

Consolidated Financial Results
for the Six Months Ended September 30, 2023
[Japanese GAAP]



November 10, 2023

Company name: DAIKI Aluminium Industry Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Code number: 5702

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

Representative: Shigenori Hayashi, President and Representative Director and Executive Officer

Contact: Hiroto Kurosu, Senior Executive Officer, General Manager, Administration Department

Phone: +81-6-6444-2751

Scheduled date of filing quarterly securities report: November 13, 2023

Scheduled date of commencing dividend payments: December 5, 2023

Availability of supplementary explanatory materials on quarterly financial results: Available

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, 2023 (April 1, 2023 - September 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	%
Six months ended September 30, 2023	132,120	(8.4)	2,745	(74.5)	2,678	(75.5)	2,585	(64.5)
September 30, 2022	144,263	40.3	10,770	8.0	10,928	9.4	7,292	1.4

(Note) Comprehensive income: Six months ended September 30, 2023: ¥6,049 million [(48.2)%]

Six months ended September 30, 2022: ¥11,675 million [47.0%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2023	63.82	62.86
September 30, 2022	180.04	177.32

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2023	144,983	72,766	49.6
As of March 31, 2023	133,215	68,370	50.7

(Reference) Equity: As of September 30, 2023: ¥71,877 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	–	30.00			
Fiscal year ending March 31, 2024 (Forecast)			–	20.00	50.00

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

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
Full year	265,600	(2.7)	4,150	(69.8)	3,770	(72.9)	2,880	(70.4)	71.09

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

*** 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, 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 September 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):

Six months ended September 30, 2023:	40,511,684 shares
Six months ended September 30, 2022:	40,507,639 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, 2023 (April 1, 2023 - September 30, 2023)

(% 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, 2023	76,801	(5.1)	1,234	(66.0)	1,665	(62.0)	2,102	(32.8)
September 30, 2022	80,893	28.0	3,631	29.5	4,380	29.2	3,127	28.6

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended				
September 30, 2023	51.90		51.12	
September 30, 2022	77.21		76.04	

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	
Full year	157,400	(0.9)	2,640	(46.5)	3,760	(53.2)	3,690	(39.3)	91.08	

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

Table of Contents - Attachments

1. Qualitative Information on Quarterly Financial Results for the Period under Review	2
(1) Explanation of Operating Results	2
(2) Explanation of Financial Position	2
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information	3
2. Quarterly Consolidated Financial Statements and Principal Notes	4
(1) Quarterly Consolidated Balance Sheet	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	6
Quarterly Consolidated Statement of Income	6
Quarterly Consolidated Statement of Comprehensive Income	7
(3) Quarterly Consolidated Statement of Cash Flows	8
(4) Notes to Quarterly Consolidated Financial Statements	9
(Notes on Going Concern Assumption)	9
(Notes in Case of Significant Changes in Shareholders' Equity)	9
(Significant Subsequent Events)	9

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

(1) Explanation of Operating Results

During the six months ended September 30, 2023, the Japanese economy recovered slowly, but the global economy still remained on a moderate downward trend, primarily because of the impact of the U.S. and European economic slowdown due to the global monetary tightening, delays in the recovery of the Chinese economy, and weakness in global exports to China.

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 the price of aluminium scrap, which is its raw material, has remained high and that inventory and work in process have remained in a phase of adjustment by users.

As a result, the Group's consolidated net sales for the six months ended September 30, 2023 amounted to a combined total of ¥132,120 million (down 8.4% year on year), including ¥87,551 million in secondary aluminium alloy ingots (down 9.9% year on year) and ¥44,568 million in merchandise and raw materials (down 5.3% year on year), due to lower product selling prices compared to the same period of the previous year, which was partly because a slowdown in the Chinese economy reduced the demand of aluminium in China and led to the outflow of cheap aluminium alloy ingots to Japan.

Given the shrinkage in the price difference (spread) between raw material prices and product selling prices at consolidated subsidiaries overseas due to the impact of scrap purchased during the period of higher material prices with the market on a downward trend, operating profit was ¥2,745 million (down 74.5% year on year), ordinary profit was ¥2,678 million (down 75.5% year on year), and profit attributable to owners of parent was ¥2,585 million (down 64.5% year on year).

(2) Explanation of Financial Position

1) Current Assets

The balance of current assets as of September 30, 2023 was ¥112,896 million, up ¥10,174 million from the end of the previous fiscal year. This was mainly due to increases of ¥3,538 million in notes and accounts receivable - trade, ¥1,160 million in merchandise and finished goods, ¥3,030 million in raw materials and supplies, and ¥2,557 million in other, respectively.

2) Non-current Assets

The balance of non-current assets as of September 30, 2023 was ¥32,087 million, up ¥1,593 million from the end of the previous fiscal year. This was mainly due to an increase of ¥1,856 million in property, plant and equipment and a decrease of ¥280 million in investment securities.

3) Current Liabilities

The balance of current liabilities as of September 30, 2023 was ¥61,301 million, up ¥7,012 million from the end of the previous fiscal year. This was mainly due to an increase of ¥9,176 million in short-term borrowings and a decrease of ¥1,781 million in notes and accounts payable - trade.

4) Non-current Liabilities

The balance of non-current liabilities as of September 30, 2023 was ¥10,914 million, up ¥359 million from the end of the previous fiscal year. This was mainly due to increases of ¥152 million in long-term borrowings and ¥145 million in deferred tax liabilities, respectively.

5) Net Assets

The balance of net assets as of September 30, 2023 was ¥72,766 million, up ¥4,396 million from the end of the previous fiscal year. This was mainly due to increases of ¥964 million in retained earnings and ¥3,495 million in foreign currency translation adjustment, respectively.

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

The financial results forecast for the fiscal year ending March 31, 2024 is revised from the forecast disclosed on September 27, 2023 as part of the “Notice Concerning the Revision of Financial Results Forecast.” For details, please refer to the “Notice Concerning the Difference Between the Second-Quarter Forecast and Actual Results and the Revision of Full-Year Financial Results Forecast and Year-End Dividends Forecast,” which was issued today (November 10, 2023).

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheet

(Million yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	4,965	4,838
Notes and accounts receivable - trade	55,158	58,697
Merchandise and finished goods	17,405	18,566
Work in process	180	193
Raw materials and supplies	21,354	24,385
Other	3,659	6,217
Allowance for doubtful accounts	(2)	(2)
Total current assets	102,721	112,896
Non-current assets		
Property, plant and equipment		
Buildings and structures	18,800	19,644
Accumulated depreciation	(9,624)	(10,105)
Buildings and structures, net	9,175	9,538
Machinery, equipment and vehicles	33,701	35,327
Accumulated depreciation	(24,768)	(26,342)
Machinery, equipment and vehicles, net	8,933	8,984
Tools, furniture and fixtures	2,052	2,245
Accumulated depreciation	(1,549)	(1,678)
Tools, furniture and fixtures, net	502	567
Land	3,957	4,059
Leased assets	1,872	2,088
Accumulated depreciation	(326)	(413)
Leased assets, net	1,545	1,674
Construction in progress	225	1,370
Total property, plant and equipment	24,339	26,195
Intangible assets	132	124
Investments and other assets		
Investment securities	4,661	4,380
Long-term loans receivable	2	1
Retirement benefit asset	567	565
Deferred tax assets	222	288
Other	857	838
Allowance for doubtful accounts	(287)	(308)
Total investments and other assets	6,022	5,766
Total non-current assets	30,493	32,087
Total assets	133,215	144,983

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

(Million yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	13,532	11,750
Short-term borrowings	34,143	43,319
Accounts payable - other	1,687	1,934
Income taxes payable	1,015	1,040
Accrued consumption taxes	610	56
Accrued expenses	1,890	1,477
Provision for bonuses	356	387
Other	1,052	1,333
Total current liabilities	54,289	61,301
Non-current liabilities		
Long-term borrowings	7,920	8,073
Provision for retirement benefits for directors (and other officers)	9	10
Retirement benefit liability	296	326
Lease liabilities	101	130
Asset retirement obligations	248	250
Deferred tax liabilities	1,830	1,975
Other	148	148
Total non-current liabilities	10,555	10,914
Total liabilities	64,844	72,216
Net assets		
Shareholders' equity		
Share capital	6,346	6,346
Capital surplus	8,863	8,863
Retained earnings	48,770	49,735
Treasury shares	(1,337)	(1,337)
Total shareholders' equity	62,643	63,608
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,554	1,560
Deferred gains or losses on hedges	31	(24)
Foreign currency translation adjustment	3,125	6,621
Remeasurements of defined benefit plans	131	111
Total accumulated other comprehensive income	4,842	8,268
Share acquisition rights	142	142
Non-controlling interests	741	746
Total net assets	68,370	72,766
Total liabilities and net assets	133,215	144,983

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

(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, 2022	For the six months ended September 30, 2023
Net sales	144,263	132,120
Cost of sales	128,796	124,986
Gross profit	15,466	7,133
Selling, general and administrative expenses		
Transportation costs	2,310	1,958
Provision of allowance for doubtful accounts	–	0
Provision for retirement benefits for directors (and other officers)	0	0
Provision for bonuses	117	70
Other	2,268	2,357
Total selling, general and administrative expenses	4,696	4,387
Operating profit	10,770	2,745
Non-operating income		
Interest income	33	46
Dividend income	178	81
Foreign exchange gains	156	242
Technical advisory fee income	11	2
Gain on sales of iron scrap	78	63
Other	135	133
Total non-operating income	592	570
Non-operating expenses		
Interest expenses	409	600
Other	25	37
Total non-operating expenses	435	637
Ordinary profit	10,928	2,678
Extraordinary income		
Gain on sale of non-current assets	10	3
Gain on sale of investment securities	–	1,261
Compensation income	–	66
Total extraordinary income	10	1,331
Extraordinary losses		
Loss on sale and retirement of non-current assets	43	63
Total extraordinary losses	43	63
Profit before income taxes	10,895	3,945
Income taxes - current	2,758	1,180
Income taxes - deferred	746	212
Total income taxes	3,505	1,392
Profit	7,390	2,553
Profit (loss) attributable to non-controlling interests	97	(31)
Profit attributable to owners of parent	7,292	2,585

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

Quarterly Consolidated Statement of Comprehensive Income

Six Months Ended September 30

(Million yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit	7,390	2,553
Other comprehensive income		
Valuation difference on available-for-sale securities	(27)	6
Deferred gains or losses on hedges	160	(55)
Foreign currency translation adjustment	4,182	3,565
Remeasurements of defined benefit plans, net of tax	(31)	(19)
Total other comprehensive income	4,285	3,495
Comprehensive income	11,675	6,049
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,468	6,011
Comprehensive income attributable to non-controlling interests	206	37

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

(3) Quarterly Consolidated Statement of Cash Flows

(Million yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	10,895	3,945
Depreciation	1,682	1,767
Increase (decrease) in allowance for doubtful accounts	(2)	0
Increase (decrease) in provision for bonuses	25	15
Increase (decrease) in retirement benefit liability	19	13
Decrease (increase) in retirement benefit asset	(43)	(26)
Interest and dividend income	(211)	(128)
Interest expenses	409	600
Foreign exchange losses (gains)	49	(32)
Loss (gain) on sale of investment securities	–	(1,261)
Loss (gain) on sale and retirement of non-current assets	33	60
Decrease (increase) in trade receivables	3,554	(1,547)
Decrease (increase) in inventories	5,583	(1,864)
Decrease (increase) in advance payments to suppliers	53	53
Decrease (increase) in accounts receivable - other	792	(2,328)
Increase (decrease) in trade payables	(2,270)	(2,826)
Compensation income	–	(66)
Increase (decrease) in accounts payable - other	(250)	234
Increase (decrease) in accrued consumption taxes	339	(554)
Other, net	(274)	151
Subtotal	20,385	(3,792)
Interest and dividends received	211	128
Interest paid	(402)	(610)
Income taxes paid	(3,585)	(1,679)
Proceeds from compensation	–	66
Net cash provided by (used in) operating activities	16,609	(5,887)
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment and intangible assets	11	5
Purchase of property, plant and equipment	(2,395)	(2,367)
Purchase of investment securities	–	(182)
Proceeds from sale of investment securities	–	1,631
Other, net	(19)	55
Net cash provided by (used in) investing activities	(2,403)	(858)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(7,605)	7,901
Proceeds from long-term borrowings	300	2,200
Repayments of long-term borrowings	(2,088)	(1,818)
Net decrease (increase) in treasury shares	(0)	–
Dividends paid	(1,417)	(1,620)
Dividends paid to non-controlling interests	(61)	(32)
Other, net	(31)	(38)
Net cash provided by (used in) financing activities	(10,904)	6,591
Effect of exchange rate change on cash and cash equivalents	133	32
Net increase (decrease) in cash and cash equivalents	3,433	(121)
Cash and cash equivalents at beginning of period	4,779	4,869
Cash and cash equivalents at end of period	8,213	4,747

(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.