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Consolidated Financial Results for the Year Ended March 31, 2025 [Japanese GAAP]

May 13, 2025

Company name: Daido Metal Co., Ltd.

Listing: Tokyo Stock Exchange, Nagoya Stock Exchange

Securities code: 7245

URL: <https://www.daidometal.com/>

Representative: Seigo Hanji

Chairman and Chief Executive Officer

Inquiries: Yukihiro Kagohara

Executive Officer and Head of Corporate Planning Division

Telephone: +81-52-205-1400

Scheduled date of annual general meeting of shareholders: June 27, 2025

Scheduled date to commence dividend payments: June 30, 2025

Scheduled date to file annual securities report: June 26, 2025

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes

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

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

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2025	136,303	5.9	7,091	16.5	6,820	17.1	2,720	5.9
March 31, 2024	128,738	11.5	6,084	115.4	5,825	100.2	2,569	—

(Note) Comprehensive income: Fiscal year ended March 31, 2025: ¥ 6,386 million [(31.8) %]
Fiscal year ended March 31, 2024: ¥ 9,359 million [202.1 %]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2025	57.70	-	3.8	3.5	5.2
March 31, 2024	54.50	-	4.0	3.2	4.7

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2025: ¥ 240 million
Fiscal year ended March 31, 2024: ¥ 235 million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	196,656	82,095	37.0	1,543.09
March 31, 2024	188,369	78,721	36.5	1,460.05

(Reference) Equity: As of March 31, 2025: ¥ 72,750 million
As of March 31, 2024: ¥ 68,820 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2025	10,924	(8,390)	(2,391)	25,019
March 31, 2024	16,655	(8,303)	(2,499)	24,586

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2024	-	2.00	-	13.00	15.00	712	27.5	1.1
March 31, 2025	-	7.00	-	11.00	18.00	855	31.2	1.2
Fiscal year ending March 31, 2026 (Forecast)	-	12.00	-	12.00	24.00		32.3	

(Note) Revision of the forecast for dividends announced most recently : Yes

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025 to March 31, 2026)

(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	134,000	(1.7)	8,000	12.8	7,000	2.6	3,500	28.7	74.23

* Notes:

(1) Significant changes in the scope of consolidation during the period:

None

Newly included: - (Company name:)
Excluded: - (Company name:)

(2) 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

(3) Number of issued shares (common shares)

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

March 31, 2025: 47,520,253 shares
March 31, 2024: 47,520,253 shares

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

March 31, 2025: 374,456 shares
March 31, 2024: 385,061 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2025: 47,139,889 shares
Fiscal Year ended March 31, 2024: 47,132,613 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.

(Reference) Overview of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(1) Non-consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	73,553	2.7	3,051	16.0	6,089	62.8	3,653	171.9
March 31, 2024	71,635	5.2	2,631	269.4	3,740	92.3	1,343	—

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2025	77.50	-
March 31, 2024	28.50	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	126,023	52,888	42.0	1,121.79
March 31, 2024	118,701	49,969	42.1	1,060.12

(Reference) Equity: As of March 31, 2025: ¥ 52,888 million
As of March 31, 2024: ¥ 49,969 million

(Reasons for the Difference between Non-consolidated Actual Results for the Fiscal Years Ended March 31, 2024 and 2025)

Net sales, operating profit, ordinary profit, and profit were all higher than the actual results for the fiscal year ended March 31, 2024 due to the effects of strong demand for automobiles in the United States, increased demand in the shipping sector, increased sales in each category, and continued cost improvement.

* 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.Consolidated Financial Statements

(1)Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	30,956	29,147
Notes receivable - trade	1,553	1,474
Accounts receivable - trade	27,921	28,314
Electronically recorded monetary claims - operating	3,199	2,993
Merchandise and finished goods	16,816	18,830
Work in process	11,720	13,220
Raw materials and supplies	8,815	10,188
Other	2,650	3,562
Allowance for doubtful accounts	(85)	(144)
Total current assets	103,549	107,585
Non-current assets		
Property, plant and equipment		
Buildings and structures	41,328	44,950
Accumulated depreciation	(24,997)	(26,571)
Buildings and structures, net	16,330	18,379
Machinery, equipment and vehicles	120,200	123,431
Accumulated depreciation	(97,203)	(102,086)
Machinery, equipment and vehicles, net	22,997	21,344
Land	10,522	10,643
Leased assets	5,455	5,639
Accumulated depreciation	(2,800)	(3,398)
Leased assets, net	2,654	2,241
Construction in progress	3,370	6,801
Other	9,038	9,641
Accumulated depreciation	(8,048)	(8,358)
Other, net	989	1,282
Total property, plant and equipment	56,865	60,692
Intangible assets		
Goodwill	4,070	3,450
Leased assets	1	1
Other	5,312	4,931
Total intangible assets	9,384	8,383
Investments and other assets		
Investment securities	7,323	8,034
Long-term loans receivable	311	358
Retirement benefit asset	8,212	8,870
Deferred tax assets	1,685	1,787
Other	1,080	991
Allowance for doubtful accounts	(43)	(46)
Total investments and other assets	18,570	19,994
Total non-current assets	84,820	89,070
Total assets	188,369	196,656

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,083	10,722
Electronically recorded obligations - operating	11,960	12,059
Short-term borrowings	32,487	28,194
Current portion of long-term borrowings	7,739	5,348
Lease liabilities	668	681
Income taxes payable	1,488	1,630
Contract liabilities	90	107
Provision for bonuses	1,778	1,934
Provision for bonuses for directors (and other officers)	103	115
Provision for product compensation	68	119
Electronically recorded obligations - non-operating	672	1,324
Other	8,328	7,854
Total current liabilities	74,468	70,092
Non-current liabilities		
Long-term borrowings	21,088	30,715
Lease liabilities	1,398	855
Deferred tax liabilities	4,355	4,638
Provision for share awards	83	109
Provision for share awards for directors (and other officers)	58	75
Retirement benefit liability	7,796	7,704
Asset retirement obligations	17	17
Other	380	351
Total non-current liabilities	35,179	44,468
Total liabilities	109,647	114,561
Net assets		
Shareholders' equity		
Share capital	8,413	8,413
Capital surplus	13,114	13,114
Retained earnings	36,549	38,319
Treasury shares	(291)	(281)
Total shareholders' equity	57,786	59,565
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,615	1,698
Foreign currency translation adjustment	6,418	8,512
Remeasurements of defined benefit plans	2,999	2,973
Total accumulated other comprehensive income	11,033	13,184
Non-controlling interests	9,901	9,344
Total net assets	78,721	82,095
Total liabilities and net assets	188,369	196,656

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Net sales	128,738	136,303
Cost of sales	97,433	102,540
Gross profit	31,304	33,762
Selling, general and administrative expenses		
Freight costs	3,537	3,750
Outsourcing expenses	1,619	1,671
Provision of allowance for doubtful accounts	10	37
Remuneration for directors (and other officers)	591	654
Salaries and allowances	6,073	6,596
Provision for bonuses	489	556
Provision for bonuses for directors (and other officers)	103	115
Provision for product compensation	113	215
Retirement benefit expenses	420	334
Welfare expenses	1,273	1,388
Depreciation	1,570	1,589
Rent expenses	1,116	1,117
Research and development expenses	2,262	2,525
Other	6,036	6,117
Total selling, general and administrative expenses	25,219	26,671
Operating profit	6,084	7,091
Non-operating income		
Interest income	279	447
Dividend income	196	201
Foreign exchange gains	322	92
Share of profit of entities accounted for using equity method	235	240
Subsidy income	258	518
Other	344	279
Total non-operating income	1,636	1,779
Non-operating expenses		
Interest expenses	1,632	1,653
Loss on retirement of non-current assets	75	227
Other	187	169
Total non-operating expenses	1,895	2,050
Ordinary profit	5,825	6,820
Extraordinary income		
Gain on sale of investment securities	210	—
Total extraordinary income	210	—
Profit before income taxes	6,036	6,820
Income taxes - current	2,688	3,175
Income taxes - deferred	(99)	12
Total income taxes	2,589	3,188
Profit	3,447	3,631
Profit attributable to non-controlling interests	878	911
Profit attributable to owners of parent	2,569	2,720

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Profit	3,447	3,631
Other comprehensive income		
Valuation difference on available-for-sale securities	667	87
Foreign currency translation adjustment	2,414	2,624
Remeasurements of defined benefit plans, net of tax	2,604	(10)
Share of other comprehensive income of entities accounted for using equity method	226	52
Total other comprehensive income	5,912	2,754
Comprehensive income	9,359	6,386
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,854	4,871
Comprehensive income attributable to non-controlling interests	1,505	1,515

(3) Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,413	13,114	34,170	(310)	55,388
Changes during period					
Dividends of surplus			(190)		(190)
Profit attributable to owners of parent			2,569		2,569
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				19	19
Net changes in items other than shareholders' equity					
Total changes during period	—	—	2,378	19	2,398
Balance at end of period	8,413	13,114	36,549	(291)	57,786

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	974	4,359	414	5,748	9,317	70,454
Changes during period						
Dividends of surplus						(190)
Profit attributable to owners of parent						2,569
Purchase of treasury shares						(0)
Disposal of treasury shares						19
Net changes in items other than shareholders' equity	640	2,059	2,584	5,285	584	5,869
Total changes during period	640	2,059	2,584	5,285	584	8,267
Balance at end of period	1,615	6,418	2,999	11,033	9,901	78,721

For the fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,413	13,114	36,549	(291)	57,786
Changes during period					
Dividends of surplus			(950)		(950)
Profit attributable to owners of parent			2,720		2,720
Purchase of treasury shares				(6)	(6)
Disposal of treasury shares				15	15
Net changes in items other than shareholders' equity					
Total changes during period	—	—	1,769	9	1,779
Balance at end of period	8,413	13,114	38,319	(281)	59,565

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,615	6,418	2,999	11,033	9,901	78,721
Changes during period						
Dividends of surplus						(950)
Profit attributable to owners of parent						2,720
Purchase of treasury shares						(6)
Disposal of treasury shares						15
Net changes in items other than shareholders' equity	82	2,094	(25)	2,151	(557)	1,593
Total changes during period	82	2,094	(25)	2,151	(557)	3,373
Balance at end of period	1,698	8,512	2,973	13,184	9,344	82,095

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	6,036	6,820
Depreciation	9,595	9,513
Amortization of goodwill	777	803
Share of loss (profit) of entities accounted for using equity method	(235)	(240)
Increase (decrease) in allowance for doubtful accounts	(3)	60
Increase (decrease) in provision for bonuses	462	156
Increase (decrease) in provision for bonuses for directors (and other officers)	103	12
Increase or decrease in net defined benefit asset and liability	(271)	(769)
Increase (decrease) in provision for share awards	24	25
Increase (decrease) in provision for share awards for directors (and other officers)	9	16
Increase (decrease) in provision for loss on guarantees	(161)	—
Interest and dividend income	(476)	(649)
Interest expenses	1,632	1,653
Loss (gain) on sale of investment securities	(210)	(0)
Foreign exchange losses (gains)	1,020	176
Loss on retirement of non-current assets	75	227
Decrease (increase) in trade receivables	(1,134)	935
Decrease (increase) in inventories	919	(3,760)
Increase (decrease) in trade payables	745	991
Increase (decrease) in accrued consumption taxes	127	(156)
Increase (decrease) in other liabilities	(91)	(96)
Other, net	641	(672)
Subtotal	19,586	15,048
Interest and dividends received	455	640
Dividends received from entities accounted for using equity method	116	120
Interest paid	(1,624)	(1,664)
Income taxes paid	(1,878)	(3,220)
Net cash provided by (used in) operating activities	16,655	10,924

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Cash flows from investing activities		
Payments into time deposits	(6,307)	(4,045)
Proceeds from withdrawal of time deposits	5,574	7,107
Purchase of investment securities	(35)	(375)
Proceeds from sale of investment securities	320	2
Purchase of property, plant and equipment	(7,606)	(10,582)
Proceeds from sale of property, plant and equipment	13	13
Purchase of intangible assets	(377)	(489)
Loan advances	(535)	(539)
Proceeds from collection of loans receivable	510	507
Other, net	139	10
Net cash provided by (used in) investing activities	(8,303)	(8,390)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,997)	(5,241)
Proceeds from long-term borrowings	7,650	14,850
Repayments of long-term borrowings	(6,732)	(7,954)
Repayments of finance lease liabilities	(653)	(688)
Purchase of treasury shares	(0)	(6)
Proceeds from disposal of treasury shares	0	15
Dividends paid	(190)	(947)
Dividends paid to non-controlling interests	(576)	(2,419)
Net cash provided by (used in) financing activities	(2,499)	(2,391)
Effect of exchange rate change on cash and cash equivalents	(220)	290
Net increase (decrease) in cash and cash equivalents	5,631	432
Cash and cash equivalents at beginning of period	18,955	24,586
Cash and cash equivalents at end of period	24,586	25,019

(5) Note to Consolidated Financial Statements

(Notes on going concern)

Not applicable

(Significant matters that form the basis of presenting the consolidated financial statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries 32 companies

Company name

DAIDO LOGITECH CO., LTD.	DAIDO METAL SALES CO., LTD.
Daido Plain Bearings Co., Ltd.	NDC Co., Ltd.
NDC Sales Co., Ltd.	Daido Industrial Bearings Japan Co., Ltd.
DAIDO METAL SAGA CO., LTD.	Iino Holding Ltd.
Iino Manufacturing Co., Ltd.	ATA Casting Technology Japan Co., Ltd.
IINO (Foshan) Technology Co., Ltd.	Daido Precision Metal (Suzhou) Co., Ltd.
Dong Sung Metal Co., Ltd.	Chung Yuan Daido Co., Ltd.
ATA Casting Technology Co., Ltd.	Dyna Metal Co., Ltd.
PT. IINO INDONESIA	DM Casting Technology (Thailand) Co., Ltd.
SUPER CUB FIN ANCIAL CORPORATION	PT. Daido Metal Indonesia
ISS America, Inc.	PHILIPPINE IINO CORPORATION
Daido Metal Mexico Sales, S.A. de C.V.	Daido Metal U.S.A. Inc.
ISS MEXICO MANUFACTURING S.A. de C.V.	Daido Metal Mexico, S.A. de C.V.
Daido Industrial Bearings Europe Limited	DAIDO METAL KOTOR AD
Daido Metal Russia LLC	DAIDO METAL EUROPE LIMITED
DAIDO METAL CZECH s.r.o.	Daido Metal Europe GmbH

(2) Names of unconsolidated subsidiaries 3 companies

Company name

Korea Dry Bearing Co., Ltd.
Chung Yuan Daido (Guangzhou) Co., Ltd.
DMS Korea Co., Ltd.

Reason for exclusion from scope of consolidation

Korea Dry Bearing Co., Ltd., Chung Yuan Daido (Guangzhou) Co., Ltd., and DMS Korea Co., Ltd. have been excluded from the scope of consolidation because these companies are immaterial from the Group's point of view in terms of total assets, net sales, profit attributable to owners of parent, and retained earnings for the year and do not have a significant impact on the net assets, financial position and results of operations of the Group.

2. Application of equity method

(1) Number of unconsolidated subsidiaries to which the equity method was applied 1 company

Company name

Korea Dry Bearing Co., Ltd.

(2) Number of associates to which the equity method was applied 3 companies

Company name

BBL Daido Private Limited
Shippo Asahi Moulds (Thailand) Co., Ltd.
NPR of Europe GmbH

(3) Names of unconsolidated subsidiaries and associates to which the equity method was not applied

Company name

Chung Yuan Daido (Guangzhou) Co., Ltd.
DMS Korea Co., Ltd.

Reason for non application of equity method

Chung Yuan Daido (Guangzhou) Co., Ltd. and DMS Korea Co., Ltd. have been excluded from the scope of consolidation because these companies are immaterial from the Group's point of view in terms of profit attributable to owners of parent and retained earnings for the year-and do not have a significant impact on the net assets, financial position and results of operations of the Group.

(4) For companies consolidated under equity method with closing dates different from the consolidated closing date, financial statements as of their year end are used.

3. Matters relating to the accounting period of consolidated subsidiaries

The closing date for Daido Metal U.S.A. Inc., DAIDO METAL KOTOR AD, Daido Industrial Bearings Europe Limited, DAIDO METAL CZECH s.r.o., Dyna Metal Co., Ltd., Chung Yuan Daido Co., PT. Daido Metal Indonesia, Dong Sung Metal Co., Ltd., Daido Precision Metal (Suzhou) Co., Ltd., Daido Metal Europe GmbH., DAIDO METAL EUROPE LIMITED, Daido Metal Russia LLC, Daido Metal Mexico, S.A. de C.V., Daido Metal Mexico Sales, S.A. de C.V., PHILIPPINE IINO CORPORATION, IINO (Foshan) Technology Co., Ltd., ISS America, Inc., ISS MEXICO MANUFACTURING S.A. de C.V., PT. IINO INDONESIA, and SUPER CUB FINANCIAL CORPORATION is December 31.

Financial statements as of the same date are used in compiling the consolidated financial statements as of March 31, with necessary adjustment for the effects of significant transactions or events that occur between the date of those financial statements and the date of the consolidated financial statements.

4. Matters relating to accounting policies

(1) Basis and method of valuation of important assets

1) Securities

Other securities

Securities etc. other than shares without market value

Stated at market value (Valuation differences are recorded directly in net assets, and the net sales cost is calculated by the moving average method.)

Shares without market value

Stated at cost using moving average method

2) Inventories

Basis of valuation is in accordance with the cost basis (with writing down of the carrying value based on any decreased profitability).

Merchandise and finished goods Principally by weighted average method

Work in process Principally by weighted average method

Raw materials Principally by weighted average method

Supplies Principally by moving average method

3) Derivatives

Stated at market value

(2) Method of depreciation of important depreciable assets

1) Property, plant and equipment (excluding leased assets)

The Company and five domestic consolidated subsidiaries use the declining balance method (with the exception of buildings (excluding facilities annexed to buildings) acquired on or after April 1, 1998 and facilities annexed to buildings and structures acquired on or after April 1, 2016, for which the straight-line method is used), while other subsidiaries use the straight-line method.

Estimated useful lives of major assets are as follows:

Buildings and structures 3-60 years

Machinery, equipment and vehicles 3-20 years

2) Intangible assets (excluding leased assets)

Straight line method is used.

3) Leased assets

Leased assets relating to finance lease transactions which transfer the ownership of leased assets

The same depreciation method as applied to our own assets is used.

Leased assets relating to finance lease transactions which do not transfer the ownership of leased assets

Straight-line method based on the depreciation period equal to the lease period and residual value of zero is used.

Right-of-use assets

Straight-line method based on the assumption that the depreciation period equals the lease period and that residual value equals zero is used.

For overseas consolidated subsidiaries, in accordance with the adoption of "IFRS 16" or "ASC 842", for lessees of leases, in principle, all leases are recorded as assets and liabilities on the balance sheet.

(3) Reserves and Provisions

1) Allowance for doubtful accounts

In order to prepare for any losses arising from bad debt receivables, an amount estimated to be unrecoverable is provided. General reserve is calculated based on the past loss experience, and specific reserve is calculated by reviewing the probability of recovery in each individual case where there is concern over claims.

2) Provision for bonuses

An amount corresponding to the period out of the estimated amount of bonuses payable to employees is provided.

3) Provision for bonuses for directors (and other officers)

An estimated amount of bonuses payable is provided.

4) Provision for product compensation

In order to prepare for any expenditure for quality claims, an estimated amount required to be paid in future is provided.

5) Provision for share based remuneration, Provision for share based remuneration for directors (and other officers)

In order to prepare for the payment of share-based remuneration for directors (and other officers), an estimated share-based remuneration amounts based on the estimated points to be granted to eligible directors (and other officers) under the Share Grant Rule of the Company is provided.

(4) Accounting for retirement benefits

In order to prepare for the payment of retirement benefits to employees (excluding operating officers etc.), an amount estimated to have occurred at the balance sheet date is provided based on the projected benefit obligation and plan assets at the balance sheet date. When calculating retirement benefit obligations the benefit formula basis is used to allocate to the current period.

Past service cost is recorded as an expense by a pro-rated amount by the straight-line method over a period within the average remaining service years of employees (mainly 14 years) at the time of occurrence thereof.

For actuarial differences, an amount prorated by the straight-line method over a period within the average remaining service years of employees (mainly 14 years) at the time of occurrence thereof in each consolidated fiscal year is expensed starting from the consolidated fiscal year that follows the consolidated fiscal year of occurrence.

In order to prepare for the payment of retirement benefits to operating officers etc., the amount that would need to be paid if all eligible officers retired at the balance sheet date is provided.

(5) Basis for recognition of significant revenues and expenses

1) Details of principal performance obligations in the principal business of the company

The Company is primarily engaged in the manufacture of bearing products and identifies the delivery of products to customers as a performance obligation for the sale of these products.

2) The ordinary point in time at which the company satisfies such performance obligation (the ordinary point in time at which revenue is recognized)

In principle, the Company recognizes revenue at the point in time when it determines that control over the product is transferred to the customer upon delivery of the product to the customer and the performance obligation is satisfied. For domestic sales, if the period from the time of shipment to the time when control of the product is transferred to the customer is an ordinary period, revenue is recognized at the time of shipment. Revenue is measured as the consideration promised in the contract with the customer less discounts, rebates and returns. Because the payment is received within one year after delivery to the customer, the amount of the promised consideration does not include any significant financial factors.

(6) Conversion of foreign currency denominated assets and liabilities into Japanese Yen

Foreign currency denominated monetary assets and liabilities are converted into Japanese Yen at the spot exchange rates prevailing at the balance sheet date, and the resulting exchange differences are recorded as gains or losses. Assets and liabilities, income and expenses of overseas subsidiaries are converted into Japanese Yen at the spot exchange rates prevailing at the balance sheet date, and the resulting exchange differences are recorded in net assets as foreign currency translation adjustments and non-controlling interests.

(7) Amortization of goodwill and the amortization period

Goodwill is amortized by the straight-line method within a period of 14 years based on the estimated period during which the benefits are expected to arise.

(8) Scope of cash and cash equivalents in consolidated statement of cash flows

The cash and cash equivalents in consolidated statement of cash flows comprise cash on hand, demand deposits, and short term investments with a maturity of three months or less from the date of acquisition that are readily convertible into cash and that are subject to an insignificant risk of changes in value.

(Additional Information)

(Performance linked Stock based Remuneration Scheme for Directors and Executive Officers)

The Company introduced new performance linked stock based remuneration (“the Scheme”) for Directors (excluding Outside Directors, the same applying hereinafter) and Executive Officers (excluding a Director concurrently serving as an Executive Officer, the same applying hereinafter) in order to incentivize Directors and Executive Officers to improve the business performance of the Company and to enhance the corporate value over medium to long term.

(i) The Scheme Overview

A Board Benefit Trust (“the BBT”) is created with the contribution from the Company. The BBT purchases Company shares, and the Company gives eligible Directors and Executive Officers the shares based on accumulated number of points conferred in accordance with their individual rank and their achievement in meeting goals etc., as set forth in Share Grant Rule. Beneficiaries of the BBT shall be those who serve as Directors and Executive Officers during the period. The Company shares are granted to each Director and Executive Officer when they retire from their position.

(ii) Residual Company shares held in the BBT

Any residual shares of the Company held in the BBT will be recorded as treasury shares under net assets at book value in the BBT (excluding incidental expenses). The book value and number of treasury shares were 289 million yen and 382 thousand shares as of the end of the previous consolidated fiscal year, and 280 million yen and 372 thousand shares as of the end of the current consolidated fiscal year.

(Segment information)

1. Description of reportable segments

The reportable segments of the Group are defined as individual units, where separate financial information is available and which are subject to regular review by the Board of Directors to evaluate their results and decide the allocation of management resources. The Group produces and sells bearings for automotive, shipbuilding, construction machine industry, dry bearings, special types of bearings for general industries, high-precision and high-quality parts for automotive engines and transmissions, and aluminum die cast automotive parts as its core business and other products (metal dry bearings, rotary pump, centralized lubrication, electrode sheet business for electric double layer capacitors, etc.).

The Group is, therefore, composed of segments based on products, and has four reportable segments, “Automotive engine bearings,” “Automotive non-engine bearings,” “Non-automotive bearings,” and “Other automotive parts.”

(Changes in Reporting Segments)

Effective from the beginning of the fiscal year ended March 31, 2025, in accordance with a review of the Group’s business management classification, a part of the previous “Automotive engine bearings” segment has been reclassified into the “Non-automotive bearings” segment.

The segment information for the fiscal year ended March 31, 2024 has been prepared in accordance with the changed classification method.

2. Methods of measurement for sales and profit (loss) by each reportable segment

The accounting treatment for each reportable segment is nearly the same as that set forth in the “Significant matters that form the basis of presenting the consolidated financial statements.” Profit by each reportable segment is based on operating profit. Internal sales or transfer between segments is based on actual market value.

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

① The previous fiscal year (from April 1, 2023 to March 31, 2024)

(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	69,506	19,839	16,610	21,300	127,257	1,481	128,738
Internal sales or transfer between segments	569	234	35	235	1,074	772	1,847
Total	70,076	20,074	16,646	21,535	128,331	2,253	130,585
Segment profit(loss)	9,099	2,797	3,236	(1,722)	13,411	396	13,808

(*) “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 The current fiscal year (from April 1, 2024 to March 31, 2025)

(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	72,102	20,966	17,889	23,533	134,492	1,811	136,303
Internal sales or transfer between segments	486	300	34	147	968	591	1,560
Total	72,589	21,266	17,923	23,680	135,460	2,403	137,863
Segment profit (loss)	9,285	3,119	3,712	(1,362)	14,755	416	15,171

(*) “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.

4. Reconciliation between Reporting segments total and numbers reported in Consolidated Financial Statements

(Million yen)

Net Sales	The previous fiscal year	The current fiscal year
Reporting segments total	128,331	135,460
Net sales from “Others” category	2,253	2,403
Elimination of intersegment transactions	(1,847)	(1,560)
Net sales as per Consolidated Financial Statements	128,738	136,303

Profit	The previous fiscal year	The current fiscal year
Reporting segments total	13,411	14,755
Profit from “Others” category	396	416
Elimination of intersegment transactions	(2)	(14)
Unattributable costs (*)	(7,721)	(8,065)
Operating profit as per Consolidated Financial Statements	6,084	7,091

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

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

(Significant impairment loss on non-current assets)

① The previous fiscal year (from April 1, 2023 to March 31, 2024)

None

② The current fiscal year (from April 1, 2024 to March 31, 2025)

None

(Per share information)

	The previous fiscal year	The current fiscal year
Net assets per share	1,460.05 yen	1,543.09 yen
Earnings per share	54.50 yen	57.70 yen

(Notes)

1. Diluted net income per share for the current fiscal year is not stated because no latent shares existed.

2. The shares of the company remaining in the trust, which are recorded as treasury shares under shareholders' equity, are included in the treasury shares to be deducted from the number of common shares at the end of the consolidated fiscal year for the purpose of calculating "Net assets per share".

(Net assets per share) The previous consolidated fiscal year : 382 thousand shares

The current consolidated fiscal year : 372 thousand shares

In addition, these shares are included in the treasury shares to be deducted from the average number of shares outstanding during the period for the purpose of calculating "Basic earnings per share".

(Basic earnings per share) The previous consolidated fiscal year : 385 thousand shares

The current consolidated fiscal year : 378 thousand shares

3. Basis of calculation for Net assets per share is shown below.

	The previous fiscal year	The current fiscal year
Net assets (JPY million)	78,721	82,095
Deductions from net assets (JPY million)	9,901	9,344
(Non-controlling interests) (JPY million)	(9,901)	(9,344)
Net assets available to common stock (JPY million)	68,820	72,750
Number of common stock at the end of fiscal year for calculation of Net assets per share (thousand shares)	47,135	47,145

4. Basis of calculation of Earnings per share is shown below.

	The previous fiscal year	The current fiscal year
Profit attributable to owners of parent (JPY million)	2,569	2,720
Not attributable to common stockholders (JPY million)	—	—
Profit attributable to owners of parent available to common stock (JPY million)	2,569	2,720
Average number of common stock (thousand shares)	47,132	47,139

(Material subsequent events)

None

2.Non-consolidated Financial Statements

(1)Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	5,894	6,344
Notes receivable - trade	140	65
Accounts receivable - trade	19,462	18,301
Electronically recorded monetary claims - operating	3,020	3,213
Merchandise and finished goods	3,226	3,473
Work in process	4,816	5,489
Raw materials and supplies	2,777	3,192
Prepaid expenses	202	187
Short-term loans receivable from subsidiaries and associates	1,558	1,766
Accounts receivable - other	1,624	2,433
Other	195	202
Allowance for doubtful accounts	(0)	(0)
Total current assets	42,919	44,668
Non-current assets		
Property, plant and equipment		
Buildings	7,405	7,950
Structures	589	626
Machinery and equipment	3,709	3,424
Vehicles	17	16
Tools, furniture and fixtures	375	360
Land	5,065	5,065
Leased assets	1,766	1,511
Construction in progress	552	1,248
Total property, plant and equipment	19,482	20,204
Intangible assets		
Software	1,269	1,210
Leased assets	0	—
Right to use facilities	20	39
Other	769	510
Total intangible assets	2,059	1,759
Investments and other assets		
Investment securities	3,342	4,013
Shares of subsidiaries and associates	29,779	32,154
Investments in capital of subsidiaries and associates	13,867	17,694
Long-term loans receivable from employees	12	9
Long-term loans receivable from subsidiaries and associates	9,135	6,224
Long-term prepaid expenses	10	6
Prepaid pension costs	4,249	5,261
Other	281	262
Allowance for doubtful accounts	(6,436)	(6,235)
Total investments and other assets	54,240	59,391
Total non-current assets	75,782	81,355
Total assets	118,701	126,023

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	6,575	6,690
Electronically recorded obligations - operating	12,540	12,797
Short-term borrowings	9,593	5,258
Current portion of long-term borrowings	6,150	4,487
Lease liabilities	395	398
Accounts payable - other	1,631	1,556
Accrued expenses	1,014	1,081
Income taxes payable	654	119
Accrued consumption taxes	65	—
Contract liabilities	839	792
Deposits received	61	63
Unearned revenue	37	28
Provision for bonuses	1,193	1,316
Provision for bonuses for directors (and other officers)	103	115
Electronically recorded obligations - non-operating	657	1,233
Other	3	11
Total current liabilities	41,518	35,953
Non-current liabilities		
Long-term borrowings	18,312	28,475
Lease liabilities	692	318
Deferred tax liabilities	816	1,219
Provision for retirement benefits	5,101	5,348
Provision for share awards	83	109
Provision for share awards for directors (and other officers)	58	75
Provision for loss on guarantees	1,310	674
Provision for loss on business of subsidiaries and associates	521	679
Asset retirement obligations	17	17
Long-term accounts payable - other	237	205
Other	62	58
Total non-current liabilities	27,213	37,182
Total liabilities	68,732	73,135

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Net assets		
Shareholders' equity		
Share capital	8,413	8,413
Capital surplus		
Legal capital surplus	8,789	8,789
Other capital surplus	3,449	3,449
Total capital surplus	12,238	12,238
Retained earnings		
Legal retained earnings	743	743
Other retained earnings		
Reserve for tax purpose reduction entry of non-current assets	4,120	4,242
General reserve	21,000	21,000
Retained earnings brought forward	2,431	5,012
Total retained earnings	28,295	30,998
Treasury shares	(291)	(281)
Total shareholders' equity	48,656	51,368
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,313	1,519
Total valuation and translation adjustments	1,313	1,519
Total net assets	49,969	52,888
Total liabilities and net assets	118,701	126,023

(2)Non-consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Net sales	71,635	73,553
Cost of sales	56,962	58,041
Gross profit	14,672	15,512
Selling, general and administrative expenses	12,041	12,460
Operating profit	2,631	3,051
Non-operating income		
Interest and dividend income	2,267	3,815
Foreign exchange gains	83	32
Other	330	659
Total non-operating income	2,681	4,506
Non-operating expenses		
Interest expenses	598	772
Loss on retirement of non-current assets	47	60
Other	926	635
Total non-operating expenses	1,572	1,468
Ordinary profit	3,740	6,089
Extraordinary income		
Gain on extinguishment of tie-in shares	413	—
Total extraordinary income	413	—
Extraordinary losses		
Provision of allowance for doubtful accounts	1,962	1,788
Total extraordinary losses	1,962	1,788
Profit before income taxes	2,191	4,300
Income taxes - current	961	367
Income taxes - deferred	(112)	280
Total income taxes	848	647
Profit	1,343	3,653

(3)Non-consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	
						Reserve for tax purpose reduction entry of non-current assets	General reserve
Balance at beginning of period	8,413	8,789	3,449	12,238	743	4,163	21,000
Changes during period							
Provision of reserve for tax purpose reduction entry of non-current assets						49	
Reversal of reserve for tax purpose reduction entry of non-current assets						(92)	
Dividends of surplus							
Profit							
Purchase of treasury shares							
Disposal of treasury shares							
Net changes in items other than shareholders' equity							
Total changes during period	—	—	—	—	—	(42)	—
Balance at end of period	8,413	8,789	3,449	12,238	743	4,120	21,000

	Shareholders' equity				Valuation and translation adjustments		Total net assets
	Retained earnings		Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
	Other retained earnings	Total retained earnings					
	Retained earnings brought forward						
Balance at beginning of period	1,234	27,141	(310)	47,483	755	755	48,239
Changes during period							
Provision of reserve for tax purpose reduction entry of non-current assets	(49)	—		—			—
Reversal of reserve for tax purpose reduction entry of non-current assets	92	—		—			—
Dividends of surplus	(190)	(190)		(190)			(190)
Profit	1,343	1,343		1,343			1,343
Purchase of treasury shares			(0)	(0)			(0)
Disposal of treasury shares			19	19			19
Net changes in items other than shareholders' equity					557	557	557
Total changes during period	1,196	1,153	19	1,172	557	557	1,730
Balance at end of period	2,431	28,295	(291)	48,656	1,313	1,313	49,969

For the fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	
						Reserve for tax purpose reduction entry of non-current assets	General reserve
Balance at beginning of period	8,413	8,789	3,449	12,238	743	4,120	21,000
Changes during period							
Provision of reserve for tax purpose reduction entry of non-current assets						144	
Reversal of reserve for tax purpose reduction entry of non-current assets						(22)	
Dividends of surplus							
Profit							
Purchase of treasury shares							
Disposal of treasury shares							
Net changes in items other than shareholders' equity							
Total changes during period	—	—	—	—	—	122	—
Balance at end of period	8,413	8,789	3,449	12,238	743	4,242	21,000

	Shareholders' equity				Valuation and translation adjustments		Total net assets
	Retained earnings		Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
	Other retained earnings	Total retained earnings					
	Retained earnings brought forward						
Balance at beginning of period	2,431	28,295	(291)	48,656	1,313	1,313	49,969
Changes during period							
Provision of reserve for tax purpose reduction entry of non-current assets	(144)	—		—			—
Reversal of reserve for tax purpose reduction entry of non-current assets	22	—		—			—
Dividends of surplus	(950)	(950)		(950)			(950)
Profit	3,653	3,653		3,653			3,653
Purchase of treasury shares			(6)	(6)			(6)
Disposal of treasury shares			15	15			15
Net changes in items other than shareholders' equity					206	206	206
Total changes during period	2,580	2,703	9	2,712	206	206	2,918
Balance at end of period	5,012	30,998	(281)	51,368	1,519	1,519	52,888