



Sustainability Report

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DIK

Daiki Aluminium Industry Co., Ltd.

Strategic concept



Global perspectives and activities to connect with the world

Green philosophy and practices with an eye on the global environment

Considering the business and the environment concentrically,

we will grow into a real company the earth needs

Company creed

Integrity, originality, and affinity

Management policy

Offer better products and services at better prices

Action guidelines

We always prioritize our customer's needs more than anything and solve their situation.

We always carry through bottom-up approach to management under a close teamwork.

We are always aware of potential issues as a person in charge and carry out PDCA thoroughly.

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Editorial policy	<p>This Sustainability Report is compiled with the aim of making the approach of the DIK Group to sustainability, as well as its environmental activities (E), social contribution (S), and governance system (G), understandable to a great many people.</p> <p>In addition to reporting annually on the Group's efforts to realize a sustainable society, we will strive to enhance the disclosure of information to all stakeholders.</p>
Period	April 2022 to March 2023 (Some content is from outside this period.)
Scope	Daiki Aluminium Industry Co., Ltd. and consolidated subsidiaries in Japan and overseas (However, it is noted when the scope of data differs.)
Date of publication	October 2023
Reference guidelines	Environmental Reporting Guidelines 2018

History

Aluminium is a material that can be used endlessly in a recycling loop.
Focusing on this potential, Daiki Aluminium has continuously promoted business in the recycling loop as a pioneer in the secondary aluminium industry since its foundation in 1922.
Because resources are limited, we want to make the most of them.
The Daiki Aluminium Group continuously creates value to pave the way for the future.

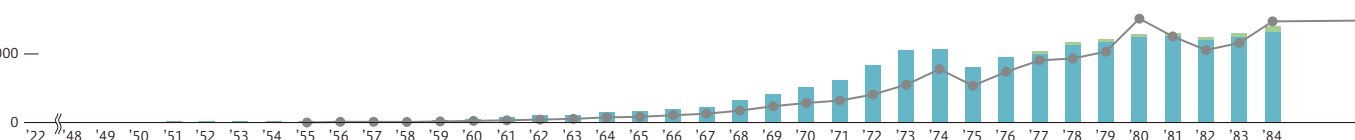
Products produced or handled (tons)

800,000 —
700,000 —
600,000 —
500,000 —
400,000 —
300,000 —
200,000 —
100,000 —
0

- 1948 Started to sell recycled aluminium ingots and produce aluminium alloys



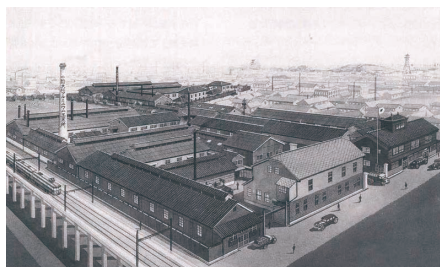
- 1971 Launched our engineering business



- 1922 Shigeichi Yamamoto, our first president, founded Japan's first secondary aluminium smelting business in Osaka. ①

- 1948 Established Daiki Aluminium Industry Co., Ltd.

- 1957 Opened a laboratory



① Plant at our foundation

- 1980s

Started operation of Kameyama Plant
Established Daiki International Trading Corporation, a US affiliate.
Established Daiki Metal (currently Daiki Material).

- 1960s

Started operation of Yuki Plant
Acquired Daihaku Aluminium Industry (currently Kyushu Daiki Aluminium) as a wholly-owned subsidiary

- 1970s

Started operation of Shinshiro Plant
Acquired Koshimura Aluminium Industry (currently Hokkaido Daiki Aluminium) as a wholly-owned subsidiary
Listed in the Second Section of the Osaka Securities Exchange ②



② Listed in the Second Section of the Osaka Securities Exchange



③ Listed in the First Section of the Tokyo Stock Exchange

● 1993 Launched our can-to-can recycling business



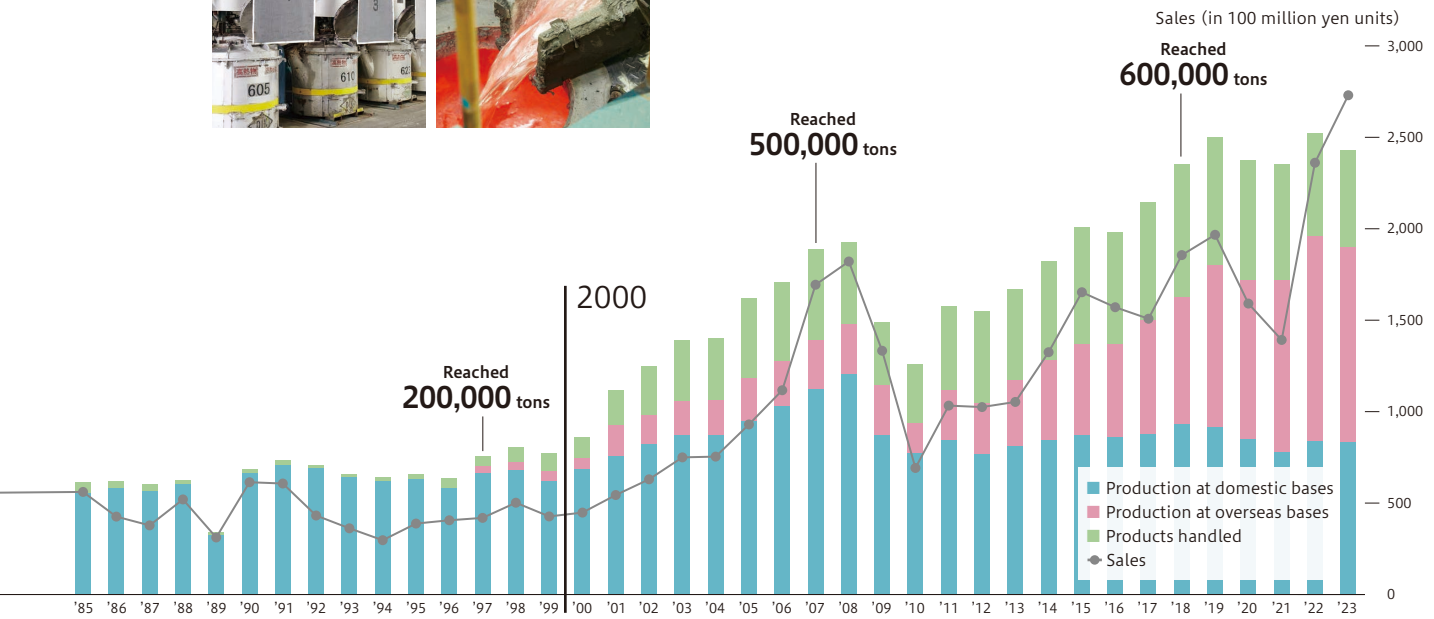
● 2012 Launched our Zorba sorting business



● 2013 Launched our sash-to-sash recycling business



● 2000 Launched our molten aluminium alloy supply business



● 1990s

Started operation of Shirakawa Plant
Invested in Amalgamated Aluminium & Alloys,
a Malaysian affiliate (currently DAM)
Invested in Daiki Nikkei Thai,
a Thai affiliate (currently DAT)

● 2000s

Established Daiki Engineering Thai Co., Ltd.,
a Thai affiliate
Invested in POLST Sp. z o.o., a Polish affiliate
Established Daiki-Sigma Engineering (China) Inc.,
a Chinese affiliate
Listed in the Second Section of the Tokyo Stock
Exchange
Acquired Seishin Seisakusyo as a wholly-owned
subsidiary
Started operation of Shiga Plant
Established Daiki Engineering Co., Ltd.
Listed in the First Sections of both the Tokyo Stock
Exchange and Osaka Securities Exchange ③
Invested in Xiang Neng Trading Limited,
a Hong Kong affiliate (currently Delta Metal Recycling)
Invested in Anglo Asia Alloys Vietnam Co., Ltd.,
a Vietnamese affiliate

● 2010s

Invested in Daiki (Foshan) Trading Ltd., a Chinese affiliate
Established PT. Daiki Aluminium Indonesia, an Indonesian affiliate
Established Seishin (Thailand) Co., Ltd., a Thai affiliate
Acquired Daiki Om Aluminium Industry (Philippines), Inc.,
a Philippine affiliate, as a wholly-owned subsidiary
Invested in Kyowa Casting (Thailand) Co., Ltd., a Thai affiliate
Acquired Tokyo Aluminium Center as a wholly-owned subsidiary
Established PT. Daiki Trading Indonesia, an Indonesian affiliate
Established Daiki Aluminium Vietnam Co., Ltd., a Vietnamese affiliate
Established Daiki Aluminium Industry India Pvt., Ltd., an Indian affiliate

● 2020s

Invested in Nguyen Minh 2 Daiki Aluminium Tse Co., Ltd., a Vietnamese affiliate

● 2022 100th anniversary of our founding ④

● 2023

Invested in Delta Daiki Metal
(Thailand) Co., Ltd., a Thai affiliate
Relocated the Head Office

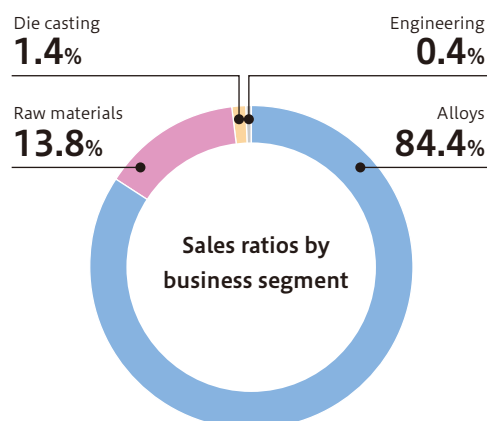
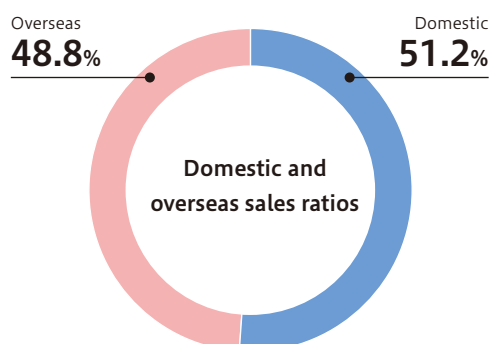


④ Ad commemorating the 100th anniversary of our founding

Company overview / Our business



Sales ratios



Corporate outline

Company name DAIKI ALUMINIUM INDUSTRY CO., LTD.
Address 15F, Daibiru-Honkan Building, 3-6-32
Nakanoshima, Kita-ku, Osaka
06-6444-2751
Date founded November 23, 1922
Date established October 29, 1948
Representative Shigenori Hayashi,
President & Representative Director &
Executive Officer
Capital 6.346 billion yen

Market segment Prime Market
Number of employees 318 (non-consolidated), 1,221 (consolidated)
Main businesses Production and sale of aluminium alloy
ingots and molten aluminium alloy
Sale of non-ferrous metal scrap
Production and sale of aluminium die-cast
products
Production and sale of aluminium melting
furnaces

Alloy business



We remelt aluminium scrap and adjust its components optimally in accordance with customer needs. It is then recycled into aluminium alloy ingots through refining and casting processes. In our alloy business, in addition to supplying ingot products, we supply molten aluminium alloy that does not require remelting, and we manufacture environmentally friendly products in our horizontal recycling (including can-to-can recycling) and other businesses.



Raw materials business



Metal scrap is generated from products at the end of their useful lives. We collect it via our global network, sort out a variety of metals within it using sophisticated screening techniques, and supply these metals in and outside our Group. We contribute to the establishment of a recycling-oriented society by returning limited resources to society as recycled raw materials.



Die casting business



Using recycled aluminium ingots and molten aluminium alloy produced within the Group, we cast, process, and assemble die-cast parts mainly for automobiles. Our mass-productivity, high-quality die-cast products have a wide range of applications, including automobiles, two-wheeled vehicles, industrial machines, medical machines, and daily necessities.



Engineering business

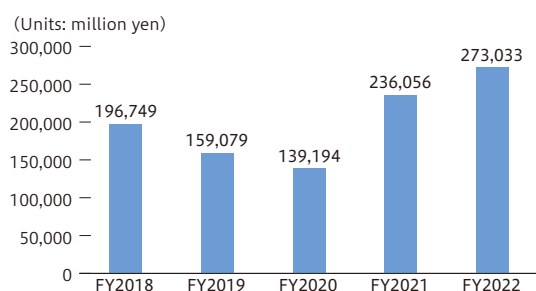


We design, manufacture, and sell melting and holding furnaces for die casting and casting of alloys. Our independently developed environmentally friendly furnaces equipped with immersion heaters help reduce CO₂ emissions and realize carbon neutrality. With an expansive network covering Japan, China and the ASEAN region, we meticulously respond to customer needs by providing new melting technologies and know-how through our furnaces.

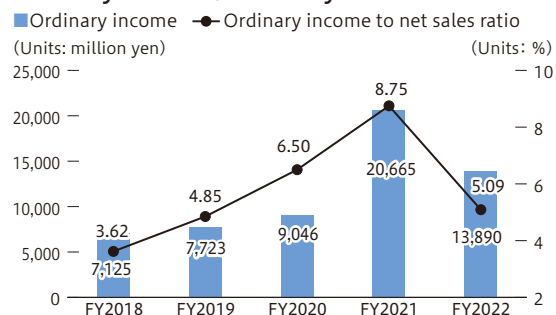


Financial Highlights

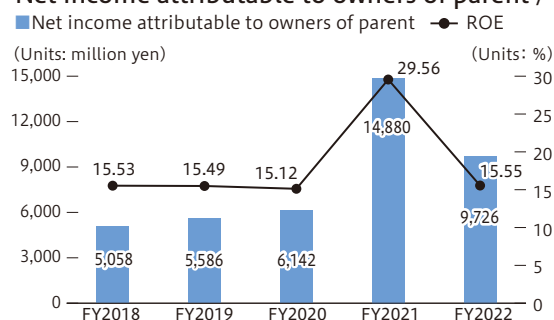
Sales



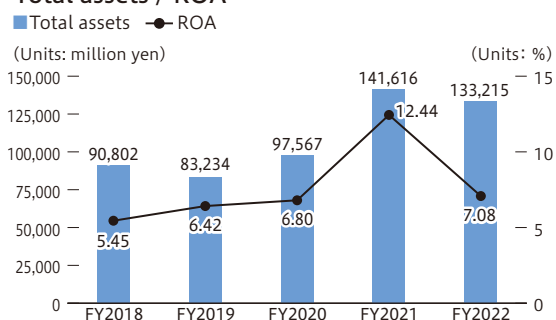
Ordinary income / Ordinary income to net sales ratio



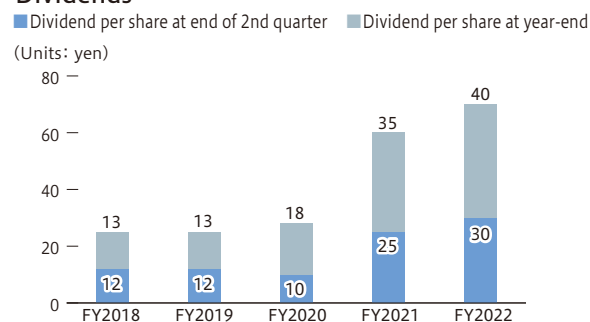
Net income attributable to owners of parent / ROE



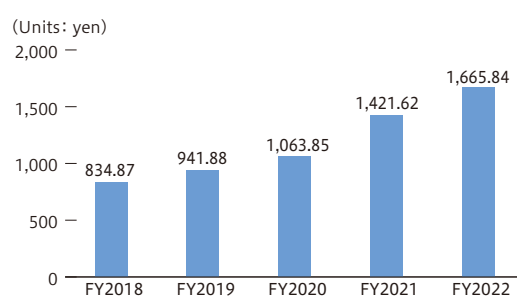
Total assets / ROA



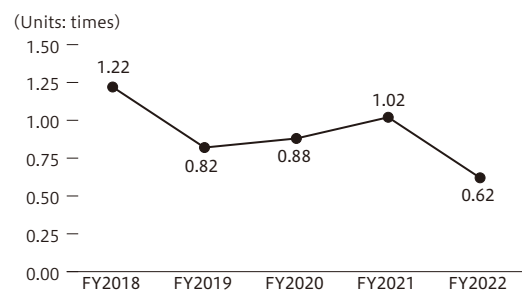
Dividends



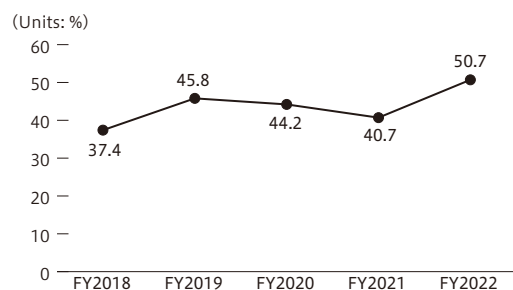
Book value per share (BPS)



D/E ratio

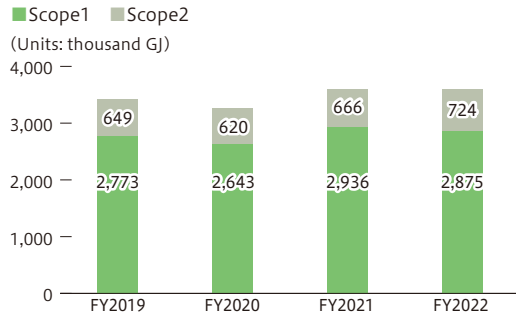


Equity ratio

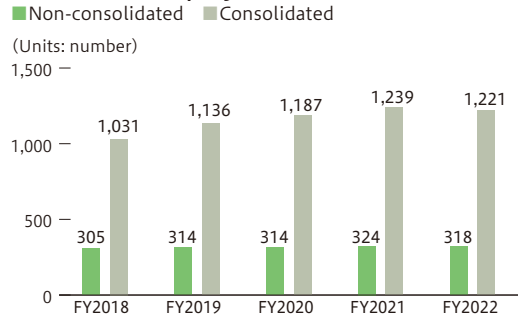


Non-Financial Highlights

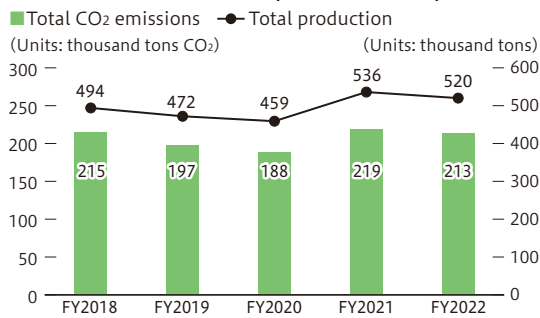
Group-wide energy consumption



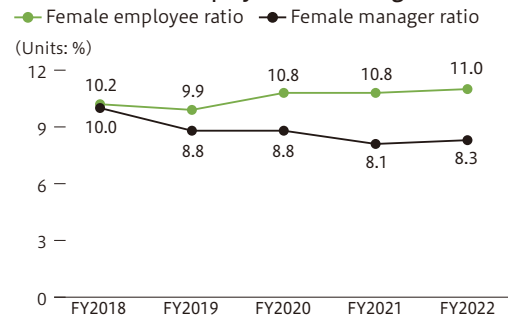
Number of employees



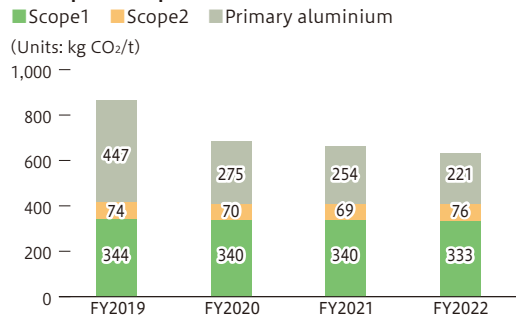
Total CO₂ emissions from production (scopes 1 and 2)



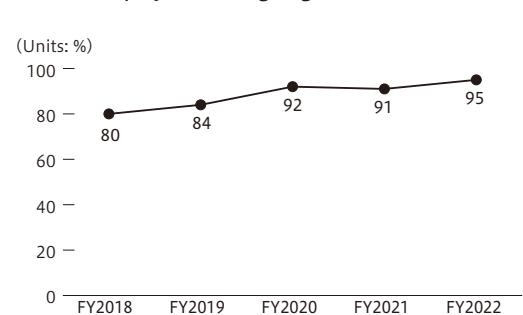
Ratios of female employees and managers (non-consolidated)



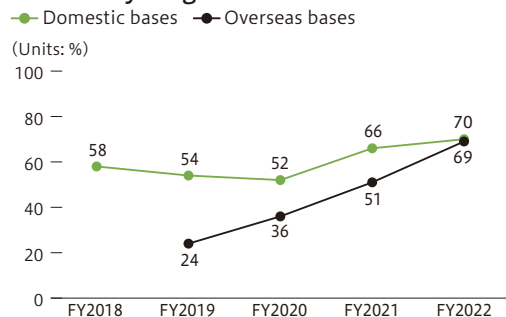
Group-wide per-unit CO₂ emissions



Ratio of employees undergoing stress checks (non-consolidated)

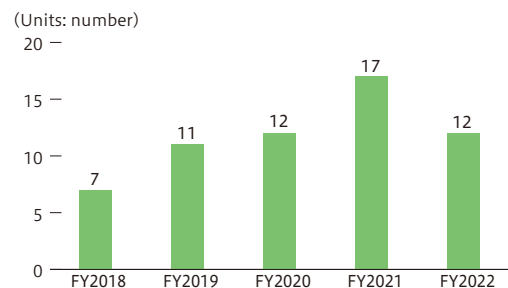


Waste recycling rate



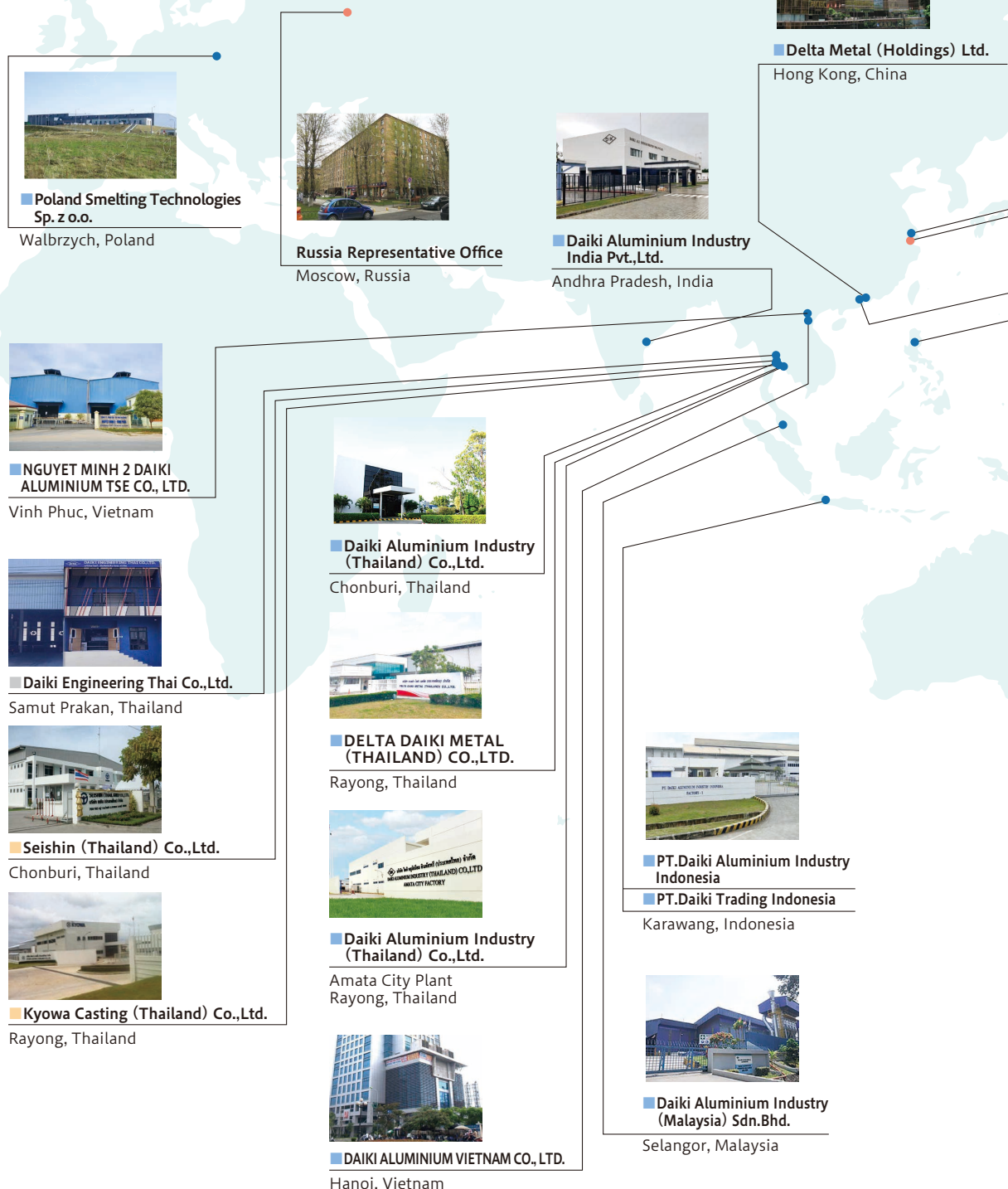
Group-wide occupational accidents

Number of accidents with lost workdays or more serious outcomes



DIK Network

Global perspectives and activities to connect with the world
With our eyes always on the global standards, we aim to take long-term measures to gain access to activities on a global scale through quality, cost, and service, as well as innovation in research and development and other fields. These activities and our information network form point-to-line and line-to-base connections on the global stage. Our global activities are leading us into a new phase.





■ Daiki-Sigma Engineering (China) Inc.
Shanghai Representative Office
Shanghai, China



■ Daiki (Foshan) Trading Ltd.
Foshan, China



■ Daiki OM Aluminium Industry (Philippines) Inc.
Cavite, Philippines



■ Daiki International Trading Corporation
Los Angeles Office
California, USA



■ Daiki International Trading Corporation, Atlanta Office
Georgia, USA

Domestic network



■ Kameyama Plant



■ Hokkaido Daiki Aluminium Industry Co., Ltd.
Sapporo Branch



■ Shirakawa Plant



■ Seishin Seisakusyo Co., Ltd.



■ Hokkaido Daiki Aluminium Industry Co., Ltd.
Head Office/Tomakomai Plant



■ Yuki Plant



■ Daiki Engineering Co., Ltd.



■ Shiga Plant



■ Tokyo Aluminium Center Co., Ltd. Head Office

■ Tokyo Aluminium Center Co., Ltd. Chiba Branch

Tokyo Branch

Head Office

■ Daiki Material Co., Ltd. Osaka Branch



■ Shinshiro Plant

Nagoya Branch



Technical Center



■ Kyushu Daiki Aluminium Co., Ltd.
Fukuoka Branch



■ Daiki Material Co., Ltd. Head Office

■ Daiki Material Co., Ltd. Osaka Scrap Center

● Daiki Aluminium ● Affiliate ■ Alloy business ■ Raw material business ■ Die casting business ■ Engineering business

Value chain map

Aluminium is used in automobiles, beverage cans, building materials, computers, and other familiar products. Products discarded at the end of their useful lives return to the Daiki Aluminium Group as aluminium scrap through a variety of distribution processes.

The collected aluminium scrap is separated into different types after the removal of impurities to make them easier to use. After sorting, the scrap is recycled into aluminium ingots by remelting it and adjusting its components. Recycled aluminium ingots are cast into parts and used to produce automobiles, beverage cans, building materials, and other items. Ultimately, the aluminium products used in a variety of fields reach the end of their useful lives, and the aluminium is collected as scrap again.

The Daiki Aluminium Group will continue to create new value through recycling, from the collection of scrap to the manufacturing of aluminium parts.



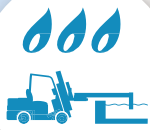
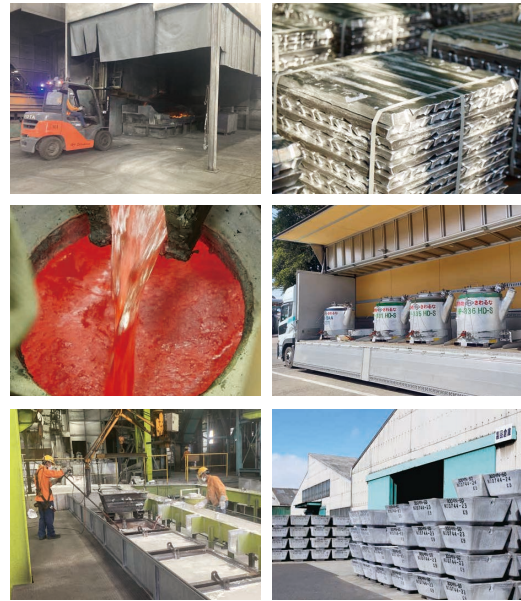
PROCESSING

- Collected aluminium raw materials are sorted and processed to make them easier to use



MELTING CASTING

- Aluminium alloys are made and recycled into new materials by melting scrap and adjusting its components.



MELTING
REFINING
CASTING

unlimited value.

MATERIAL



PARTS

- Aluminium alloys are used to make base components for automobiles, beverage cans, building sashes, and other products.



- Aluminium alloys delivered to parts manufacturers are melted to maintain the quality under the proper conditions.



Top Message



Takaaki Yamamoto,

Chairman & Representative Director



Shigenori Hayashi,

President, Representative Director & Executive Officer

At the 96th Ordinary General Meeting of Shareholders held on June 23, Takaaki Yamamoto, previously president, was appointed to the position of chairman, and Shigenori Hayashi, previously vice president, was appointed to the position of president. Adopting G&G (Global and Green) as a strategic concept and aiming for “global perspectives and activities to connect with the world” and “green philosophy and practices with an eye on the global environment,” Daiki Aluminium celebrated the 100th anniversary of its founding last year thanks to your support. We will continue to operate in a sustainable manner to achieve our medium-term management plan, VISION2030 DAIKI ∞NEXT ∞, which defines what we should achieve in 2030. To mark the occasion of the publication of this report at the time of a milestone change in president, we interviewed the new chairman and president about the company’s strengths, stories of its past, and other topics.

—As Daiki Aluminium marks the milestones of its 100th anniversary and change in president, what do the two of you think are its strengths?

Yamamoto:

One is that we can respond to changes in circumstances very quickly (ready to respond immediately). Another is that we are conservative. The speed of our response, our first strength, means that it takes a very short time to make decisions and execute them. Although moving too quickly in response to changes in the surrounding environment can be risky, we proactively identify and carefully examine the potential risks internally, and even after we begin to move forward, we always apply the accelerator and brakes wisely to maximize performance. The other strength, our conservative nature, is our continued simple and honest

engagement in aluminium recycling, which has been our business since our founding. While these two strengths of our company—the speed of our response and enduring simplicity and honesty—are contradictory and companies tend to lean toward one or the other, they coexist in a well-balanced manner in our company.

Hayashi:

I understand that the speed of response and sense of speed mentioned by Mr. Yamamoto are truly in our DNA. To give a recent example, we established Delta Daiki Metal (Thailand) Co., Ltd. in Thailand as a joint venture with Delta Metal Holdings in Hong Kong in January this year, and we will start operating a new 8,000 ton/month secondary aluminium alloy factory in July next year. If you consider the time from planning to establishment of the joint venture and then operation of the factory, I think the process has been extremely fast. Furthermore, we installed a new 3,500 ton, large-scale die-casting machine at Seishin Seisakusyo which handles aluminium die casting, allowing us to quickly respond to changes in the external environment. In addition to these two strengths, I think another strength of our company is that we have built a global network that enables us to quickly gather information. Moreover, we are good at calmly analyzing the information gained via our network and flexibly changing our position based on that. Although changing our position may be risky in some cases, a change in perspective can also lead to new opportunities. I feel that our employees naturally learn to think positively in this way and that this has been passed down as part of our corporate culture.

Yamamoto:

In terms of our global network, our power as a team is also a strength. Comparing it to soccer, we may not have outstanding talents like ace strikers, but we turn the information we get into strength by networking

(sharing) it. With the development of communication tools such as smartphones and SNS, we simply pass the ball around and connect instantly, further increasing our mobility. While rapidly growing Chinese companies have seemed to largely depend on ace strikers in recent years, we have the strength to play for a long time even without ace strikers.

—Mr. Yamamoto, you became president in 1994 and led our company for about 30 years. What made you start thinking about handing over the reins to the next generation?

Yamamoto:

The reason why my predecessor decided to appoint me as president was simply because I had reached the age at which he assumed the position. I remember that when I took office, it was a difficult time after the bubble economy burst. Sales were around 40 billion yen, one-seventh of the current level, and we suffered a 640 million yen deficit in the previous year, 1993, and a 190 million yen deficit in the year I took office, still dragged down by the aftereffects of bursting of the bubble economy. It was also an era in which the exchange rate rose to about 90 yen versus the US dollar and the distribution of secondary aluminium alloy ingots from overseas was expanding in the domestic market. Looking back on the past 30 years, I can honestly say that it was a time of rapid change, so it never got boring and it felt like a very short time. Even if I do say so myself, I think my mind is clear and my new ideas and inspiration are undiminished. I turned 73 this year, and I sometimes fall while playing golf [laughs], but I am confident that I can still do much more as a manager with a broad perspective and an eye on the big picture. Nevertheless, when I thought about the sustainability of the company, I recognized that if I remained at the top, it could present a risk to the company. So, I thought that it would be best to hand over the reins to the right person, without restricting the choice to a member of the founding family. I had a lot of free time over the past few years because business trips and contact with the outside world were limited due to the spread of COVID-19. In February two years ago, my predecessor (Honorary Chairman Teruo Yamamoto, the father of Takaaki Yamamoto) passed away, and I had time to think about and reconsider many different things. I think a combination of various circumstances led to this timing.

—What did you feel when you were told that you would take over as president? Are there any stories you can share about you and Mr. Yamamoto?

Hayashi:

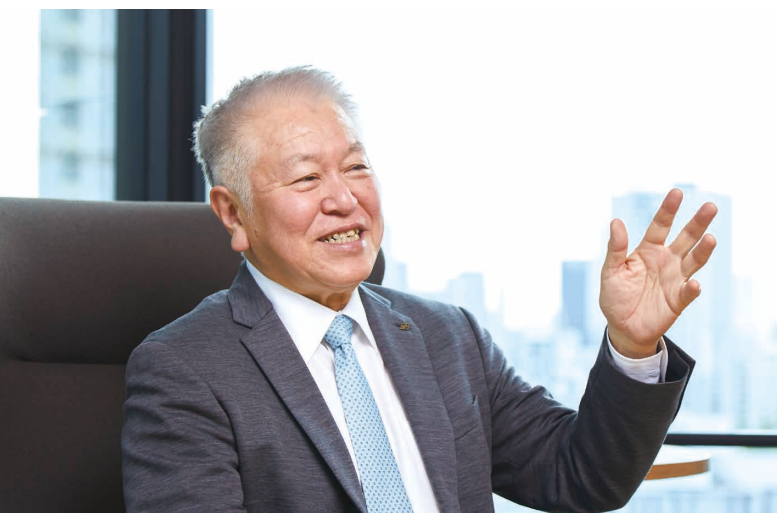
My answer might be cliché, but I honestly wondered if I should accept such an important role. Mr.

Yamamoto said, “Well, just take it easy,” in his usual tone, but I strongly felt the pressure of taking over a company with 100 years of history. Talking like this reminds me of the pressure and makes me more determined. I have many stories involving Mr. Yamamoto, but there is one that remains vividly in my mind. In 1986, I was assigned to DITCO, a US subsidiary (main office in California), with the task of finding new suppliers for scrap, but at that point in time, I was having a very hard time because I could barely speak English. Under such circumstances, Mr. Yamamoto visited me about three or four times a year to check on my progress in English and the local situation, and one day, perhaps sensing my sadness, he said to me, “You should enjoy your work, or everything will just fall into a negative spiral. It’s up to you to make the work you are doing interesting and enjoyable.” Those words struck a deep chord in my heart and changed the way I approached my work. In order to revitalize your organization and bring out new ideas, you need to make the work you are doing interesting, funny, and fun. Later, I channeled those words in my own way into “Put yourself in exciting and heart-pounding environments and take on new challenges” and “Exciting and Challenging,” which have become my mottos. As an aside, when I was assigned there, I remember that Mr. Yamamoto inspired me by saying, “How many minutes a day do you speak English? You have to think in English. If you think that your work just involves talking to Japanese bankers and business associates, you are completely wrong.”

—From your standpoint, Mr. Yamamoto, what is the president’s job?

Yamamoto:

It is to be fully aware of what your employees are feeling and doing. It is similar to being the conductor of an orchestra, isn’t it? I do not play any instruments myself, but I bring in new music, consider who to include in our members and how to get them to play, and also put pressure on them. I think that is the president’s job. Our company’s overseas expansion started to accelerate this century. We promoted global expansion through joint ventures with Japanese companies and collaborations with overseas companies, such as Sigma and Delta. Meanwhile, our officers and executives showed interest in overseas expansion, and I encouraged them by saying, “We can go further; we can still keep going,” which further accelerated our overseas expansion. When it went too far, I hit the brakes; I encourage it and then hit the brakes, and sometimes I even changed direction mid-way and halted expansion. Partly because of this, I think the expansion in Southeast Asia was extremely rapid. I encouraged those who wanted to take the lead in overseas expansion, saying to them: “Even if



you fail, I will pick up the pieces, so do your best.” I am glad that I did not have to actually pick up the pieces. Looking back, I believe that our company is where it is today because those who worked hard in a variety of fields fully realized their potential.

—How would you evaluate Mr. Hayashi?

Yamamoto:

Mr. Hayashi is very sincere and reflects our company creed: integrity, originality, and affinity. I think I am the type of person who strives to be original. Although these three aspects are contradictory and finding a good balance among them is difficult, Mr. Hayashi has a good balance of them. Our company’s strategic concept is G&G (Global and Green), and he has been deeply involved in this as well. In terms of global perspective, he was assigned to DITCO in the US and has also worked hard to develop the Chinese and Russian markets, and in terms of green philosophy, he has been working on TQM (quality management). In terms of governance (corporate governance), another G embodied by G&G, he has worked as a leader in formulating our medium-term management plan and is armed with the latest knowledge.

—What efforts are being implemented with respect to the medium-term management plan and sustainability?

Hayashi:

In the medium-term management plan, we set five priority targets (pillars): strengthening of the management base; taking on the challenge of creating an advanced recycling-oriented society; conservation of the global environment; contribution to local communities and society and their development; and development and effective use of human resources. Specifically, we will cultivate the market for recycled materials for next-generation

vehicles (EVs, PHEVs, HEVs, etc.), build new production systems, and establish horizontal recycling systems. For conservation of the global environment, we will reduce CO₂ emissions from production and distribution processes to achieve the numerical goal of a 25% reduction compared with fiscal 2019 and also work to make the production facilities at each site more energy efficient and free of smoke, odors, and waste. Installation of solar panels was completed at Seishin Seisakusyo and Shirakawa Plant last fiscal year, and Yuki Plant and our Indian plant (DAH) began generating power this year. We are currently promoting a plan to install solar panels at a Thai plant. With regard to sustainability, we have established a Sustainability Committee, chaired by the president, as an organization to promote sustainability, and subcommittees have been established under it to set up a system by which we can analyze company-wide sustainability issues, such as the formulation of strategies and plans and setting of indicators and targets, and discuss financial impacts and other issues.

—What measures are being taken to develop human resources and promote the empowerment of women?

Yamamoto:

As the changes in the external environment surrounding our Group are intensifying, I recognize that it is essential to support the success of each and every one of our human resources, who are the driving forces in realizing our long-term vision. We are working to develop a corporate culture that makes use of the diversity of each employee’s individuality regardless of gender, age, nationality, race, religion, disability, gender identity, sexual orientation, and other aspects of diversity, that continues to take on challenges and innovate, and that enhances systems. The basic concept of human resource development is to cultivate personnel who can embody the customer-first philosophy, hands-on approach, and thorough sense of ownership included in our action guidelines. The development of human resources and organizations that create the future is the key to the sustainable growth of a company. In the previous fiscal year, we redesigned our training system and launched a position-based training program. In addition, we are actively creating opportunities for young employees to participate in our overseas subsidiaries and are also committed to supporting self-development through practical English learning.

Hayashi:

To promote women’s empowerment, we are working to enable female employees to balance work and childcare, and we have already achieved a 100% return-to-work rate after childcare leave (clerical, sales, and research positions). It is important to create

environments in which women can play active roles and not put their careers on hold, and we will promote the appointment of women and non-Japanese employees to core personnel. We will also strive to achieve the Japanese Government's target of increasing the proportion of female officers to 30% in companies listed on the Prime Market.

—What initiatives are being taken for safety?

Hayashi:

In response to the explosion accident at Kameyama Plant at the end of last year and the fatal accident at Daiki Material in January this year, we conducted simultaneous inspections for unsafe equipment at all bases of the Group, both in Japan and overseas, under the president's policy of "pursuing uncompromising environments and safety." We have installed safety fences and introduced systems that use sensors to shut down equipment when anyone enters a dangerous area, and we have also installed covers on all drive parts, such as motors and belt conveyors, to prevent workers from getting entangled in them. We are also working on providing training to employees to avoid unsafe behavior, and we will continue to strive to create safe working environments and prevent occupational accidents.

—Could you describe the current environment and challenges surrounding secondary aluminium alloys?

Hayashi:

Although foreign funds are flowing into Japanese financial products and pushing up the Nikkei Stock Average, the real economy is not doing well. Regarding automobile production and sales, the worst period of production cuts and delays in production recovery due to shortages of semiconductors and other components is over, and the statistics are also showing a recovery trend. Nevertheless, the consumers of secondary alloys still have large inventories and work in progress, and exports of parts for overseas production (knockdown) are stagnant due to the slowdown in Asian economies, including China. So, we have yet to see any recovery in automobile production. It will be some time before we will see a recovery in demand, which will occur after customers have made progress in adjusting their inventories. As for challenges, the scrap recycling flow in the field of horizontal recycling, such as CAN to CAN and Sash to Sash recycling, will change in many ways in the future. To be more specific, extrusion and rolling manufacturers have entered the market for decarbonization and carbon neutrality, and this trend is becoming stronger partly because they are taking a top-down approach. Under such circumstances, it is necessary to pay close attention to how secondary aluminium smelters will

secure scrap in the future and how they divide their territories. In such a situation that presents both opportunities and risks, the key to the future is whether we can reach a consensus that will move the industry in a positive direction.

—Finally, a message to stakeholders from the new president

Hayashi:

For secondary aluminium smelters, securing a spread (the price difference between products and raw materials) and suppressing manufacturing costs are extremely important challenges, but I would like to ask all employees at our bases to not get bogged down in that and also about how to revitalize their bases in interesting and unusual ways. I would like you to think about what kinds of places you want your bases to be in one to three years and to present that at top management diagnoses (meetings that determine policies for each base/department). We will aim for such an organizational structure. In addition, this fiscal year marks the final year of our "All Daiki Sustainability Vision — 100 years of business and beyond —" (FY2021-FY2023), which was formulated as our first medium-term management plan. In the days ahead, I would like to examine how the company actually reacted to the changes in the external environment we envisioned when the plan was formulated and link this with the next three-year medium-term plan. For example, there are slight differences from our original forecasts, such as the efforts of automobile manufacturers, our largest consumers, toward electrification progressing at a slightly different speed than we envisioned and aluminium extrusion and rolling manufacturers from other industries entering the market for horizontal recycling of aluminum scrap. We will review them and reflect the results of that review appropriately in the next medium-term management plan.



Measures to Improve Safety

On January 20, 2023, an accident occurred at Daiki Material, an affiliate of our company, in which an employee of that affiliate died after becoming entangled in a scrap conveyor. We extend our heartfelt condolences to the bereaved family.

Furthermore, a fire and explosion occurred at our Kameyama Plant on December 28 and 29 of last year. We would like to sincerely apologize for the concern and inconvenience caused to those who were injured, neighborhood residents, related authorities, customers, and many others.

Overview of serious accidents and countermeasures — 1 (location: Kameyama Plant)

Date of accident	December 28, 2022	Casualties/damage	No injuries; drying plant building burnt down
Circumstances	A pedestal (support part) for a piece of equipment was being cut (by oxy-fuel cutting) in order to complete restoration work for conveyors in a building at a plant for drying turnings. At that time, sparks from the cutting ignited dust that had accumulated on the upper parts of the building's beams, and the fire spread via the beams despite initial efforts to extinguish it, spreading to a wide area of the building.		
Date of accident	December 29, 2022	Casualties/damage	6 persons injured
Circumstances	Following the fire that occurred in the building at the plant for drying turnings on the previous day, dust was to be cleaned up before beginning the restoration work. Two people used blowers to blow the dust down to the floor below, and when the oxy-fuel cutting work was started to remove a equipment room, sparks from the cutting work ignited the dust that had been kicked up, causing an explosion.		

Measures to prevent accidents

■ Tangible measures	<ul style="list-style-type: none"> ① Changed the structure of the beams of the building to one that prevents dust from accumulating ② Changed the cleaning method to one that uses suction and does not scatter dust and also introduced vacuums for cleaning up dust ③ Modified equipment to reduce the generation of dust and prevent it from scattering around the equipment and also changed the transport route
■ Intangible measures	<ul style="list-style-type: none"> ① Repeated training and held study sessions for employees and subcontractors concerning basic knowledge and dangers of dust ② Reviewed and changed methods for handling fires and cleaning up dust ③ Reviewed precautions and points to check before performing the restoration work and revised the restoration work instructions and the restoration work permits

Overview of serious accidents and countermeasures — 2 (location: Daiki Material)

Date of accident	January 20, 2023	Casualties/damage	1 person died
Circumstances	A conveyor for a manual sorting line stopped moving. When it was restarted, the victim became entangled in the roller portion of the conveyor.		

Measures to prevent accidents

■ Tangible measures	<ul style="list-style-type: none"> ① Changed to a structure with no gaps by installing fences to enclose all equipment ② Installed additional buzzers and rotating lights that are activated before the conveyors start up ③ Incorporated a safety interlock that halts equipment operation when a person enters the area ④ Strengthened the monitoring system by installing more cameras for monitoring equipment
■ Intangible measures	<ul style="list-style-type: none"> ① Conducted safety training sessions for employees concerning entanglement accidents and other related matters ② Increased the frequency of factory safety patrols by plant managers and employees to strengthen the work environment monitoring system

We are moving forward with an analysis of the cause of the accident and are implementing both tangible and intangible measures to prevent similar accidents and recurrences, not only at the plants in question but also at all of our bases in Japan and overseas, and we will establish a system to regularly check the effectiveness of those measures.

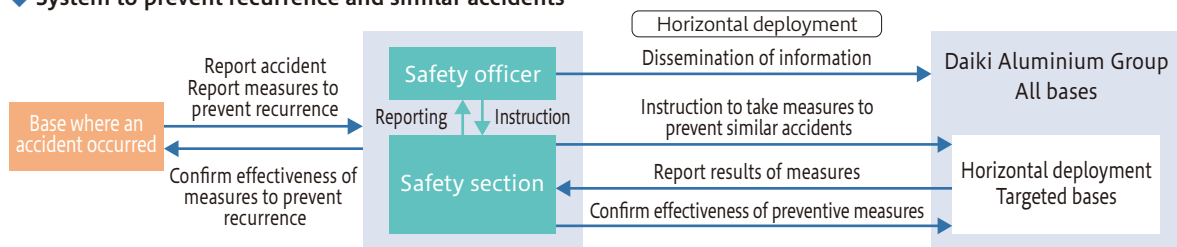
Shigenori Hayashi, President, Representative Director & Executive Officer

System to prevent recurrence and similar accidents in the DIK Group

As a response to the occurrence of an accident, the DIK Group has established a system to prevent recurrence and similar accidents, as shown in the flow diagram below.

We analyze the details of the situation at the time of the accident, causes, and background factors; confirm the effectiveness of countermeasures; and then disseminate the information to all bases. Furthermore, we instruct not only the base where the accident occurred but also bases with similar equipment or similar operations to take measures to prevent similar accidents while also reporting the results of the countermeasures and confirming their effectiveness.

◆ System to prevent recurrence and similar accidents



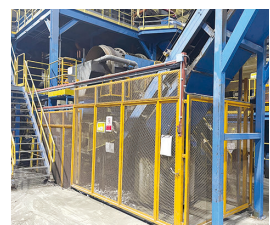
Horizontal deployment to all bases and status of measures taken

In addition to deploying countermeasures horizontally to all bases of the DIK Group in response to the accidents described above, we held emergency safety countermeasure meetings at the pertinent bases to determine policies for the countermeasures (tangible and intangible) to be taken and to implement them at each base in sequence.

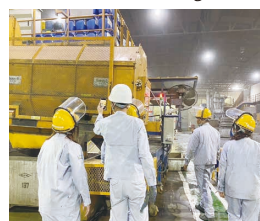
- Tangible measures
 - ① Changed the dust cleaning method and introduced vacuum cleaners for cleaning
 - ② Reinforced conveyor safety fences and installed additional ones
 - ③ Installed additional buzzers and rotating lights that are activated before the conveyors start up
- Intangible measures
 - ① Repeated safety training for all employees
 - ② Implemented comprehensive inspections of the status of installation of safety fences for conveyors
 - ③ Reviewed and revised on-site work procedures
 - ④ Planned and implemented regular dust cleaning



Introduction of vacuums for dust cleaning



Reinforcement of safety fences for conveyors



Comprehensive inspections of safety fences



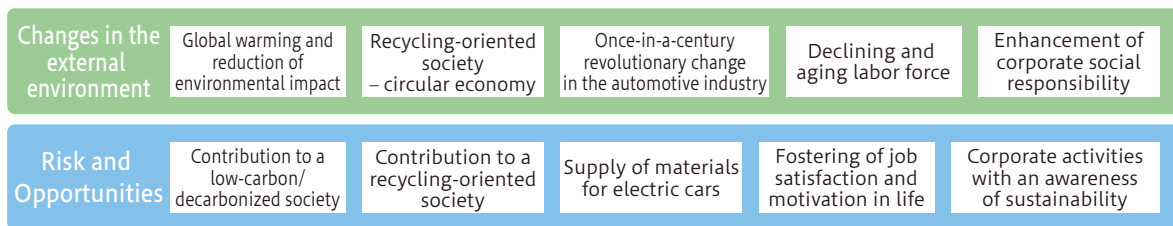
Safety study sessions for employees

Mid-term Management Plan

Mid-term Management Plan

Our medium-term management plan that started in fiscal 2021 is based on our basic policy for sustainable growth with an eye on 2030, "VISION 2030 DAIKI ∞NEXT∞", and our first medium-term management plan, "All Daiki Sustainability Vision - 100 years of business and beyond -", was formulated to realize that policy.

We envisioned how changes in the external environment expected to occur by 2030 will affect the DIK Group's business activities (risks and opportunities) and identified materiality (important issues) to be tackled preferentially among them.



FY2021-FY2023 Medium-term Management Plan

All Daiki Sustainability Vision - 100 years of business and beyond -

Progress on materiality

Pillar | Main points(materiality) | Corresponding SDGs/ESG | Social issues

I Strengthening of the management base



Process for determining materiality

STEP1 Identification of changes in the external environment and of risks and opportunities

We examined changes in the external environment expected in 2030 and risks and opportunities they may entail for our Group's business activities.

STEP2 Examination of potential materiality issues

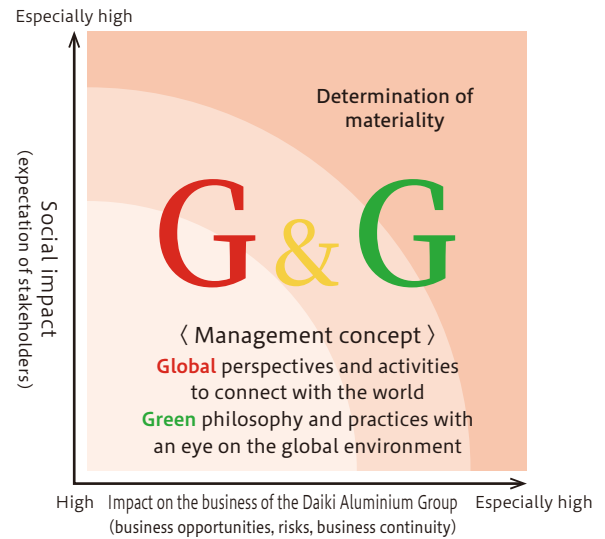
Based on the risks and opportunities in STEP 1, we examined the issues (materiality) to be addressed to achieve our desired future image and ideal state in 2030 for each business segment and local segment.

STEP3 Determination of materiality

We assessed the level of importance of potential materiality issues identified in STEP 2 from two perspectives, importance for stakeholders and importance for the Daiki Aluminium Group, and determined those that should be prioritized.

STEP4 Management approval

We determined five materialities, the five pillars, for the Daiki Aluminium Group through discussions at management meetings and with the approval of all directors, including outside directors, at a Board of Directors meeting.



Mid-term Management Plan

FY2027→FY2028→FY2029

FY2024→FY2025→FY2026

FY2021→FY2022→FY2023

Activities

- Leverage the group network to continue market research in China, the ASEAN region, and India
- Start approaching battery manufacturers and EV car manufacturers
- Start trial use of our developed (patented) alloys as materials for electric vehicle parts

- Open an office on the east coast of the United States. Strengthen our raw material procurement network in North America
- Introduce shredder equipment to strengthen our production bases for Twitch-base materials, in addition to Zorba
- Expand the second melting line in India, where automakers are actively expanding
- Establish a new melting plant jointly with a Chinese partner company in Thailand, where automakers are actively expanding
- Expand the second sorting line in Indonesia, where motorcycle manufacturers are expanding
- Start approaching Chinese EV manufacturers through partner companies
- Receive orders for parts for PHEVs and BEVs. Strengthen systems for mass production from 2023 onwards
- Decide about introducing 3,500-ton casting machines to handle parts for electric vehicles, which are getting larger

- Introduce an automatic product shipping system using automated guided forklifts (AGFs)
- Introduce a quality control system using foreign object detectors equipped with AI functions
- Develop and start operation of automatic MRM (Metal Reclaiming Machine) equipped with AI functions
- Introduce devices that automatically adjust the volume of molten aluminium to stabilize the quality of ingot products

- Maintain ROE of 15% or more
- Pay stable and continuous dividends

- Conduct surveys of suppliers for human rights due diligence
- Expand and enhance the curriculum for training on compliance and harassment
- Prepare a business continuity planning (BCP) manual and conduct regular drills based on it
- Disclose TCFD information based on the TCFD framework

Desired future image in 2030

VISION2030
DAIKI ∞ NEXT ∞

Contribution to a recycling-oriented society

- Use of recycled alloys
- Develop and supply materials for electrification parts and large parts
- Establishment of a scrap collection-to-product recycling loop

Company where people can work for a long time and feel rewarded

- Construction of more efficient work environments = promotion of offensive digital transformation

Stakeholder-centric corporate management and the creation of corporate value

Solid, sound, and highly transparent management

II Taking on the challenge of creating an advanced recycling-oriented society



- Establishment of technologies and systems to sort recycled materials
- Establishment of a horizontal recycling system



Challenge of developing advanced recycling technologies

Horizontal recycling of aluminium towards a decarbonized society

III Conservation of the global environment



- Reduction of CO₂ emissions in production and distribution processes
- Elimination of waste generated in manufacturing process
- Elimination of smoke and odors



Reduction of CO₂ emissions

Use of waste heat and renewable energy

Cooperation as a material manufacturer with customers who evaluate environmental performance based on LCA standards

Reduction of waste

Safe and secure working environments

IV Contribution to local communities and society and their development



- Creation of jobs and contribution to local communities in rapidly growing emerging countries
- Interaction with surrounding areas and contribution to them



Commitment to corporate governance and compliance as a company with integrity

V Development and effective use of human resources



- Promotion of “glocalization”
- Provision of safe working environments and prevention of occupational accidents
- Promotion of diversity



Promotion of work style reforms and diversity

Safe and secure working environments

Promotion of work style reforms and diversity

Mid-term Management Plan

FY2027→FY2028→FY2029

FY2024→FY2025→FY2026

FY2021→FY2022→FY2023

Desired future
image in 2030

VISION2030
DAIKI ∞ NEXT ∞

Activities

- Introduce color sorters to further improve the sorting of non-ferrous metals generated from scrap
- Introduce crusher equipment to further enhance raw material upgrades
- Begin trial sale of recycled alloys to adapt to the preference of users to switch away from primary aluminium alloys
- Introduce X-ray sorting equipment at Yuki Plant and Kameyama Plant, in addition to Shinshiro Plant
- Expand our horizontal recycling lines to three plants

Contribution to a recycling-oriented society

- Establishment of recycled material sorting techniques and systems
- Use of recycled alloys
- Develop and supply materials for electrification parts and large parts

- Reduce power consumption, energy consumption, and CO₂ emissions through the following activities:
 - Gradual introduction of solar panels
 - Installation of regenerative burners that use waste heat into holding furnaces to reduce oil usage
 - Sequential replacement of preheating burners with recu-burners
 - Strengthening of energy-saving measures by sealing furnaces and using high-performance heat insulation paint
 - Replacement of some of the forklifts (using diesel fuel) used at each plant with electric forklifts
 - Reduction of the amount of primary aluminium (large amounts of CO₂ are emitted during smelting and transportation) by procuring and increasing the use of alternative materials
- Review waste treatment contractors and select ones with higher recycling rates
- Convert residues generated at plants into valuable resources through the recycling of aluminium dross, recovery of magnesium chloride, and other efforts
- Utilize the group network to continue investigating the effective use of dross

Contribution to carbon neutrality

- Reduction of CO₂ emissions by 25% (from FY2019 level)
- 100% recycling of waste generated in manufacturing processes

- Introduce a dust collector inverter control system based on smoke detection
- Implement an initiative to reduce odors by spraying a neutralizing deodorizer suitable for factory dust collection exhaust gas
- Develop and test a lift equipped with a dust collector as a measure to prevent smoke generation during transportation

Company where people can work for a long time and feel rewarded

- Establishment of safer and more efficient working environments = defensive digital transformation

- Continue to donate educational supplies such as blackboards, bookshelves, and PCs to elementary schools
- Prioritize and continue employment of local residents near industrial parks at overseas bases
- Participate in community-based CSR activities (regular cleaning, donation activities, educational activities) in Japan and overseas
- Maintain the areas around the plants to maintain a factory appearance that conveys an image of "safety, security, and the surrounding environment"

Harmonious coexistence with local communities

- Creation of jobs in rapidly growing emerging countries
- Interaction with and contribution to local communities

- Begin training local staff as management candidates at overseas bases
- Use the intragroup transfer system to continuously hire and train overseas personnel in Japan
- Use charging chutes to reduce the risks of loading scrap into melting furnaces
- Switch from manual to remote control to reduce the burden of molten aluminium treatment work
- Enhance safety measures by installing additional safety fences, as well as detection sensors and warning alarms that are activated before belt conveyors start operating, at all plants
- Introduce remote inspections using drones and monitors to reduce the risks during inspections of high places and dangerous areas
- Create comfortable working environments by introducing telecommuting and staggered working hours systems
- Introduce and start operating a position-based training system for all employees

Company where people can work for a long time and feel rewarded

- Active participation of women and global human resources and participation of them in management
- Establishment of safer and more efficient working environments = defensive digital transformation
- Active participation of women and global human resources and participation of them in management

Approach to Sustainability and System to Promote It

Approach to Sustainability

Under the strategic concept of G&G (Global and Green), in which business and the environment are considered concentrically, the DIK Group contributes to the development of society through the recycling of aluminium and promotes continuous improvement to preserve the global environment.

Amid the growing calls for companies to resolve social issues through their business activities and requests for companies to strengthen their efforts to promote sustainability, the DIK Group has established a basic sustainability policy based on G&G and has been and continues to be committed to a variety of E (Environment), S (Social), and G (governance) initiatives.

Basic Policy on Sustainability

The DIK Group will continue to create value through recycling with the aim of building an environmentally friendly recycling-oriented society, focusing on the aluminium recycling business that we have cultivated over many years.

We will also build relationships of trust with all stakeholders through solid and sound business activities. Considering society and business concentrically, we will work together with them to realize a sustainable society and sustainable growth to become a company that the earth needs.



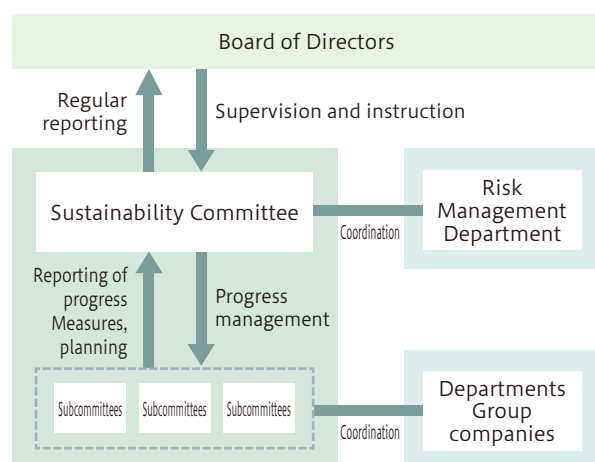
[Position of the basic policy on sustainability]

System to promote sustainability

As an organization that promotes sustainability, we have established a Sustainability Committee chaired by the President & Representative Director and established a system to deliberate on the formulation of basic policies, strategies, and plans on sustainability, as well as the setting of indicators for targets, while also monitoring the status of initiatives and making reports and recommendations to the Board of Directors.

Furthermore, subcommittees comprised of members appointed from departments related to sustainability issues have been established as subordinate organizations of the Committee, and the contents of discussions of the subcommittees are regularly presented and reported to the Board of Directors via the Sustainability Committee. The Board of Directors determines countermeasures and provides supervision and instructions as necessary.

〈 System to promote sustainability 〉



〈 Main activities of each subcommittee 〉

■ TCFD Subcommittee

Identification and assessment of climate change-related risks
Analysis of climate change-related risks and planning of countermeasures
Promotion of measures related to climate change-related risks and progress management

■ CSR Subcommittee

Drafting and planning specific measures related to CSR activities
Implementation of CSR activities
Development of CSR activities

■ Human Rights Due Diligence Subcommittee

Formulation of human rights policies
Response to human rights issues
Identification of human rights risks and the planning and implementation of countermeasures

Commitment to TCFD Recommendations

Response to climate change

Since the Paris Agreement in 2015, the IPCC (Intergovernmental Panel on Climate Change) special report on Global Warming of 1.5°C in 2018, and the Glasgow Climate Accord adopted at COP26 in 2021, the importance of addressing climate change has been increasing, and the DIK Group will work to address climate change risks and transition to a decarbonized society based on its environmental policy of contributing to conservation of the global environment, resources and energy.

In January 2022, we announced our support for the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) and joined the TCFD Consortium.



Task Force on Climate-related Financial Disclosures (TCFD)

The Task Force on Climate-related Financial Disclosures (TCFD) was established in 2015 by the Financial Stability Board (FSB), which includes the central banks and financial regulators of major countries. To reduce the risk of financial market instability, the Task Force recommends that companies understand the financial impacts of risks and opportunities brought about by climate change and disclose information on specific responses and strategies.



TCFD Consortium

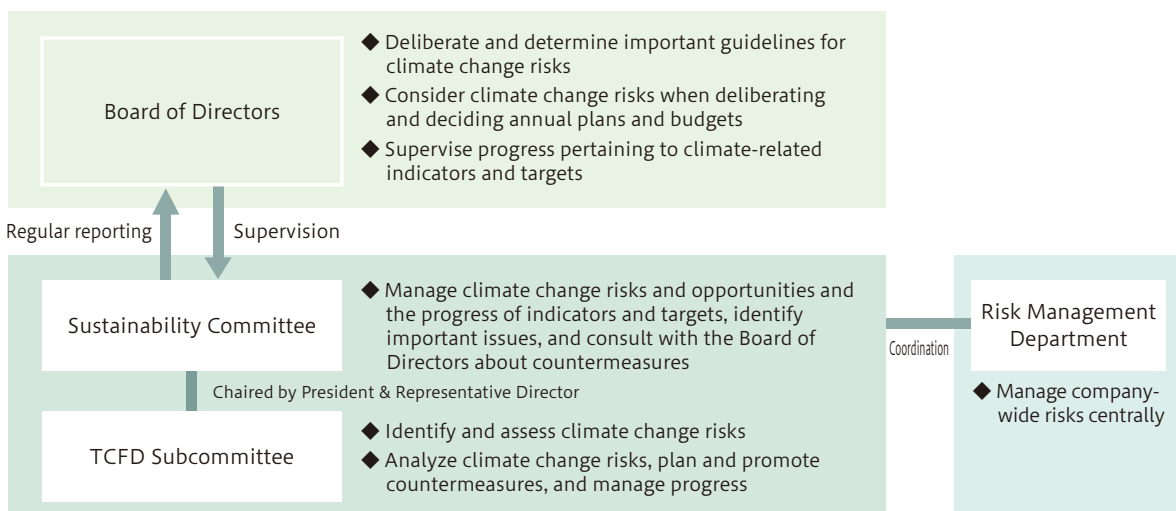
The Consortium was established as a place where companies and financial institutions that support the TCFD recommendations work together to promote initiatives and discuss effective information disclosure by companies and efforts to link disclosed information to appropriate investment decisions by financial institutions and other organizations.

Information disclosure based on the TCFD framework

1 Governance

As an organization that manages climate change risks, we have established a TCFD Subcommittee under our Sustainability Committee to build a system to identify risks and opportunities, analyze scenarios, and discuss financial impacts and countermeasures. The contents of discussions of the TCFD Subcommittee are regularly presented and reported to the Board of Directors (at least once a year in principle), and the Board of Directors determines countermeasures and provides supervision and instructions as necessary.

〈 Governance and risk management system for responding to climate change risks 〉



2 Strategy 〈climate change-related risks and opportunities and scenario analysis〉

Viewing climate change as one of our medium- to long-term risks, we have examined the long-term impact on our Group up to 2050 and performed scenario analyses for our product business (in Japan) with reference to the climate change scenarios developed by the IEA*¹ and IPCC*² (below 2°C scenario and 4°C scenario) in order to consider strategies and organizational resilience based on the related risks and opportunities.

*1 IEA: International Energy Agency *2 IPCC: United Nations Intergovernmental Panel on Climate Change

We identified risks and opportunities that are expected to have particularly large impacts on our business under the below 2°C scenario and the 4°C scenario.

Recognizing measures to respond to the risks and opportunities identified through our scenario analyses as materialities that the DIK Group should focus on in the future, we will promote initiatives through our medium-term management plan.

〈 Impacts of risks and opportunities and countermeasures 〉

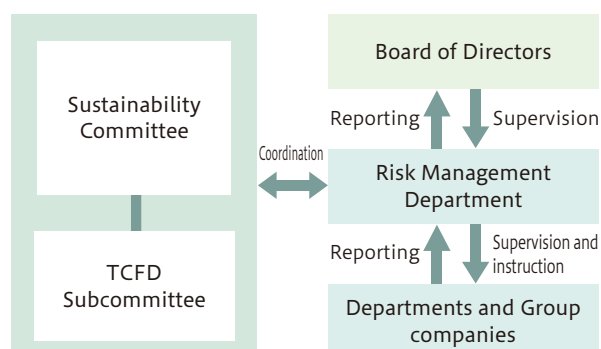
Scenario	Factor	Risk/Opportunity	Impact on our business
Below 2°C (transitory)	Increased demand for scrap raw materials	Risk	Increase in procurement prices
	Introduction of carbon pricing	Risk	Incurrence and increases of costs for paying carbon tax depending on domestic Scope 1 and 2 emissions
	Procurement of renewable energy	Risk	Increase in costs of procuring renewable energy to achieve decarbonization targets
	Increased demand for high-grade scrap raw materials	Risk	Increase in costs of upgrading scrap raw materials (removal of impurities and detoxification)
	Technological innovations leading to expanded uses of secondary alloy ingots	Opportunity	Increase in sales due to growth of demand for special alloys as a result of expansion of applications
	Expansion of EV markets	Opportunity	Increase in sales of alloys for car bodies with the growth of demand for secondary aluminium alloys due to the use of more aluminium to reduce the weights of car bodies
		Risk	Decrease in sales due to less demand for secondary aluminium alloys for internal combustion engines
4°C (physical)	Disasters that affect our production bases	Risk	Occurrence of damage as a result of suspension of production and difficulty in operating due to a disaster affecting our plants in Japan Increase in the burden of non-life insurance premiums

3 Risk management

The TCFD Subcommittee established by the Sustainability Committee performs scenario analyses with respect to climate-related risks and opportunities. Furthermore, the Subcommittee analyzes climate-related risks, formulates and promotes countermeasures, and establishes processes to manage their progress.

The TCFD Subcommittee and Risk Management Department, which are responsible for managing climate change risks and overseeing and managing company-wide risks, respectively, collaborate to conduct unified risk management.

〈 Diagram of the risk management system 〉











Assumed scenarios

Scenario	Summary
Below 2°C (transitory)	A scenario in which bold policies and technological innovations for achieving a decarbonized society are promoted to restrict the rise in temperature to below 2°C by the end of this century
4°C (physical)	A scenario in which the rise in temperature by the end of this century is around 4°C, causing more severe weather disasters and resulting in physical impacts

List of climate change risks

		Type of risk or opportunity	Factor
Transitory	Risk	Law or regulation	Introduction and expansion of carbon pricing
		Market	Increase in raw material costs
		Technology	
		Law or regulation	Increase in the cost of reducing CO ₂ in plants (expanded use of renewable energy and introduction of energy-saving technology)
	Opportunity	Market	Expansion of EV markets
		Market	Expansion of the uses of secondary aluminium alloy ingots
Physical	Risk	Acute	More frequent and severe natural disasters

Impact assessment	Our countermeasures
 (Risk: large)	<ul style="list-style-type: none"> Establish a raw material supply chain to strengthen the scrap collection system Open collection points in major regions (Western Japan, Kyushu, Northern Kanto, etc.) Establish a recycling loop, from collection to products, through community-based collection
 (Risk: medium)	<ul style="list-style-type: none"> Reduce carbon dioxide emissions from production and distribution processes
 (Risk: small)	<ul style="list-style-type: none"> Promote further transition to renewable energy in production processes <ul style="list-style-type: none"> Reduction of external procurement costs through the installation of solar power systems Purchase of cost-effective renewable energy plans (Ecology plans) Establish a stable renewable energy procurement system, including the exploration of new suppliers
 (Risk: medium)	<ul style="list-style-type: none"> Increase the volume handled to reduce per-unit costs in the upgrade process
 (Opportunity: medium)	<ul style="list-style-type: none"> Carry out research and technology development to promote the replacement of primary aluminium alloys with secondary alloys Adjust developed secondary alloys according to customer requests for commercialization Approach and build connections with car and battery manufacturers in Japan and overseas
 (Opportunity: large)	<ul style="list-style-type: none"> In the future, collaborate with customers in EV fields to conduct research and technology development on secondary aluminium alloys for vehicle bodies Approach and build connections with car and battery manufacturers in Japan and overseas
 (Risk: large)	<ul style="list-style-type: none"> Develop and sell new secondary aluminium alloy ingots that can be used for EV parts in addition to parts for conventional gasoline-powered vehicles
 (Risk: small)	<ul style="list-style-type: none"> Thoroughly formulate specific recovery plans that take into account the situations of disasters and continuously review and practice implementation Strengthen the systems for conducting alternative production at other bases

4 Indicators and targets

In its medium-term management plan, the DIK Group uses the reduction of CO₂ emissions as an indicator and has set the target of a 25% reduction in CO₂ emissions in fiscal 2030 compared with fiscal 2019*³.

*3 Scopes 1, 2, and 3 (main parts of categories 1 and 4) of Daiki Aluminium Industry Co., Ltd. are covered.

Reduction of total CO₂ emissions by 25% in 2030 compared with FY2019

Item		Main measures	CO ₂ reduction rate (per item)	Percentage reduction in overall CO ₂ emissions
Production	Recycled heavy oil	Introduction of regenerative burners into holding furnaces, effective use of waste heat, and improvement of productivity	11.4%	3.6%
	Diesel fuel	Shift to electric forklifts	90.0%	0.7%
	LPG	Addition of recu-burners for preheating ladles	8.1%	0.1%
	City gas	Introduction of regenerative burners, effective use of waste heat, improvement of productivity, and introduction of recu-burners for preheating ladles	8.3%	0.6%
	Electricity	Installation of high-efficiency motors and solar panels and improvement of productivity	12.0%	0.9%
Distribution	Truck fuel	Establishment of distribution by the shortest route	5.0%	0.1%
Raw materials	Primary aluminium*	Increase in the usage rate of recycled raw materials that replace primary aluminium	40.0%	19.6%
*From the perspective of LCA (Life Cycle Assessment), the CO ₂ emissions in the processes from the manufacture of primary aluminium to delivery is 10.0 t-CO ₂ /t, so reducing its use as a raw material will lead to a significant reduction in CO ₂ emissions.			Total	25.6%

*From the perspective of LCA (Life Cycle Assessment), the CO₂ emissions in the processes from the manufacture of primary aluminium to delivery is 10.0 t-CO₂/t, so reducing its use as a raw material will lead to a significant reduction in CO₂ emissions.

Environment

For conservation of the environment, resources, and energy, we carry out environmental management system activities and a variety of other efforts.

For detailed environmental measurement data and our initiatives, please see the detailed data at the website below.

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



Environmental policy

Basic philosophy	<p>Contribution to global environmental conservation, resource, and energy conservation through recycling</p> <p>Through our aluminium recycling and smelting business activities and provision of valuable products, we will contribute to the development of society and promote continuous improvement for the global environmental conservation.</p>
Basic policies	<ol style="list-style-type: none"> 1. To promote global environmental conservation activities, we will establish and operate an organization that can act on a company-wide basis. 2. We will accurately identify the environmental impacts of corporate activities, set environmental targets and action targets to the extent technologically and economically possible, and seek continuous improvement for the global environmental conservation. 3. In addition to compliance with environmental laws, regulations, accords, etc., we will establish our own standards and continuously work to achieve even higher targets. 4. In all business areas of the company, we will promote reduction of the use of hazardous materials, the conservation of resources and energy, and the reduction and recycling of waste. 5. We will provide environmental education to all employees and raise their environmental awareness to enhance their understanding of the environment and encourage them to actively participate in environmental activities. 6. We will conduct environmental audits to check our activities and work to maintain and improve our level of environmental management. 7. We will inform all employees of the progress of implementation of our environmental conservation activities and also publicly disclose it as required.

Environmental management structure

Each of our plants has established an environmental management structure as illustrated in the diagram on the right. At our company, each plant has received ISO 14001 certification, and each formulates a management plan for each year to carry out a variety of initiatives, such as the reduction of energy use and environmental impacts, environmental education for employees, and emergency response drills. The progress of the management plan is checked in monthly ISO (EMS^{*1}) Committee meetings held at each plant, and new initiatives deemed necessary are considered. In addition to maintenance (every year) and renewal (every three years) audits performed by certification bodies, internal environmental audits^{*2} are implemented every year, and we carry out activities with the aim of creating an upward spiral in the environmental management structure of the entire Daiki Aluminium Group.

We will also implement activities for a further upward spiral this fiscal year.

^{*1} EMS: environmental management system

^{*2} Initiatives in which plants perform mutual checks of each other's facilities to identify problems

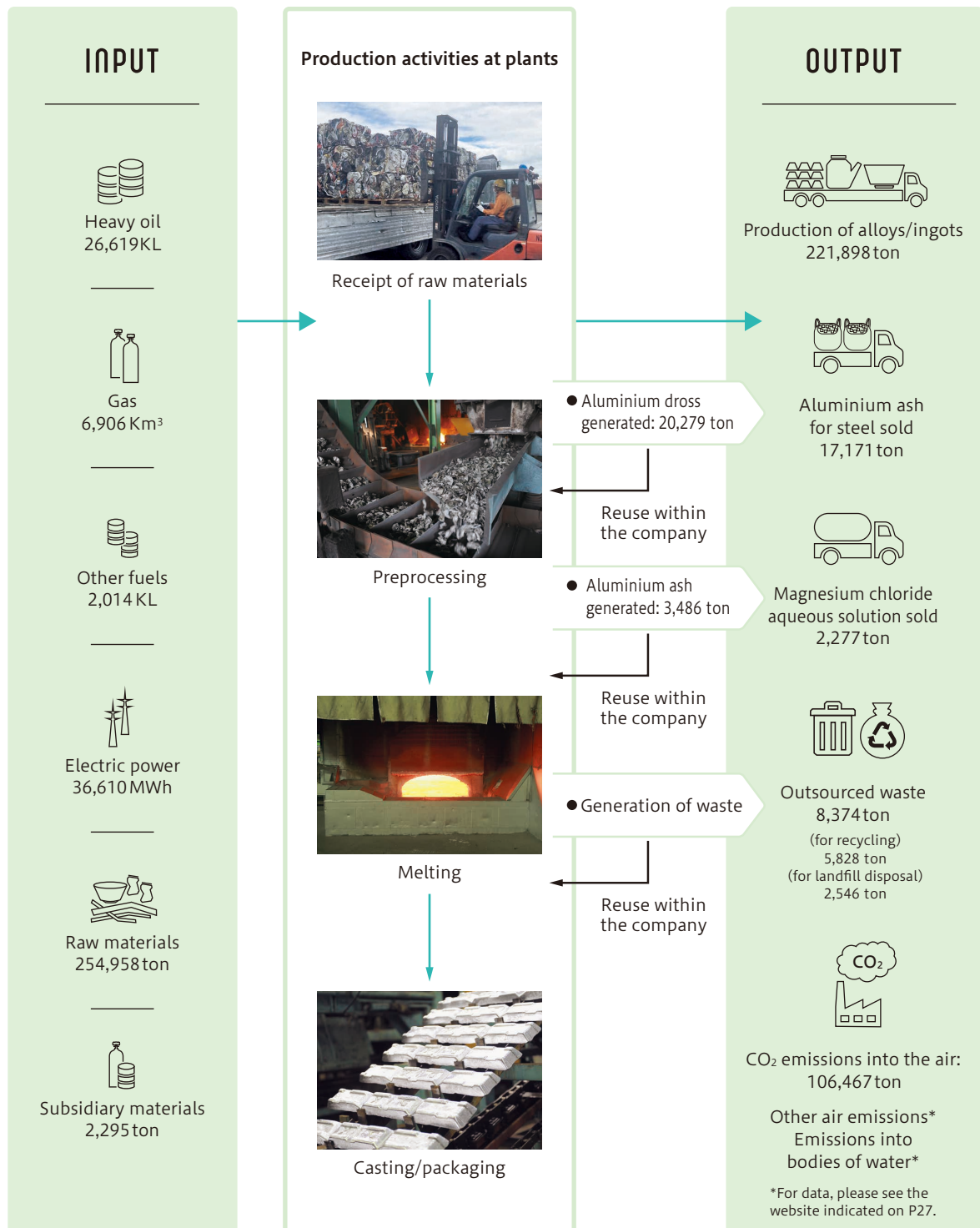
Environmental management structure



Flow of materials

In our production activities, we actively engage in activities to conserve the global environment, including the reduction of CO₂ emissions and the control of exhaust gas and wastewater. We also recycle waste to create new value.

(Sites included in the data: among our domestic bases, Kameyama Plant, Shiga Plant, Shinshiro Plant, Yuki Plant, and Shirakawa Plant)

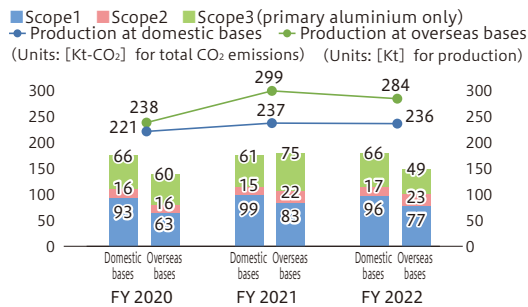


Environmental performance

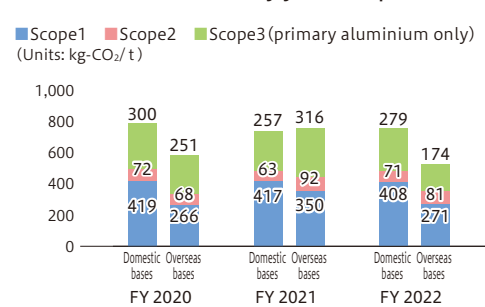
Pillar III Reduction of CO₂ emissions in production and distribution processes

We actively promote the reduction of energy consumption to make effective use of limited resources.
(Sites included in the data: domestic and overseas bases involved in the alloy business)

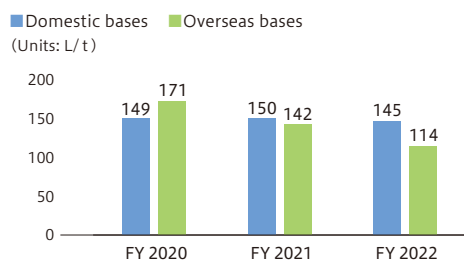
Total CO₂ emissions (Scopes 1, 2, and 3)



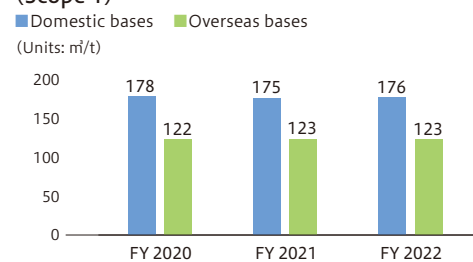
Per-unit CO₂ emissions by year (Scopes 1, 2, and 3)



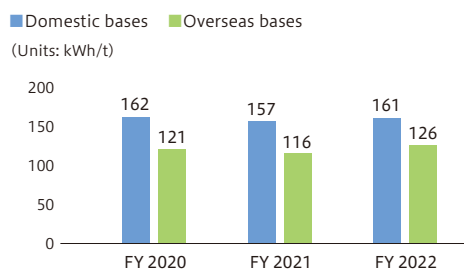
Heavy oil used per ton of production (Scope 1)



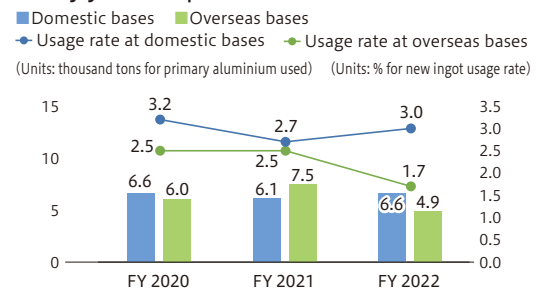
City gas and natural gas used per ton of production (Scope 1)



Power consumption per ton of production (Scope 2)



Primary aluminium used and new ingot usage rate by year (Scope 3)



As measures to reduce CO₂ emissions, the Daiki Aluminium Group implements measures related to both production processes (Scopes 1 and 2) and the raw materials used in them (Scope 3).

Our total CO₂ emissions from production decreased by approximately 2.7% in fiscal 2022 compared with the previous fiscal year. This was mainly attributable to a 3% year-on-year decline in production (as a consequence of the shortage of semiconductors and impact of COVID-19).

Furthermore, our per-unit CO₂ emissions from production increased by approximately 0.3% compared with the previous year. Although we have been promoting energy-conserving measures, such as the improvement of equipment and operations at each of our bases, the per-unit emissions grew because the operation of inefficient equipment to respond to rapid fluctuations in

production volume and the preprocessing of raw materials to facilitate recycling led to an increase in energy consumption that was slightly larger than the improvement effects.

As a Scope 3 initiative, we are also focusing on the reduction of CO₂ emissions by reducing the use of primary aluminium. Large amounts of CO₂ are emitted during smelting and transportation of primary aluminium (10 tons CO₂ per ton of primary aluminium), and reduction of their use greatly helps reduce CO₂ emissions on a global scale.

In fiscal 2022, the use of primary aluminium was reduced by 9,614 tons compared with our base fiscal year (fiscal 2019), leading to a reduction in CO₂ emissions of 96,143 tons CO₂.

We will continuously work to reduce CO₂ emissions in all areas of Scopes 1, 2, and 3.

Conservation of the global environment

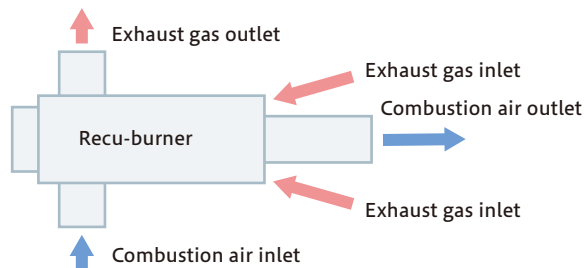
Pillar III Reduction of CO₂ emissions in production and distribution processes

Introduction of recu-burners

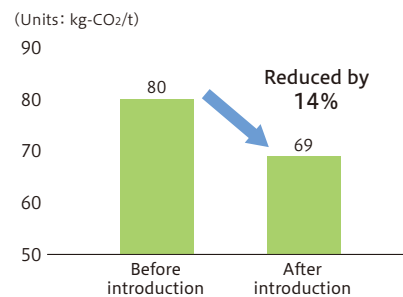
When supplying molten aluminium in the alloy business, ladles are used as containers to transport aluminium in a molten state to customers. As an effort to reduce CO₂ emissions, the burners used to preheat ladles before pouring molten aluminium are being replaced with recu-burners, which are equipped with a recuperator (recovery heat exchanger).

Over the period of fiscal 2019 to fiscal 2022, we introduced recu-burners at Kameyama Plant and Shiga Plant, and the per-unit CO₂ emissions from production at Shiga Plant decreased by 14% after introduction of recu-burners. We plan to optimize the combustion conditions in the future, and this is expected to have further effects.

Schematic diagram of a recu-burner



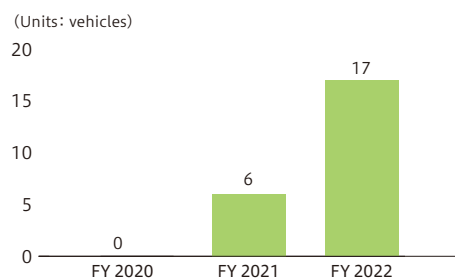
CO₂ emissions from burners for preheating ladles (Shiga Plant)



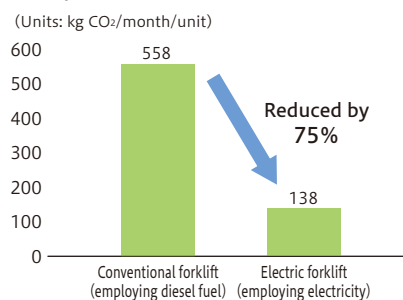
Expansion of electric forklifts

Based on the results of the electric forklift introduction tests conducted in fiscal 2021, we are promoting the switch to electric forklifts at our plants, and the number of electric forklifts in all plants has increased from 6 to 17. We have reduced CO₂ emissions per vehicle by an average of 75%. We will continue to promote the switch to electric forklifts to reduce CO₂ emissions.

Number of electric forklifts introduced (cumulative total)



Comparison of CO₂ emissions



Number of electric forklifts introduced

	FY 2021	FY 2022	FY 2023 (planned)	Total
Kameyama	1	3	1	5
Shiga	1	1	1	3
Shinshiro	1	0	1	2
Yuki	1	5	3	9
Shirakawa	2	2	4	8
Total	6	11	10	27



Pillar III Reduction of CO₂ emissions in production and distribution processes

Expansion of solar panel installation

Joint Crediting Mechanism

The Joint Crediting Mechanism (JCM) is a system that contributes to reducing greenhouse gas emissions in mainly developing countries by providing them with low-carbon technologies and products and that bilaterally shares the outcomes between the participating countries.

Regarding the installation of solar panels at our overseas bases, our installation plans for two countries, the Philippines (DAP) and Indonesia (DAI), have been adopted as JCM projects. The JCM credits received for greenhouse gas reductions in the Philippines and Indonesia will be used not only by the DIK Group but also in achieving the Nationally Determined Contributions (NDCs) of both countries as well as Japan.

Solar panel installation status and plans

Solar panel power generation started at Seishin Seisakusyo in 2021, and in fiscal 2022, we installed solar panels at Shiga Plant, Yuki Plant, Shirakawa Plant, and the Technical Center. From fiscal 2023 onward, we are promoting installation at seven manufacturing bases, including ones overseas. The completion of installation at all of the bases is expected to reduce CO₂ emissions by 2,769 tons per year.

Solar power generation facilities installed at our bases



Shiga Plant



Yuki Plant



Shirakawa Plant



Technical Center

Solar power generation plans of the Daiki Aluminium Group

Applicable bases	Domestic bases							Overseas bases								Total
	Seishin Seisakusyo	Shiga Plant	Yuki Plant	Shirakawa Plant	Technical Center	Hokkaido Daiki		Seishin (Thailand)	DAT No.1 Plant (Thailand)	DAT No.2 Plant (Thailand)	DAI (Indonesia)	DAP (Philippine)	DAH (India)	DAM (Malaysia)		
Date/planned date of introduction	Dec 2021	Nov 2022	Mar 2023	Jan 2023	Dec 2022	Nov 2023 (planned date of completion)	Subtotal	Oct 2023 (planned date of operation)	Dec 2023 (planned date of completion)	Sep 2023 (planned date of completion)	Oct 2023 (planned date of operation)	Mar 2024 (planned date of completion)	Aug 2023 (planned date of operation)	Under consideration	Subtotal	
Solar panel capacity (kW)	455	235	225	1,000	50	171	2,136	216	141	405	234	142	1,977	436	3,551	5,687
Annual power generation (thousand kWh/year)	430	236	264	1,094	47	212	2,283	298	190	566	274	197	1,380	660	3,566	5,849
Annual reduction of CO ₂ emissions (t CO ₂ /year)	199	109	129	505	21	114	1,077	95	86	257	87	97	860	210	1,692	2,769

Development of an energy-saving furnace

Daiki Engineering and overseas Group companies that are engaged in the engineering business provide a variety of furnaces to meet customer needs. The company has recently developed a new type of furnace (LCM furnace) that pursues even greater energy savings for customers who have given up on immersion heaters due to the risks of power outages caused by unreliable electricity supply, as well as rising electricity rates. By saving space in the holding chamber and effectively utilizing waste heat, the new furnace is expected to reduce fuel consumption and CO₂ emissions by approximately 16% compared with the conventional furnaces of Daiki Engineering. In the holding chamber, burners that are suitable for indirect heating of molten aluminium, rather than direct heating, are adopted to suppress the generation of oxides and achieve a layout that makes cleaning easier.

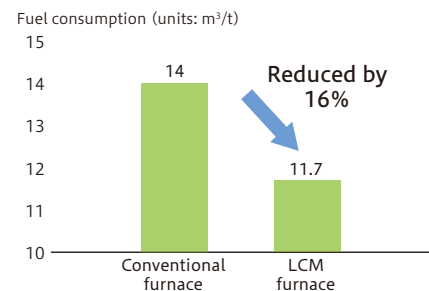


LCM furnace manufactured by Daiki Engineering

<Main features of the LCM furnace>

- The temperature rises quickly due to the reduction in the spatial volume of the holding room.
- To the extent possible, the structure prevents the intrusion of external air into the holding chamber, preventing the molten aluminium from cooling down and suppressing oxidation of the molten aluminium.
- The temperature of melted materials rises quickly due to the introduction of waste heat from the holding burner into the melting chamber.
- The oxidation of molten aluminium is suppressed by heating it indirectly rather than directly.
- The workability of cleaning inside the furnace is improved due to the reduced height of the holding chamber.
- Maintainability is improved as a result of relocating the mounting positions for equipment from higher to lower locations.

Comparison of fuel efficiency with a conventional furnace of Daiki Engineering



Pillar III Elimination of waste generated in manufacturing processes

Improvement of the waste recycling rate

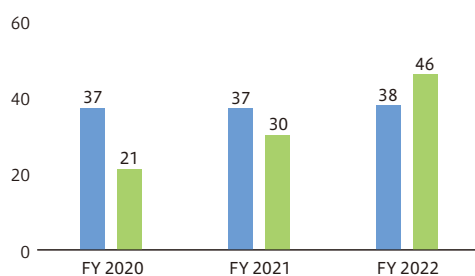
The Daiki Aluminium Group (in Japan and overseas) takes measures to reduce the amount of waste generated from plants, including reduction of the volume and reuse of the dust collected from dust collectors within the company, recycling of aluminium dross (as deoxidizer for steel, etc.), and recovery of magnesium chloride from ash generated in aluminium refining processes.

In addition, even when outsourcing waste disposal, we strive to increase the waste recycling rate by preferentially discharging waste to destinations that lead to 100% recycling after treatment.

* The handling of waste at overseas bases is in line with the handling of waste items in Japan.

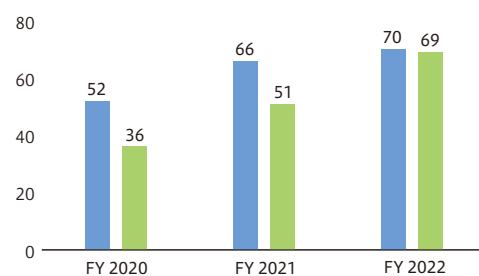
Per-unit amount of waste generated

(Units: kg/t) ■ Domestic bases ■ Overseas bases



Waste recycling rate

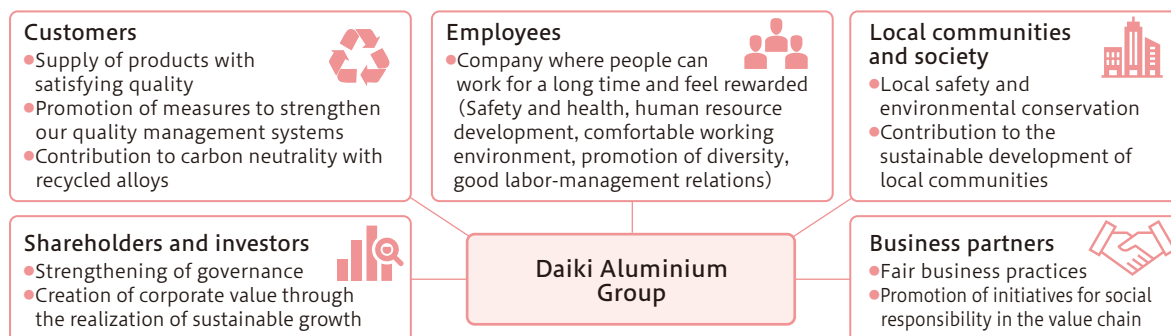
(Units: %) ■ Domestic bases ■ Overseas bases



Society

Engaging in dialogue with all stakeholders and building relationships of trust with society, we will contribute to the realization of a sustainable society through our business activities.

Stakeholder engagement



Approach to human rights

Human Rights Declaration

To respect the human rights of all stakeholders affected by the Group's business activities, we established a Human Rights Policy in July 2023 to promote initiatives to respect human rights throughout the DIK Group.

Daiki Aluminium Industry Group Human Rights Policy

The Daiki Aluminium Industry Group supports and respects international standards on human rights, including the International Bill of Human Rights (United Nations), International Labour Organization Declaration on Fundamental Principles and Rights at Work, and Guiding Principles on Business and Human Rights (United Nations). Furthermore, we understand that the human rights of all stakeholders affected by our business activities must be respected, and in addition to promoting initiatives to respect human rights throughout the DIK Group, we have established this policy and shall fulfill our social responsibilities as a company.

1. Scope of application
2. Respect of human rights
3. Compliance with applicable laws
4. Education
5. Human rights due diligence
6. Engagement

Respect for human rights

Based on ethical norms, we recognize that respect for human rights is an important social responsibility that we must fulfill, and we will act in accordance with the following action guidelines.

<Prohibition of discrimination>

The officers and employees of our Group shall respect human rights and shall not subject others to discrimination or harassment on the basis of nationality, race, ethnicity, gender, age, religion, creed, social status, or disability.

<Equal employment opportunities and comfortable working environments>

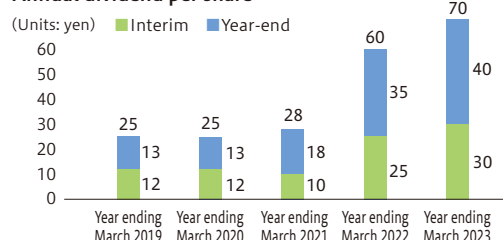
The officers and employees of our Group shall ensure equal employment opportunities and maintain healthy and comfortable working environments.

Initiatives for shareholders and investors

Based on our solid and sound management system, we disclose our business and financial conditions and results in a timely and proper manner to realize corporate accountability.

We aim to maintain the long-term stability of dividends as a basic policy for shareholder returns.

Annual dividend per share





Initiatives for employees

Pillar V Promotion of diversity

Initiatives for diversity

We actively and continuously recruit and promote diverse human resources. While we are working on the promotion of globalization and diversity as materialities in our mid-term management plan, we recognize that the ratios of women and non-Japanese employees among our core personnel are insufficient. We will therefore strive to develop human resources and improve the internal environment to increase their ratios.

As of March 31, 2023

Basic data (staff)		Male	Female	Total
Non-consolidated	All employees	283	35	318
	Management staff only	33	3	36
Consolidated	All employees	897	324	1,221
	Management staff only	120	19	139

<Reemployment system>

We have introduced a system to reemploy retired employees who wish to continue working, until they reach the age of 65 in principle. As of March 31, 2023, 21 people have been reemployed, accounting for approximately 6% of all employees.

<Intragroup transfer system>

We accept intragroup transferees with high levels of expertise from Thailand, Indonesia, the Philippines, and Vietnam at our plants in Japan and strive to promote exchanges. As of March 31, 2023, there have been 66 intragroup transferees in total.

Initiatives for human resource development

We are working on the development and effective use of human resources as a materiality set in our medium-term management plan. To make more effective use of them in the future, we will strive to improve our human resource development and internal environments.

Training results and future plan

(non-consolidated)

	FY2021 (results)	FY2022 (results)	FY2023 (planned)
Total time (hours)	1,500	6,000	6,500
Position-based training	—	3,700	4,200
Others (including language and compliance training)	1,500	2,300	2,300
Total cost (units: 10,000 yen)	6,500	23,500	27,900
Position-based training	—	15,000	19,300
Others (including language and compliance training)	6,500	8,500	8,600

<Position-based training>

We launched a new training system in fiscal 2022 with the aim of realizing human resources and organizational development that create the future.

The new training system mainly comprises face-to-face training, we are striving to stimulate exchanges between employees from different bases of the Group and communication between superiors and subordinates.



<Compliance training>

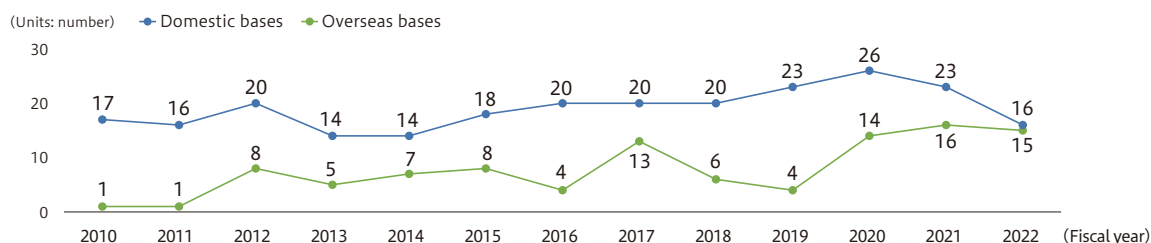
As in the case of position-based training, this training was launched in fiscal 2022 with the aim of improving and establishing awareness about compliance among all employees. While the themes listed below are often covered in compliance training, in fiscal 2022, we provided training on harassment and on information security. In the next fiscal year onward, we will continue to provide training covering each of the themes below.

- (1) Harassment (2) Information security (3) Copyrights/patent rights (4) Subcontract Act
(5) Whistleblowing system (6) Insider trading (7) Corporate governance (8) Internal controls

Safety and health, comfortable working environments, and occupational accidents

Although the DIK Group continues to carry out activities for the creation of safe working environments, such as company-wide safety patrols (with participants also from other factories and non-factory bases) and remote patrols jointly conducted by overseas bases, we were unable to reduce the number of occupational accidents to 0 again this fiscal year. In fiscal 2022, there were 16 occupational accidents at domestic bases (5 accidents with lost workdays and 11 accidents without lost workdays) and 15 occupational accidents at overseas bases (7 accidents with lost workdays and 8 accidents without lost workdays). We will strive to prevent accidents and disasters by continuously promoting measures such as automation, remote operation, and unattended operation.

Occupational accidents by year (accidents with lost workdays + accidents without lost workdays)



Company-wide safety patrol



Safety exchange meeting with subcontractors

Safety and health, comfortable working environments, and remote treatment of molten aluminium (using remote equipment)



Kameyama Plant has shifted to remote treatment of molten aluminium using remote equipment.

While workers have conventionally had to climb stairs and manually insert lance pipes and open/close valves on the treatment stage, the installation of a lance lifting device that makes use of an electric hoist and the relocation of valves to the ground floor has made it possible to treat molten aluminium without going up to the treatment stage. As a result, even in the event of leakage of molten aluminium treatment gas, it is now possible to handle the emergency situation remotely, and this has greatly improved safety.

Pillar I Establishment of a new production system

Introduction of automated guided forklifts



This fiscal year, we introduced automated guided forklifts (AGFs) for transporting products at Shirakawa Plant. Four AGFs are constantly operated in a large product warehouse to automatically transport finished products, store them in the warehouse, and prepare them for shipment the next day or later. In addition, it is now possible to remotely manage the inventory status in the product warehouse and give instructions for storing and retrieving products via a PC in the office, and elimination of the need for vehicles and people to work in the same area has made it possible to ensure safety in the workplace and improve work efficiency.

Initiatives for customers

Basic approach to quality

Better products and services at better prices, a management policy of our company, is our basic stance. To ensure the quality of our products and services (safety, suitability, and reliability) as required, we have established a quality management system committee in each base and conduct quality control according to international certification.

Basic policies

- Aiming to improve customer satisfaction, we will pursue quality and cost performance and earn the trust of customers while improving the quality of all aspects of our work and continuously providing products and services that appeal to customers.
- We will continue to pay the utmost attention to harmony with society from the perspective of the global environment.
- We will enhance our organizational vitality and eliminate stagnation in all aspects through the activation of our employees.

Quality management structure



Initiatives for suppliers

Basic Policy for Responsible Procurement

In August 2023, we formulated our Basic Policy for Responsible Procurement as a code of conduct that our officers, employees, and other workers must comply with in procurement for the business activities of the DIK Group.

Daiki Aluminium Industry Group Basic Policy for Responsible Procurement

In all business activities, the Daiki Aluminium Industry Group shall take into consideration compliance with laws and social norms for the supply chain as a whole, conservation of the environment and resources, and respect for human rights and shall promote fair and equitable procurement activities. Furthermore, we shall fulfill our social responsibilities as a sustainable company together with our suppliers and other business partners while building mutual trust with them.

1. Compliance with laws and social norms
2. Human rights and labor
3. Environment
4. Responsible procurement of minerals
5. Cooperation with business partners
6. Raising awareness of this Basic Policy
7. Review of this Basic Policy



Initiatives for local communities and society

Pillar IV

Interaction with surrounding areas and contribution to them

CSR activities of the DIK Group

The DIK Group carries out a variety of CSR activities at its bases in Japan and overseas to expand the circle of its social contribution activities.

<Educational activities>

In November 2022, we held an on-site class at a municipal elementary school in Osaka on the themes of SDGs and aluminium recycling as part of the QC circle activities of our Head Office. We plan to continue collaborating with local governments and actively providing on-site lectures.

In addition, we are gradually resuming the acceptance of field trips to our bases and tours of our plants, which were suspended during the spread of COVID-19.



今日の予定	
① 道徳	新次のしょうぎ
② 算数	面積
③ 理科	テスト
④ 音楽	テスト直し
⑤ 総合	アルミニウムの旅
⑥ 国語	つなぐ言葉

It is easier to transport aluminium cans to collection points for recycling if they are crushed to make them smaller.



出前講座 授業内容	
・環境問題って？	
・アルミニウムってどんな金属？	
～クイズ アルミニウムでできているものは？～	
・アルミ缶リサイクルの旅	
～グループワーク 缶をたくさん袋に入れるには？～	
・アルミ缶のつぶし方講座	
・地球環境を守るために私達に今できること	

class schedules

<Environmental conservation activities>

In March 2023, volunteers from our Head Office and their families participated in a Yodo River system cleanup event to clean the right bank of the Yodo River.

Among our overseas bases, employees of Daiki Om Aluminium Industry (Philippines), Inc. also participate in the cleanup of riverbanks on a regular basis.



Cleanup of the right bank of the Yodo River (Japan)



Regular cleanup activities (Philippines)



<Social contribution activities>

Daiki International Trading Corporation (USA) regularly carries out activities to help resolve the issue of homelessness, which has become a major social challenge. In cooperation with an organization that works to protect poor households on the verge of homelessness (A Sense of Home), the company selects furnishings that meet the wishes of the recipients, stages and decorates a model of their rooms, and then gifts the furnishings to the recipients. You can see this initiative of Daiki International Trading Corporation on YouTube. <https://youtu.be/7bCsv9EHA6A>



<Activities to contribute to local communities>

The dross generated from the refining process for recycled aluminium ingots is collected in a dedicated plant at Shinshiro Plant, where magnesium chloride is extracted and purified into an aqueous solution. Magnesium chloride is a component of the bittern for tofu and is harmless to the human body, and its aqueous solution is used as a phosphorus remover in water treatment equipment and other devices, as an antifreeze agent, as a dust-control agent, and other applications.

Since fiscal 2021, Shinshiro Plant has been spraying an aqueous solution of magnesium chloride with dust-controlling effects each year at local elementary and junior high schools. In fiscal 2022, the solution was sprayed on the schoolyards of 15 elementary and junior high schools as well as the open spaces of community centers.



Corporate governance

To achieve sustainable growth and improve corporate value, we will establish a solid and sound management structure and work to strengthen governance.

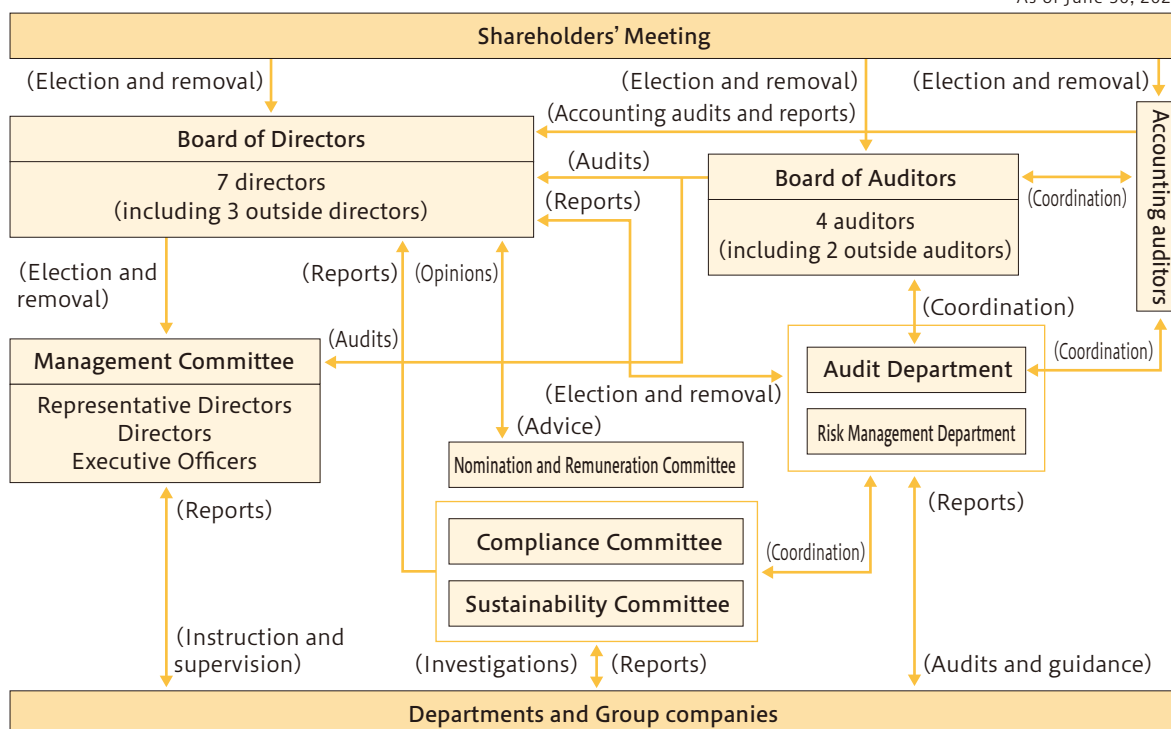
Initiatives for corporate governance

Pillar I Solid and sound management structure

We consider the strengthening of corporate governance to be the most important challenge for business development based on sound corporate management. While striving to establish a well-balanced management structure and strengthen auditing functions, we will make prompt and appropriate management decisions and strive to ensure highly fair and transparent management and execution of business through measures based on compliance (legal compliance).

Structure

As of June 30, 2023



Board of Directors

Our Board of Directors consists of seven directors, three of whom are independent outside directors as required by the rules of the Tokyo Stock Exchange. The outside directors add the perspectives of third parties with a broad range of experience, deep insight and expertise to enhance the fairness and transparency of management. Furthermore, for the election and removal of directors and the determination of officer remuneration, the Nomination and Remuneration Committee, the majority of the members of which are independent outside directors, deliberates and submits opinions.

To clearly separate decision-making and supervisory functions for management from business execution functions, we have also adopted an executive officer system, and we are working to revitalize the Board of Directors and improve the functionality of business execution.

Board of Auditors

Daiki Aluminium has adopted a corporate auditor system. The Board of Auditors consists of four members, two of whom are outside auditors. For management audit functions, we have added internal audit functions of the Audit Department to the audits performed by auditors and accounting auditors. From the perspective of corporate governance, we also conduct adequacy audits, in addition to audits of compliance with laws and regulations related to decision-making for management and business execution, to enhance audit functions.

Skill matrix for directors

The expertise, experience, and skills of each director are listed to effectively and efficiently demonstrate the functions of the Board of Directors.

Name	Position and responsibility	Skills							Independence (outside directors only)
		Corporate management Management strategy	Industry knowledge	Technology and innovation	Risk management Compliance Internal control	Financial accounting	Global	ESG Social contribution	
Takaaki Yamamoto	Chairman & Representative Director	●	●		●	●	●	●	
Shigenori Hayashi	President, Representative Director & Executive Officer	●	●		●		●	●	
Kazushi Goto	Director & Senior Managing Executive Officer, General Manager of Overseas Business Coordination Department	●	●	●	●		●	●	
Masao Yamaoka	Director & Managing Executive Officer, General Manager of Production Management Department and General Manager of Risk Management Department and Technical Center	●	●	●	●		●	●	
Morihiko Tatsuno	Director				●		●	●	●
Eishi Isogai	Director				●	●		●	●
Kenji Tani	Director	●	●		●		●	●	●

Committees

<Compliance Committee>

Chaired by the president, the Compliance Committee deliberates on the development of compliance systems and maintenance and improvement of their effectiveness and reports and makes recommendations to the Board of Directors on discussions, decisions, and progress four times a year in principle.

<Sustainability Committee>

Chaired by the president, the Sustainability Committee formulates basic policies on sustainability, deliberates on issues like the formulation of strategies and plans and the setting of indicators to be achieved, and monitors the status of initiatives while also reporting and making recommendations to the Board of Directors.

Business continuity planning (BCP)

We hold a disaster prevention task force meeting based on business continuity planning (BCP) every month and improve, operate, and review the initiatives. In addition to regular meetings and drills, we implement measures related to business continuity planning.

Business continuity planning (BCP) policies	Main BCP activities in fiscal 2022									
<ol style="list-style-type: none"> 1. Giving top priority to saving human lives, we will quickly evacuate people, implement initial responses, and prevent secondary disasters. 2. Through swift recovery of our business, we will fulfill our delivery commitments to customers and maintain business with suppliers. 3. We will establish systems and procedures to realize 1. and 2. above, determine measures, and take action. <ol style="list-style-type: none"> (1) We will clarify bottlenecks by identifying important resources and the number of days needed for each business to recover. (2) We will develop mitigation and alternative measures and provide education and training to ensure head office functions. (3) We will conduct surveys, take counter-measures, and make improvements for disaster mitigation and initial responses. (4) We will clarify the division of responsibility and procedures for initial responses and familiarize ourselves with responses through training. 4. We will disseminate information on business continuity activities through the development of manuals, materials, and information as well as through education and training. 	Regular meetings and drills									
	<table> <tr> <td>Disaster prevention task force meetings</td><td>12 times/year</td></tr> <tr> <td>Safety confirmation drills</td><td>4 times/year (June, October, and November 2022 and February 2023)</td></tr> <tr> <td>Company-wide BCP drills</td><td>1 time/year (December 2022)</td></tr> </table>	Disaster prevention task force meetings	12 times/year	Safety confirmation drills	4 times/year (June, October, and November 2022 and February 2023)	Company-wide BCP drills	1 time/year (December 2022)			
Disaster prevention task force meetings	12 times/year									
Safety confirmation drills	4 times/year (June, October, and November 2022 and February 2023)									
Company-wide BCP drills	1 time/year (December 2022)									
	Measures taken									
	<table> <tr> <td>Molten aluminium supply emergency backup test</td><td>June 2022</td></tr> <tr> <td>Opening of a permanent online meeting room</td><td>Started in July 2022</td></tr> <tr> <td>Disaster homepage response drill</td><td>October 2022</td></tr> <tr> <td>Relocation of Head Office</td><td>February 2023</td></tr> <tr> <td>Reinforcement work for centralized smokestacks at Shinshiro Plant</td><td>Completed in March 2023</td></tr> </table>	Molten aluminium supply emergency backup test	June 2022	Opening of a permanent online meeting room	Started in July 2022	Disaster homepage response drill	October 2022	Relocation of Head Office	February 2023	Reinforcement work for centralized smokestacks at Shinshiro Plant
Molten aluminium supply emergency backup test	June 2022									
Opening of a permanent online meeting room	Started in July 2022									
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Reinforcement work for centralized smokestacks at Shinshiro Plant	Completed in March 2023									

Main Consolidated Financial Data for 10 Years

Daiki Aluminium Industry Co., Ltd. and its subsidiaries

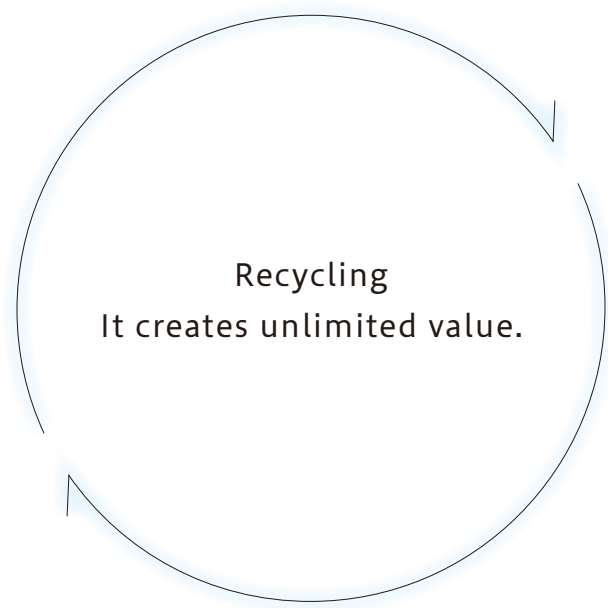
FY ended Mar 31		87th term Fiscal year ended March 2014	88th term Fiscal year ended March 2015	89th term Fiscal year ended March 2016	90th term Fiscal year ended March 2017
Operating results					
Net sales	(million yen)	132,512	165,286	157,088	150,809
Operating profit	(million yen)	2,000	3,028	3,684	4,730
Ordinary profit	(million yen)	1,003	2,928	3,088	4,684
Profit attributable to owners of parent	(million yen)	228	2,175	2,298	3,136
Financial conditions					
Total assets	(million yen)	65,924	79,370	69,967	76,637
Net assets	(million yen)	20,052	23,296	24,198	26,822
Interest-bearing debt	(million yen)	35,808	43,824	33,827	36,172
Equity ratio	(%)	30.0	29.0	34.1	34.6
Return on equity	(%)	1.1	10.1	9.7	12.4
Cash flow					
Cash flow from operating activities	(million yen)	(4,590)	(4,244)	13,823	(393)
Cash flow from investing activities	(million yen)	(1,294)	(1,874)	(1,851)	(2,283)
Cash flow from financing activities	(million yen)	6,537	6,312	(11,001)	2,208
Cash and cash equivalents	(million yen)	3,380	3,747	4,597	4,072
Capital investment and depreciation expenses					
Capital investments	(million yen)	1,624	2,749	2,104	2,757
Depreciation	(million yen)	1,355	1,561	1,682	1,739
Per share status					
Net assets per share	(yen)	478	556	577	640
Basic earnings per share	(yen)	5	52	55	75
Dividends per share	(yen)	6	8	10	14
Other					
Dividends payout ratio	(%)	108.5	15.2	18.0	18.4
Number of employees	(persons)	643	709	821	859
Highest stock price	(yen)	346	355	465	563
Lowest stock price	(yen)	204	233	228	250
Total number of issued shares	(thousand shares)	43,629	43,629	43,629	43,629
Number of consolidated subsidiaries	(companies)	11	11	11	11

Notes 1. All information is presented on a consolidated basis.

2. The stated amounts are rounded down to the nearest million yen.

3. The total amount of dividends for each business year consists of interim dividends and year-end dividends.

91st term Fiscal year ended March 2018	92nd term Fiscal year ended March 2019	93rd term Fiscal year ended March 2020	94th term Fiscal year ended March 2021	95th term Fiscal year ended March 2022	96th term Fiscal year ended March 2023
185,586	196,749	159,079	139,194	236,056	273,033
6,861	8,111	7,719	9,245	20,376	13,744
6,598	7,125	7,723	9,046	20,665	13,890
4,490	5,058	5,586	6,142	14,880	9,726
94,698	90,802	83,234	97,567	141,616	133,215
31,669	34,516	38,691	43,785	58,505	68,370
48,164	41,486	31,339	37,967	58,703	42,064
32.9	37.4	45.8	44.1	40.6	50.6
15.5	15.5	15.4	15.1	29.5	15.5
(5,672)	12,058	20,241	(4,521)	(15,621)	26,165
(3,505)	(4,560)	(5,929)	(4,972)	(3,417)	(4,580)
10,339	(7,768)	(11,146)	6,219	17,912	(21,660)
5,557	5,244	9,177	5,702	4,779	4,869
3,940	3,491	6,746	3,946	3,813	4,561
1,942	2,361	2,713	2,901	3,196	3,493
752	834	941	1,063	1,421	1,665
108	122	137	151	367	240
18	25	25	28	60	70
16.6	20.4	18.1	18.4	16.3	29.1
970	1,031	1,136	1,187	1,239	1,221
965	837	823	1,157	2,045	1,614
443	482	445	460	947	1,137
43,629	43,629	43,629	43,629	43,629	43,629
12	12	13	13	13	13



Daiki Aluminium Industry Co., Ltd.

Daiki Aluminium Website
<https://www.dik-net.com/>

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https://www.dik-net.com/contact/contact_form7/

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