

November 10, 2022

Daido Metal Co., Ltd.

Seigo Hanji

Chairman and Chief Executive Officer

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(For inquiry)

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**Notice Regarding Differences between Financial Forecasts and Actual Results
and Revision of the full-year Financial Forecast and Dividend Forecast**

Daido Metal Co., Ltd. (the Company) hereby informs you that there are differences between the forecasts for the first half of the fiscal year ending March 31, 2023, which were announced on August 10, 2022 and the actual results disclosed today.

Further, in the light of recent business performance, the Company has revised its consolidated financial forecast and year-end dividend forecast for the fiscal year ending March 31, 2023 as follows.

1. Consolidated Financial Forecast

(1) Differences between Consolidated Forecasts and Results (from April 1, 2022 to September 30, 2022)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Previous forecast (A)	Million yen 52,500	Million yen 1,050	Million yen 1,150	Million yen 30	Yen 0.64
Actual results (B)	56,944	664	941	(2,475)	(52.83)
Difference (B-A)	4,444	(385)	(208)	(2,505)	—
Difference (%)	8.5	(36.7)	(18.2)	—	—
(For reference) Previous period (6 months ended September 30, 2021)	50,315	2,677	2,602	1,188	25.53

(2) Revision of Consolidated Forecasts (from April 1, 2022 to March 31, 2023)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Previous forecast (A)	Million yen 108,000	Million yen 2,800	Million yen 2,700	Million yen 300	Yen 6.41
Revised forecast(B)	110,000	1,800	2,000	(2,100)	(44.82)
Difference(B-A)	2,000	(1,000)	(700)	(2,400)	—
Difference(%)	1.9	(35.7)	(25.9)	—	—
(For Reference) Previous period (year ended March 31, 2022)	104,024	5,042	4,836	1,897	40.70

(3) Reasons for the differences and revisions

In the consolidated financial results for the first half of the fiscal year ending March 31 2023, operating income, ordinary income and net income were all lower than the previous forecasts due to the effects of the prolonged war in Ukraine, global inflation and a significant depreciation of the yen, which led to a surge in raw material and energy prices, as well as to the impact of the recording of an impairment loss (extraordinary loss) on DM Casting Technology (Thailand) CO., LTD., a consolidated subsidiary in our company, which was separately announced today.

Regarding consolidated financial forecast for the fiscal year ending March 31 2023, net sales are expected to exceed the previously announced earnings forecasts due to the strong performance of the shipbuilding and construction machinery sectors and the weak yen exchange rate. On the profit side, we have revised down our earnings forecasts from the previous one as above due to continuing concerns about rising raw materials and energy prices.

The exchange rate assumptions for the forecast are 135.00 yen to the U.S. dollar and 135.00 yen to the euro.

2. The Forecast for Dividends

(1) Revision of Year-End Dividend Forecast

	Annual dividends		
	Interim	Year-end	Total amount of dividends
Previous forecast	10.00 yen	15.00 yen	25.00 yen
Revised forecast		Undetermined	Undetermined
Actual dividend of the current fiscal year	10.00 yen		
Previous period (Fiscal year ended March 31, 2022)	10.00 yen	15.00 yen	25.00 yen

(2) Reasons for the revisions

It is the Company's policy to pay appropriate dividends to our shareholders, based on the results of operations and payout ratio, and to maintain a stable and sustainable level of dividend in overall consideration of the internal reserve for future business development, expansion of research and development, strengthening of business foundations and response to changes in the business environment.

Group businesses in Japan and abroad were severely impacted by rising raw material and energy prices, and our group's business performance deteriorated significantly with the recording of an impairment loss (extraordinary loss) on DM Casting Technology (Thailand) CO., LTD., a consolidated subsidiary of our company. In view of this significant deterioration in earnings and the uncertainty surrounding the future business environment, we have revised our dividend forecast as described above.

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.

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