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## Consolidated Financial Results for the Nine Months Ended December 31, 2022 [Japanese GAAP]

February 9, 2023

Company name: Daido Metal Co., Ltd.  
 Stock exchange listing: Tokyo, Nagoya  
 Code number: 7245  
 URL: <https://www.daidometal.com/>  
 Representative: Seigo Hanji Chairman and Chief Executive Officer  
 Contact: Hiroki Iwakura Executive Officer and Head of Corporate Planning Division  
 Phone: +81-52-205-1400  
 Scheduled filing date of quarterly securities report: February 14, 2023  
 Scheduled start date of dividend payments: —  
 Availability of supplementary briefing material on quarterly financial results: Yes  
 Schedule of quarterly financial results briefing session: No

(Fractional amounts of less than one million yen are rounded down)

### 1. Consolidated Financial Results for the Nine Months Ended December 31, 2022 (April 1, 2022 to December 31, 2022)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2022	87,596	15.1	1,826	(55.2)	2,020	(48.9)	(2,375)	—
December 31, 2021	76,073	28.6	4,079	—	3,950	—	1,941	—

(Note) Comprehensive income: Nine months ended December 31, 2022: ¥ 3,898 million [ 22.4 %]  
 Nine months ended December 31, 2021: ¥ 3,184 million [ — %]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2022	(50.65)	—
December 31, 2021	41.68	—

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
December 31, 2022	177,950	71,216	34.9
March 31, 2022	166,155	68,695	36.3

(Reference) Net assets less non-controlling interests: As of December 31, 2022: ¥ 62,172 million  
 As of March 31, 2022: ¥ 60,340 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, 2022	—	10.00	—	15.00	25.00
Fiscal year ending March 31, 2023	—	10.00	—		
Fiscal year ending March 31, 2023 (Forecast)				—	—

(Note) Revision of the forecast for dividends announced most recently: No

The year-end dividend forecast for the fiscal year ending March 31, 2023 remains undetermined at this time.

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023(April 1, 2022 to March 31, 2023)

(% 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	110,000	5.7	1,800	(64.3)	2,000	(58.6)	(3,100)	—	(66.11)

(Note) Revision of the financial results forecast announced most recently: Yes

\* Notes:

(1) Changes in significant subsidiaries during the nine months ended December 31, 2022

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name: )

Exclusion: - (Company name: )

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

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

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

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

December 31, 2022: 47,520,253 shares

March 31, 2022: 47,520,253 shares

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

December 31, 2022: 461,290 shares

March 31, 2022: 743,664 shares

3) Average number of shares during the period:

Nine months ended December 31, 2022: 46,889,873 shares

Nine months ended December 31, 2021: 46,588,227 shares

Note: The Company introduced an E-Ship® Trust Type Employee Stock Purchase Incentive Plan and a performance linked stock-based remuneration for Directors and Executive Officers. For the calculation of total number of treasury shares at the end of the period and average number of shares during the period, Company shares held in the trusts are included in treasury shares to be deducted.

\* Numbers in parentheses denote negative numbers.

\* This financial result is not required to be reviewed by certificated public accountants or audit firm.

\* Explanation of appropriate use of earnings projections, other explanatory notes

Future prospects are prepared as information purpose only, based on the information available to us at this moment, and are under certain condition which we assumed reasonable. We will not guarantee the realization of such prospects and actual performance fluctuates due to various factors.

Quarterly Consolidated Financial Statements  
(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31,2022	As of December 31,2022
<b>Assets</b>		
Current assets		
Cash and deposits	23,018	24,134
Notes and accounts receivable - trade	24,552	28,097
Electronically recorded monetary claims - operating	2,732	3,159
Merchandise and finished goods	14,606	17,677
Work in process	10,864	13,194
Raw materials and supplies	8,073	8,094
Other	2,206	3,251
Allowance for doubtful accounts	(126)	(80)
<b>Total current assets</b>	<b>85,928</b>	<b>97,529</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,693	16,489
Machinery, equipment and vehicles, net	24,119	24,555
Other, net	16,478	16,195
<b>Total property, plant and equipment</b>	<b>57,291</b>	<b>57,240</b>
Intangible assets		
Goodwill	5,152	4,717
Other	6,344	6,117
<b>Total intangible assets</b>	<b>11,497</b>	<b>10,834</b>
Investments and other assets		
Investments and other assets	11,491	12,396
Allowance for doubtful accounts	(52)	(50)
<b>Total investments and other assets</b>	<b>11,439</b>	<b>12,346</b>
<b>Total non-current assets</b>	<b>80,227</b>	<b>80,420</b>
<b>Total assets</b>	<b>166,155</b>	<b>177,950</b>

(Million yen)

	As of March 31,2022	As of December 31,2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	8,555	8,260
Electronically recorded obligations - operating	11,130	11,068
Short-term loans payable	27,055	35,266
Current portion of long-term loans payable	7,733	7,675
Income taxes payable	1,522	435
Provision for bonuses	1,555	783
Provision for bonuses for directors (and other officers)	39	—
Provision for product compensation	74	144
Electronically recorded obligations - non-operating	521	849
Other	7,224	8,424
<b>Total current liabilities</b>	<b>65,414</b>	<b>72,908</b>
Non-current liabilities		
Long-term loans payable	19,678	20,486
Provision for share-based remuneration	49	59
Provision for share-based remuneration for directors (and other officers)	41	54
Provision for loss on guarantees	143	162
Retirement benefit liability	7,514	7,971
Asset retirement obligations	17	17
Other	4,600	5,073
<b>Total non-current liabilities</b>	<b>32,045</b>	<b>33,825</b>
<b>Total liabilities</b>	<b>97,460</b>	<b>106,733</b>
Net assets		
Shareholders' equity		
Capital stock	8,413	8,413
Capital surplus	13,114	13,114
Retained earnings	37,567	34,004
Treasury shares	(560)	(348)
<b>Total shareholders' equity</b>	<b>58,534</b>	<b>55,183</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	981	758
Foreign currency translation adjustment	906	6,219
Remeasurements of defined benefit plans	(82)	10
<b>Total accumulated other comprehensive income</b>	<b>1,805</b>	<b>6,989</b>
Non-controlling interests	8,355	9,043
<b>Total net assets</b>	<b>68,695</b>	<b>71,216</b>
<b>Total liabilities and net assets</b>	<b>166,155</b>	<b>177,950</b>

(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
Quarterly Consolidated Statements of Income (For the nine months)

(Million yen)

	For the nine months ended December 31,2021	For the nine months ended December 31,2022
Net sales	76,073	87,596
Cost of sales	55,921	68,177
Gross profit	20,152	19,419
Selling, general and administrative expenses	16,072	17,592
Operating profit	4,079	1,826
Non-operating income		
Interest income	39	62
Dividend income	69	91
Foreign exchange gains	59	334
Share of profit of entities accounted for using equity method	76	118
Other	180	359
Total non-operating income	424	966
Non-operating expenses		
Interest expenses	455	624
Other	98	148
Total non-operating expenses	554	772
Ordinary profit	3,950	2,020
Extraordinary losses		
Impairment losses	—	1,957
Total extraordinary losses	—	1,957
Profit before income taxes	3,950	62
Income taxes - current	1,587	1,297
Income taxes - deferred	(6)	734
Total income taxes	1,580	2,031
Profit (loss)	2,369	(1,969)
Profit attributable to non-controlling interests	427	405
Profit (loss) attributable to owners of parent	1,941	(2,375)

Quarterly Consolidated Statements of Comprehensive Income (For the nine months)

(Million yen)

	For the nine months ended December 31,2021	For the nine months ended December 31,2022
Profit (loss)	2,369	(1,969)
Other comprehensive income		
Valuation difference on available-for-sale securities	(62)	(220)
Foreign currency translation adjustment	681	5,847
Remeasurements of defined benefit plans, net of tax	186	92
Share of other comprehensive income of entities accounted for using equity method	8	148
Total other comprehensive income	814	5,867
Comprehensive income	3,184	3,898
Comprehensive income attributable to		
owners of parent	2,810	2,808
non-controlling interests	373	1,090

## (3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the nine months ended December 31,2021	For the nine months ended December 31,2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	3,950	62
Depreciation	6,812	7,149
Impairment losses	—	1,957
Amortization of goodwill	523	553
Share of loss (profit) of entities accounted for using equity method	(76)	(118)
Increase (decrease) in allowance for doubtful accounts	(159)	(58)
Increase (decrease) in provision for bonuses	(396)	(772)
Increase (decrease) in provision for bonuses for directors (and other officers)	63	(39)
Increase or decrease in net defined benefit asset and liability	191	(18)
Increase (decrease) in provision for share-based remuneration	22	10
Increase (decrease) in provision for share-based remuneration for directors (and other officers)	2	13
Increase (decrease) in provision for environmental measures	(28)	—
Increase (decrease) in provision for loss on guarantees	(14)	18
Interest and dividend income	(108)	(153)
Interest expenses	455	624
Decrease (increase) in trade receivables	(1,627)	(2,273)
Decrease (increase) in inventories	(4,943)	(2,715)
Increase (decrease) in trade payables	3,631	(2,065)
Increase (decrease) in accrued consumption taxes	203	(75)
Increase (decrease) in other liabilities	1,842	955
Other, net	832	(560)
<b>Subtotal</b>	<b>11,177</b>	<b>2,492</b>
Interest and dividends received	110	107
Dividends received from entities accounted for using equity method	9	101
Interest paid	(458)	(553)
Income taxes paid	(1,076)	(2,251)
<b>Net cash provided by (used in) operating activities</b>	<b>9,763</b>	<b>(103)</b>



(Million yen)

	For the nine months ended December 31,2021	For the nine months ended December 31,2022
Cash flows from investing activities		
Payments into time deposits	(2,180)	(1,842)
Proceeds from withdrawal of time deposits	1,374	1,579
Purchase of investment securities	(23)	(447)
Purchase of property, plant and equipment	(4,810)	(3,750)
Proceeds from sale of property, plant and equipment	7	33
Purchase of intangible assets	(430)	(235)
Loan advances	(26)	(299)
Proceeds from collection of loans receivable	40	64
Other, net	73	13
Net cash provided by (used in) investing activities	(5,976)	(4,883)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,902)	6,149
Proceeds from long-term loans payable	5,213	5,634
Repayments of long-term loans payable	(4,656)	(5,528)
Proceeds from sale and leaseback transactions	231	—
Repayments of finance lease liabilities	(862)	(564)
Purchase of treasury shares	(0)	(0)
Proceeds from disposal of treasury shares	137	142
Dividends paid	(922)	(1,159)
Dividends paid to non-controlling interests	(614)	(434)
Net cash provided by (used in) financing activities	(4,376)	4,240
Effect of exchange rate change on cash and cash equivalents	222	1,225
Net increase (decrease) in cash and cash equivalents	(366)	478
Cash and cash equivalents at beginning of period	18,637	18,868
Cash and cash equivalents at end of period	18,270	19,347

(4) Notes to Quarterly Consolidated Financial Statement

(Notes on going concern assumption)

Not applicable

(Notes on material changes in Shareholders' Equity)

Not applicable

(Segment information)

[ Third quarter of previous period (from April 1, 2021 to December 31, 2021) ]

① Information on sales and profit (loss) by each reporting segment

(Unit JPY million)

	Reporting Segment					Others (*)	Total
	Automotive engine bearings	Automotive non-engine bearings	Non-automotive bearings	Other automotive parts	Sub total		
Net sales							
External sales	42,170	15,032	8,128	9,667	74,999	1,074	76,073
Internal sales or transfer between segments	585	74	28	516	1,205	499	1,704
Total	42,755	15,107	8,157	10,184	76,204	1,573	77,778
Segment profit(loss)	6,492	2,549	1,182	(1,034)	9,190	251	9,442

(\*) "Others" includes business areas not included in above reporting segments. It includes electrode sheets for electric double layer capacitors, the metallic dry bearings business, pump-related products businesses, and real estate leasing business.

② Reconciliation between total reporting segment profit (loss) and profit (loss) reported in Quarterly Consolidated Statements of Income

(Unit JPY million)

Profit	Amount
Reporting segments total	9,190
Profit from "Others" category	251
Elimination of intersegment transactions	3
Unattributable costs (*)	(5,365)
Operating profit (loss) as per Quarterly Consolidated Statements of Income	4,079

(\*) Unattributable costs are principally general administrative expenses not attributable to reporting segments.

[ Third quarter of current period (from April 1, 2022 to December31, 2022) ]

① Information on sales and profit (loss) by each reporting segment

(Unit JPY million)

	Reporting Segment					Others (*)	Total
	Automotive engine bearings	Automotive non-engine bearings	Non- automotive bearings	Other automotive parts	Sub total		
Net sales							
External sales	48,779	14,746	10,569	12,425	86,521	1,075	87,596
Internal sales or transfer between segments	655	164	22	342	1,186	485	1,671
Total	49,435	14,911	10,592	12,768	87,707	1,560	89,268
Segment profit(loss)	5,085	1,998	1,519	(1,676)	6,926	266	7,193

(\*) "Others" includes business areas not included in above reporting segments. It includes electrode sheets for electric double layer capacitors, the metallic dry bearings business, pump-related products businesses, and real estate leasing business.

② Reconciliation between total reporting segment profit (loss) and profit (loss) reported in Quarterly Consolidated Statements of Income

(Unit JPY million)

Profit	Amount
Reporting segments total	6,926
Profit from "Others" category	266
Elimination of intersegment transactions	10
Unattributable costs (*)	(5,376)
Operating profit (loss) as per Quarterly Consolidated Statements of Income	1,826

(\*) Unattributable costs are principally general administrative expenses not attributable to reporting segments.

Impairment loss of non-current assets or goodwill by reportable business segment

(Significant impairment loss on non-current assets)

In the "Other automotive parts" business, the book value of certain aluminum die-cast product manufacturing facilities was reduced to the recoverable amount, and the decrease of 1,957 million yen was recorded as an impairment loss (extraordinary loss).