

Consolidated Financial Results
for the Nine Months Ended December 31, 2023
[Japanese GAAP]



January 31, 2024

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: February 13, 2024

Scheduled date of commencing dividend payments: –

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 Nine Months Ended December 31, 2023 (April 1, 2023 - December 31, 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	%
Nine months ended December 31, 2023	201,886	(6.2)	3,301	(71.9)	3,037	(74.6)	2,439	(69.4)
December 31, 2022	215,130	32.6	11,738	(15.8)	11,942	(15.2)	7,959	(22.3)

(Note) Comprehensive income: Nine months ended December 31, 2023: ¥5,843 million [(55.4)%]

Nine months ended December 31, 2022: ¥13,103 million [19.6%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2023	60.21	59.31
December 31, 2022	196.49	193.53

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2023	143,623	71,344	49.1
As of March 31, 2023	133,215	68,370	50.7

(Reference) Equity: As of December 31, 2023: ¥70,485 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: 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
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: 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 December 31, 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 December 31, 2023:	3,117,581 shares
As of March 31, 2023:	3,117,551 shares
 - 3) Average number of shares during the period (cumulative total):

Nine months ended December 31, 2023:	40,511,678 shares
Nine months ended December 31, 2022:	40,508,871 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 Nine Months Ended December 31, 2023 (April 1, 2023 - December 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2023	117,238	(4.1)	1,718	(60.7)	2,283	(56.8)	2,513	(32.7)
December 31, 2022	122,291	19.3	4,371	23.0	5,282	22.2	3,733	21.8

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2023	62.05		61.12	
December 31, 2022	92.16		90.77	

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: No

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

(1) Explanation of Operating Results

During the nine months ended December 31, 2023, the Japanese economy recovered slowly although it has recently shown some signs of faltering. The global economy has been on a downward trend, and the international situation is becoming more unstable, with growing uncertainties such as emergence of geopolitical risks in the Middle East and swelling of bad loans triggered by unfavorable real estate market conditions in China.

Amid this economic environment, the demand for secondary aluminium alloy is recovering following signs of recovery in domestic automobile production but has not yet fully recovered because the price of aluminium scrap, which is its raw material, has remained high as its shortage was felt and because the parts export to China and Southeast Asia was weak.

As a result, the Group's consolidated net sales for the nine months ended December 31, 2023 amounted to a combined total of ¥201,886 million (down 6.2% year on year), including ¥131,172 million in secondary aluminium alloy ingots (down 9.7% year on year) and ¥70,713 million in merchandise and raw materials (up 1.2% year on year).

Given the shrinkage in the price difference (spread) between raw material prices and product selling prices, operating profit was ¥3,301 million (down 71.9% year on year), ordinary profit was ¥3,037 million (down 74.6% year on year), and profit attributable to owners of parent was ¥2,439 million (down 69.4% year on year).

With regard to the impact on our consolidated financial results due to the additional procedural irregularities in certification application by Daihatsu Motor Co., Ltd. that were found at the end of last year, we currently consider that the impact on the financial results will be limited. If any matter arises that should be disclosed in the future, we will announce it immediately.

(2) Explanation of Financial Position

1) Current Assets

The balance of current assets as of December 31, 2023 was ¥111,527 million, up ¥8,805 million from the end of the previous fiscal year. This was mainly due to increases of ¥1,001 million in cash and deposits, ¥2,726 million in notes and accounts receivable - trade, ¥1,990 million in merchandise and finished goods, and ¥2,618 million in other.

2) Non-current Assets

The balance of non-current assets as of December 31, 2023 was ¥32,096 million, up ¥1,602 million from the end of the previous fiscal year. This was mainly due to an increase of ¥1,978 million in property, plant and equipment and a decrease of ¥329 million in investment securities.

3) Current Liabilities

The balance of current liabilities as of December 31, 2023 was ¥62,012 million, up ¥7,722 million from the end of the previous fiscal year. This was mainly due to an increase of ¥10,048 million in short-term borrowings and decreases of ¥1,200 million in notes and accounts payable - trade and ¥762 million in income taxes payable.

4) Non-current Liabilities

The balance of non-current liabilities as of December 31, 2023 was ¥10,266 million, down ¥289 million from the end of the previous fiscal year. This was mainly due to an increase of ¥363 million in deferred tax liabilities and a decrease of ¥717 million in long-term borrowings.

5) Net Assets

The balance of net assets as of December 31, 2023 was ¥71,344 million, up ¥2,974 million from the end of the previous fiscal year. This was mainly due to an increase of ¥3,700 million in foreign currency translation adjustment and decreases of ¥396 million in retained earnings and ¥190 million in deferred gains or losses on hedges.

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

There are no changes to the consolidated financial results forecast for the fiscal year ending March 31, 2024, which was disclosed on November 10, 2023 as part of 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.”

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheet

(Million yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	4,965	5,966
Notes and accounts receivable - trade	55,158	57,884
Merchandise and finished goods	17,405	19,396
Work in process	180	184
Raw materials and supplies	21,354	21,820
Other	3,659	6,278
Allowance for doubtful accounts	(2)	(3)
Total current assets	102,721	111,527
Non-current assets		
Property, plant and equipment		
Buildings and structures	18,800	19,888
Accumulated depreciation	(9,624)	(10,261)
Buildings and structures, net	9,175	9,626
Machinery, equipment and vehicles	33,701	35,518
Accumulated depreciation	(24,768)	(26,550)
Machinery, equipment and vehicles, net	8,933	8,967
Tools, furniture and fixtures	2,052	2,281
Accumulated depreciation	(1,549)	(1,741)
Tools, furniture and fixtures, net	502	540
Land	3,957	4,063
Leased assets	1,872	2,092
Accumulated depreciation	(326)	(422)
Leased assets, net	1,545	1,669
Construction in progress	225	1,448
Total property, plant and equipment	24,339	26,317
Intangible assets	132	131
Investments and other assets		
Investment securities	4,661	4,332
Long-term loans receivable	2	1
Retirement benefit asset	567	563
Deferred tax assets	222	218
Other	857	840
Allowance for doubtful accounts	(287)	(308)
Total investments and other assets	6,022	5,647
Total non-current assets	30,493	32,096
Total assets	133,215	143,623

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Consolidated Financial Results for the Nine Months Ended December 31, 2023

(Million yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	13,532	12,331
Short-term borrowings	34,143	44,191
Accounts payable - other	1,687	2,191
Income taxes payable	1,015	252
Accrued consumption taxes	610	44
Accrued expenses	1,890	1,348
Provision for bonuses	356	362
Other	1,052	1,288
Total current liabilities	54,289	62,012
Non-current liabilities		
Long-term borrowings	7,920	7,203
Provision for retirement benefits for directors (and other officers)	9	10
Retirement benefit liability	296	333
Lease liabilities	101	125
Asset retirement obligations	248	251
Deferred tax liabilities	1,830	2,194
Other	148	148
Total non-current liabilities	10,555	10,266
Total liabilities	64,844	72,278
Net assets		
Shareholders' equity		
Share capital	6,346	6,346
Capital surplus	8,863	8,863
Retained earnings	48,770	48,373
Treasury shares	(1,337)	(1,337)
Total shareholders' equity	62,643	62,246
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,554	1,469
Deferred gains or losses on hedges	31	(158)
Foreign currency translation adjustment	3,125	6,826
Remeasurements of defined benefit plans	131	101
Total accumulated other comprehensive income	4,842	8,238
Share acquisition rights	142	142
Non-controlling interests	741	716
Total net assets	68,370	71,344
Total liabilities and net assets	133,215	143,623

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Consolidated Financial Results for the Nine Months Ended December 31, 2023

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

Nine Months Ended December 31

(Million yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Net sales	215,130	201,886
Cost of sales	196,239	192,079
Gross profit	18,891	9,806
Selling, general and administrative expenses		
Transportation costs	3,455	2,783
Provision of allowance for doubtful accounts	–	0
Provision for retirement benefits for directors (and other officers)	0	0
Provision for bonuses	98	76
Other	3,598	3,645
Total selling, general and administrative expenses	7,153	6,505
Operating profit	11,738	3,301
Non-operating income		
Interest income	79	76
Dividend income	302	163
Foreign exchange gains	195	245
Technical advisory fee income	16	7
Gain on sales of iron scrap	112	99
Other	182	180
Total non-operating income	889	773
Non-operating expenses		
Interest expenses	651	938
Other	33	98
Total non-operating expenses	685	1,036
Ordinary profit	11,942	3,037
Extraordinary income		
Gain on sale of non-current assets	13	6
Gain on sale of investment securities	–	1,261
Compensation income	–	66
Total extraordinary income	13	1,334
Extraordinary losses		
Loss on sale and retirement of non-current assets	56	73
Total extraordinary losses	56	73
Profit before income taxes	11,899	4,298
Income taxes - current	2,887	1,355
Income taxes - deferred	972	586
Total income taxes	3,860	1,941
Profit	8,038	2,357
Profit (loss) attributable to non-controlling interests	79	(82)
Profit attributable to owners of parent	7,959	2,439

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Consolidated Financial Results for the Nine Months Ended December 31, 2023

Quarterly Consolidated Statement of Comprehensive Income

Nine Months Ended December 31

(Million yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Profit	8,038	2,357
Other comprehensive income		
Valuation difference on available-for-sale securities	166	(85)
Deferred gains or losses on hedges	28	(190)
Foreign currency translation adjustment	4,916	3,791
Remeasurements of defined benefit plans, net of tax	(47)	(29)
Total other comprehensive income	5,064	3,485
Comprehensive income	13,103	5,843
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,883	5,834
Comprehensive income attributable to non-controlling interests	219	8

(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.