352
Comprehensive income	2,746	3,807
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,741	3,750
Comprehensive income attributable to non-controlling interests	4	56

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Previous Second Quarter Consolidated Cumulative Period (From April 1, 2022 to September 30, 2022)	Current Second Quarter Consolidated Cumulative Period (From April 1, 2023 to September 30, 2023)
Cash flows from operating activities		
Profit before income taxes	4,588	3,689
Depreciation	234	329
Increase (decrease) in allowance for doubtful accounts	(3)	31
Increase (decrease) in retirement benefit liability	1	(3)
Interest and dividend income	(267)	(216)
Interest expenses	33	32
Share of loss (profit) of entities accounted for using equity method	—	(36)
Loss (gain) on sales of investment securities	(268)	(94)
Loss (gain) on sales of non-current assets	(2)	(1)
Loss on retirement of non-current assets	12	1
Decrease (increase) in notes and accounts receivable - trade	8,492	277
Decrease (increase) in costs on construction contracts in progress	(1,132)	(1,229)
Decrease (increase) in other current assets	1,195	(1,248)
Decrease (increase) in other non-current assets	8	0
Decrease (increase) in retirement benefit asset	(227)	(178)
Increase (decrease) in notes and accounts payable - trade	(5,743)	(3,499)
Increase (decrease) in advances received on construction contracts in progress	1,512	351
Increase (decrease) in other current liabilities	383	(488)
Increase (decrease) in other non-current liabilities	19	(4)
Subtotal	8,838	(2,287)
Interest and dividends received	267	216
Interest paid	(32)	(31)
Income taxes refund (paid)	(564)	(2,052)
Net cash provided by (used in) operating activities	8,509	(4,155)

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

(Millions of yen)

	Previous Second Quarter Consolidated Cumulative Period (From April 1, 2022 to September 30, 2022)	Current Second Quarter Consolidated Cumulative Period (From April 1, 2023 to September 30, 2023)
Cash flows from investing activities		
Purchase of property, plant and equipment	(805)	(687)
Proceeds from sale of property, plant and equipment	2	2
Payments for retirement of property, plant and equipment	(6)	—
Purchase of investment securities	(1)	(201)
Proceeds from sale and redemption of investment securities	412	151
Purchase of shares of subsidiaries and associates	—	(311)
Proceeds from collection of loans receivable	0	0
Other payments	(349)	(659)
Other proceeds	60	10
Net cash provided by (used in) investing activities	(686)	(1,695)
Cash flows from financing activities		
Proceeds from short-term borrowings	10,700	10,600
Repayments of short-term borrowings	(10,700)	(10,600)
Proceeds from long-term borrowings	100	—
Repayments of long-term borrowings	(626)	(357)
Purchase of treasury shares	(0)	(0)
Dividends paid	(967)	(1,182)
Net cash provided by (used in) financing activities	(1,494)	(1,540)
Effect of exchange rate change on cash and cash equivalents	293	205
Net increase (decrease) in cash and cash equivalents	6,621	(7,185)
Cash and cash equivalents at beginning of period	16,037	25,348
Cash and cash equivalents at end of period	22,659	18,162

(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)

Based on the resolution of the Board of Directors held on August 4, 2023, the Company conducted 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 is treated as a holiday, shareholders of record was determined on September 29, 2023 (Friday)) as the record date, The company implemented 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
Record date	September	30, 2023
Effective date	October	1, 2023

④ Impact on per share information

The impact on per share information is stated in the proper place.

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, 2022 to September 30, 2022)		(From April 1, 2023 to September 30, 2023)		Amount	Ratio %
		Amount	Component ratio %	Amount	Component ratio %		
Net sales of construction contract orders received	Electrical installations	18,647	14.9	23,735	18.5	5,088	27.3
	Air conditioning and plumbing installations	106,318	85.1	104,787	81.5	(1,531)	(1.4)
	Total	124,966	100.0	128,523	100.0	3,557	2.8
	(Renovations)	49,121	39.3	41,737	32.5	(7,384)	(15.0)
	(Industrial facilities)	53,744	43.0	65,764	51.2	12,019	22.4
	(Overseas operations)	13,486	10.8	7,149	5.6	(6,337)	(47.0)
Net sales of completed construction contracts	Electrical installations	13,970	16.9	14,269	15.6	299	2.1
	Air conditioning and plumbing installations	68,720	83.1	77,036	84.4	8,316	12.1
	Total	82,690	100.0	91,306	100.0	8,615	10.4
	(Renovations)	36,092	43.6	31,698	34.7	(4,393)	(12.2)
	(Industrial facilities)	32,305	39.1	42,983	47.1	10,678	33.1
	(Overseas operations)	7,794	9.4	9,040	9.9	1,245	16.0
Net sales of uncompleted construction contracts	Electrical installations	28,140	13.6	28,791	13.0	651	2.3
	Air conditioning and plumbing installations	177,917	86.4	192,583	87.0	14,666	8.2
	Total	206,057	100.0	221,375	100.0	15,317	7.4
	(Renovations)	49,925	24.2	46,341	20.9	(3,584)	(7.2)
	(Industrial facilities)	66,699	32.4	83,348	37.7	16,648	25.0
	(Overseas operations)	18,531	9.0	14,105	6.4	(4,425)	(23.9)

(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.