

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



November 6, 2023

Company name: DAIICHI JITSUGYO CO., LTD.

Stock exchange listing: Tokyo Stock Exchange

Code number: 8059

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

Scheduled date of commencing dividend payments: November 29, 2023

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

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2023	78,638	13.2	3,094	8.2	3,033	(6.1)	2,464	8.5
Six months ended September 30, 2022	69,459	1.3	2,859	(6.1)	3,229	(0.7)	2,272	0.8

(Note) Comprehensive income: Six months ended September 30, 2023: ¥5,125 million [55.4%]

Six months ended September 30, 2022: ¥3,297 million [35.0%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2023	77.76	77.48
Six months ended September 30, 2022	70.69	70.42

* The Company conducted a 3-for-1 stock split of common shares on October 1, 2023. Accordingly, the basic earnings per share and the diluted earnings per share are calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2023.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2023	173,149	67,614	39.0
As of March 31, 2023	152,535	63,658	41.6

(Reference) Equity: As of September 30, 2023: ¥67,487 million

As of March 31, 2023: ¥63,499 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	–	64.00	–	114.00	178.00
Fiscal year ending March 31, 2024	–	78.00			
Fiscal year ending March 31, 2024 (Forecast)			–	34.00	–

(Note) Revision to the forecast for dividends announced most recently: None

* Dividends for the second quarter-end of the fiscal year ending March 31, 2024 include a commemorative dividend of ¥15.00 for the 75th anniversary of the foundation.

* The Company conducted a 3-for-1 stock split of common shares on October 1, 2023. Accordingly, the year-end dividends per share for the fiscal year ending March 31, 2024 (forecast) is presented in an amount that reflects the stock split, and the total annual dividends per share is presented as “–.” The year-end dividends per share for the fiscal year ending March 31, 2024 (forecast) without taking into account the stock split will be ¥102.00, resulting in a total annual dividends per share of ¥180.00.

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 income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	180,000	17.1	7,500	11.6	8,000	12.5	5,400	(14.5)	170.47

(Note) Revision to the financial results forecast announced most recently: None

* The basic earnings per share in the consolidated financial results forecast for the fiscal year ending March 31, 2024 reflects the impact of the stock split. The basic earnings per share without taking into account the stock split will be ¥511.42.

*** 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: None

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, 2023: 33,259,200 shares

March 31, 2023: 33,259,200 shares

2) Total number of treasury shares at the end of the period:

September 30, 2023: 1,541,736 shares

March 31, 2023: 1,582,875 shares

3) Average number of shares during the period:

Six months ended September 30, 2023: 31,697,087 shares

Six months ended September 30, 2022: 32,145,096 shares

* The Company conducted a 3-for-1 stock split of common shares on October 1, 2023. Accordingly, the total number of issued and outstanding shares (common shares) is calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2023.

* 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 online on Monday, November 20, 2023. 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, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	34,518	33,112
Notes and accounts receivable - trade, and contract assets	38,101	34,586
Electronically recorded monetary claims	7,141	7,033
Merchandise and finished goods	21,408	24,802
Work in process	1,401	1,661
Raw materials and supplies	777	928
Advance payments to suppliers	25,434	43,348
Other	6,619	7,711
Allowance for doubtful accounts	(125)	(125)
Total current assets	135,278	153,061
Fixed assets		
Tangible fixed assets	3,200	3,101
Intangible fixed assets	1,413	2,383
Investment and other assets		
Investment securities	10,041	11,613
Retirement benefit asset	1,209	1,209
Deferred tax assets	543	681
Other	1,008	1,257
Allowance for doubtful accounts	(159)	(158)
Total investment and other assets	12,643	14,603
Total fixed assets	17,256	20,087
Total assets	152,535	173,149
Liabilities		
Current liabilities		
Notes and accounts payable	33,724	35,805
Short-term bank loans	5,143	3,220
Income taxes payable	1,439	1,073
Advances received	38,219	54,265
Provisions	1,599	2,010
Other	6,385	6,041
Total current liabilities	86,511	102,416
Long-term liabilities		
Long-term loans	240	180
Deferred tax liabilities	1,123	1,748
Provisions	24	28
Retirement benefit liability	492	542
Other	485	618
Total long-term liabilities	2,365	3,117
Total liabilities	88,877	105,534

(Million yen)

	As of March 31, 2023	As of September 30, 2023
Net assets		
Shareholders' equity		
Common stock	5,105	5,105
Capital surplus	3,826	3,840
Retained earnings	51,319	52,581
Treasury stock	(1,546)	(1,508)
Total shareholders' equity	58,704	60,018
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	2,991	3,887
Deferred gain or loss on derivatives under hedge accounting	(217)	366
Foreign currency translation adjustments	1,800	3,003
Remeasurements of defined benefit plans	220	211
Total accumulated other comprehensive income	4,795	7,468
Stock acquisition rights	96	78
Non-controlling interests	62	48
Total net assets	63,658	67,614
Total liabilities and net assets	152,535	173,149

(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, 2022	For the six months ended September 30, 2023
Net sales	69,459	78,638
Cost of sales	57,212	64,849
Gross profit	12,247	13,788
Selling, general and administrative expenses	9,388	10,694
Operating income	2,859	3,094
Non-operating income		
Penalty income	133	–
Interest received	56	75
Dividend income	146	316
Purchase discounts	122	98
Share of profit of entities accounted for using equity method	37	72
Other	73	100
Total non-operating income	570	663
Non-operating expenses		
Interest expenses	13	40
Commission expenses	41	53
Foreign exchange losses	121	577
Other	24	54
Total non-operating expenses	200	724
Ordinary income	3,229	3,033
Extraordinary profit		
Gain on sale of investment securities	71	174
Gain on sale of businesses	–	130
Insurance claim income	–	996
Total extraordinary profit	71	1,301
Extraordinary loss		
Loss on sale of investment securities	–	1
Loss on valuation of investment securities	0	–
Loss on disaster	–	683
Total extraordinary loss	0	685
Income before income taxes	3,300	3,648
Income taxes	945	1,258
Deferred taxes	93	(57)
Total income taxes	1,039	1,200
Profit	2,261	2,448
Loss attributable to non-controlling interests	(11)	(16)
Profit attributable to owners of parent	2,272	2,464

Quarterly Consolidated Statements 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	2,261	2,448
Other comprehensive income		
Unrealized gain or loss on available-for-sale securities	(510)	896
Deferred gain or loss on derivatives under hedge accounting	277	583
Foreign currency translation adjustments	1,270	1,206
Remeasurements of defined benefit plans	(0)	(9)
Total other comprehensive income	1,036	2,677
Comprehensive income	3,297	5,125
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,295	5,138
Comprehensive income attributable to non-controlling interests	2	(13)

(3) Quarterly Consolidated Statements 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		
Income before income taxes and minority interests	3,300	3,648
Depreciation and amortization	512	586
Share-based payment expenses	23	20
Increase (decrease) in allowance for doubtful accounts	10	(3)
Increase (decrease) in allowance	(153)	401
Decrease (increase) in retirement benefit asset	12	0
Increase (decrease) in retirement benefit liability	25	76
Interest and dividend income	(203)	(392)
Interest expense	13	40
Share of loss (profit) of entities accounted for using equity method	(37)	(72)
Loss (gain) on sale of investment securities	(71)	(172)
Loss (gain) on valuation of investment securities	0	–
Loss (gain) on investments in silent partnerships	(23)	(17)
Loss (gain) on sale of businesses	–	(130)
Decrease (increase) in notes and accounts receivable - trade, and contract assets	8,092	4,541
Decrease (increase) in advance payments to suppliers	(1,642)	(16,792)
Decrease (increase) in inventories	(1,774)	(3,547)
Decrease (increase) in other current assets	(417)	(836)
Increase (decrease) in notes and accounts payable-trade	(4,652)	1,532
Increase (decrease) in advances from customers	2,823	14,747
Increase (decrease) in other current liabilities	482	(165)
Other, net	(139)	219
Subtotal	6,181	3,684
Interest and dividends received	192	410
Interest paid	(13)	(40)
Income taxes-paid	(1,434)	(1,711)
Net cash (used in) provided by operating activities	4,926	2,342
Cash flows from investing activities		
Net decrease (increase) in time deposits	(1,096)	(1,764)
Purchase of property, plant and equipment	(311)	(168)
Proceeds from sale of property, plant and equipment	145	1
Purchase of intangible assets	(236)	(37)
Purchase of investment securities	(14)	(125)
Proceeds from sale of investment securities	107	254
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(1,077)
Proceeds from sale of businesses	–	130
Loan advances	(0)	(5)
Proceeds from collection of loans receivable	0	0
Other, net	(8)	(114)
Net cash (used in) provided by investing activities	(1,414)	(2,906)

(Million yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Cash flows from financing activities		
Increase (decrease) in short-term bank loans-net	(863)	(1,996)
Repayments of long-term borrowings	(60)	(60)
Purchase of treasury shares	(1)	(4)
Dividends paid	(908)	(1,199)
Other, net	(108)	(116)
Net cash (used in) provided by financing activities	(1,942)	(3,376)
Foreign currency translation adjustments on cash and cash equivalents	791	598
Net increase (decrease) in cash and cash equivalents	2,360	(3,341)
Cash and cash equivalents at beginning of year	26,782	32,309
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	193	–
Cash and cash equivalents at end of period	29,336	28,968