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

August 8, 2024

Company name:	Daido Metal Co., Ltd.	
Listing:	Tokyo, Nagoya	
Securities code:	7245	
URL:	https://www.daidometal.com/	
Representative:	Seigo Hanji	Chairman and Chief Executive Officer
Inquiries:	Yukihiko Kagohara	Executive Officer and Head of Corporate Planning Division
Telephone:	+81-52-205-1400	
Scheduled date to commence dividend payments:		-
Preparation of supplementary material on financial results:		Yes
Holding of financial results briefing:		None

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2024 (April 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	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2024	33,215	10.8	1,389	55.4	1,352	59.2	467	175.2
June 30, 2023	29,979	8.7	894	60.5	849	30.4	169	167.4

(Note) Comprehensive income: Three months ended June 30, 2024: ¥ 2,152 million [35.2%]
Three months ended June 30, 2023: ¥ 1,591 million [(32.9)%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2024	9.91	-
June 30, 2023	3.60	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
June 30, 2024	191,977	80,184	36.5
March 31, 2024	188,369	78,721	36.5

(Reference) Equity: As of June 30, 2024: ¥ 70,017 million
As of March 31, 2024: ¥ 68,820 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	-	2.00	-	13.00	15.00
Fiscal year ending March 31, 2025	-				
Fiscal year ending March 31, 2025 (Forecast)		7.00	-	8.00	15.00

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

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

(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
Six months ending September 30, 2024	65,000	2.6	2,400	8.6	2,300	3.9	1,000	62.5	21.21
Full year	131,000	1.8	6,000	(1.4)	5,700	(2.2)	2,500	(2.7)	53.04

(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 quarterly 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: 47,520,253 shares
March 31, 2024: 47,520,253 shares

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

June 30, 2024: 395,111 shares
March 31, 2024: 385,061 shares

3) Average number of shares outstanding during the period:

Three months ended June 30, 2024: 47,131,014 shares
Three months ended June 30, 2023: 47,124,225 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.

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Numbers in parentheses denote negative numbers.

* 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

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	30,956	28,433
Notes and accounts receivable - trade	29,474	29,913
Electronically recorded monetary claims - operating	3,199	3,052
Merchandise and finished goods	16,816	17,322
Work in process	11,720	12,205
Raw materials and supplies	8,815	9,640
Other	2,650	3,502
Allowance for doubtful accounts	(85)	(82)
Total current assets	103,549	103,987
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,330	16,500
Machinery, equipment and vehicles, net	22,997	22,579
Other, net	17,537	20,590
Total property, plant and equipment	56,865	59,670
Intangible assets		
Goodwill	4,070	4,023
Other	5,314	5,291
Total intangible assets	9,384	9,315
Investments and other assets		
Investments and other assets	18,613	19,049
Allowance for doubtful accounts	(43)	(44)
Total investments and other assets	18,570	19,004
Total non-current assets	84,820	87,990
Total assets	188,369	191,977

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,083	9,537
Electronically recorded obligations - operating	11,960	11,975
Short-term borrowings	32,487	33,454
Current portion of long-term borrowings	7,739	6,565
Income taxes payable	1,488	990
Provision for bonuses	1,778	781
Provision for bonuses for directors (and other officers)	103	14
Provision for product compensation	68	102
Electronically recorded obligations - non-operating	672	1,184
Other	9,087	11,188
Total current liabilities	74,468	75,795
Non-current liabilities		
Long-term borrowings	21,088	21,822
Provision for share awards	83	84
Provision for share awards for directors (and other officers)	58	54
Retirement benefit liability	7,796	7,963
Asset retirement obligations	17	17
Other	6,134	6,054
Total non-current liabilities	35,179	35,998
Total liabilities	109,647	111,793
Net assets		
Shareholders' equity		
Share capital	8,413	8,413
Capital surplus	13,114	13,114
Retained earnings	36,549	36,399
Treasury shares	(291)	(297)
Total shareholders' equity	57,786	57,630
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,615	1,639
Foreign currency translation adjustment	6,418	7,778
Remeasurements of defined benefit plans	2,999	2,968
Total accumulated other comprehensive income	11,033	12,387
Non-controlling interests	9,901	10,166
Total net assets	78,721	80,184
Total liabilities and net assets	188,369	191,977

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the three months)

(Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Net sales	29,979	33,215
Cost of sales	23,161	25,289
Gross profit	6,818	7,926
Selling, general and administrative expenses	5,923	6,536
Operating profit	894	1,389
Non-operating income		
Interest income	46	80
Dividend income	69	79
Foreign exchange gains	107	173
Share of profit of entities accounted for using equity method	38	43
Other	96	52
Total non-operating income	359	428
Non-operating expenses		
Interest expenses	375	427
Other	28	39
Total non-operating expenses	404	466
Ordinary profit	849	1,352
Profit before income taxes	849	1,352
Income taxes - current	486	673
Income taxes - deferred	(10)	34
Total income taxes	476	707
Profit	373	644
Profit attributable to non-controlling interests	203	177
Profit attributable to owners of parent	169	467

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

(Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Profit	373	644
Other comprehensive income		
Valuation difference on available-for-sale securities	422	28
Foreign currency translation adjustment	732	1,415
Remeasurements of defined benefit plans, net of tax	3	(30)
Share of other comprehensive income of entities accounted for using equity method	58	94
Total other comprehensive income	1,217	1,507
Comprehensive income	1,591	2,152
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,238	1,821
Comprehensive income attributable to non-controlling interests	353	330

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Cash flows from operating activities		
Profit before income taxes	849	1,352
Depreciation	2,339	2,324
Amortization of goodwill	191	199
Share of loss (profit) of entities accounted for using equity method	(38)	(43)
Increase (decrease) in allowance for doubtful accounts	0	(4)
Increase (decrease) in provision for bonuses	(609)	(997)
Increase (decrease) in provision for bonuses for directors (and other officers)	—	(89)
Increase or decrease in net defined benefit asset and liability	(110)	(132)
Increase (decrease) in provision for share awards	9	1
Increase (decrease) in provision for share awards for directors (and other officers)	(1)	(4)
Increase (decrease) in provision for loss on guarantees	(161)	—
Interest and dividend income	(116)	(160)
Interest expenses	375	427
Decrease (increase) in trade receivables	(19)	541
Decrease (increase) in inventories	169	(1,043)
Increase (decrease) in trade payables	659	(155)
Increase (decrease) in accrued consumption taxes	243	(86)
Increase (decrease) in other liabilities	1,154	2,191
Other, net	478	(363)
Subtotal	5,414	3,957
Interest and dividends received	108	142
Interest paid	(345)	(352)
Income taxes paid	(354)	(1,075)
Net cash provided by (used in) operating activities	4,823	2,672

(Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Cash flows from investing activities		
Payments into time deposits	(428)	(844)
Proceeds from withdrawal of time deposits	198	836
Purchase of investment securities	(11)	(14)
Purchase of property, plant and equipment	(1,463)	(2,986)
Purchase of intangible assets	(18)	(108)
Loan advances	(207)	(119)
Proceeds from collection of loans receivable	94	161
Other, net	161	(12)
Net cash provided by (used in) investing activities	(1,674)	(3,089)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,350)	(418)
Proceeds from long-term borrowings	5,000	1,900
Repayments of long-term borrowings	(792)	(2,505)
Repayments of finance lease liabilities	(142)	(118)
Purchase of treasury shares	(0)	(6)
Proceeds from disposal of treasury shares	0	—
Dividends paid	(90)	(593)
Dividends paid to non-controlling interests	(197)	(347)
Net cash provided by (used in) financing activities	1,427	(2,089)
Effect of exchange rate change on cash and cash equivalents	(329)	(61)
Net increase (decrease) in cash and cash equivalents	4,247	(2,568)
Cash and cash equivalents at beginning of period	18,955	24,586
Cash and cash equivalents at end of period	23,202	22,018

(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, 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	693	(725)	2,652	91	2,743

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

[First quarter of current period (from April 1, 2024 to June 30, 2024)]

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	17,787	5,083	4,143	5,777	32,791	424	33,215
Internal sales or transfer between segments	154	59	6	23	243	161	405
Total	17,941	5,142	4,150	5,800	33,035	585	33,620
Segment profit(loss)	2,285	672	851	(564)	3,245	83	3,328

(*) “Others” includes business areas not included in above reporting segments. It includes the metallic dry bearings business, pump-related products businesses, electrode sheets for electric double layer capacitors, 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	3,245
Profit from “Others” category	83
Elimination of intersegment transactions	1
Unattributable costs (*)	(1,940)
Operating profit (loss) as per Quarterly Consolidated Statements of Income	1,389

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

③ Changes in Reporting Segments

Effective from the beginning of the fiscal year ending March 31, 2025, in accordance with a review of the Group's business management classification, the Group has reclassified a portion of its "Automotive engine bearings" to the "Non-automotive bearings". The segment information for the first quarter of the previous period ended June 30, 2023 has been prepared in accordance with the changed classification.