

May 25, 2023

Company name: Daido Metal Co., Ltd.
Name of representative: Seigo Hanji
Chairman and President
Chief Executive Officer and
Chief Operating Officer
(Code) 7245 Prime Market of TSE
Premier Market of NSE

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Notice Concerning Merger with a Wholly Owned Subsidiary through Simplified Merger

Daido Metal Co., Ltd. (the “Company”) hereby announces that the Company and Asia Kelmet Co., Ltd. (“AKS”) have determined to merge in accordance with the resolution passed at the meeting of the Board of Directors held on May 25, 2023 (the “Merger”). As the Merger is an absorption-type merger with a wholly owned subsidiary, certain disclosure items and details have been omitted from this notice. The details are described below.

1. Purpose of the Merger

AKS, a consolidated subsidiary of the Company, is engaged in the processing of bearings and real estate leasing. The Merger is intended to concentrate and improve the efficiency of management resources within our group.

2. Summary of the Merger

(1) Time table for the Merger

(1) Date of the resolution of the Board of Directors	May 25, 2023
(2) Date of signing of the Merger agreement	May 25, 2023
(3) Effective date of the Merger	Oct 1, 2023

* As this Merger is a symplified merger for the Company prescribed in Paragraph 2 of Article 796 of the Comapanies Act and is a short-form merger for AKS as prescribed in Paragraph 1 of Article 784 of the Comapanies Act, it does not require the approval of the shareholders meetings of either the Company or AKS.

(2) Form of the Merger

The Merger will be conducted as an absorption-type merger between the Company, which will be the surviving company and AKS, the absorbed company. AKS will be dissolved upon the Merger.

(3) Details of allotment related to the Merger

As AKS is a wholly owned subsidiary of the Company, no shares or Monies, etc. will be allotted as a result of the Merger.

(4) Handling of share acquisition rights and bonds with share acquisition rights in connection with the Merger

No applicable items.

3. Overview of companies involved in the Merger

	Surviving Company	Absorbed Company	
(1) Name	Daido Metal Co., Ltd.	Asia Kelmet Co., Ltd.	
(2) Location	13F Nagoya-Hirokoji Bldg. 3-1, Sakae 2-chome, Naka-ku, Nagoya	29-1 Yaguchi 3-chome, Ohta-ku, Tokyo	
(3) Job title and name of representative	Chairman and President Chief Executive Officer and Chief Operating Officer Seigo Hanji	President Tsugumichi Fujimori	
(4) Description of business	Production and sales of bearings	Processing of bearings, Real estate leasing	
(5) Share capital	JPY 8,413 million	JPY 55 million	
(6) Date of establishment	November 4, 1939	April 26, 1938	
(7) Number of issued shares	47,520,253 shares	1,100,000 shares	
(8) Fiscal year-end	March 31	March 31	
(9) Major shareholders and ownership ratios	The Master Trust Bank of Japan, Ltd. (Trust Account) 9.61% Custody Bank of Japan, Ltd. (Trust Account) 4.45% Sumitomo Mitsui Trust Bank, Limited 4.16% Mizuho Bank, Ltd. 4.16% MUFG Bank, Ltd. 3.83%	Daido Metal Co., Ltd. 100%	
(10) Financial position and results of operation for the most recent fiscal year			
	Fiscal year ended	March 31, 2023 (Consolidated)	March 31, 2023 (Non-Consolidated)
	Net assets (JPY million)	70,454	638
	Total assets (JPY million)	173,317	856
	Net assets per share (JPY)	1,297.76	579.70
	Sales amount (JPY million)	115,480	65
	Operating profit (JPY million)	2,824	△2
	Ordinary profit (JPY million)	2,909	4
	Profit attributable to owners of parent (JPY million)	△2,208	3
	Basic earnings per share (JPY)	△47.05	3.34

* The calculation of the ownership ratios does not include treasury shares.

4. Status after the Merger

There will be no changes in the trade name, address, name and title of representative, nature of business, share capital, or fiscal year end of the Company.

5. Future outlook

Since this is a merger with a wholly owned subsidiary of the Company, the effect of the Merger on the Company's consolidated results of operations is immaterial.

(Reference)

Consolidated financial results forecast for the current fiscal year (released on May 11, 2023)

(JPY million)

	Consolidated sales amount	Consolidated operating profit	Consolidated ordinary profit	Profit attributable to owners of parent
Financial results forecast for the current fiscal year (Fiscal year ending March 31, 2024)	121,000	3,100	2,200	200