

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



November 11, 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: November 14, 2022

Scheduled date of commencing dividend payments: December 6, 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 Six Months Ended September 30, 2022 (April 1, 2022 - September 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	%
Six months ended September 30, 2022	144,263	40.3	10,770	8.0	10,928	9.4	7,292	1.4
Six months ended September 30, 2021	102,838	77.8	9,973	292.2	9,990	345.8	7,193	336.6

(Note) Comprehensive income: Six months ended September 30, 2022: ¥11,675 million [47.0%]

Six months ended September 30, 2021: ¥7,940 million [701.7%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2022	180.04	177.32
Six months ended September 30, 2021	177.61	174.90

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2022	144,313	68,701	46.9
As of March 31, 2022	141,616	58,505	40.7

(Reference) Equity: As of September 30, 2022: ¥67,631 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	–	30.00			
Fiscal year ending March 31, 2023 (Forecast)			–	40.00	70.00

(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
Full year	281,800	19.4	14,650	(28.1)	14,720	(28.8)	10,240	(31.2)	252.77

(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 September 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 September 30, 2022:	3,117,454 shares
As of March 31, 2022:	3,127,266 shares
 - 3) Average number of shares during the period (cumulative total):

Six months ended September 30, 2022:	40,507,639 shares
Six months ended September 30, 2021:	40,502,220 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 Six Months Ended September 30, 2022 (April 1, 2022 - September 30, 2022)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2022	80,893	28.0	3,631	29.5	4,380	29.2	3,127	28.6
September 30, 2021	63,198	69.5	2,804	720.9	3,389	393.4	2,431	411.2

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	77.21		76.04	
September 30, 2021	60.03		59.11	

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
Full year	168,900	16.8	5,910	11.0	8,620	(6.1)	6,590	(7.8)	162.67

(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 six months ended September 30, 2022, the outlook for the Japanese economy remained uncertain because of the spread of novel coronavirus (COVID-19) and soaring prices of raw materials and crude oil caused by the impact of the situation in Ukraine and other matters, which led to concern over a decline in consumption due to price increases.

Amid this environment, automakers, which are our major clients, have experienced prolonged global shortage of semiconductors and difficulty in parts procurement, and their production reduced due to the review of production plans.

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 six months ended September 30, 2022 amounted to a combined total of ¥144,263 million (up 40.3% year on year), including ¥97,212 million in secondary aluminium alloy ingots (up 41.9% year on year) and ¥47,050 million in merchandise and raw materials (up 37.1% year on year), due mainly to higher average 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 ¥10,928 million (up 9.4% year on year) and profit attributable to owners of parent was ¥7,292 million (up 1.4% year on year).

(2) Explanation of Financial Position

1) Current Assets

The balance of current assets as of September 30, 2022 was ¥114,260 million, up ¥759 million from the end of the previous fiscal year. This was mainly due to increases of ¥3,449 million in cash and deposits and ¥239 million in merchandise and finished goods, respectively, and decreases of ¥2,241 million in raw materials and supplies and ¥786 million in other, respectively.

2) Non-current Assets

The balance of non-current assets as of September 30, 2022 was ¥30,053 million, up ¥1,938 million from the end of the previous fiscal year. This was mainly due to an increase of ¥2,044 million in property, plant and equipment and decreases of ¥37 million in investment securities and ¥37 million in deferred tax assets, respectively.

3) Current Liabilities

The balance of current liabilities as of September 30, 2022 was ¥65,210 million, down ¥7,060 million from the end of the previous fiscal year. This was mainly due to decreases of ¥751 million in notes and accounts payable – trade, ¥4,904 million in short-term borrowings, ¥850 million in income taxes payable and ¥378 million in accrued expenses, respectively.

4) Non-current Liabilities

The balance of non-current liabilities as of September 30, 2022 was ¥10,402 million, down ¥437 million from the end of the previous fiscal year. This was mainly due to an increase of ¥783 million in deferred tax liabilities and a decrease of ¥1,255 million in long-term borrowings.

5) Net Assets

The balance of net assets as of September 30, 2022 was ¥68,701 million, up ¥10,195 million from the end of the previous fiscal year. This was mainly due to increases of ¥5,875 million in retained earnings and ¥4,073 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 October 31, 2022 as part of the “Notice Concerning the Revision of Financial Results Forecast and Revision of Dividends Forecast (100th Anniversary Commemorative Dividends).”

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheet

(Million yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	4,862	8,312
Notes and accounts receivable - trade	58,091	58,153
Merchandise and finished goods	20,845	21,085
Work in process	145	181
Raw materials and supplies	25,039	22,797
Other	4,519	3,733
Allowance for doubtful accounts	(3)	(1)
Total current assets	113,500	114,260
Non-current assets		
Property, plant and equipment		
Buildings and structures	17,635	18,663
Accumulated depreciation	(8,969)	(9,434)
Buildings and structures, net	8,665	9,229
Machinery, equipment and vehicles	31,308	33,371
Accumulated depreciation	(22,820)	(24,337)
Machinery, equipment and vehicles, net	8,488	9,033
Tools, furniture and fixtures	1,723	1,940
Accumulated depreciation	(1,360)	(1,496)
Tools, furniture and fixtures, net	362	444
Land	3,893	3,969
Leased assets	1,287	1,921
Accumulated depreciation	(339)	(302)
Leased assets, net	947	1,619
Construction in progress	258	363
Total property, plant and equipment	22,615	24,659
Intangible assets	115	123
Investments and other assets		
Investment securities	3,832	3,794
Long-term loans receivable	3	2
Retirement benefit asset	656	654
Deferred tax assets	348	311
Other	805	800
Allowance for doubtful accounts	(262)	(292)
Total investments and other assets	5,384	5,270
Total non-current assets	28,115	30,053
Total assets	141,616	144,313

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

(Million yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	13,858	13,107
Short-term borrowings	50,172	45,267
Accounts payable - other	1,642	1,543
Income taxes payable	2,746	1,896
Accrued consumption taxes	221	573
Accrued expenses	1,973	1,595
Provision for bonuses	447	487
Other	1,209	739
Total current liabilities	72,271	65,210
Non-current liabilities		
Long-term borrowings	8,531	7,276
Provision for retirement benefits for directors (and other officers)	12	9
Retirement benefit liability	247	287
Lease liabilities	75	74
Asset retirement obligations	244	246
Deferred tax liabilities	1,576	2,360
Other	150	148
Total non-current liabilities	10,839	10,402
Total liabilities	83,110	75,612
Net assets		
Shareholders' equity		
Share capital	6,346	6,346
Capital surplus	8,843	8,841
Retained earnings	41,677	47,552
Treasury shares	(1,341)	(1,337)
Total shareholders' equity	55,526	61,403
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,233	1,206
Deferred gains or losses on hedges	(99)	61
Foreign currency translation adjustment	661	4,735
Remeasurements of defined benefit plans	256	224
Total accumulated other comprehensive income	2,052	6,227
Share acquisition rights	145	142
Non-controlling interests	781	927
Total net assets	58,505	68,701
Total liabilities and net assets	141,616	144,313

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

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement 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	102,838	144,263
Cost of sales	88,803	128,796
Gross profit	14,034	15,466
Selling, general and administrative expenses		
Transportation costs	2,062	2,310
Provision of allowance for doubtful accounts	10	-
Provision for retirement benefits for directors (and other officers)	0	0
Provision for bonuses	75	117
Other	1,911	2,268
Total selling, general and administrative expenses	4,060	4,696
Operating profit	9,973	10,770
Non-operating income		
Interest income	17	33
Dividend income	137	178
Foreign exchange gains	24	156
Technical advisory fee income	11	11
Gain on sales of iron scrap	65	78
Other	84	135
Total non-operating income	341	592
Non-operating expenses		
Interest expenses	271	409
Other	53	25
Total non-operating expenses	324	435
Ordinary profit	9,990	10,928
Extraordinary income		
Gain on sale of non-current assets	8	10
Total extraordinary income	8	10
Extraordinary losses		
Loss on sale and retirement of non-current assets	43	43
Total extraordinary losses	43	43
Profit before income taxes	9,955	10,895
Income taxes - current	2,506	2,758
Income taxes - deferred	159	746
Total income taxes	2,666	3,505
Profit	7,289	7,390
Profit attributable to non-controlling interests	95	97
Profit attributable to owners of parent	7,193	7,292

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Quarterly Consolidated Statement 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	7,289	7,390
Other comprehensive income		
Valuation difference on available-for-sale securities	30	(27)
Deferred gains or losses on hedges	(54)	160
Foreign currency translation adjustment	703	4,182
Remeasurements of defined benefit plans, net of tax	(29)	(31)
Total other comprehensive income	651	4,285
Comprehensive income	7,940	11,675
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,815	11,468
Comprehensive income attributable to non-controlling interests	125	206

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(3) Quarterly Consolidated Statement 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		
Profit before income taxes	9,955	10,895
Depreciation	1,541	1,682
Increase (decrease) in allowance for doubtful accounts	9	(2)
Increase (decrease) in provision for bonuses	24	25
Increase (decrease) in retirement benefit liability	12	19
Decrease (increase) in retirement benefit asset	(39)	(43)
Interest and dividend income	(155)	(211)
Interest expenses	271	409
Foreign exchange losses (gains)	43	49
Loss (gain) on sale and retirement of non-current assets	35	33
Decrease (increase) in trade receivables	(5,854)	3,554
Decrease (increase) in inventories	(11,409)	5,583
Decrease (increase) in advance payments to suppliers	350	53
Decrease (increase) in accounts receivable - other	(178)	792
Increase (decrease) in trade payables	(474)	(2,270)
Increase (decrease) in accounts payable - other	232	(250)
Increase (decrease) in accrued consumption taxes	(12)	339
Other, net	(15)	(274)
Subtotal	(5,663)	20,385
Interest and dividends received	155	211
Interest paid	(264)	(402)
Income taxes paid	(1,762)	(3,585)
Net cash provided by (used in) operating activities	(7,535)	16,609
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment and intangible assets	14	11
Purchase of property, plant and equipment	(1,418)	(2,395)
Other, net	(15)	(19)
Net cash provided by (used in) investing activities	(1,419)	(2,403)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	9,255	(7,605)
Proceeds from long-term borrowings	2,400	300
Repayments of long-term borrowings	(2,271)	(2,088)
Net decrease (increase) in treasury shares	(0)	(0)
Dividends paid	(729)	(1,417)
Dividends paid to non-controlling interests	(15)	(61)
Other, net	(36)	(31)
Net cash provided by (used in) financing activities	8,602	(10,904)
Effect of exchange rate change on cash and cash equivalents	87	133
Net increase (decrease) in cash and cash equivalents	(265)	3,433
Cash and cash equivalents at beginning of period	5,702	4,779
Cash and cash equivalents at end of period	5,437	8,213

(4) 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.