

May 13, 2022

Daido Metal Co., Ltd.

Seigo Hanji

Chairman and Chief Executive Officer

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(For inquiry)

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Notice Regarding Extraordinary loss

Daido Metal Co., Ltd. (hereinafter, “the Company”) hereby announces that it recorded extraordinary loss in its settlement of accounts for the fiscal year ended March 2022 (from April 1, 2021 to March 31, 2022), as follows.

1.Details of impairment loss (extraordinary loss) <Consolidated>

At the beginning of full-scale operation at DM Casting Technology (Thailand) Co., Ltd. (hereinafter, “DMCT”), a consolidated subsidiary of the Company, production costs increased more than initially anticipated, causing delays in achieving DMCT's business plans. As a result of the examination of the recoverability of DMCT's manufacturing facilities and equipment in the future in accordance with the “Accounting Standard for Impairment of Fixed Assets”, the recoverable amount fell below the book value, and accordingly, an impairment loss (extraordinary loss) of 456 million yen was recorded.

The impact on profit attributable to owners of parent was 456 million yen.

2.Details of loss on valuation of shares of subsidiaries and associates (extraordinary loss) and provision for loss on guarantees (extraordinary loss) <Non-consolidated>

As a result of the above, the net assets of DMCT were impaired, and the real value of the shares of DMCT, held by the company, declined significantly. As a result, 1,720 million yen was recorded as a loss on valuation of shares of subsidiaries and associates (extraordinary loss) and 336 million yen as a provision for loss on guarantees (extraordinary loss).

The loss on valuation of shares of subsidiaries and associates and the provision for loss on guarantees are eliminated in the consolidated financial statements and have no impact on the consolidated financial results.

3. Details of loss on valuation of investments in capital of subsidiaries and associates (extraordinary loss) <Non-consolidated>

Daido Metal Europe GmbH. (hereinafter, "DMEG"), a consolidated subsidiary of the Company, changed DMEG's inventory valuation standards to reflect the transition to a large company under the German Commercial Code. As a result, the Company recorded a loss on valuation of investments in capital of subsidiaries and associates (extraordinary loss) of 244 million yen due to a decline in the real value of DMEG's investments.

The loss on valuation of investments in capital of in subsidiaries and associates is eliminated in the consolidated financial statements and has no impact on consolidated results.

4. Impact on consolidated financial results

For the details of the financial results for the fiscal year ended March 2022 in which the above extraordinary loss was recorded, please refer to the " Consolidated Financial Results for the Year Ended March 31, 2022 [Japanese GAAP]" announced today.

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