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

November 14, 2024

Company name: Daiki Aluminium Industry Co., Ltd.
Stock exchange listing: Tokyo Stock Exchange
Code number: 5702
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Scheduled date to file semi-annual securities report: November 14, 2024
Scheduled date of commencing dividend payments: December 5, 2024
Availability of supplementary explanatory materials on financial results: Available
Schedule of financial results briefing session: No

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (April 1, 2024 - September 30, 2024)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2024	137,147	3.8	2,640	(3.8)	2,520	(5.9)	1,596	(38.2)
September 30, 2023	132,120	(8.4)	2,745	(74.5)	2,678	(75.5)	2,585	(64.5)

(Note) Comprehensive income: Six months ended September 30, 2024: ¥4,324 million [(28.5)%]
Six months ended September 30, 2023: ¥6,049 million [(48.2)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	39.55	38.96
September 30, 2023	63.82	62.86

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2024	160,274	74,763	46.1
As of March 31, 2024	138,679	72,062	51.4

(Reference) Equity: As of September 30, 2024: ¥73,880 million
As of March 31, 2024: ¥71,247 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	–	30.00	–	20.00	50.00
Fiscal year ending March 31, 2025	–	25.00			
Fiscal year ending March 31, 2025 (Forecast)			–	30.00	55.00

(Note) Revisions from the most recently announced dividends forecast: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 - March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	291,200	10.9	4,790	3.7	3,750	(10.0)	2,110	(35.0)	53.32

(Note) Revisions from the most recently announced financial results forecast: No

*** Notes:**

(1) Significant changes in the scope of consolidation during the period under review: Yes
Newly included: 1 company (company name) Daiki Aluminium Vietnam Co., Ltd.
Excluded: –

(2) Adoption of special accounting methods for the preparation of semi-annual consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
1) Changes in accounting policies due to the revision of accounting standards: No
2) Changes in accounting policies other than 1) above: No
3) Changes in accounting estimates: No
4) Retrospective restatement: No

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

As of September 30, 2024:	43,629,235 shares
As of March 31, 2024:	43,629,235 shares

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

As of September 30, 2024:	4,056,711 shares
As of March 31, 2024:	3,117,611 shares

3) Average number of shares during the period:

Six months ended September 30, 2024:	40,377,466 shares
Six months ended September 30, 2023:	40,511,684 shares

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

* Explanation on the proper use of financial results forecast and other notes

(Cautionary note regarding forward-looking statements, etc.)

The earnings forecasts and other forward-looking statements herein are based on information available to the Company at the time of preparation and certain assumptions deemed to be reasonable, and actual results may vary significantly due to various factors. For the assumptions used for the earnings forecasts and the notes regarding the use thereof, please refer to “Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 3 of the attached document.

(Reference)

1. Non-consolidated Financial Results for the Six Months Ended September 30, 2024 (April 1, 2024 - September 30, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2024	79,929	4.1	1,136	(8.0)	1,639	(1.5)	1,165	(44.6)
September 30, 2023	76,801	(5.1)	1,234	(66.0)	1,665	(62.0)	2,102	(32.8)

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	28.86	28.43
September 30, 2023	51.90	51.12

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 - March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	168,600	11.8	2,200	(2.7)	3,650	(4.7)	2,760	(25.9)	69.75

(Note) Revisions from the most recently announced financial results forecast: No

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Period under Review

During the six months ended September 30, 2024, the Japanese and global economy recovered slowly although signs of faltering were still remaining partly.

Amid this economic environment, in the domestic automobile-related market, which is our main source of demand, production activities of some automakers have been restarted in phases from stagnation due to certification irregularities and recall problems, helping the market return on a domestic demand-led growth trajectory.

As a result, the Group's consolidated net sales for the six months ended September 30, 2024 amounted to a combined total of ¥137,147 million (up 3.8% year on year), including ¥89,025 million in secondary aluminum alloy ingots (up 1.7% year on year) and ¥48,121 million in merchandise and raw materials (up 8.0% year on year).

Given the shrinkage in the price difference (spread) between raw material prices and product selling prices due to scrap prices remaining high compared to the same period of the previous fiscal year, operating profit was ¥2,640 million (down 3.8% year on year), ordinary profit was ¥2,520 million (down 5.9% year on year), and profit attributable to owners of parent was ¥1,596 million (down 38.2% year on year).

(2) Overview of Financial Position for the Period under Review

1) Current Assets

The balance of current assets as of September 30, 2024 was ¥125,122 million, up ¥19,603 million from the end of the previous fiscal year. This was mainly due to respective increases of ¥2,456 million in cash and deposits, ¥8,070 million in notes and accounts receivable - trade, ¥2,643 million in merchandise and finished goods, and ¥7,877 million in raw materials and supplies.

2) Non-current Assets

The balance of non-current assets as of September 30, 2024 was ¥35,152 million, up ¥1,991 million from the end of the previous fiscal year. This was mainly due to respective increases of ¥1,312 million in property, plant and equipment and ¥764 million in "other" under investments and other assets, and a decrease of ¥159 million in investment securities.

3) Current Liabilities

The balance of current liabilities as of September 30, 2024 was ¥74,107 million, up ¥17,226 million from the end of the previous fiscal year. This was mainly due to respective increases of ¥1,519 million in notes and accounts payable - trade, ¥14,541 million in short-term borrowings, and ¥698 million in other.

4) Non-current Liabilities

The balance of non-current liabilities as of September 30, 2024 was ¥11,403 million, up ¥1,667 million from the end of the previous fiscal year. This was mainly due to an increase of ¥1,668 million in long-term borrowings.

5) Net Assets

The balance of net assets as of September 30, 2024 was ¥74,763 million, up ¥2,700 million from the end of the previous fiscal year. This was mainly due to respective increases of ¥1,041 million in retained earnings and ¥3,034 million in foreign currency translation adjustment and respective decreases of ¥1,049 million in purchase of treasury shares and ¥296 million in valuation difference on available-for-sale securities.

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

There are no changes to the financial results forecasts for the fiscal year ending March 31, 2025, which were disclosed on October 31, 2024 as part of the “Notice of Revision of Financial Results Forecast.”

2. Semi-annual Consolidated Financial Statements and Principal Notes

(1) Semi-annual Consolidated Balance Sheet

(Million yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	6,379	8,836
Notes and accounts receivable - trade	52,861	60,931
Merchandise and finished goods	18,639	21,283
Work in process	183	186
Raw materials and supplies	21,227	29,104
Other	6,231	4,793
Allowance for doubtful accounts	(3)	(14)
Total current assets	105,519	125,122
Non-current assets		
Property, plant and equipment		
Buildings and structures	20,434	21,293
Accumulated depreciation	(10,389)	(10,765)
Buildings and structures, net	10,045	10,528
Machinery, equipment and vehicles	36,248	38,381
Accumulated depreciation	(26,902)	(28,343)
Machinery, equipment and vehicles, net	9,345	10,037
Tools, furniture and fixtures	2,196	2,308
Accumulated depreciation	(1,680)	(1,786)
Tools, furniture and fixtures, net	515	521
Land	4,072	4,115
Leased assets	2,067	2,249
Accumulated depreciation	(407)	(472)
Leased assets, net	1,660	1,776
Construction in progress	375	347
Total property, plant and equipment	26,014	27,326
Intangible assets	151	156
Investments and other assets		
Investment securities	5,070	4,910
Long-term loans receivable	1	1
Retirement benefit asset	1,028	1,031
Deferred tax assets	362	449
Other	841	1,606
Allowance for doubtful accounts	(310)	(331)
Total investments and other assets	6,994	7,668
Total non-current assets	33,160	35,152
Total assets	138,679	160,274

(Million yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,256	11,775
Short-term borrowings	41,684	56,225
Accounts payable - other	1,851	1,880
Income taxes payable	586	609
Accrued consumption taxes	89	269
Accrued expenses	1,359	1,488
Provision for bonuses	283	388
Other	769	1,468
Total current liabilities	56,881	74,107
Non-current liabilities		
Long-term borrowings	6,435	8,104
Provision for retirement benefits for directors (and other officers)	10	11
Retirement benefit liability	367	406
Lease liabilities	132	132
Asset retirement obligations	298	300
Deferred tax liabilities	2,342	2,302
Other	148	146
Total non-current liabilities	9,735	11,403
Total liabilities	66,616	85,510
Net assets		
Shareholders' equity		
Share capital	6,346	6,346
Capital surplus	8,863	8,863
Retained earnings	49,179	50,220
Treasury shares	(1,337)	(2,387)
Total shareholders' equity	63,052	63,044
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,917	1,621
Deferred gains or losses on hedges	(24)	(67)
Foreign currency translation adjustment	5,889	8,923
Remeasurements of defined benefit plans	412	358
Total accumulated other comprehensive income	8,194	10,836
Share acquisition rights	142	142
Non-controlling interests	672	739
Total net assets	72,062	74,763
Total liabilities and net assets	138,679	160,274

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income

Semi-annual Consolidated Statement of Income

(Million yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales	132,120	137,147
Cost of sales	124,986	130,236
Gross profit	7,133	6,910
Selling, general and administrative expenses		
Transportation costs	1,958	1,707
Provision of allowance for doubtful accounts	0	4
Provision for retirement benefits for directors (and other officers)	0	0
Provision for bonuses	70	98
Other	2,357	2,458
Total selling, general and administrative expenses	4,387	4,270
Operating profit	2,745	2,640
Non-operating income		
Interest income	46	44
Dividend income	81	64
Foreign exchange gains	242	257
Technical advisory fee income	2	3
Gain on sales of iron scrap	63	69
Other	133	231
Total non-operating income	570	670
Non-operating expenses		
Interest expenses	600	695
Share of loss of entities accounted for using equity method	–	52
Other	37	42
Total non-operating expenses	637	790
Ordinary profit	2,678	2,520
Extraordinary income		
Gain on sale of non-current assets	3	7
Gain on sale of investment securities	1,261	–
Compensation income	66	–
Total extraordinary income	1,331	7
Extraordinary losses		
Loss on sale and retirement of non-current assets	63	58
Total extraordinary losses	63	58
Profit before income taxes	3,945	2,469
Income taxes - current	1,180	855
Income taxes - deferred	212	17
Total income taxes	1,392	873
Profit	2,553	1,596
Loss attributable to non-controlling interests	(31)	(0)
Profit attributable to owners of parent	2,585	1,596

Semi-annual Consolidated Statement of Comprehensive Income

(Million yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit	2,553	1,596
Other comprehensive income		
Valuation difference on available-for-sale securities	6	(296)
Deferred gains or losses on hedges	(55)	(42)
Foreign currency translation adjustment	3,565	3,079
Remeasurements of defined benefit plans, net of tax	(19)	(54)
Share of other comprehensive income of entities accounted for using equity method	–	41
Total other comprehensive income	3,495	2,728
Comprehensive income	6,049	4,324
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,011	4,238
Comprehensive income attributable to non-controlling interests	37	85

(3) Semi-annual Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	3,945	2,469
Depreciation	1,767	1,915
Increase (decrease) in allowance for doubtful accounts	0	14
Increase (decrease) in provision for bonuses	15	100
Increase (decrease) in retirement benefit liability	13	23
Decrease (increase) in retirement benefit asset	(26)	(81)
Interest and dividend income	(128)	(109)
Interest expenses	600	695
Foreign exchange losses (gains)	(32)	3
Loss (gain) on sale of investment securities	(1,261)	–
Share of loss (profit) of entities accounted for using equity method	–	52
Loss (gain) on sale and retirement of non-current assets	60	51
Decrease (increase) in trade receivables	(1,547)	(5,994)
Decrease (increase) in inventories	(1,864)	(8,350)
Decrease (increase) in advance payments to suppliers	53	(144)
Decrease (increase) in accounts receivable - other	(2,328)	1,038
Increase (decrease) in trade payables	(2,826)	282
Compensation income	(66)	–
Increase (decrease) in accrued consumption taxes	(554)	176
Other, net	386	(227)
Subtotal	(3,792)	(8,084)
Interest and dividends received	128	109
Interest paid	(610)	(696)
Income taxes paid	(1,679)	(215)
Proceeds from compensation	66	–
Net cash provided by (used in) operating activities	(5,887)	(8,886)
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment and intangible assets	5	10
Purchase of property, plant and equipment	(2,367)	(1,584)
Purchase of investment securities	(182)	(320)
Proceeds from sale of investment securities	1,631	–
Other, net	55	(19)
Net cash provided by (used in) investing activities	(858)	(1,912)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	7,901	12,588
Proceeds from long-term borrowings	2,200	3,800
Repayments of long-term borrowings	(1,818)	(1,887)
Net decrease (increase) in treasury shares	–	(1,049)
Dividends paid	(1,620)	(810)
Dividends paid to non-controlling interests	(32)	(18)
Other, net	(38)	(34)
Net cash provided by (used in) financing activities	6,591	12,587
Effect of exchange rate change on cash and cash equivalents	32	416
Net increase (decrease) in cash and cash equivalents	(121)	2,205
Cash and cash equivalents at beginning of period	4,869	6,290
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	–	240
Cash and cash equivalents at end of period	4,747	8,736

(4) Notes to Semi-annual Consolidated Financial Statements

(Changes in Scope of Consolidation or Scope of Application of the Equity Method)

Six months ended September 30, 2024
Significant change in the scope of consolidation During the three months ended June 30, 2024, the Company added Daiki Aluminium Vietnam Co., Ltd., whose importance increased, in the scope of consolidation.

(Notes in Case of Significant Changes in Shareholders' Equity)

Not applicable.

(Notes on Going Concern Assumption)

Not applicable.