

Translation

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Summary of Non-Consolidated Financial Results for the Six Months Ended June 30, 2024 (Based on Japanese GAAP)

August 8, 2024

Company name: DAIWA INDUSTRIES LTD.
 Stock exchange listing: Tokyo
 Stock code: 6459 URL <https://www.drk.co.jp>
 Representative: President and Representative Director Atsushi Ozaki
 Inquiries: General Manager of Accounting Division Teranishi Takashi TEL 06-6767-8171
 Scheduled date to file Semi-annual Securities Report: August 9, 2024
 Scheduled date to commence dividend payments: September 3, 2024
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the six months ended June 30, 2024 (from January 1, 2024 to June 30, 2024)

(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	%
Six months ended June 30, 2024	22,807	0.6	3,903	(3.8)	3,841	(3.7)	2,602	(3.5)
Six months ended June 30, 2023	22,661	7.4	4,057	22.0	3,987	21.8	2,695	36.2

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended June 30, 2024	52.72		-	
Six months ended June 30, 2023	54.61		-	

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2024	94,365	66,207	70.2
As of December 31, 2023	92,203	64,278	69.7

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, 2023	-	15.00	-	15.00	30.00
Year ending December 31, 2024	-	15.00	-	-	-
Year ending December 31, 2024 (Forecast)	-	-	-	15.00	30.00

3. Forecast of non-consolidated financial results for the year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

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
Full year	46,800	1.8	8,300	2.0	8,140	1.9	5,640	1.9	114.25

4. Notes

(1) Application of special accounting methods for preparing interim 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: No

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 June 30, 2024	∴	51,717,215 shares	As of December 31, 2023	∴	51,717,215 shares
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Number of treasury shares at the end of the period

As of June 30, 2024	∴	2,353,265 shares	As of December 31, 2023	∴	2,353,107 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2024	∴	49,364,005 shares	Six months ended June 30, 2023	∴	49,364,478 shares
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Interim non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of December 31, 2023	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	60,066,688	59,725,372
Notes and accounts receivable - trade, and contract assets	3,905,314	4,939,747
Merchandise and finished goods	2,545,567	2,801,450
Work in process	405,243	523,169
Raw materials and supplies	983,330	1,064,837
Service parts	206,212	209,581
Other	424,732	404,656
Allowance for doubtful accounts	(802)	(1,010)
Total current assets	68,536,287	69,667,803
Non-current assets		
Property, plant and equipment	11,193,691	12,481,015
Intangible assets	160,941	264,863
Investments and other assets		
Investment securities	483,143	579,618
Long-term time deposits	9,000,000	9,000,000
Other	2,890,797	2,431,868
Allowance for doubtful accounts	(61,308)	(60,155)
Total investments and other assets	12,312,632	11,951,331
Total non-current assets	23,667,264	24,697,210
Total assets	92,203,552	94,365,013
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,097,155	6,322,907
Income taxes payable	1,340,598	908,550
Contract liabilities	17,077,448	17,062,336
Provisions	422,798	426,671
Other	2,569,589	3,015,265
Total current liabilities	27,507,589	27,735,731
Non-current liabilities		
Provisions	409,264	–
Other	8,062	421,330
Total non-current liabilities	417,326	421,330
Total liabilities	27,924,916	28,157,061
Net assets		
Shareholders' equity		
Share capital	9,907,039	9,907,039
Capital surplus	9,867,880	9,867,880
Retained earnings	46,838,464	48,700,236
Treasury shares	(2,437,929)	(2,438,159)
Total shareholders' equity	64,175,454	66,036,997
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	103,181	170,954
Total valuation and translation adjustments	103,181	170,954
Total net assets	64,278,636	66,207,951
Total liabilities and net assets	92,203,552	94,365,013

Non-consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Net sales	22,661,348	22,807,745
Cost of sales	9,879,456	9,656,090
Gross profit	12,781,891	13,151,654
Selling, general and administrative expenses	8,724,185	9,248,047
Operating profit	4,057,706	3,903,607
Non-operating income		
Interest income	7,457	7,508
Dividend income	8,031	9,857
Compensation income	21,749	29,975
Other	37,650	35,043
Total non-operating income	74,887	82,386
Non-operating expenses		
Loss on scrap sales	112,181	114,880
Other	32,714	29,375
Total non-operating expenses	144,895	144,255
Ordinary profit	3,987,698	3,841,737
Extraordinary income		
Gain on sale of non-current assets	–	46,730
Total extraordinary income	–	46,730
Extraordinary losses		
Loss on sale of non-current assets	–	44,886
Loss on retirement of non-current assets	0	407
Total extraordinary losses	0	45,294
Profit before income taxes	3,987,698	3,843,173
Income taxes - current	807,543	784,906
Income taxes - deferred	484,442	456,033
Total income taxes	1,291,985	1,240,939
Profit	2,695,712	2,602,233

Non-consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Cash flows from operating activities		
Profit before income taxes	3,987,698	3,843,173
Depreciation	297,004	392,222
Increase (decrease) in allowance for doubtful accounts	(693)	(944)
Increase (decrease) in provision for bonuses	4,811	12,478
Increase (decrease) in provision for bonuses for directors (and other officers)	(4,950)	(5,450)
Increase (decrease) in provision for product warranties	22,181	(3,155)
Increase (decrease) in provision for retirement benefits	(2,833)	(4,833)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(437)	(404,431)
Interest and dividend income	(15,488)	(17,366)
Loss (gain) on sale of property, plant and equipment	–	(1,843)
Loss on retirement of non-current assets	0	407
Decrease (increase) in receivables and contract assets	(1,000,118)	(1,034,432)
Decrease (increase) in inventories	(798,760)	(458,684)
Increase (decrease) in trade payables	370,762	225,751
Increase (decrease) in accrued expenses	1,201,583	1,147,131
Other, net	57,605	(109,365)
Subtotal	4,118,366	3,580,659
Interest and dividends received	15,507	17,371
Income taxes paid	(2,374)	(1,188,791)
Income taxes refund	467,229	–
Net cash provided by (used in) operating activities	4,598,728	2,409,239
Cash flows from investing activities		
Payments into time deposits	(200,000)	(200,000)
Proceeds from withdrawal of time deposits	200,000	200,000
Purchase of property, plant and equipment	(268,662)	(1,978,381)
Proceeds from sale of property, plant and equipment	–	145,379
Purchase of intangible assets	(594)	(136,924)
Proceeds from sale and redemption of investment securities	1,180	1,180
Other, net	(17,556)	(44,196)
Net cash provided by (used in) investing activities	(285,631)	(2,012,942)
Cash flows from financing activities		
Purchase of treasury shares	(399)	(229)
Dividends paid	(737,790)	(737,574)
Net cash provided by (used in) financing activities	(738,189)	(737,804)
Effect of exchange rate change on cash and cash equivalents	(155)	190
Net increase (decrease) in cash and cash equivalents	3,574,751	(341,316)
Cash and cash equivalents at beginning of period	53,667,822	59,866,688
Cash and cash equivalents at end of period	57,242,573	59,525,372