

Consolidated Financial Results for the Six Months Ended September 30, 2022 [Japanese GAAP]



November 4, 2022

Company name: DAIICHI JITSUGYO CO., LTD.

Stock exchange listing: Tokyo Stock Exchange

Code number: 8059

URL: <https://www.djk.co.jp/>

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Scheduled date of filing quarterly securities report: November 14, 2022

Scheduled date of commencing dividend payments: November 29, 2022

Availability of supplementary explanatory materials on quarterly financial results: Available

Schedule of quarterly financial results briefing session: Scheduled (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2022 (April 1, 2022 - September 30, 2022)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2022	69,459	1.3	2,859	(6.1)	3,229	(0.7)	2,272	0.8
September 30, 2021	68,585	–	3,043	11.8	3,251	7.1	2,253	11.2

(Note) Comprehensive income: Six months ended September 30, 2022: ¥3,297 million [35.0%]

Six months ended September 30, 2021: ¥2,442 million [(5.9)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2022	212.08	211.25
September 30, 2021	210.63	209.74

* The Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the fiscal year ended March 31, 2022. Accordingly, the percentage change in net sales from the previous corresponding period for the six months ended September 30, 2021, is not presented.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2022	133,112	61,148	45.8
As of March 31, 2022	132,235	58,722	44.3

(Reference) Equity: As of September 30, 2022: ¥60,935 million

As of March 31, 2022: ¥58,587 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	–	60.00	–	85.00	145.00
Fiscal year ending March 31, 2023	–	64.00			
Fiscal year ending March 31, 2023 (Forecast)			–	83.00	147.00

(Note) Revision to the forecast for dividends announced most recently: Yes

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 income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	151,000	2.0	5,500	(19.9)	5,900	(24.3)	5,200	(3.0)	485.30

(Note) Revision to the financial results forecast announced most recently: Yes

*** Notes:**

- (1) Changes in significant subsidiaries during the period under review
(Changes in specified subsidiaries resulting in changes in scope of consolidation): None
- (2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: None
- (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: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None
- (4) Total number of issued and outstanding shares (common shares)
- 1) Total number of issued and outstanding shares at the end of the period (including treasury shares):

September 30, 2022:	11,086,400 shares
March 31, 2022:	11,086,400 shares
 - 2) Total number of treasury shares at the end of the period:

September 30, 2022:	363,555 shares
March 31, 2022:	377,294 shares
 - 3) Average number of shares during the period:

Six months ended September 30, 2022:	10,715,032 shares
Six months ended September 30, 2021:	10,700,293 shares

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

*** Explanation of the proper use of financial results forecast and other notes**

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions deemed reasonable, and the Company does not promise the achievement of these forecasts. Actual results may differ significantly from these forecasts due to a wide range of factors. For the assumptions underlying the forecasts and the notes on the use of the forecasts, please refer to “(3) Explanation Regarding Consolidated Financial Results Forecast and Other Forward-looking Information” on page 3 of the Appendix (available in Japanese only).

The Company plans to hold a financial results briefing session for institutional investors and analysts on Tuesday, November 22, 2022. Reference materials to be distributed at the briefing session will be available on the Company’s corporate website immediately after the session.

Quarterly Consolidated Financial Statements
(1) Quarterly Consolidated Balance Sheet

(Million yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	28,422	32,224
Notes and accounts receivable - trade, and contract assets	–	32,039
Notes and accounts receivable - trade	35,184	–
Electronically recorded monetary claims	9,486	5,356
Merchandise and finished goods	19,402	21,626
Work in process	1,392	1,320
Raw materials and supplies	550	618
Accounts prepaid	15,938	18,503
Other	4,752	5,050
Allowance for doubtful accounts	(109)	(123)
Total current assets	115,021	116,616
Fixed assets		
Tangible fixed assets	3,073	3,185
Intangible fixed assets	1,651	1,534
Investment and other assets		
Investment securities	9,858	9,034
Retirement benefit asset	1,270	1,258
Deferred tax assets	484	597
Other	1,017	1,029
Allowance for doubtful accounts	(142)	(143)
Total investment and other assets	12,488	11,775
Total fixed assets	17,213	16,495
Total assets	132,235	133,112
Liabilities		
Current liabilities		
Notes and accounts payable	28,682	24,546
Short-term bank loans	7,082	6,220
Income taxes payable	1,375	803
Advances received	27,362	31,553
Provisions	1,451	1,305
Other	5,337	5,214
Total current liabilities	71,292	69,643
Long-term liabilities		
Long-term loans	360	300
Deferred tax liabilities	974	1,081
Provisions	20	22
Retirement benefit liability	463	489
Other	402	426
Total long-term liabilities	2,220	2,320
Total liabilities	73,512	71,964

(Million yen)

	As of March 31, 2022	As of September 30, 2022
Equity		
Shareholders' equity		
Common stock	5,105	5,105
Capital surplus	3,812	3,826
Retained earnings	46,683	47,962
Treasury stock	(858)	(827)
Total shareholders' equity	54,742	56,066
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	2,737	2,226
Deferred gain or loss on derivatives under hedge accounting	(414)	(136)
Foreign currency translation adjustments	1,274	2,531
Remeasurements of defined benefit plans	248	247
Total accumulated other comprehensive income	3,845	4,868
Stock acquisition rights	96	96
Non-controlling interests	38	116
Total equity	58,722	61,148
Total liabilities and equity	132,235	133,112

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Six Months Ended September 30

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Net sales	68,585	69,459
Cost of sales	57,182	57,212
Gross profit	11,403	12,247
Selling, general and administrative expenses	8,359	9,388
Operating income	3,043	2,859
Non-operating income		
Penalty income	–	133
Interest received	46	56
Dividend income	117	146
Purchase discounts	172	122
Share of profit of entities accounted for using equity method	11	37
Other	34	73
Total non-operating income	382	570
Non-operating expenses		
Interest expenses	16	13
Commission expenses	39	41
Foreign exchange losses	76	121
Other	41	24
Total non-operating expenses	174	200
Ordinary income	3,251	3,229
Extraordinary profit		
Gain on sale of investment securities	59	71
Total extraordinary profit	59	71
Extraordinary loss		
Loss on sale of investment securities	5	–
Loss on valuation of investment securities	–	0
Total extraordinary loss	5	0
Income before income taxes	3,305	3,300
Income taxes	940	945
Deferred taxes	102	93
Total income taxes	1,042	1,039
Profit	2,262	2,261
Profit (loss) attributable to non-controlling interests	8	(11)
Profit attributable to owners of parent	2,253	2,272

Quarterly Consolidated Statements of Comprehensive Income

Six Months Ended September 30

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Profit	2,262	2,261
Other comprehensive income		
Unrealized gain or loss on available-for-sale securities	(278)	(510)
Deferred gain or loss on derivatives under hedge accounting	(12)	277
Foreign currency translation adjustments	464	1,270
Remeasurements of defined benefit plans	6	(0)
Total other comprehensive income	179	1,036
Comprehensive income	2,442	3,297
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,434	3,295
Comprehensive income attributable to non-controlling interests	7	2

(3) Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Cash flows from operating activities		
Income before income taxes and minority interests	3,305	3,300
Depreciation and amortization	372	512
Share-based payment expenses	17	23
Increase (decrease) in allowance for doubtful accounts	11	10
Increase (decrease) in allowance	(412)	(153)
Decrease (increase) in retirement benefit asset	12	12
Increase (decrease) in retirement benefit liability	0	25
Interest and dividend income	(163)	(203)
Interest expense	16	13
Share of loss (profit) of entities accounted for using equity method	(11)	(37)
Loss (gain) on sale of investment securities	(53)	(71)
Loss (gain) on valuation of investment securities	–	0
Loss (gain) on investments in silent partnerships	–	(23)
Decrease (increase) in notes and accounts receivable - trade, and contract assets	(807)	8,092
Decrease (increase) in advance payments to suppliers	385	(1,642)
Decrease (increase) in inventories	(10,422)	(1,774)
Decrease (increase) in other current assets	(1,234)	(417)
Increase (decrease) in notes and accounts payable-trade	3,314	(4,652)
Increase (decrease) in advances from customers	1,897	2,823
Increase (decrease) in other current liabilities	2,480	482
Other, net	460	(139)
Subtotal	(833)	6,181
Interest and dividends received	173	192
Interest paid	(17)	(13)
Income taxes-paid	(1,188)	(1,434)
Net cash (used in) provided by operating activities	(1,866)	4,926
Cash flows from investing activities		
Net decrease (increase) in time deposits	(190)	(1,096)
Purchase of property, plant and equipment	(134)	(311)
Proceeds from sale of property, plant and equipment	–	145
Purchase of intangible assets	(185)	(236)
Purchase of investment securities	(469)	(14)
Proceeds from sale of investment securities	136	107
Loan advances	(15)	(0)
Proceeds from collection of loans receivable	4	0
Other, net	(14)	(8)
Net cash (used in) provided by investing activities	(869)	(1,414)

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Cash flows from financing activities		
Increase (decrease) in short-term bank loans-net	(389)	(863)
Repayments of long-term borrowings	(135)	(60)
Purchase of treasury shares	(3)	(1)
Dividends paid	(747)	(908)
Other, net	(82)	(108)
Net cash (used in) provided by financing activities	(1,359)	(1,942)
Foreign currency translation adjustments on cash and cash equivalents	657	791
Net increase (decrease) in cash and cash equivalents	(3,437)	2,360
Cash and cash equivalents at beginning of year	31,267	26,782
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	–	193
Cash and cash equivalents at end of period	27,830	29,336