

Consolidated Financial Results
for the Three Months Ended June 30, 2022
[Japanese GAAP]



July 29, 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 filing quarterly securities report: August 9, 2022

Scheduled date of commencing dividend payments: –

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 Three Months Ended June 30, 2022 (April 1, 2022 - June 30, 2022)

(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	%
Three months ended June 30, 2022	72,431	46.2	5,856	6.1	6,134	10.0	4,069	1.4
June 30, 2021	49,536	74.2	5,521	333.6	5,578	949.3	4,012	851.9

(Note) Comprehensive income: Three months ended June 30, 2022: ¥6,103 million [19.8%]

Three months ended June 30, 2021: ¥5,094 million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2022	100.46	98.93
June 30, 2021	99.06	97.56

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2022	146,084	63,191	42.6
As of March 31, 2022	141,616	58,505	40.7

(Reference) Equity: As of June 30, 2022: ¥62,194 million

As of March 31, 2022: ¥57,578 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 March 31, 2022	–	25.00	–	35.00	60.00
Fiscal year ending March 31, 2023	–				
Fiscal year ending March 31, 2023 (Forecast)		30.00	–	30.00	60.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(% 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
Six months ending September 30 (Cumulative)	143,200	39.2	8,680	(13.0)	8,820	(11.7)	6,400	(11.0)	158.02
Full year	299,600	26.9	17,030	(16.4)	17,070	(17.4)	12,370	(16.9)	305.42

(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: No
 - 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 June 30, 2022: 43,629,235 shares
 - As of March 31, 2022: 43,629,235 shares
 - 2) Total number of treasury shares at the end of the period:
 - As of June 30, 2022: 3,117,266 shares
 - As of March 31, 2022: 3,127,266 shares
 - 3) Average number of shares during the period (cumulative total):
 - Three months ended June 30, 2022: 40,504,469 shares
 - Three months ended June 30, 2021: 40,502,260 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 Three Months Ended June 30, 2022 (April 1, 2022 - June 30, 2022)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended								
June 30, 2022	41,966	34.8	1,672	6.2	1,882	5.2	1,279	3.9
June 30, 2021	31,128	91.7	1,574	—	1,789	—	1,231	—

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended				
June 30, 2022	31.59		31.11	
June 30, 2021	30.41		29.95	

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(% 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
Six months ending September 30 (Cumulative)	92,300	46.0	2,020	(28.0)	2,580	(23.9)	1,880	(22.7)	46.42
Full year	187,700	29.8	4,040	(24.1)	7,300	(20.5)	5,900	(17.5)	145.67

(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 three months ended June 30, 2022, the outlook for the Japanese economy remained uncertain despite the resumption of social economic activities amid the decreasing impact of novel coronavirus (COVID-19). Overseas, the outlook for the global economy also remained extremely uncertain due to the impact of COVID-19 and concerns over the situation in Ukraine that may remain unresolved for a long time.

Amid this environment, automakers, which are our major clients, cannot see recovery from the shortage of semiconductors and parts produced overseas due to the impact of COVID-19. However, the Group intensively strove to optimize unit prices at which it purchased raw materials and manage its inventory of products appropriately amid decreased sales volume. At the same time, there is a growing need for horizontal recycling and RSI for rolling maintained good performance amid the growing trend towards carbon neutrality.

As a result, the Group's consolidated net sales for the three months ended June 30, 2022 amounted to a combined total of ¥72,431 million (up 46.2% year on year), including ¥48,408 million in secondary aluminium alloy ingots (up 43.8% year on year) and ¥24,023 million in merchandise and raw materials (up 51.5% year on year), due mainly to higher selling prices compared to the same period of the previous year.

Given the steady increase in the price difference (spread) between product and raw material prices, ordinary profit was ¥ 6,134 million (up 10.0% year on year) and profit attributable to owners of parent was ¥4,069 million (up 1.4% year on year).

(2) Explanation of Financial Position

1) Current Assets

The balance of current assets as of June 30, 2022 was ¥117,036 million, up ¥3,535 million from the end of the previous fiscal year. This was mainly due to increases of ¥2,299 million in cash and deposits and ¥4,498 million in notes and accounts receivable - trade, respectively, and decreases of ¥2,269 million in raw materials and supplies and ¥1,358 million in other, respectively.

2) Non-current Assets

The balance of non-current assets as of June 30, 2022 was ¥29,048 million, up ¥933 million from the end of the previous fiscal year. This was mainly due to an increase of ¥1,057 million in property, plant and equipment.

3) Current Liabilities

The balance of current liabilities as of June 30, 2022 was ¥72,248 million, down ¥22 million from the end of the previous fiscal year. This was mainly due to decreases of ¥838 million in notes and accounts payable – trade, ¥289 million in income taxes payable and ¥195 million in provision for bonuses, respectively, despite an increase in ¥1,245 million in short-term borrowings.

4) Non-current Liabilities

The balance of non-current liabilities as of June 30, 2022 was ¥10,644 million, down ¥194 million from the end of the previous fiscal year. This was mainly due to an increase of ¥538 million in deferred tax liabilities and a decrease of ¥746 million in long-term borrowings.

5) Net Assets

The balance of net assets as of June 30, 2022 was ¥63,191 million, up ¥4,685 million from the end of the previous fiscal year. This was mainly due to increases of ¥2,651 million in retained earnings and ¥1,772 million in foreign currency translation adjustment, respectively.

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

There are no changes to the consolidated financial results forecasts for the six months ending September 30, 2022 and the fiscal year ending March 31, 2023, which were disclosed on May 13, 2022 as part of the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2022.”

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheet

(Million yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	4,862	7,162
Notes and accounts receivable - trade	58,091	62,590
Merchandise and finished goods	20,845	21,195
Work in process	145	160
Raw materials and supplies	25,039	22,769
Other	4,519	3,161
Allowance for doubtful accounts	(3)	(4)
Total current assets	113,500	117,036
Non-current assets		
Property, plant and equipment		
Buildings and structures	17,635	18,040
Accumulated depreciation	(8,969)	(9,189)
Buildings and structures, net	8,665	8,851
Machinery, equipment and vehicles	31,308	32,221
Accumulated depreciation	(22,820)	(23,586)
Machinery, equipment and vehicles, net	8,488	8,635
Tools, furniture and fixtures	1,723	1,810
Accumulated depreciation	(1,360)	(1,443)
Tools, furniture and fixtures, net	362	367
Land	3,893	3,937
Leased assets	1,287	1,399
Accumulated depreciation	(339)	(329)
Leased assets, net	947	1,069
Construction in progress	258	810
Total property, plant and equipment	22,615	23,672
Intangible assets	115	117
Investments and other assets		
Investment securities	3,832	3,808
Long-term loans receivable	3	3
Retirement benefit asset	656	655
Deferred tax assets	348	289
Other	805	784
Allowance for doubtful accounts	(262)	(282)
Total investments and other assets	5,384	5,258
Total non-current assets	28,115	29,048
Total assets	141,616	146,084

DAIKI Aluminium Industry Co., Ltd. (5702)
Consolidated Financial Results for the Three Months Ended June 30, 2022

(Million yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	13,858	13,020
Short-term borrowings	50,172	51,417
Accounts payable - other	1,642	1,807
Income taxes payable	2,746	2,456
Accrued consumption taxes	221	253
Accrued expenses	1,973	2,102
Provision for bonuses	447	251
Other	1,209	938
Total current liabilities	72,271	72,248
Non-current liabilities		
Long-term borrowings	8,531	7,784
Provision for retirement benefits for directors (and other officers)	12	9
Retirement benefit liability	247	265
Lease liabilities	75	75
Asset retirement obligations	244	245
Deferred tax liabilities	1,576	2,115
Other	150	148
Total non-current liabilities	10,839	10,644
Total liabilities	83,110	82,893
Net assets		
Shareholders' equity		
Share capital	6,346	6,346
Capital surplus	8,843	8,841
Retained earnings	41,677	44,328
Treasury shares	(1,341)	(1,336)
Total shareholders' equity	55,526	58,180
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,233	1,214
Deferred gains or losses on hedges	(99)	124
Foreign currency translation adjustment	661	2,434
Remeasurements of defined benefit plans	256	240
Total accumulated other comprehensive income	2,052	4,014
Share acquisition rights	145	142
Non-controlling interests	781	853
Total net assets	58,505	63,191
Total liabilities and net assets	141,616	146,084

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Consolidated Financial Results for the Three Months Ended June 30, 2022

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

Three Months Ended June 30

(Million yen)

	For the three months ended June 30, 2021	For the three months ended June 30, 2022
Net sales	49,536	72,431
Cost of sales	42,022	64,298
Gross profit	7,513	8,132
Selling, general and administrative expenses		
Transportation costs	971	1,120
Provision of allowance for doubtful accounts	7	3
Provision for retirement benefits for directors (and other officers)	0	0
Provision for bonuses	42	57
Other	969	1,094
Total selling, general and administrative expenses	1,991	2,276
Operating profit	5,521	5,856
Non-operating income		
Interest income	6	13
Dividend income	135	170
Foreign exchange gains	-	156
Technical advisory fee income	5	5
Gain on sales of iron scrap	32	45
Other	48	92
Total non-operating income	228	483
Non-operating expenses		
Interest expenses	128	191
Foreign exchange losses	11	-
Other	31	13
Total non-operating expenses	172	205
Ordinary profit	5,578	6,134
Extraordinary income		
Gain on sale of non-current assets	6	1
Total extraordinary income	6	1
Extraordinary losses		
Loss on sale and retirement of non-current assets	19	25
Total extraordinary losses	19	25
Profit before income taxes	5,565	6,109
Income taxes - current	1,424	1,496
Income taxes - deferred	75	510
Total income taxes	1,500	2,007
Profit	4,064	4,102
Profit attributable to non-controlling interests	52	33
Profit attributable to owners of parent	4,012	4,069

DAIKI Aluminium Industry Co., Ltd. (5702)
Consolidated Financial Results for the Three Months Ended June 30, 2022

Quarterly Consolidated Statement of Comprehensive Income
Three Months Ended June 30

(Million yen)

	For the three months ended June 30, 2021	For the three months ended June 30, 2022
Profit	4,064	4,102
Other comprehensive income		
Valuation difference on available-for-sale securities	13	(18)
Deferred gains or losses on hedges	2	224
Foreign currency translation adjustment	1,028	1,811
Remeasurements of defined benefit plans, net of tax	(14)	(15)
Total other comprehensive income	1,029	2,001
Comprehensive income	5,094	6,103
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,010	6,031
Comprehensive income attributable to non-controlling interests	84	72

(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.

(Significant Subsequent Events)

Not applicable.