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Consolidated Financial Results for the Three Months Ended June 30, 2023 [Japanese GAAP]

August 10, 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 President
 Chief Executive Officer and Chief Operating Officer
 Contact: Hiroki Iwakura Senior Executive Officer and Head of Corporate Planning Division
 Phone: +81-52-205-1400
 Scheduled filing date of quarterly securities report: August 10, 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 Three Months Ended June 30, 2023 (April 1, 2023 to June 30, 2023)

(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	%
Three months ended June 30, 2023	29,979	8.7	894	60.5	849	30.4	169	167.4
June 30, 2022	27,569	10.3	557	(60.2)	651	(53.6)	63	(91.3)

(Note) Comprehensive income: Three months ended June 30, 2023: ¥ 1,591 million [(32.9) %]
 Three months ended June 30, 2022: ¥ 2,370 million [18.7 %]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2023	3.60	—
June 30, 2022	1.35	—

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
June 30, 2023	179,797	71,704	34.6
March 31, 2023	173,317	70,454	35.3

(Reference) Net assets less non-controlling interests: As of June 30, 2023: ¥ 62,299 million
 As of March 31, 2023: ¥ 61,136 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	—	10.00	—	2.00	12.00
Fiscal year ending March 31, 2024	—				
Fiscal year ending March 31, 2024 (Forecast)		2.00	—	6.00	8.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024(April 1, 2023 to March 31, 2024)

(% 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
Six months ending September 30, 2023	62,700	10.1	1,800	170.7	1,600	70.0	300	—	6.36
Full year	124,000	7.4	3,700	31.0	2,900	(0.3)	600	—	12.73

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

* Notes:

(1) Changes in significant subsidiaries during the three months ended June 30, 2023
(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):

June 30, 2023: 47,520,253 shares

March 31, 2023: 47,520,253 shares

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

June 30, 2023: 384,663 shares

March 31, 2023: 411,152 shares

3) Average number of shares outstanding during the period:

Three months ended June 30, 2023: 47,124,225 shares

Three months ended June 30, 2022: 46,793,951 shares

(Note) The Company has introduced 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.

1. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	24,108	28,703
Notes and accounts receivable - trade	27,266	27,685
Electronically recorded monetary claims - operating	3,050	3,080
Merchandise and finished goods	16,972	16,803
Work in process	12,925	11,991
Raw materials and supplies	7,110	8,368
Other	2,702	3,001
Allowance for doubtful accounts	(81)	(82)
Total current assets	94,054	99,552
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,119	16,268
Machinery, equipment and vehicles, net	23,479	23,623
Other, net	15,922	16,109
Total property, plant and equipment	55,520	56,002
Intangible assets		
Goodwill	4,629	4,577
Other	5,880	5,674
Total intangible assets	10,509	10,251
Investments and other assets		
Investments and other assets	13,279	14,038
Allowance for doubtful accounts	(47)	(47)
Total investments and other assets	13,232	13,991
Total non-current assets	79,262	80,245
Total assets	173,317	179,797

(Million yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,373	9,038
Electronically recorded obligations - operating	10,916	11,197
Short-term loans payable	31,976	30,806
Provision for loss on guarantees	161	—
Current portion of long-term loans payable	6,368	7,949
Income taxes payable	592	664
Provision for bonuses	1,314	705
Provision for product compensation	58	76
Electronically recorded obligations - non-operating	834	941
Other	8,126	9,607
Total current liabilities	68,723	70,987
Non-current liabilities		
Long-term loans payable	21,266	23,977
Provision for share-based remuneration	59	68
Provision for share-based remuneration for directors (and other officers)	49	47
Retirement benefit liability	7,573	7,646
Asset retirement obligations	17	17
Other	5,173	5,348
Total non-current liabilities	34,140	37,105
Total liabilities	102,863	108,092
Net assets		
Shareholders' equity		
Capital stock	8,413	8,413
Capital surplus	13,114	13,114
Retained earnings	34,170	34,245
Treasury shares	(310)	(290)
Total shareholders' equity	55,388	55,482
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	974	1,389
Foreign currency translation adjustment	4,359	5,008
Remeasurements of defined benefit plans	414	418
Total accumulated other comprehensive income	5,748	6,816
Non-controlling interests	9,317	9,405
Total net assets	70,454	71,704
Total liabilities and net assets	173,317	179,797

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

(Million yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Net sales	27,569	29,979
Cost of sales	21,301	23,161
Gross profit	6,268	6,818
Selling, general and administrative expenses	5,710	5,923
Operating profit	557	894
Non-operating income		
Interest income	21	46
Dividend income	48	69
Foreign exchange gains	201	107
Share of profit of entities accounted for using equity method	36	38
Other	52	96
Total non-operating income	360	359
Non-operating expenses		
Interest expenses	169	375
Other	97	28
Total non-operating expenses	266	404
Ordinary profit	651	849
Profit before income taxes	651	849
Income taxes - current	333	486
Income taxes - deferred	147	(10)
Total income taxes	480	476
Profit	170	373
Profit attributable to non-controlling interests	107	203
Profit attributable to owners of parent	63	169

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

(Million yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Profit	170	373
Other comprehensive income		
Valuation difference on available-for-sale securities	(81)	422
Foreign currency translation adjustment	2,123	732
Remeasurements of defined benefit plans, net of tax	31	3
Share of other comprehensive income of entities accounted for using equity method	126	58
Total other comprehensive income	2,199	1,217
Comprehensive income	2,370	1,591
Comprehensive income attributable to		
owners of parent	1,817	1,238
non-controlling interests	553	353

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Cash flows from operating activities		
Profit before income taxes	651	849
Depreciation	2,223	2,339
Amortization of goodwill	185	191
Share of loss (profit) of entities accounted for using equity method	(36)	(38)
Increase (decrease) in allowance for doubtful accounts	(8)	0
Increase (decrease) in provision for bonuses	(735)	(609)
Increase (decrease) in provision for bonuses for directors (and other officers)	(27)	—
Increase or decrease in net defined benefit asset and liability	(44)	(110)
Increase (decrease) in provision for share-based remuneration	1	9
Increase (decrease) in provision for share-based remuneration for directors (and other officers)	4	(1)
Increase (decrease) in provision for loss on guarantees	12	(161)
Interest and dividend income	(70)	(116)
Interest expenses	169	375
Decrease (increase) in trade receivables	(854)	(19)
Decrease (increase) in inventories	(2,044)	169
Increase (decrease) in trade payables	(244)	659
Increase (decrease) in accrued consumption taxes	3	243
Increase (decrease) in other liabilities	1,870	1,154
Other, net	(671)	478
Subtotal	383	5,414
Interest and dividends received	47	108
Interest paid	(152)	(345)
Income taxes paid	(1,215)	(354)
Net cash provided by (used in) operating activities	(937)	4,823

(Million yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Cash flows from investing activities		
Payments into time deposits	(958)	(428)
Proceeds from withdrawal of time deposits	749	198
Purchase of investment securities	(11)	(11)
Purchase of property, plant and equipment	(1,318)	(1,463)
Proceeds from sale of property, plant and equipment	8	—
Purchase of intangible assets	(53)	(18)
Loan advances	(33)	(207)
Proceeds from collection of loans receivable	18	94
Other, net	7	161
Net cash provided by (used in) investing activities	(1,591)	(1,674)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,752	(2,350)
Proceeds from long-term loans payable	500	5,000
Repayments of long-term loans payable	(1,045)	(792)
Repayments of finance lease liabilities	(110)	(142)
Purchase of treasury shares	(0)	(0)
Proceeds from disposal of treasury shares	24	0
Dividends paid	(673)	(90)
Dividends paid to non-controlling interests	(183)	(197)
Net cash provided by (used in) financing activities	265	1,427
Effect of exchange rate change on cash and cash equivalents	292	(329)
Net increase (decrease) in cash and cash equivalents	(1,970)	4,247
Cash and cash equivalents at beginning of period	18,868	18,955
Cash and cash equivalents at end of period	16,897	23,202

(4) Notes to Quarterly Consolidated Financial Statementer

(Notes on going concern assumption)

Not applicable

(Notes on material changes in Shareholders' Equity)

Not applicable

(Segment information)

[First quarter of previous period (from April 1, 2022 to June 30, 2022)]

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

(Million yen)

	Reporting Segment					Others (*)	Total
	Automotive engine bearings	Automotive non-engine bearings	Non- automotive bearings	Other automotive parts	Sub total		
Net sales							
External sales	14,941	4,950	3,450	3,896	27,239	329	27,569
Internal sales or transfer between segments	199	26	12	151	389	156	546
Total	15,141	4,977	3,462	4,047	27,629	486	28,115
Segment profit(loss)	1,575	726	513	(507)	2,308	73	2,381

(*) "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

(Million yen)

Profit	Amount
Reporting segments total	2,308
Profit from "Others" category	73
Elimination of intersegment transactions	4
Unattributable costs (*)	(1,829)
Operating profit (loss) as per Quarterly Consolidated Statements of Income	557

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

[First quarter of current period (from April 1, 2023 to June 30, 2023)]

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

(Million yen)

	Reporting Segment					Others (*)	Total
	Automotive engine bearings	Automotive non-engine bearings	Non- automotive bearings	Other automotive parts	Sub total		
Net sales							
External sales	16,411	4,880	3,852	4,351	29,495	483	29,979
Internal sales or transfer between segments	194	55	—	116	366	178	545
Total	16,606	4,936	3,852	4,467	29,862	662	30,525
Segment profit(loss)	1,991	693	692	(725)	2,652	91	2,743

(*) “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

(Million yen)

Profit	Amount
Reporting segments total	2,652
Profit from “Others” category	91
Elimination of intersegment transactions	1
Unattributable costs (*)	(1,850)
Operating profit (loss) as per Quarterly Consolidated Statements of Income	894

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