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

November 7, 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 file semi-annual securities report: November 14, 2024
Scheduled date to commence dividend payments: December 6, 2024
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes(For analysts and financial institutions)

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (April 1, 2024 to September 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	%
September 30, 2024	68,432	8.0	2,708	22.5	2,620	18.4	528	(14.1)
September 30, 2023	63,383	11.3	2,210	232.4	2,212	135.1	615	—

(Note) Comprehensive income: Six months ended September 30, 2024: ¥ 5,309 million [7.9%]
Six months ended September 30, 2023: ¥ 4,918 million [24.9%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	11.20	—
September 30, 2023	13.05	—

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	196,478	82,476	36.9
March 31, 2024	188,369	78,721	36.5

(Reference) Equity: As of September 30, 2024: ¥ 72,573 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	-	7.00			
Fiscal year ending March 31, 2025 (Forecast)			-	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
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 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):

September 30, 2024: 47,520,253 shares
March 31, 2024: 47,520,253 shares

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

September 30, 2024: 374,324 shares
March 31, 2024: 385,061 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2024: 47,133,949 shares
Six months ended September 30, 2023: 47,129,895 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.

* 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

Numbers in parentheses denote negative numbers.
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.

Semi-annual Consolidated Financial Statements

(1)Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	30,956	29,605
Notes and accounts receivable - trade	29,474	29,887
Electronically recorded monetary claims - operating	3,199	2,924
Merchandise and finished goods	16,816	17,973
Work in process	11,720	12,896
Raw materials and supplies	8,815	9,937
Other	2,650	3,238
Allowance for doubtful accounts	(85)	(100)
Total current assets	103,549	106,362
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,330	16,560
Machinery, equipment and vehicles, net	22,997	22,493
Other, net	17,537	22,724
Total property, plant and equipment	56,865	61,778
Intangible assets		
Goodwill	4,070	3,859
Other	5,314	5,247
Total intangible assets	9,384	9,106
Investments and other assets		
Investments and other assets	18,613	19,279
Allowance for doubtful accounts	(43)	(48)
Total investments and other assets	18,570	19,230
Total non-current assets	84,820	90,115
Total assets	188,369	196,478

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,083	10,418
Electronically recorded obligations - operating	11,960	12,602
Short-term borrowings	32,487	34,900
Current portion of long-term borrowings	7,739	5,923
Income taxes payable	1,488	1,312
Provision for bonuses	1,778	1,672
Provision for bonuses for directors (and other officers)	103	28
Provision for product compensation	68	153
Electronically recorded obligations - non-operating	672	1,242
Other	9,087	9,861
Total current liabilities	74,468	78,115
Non-current liabilities		
Long-term borrowings	21,088	21,499
Provision for share awards	83	87
Provision for share awards for directors (and other officers)	58	57
Retirement benefit liability	7,796	8,147
Asset retirement obligations	17	17
Other	6,134	6,076
Total non-current liabilities	35,179	35,885
Total liabilities	109,647	114,001
Net assets		
Shareholders' equity		
Share capital	8,413	8,413
Capital surplus	13,114	13,114
Retained earnings	36,549	36,460
Treasury shares	(291)	(281)
Total shareholders' equity	57,786	57,706
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,615	1,470
Foreign currency translation adjustment	6,418	10,461
Remeasurements of defined benefit plans	2,999	2,935
Total accumulated other comprehensive income	11,033	14,867
Non-controlling interests	9,901	9,903
Total net assets	78,721	82,476
Total liabilities and net assets	188,369	196,478

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

Semi-annual Consolidated Statements of Income

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales	63,383	68,432
Cost of sales	48,913	52,112
Gross profit	14,469	16,320
Selling, general and administrative expenses	12,259	13,611
Operating profit	2,210	2,708
Non-operating income		
Interest income	100	190
Dividend income	131	87
Foreign exchange gains	297	90
Share of profit of entities accounted for using equity method	127	136
Subsidy income	112	270
Other	140	85
Total non-operating income	908	862
Non-operating expenses		
Interest expenses	815	887
Other	89	63
Total non-operating expenses	905	950
Ordinary profit	2,212	2,620
Profit before income taxes	2,212	2,620
Income taxes - current	1,094	1,615
Income taxes - deferred	117	71
Total income taxes	1,212	1,686
Profit	1,000	933
Profit attributable to non-controlling interests	385	405
Profit attributable to owners of parent	615	528

Semi-annual Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit	1,000	933
Other comprehensive income		
Valuation difference on available-for-sale securities	626	(147)
Foreign currency translation adjustment	3,043	4,458
Remeasurements of defined benefit plans, net of tax	34	(65)
Share of other comprehensive income of entities accounted for using equity method	213	130
Total other comprehensive income	3,918	4,375
Comprehensive income	4,918	5,309
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,991	4,361
Comprehensive income attributable to non-controlling interests	926	947

(3)Semi-annual Consolidated Statements of Cash Flows

(Millions of 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	2,212	2,620
Depreciation	4,812	4,732
Amortization of goodwill	384	402
Share of loss (profit) of entities accounted for using equity method	(127)	(136)
Increase (decrease) in allowance for doubtful accounts	(11)	11
Increase (decrease) in provision for bonuses	167	(107)
Increase (decrease) in provision for bonuses for directors (and other officers)	—	(74)
Increase or decrease in net defined benefit asset and liability	(144)	(250)
Increase (decrease) in provision for share awards	14	4
Increase (decrease) in provision for share awards for directors (and other officers)	2	(1)
Increase (decrease) in provision for loss on guarantees	(161)	—
Interest and dividend income	(231)	(278)
Interest expenses	815	887
Decrease (increase) in trade receivables	(1,455)	1,421
Decrease (increase) in inventories	718	(1,602)
Increase (decrease) in trade payables	991	819
Increase (decrease) in accrued consumption taxes	76	(182)
Increase (decrease) in other liabilities	(165)	(132)
Other, net	892	(484)
Subtotal	8,792	7,648
Interest and dividends received	211	235
Dividends received from entities accounted for using equity method	27	36
Interest paid	(774)	(859)
Income taxes paid	(899)	(1,827)
Net cash provided by (used in) operating activities	7,357	5,232

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from investing activities		
Payments into time deposits	(677)	(1,565)
Proceeds from withdrawal of time deposits	237	1,530
Purchase of investment securities	(17)	(21)
Purchase of property, plant and equipment	(4,245)	(5,836)
Proceeds from sale of property, plant and equipment	1	6
Purchase of intangible assets	(43)	(213)
Loan advances	(196)	(245)
Proceeds from collection of loans receivable	71	270
Other, net	165	(7)
Net cash provided by (used in) investing activities	(4,705)	(6,081)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,512)	1,069
Proceeds from long-term borrowings	7,500	2,900
Repayments of long-term borrowings	(4,705)	(4,604)
Repayments of finance lease liabilities	(329)	(347)
Purchase of treasury shares	(0)	(6)
Proceeds from disposal of treasury shares	0	15
Dividends paid	(95)	(616)
Dividends paid to non-controlling interests	(233)	(402)
Net cash provided by (used in) financing activities	623	(1,991)
Effect of exchange rate change on cash and cash equivalents	250	1,140
Net increase (decrease) in cash and cash equivalents	3,526	(1,699)
Cash and cash equivalents at beginning of period	18,955	24,586
Cash and cash equivalents at end of period	22,481	22,886

(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)

[Semi-annual of previous period (from April 1, 2023 to September 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	34,465	10,123	8,111	9,907	62,607	775	63,383
Internal sales or transfer between segments	304	108	9	183	606	378	985
Total	34,769	10,232	8,121	10,090	63,214	1,154	64,368
Segment profit(loss)	4,093	1,372	1,388	(1,195)	5,659	212	5,872

(*) "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	5,659
Profit from "Others" category	212
Elimination of intersegment transactions	1
Unattributable costs (*)	(3,663)
Operating profit (loss) as per Quarterly Consolidated Statements of Income	2,210

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

[Semi-annual of previous period (from April 1, 2024 to September 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	36,638	10,517	8,635	11,786	67,577	854	68,432
Internal sales or transfer between segments	244	147	9	49	451	303	754
Total	36,883	10,664	8,644	11,836	68,029	1,157	69,186
Segment profit(loss)	4,496	1,455	1,653	(1,178)	6,427	180	6,607

(*) “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	6,427
Profit from “Others” category	180
Elimination of intersegment transactions	6
Unattributable costs (*)	(3,905)
Operating profit (loss) as per Quarterly Consolidated Statements of Income	2,708

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

③ Changes in Reporting Segments

Effective from the beginning of the Semi-annual period 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 Semi-annual of previous period ended September 30, 2023 has been prepared in accordance with the changed classification.