

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Non-Consolidated Financial Results for the Three Months Ended March 31, 2023 (Based on Japanese GAAP)

May 12, 2023

Company name: DAIWA INDUSTRIES LTD.
 Stock exchange listing: Tokyo
 Stock code: 6459 URL <http://www.drk.co.jp>
 Representative: President and Representative Director Atsushi Ozaki
 Inquiries: General Manager of Accounting Division Kiichiro Sokooshi TEL 06-6767-8171
 Scheduled date to file Quarterly Securities Report: May 15, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the three months ended March 31, 2023 (from January 1, 2023 to March 31, 2023)

(1) Non-consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended March 31, 2023	10,783	11.2	1,683	28.1	1,653	28.2	1,115	64.2
Three months ended March 31, 2022	9,698	0.9	1,314	9.5	1,289	7.2	679	(15.7)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended March 31, 2023	22.59		–	
Three months ended March 31, 2022	13.31		–	

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2023	87,315	60,554	69.4
As of December 31, 2022	86,071	60,196	69.9

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2022	–	15.00	–	15.00	30.00
Year ending December 31, 2023	–				
Year ending December 31, 2023 (Forecast)		15.00	–	15.00	30.00

3. Forecast of non-consolidated financial results for the year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending June 30, 2023	21,500	1.9	3,390	1.9	3,330	1.7	2,010	1.6	39.74
Full year	44,800	2.0	7,120	1.9	7,000	1.9	4,530	1.9	89.56

4. Notes

(1) Application of special accounting methods for preparing quarterly non-consolidated financial statements: No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations:	Yes
Changes in accounting policies due to other reasons:	No
Changes in accounting estimates:	No
Restatement of prior period financial statements:	No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2023	∴	51,717,215 shares	As of December 31, 2022	∴	51,717,215 shares
----------------------	---	-------------------	-------------------------	---	-------------------

Number of treasury shares at the end of the period

As of March 31, 2023	∴	2,352,747 shares	As of December 31, 2022	∴	2,352,591 shares
----------------------	---	------------------	-------------------------	---	------------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2023	∴	49,364,559 shares	Three months ended March 31, 2022	∴	51,048,075 shares
-----------------------------------	---	-------------------	-----------------------------------	---	-------------------

Quarterly non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of December 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	53,867,822	54,589,946
Notes and accounts receivable - trade, and contract assets	4,402,267	4,935,959
Merchandise and finished goods	1,519,989	1,789,254
Work in process	444,206	405,292
Raw materials and supplies	830,721	905,162
Service Parts	197,258	206,657
Other	893,799	726,401
Allowance for doubtful accounts	(901)	(1,009)
Total current assets	62,155,162	63,557,664
Non-current assets		
Property, plant and equipment	10,491,198	10,464,965
Intangible assets	127,352	118,736
Investments and other assets		
Investment securities	447,335	422,049
Long-term time deposits	9,000,000	9,000,000
Other	3,913,399	3,814,245
Allowance for doubtful accounts	(63,047)	(62,617)
Total investments and other assets	13,297,687	13,173,677
Total non-current assets	23,916,238	23,757,378
Total assets	86,071,401	87,315,043
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,300,640	6,289,993
Income taxes payable	–	501,525
Contract liabilities	17,008,688	16,769,778
Provisions	367,538	866,743
Other	1,785,304	1,925,613
Total current liabilities	25,462,172	26,353,653
Non-current liabilities		
Provisions	400,440	395,205
Other	12,049	11,927
Total non-current liabilities	412,489	407,132
Total liabilities	25,874,662	26,760,786
Net assets		
Shareholders' equity		
Share capital	9,907,039	9,907,039
Capital surplus	9,867,880	9,867,880
Retained earnings	42,782,360	43,157,217
Treasury shares	(2,437,233)	(2,437,433)
Total shareholders' equity	60,120,046	60,494,703
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	76,691	59,553
Total valuation and translation adjustments	76,691	59,553
Total net assets	60,196,738	60,554,257
Total liabilities and net assets	86,071,401	87,315,043

Non-consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended March 31, 2022	Three months ended March 31, 2023
Net sales	9,698,031	10,783,314
Cost of sales	4,182,269	4,894,611
Gross profit	5,515,761	5,888,703
Selling, general and administrative expenses	4,201,089	4,204,997
Operating profit	1,314,671	1,683,705
Non-operating income		
Interest income	3,902	3,772
Dividend income	1,529	802
Compensation income	12,210	12,893
Other	16,510	16,461
Total non-operating income	34,152	33,929
Non-operating expenses		
Loss on scrap sales	44,113	50,403
Other	15,478	14,164
Total non-operating expenses	59,591	64,567
Ordinary profit	1,289,233	1,653,067
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Total extraordinary losses	0	0
Profit before income taxes	1,289,233	1,653,066
Income taxes - current	191,942	437,426
Income taxes - deferred	417,932	100,313
Total income taxes	609,874	537,740
Profit	679,358	1,115,326