

# Consolidated Financial Results for the Nine Months Ended December 31, 2021 [Japanese GAAP]



January 31, 2022

Company name: DAIKI Aluminium Industry Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Code number: 5702

URL: <https://www.dik-net.com/>

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Scheduled date of commencing dividend payments: –

Scheduled date of filing quarterly securities report: February 9, 2022

Availability of supplementary explanatory materials on quarterly financial results: No

Schedule of quarterly financial results briefing session: No

(Amounts of less than one million yen are rounded down.)

## 1. Consolidated Financial Results for the Nine Months Ended December 31, 2021 (April 1, 2021 - December 31, 2021)

(1) Consolidated Operating Results (Cumulative) (% indicates changes from the previous corresponding period.)

|                   | Net sales   |        | Operating profit |        | Ordinary profit |        | Profit attributable to owners of parent |        |
|-------------------|-------------|--------|------------------|--------|-----------------|--------|---|--------|
|                   | Million yen | %      | Million yen      | %      | Million yen     | %      | Million yen                             | %      |
| Nine months ended |             |        |                  |        |                 |        |   |        |
| December 31, 2021 | 162,245     | 74.1   | 13,938           | 195.4  | 14,080          | 219.6  | 10,249                                  | 226.9  |
| December 31, 2020 | 93,168      | (23.9) | 4,717            | (16.4) | 4,406           | (22.0) | 3,135                                   | (22.2) |

(Note) Comprehensive income: Nine months ended December 31, 2021: ¥10,954 million [475.7%]

Nine months ended December 31, 2020: ¥1,903 million [(53.2)%]

|                   | Basic earnings per share | Diluted earnings per share |
|-------------------|--------------------------|----------------------------|
|                   | Yen                      | Yen                        |
| Nine months ended |                          |                            |
| December 31, 2021 | 253.05                   | 249.20                     |
| December 31, 2020 | 77.40                    | 76.23                      |

## (2) Consolidated Financial Position

|                         | Total assets | Net assets  | Equity ratio |
|-------------------------|--------------|-------------|--------------|
|                         | Million yen  | Million yen | %            |
| As of December 31, 2021 | 132,709      | 52,981      | 39.3         |
| As of March 31, 2021    | 97,567       | 43,785      | 44.2         |

(Reference) Equity: As of December 31, 2021: ¥52,112 million

As of March 31, 2021: ¥43,088 million

## 2. Dividends

|  | Annual dividends |                 |                 |          |       |
|--|------------------|-----------------|-----------------|----------|-------|
|  | 1st quarter-end  | 2nd quarter-end | 3rd quarter-end | Year-end | Total |
|  | Yen              | Yen             | Yen             | Yen      | Yen   |
| Fiscal year ended<br>March 31, 2021                | —                | 10.00           | —               | 18.00    | 28.00 |
| Fiscal year ending<br>March 31, 2022               | —                | 25.00           | —               |          |       |
| Fiscal year ending<br>March 31, 2022<br>(Forecast) |                  |                 |                 | 35.00    | 60.00 |

(Note) Revisions from the most recently announced dividends forecast: Yes

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 - March 31, 2022)

(% indicates changes from the previous corresponding period.)

|           | Net sales   |      | Operating profit |       | Ordinary profit |       | Profit attributable to owners of parent |       | Basic earnings per share |
|-----------|-------------|------|------------------|-------|-----------------|-------|---|-------|--------------------------|
|           | Million yen | %    | Million yen      | %     | Million yen     | %     | Million yen                             | %     | Yen                      |
| Full year | 231,200     | 66.1 | 18,560           | 100.7 | 18,670          | 106.4 | 13,430                                  | 118.6 | 331.59                   |

(Note) Revisions from the most recently announced financial results forecast: No

**\* Notes:**

- (1) Changes in significant subsidiaries during the period under review: No  
Newly included: –, Excluded: –
- (2) Adoption of special accounting methods for the preparation of quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
- 1) Changes in accounting policies due to the revision of accounting standards: Yes
  - 2) Changes in accounting policies other than 1) above: No
  - 3) Changes in accounting estimates: No
  - 4) Retrospective restatement: No
- (4) Total number of issued shares (common shares)
- 1) Total number of issued shares at the end of the period (including treasury shares):

|                          |                   |
|--------------------------|-------------------|
| As of December 31, 2021: | 43,629,235 shares |
| As of March 31, 2021:    | 43,629,235 shares |
  - 2) Total number of treasury shares at the end of the period:

|                          |                  |
|--------------------------|------------------|
| As of December 31, 2021: | 3,127,236 shares |
| As of March 31, 2021:    | 3,126,975 shares |
  - 3) Average number of shares during the period (cumulative total):

|                                      |                   |
|--------------------------------------|-------------------|
| Nine months ended December 31, 2021: | 40,502,161 shares |
| Nine months ended December 31, 2020: | 40,502,414 shares |

\* These quarterly consolidated financial results are outside the scope of quarterly review by certified public accountants or an audit firm.

\* Explanation on the proper use of financial results forecast and other notes  
(Cautionary note regarding forward-looking statements, etc.)

The earnings forecasts and other forward-looking statements herein are based on information available to the Company at the time of preparation and certain assumptions deemed to be reasonable, and actual results may vary significantly due to various factors. For the assumptions used for the earnings forecasts and the notes regarding the use thereof, please refer to “Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 3 of the attached document.

(Reference)

**1. Non-consolidated Financial Results for the Nine Months Ended December 31, 2021 (April 1, 2021 - December 31, 2021)**

(% indicates changes from the previous corresponding period.)

|                   | Net sales   |        | Operating profit |        | Ordinary profit |        | Profit      |        |
|-------------------|-------------|--------|------------------|--------|-----------------|--------|-------------|--------|
|                   | Million yen | %      | Million yen      | %      | Million yen     | %      | Million yen | %      |
| Nine months ended |             |        |                  |        |                 |        |             |        |
| December 31, 2021 | 102,508     | 67.5   | 3,554            | 184.6  | 4,322           | 120.0  | 3,065       | 114.5  |
| December 31, 2020 | 61,190      | (14.9) | 1,248            | (29.1) | 1,964           | (19.9) | 1,428       | (16.6) |

|                   | Basic earnings per share |  | Diluted earnings per share |  |
|-------------------|--------------------------|--|----------------------------|--|
|                   | Yen                      |  | Yen                        |  |
| Nine months ended |                          |  |                            |  |
| December 31, 2021 | 75.68                    |  | 74.53                      |  |
| December 31, 2020 | 35.28                    |  | 34.74                      |  |

**2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 - March 31, 2022)**

(% indicates changes from the previous corresponding period.)

|           | Net sales   |      | Operating profit |      | Ordinary profit |      | Profit      |      | Basic earnings per share |
|-----------|-------------|------|------------------|------|-----------------|------|-------------|------|--------------------------|
|           | Million yen | %    | Million yen      | %    | Million yen     | %    | Million yen | %    | Yen                      |
| Full year | 139,900     | 57.7 | 5,130            | 63.3 | 8,520           | 74.0 | 6,780       | 84.4 | 167.40                   |

(Note) Revisions from the most recently announced financial results forecast: No

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## 1. Qualitative Information on Quarterly Financial Results for the Period under Review

### (1) Explanation of Operating Results

During the nine months ended December 31, 2021, the Japanese economy showed some signs of recovery following the lifting of the state of emergency declaration at the end of September 2021, despite the impact of the novel coronavirus (COVID-19) on economic and consumer activities. Meanwhile, overseas, the outlook for the global economy remained extremely uncertain due to the spread of COVID-19.

Amid this environment, the Group's production continued to fluctuate due to the spread of COVID-19 among automakers, which are its major clients, as well as the impact of the shortage of semiconductors.

As a result, the Group's consolidated net sales for the nine months ended December 31, 2021 amounted to a combined total of ¥162,245 million (up 74.1% year on year), including ¥110,088 million in secondary aluminium alloy ingots (up 86.2% year on year) and ¥52,156 million in merchandise and raw materials (up 53.2% year on year), due mainly to higher average selling prices compared to the same period of the previous year.

In addition, given the steady increase in the price difference (spread) between product and raw material prices, ordinary profit was ¥ 14,080 million (up 219.6% year on year) and profit attributable to owners of parent was ¥10,249 million (up 226.9% year on year).

The Group adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020), etc. effective from the beginning of the first quarter of the fiscal year. Therefore, figures used in comparisons with the previous corresponding period are calculated based on different standards. For further details, please refer to "2. Quarterly Consolidated Financial Statements and Principal Notes, (3) Notes to Quarterly Consolidated Financial Statements, (Changes in Accounting Policies)."

### (2) Explanation of Financial Position

#### 1) Current Assets

The balance of current assets as of December 31, 2021 was ¥105,290 million, up ¥34,421 million from the end of the previous fiscal year. This was mainly due to increases of ¥13,272 million in notes and accounts receivable - trade, ¥12,419 million in merchandise and finished goods, and ¥8,566 million in raw materials and supplies, and a decrease of ¥716 million in cash and deposits.

#### 2) Non-current Assets

The balance of non-current assets as of December 31, 2021 was ¥27,419 million, up ¥720 million from the end of the previous fiscal year. This was mainly due to increases of ¥537 million in property, plant and equipment, and ¥141 million in deferred tax assets.

#### 3) Current Liabilities

The balance of current liabilities as of December 31, 2021 was ¥68,356 million, up ¥24,122 million from the end of the previous fiscal year. This was mainly due to increases of ¥1,913 million in notes and accounts payable - trade, ¥20,919 million in short-term borrowings, and ¥756 million in accounts payable - other.

#### 4) Non-current Liabilities

The balance of non-current liabilities as of December 31, 2021 was ¥11,371 million, up ¥1,823 million from the end of the previous fiscal year. This was mainly due to increases of ¥1,623 million in long-term borrowings and ¥183 million in deferred tax liabilities.

#### 5) Net Assets

The balance of net assets as of December 31, 2021 was ¥52,981 million, up ¥9,196 million from the end of the previous fiscal year. This was mainly due to increases of ¥8,507 million in retained earnings and ¥640 million in foreign currency translation adjustment.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

There are no changes to the consolidated financial results forecast for the fiscal year ending March 31, 2022 which was announced in the “Notice Concerning Revision of Earning Forecast” on November 11, 2021.

## 2. Quarterly Consolidated Financial Statements and Principal Notes

### (1) Quarterly Consolidated Balance Sheet

(Million yen)

|  | As of March 31, 2021 | As of December 31, 2021 |
|--|----------------------|-------------------------|
| <b>Assets</b>                          |                      |                         |
| Current assets                         |                      |                         |
| Cash and deposits                      | 5,777                | 5,060                   |
| Notes and accounts receivable - trade  | 37,915               | 51,187                  |
| Merchandise and finished goods         | 10,847               | 23,267                  |
| Work in process                        | 138                  | 141                     |
| Raw materials and supplies             | 12,443               | 21,009                  |
| Other                                  | 3,755                | 4,635                   |
| Allowance for doubtful accounts        | (8)                  | (11)                    |
| Total current assets                   | 70,868               | 105,290                 |
| Non-current assets                     |                      |                         |
| Property, plant and equipment          |                      |                         |
| Buildings and structures               | 16,433               | 17,306                  |
| Accumulated depreciation               | (8,409)              | (8,783)                 |
| Buildings and structures, net          | 8,023                | 8,522                   |
| Machinery, equipment and vehicles      | 29,550               | 30,333                  |
| Accumulated depreciation               | (21,272)             | (22,313)                |
| Machinery, equipment and vehicles, net | 8,278                | 8,019                   |
| Tools, furniture and fixtures          | 1,615                | 1,731                   |
| Accumulated depreciation               | (1,274)              | (1,373)                 |
| Tools, furniture and fixtures, net     | 341                  | 358                     |
| Land                                   | 3,841                | 3,873                   |
| Leased assets                          | 1,216                | 1,123                   |
| Accumulated depreciation               | (382)                | (286)                   |
| Leased assets, net                     | 834                  | 837                     |
| Construction in progress               | 160                  | 406                     |
| Total property, plant and equipment    | 21,480               | 22,018                  |
| Intangible assets                      | 124                  | 121                     |
| Investments and other assets           |                      |                         |
| Investment securities                  | 3,828                | 3,793                   |
| Long-term loans receivable             | 3                    | 2                       |
| Retirement benefit asset               | 553                  | 549                     |
| Deferred tax assets                    | 252                  | 394                     |
| Other                                  | 682                  | 764                     |
| Allowance for doubtful accounts        | (227)                | (225)                   |
| Total investments and other assets     | 5,093                | 5,279                   |
| Total non-current assets               | 26,698               | 27,419                  |
| Total assets                           | 97,567               | 132,709                 |



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Consolidated Financial Results for the Nine Months Ended December 31, 2021

(Million yen)

|  | As of March 31, 2021 | As of December 31, 2021 |
|--|----------------------|-------------------------|
| <b>Liabilities</b>   |                      |                         |
| Current liabilities  |                      |                         |
| Notes and accounts payable - trade                                   | 8,566                | 10,480                  |
| Short-term borrowings  | 30,241               | 51,160                  |
| Accounts payable - other   | 1,254                | 2,010                   |
| Income taxes payable   | 1,351                | 1,895                   |
| Accrued consumption taxes  | 115                  | 97                      |
| Accrued expenses   | 1,787                | 1,424                   |
| Provision for bonuses  | 357                  | 365                     |
| Other  | 559                  | 921                     |
| Total current liabilities  | 44,234               | 68,356                  |
| Non-current liabilities  |                      |                         |
| Long-term borrowings   | 7,725                | 9,349                   |
| Provision for retirement benefits for directors (and other officers) | 10                   | 12                      |
| Retirement benefit liability   | 206                  | 227                     |
| Lease obligations  | 100                  | 80                      |
| Asset retirement obligations   | 229                  | 243                     |
| Deferred tax liabilities   | 1,123                | 1,307                   |
| Other  | 150                  | 150                     |
| Total non-current liabilities  | 9,548                | 11,371                  |
| Total liabilities  | 53,782               | 79,727                  |
| Net assets   |                      |                         |
| Shareholders' equity   |                      |                         |
| Share capital  | 6,346                | 6,346                   |
| Capital surplus  | 8,843                | 8,843                   |
| Retained earnings  | 28,538               | 37,045                  |
| Treasury shares  | (1,340)              | (1,341)                 |
| Total shareholders' equity   | 42,387               | 50,894                  |
| Accumulated other comprehensive income                               |                      |                         |
| Valuation difference on available-for-sale securities                | 1,195                | 1,149                   |
| Deferred gains or losses on hedges                                   | 14                   | (20)                    |
| Foreign currency translation adjustment                              | (745)                | (105)                   |
| Remeasurements of defined benefit plans                              | 236                  | 192                     |
| Total accumulated other comprehensive income                         | 700                  | 1,217                   |
| Share acquisition rights   | 145                  | 145                     |
| Non-controlling interests  | 551                  | 724                     |
| Total net assets   | 43,785               | 52,981                  |
| Total liabilities and net assets                                     | 97,567               | 132,709                 |

DAIKI Aluminium Industry Co., Ltd. (5702)  
Consolidated Financial Results for the Nine Months Ended December 31, 2021

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

Nine months ended December 31

(Million yen)

|  | Nine months ended<br>December 31, 2020 | Nine months ended<br>December 31, 2021 |
|--|--|--|
| Net sales  | 93,168                                 | 162,245                                |
| Cost of sales  | 83,544                                 | 142,038                                |
| Gross profit   | 9,623                                  | 20,206                                 |
| Selling, general and administrative expenses                         |  |  |
| Transportation costs   | 2,226                                  | 3,285                                  |
| Provision of allowance for doubtful accounts                         | 1                                      | 8                                      |
| Provision for retirement benefits for directors (and other officers) | 1                                      | 1                                      |
| Provision for bonuses  | 42                                     | 83                                     |
| Other  | 2,633                                  | 2,888                                  |
| Total selling, general and administrative expenses                   | 4,905                                  | 6,268                                  |
| Operating profit   | 4,717                                  | 13,938                                 |
| Non-operating income   |  |  |
| Interest income  | 27                                     | 28                                     |
| Dividend income  | 201                                    | 267                                    |
| Foreign exchange gains   | -                                      | 140                                    |
| Technical advisory fee income  | 0                                      | 16                                     |
| Gain on sales of iron scrap  | 42                                     | 104                                    |
| Other  | 140                                    | 116                                    |
| Total non-operating income   | 411                                    | 673                                    |
| Non-operating expenses   |  |  |
| Interest expenses  | 270                                    | 429                                    |
| Foreign exchange losses  | 425                                    | -                                      |
| Other  | 27                                     | 101                                    |
| Total non-operating expenses   | 723                                    | 531                                    |
| Ordinary profit  | 4,406                                  | 14,080                                 |
| Extraordinary income   |  |  |
| Gain on sale of non-current assets                                   | 5                                      | 9                                      |
| Total extraordinary income   | 5                                      | 9                                      |
| Extraordinary losses   |  |  |
| Loss on sale and retirement of non-current assets                    | 64                                     | 51                                     |
| Total extraordinary losses   | 64                                     | 51                                     |
| Profit before income taxes   | 4,347                                  | 14,038                                 |
| Income taxes - current   | 1,126                                  | 3,575                                  |
| Income taxes - deferred  | 63                                     | 60                                     |
| Total income taxes   | 1,189                                  | 3,635                                  |
| Profit   | 3,158                                  | 10,402                                 |
| Profit attributable to non-controlling interests                     | 23                                     | 153                                    |
| Profit attributable to owners of parent                              | 3,135                                  | 10,249                                 |

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Consolidated Financial Results for the Nine Months Ended December 31, 2021

Quarterly Consolidated Statement of Comprehensive Income

Nine months ended December 31

(Million yen)

|  | Nine months ended<br>December 31, 2020 | Nine months ended<br>December 31, 2021 |
|--|--|--|
| Profit   | 3,158                                  | 10,402                                 |
| Other comprehensive income                                     |  |  |
| Valuation difference on available-for-sale securities          | 218                                    | (45)                                   |
| Deferred gains or losses on hedges                             | (94)                                   | (34)                                   |
| Foreign currency translation adjustment                        | (1,398)                                | 676                                    |
| Remeasurements of defined benefit plans, net of tax            | 19                                     | (43)                                   |
| Total other comprehensive income                               | (1,255)                                | 552                                    |
| Comprehensive income   | 1,903                                  | 10,954                                 |
| Comprehensive income attributable to                           |  |  |
| Comprehensive income attributable to owners of parent          | 1,890                                  | 10,765                                 |
| Comprehensive income attributable to non-controlling interests | 12                                     | 189                                    |

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes in Case of Significant Changes in Shareholders' Equity)

Not applicable.

(Changes in Accounting Policies)

(Application of the Accounting Standard for Revenue Recognition, etc.)

The Group has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the first quarter of the fiscal year, and it recognizes revenue at the amount expected to be received in exchange for the promised goods or services when control of the goods or services is transferred to the customer. Accordingly, while the total amount of consideration received from the customer was formerly recognized as revenue for certain transactions, the Group now recognizes revenue at the net amount received from the customer less the amount paid to the supplier for transactions in which the Group's role in providing goods or services to the customer is that of an agent.

With regard to the adoption of Accounting Standard for Revenue Recognition, in accordance with the transitional treatment stipulated in the proviso to Paragraph 84 of the Accounting Standard for Revenue Recognition, the cumulative effect of retrospectively applying the new accounting policies prior to the beginning of the first quarter of the fiscal year has been added to or deducted from retained earnings as of the beginning of the first quarter of the fiscal year, and the new accounting policies have been adopted from the beginning balance of the said period. However, the new accounting policies were not retrospectively applied to contracts where recognitions of nearly all the revenue amounts for periods prior to the beginning of the first quarter of the fiscal year were subject to the previous treatment, by applying the method stipulated in Paragraph 86 of the Accounting Standard for Revenue Recognition. In addition, the Group has applied the method stipulated in proviso (1) of Paragraph 86 of the Accounting Standard for Revenue Recognition. Accordingly, contract changes made prior to the beginning of the first quarter of the fiscal year were accounted for based on the contract conditions after applying all changes, and the cumulative effect has been added to or deducted from retained earnings as of the beginning of the first quarter of the fiscal year.

As a result, during the nine months ended December 31, 2021, net sales decreased by ¥528 million, and cost of sales decreased by ¥528 million. Furthermore, the effect of these changes on operating profit, ordinary profit, profit before income taxes, and the balance of retained earnings at the beginning of the period was immaterial.

(Application of Accounting Standard for Fair Value Measurement)

The Group has adopted the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and other standards from the beginning of the first quarter of the fiscal year. In accordance with the transitional treatment set forth in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), the Group has decided to apply the new accounting policies prescribed in the Accounting Standard for Fair Value Measurement and other standards in future years. This has no impact on the quarterly consolidated financial statements.

(Significant Subsequent Events)

Not applicable.