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Consolidated Financial Results for the Three Months Ended June 30, 2022 [Japanese GAAP]

August 10, 2022

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: August 10, 2022
 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, 2022 (April 1, 2022 to June 30, 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	%
Three months ended June 30, 2022	27,569	10.3	557	(60.2)	651	(53.6)	63	(91.3)
June 30, 2021	24,995	32.5	1,399	—	1,403	—	726	—

(Note) Comprehensive income: Three months ended June 30, 2022: ¥ 2,370 million [18.7 %]
 Three months ended June 30, 2021: ¥ 1,997 million [— %]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2022	1.35	—
June 30, 2021	15.61	—

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
June 30, 2022	171,318	70,178	35.9
March 31, 2022	166,155	68,695	36.3

(Reference) Net assets less non-controlling interests: As of June 30, 2022: ¥ 61,480 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
Fiscal year ended March 31, 2022	Yen —	Yen 10.00	Yen —	Yen 15.00	Yen 25.00
Fiscal year ending March 31, 2023	—				
Fiscal year ending March 31, 2023 (Forecast)		10.00	—	15.00	25.00

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

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
Six months ended September 30, 2022	52,500	4.3	1,050	(60.8)	1,150	(55.8)	30	(97.5)	0.64
Full year	108,000	3.8	2,800	(44.5)	2,700	(44.2)	300	(84.2)	6.41

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

* Notes:

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

June 30, 2022: 47,520,253 shares

March 31, 2022: 47,520,253 shares

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

June 30, 2022: 696,224 shares

March 31, 2022: 743,664 shares

3) Average number of shares during the period:

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

Three months ended June 30, 2021: 46,500,200 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.

1. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31,2022	As of June 30,2022
Assets		
Current assets		
Cash and deposits	23,018	21,522
Notes and accounts receivable - trade	24,552	26,131
Electronically recorded monetary claims - operating	2,732	2,758
Merchandise and finished goods	14,606	15,962
Work in process	10,864	12,126
Raw materials and supplies	8,073	8,372
Other	2,206	2,815
Allowance for doubtful accounts	(126)	(121)
Total current assets	85,928	89,567
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,693	16,912
Machinery, equipment and vehicles, net	24,119	24,995
Other, net	16,478	16,727
Total property, plant and equipment	57,291	58,634
Intangible assets		
Goodwill	5,152	5,134
Other	6,344	6,263
Total intangible assets	11,497	11,397
Investments and other assets		
Investments and other assets	11,491	11,773
Allowance for doubtful accounts	(52)	(53)
Total investments and other assets	11,439	11,720
Total non-current assets	80,227	81,751
Total assets	166,155	171,318

(Million yen)

	As of March 31,2022	As of June 30,2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,555	8,855
Electronically recorded obligations - operating	11,130	11,249
Short-term loans payable	27,055	29,695
Current portion of long-term loans payable	7,733	7,311
Income taxes payable	1,522	494
Provision for bonuses	1,555	820
Provision for bonuses for directors (and other officers)	39	12
Provision for product compensation	74	94
Electronically recorded obligations - non-operating	521	492
Other	7,224	9,582
Total current liabilities	65,414	68,609
Non-current liabilities		
Long-term loans payable	19,678	19,834
Provision for share-based remuneration	49	50
Provision for share-based remuneration for directors (and other officers)	41	45
Provision for loss on guarantees	143	156
Retirement benefit liability	7,514	7,667
Asset retirement obligations	17	17
Other	4,600	4,759
Total non-current liabilities	32,045	32,531
Total liabilities	97,460	101,140
Net assets		
Shareholders' equity		
Capital stock	8,413	8,413
Capital surplus	13,114	13,114
Retained earnings	37,567	36,918
Treasury shares	(560)	(525)
Total shareholders' equity	58,534	57,921
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	981	898
Foreign currency translation adjustment	906	2,712
Remeasurements of defined benefit plans	(82)	(51)
Total accumulated other comprehensive income	1,805	3,559
Non-controlling interests	8,355	8,697
Total net assets	68,695	70,178
Total liabilities and net assets	166,155	171,318

(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 30,2021	For the three months ended June 30,2022
Net sales	24,995	27,569
Cost of sales	18,274	21,301
Gross profit	6,721	6,268
Selling, general and administrative expenses	5,321	5,710
Operating profit	1,399	557
Non-operating income		
Interest income	14	21
Dividend income	31	48
Foreign exchange gains	32	201
Share of profit of entities accounted for using equity method	35	36
Other	75	52
Total non-operating income	188	360
Non-operating expenses		
Interest expenses	146	169
Other	38	97
Total non-operating expenses	184	266
Ordinary profit	1,403	651
Profit before income taxes	1,403	651
Income taxes - current	771	333
Income taxes - deferred	(287)	147
Total income taxes	484	480
Profit	918	170
Profit attributable to non-controlling interests	192	107
Profit attributable to owners of parent	726	63

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

(Million yen)

	For the three months ended June 30,2021	For the three months ended June 30,2022
Profit	918	170
Other comprehensive income		
Valuation difference on available-for-sale securities	4	(81)
Foreign currency translation adjustment	968	2,123
Remeasurements of defined benefit plans, net of tax	60	31
Share of other comprehensive income of entities accounted for using equity method	44	126
Total other comprehensive income	1,078	2,199
Comprehensive income	1,997	2,370
Comprehensive income attributable to		
owners of parent	1,562	1,817
non-controlling interests	434	553

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the three months ended June 30,2021	For the three months ended June 30,2022
Cash flows from operating activities		
Profit before income taxes	1,403	651
Depreciation	2,282	2,223
Amortization of goodwill	174	185
Share of loss (profit) of entities accounted for using equity method	(35)	(36)
Increase (decrease) in allowance for doubtful accounts	(86)	(8)
Increase (decrease) in provision for bonuses	(527)	(735)
Increase (decrease) in provision for bonuses for directors (and other officers)	21	(27)
Increase or decrease in net defined benefit asset and liability	95	(44)
Increase (decrease) in provision for share-based remuneration	13	1
Increase (decrease) in provision for share-based remuneration for directors (and other officers)	(12)	4
Increase (decrease) in provision for environmental measures	0	—
Increase (decrease) in provision for loss on guarantees	(10)	12
Interest and dividend income	(45)	(70)
Interest expenses	146	169
Decrease (increase) in trade receivables	(580)	(854)
Decrease (increase) in inventories	(1,328)	(2,044)
Increase (decrease) in trade payables	2,144	(244)
Increase (decrease) in accrued consumption taxes	152	3
Increase (decrease) in other liabilities	2,113	1,870
Other, net	311	(671)
Subtotal	6,230	383
Interest and dividends received	56	47
Interest paid	(151)	(152)
Income taxes paid	(356)	(1,215)
Net cash provided by (used in) operating activities	5,778	(937)

(Million yen)

	For the three months ended June 30,2021	For the three months ended June 30,2022
Cash flows from investing activities		
Payments into time deposits	(730)	(958)
Proceeds from withdrawal of time deposits	358	749
Purchase of investment securities	(9)	(11)
Purchase of property, plant and equipment	(1,929)	(1,318)
Proceeds from sale of property, plant and equipment	10	8
Purchase of intangible assets	(33)	(53)
Loan advances	(11)	(33)
Proceeds from collection of loans receivable	18	18
Other, net	7	7
Net cash provided by (used in) investing activities	(2,319)	(1,591)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(4,047)	1,752
Proceeds from long-term loans payable	1,700	500
Repayments of long-term loans payable	(586)	(1,045)
Repayments of finance lease liabilities	(149)	(110)
Purchase of treasury shares	(0)	(0)
Proceeds from disposal of treasury shares	26	24
Dividends paid	(447)	(673)
Dividends paid to non-controlling interests	(336)	(183)
Net cash provided by (used in) financing activities	(3,841)	265
Effect of exchange rate change on cash and cash equivalents	269	292
Net increase (decrease) in cash and cash equivalents	(112)	(1,970)
Cash and cash equivalents at beginning of period	18,637	18,868
Cash and cash equivalents at end of period	18,525	16,897

(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)

[First quarter of previous period (from April 1, 2021 to June 30, 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	13,957	5,028	2,526	3,096	24,609	386	24,995
Internal sales or transfer between segments	160	24	10	135	330	149	480
Total	14,117	5,053	2,537	3,232	24,940	535	25,476
Segment profit(loss)	2,268	823	330	(359)	3,063	94	3,158

(*) "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	3,063
Profit from "Others" category	94
Elimination of intersegment transactions	(3)
Unattributable costs (*)	(1,755)
Operating profit (loss) as per Quarterly Consolidated Statements of Income	1,399

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

[First quarter of current period (from April 1, 2022 to June 30, 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	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

(Unit JPY million)

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.