

Consolidated Financial Results
for the Three Months Ended June 30, 2023
[Japanese GAAP]



July 31, 2023

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, 2023

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, 2023 (April 1, 2023 - June 30, 2023)

(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, 2023	63,021	(13.0)	1,816	(69.0)	1,892	(69.2)	1,233	(69.7)
June 30, 2022	72,431	46.2	5,856	6.1	6,134	10.0	4,069	1.4

(Note) Comprehensive income: Three months ended June 30, 2023: ¥2,878 million [(52.8)%]

Three months ended June 30, 2022: ¥6,103 million [19.8%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2023	30.46	30.00
June 30, 2022	100.46	98.93

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2023	140,751	69,628	48.8
As of March 31, 2023	133,215	68,370	50.7

(Reference) Equity: As of June 30, 2023: ¥68,730 million

As of March 31, 2023: ¥67,486 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, 2023	–	30.00	–	40.00	70.00
Fiscal year ending March 31, 2024	–				
Fiscal year ending March 31, 2024 (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, 2024 (April 1, 2023 - March 31, 2024)

(% 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)	141,700	(1.8)	4,200	(61.0)	4,080	(62.7)	2,970	(59.3)	73.31
Full year	300,900	10.2	10,370	(24.6)	10,090	(27.4)	7,280	(25.1)	179.70

(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, 2023:	43,629,235 shares
As of March 31, 2023:	43,629,235 shares
 - 2) Total number of treasury shares at the end of the period:

As of June 30, 2023:	3,117,551 shares
As of March 31, 2023:	3,117,551 shares
 - 3) Average number of shares during the period (cumulative total):

Three months ended June 30, 2023:	40,511,684 shares
Three months ended June 30, 2022:	40,504,469 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, 2023 (April 1, 2023 - June 30, 2023)

(% 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, 2023	38,844	(7.4)	615	(63.2)	748	(60.2)	486	(62.0)
June 30, 2022	41,966	34.8	1,672	6.2	1,882	5.2	1,279	3.9

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2023	12.00		11.82	
June 30, 2022	31.59		31.11	

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 - March 31, 2024)

(% 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)	80,900	0.0	1,330	(63.4)	1,660	(62.1)	1,190	(61.9)	29.37
Full year	167,900	5.7	3,460	(29.9)	5,120	(36.3)	3,920	(35.6)	96.76

(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, 2023, the Japanese economy showed a gradual recovery. Looking ahead, a moderate recovery is expected to continue under the improving employment and income environment, partly due to the effects of various government policies. However, amid continued global monetary tightening and other factors, there is a risk that a downturn in overseas economies could put downward pressure on Japan's economy. We also need to pay close attention to the effects of rising prices and fluctuations in financial and capital markets.

Meanwhile, the global economy improved, although there were signs of weakness in some regions. Still, there remain factors that would negatively affect the global economy, such as the prolonged situation in Ukraine, soaring energy resources and other prices, and a slowdown in growth due to the global monetary tightening.

Amid this economic environment, the domestic automobile-related market, which is our main source of demand, is recovering from the worst period of production cutbacks due to semiconductor and parts shortages with domestic automobile production picking up. Demand for aluminium alloy, however, has not yet fully recovered due to the facts that it takes time for our users to clear inventory and work in process, and that the exports of parts for overseas production to China and other Asian countries are sluggish. In the fiscal year ending March 31, 2024 and beyond, it is expected that the sales volume of automobiles will recover and expand following the resolution of semiconductor shortage and so on.

As a result, the Group's consolidated net sales for the three months ended June 30, 2023 amounted to a combined total of ¥63,021 million (down 13.0% year on year), including ¥44,387 million in secondary aluminium alloy ingots (down 8.3% year on year) and ¥18,633 million in merchandise and raw materials (down 22.4% year on year), due to lower product selling prices compared to the same period of the previous year.

Given the shrinkage in the price difference (spread) between product selling prices and raw material prices mainly at consolidated subsidiaries overseas, operating profit was ¥1,816 million (down 69.0% year on year), ordinary profit was ¥1,892 million (down 69.2% year on year), and profit attributable to owners of parent was ¥1,233 million (down 69.7% year on year).

(2) Explanation of Financial Position

1) Current Assets

The balance of current assets as of June 30, 2023 was ¥109,323 million, up ¥6,601 million from the end of the previous fiscal year. This was mainly due to increases of ¥1,860 million in cash and deposits, ¥1,773 million in merchandise and finished goods, ¥1,486 million in raw materials and supplies, and ¥1,081 million in other, respectively.

2) Non-current Assets

The balance of non-current assets as of June 30, 2023 was ¥31,428 million, up ¥934 million from the end of the previous fiscal year. This was mainly due to increases of ¥336 million in property, plant and equipment and ¥593 million in investment securities, respectively.

3) Current Liabilities

The balance of current liabilities as of June 30, 2023 was ¥61,143 million, up ¥6,854 million from the end of the previous fiscal year. This was mainly due to an increase of ¥7,468 million in short-term borrowings and decreases of ¥416 million in income taxes payable and ¥501 million in accrued consumption taxes, respectively.

4) Non-current Liabilities

The balance of non-current liabilities as of June 30, 2023 was ¥9,979 million, down ¥576 million from the end of the previous fiscal year. This was mainly due to an increase of ¥228 million in deferred tax liabilities and a decrease of ¥811 million in long-term borrowings.

5) Net Assets

The balance of net assets as of June 30, 2023 was ¥69,628 million, up ¥1,258 million from the end of the previous fiscal year. This was mainly due to increases of ¥463 million in valuation difference on available-for-sale securities and ¥1,098 million in foreign currency translation adjustment, respectively, and a decrease of ¥386 million in retained earnings.

(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, 2023 and the fiscal year ending March 31, 2024, which were disclosed on May 12, 2023 as part of the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2023.”

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheet

(Million yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	4,965	6,825
Notes and accounts receivable - trade	55,158	55,543
Merchandise and finished goods	17,405	19,179
Work in process	180	191
Raw materials and supplies	21,354	22,841
Other	3,659	4,741
Allowance for doubtful accounts	(2)	0
Total current assets	102,721	109,323
Non-current assets		
Property, plant and equipment		
Buildings and structures	18,800	19,011
Accumulated depreciation	(9,624)	(9,823)
Buildings and structures, net	9,175	9,187
Machinery, equipment and vehicles	33,701	34,220
Accumulated depreciation	(24,768)	(25,471)
Machinery, equipment and vehicles, net	8,933	8,748
Tools, furniture and fixtures	2,052	2,115
Accumulated depreciation	(1,549)	(1,596)
Tools, furniture and fixtures, net	502	519
Land	3,957	3,978
Leased assets	1,872	1,923
Accumulated depreciation	(326)	(367)
Leased assets, net	1,545	1,555
Construction in progress	225	685
Total property, plant and equipment	24,339	24,675
Intangible assets	132	131
Investments and other assets		
Investment securities	4,661	5,255
Long-term loans receivable	2	2
Retirement benefit asset	567	566
Deferred tax assets	222	259
Other	857	833
Allowance for doubtful accounts	(287)	(296)
Total investments and other assets	6,022	6,620
Total non-current assets	30,493	31,428
Total assets	133,215	140,751

DAIKI Aluminium Industry Co., Ltd. (5702)
Consolidated Financial Results for the Three Months Ended June 30, 2023

(Million yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	13,532	13,731
Short-term borrowings	34,143	41,611
Accounts payable - other	1,687	2,124
Income taxes payable	1,015	598
Accrued consumption taxes	610	109
Accrued expenses	1,890	1,999
Provision for bonuses	356	213
Other	1,052	754
Total current liabilities	54,289	61,143
Non-current liabilities		
Long-term borrowings	7,920	7,109
Provision for retirement benefits for directors (and other officers)	9	9
Retirement benefit liability	296	310
Lease liabilities	101	91
Asset retirement obligations	248	249
Deferred tax liabilities	1,830	2,059
Other	148	148
Total non-current liabilities	10,555	9,979
Total liabilities	64,844	71,122
Net assets		
Shareholders' equity		
Share capital	6,346	6,346
Capital surplus	8,863	8,863
Retained earnings	48,770	48,383
Treasury shares	(1,337)	(1,337)
Total shareholders' equity	62,643	62,256
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,554	2,017
Deferred gains or losses on hedges	31	111
Foreign currency translation adjustment	3,125	4,223
Remeasurements of defined benefit plans	131	121
Total accumulated other comprehensive income	4,842	6,474
Share acquisition rights	142	142
Non-controlling interests	741	755
Total net assets	68,370	69,628
Total liabilities and net assets	133,215	140,751

DAIKI Aluminium Industry Co., Ltd. (5702)
Consolidated Financial Results for the Three Months Ended June 30, 2023

(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, 2022	For the three months ended June 30, 2023
Net sales	72,431	63,021
Cost of sales	64,298	59,053
Gross profit	8,132	3,968
Selling, general and administrative expenses		
Transportation costs	1,120	947
Provision of allowance for doubtful accounts	3	-
Provision for retirement benefits for directors (and other officers)	0	0
Provision for bonuses	57	43
Other	1,094	1,160
Total selling, general and administrative expenses	2,276	2,152
Operating profit	5,856	1,816
Non-operating income		
Interest income	13	17
Dividend income	170	71
Foreign exchange gains	156	144
Technical advisory fee income	5	1
Gain on sales of iron scrap	45	31
Other	92	82
Total non-operating income	483	348
Non-operating expenses		
Interest expenses	191	259
Other	13	13
Total non-operating expenses	205	272
Ordinary profit	6,134	1,892
Extraordinary income		
Gain on sale of non-current assets	1	0
Total extraordinary income	1	0
Extraordinary losses		
Loss on sale and retirement of non-current assets	25	35
Total extraordinary losses	25	35
Profit before income taxes	6,109	1,857
Income taxes - current	1,496	589
Income taxes - deferred	510	29
Total income taxes	2,007	618
Profit	4,102	1,238
Profit attributable to non-controlling interests	33	5
Profit attributable to owners of parent	4,069	1,233

DAIKI Aluminium Industry Co., Ltd. (5702)
Consolidated Financial Results for the Three Months Ended June 30, 2023

Quarterly Consolidated Statement of Comprehensive Income

Three Months Ended June 30

(Million yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Profit	4,102	1,238
Other comprehensive income		
Valuation difference on available-for-sale securities	(18)	463
Deferred gains or losses on hedges	224	79
Foreign currency translation adjustment	1,811	1,106
Remeasurements of defined benefit plans, net of tax	(15)	(9)
Total other comprehensive income	2,001	1,640
Comprehensive income	6,103	2,878
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,031	2,865
Comprehensive income attributable to non-controlling interests	72	13

(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.