

Translation

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Summary of Non-Consolidated Financial Results for the Six Months Ended June 30, 2023 (Based on Japanese GAAP)

August 9, 2023

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 Kiichiro Sokooshi TEL 06-6767-8171
 Scheduled date to file Quarterly Securities Report: August 10, 2023
 Scheduled date to commence dividend payments: September 4, 2023
 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 six months ended June 30, 2023 (from January 1, 2023 to June 30, 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	%
Six months ended June 30, 2023	22,661	7.4	4,057	22.0	3,987	21.8	2,695	36.2
Six months ended June 30, 2022	21,094	0.4	3,326	4.9	3,274	4.9	1,979	(5.8)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended June 30, 2023	54.61		-	
Six months ended June 30, 2022	38.78		-	

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	90,441	62,146	68.7
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	-	15.00	-	-	-
Year ending December 31, 2023 (Forecast)	-	-	-	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
Full year	45,961	4.6	7,787	11.5	7,657	11.5	5,215	17.3	105.64

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 June 30, 2023	∴	51,717,215 shares	As of December 31, 2022	∴	51,717,215 shares
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Number of treasury shares at the end of the period

As of June 30, 2023	∴	2,352,891 shares	As of December 31, 2022	∴	2,352,591 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, 2023	∴	49,364,478 shares	Six months ended June 30, 2022	∴	51,048,066 shares
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Quarterly non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of December 31, 2022	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	53,867,822	57,442,573
Notes and accounts receivable - trade, and contract assets	4,402,267	5,402,386
Merchandise and finished goods	1,519,989	2,263,181
Work in process	444,206	488,673
Raw materials and supplies	830,721	827,472
Service parts	197,258	211,608
Other	893,799	411,339
Allowance for doubtful accounts	(901)	(1,103)
Total current assets	62,155,162	67,046,131
Non-current assets		
Property, plant and equipment	10,491,198	10,464,430
Intangible assets	127,352	110,806
Investments and other assets		
Investment securities	447,335	438,565
Long-term time deposits	9,000,000	9,000,000
Other	3,913,399	3,443,349
Allowance for doubtful accounts	(63,047)	(62,152)
Total investments and other assets	13,297,687	12,819,762
Total non-current assets	23,916,238	23,394,999
Total assets	86,071,401	90,441,130
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,300,640	6,671,403
Income taxes payable	–	933,686
Contract liabilities	17,008,688	16,995,447
Provisions	367,538	389,581
Other	1,785,304	2,899,220
Total current liabilities	25,462,172	27,889,339
Non-current liabilities		
Provisions	400,440	397,169
Other	12,049	8,305
Total non-current liabilities	412,489	405,475
Total liabilities	25,874,662	28,294,815
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	44,737,604
Treasury shares	(2,437,233)	(2,437,632)
Total shareholders' equity	60,120,046	62,074,891
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	76,691	71,424
Total valuation and translation adjustments	76,691	71,424
Total net assets	60,196,738	62,146,315
Total liabilities and net assets	86,071,401	90,441,130

Non-consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Net sales	21,094,832	22,661,348
Cost of sales	9,205,463	9,879,456
Gross profit	11,889,369	12,781,891
Selling, general and administrative expenses	8,563,314	8,724,185
Operating profit	3,326,054	4,057,706
Non-operating income		
Interest income	7,529	7,457
Dividend income	8,411	8,031
Compensation income	20,058	21,749
Other	38,370	37,650
Total non-operating income	74,370	74,887
Non-operating expenses		
Loss on scrap sales	100,833	112,181
Other	25,499	32,714
Total non-operating expenses	126,333	144,895
Ordinary profit	3,274,091	3,987,698
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Total extraordinary losses	0	0
Profit before income taxes	3,274,091	3,987,698
Income taxes - current	84,172	807,543
Income taxes - deferred	1,210,044	484,442
Total income taxes	1,294,216	1,291,985
Profit	1,979,874	2,695,712

Non-consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Cash flows from operating activities		
Profit before income taxes	3,274,091	3,987,698
Depreciation	331,758	297,004
Increase (decrease) in allowance for doubtful accounts	(1,333)	(693)
Increase (decrease) in provision for bonuses	11,136	4,811
Increase (decrease) in provision for bonuses for directors (and other officers)	(5,750)	(4,950)
Increase (decrease) in provision for product warranties	(19,474)	22,181
Increase (decrease) in provision for retirement benefits	(8,250)	(2,833)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(995,353)	(437)
Interest and dividend income	(15,940)	(15,488)
Loss on retirement of non-current assets	0	0
Decrease (increase) in receivables and contract assets	426,475	(1,000,118)
Decrease (increase) in inventories	(423,907)	(798,760)
Increase (decrease) in trade payables	(121,413)	370,762
Increase (decrease) in accrued expenses	1,101,802	1,201,583
Other, net	(872,593)	57,605
Subtotal	2,681,248	4,118,366
Interest and dividends received	17,989	15,507
Income taxes paid	(1,153,216)	(2,374)
Income taxes refund	–	467,229
Net cash provided by (used in) operating activities	1,546,021	4,598,728
Cash flows from investing activities		
Payments into time deposits	(200,000)	(200,000)
Proceeds from withdrawal of time deposits	1,200,000	200,000
Proceeds from sale and redemption of securities	100,000	–
Purchase of property, plant and equipment	(225,009)	(268,662)
Purchase of intangible assets	(36,828)	(594)
Purchase of investment securities	(99,852)	–
Proceeds from sale and redemption of investment securities	1,101	1,180
Other, net	(766)	(17,556)
Net cash provided by (used in) investing activities	738,644	(285,631)
Cash flows from financing activities		
Purchase of treasury shares	(113)	(399)
Dividends paid	(764,989)	(737,790)
Net cash provided by (used in) financing activities	(765,102)	(738,189)
Effect of exchange rate change on cash and cash equivalents	–	(155)
Net increase (decrease) in cash and cash equivalents	1,519,563	3,574,751
Cash and cash equivalents at beginning of period	53,902,585	53,667,822
Cash and cash equivalents at end of period	55,422,148	57,242,573