Note:This document is a translation of a part of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.

January 30, 2025

Daido Metal Co., Ltd.
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(Code) 7245 Prime Market of TSE
Premier Market of NSE
(For inquiry)
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Executive Officer
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Notice of Support for a Consolidated Subsidiary (Debt Waiver, Capital Increase)

Daido Metal Co., Ltd. (hereinafter "the Company") resolved at a meeting of its Board of Directors today to waive some of its loan claims against Daido Industrial Bearings Europe Limited, which is a consolidated subsidiary of the Company, as well as underwrite the capital increase by Daido Industrial Bearings Europe Limited. The details are as follows.

1. Debt waiver and capital increase for a consolidated subsidiary

Due to declining production volumes associated with the COVID-19 pandemic from 2020, as well as materials costs, labor expenses, and escalating energy prices caused by protracted uncertainties surrounding Ukraine, the business climate for Daido Industrial Bearings Europe Limited, which is a consolidated subsidiary of the Company, has worsened, leading to expansion of negative net worth.

Daido Industrial Bearings Europe Limited holds an important position as a strategic subsidiary for the Group in Europe, and amid brisk demand for medium- and high-speed marine and industrial engines, production of bearings for these engines is expected to increase in the future.

At a meeting of the Board of Directors held today, the Company resolved to waive 10,000 thousand Sterling pounds in loans to Daido Industrial Bearings Europe Limited as a measure to support restructuring by facilitating drastic improvement of its profitability and financial position as well as quickly stabilizing its management basis. Additionally, the Company resolved to underwrite a 19,000 thousand Sterling pounds capital increase to eliminate negative net worth and strengthen the financial base.

2. Profile of the subsidiary

(1) Name	Daido Industrial Bearings Europe Limited
(2) Location	Somerset, United Kingdom
(3) Name and title of representative	Toshikazu Ichihashi, President
(4) Business	Non-automotive bearings

(5) Date of establishment	December 1998
(6) Capital	13,500 thousand Sterling pounds
(7) Major shareholders and their shareholding percentages	Daido Metal Co., Ltd.: 100%

3. Details of the debt waiver

(1) Type of debt	Loans
(2) Debt waiver amount	10,000 thousand Sterling pounds(converted into approx. 1,990 million yen)
(3) Waiver date	February 2025 (planned)

(Note) Conversion into Japanese currency is based on GBP 1 = JPY 199.02 (TTM rate at end-December 2024.

4. Details of the capital increase

(1) Amount of capital increase	19,000 thousand Sterling pounds(converted into approx. 3,781 million yen)
(2) Total capital contribution after capital increase (Note1)	32,500 thousand Sterling pounds(converted into approx. 6,468 million yen)
(3) Payment date	February 2025 (planned)

(Notes)

1. The amount is stated as the total capital contribution including Share Premium Account.
2. Conversion into Japanese currency is based on GBP 1 = JPY 199.02 (TTM rate at end-December 2024.

5. Impact on consolidated and non-consolidated financial results

The above debt waiver will be eliminated in consolidated financial statements, and as such, will have no impact on the Company's consolidated financial results. There will be no impact on non-consolidated financial results because the full amount of allowance for doubtful accounts has been recorded in past fiscal years.

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