

November 10, 2022

Daido Metal Co., Ltd.

Seigo Hanji

Chairman and Chief Executive Officer

(Code) 7245 Prime Market of TSE

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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 first half of the Fiscal Year Ending March 31, 2023 (from April 1, 2022 to September 30, 2022), as follows.

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

Regarding DM Casting Technology (Thailand) Co., Ltd. (hereinafter, “DMCT”), a consolidated subsidiary of the Company, in addition to the slow improvement of production costs increased at the start of the full-scale operations last year, higher than expected production costs for new orders caused 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 1,963 million yen was recorded.

The impact on profit attributable to owners of parent was 1,963 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, 1,023 million yen was recorded as a loss on valuation of shares of subsidiaries and associates (extraordinary loss) and 1,750 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.Impact on consolidated financial results

For the details of the financial results for the first half of the Fiscal Year Ending March 31, 2023, in which the above extraordinary loss was recorded, please refer to the "Consolidated Financial Results for the Six Months Ended September 30, 2022" announced today.

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