

Translation

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Summary of Non-Consolidated Financial Results for the Year Ended December 31, 2024 (Based on Japanese GAAP)

February 14, 2025

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 of ordinary general meeting of shareholders: March 28, 2025
 Scheduled date to file Securities Report: March 31, 2025
 Scheduled date to commence dividend payments: March 31, 2025
 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 year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

(1) Non-consolidated operating results

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 | % |
| Year ended December 31, 2024 | 47,938 | 4.3 | 8,076 | (0.8) | 7,959 | (0.4) | 5,441 | (1.7) |
| Year ended December 31, 2023 | 45,969 | 4.6 | 8,137 | 16.5 | 7,989 | 16.3 | 5,537 | 24.5 |

| | Earnings per share | Diluted earnings per share | Profit/equity | Ordinary profit/total assets | Operating profit/net sales |
|------------------------------|--------------------|----------------------------|---------------|------------------------------|----------------------------|
| | Yen | Yen | % | % | % |
| Year ended December 31, 2024 | 110.24 | — | 8.2 | 8.6 | 16.8 |
| Year ended December 31, 2023 | 112.17 | — | 8.9 | 9.0 | 17.7 |

(2) Non-consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|-------------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of December 31, 2024 | 93,566 | 68,284 | 73.0 | 1,383.29 |
| As of December 31, 2023 | 92,203 | 64,278 | 69.7 | 1,302.13 |

(3) Non-consolidated cash flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| Year ended December 31, 2024 | 3,448 | (2,449) | (1,479) | 59,386 |
| Year ended December 31, 2023 | 8,891 | (1,217) | (1,475) | 59,866 |

2. Cash dividends

| | Annual dividends per share | | | | | Total cash dividends (Total) | Dividend payout ratio (Non-consolidated) | Ratio of dividends to net assets (Non-consolidated) |
|--|----------------------------|-----------------|-----------------|-----------------|-------|------------------------------|--|---|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| Year ended December 31, 2023 | — | 15.00 | — | 15.00 | 30.00 | 1,480 | 26.7 | 2.3 |
| Year ended December 31, 2024 | — | 15.00 | — | 35.00 | 50.00 | 2,468 | 45.4 | 3.6 |
| Year ending December 31, 2025 (Forecast) | — | 25.00 | — | 25.00 | 50.00 | | 44.5 | |

3. Forecast of non-consolidated financial results for the year ending December 31, 2025 (from January 1, 2025 to December 31, 2025)

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, 2025 | 23,200 | 1.7 | 3,980 | 2.0 | 3,910 | 1.8 | 2,650 | 1.8 | 53.68 |
| Full year | 48,800 | 1.8 | 8,230 | 1.9 | 8,110 | 1.9 | 5,550 | 2.0 | 112.43 |

4. Notes

(1) 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

(2) Number of issued shares (common shares)

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

| | | | |
|-------------------------|-------------------|-------------------------|-------------------|
| As of December 31, 2024 | 51,717,215 shares | As of December 31, 2023 | 51,717,215 shares |
|-------------------------|-------------------|-------------------------|-------------------|

Number of treasury shares at the end of the period

| | | | |
|-------------------------|------------------|-------------------------|------------------|
| As of December 31, 2024 | 2,353,592 shares | As of December 31, 2023 | 2,353,107 shares |
|-------------------------|------------------|-------------------------|------------------|

Average number of shares during the period

| | | | |
|------------------------------|-------------------|------------------------------|-------------------|
| Year ended December 31, 2024 | 49,363,885 shares | Year ended December 31, 2023 | 49,364,345 shares |
|------------------------------|-------------------|------------------------------|-------------------|

Non-consolidated financial statements **Non-consolidated balance sheets**

(Thousands of yen)

| | As of December 31, 2023 | As of December 31, 2024 |
|-------------------------------------|-------------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 60,066,688 | 49,586,391 |
| Notes receivable - trade | 1,135,903 | 1,824,761 |
| Accounts receivable - trade | 2,769,410 | 3,592,851 |
| Securities | — | 10,000,000 |
| Merchandise and finished goods | 2,545,567 | 2,282,019 |
| Work in process | 405,243 | 448,477 |
| Raw materials and supplies | 983,330 | 896,890 |
| Service parts | 206,212 | 221,778 |
| Prepaid expenses | 247,105 | 244,101 |
| Other | 177,626 | 163,118 |
| Allowance for doubtful accounts | (802) | (553) |
| Total current assets | 68,536,287 | 69,259,838 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings | 10,609,485 | 12,455,480 |
| Accumulated depreciation | (7,458,467) | (7,600,896) |
| Buildings, net | 3,151,018 | 4,854,584 |
| Structures | 823,309 | 816,423 |
| Accumulated depreciation | (728,755) | (729,788) |
| Structures, net | 94,554 | 86,635 |
| Machinery and equipment | 6,812,207 | 7,086,267 |
| Accumulated depreciation | (5,907,422) | (5,911,362) |
| Machinery and equipment, net | 904,785 | 1,174,904 |
| Vehicles | 74,895 | 94,228 |
| Accumulated depreciation | (71,495) | (76,826) |
| Vehicles, net | 3,400 | 17,401 |
| Tools, furniture and fixtures | 3,960,946 | 4,226,285 |
| Accumulated depreciation | (3,546,623) | (3,718,169) |
| Tools, furniture and fixtures, net | 414,323 | 508,115 |
| Land | 5,982,007 | 5,885,692 |
| Construction in progress | 643,600 | 72,498 |
| Total property, plant and equipment | 11,193,691 | 12,599,833 |
| Intangible assets | | |
| Software | 152,214 | 232,803 |
| Telephone subscription right | 8,726 | 8,726 |
| Total intangible assets | 160,941 | 241,530 |

(Thousands of yen)

| | As of December 31, 2023 | As of December 31, 2024 |
|--|-------------------------|-------------------------|
| Investments and other assets | | |
| Investment securities | 483,143 | 546,569 |
| Distressed receivables | 58,911 | 56,338 |
| Long-term prepaid expenses | 67,492 | 79,774 |
| Deferred tax assets | 2,494,301 | 1,569,820 |
| Leasehold and guarantee deposits | 265,580 | 267,704 |
| Long-term time deposits | 9,000,000 | 9,000,000 |
| Other | 4,511 | 4,542 |
| Allowance for doubtful accounts | (61,308) | (59,335) |
| Total investments and other assets | 12,312,632 | 11,465,413 |
| Total non-current assets | 23,667,264 | 24,306,777 |
| Total assets | 92,203,552 | 93,566,615 |
| Liabilities | | |
| Current liabilities | | |
| Notes payable - trade | 3,204,027 | 1,616,459 |
| Accounts payable - trade | 2,893,127 | 2,151,414 |
| Accounts payable - other | 1,374,660 | 1,395,628 |
| Accrued expenses | 29,272 | 28,510 |
| Income taxes payable | 1,340,598 | 1,037,007 |
| Deposits received | 540,636 | 499,768 |
| Contract liabilities | 17,077,448 | 17,261,406 |
| Provision for bonuses | 192,422 | 188,547 |
| Provision for bonuses for directors (and other officers) | 30,450 | 29,950 |
| Provision for product warranties | 199,926 | 229,479 |
| Other | 625,019 | 423,063 |
| Total current liabilities | 27,507,589 | 24,861,235 |
| Non-current liabilities | | |
| Provision for retirement benefits | 4,833 | — |
| Provision for retirement benefits for directors (and other officers) | 404,431 | — |
| Other | 8,062 | 421,086 |
| Total non-current liabilities | 417,326 | 421,086 |
| Total liabilities | 27,924,916 | 25,282,321 |

| | (Thousands of yen) | |
|---|-------------------------|-------------------------|
| | As of December 31, 2023 | As of December 31, 2024 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 9,907,039 | 9,907,039 |
| Capital surplus | | |
| Legal capital surplus | 9,867,880 | 9,867,880 |
| Total capital surplus | 9,867,880 | 9,867,880 |
| Retained earnings | | |
| Legal retained earnings | 578,170 | 578,170 |
| Other retained earnings | | |
| General reserve | 14,170,382 | 14,170,382 |
| Retained earnings brought forward | 32,089,911 | 36,050,639 |
| Total retained earnings | 46,838,464 | 50,799,192 |
| Treasury shares | (2,437,929) | (2,438,656) |
| Total shareholders' equity | 64,175,454 | 68,135,455 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 103,181 | 148,837 |
| Total valuation and translation adjustments | 103,181 | 148,837 |
| Total net assets | 64,278,636 | 68,284,293 |
| Total liabilities and net assets | 92,203,552 | 93,566,615 |

Non-consolidated statements of income

(Thousands of yen)

| | Fiscal year ended December 31, 2023 | Fiscal year ended December 31, 2024 |
|--|--|--|
| Net sales | | |
| Net sales of finished goods | 24,816,591 | 26,955,908 |
| Net sales of goods | 11,318,492 | 11,314,044 |
| Sales of service parts | 9,675,062 | 9,504,025 |
| Other sales | 159,097 | 164,600 |
| Total net sales | 45,969,244 | 47,938,578 |
| Cost of sales | | |
| Cost of finished goods sold | | |
| Beginning finished goods inventory | 1,428,291 | 2,498,925 |
| Cost of products manufactured | 11,390,209 | 11,286,146 |
| Total | 12,818,501 | 13,785,071 |
| Transfer to other account | 4,433 | 4,498 |
| Ending finished goods inventory | 2,498,925 | 2,248,633 |
| Cost of finished goods sold | 10,315,142 | 11,531,939 |
| Cost of goods sold | | |
| Beginning merchandise inventory | 91,697 | 46,642 |
| Cost of purchased goods | 6,626,536 | 6,350,118 |
| Total | 6,718,234 | 6,396,760 |
| Transfer from other account | — | 17,941 |
| Ending merchandise inventory | 46,642 | 33,385 |
| Cost of goods sold | 6,671,592 | 6,381,316 |
| Cost of service parts sold | 2,767,029 | 2,923,872 |
| Other costs | 81,375 | 71,410 |
| Total cost of sales | 19,835,139 | 20,908,540 |
| Gross profit | 26,134,105 | 27,030,038 |
| Selling, general and administrative expenses | | |
| Advertising expenses | 118,492 | 112,339 |
| Transportation and storage costs | 2,134,086 | 2,267,478 |
| Product warranty expenses | 273,604 | 267,047 |
| Provision for product warranties | 199,926 | 229,479 |
| Remuneration, salaries and allowances | 8,710,666 | 8,722,927 |
| Provision for bonuses | 147,879 | 144,161 |
| Provision for bonuses for directors (and other officers) | 30,450 | 29,950 |
| Provision for retirement benefits for directors (and other officers) | 21,777 | 5,422 |
| Welfare expenses | 1,490,614 | 1,491,918 |
| Travel and communication expenses | 1,007,497 | 1,064,513 |
| Supplies expenses | 208,248 | 201,952 |
| Rent expenses | 942,757 | 978,539 |
| Vehicle expenses | 346,354 | 393,128 |
| Depreciation | 243,018 | 359,252 |
| Other | 2,121,097 | 2,685,368 |
| Total selling, general and administrative expenses | 17,996,470 | 18,953,478 |
| Operating profit | 8,137,635 | 8,076,560 |

| | (Thousands of yen) | |
|--|--|--|
| | Fiscal year ended December 31, 2023 | Fiscal year ended December 31, 2024 |
| Non-operating income | | |
| Interest income | 15,040 | 23,289 |
| Dividend income | 14,249 | 17,293 |
| Compensation income | 42,649 | 71,881 |
| Gain on sale of scraps | 26,226 | 26,032 |
| Miscellaneous income | 50,075 | 53,806 |
| Total non-operating income | 148,240 | 192,303 |
| Non-operating expenses | | |
| Compensation expenses | 32,636 | 35,155 |
| Loss on scrap sales | 244,084 | 251,937 |
| Miscellaneous losses | 19,652 | 22,382 |
| Total non-operating expenses | 296,372 | 309,476 |
| Ordinary profit | 7,989,503 | 7,959,386 |
| Extraordinary income | | |
| Gain on sale of non-current assets | – | 47,494 |
| Total extraordinary income | – | 47,494 |
| Extraordinary losses | | |
| Loss on sale of non-current assets | – | 44,886 |
| Loss on retirement of non-current assets | 84 | 1,258 |
| Total extraordinary losses | 84 | 46,145 |
| Profit before income taxes | 7,989,419 | 7,960,735 |
| Income taxes - current | 1,430,103 | 1,614,736 |
| Income taxes - deferred | 1,022,278 | 904,350 |
| Total income taxes | 2,452,381 | 2,519,086 |
| Profit | 5,537,038 | 5,441,648 |

Non-consolidated statements of changes in equity

Fiscal year ended December 31, 2023

(Thousands of yen)

| | Shareholders' equity | | | | | | |
|--|----------------------|-----------------------|-------------------------|-------------------------|-----------------------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | | | Treasury shares | Total shareholders' equity |
| | | Legal capital surplus | Legal retained earnings | Other retained earnings | | | |
| | | | | General reserve | Retained earnings brought forward | | |
| Balance at beginning of period | 9,907,039 | 9,867,880 | 578,170 | 14,170,382 | 28,033,807 | (2,437,233) | 60,120,046 |
| Changes during period | | | | | | | |
| Dividends of surplus | | | | | (1,480,934) | | (1,480,934) |
| Profit | | | | | 5,537,038 | | 5,537,038 |
| Purchase of treasury shares | | | | | | (696) | (696) |
| Net changes in items other than shareholders' equity | | | | | | | |
| Total changes during period | — | — | — | — | 4,056,103 | (696) | 4,055,407 |
| Balance at end of period | 9,907,039 | 9,867,880 | 578,170 | 14,170,382 | 32,089,911 | (2,437,929) | 64,175,454 |

| | Valuation and translation adjustments | Total net assets |
|--|---|------------------|
| | Valuation difference on available-for-sale securities | |
| Balance at beginning of period | 76,691 | 60,196,738 |
| Changes during period | | |
| Dividends of surplus | | (1,480,934) |
| Profit | | 5,537,038 |
| Purchase of treasury shares | | (696) |
| Net changes in items other than shareholders' equity | 26,489 | 26,489 |
| Total changes during period | 26,489 | 4,081,897 |
| Balance at end of period | 103,181 | 64,278,636 |

Fiscal year ended December 31, 2024

(Thousands of yen)

| | Shareholders' equity | | | | | | |
|--|----------------------|-----------------------|-------------------------|-------------------------|-----------------------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | | | Treasury shares | Total shareholders' equity |
| | | Legal capital surplus | Legal retained earnings | Other retained earnings | | | |
| | | | | General reserve | Retained earnings brought forward | | |
| Balance at beginning of period | 9,907,039 | 9,867,880 | 578,170 | 14,170,382 | 32,089,911 | (2,437,929) | 64,175,454 |
| Changes during period | | | | | | | |
| Dividends of surplus | | | | | (1,480,920) | | (1,480,920) |
| Profit | | | | | 5,441,648 | | 5,441,648 |
| Purchase of treasury shares | | | | | | (727) | (727) |
| Net changes in items other than shareholders' equity | | | | | | | |
| Total changes during period | | | | | 3,960,727 | (727) | 3,960,000 |
| Balance at end of period | 9,907,039 | 9,867,880 | 578,170 | 14,170,382 | 36,050,639 | (2,438,656) | 68,135,455 |

| | Valuation and translation adjustments | Total net assets |
|--|---|------------------|
| | Valuation difference on available-for-sale securities | |
| Balance at beginning of period | 103,181 | 64,278,636 |
| Changes during period | | |
| Dividends of surplus | | (1,480,920) |
| Profit | | 5,441,648 |
| Purchase of treasury shares | | (727) |
| Net changes in items other than shareholders' equity | 45,656 | 45,656 |
| Total changes during period | 45,656 | 4,005,657 |
| Balance at end of period | 148,837 | 68,284,293 |

Non-consolidated statements of cash flows

(Thousands of yen)

| | Fiscal year ended December 31, 2023 | Fiscal year ended December 31, 2024 |
|---|--|--|
| Cash flows from operating activities | | |
| Profit before income taxes | 7,989,419 | 7,960,735 |
| Depreciation | 692,159 | 904,705 |
| Increase (decrease) in allowance for doubtful accounts | (1,838) | (2,221) |
| Increase (decrease) in provision for bonuses | 18,255 | (3,874) |
| Increase (decrease) in provision for bonuses for directors (and other officers) | 500 | (500) |
| Increase (decrease) in provision for product warranties | 36,504 | 29,553 |
| Increase (decrease) in provision for retirement benefits | (1,583) | (4,833) |
| Increase (decrease) in provision for retirement benefits for directors (and other officers) | 10,407 | (404,431) |
| Interest and dividend income | (29,289) | (40,583) |
| Loss (gain) on sale of property, plant and equipment | — | (2,607) |
| Loss on retirement of property, plant and equipment | 84 | 1,258 |
| Decrease (increase) in trade receivables | 496,702 | (1,512,368) |
| Decrease (increase) in inventories | (1,148,178) | 291,188 |
| Increase (decrease) in trade payables | (203,485) | (2,329,281) |
| Other, net | 782,019 | 431,259 |
| Subtotal | 8,641,675 | 5,317,998 |
| Interest and dividends received | 29,299 | 35,219 |
| Income taxes paid | (246,396) | (1,904,429) |
| Income taxes refund | 467,229 | — |
| Net cash provided by (used in) operating activities | 8,891,807 | 3,448,788 |
| 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 | (1,167,887) | (2,339,160) |
| Proceeds from sale of property, plant and equipment | — | 146,143 |
| Purchase of intangible assets | (15,733) | (211,483) |
| Proceeds from sale and redemption of investment securities | 2,361 | 2,361 |
| Other, net | (35,896) | (47,209) |
| Net cash provided by (used in) investing activities | (1,217,156) | (2,449,349) |
| Cash flows from financing activities | | |
| Purchase of treasury shares | (696) | (727) |
| Dividends paid | (1,475,219) | (1,479,027) |
| Net cash provided by (used in) financing activities | (1,475,915) | (1,479,755) |
| Effect of exchange rate change on cash and cash equivalents | 130 | 18 |
| Net increase (decrease) in cash and cash equivalents | 6,198,866 | (480,296) |
| Cash and cash equivalents at beginning of period | 53,667,822 | 59,866,688 |
| Cash and cash equivalents at end of period | 59,866,688 | 59,386,391 |