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Consolidated Financial Results for the Six Months Ended June 30, 2024 [Japanese GAAP]

August 9, 2024

Company name: Daiki Axis Co.,Ltd.

Listing: Tokyo

Securities code: 4245

URL: <https://www.daiki-axis.com>

Representative: Hiroki Ogame

,President and CEO CIO

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,Executive Managing Director and CCO

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Scheduled date to file semi-annual securities report: August 9, 2024

Scheduled date to commence dividend payments: September 3, 2024

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Six Months Ended June 30, 2024 (January 1, 2024 to June 30, 2024)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2024	22,610	7.3	554	67.7	628	52.3	266	-
June 30, 2023	21,067	4.9	330	(37.7)	412	(41.3)	4	(98.9)

(Note) Comprehensive income: Six months ended June 30, 2024: ¥ 376 million [-%]
Six months ended June 30, 2023: ¥ (56) million [-%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2024	19.99	-
June 30, 2023	0.33	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
June 30, 2024	34,061	9,699	28.5
December 31, 2023	34,071	9,524	28.0

(Reference) Equity: As of June 30, 2024: ¥ 9,698 million
As of December 31, 2023: ¥ 9,523 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2023	-	15.00	-	15.00	30.00
Fiscal year ending December 31, 2024	-	12.00			
Fiscal year ending December 31, 2024 (Forecast)			-	12.00	24.00

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

(Note) Breakdown of the 2nd quarter dividend for the fiscal year ending December 31, 2024 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2024(January 1, 2024 to December 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	44,500	4.3	730	10.5	800	(4.5)	400	94.8	30.03

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

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

Newly included:	-	(Company name:	)
Excluded:	-	(Company name:	)

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

- 1) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- 2) Changes in accounting policies due to other reasons: None
- 3) Changes in accounting estimates: None
- 4) Restatement: None

(4) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

June 30, 2024:	13,672,100 shares
December 31, 2023:	13,672,100 shares

2) Number of treasury shares at the end of the period:

June 30, 2024:	345,498 shares
December 31, 2023:	351,898 shares

3) Average number of shares outstanding during the period:

Six months ended June 30, 2024:	13,324,512 shares
Six months ended June 30, 2023:	13,303,477 shares

(Note) In calculating the number of treasury share at the end of the period and the average number of share during the period, the number of treasury share to be deducted includes the number of share of the Company held by the BBT Trust and the J-ESOP Trust.

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters.

(Cautionary statement regarding forward-looking statements)

These statements are based on information currently available to the Company and certain assumptions that the Company judges to be reasonable, and are not intended to be a promise by the Company that they will be achieved. Actual business results may differ significantly due to various factors.

Semi-annual Consolidated Financial Statements
Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2023	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	6,945	7,035
Notes and accounts receivable - trade	6,248	6,257
Accounts receivable from completed construction contracts and contract assets	3,424	3,160
Merchandise and finished goods	870	739
Work in process	44	50
Costs on construction contracts in progress	195	162
Raw materials and supplies	393	383
Real estate for sale in process	184	123
Other	838	687
Allowance for doubtful accounts	(274)	(279)
Total current assets	18,871	18,319
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,831	1,817
Machinery, equipment and vehicles, net	5,736	5,745
Land	2,652	2,674
Construction in progress	1,043	1,274
Other, net	95	107
Total property, plant and equipment	11,359	11,619
Intangible assets		
Goodwill	1,457	1,302
Other	105	81
Total intangible assets	1,562	1,384
Investments and other assets		
Investment securities	776	1,158
Other	1,724	1,797
Allowance for doubtful accounts	(223)	(218)
Total investments and other assets	2,277	2,737
Total non-current assets	15,199	15,741
Total assets	34,071	34,061

(Millions of yen)

	As of December 31, 2023	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,659	2,317
Accounts payable for construction contracts	1,952	1,974
Short-term borrowings	8,265	8,751
Current portion of long-term borrowings	1,018	990
Current portion of bonds payable	430	430
Income taxes payable	218	350
Contract liabilities	613	809
Provision for bonuses	345	223
Provisions	99	101
Other	1,342	1,432
Total current liabilities	16,945	17,380
Non-current liabilities		
Bonds payable	2,395	2,180
Long-term borrowings	3,955	3,528
Provisions	200	229
Asset retirement obligations	456	469
Other	594	574
Total non-current liabilities	7,601	6,981
Total liabilities	24,547	24,361
Net assets		
Shareholders' equity		
Share capital	2,556	2,556
Capital surplus	2,295	2,295
Retained earnings	4,445	4,506
Treasury shares	(273)	(270)
Total shareholders' equity	9,023	9,087
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	59	82
Foreign currency translation adjustment	440	528
Total accumulated other comprehensive income	500	611
Non-controlling interests	0	0
Total net assets	9,524	9,699
Total liabilities and net assets	34,071	34,061

Semi-annual Consolidated Statements of Income and Comprehensive Income

Semi-annual Consolidated Statements of Income (For the six months)

(Millions of yen)

	For the six months ended June 30, 2023	For the six months ended June 30, 2024
Net sales	21,067	22,610
Cost of sales	16,734	17,709
Gross profit	4,333	4,901
Selling, general and administrative expenses	4,003	4,347
Operating profit	330	554
Non-operating income		
Interest income	13	17
Dividend income	2	2
Purchase discounts	74	69
Other	53	57
Total non-operating income	143	146
Non-operating expenses		
Interest expenses	21	28
Interest expenses on bonds	5	5
Share of loss of entities accounted for using equity method	3	0
Other	31	38
Total non-operating expenses	61	72
Ordinary profit	412	628
Extraordinary income		
Gain on sale of non-current assets	0	35
Insurance claim income	63	16
Other	6	5
Total extraordinary income	70	57
Extraordinary losses		
Cost of corrective measures for product defects	198	-
Loss on sale of non-current assets	8	1
Loss on retirement of non-current assets	22	0
Other	12	11
Total extraordinary losses	242	13
Profit before income taxes	239	672
Income taxes - current	174	313
Income taxes - deferred	61	92
Total income taxes	235	406
Profit	4	266
Loss attributable to non-controlling interests	-	(0)
Profit attributable to owners of parent	4	266

Semi-annual Consolidated Statements of Comprehensive Income (For the six months)

(Millions of yen)

	For the six months ended June 30, 2023	For the six months ended June 30, 2024
Profit	4	266
Other comprehensive income		
Valuation difference on available-for-sale securities	22	22
Foreign currency translation adjustment	(85)	84
Share of other comprehensive income of entities accounted for using equity method	1	4
Total other comprehensive income	(61)	110
Comprehensive income	(56)	376
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(56)	376
Comprehensive income attributable to non-controlling interests	-	(0)

Semi-annual Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended June 30, 2023	For the six months ended June 30, 2024
Cash flows from operating activities		
Profit before income taxes	239	672
Depreciation	374	383
Amortization of goodwill	120	156
Increase (decrease) in allowance for doubtful accounts	(6)	0
Increase (decrease) in provision for bonuses	(182)	(121)
Increase (decrease) in provision for bonuses for directors (and other officers)	(23)	42
Increase (decrease) in provision for product warranties	(2)	0
Increase (decrease) in provision for warranties for completed construction	2	(12)
Increase (decrease) in provision for loss on construction contracts	17	(28)
Interest and dividend income	(16)	(20)
Interest expenses	26	33
Share of loss (profit) of entities accounted for using equity method	3	0
Loss (gain) on sale of non-current assets	7	(34)
Loss on retirement of non-current assets	22	0
Insurance claim income	(63)	(16)
Decrease (increase) in trade receivables , and contract assets	1,199	243
Decrease (increase) in inventories	(98)	244
Increase (decrease) in trade payables	(7)	(325)
Increase (decrease) in contract liabilities cf	6	193
Increase (decrease) in provision for share awards	(4)	(3)
Increase (decrease) in accrued consumption taxes	(11)	112
Other, net	182	93
Subtotal	1,789	1,615
Interest and dividends received	13	27
Interest paid	(27)	(35)
Proceeds from insurance income	63	16
Income taxes paid	(294)	(97)
Net cash provided by (used in) operating activities	1,543	1,525
Cash flows from investing activities		
Payments into time deposits	(67)	(54)
Proceeds from withdrawal of time deposits	12	14
Purchase of property, plant and equipment	(651)	(552)
Proceeds from sale of property, plant and equipment	5	34
Purchase of investment securities	(364)	(358)
Proceeds from sale of investment securities	86	5
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(611)	-
Payments for investments in capital	-	(100)
Other, net	(10)	(92)
Net cash provided by (used in) investing activities	(1,601)	(1,104)

(Millions of yen)

	For the six months ended June 30, 2023	For the six months ended June 30, 2024
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	788	486
Proceeds from long-term borrowings	1,513	38
Repayments of long-term borrowings	(271)	(493)
Redemption of bonds	(210)	(215)
Dividends paid	(164)	(205)
Other, net	(49)	(44)
Net cash provided by (used in) financing activities	1,605	(433)
Effect of exchange rate change on cash and cash equivalents	(22)	47
Net increase (decrease) in cash and cash equivalents	1,525	35
Cash and cash equivalents at beginning of period	7,138	6,670
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(7)	-
Cash and cash equivalents at end of period	8,656	6,706