

*[NOTICE: This Notice of Convocation is a translation of the Japanese original for reference purposes only, and in the event of any discrepancy, the Japanese original shall prevail.]*

Securities Code 7245  
June 5, 2025

To shareholders with voting rights

3-1, Sakae 2-chome, Naka-ku, Nagoya  
13F Nagoya Hirokoji Building

**DAIDO METAL CO., LTD.**

Chairman and Chief Executive Officer      **Seigo Hanji**

## Notice of Convocation of the 117th Annual Shareholders' Meeting

Dear shareholders,

We hereby announce that the 117th Annual Shareholders' Meeting of Daido Metal Co., Ltd. (the "Company") will be held as set forth below.

In convening this Annual Shareholders' Meeting, we have taken measures for providing information that constitutes the content of reference documents for the Shareholders' Meeting, etc. (items for which the measures for providing information in electronic format will be taken) in electronic format and presented on the following official website of the Company.

The Company's official website:

<https://www.ir.daidometal.com/stock/meeting.html> (in Japanese)

Items for which the measures for providing information in electronic format will be taken were presented not only on the above-mentioned website but also on the official website of the Tokyo Stock Exchange (TSE) and that of the Nagoya Stock Exchange (NSE).

TSE official website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

You should access the above-mentioned TSE official website (Listed Company Search), input an issue name (company name) or a code for searching, and select "Basic Information" or "Viewing Documents and Public Relations Information" to confirm the information.

NSE official website (Listed Companies)

<https://www.nse.or.jp/listing/search/> (in Japanese)

You should access the above-mentioned NSE official website (Listed Companies), input an issue name (company name) or a code for searching, and select "Timely Disclosure Information" to confirm the information.

**If you are not attending the Annual Shareholders' Meeting in person, you may also exercise your voting rights in writing or via the Internet, etc. Please take the time to review the Reference Documents for the Annual Shareholders' Meeting and exercise your voting rights by 5 p.m. on Thursday, June 26, 2025 (Japan time).**

Yours sincerely,

Note

1. **Date and time** 10 a.m. on June 27, 2025 (Friday)
2. **Venue** 10-19, Sakae 2-chome, Naka-ku, Nagoya, Japan  
2<sup>nd</sup> Floor Hall of Nagoya Chamber of Commerce & Industry Building

- We will not provide you with souvenirs or drinks at the Annual Shareholders' Meeting. We kindly ask for your understanding.

3. **Purpose**

- Reporting matters
1. Reporting of business report, consolidated financial statements and results of the audit of consolidated financial statements by the Accounting Auditor and Audit & Supervisory Board for the 117th fiscal year (from April 1, 2024 to March 31, 2025)
  2. Reporting of non-consolidated financial statements for the 117th fiscal year (from April 1, 2024 to March 31, 2025)

Matters for resolution

- |                   |   |
|-------------------|---|
| Agenda Item No. 1 | Election of Nine Directors                                  |
| Agenda Item No. 2 | Election of One Substitute Audit & Supervisory Board Member |
| Agenda Item No. 3 | Payment of Bonus to Directors                               |

4. **Guidance on exercising voting rights**

- (1) Exercising voting rights in writing  
Please complete the enclosed Voting Card, indicating your approval or disapproval, and send the Card by return mail to be delivered to us by no later than 5 p.m. on June 26, 2025 (Thursday, Japan time). If you do not indicate your approval or disapproval for agenda items, you will be deemed to have expressed approval for them.
- (2) Exercising voting rights via the Internet, etc.  
If you exercise your voting rights via the Internet, etc., please review the instructions under "Guidance for exercising your voting rights" described on pages 4 to 5. Please exercise your voting rights by no later than 5 p.m. on June 26, 2025 (Thursday, Japan time).

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- ◎ For this Annual Shareholders' Meeting promote dialogue with shareholders, we will omit detailed explanations of reporting matters (including the audit report) at the venue. Shareholders are kindly asked to look over this Notice of Convocation in advance.
  - ◎ If you attend the meeting in person on the day, please kindly submit the enclosed Voting Card to the reception desk.
  - ◎ If you intend to exercise your voting right by proxy, you can designate a single shareholder of the Company to vote on your behalf. In this case, please submit documentation to prove you have properly assigned your rights to your proxy to vote on your behalf.
  - ◎ Any shareholder intending to exercise voting rights in a non-uniform manner is kindly asked to inform us to that effect and the reason in writing or by an electromagnetic means at least three days prior to the date of the Annual Shareholders' Meeting.
  - ◎ The reception desk is scheduled to open at 9 a.m. on the day.
  - ◎ If any revision is made to items for which the measures for providing information in electronic format will be taken, we will state to that effect and present pre-revision matters and post-revision matters on the official website of the Company, the TSE official website, and the NSE official website that are each shown above.

- © Due to a revision to the Companies Act, you are supposed to access any of the above-mentioned official websites to check about items for which the measures for providing information in electronic format will be taken, in principle, and we are now supposed to inform them in writing solely to shareholders who have made a document delivery request no later than a record date. However, for this Annual Shareholders' Meeting, we will uniformly deliver a document stating items for which the measures for providing information in electronic format will be taken to shareholders regardless of whether they have made a document delivery request.

Of information that constitutes the content of reference documents for the Annual Shareholders' Meeting in electronic format, the following items are not included in this document in accordance with laws and regulations as well as the Articles of Incorporation of the Company. Documents subject to audit including the following items are audited by the Audit & Supervisory Board Members and the Accounting Auditor.

- Fundamental Policies on the Governance of the Company
- Outline of Operation to Ensure the Appropriateness of Business Operations
- Consolidated Statements of Changes in Equity and Notes to Consolidated Financial Statements, among Consolidated Financial Statements
- Non-consolidated Statements of Changes in Equity and Notes to Non-consolidated Financial Statements, among Non-consolidated Financial Statements

- © Please be advised that the Cool Biz summer dress code applies to the meeting.

## **Guidance for exercising your voting rights**

### **If you exercise your voting rights in advance**

Deadline for vote: **5 p.m. on June 26, 2025 (Thursday)**

#### **Internet**

Please access the designated website (<https://www.web54.net>) for exercising voting rights and indicate your approval or disapproval to each of the proposals. For details, please refer to the following page.

<Help desk for Internet voting>  
Sumitomo Mitsui Trust Bank, Limited  
Stock Transfer Agency Web Support:  
Toll free (only within Japan) 0120-652-031  
(Business Hours: from 9 a.m. to 9 p.m., Japan time)

#### **Mail**

Please fill out the enclosed Voting Card, cut it off and send it back to us as follows.

Voting Card  
Please send this part back to us.

#### **Please use “Smart Exercise” to exercise voting rights using a smartphone**

- In case voting rights are exercised via mail and the Internet, etc., the vote exercised via the Internet, etc. will be regarded as valid.
- In case voting rights are exercised more than once via the Internet, etc., the last vote cast will be regarded as valid.

### **If you attend the meeting in person on the day**

Date and time: **10 a.m. on June 27, 2025 (Friday)**

Please kindly bring the enclosed Voting Card and submit it at the reception desk.

#### **Electronic Voting Platform (for institutional investors):**

For institutional investors, the Electronic Voting Platform operated by ICJ, Inc. is available for exercising your voting rights for this meeting.

### Exercise voting rights using “Smart Exercise”

**(1) Access the Voting Rights Exercise Website for Smartphone**

Scan the “Login QR code for Voting Rights Exercise Website for Smartphone” printed at the lower right of on the enclosed Voting Card using smartphones or tablets.

(\* QR Code is the registered trademark of DENSO WAVE INCORPORATED.)

**(2) Open the Voting Rights Exercise Website**

Access the indicated URL, and you will be directed to the voting website. You have two options for voting.

Indicate “Approval” to all agendas of the Company’s proposals → (4)

Vote on each agenda of the proposals → (3)

**(3) Vote on each agenda of the proposals**

Enter your approval or disapproval for each agenda item following the instructions on screen.

**(4) Indicate “Approval” to all agendas of the Company’s proposals**

Confirm your voting on the confirmation screen, and complete your voting process.

**Note:** If you would like to change your vote after submitting it, you are requested to input the Voting Code and Password listed in your Voting Card. (You may also access the desktop version of the voting site (<https://www.web54.net>) directly, and resubmit your vote.)

### Exercise voting rights using PCs, etc.

**(1) Access the Voting Rights Exercise Website**

URL: <https://www.web54.net/>

**(2) Login**

Enter the “Voting Rights Exercise Code” given on the enclosed Voting Card.

**(3) Enter the password**

Enter the “Password” given on the enclosed Voting Card.

Enter the new password that you will actually use.

Please then follow the instructions on the screen and indicate your approval or disapproval.

\* Internet connection fees and data transmission fees to use the Voting Rights Exercise Website are to be borne by shareholders.

\* Please be aware that exercising voting rights via the Voting Right Exercise Website may not be possible in certain Internet user environments, or depending on the services in use or certain types of mobile phones.

## Business Report

( From: April 1, 2024  
To: March 31, 2025 )

### 1. Matters Relating to the Current Situation of Corporate Group

#### (1) Progress of Business and Operating Performance

##### 1) Economic conditions

During the fiscal year ended March 31, 2025, the world economy remained unpredictable due to the impact of geopolitical risks such as the situations in Ukraine and the Middle East, policy movements in various countries, the slowdown of the Chinese economy, and the like, although the overall global economy showed signs of a gradual recovery.

While the Japanese economy followed a recovery trend backed by the normalization of economic activity, its future outlook also remained unclear due to the global rise in raw material and energy prices, together with price rise resulting from mounting labor expenses and logistics costs.

##### 2) Summary of the Group's results

Under this business environment, consolidated net sales of the Group for the current fiscal year were 136,303 million yen, up 7,565 million yen, or 5.9% year on year. As for profits, operating profit was 7,091 million yen, up 1,006 million yen (up 16.5% year on year) mainly due to the increase in net sales, ordinary profit was 6,820 million yen, up 994 million yen (up 17.1% year on year), and profit attributable to owners of parent was 2,720 million yen, up 151 million yen (up 5.9% year on year).

##### 3) Results by segment

Results by segment are as follows.

The Company has included intersegment sales or transfers in net sales by segment.

Effective from the beginning of the current fiscal year, in accordance with the revision of the business management classifications within the Group, a part of the previous "Automotive engine bearings" segment has been reclassified into the "Non-automotive bearings" segment. The following year-on-year comparison and analysis is based on the revised segmentation.

##### a. Automotive engine bearings

Worldwide new car sales in 2024 (calendar year) grew 2.1% from the previous year due to factors including an increase in hybrid car sales in the North American market, the Group's main market, mainly resulting from a change in the direction of EV policies, and various incentives and vehicle price reductions in China. In Japan (FY2024), new car sales increased 1.0% to approximately 4.57 million units. Overseas for 2024 (calendar year), new car sales increased 2.3% in the United States, stayed roughly the same in Europe, and rose 4.5% in China, although they fell for Japanese brand vehicles in China by 18.4%.

In this situation, the Group's sales of automotive engine bearings slightly decreased year on year in Japan, and increased approximately 7% year on year overseas thanks to the steady demand in the United States and a weakening yen.

As a result, net sales of the segment increased 3.6% year on year to 72,589 million yen and segment profit increased 2.0% year on year to 9,285 million yen.

##### b. Automotive non-engine bearings

Although sales of automotive non-engine bearings were affected by tightened loan screening by financial institutions and the economic slowdown in Thailand, and a decline in demand for internal combustion engine-related parts in Europe due to the introduction of electric vehicles, demand for automotive-related parts in the United States were strong and orders in China increased due to development activities for electric vehicles.

As a result, net sales of the segment increased 5.9% year on year to 21,266 million yen and segment profit increased 11.5% year on year to 3,119 million yen.

##### c. Non-automotive bearings

###### • Large shipbuilding

Since the shipping market performed well due to routes becoming longer as a result of the worsening situation in the Middle East and the tight supply and demand conditions for freight space, ship tonnage under construction at the end of FY2024 increased approximately 6.3% year on year to 29.38 million gross tons. Net sales rose significantly year on year due to increased demand for LNG tankers (tanker ships to transport liquefied natural gas), automobile carriers, and bulk carriers, together with increased orders and the results of price rise, primarily owing to the strong demand in China.

###### • Small- to middle-sized shipbuilding/industrial power generators/construction machinery, etc.

Although orders of service parts for construction machinery decreased due to inventory adjustments, orders for bearings for medium to high-speed engines used mainly in ship auxiliary machines, electricity generators, emergency power supplies for data centers, construction machinery used for oil and gas drilling were strong, causing net sales to increase year on year.

- Electric power energy/compressors for industry use, etc.

While orders for bearings for hydraulic power generation increased due to spot projects to meet replacement demand and orders for compressor bearings increased due to the steady operation of petroleum processing plants in the Middle East, orders decreased due to inventory adjustments for some steam turbine bearings, causing net sales to fall slightly year on year.

As a result, net sales of the segment increased 7.7% year on year to 17,923 million yen, and segment profit rose 14.7% year on year to 3,712 million yen.

d. Other automotive parts

- Aluminum die cast parts

The automobile industry in Thailand was affected by factors such as the tightened loan screening by financial institutions and the economic slowdown, resulting in a decrease of 19.5% year on year in domestic automobile production.

Despite this harsh business environment, orders increased due to the effect of negotiations on delivery prices and strong demand for electric vehicle (EV) parts for North America, causing net sales to increase year on year.

In terms of profit, the Group began seeing the results of improvement activities, such as advances in mold management, enhancements in the finishing process, and measures to prevent the release of defective parts. Furthermore, air shipment volume decreased significantly. As a result, the segment achieved profitability in the fourth quarter and profit improved year on year.

- Precision metal processing parts (formed pipes, knock pins, NC milled parts, etc.)

Net sales increased year on year, helped by higher orders received due to strong demand for EV parts for North America. Profit also improved year on year, helped by stronger revenue and decrease in logistics costs.

As a result, net sales increased 10.0% year on year to 23,680 million yen and segment loss was 1,362 million yen (segment loss of 1,722 million yen in the previous fiscal year). Although not affecting the consolidated financial results, for its non-consolidated financial results, the Company recorded 1,788 million yen in provision of allowance for doubtful accounts in relation to DM Casting Technology (Thailand) Co., Ltd.

e. Others

While orders for pump-related products business fell in comparison to the rebound increase in demand following the recovery from COVID-19, orders for metallic dry bearings rose due to new development. As a result, net sales of this segment, which includes the metallic dry bearings business, the pump-related products business, and the electrode sheets business for electric double layer capacitors, increased 6.6% year on year to 2,403 million yen and segment profit increased 5.0% year on year to 416 million yen.

(Net sales by segment)

| Segment  | Net sales (Millions of yen)       |  |
|--|-----------------------------------|--|
|  | FY 2023<br>116 <sup>th</sup> term | FY 2024<br>117 <sup>th</sup> term<br>(Current fiscal year) |
| Automotive engine bearings                     | 70,076                            | 72,589   |
| Automotive non-engine bearings                 | 20,074                            | 21,266   |
| Non-automotive bearings                        | 16,646                            | 17,923   |
| Other automotive parts                         | 21,535                            | 23,680   |
| Others   | 2,253                             | 2,403  |
| Elimination of intersegment sales or transfers | (1,847)                           | (1,560)  |
| Total  | 128,738                           | 136,303  |

(Notes) 1. In addition to sales to external customers, intersegment sales or transfers are included in net sales by segment.

2. "Others" includes metallic dry bearings business, pump-related products businesses, and electrode sheets business for electric double layer capacitors.

## (2) Status of Financing, etc.

### 1) Financing

During the current fiscal year, there was no material financing through loans from financial institutions or the issuing of company shares or bonds.

### 2) Capital investment

The Group formulated and has implemented a Midterm Business Plan for six years from FY2018 to FY2023, “Raise Up ‘Daido Spirit’ - Ambitious, Innovative, Challenging -.”

The business environment is expected to change at an increasingly dizzying pace in the future, in order to achieve sustainable growth and continue contributing to society, the Group considered it important to examine “what the Group aims for toward 2030,” “a medium-term roadmap to find solutions to issues facing the Group,” and “establishment of a system to address changes in the business environment flexibly” for its next Midterm Business Plan. In this regard, the Group positioned FY2024 as the preparation period to formulate the Plan and listed the following investment plans:

- We will focus our investments in transitioning from our business model based on internal combustion engines and fossil fuels to one based on businesses related to carbon neutrality, such as electric vehicles, and renewable energy, such as wind and hydraulic power
- R&D, new business, M&A (business combinations) are the key investment focus area. The Company will finance itself for necessary funds with capital adequacy ratio of 35% as a reference point while ensuring financial soundness

Total capital investment for FY2024 was 11,594 million yen, an increase of 3,832 million yen compared with the previous fiscal year, and described below are major capital investments made based on such investment plans.

(Major capital investments during the current fiscal year)

- Investment to improve productivity and investment to enhance production capacity for automotive engine bearings at domestic and overseas production sites
- Investment in testing and production facilities for wind turbine bearings
- Investment to improve productivity and enhance production capacity for bearings for ships and medium- to high-speed diesel engines
- Investment related to information systems

## (3) Financial Conditions and Operating Results

### 1) Financial conditions and operating results of the Group

| Fiscal year<br>Category  | FY 2021<br>114 <sup>th</sup> term | FY 2022<br>115 <sup>th</sup> term | FY 2023<br>116 <sup>th</sup> term | FY 2024<br>117 <sup>th</sup> term<br>(Current fiscal year) |
|--|-----------------------------------|-----------------------------------|-----------------------------------|--|
| Net sales (Millions of yen)                                      | 104,024                           | 115,480                           | 128,738                           | 136,303  |
| Operating profit (Millions of yen)                               | 5,042                             | 2,824                             | 6,084                             | 7,091  |
| Ordinary profit (Millions of yen)                                | 4,836                             | 2,909                             | 5,825                             | 6,820  |
| Profit (loss) attributable to owners of parent (Millions of yen) | 1,897                             | (2,208)                           | 2,569                             | 2,720  |
| Basic earnings (loss) per share (Yen)                            | 40.70                             | (47.05)                           | 54.50                             | 57.70  |
| Net assets (Millions of yen)                                     | 68,695                            | 70,454                            | 78,721                            | 82,095   |
| Total assets (Millions of yen)                                   | 166,155                           | 173,317                           | 188,369                           | 196,656  |

### 2) Financial conditions and operating results of the Company

| Fiscal year<br>Category               | FY 2021<br>114 <sup>th</sup> term | FY 2022<br>115 <sup>th</sup> term | FY 2023<br>116 <sup>th</sup> term | FY 2024<br>117 <sup>th</sup> term<br>(Current fiscal year) |
|---------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|--|
| Net sales (Millions of yen)           | 65,868                            | 68,087                            | 71,635                            | 73,553   |
| Operating profit (Millions of yen)    | 1,499                             | 712                               | 2,631                             | 3,051  |
| Ordinary profit (Millions of yen)     | 2,564                             | 1,944                             | 3,740                             | 6,089  |
| Profit (loss) (Millions of yen)       | (197)                             | (2,271)                           | 1,343                             | 3,653  |
| Basic earnings (loss) per share (Yen) | (4.24)                            | (48.40)                           | 28.50                             | 77.50  |
| Net assets (Millions of yen)          | 51,482                            | 48,239                            | 49,969                            | 52,888   |
| Total assets (Millions of yen)        | 109,208                           | 111,102                           | 118,701                           | 126,023  |

(Notes) 1. Basic earnings (loss) per share for the 116<sup>th</sup> term and after is calculated by dividing profit (loss) by the average number of shares during the period. (Treasury shares and the shares of the Company relating to the Board Benefit Trust for Officers and Executive Officers are excluded.)

2. Basic earnings (loss) per share for the 115<sup>th</sup> term and before is calculated by dividing profit (loss) by the average number of shares during the period. (Treasury shares and the shares of the Company relating to the Board Benefit Trust for Officers and Executive Officers and the shares relating to the Daido Metal Employee Stock Purchase Plan Trust are excluded.)



#### **(4) Company's Fundamental Management Policy**

The Group has established "Corporate Philosophy," "Code of Conduct," "Standards of Conduct," "Principles" and "Environmental Fundamental Policy" as the management policy, and contributes to society through its business operations. As an organization built on technologies and a technological leader centering on our core Tribology (friction, wear and lubrication technology), we at the Group look ahead to the future, brush up our skills, and meet our corporate social responsibilities.

In pursuit of the above management policy, the Group, has launched a new Midterm Business Plan from FY2025 to FY2030, "Bridge to Daido 2030," with the corporate purpose of "supporting all movements and contributing to a fulfilling life for people around the world." The Group will strive to improve its corporate value through activities based on this new Midterm Business Plan.

Even amid unpredictable situations, such as the accelerated decoupling of the global economy and the changes to industry structures, the Group will pursue group synergy to further increase its presences in the plain bearing industry and become the world's number one and unique comprehensive plain bearing manufacturer.

#### **(5) Issues to be Addressed**

FY2023 was the final year of our previous Midterm Business Plan, "Raise Up 'Daido Spirit' — Ambitious, Innovative, Challenging." The Group positioned FY2024 as the preparation period for a new Midterm Business Plan that begins in FY2025, and has been working steadily to this end every day.

Raw material prices and resource prices continued to soar in FY2024, accompanied by rising labor costs. These factors placed downward pressure on the Group's profits. However, amid these developments, the Group continued to respond to increased production among our major automobile customers and vigorous demand from the shipbuilding industry and construction machine industry. As a result, net sales for FY2024 reached 136.3 billion yen (up 7.5 billion yen year on year). As for profits, as well, the Group worked to solve negative factors that pushed profit down by passing material or labor costs on to prices. As a result, operating profit was 7.0 billion yen (up 1.0 billion yen year on year) and the operating profit margin was 5.2% (up 0.5 points year on year).

The Group's business environment continues to change at a dizzying pace, and the future is still difficult to forecast; however, the Group will work to appropriately address these challenges by steadily implementing the new Midterm Business Plan that begins in FY2025 and striving to improve the Group's corporate value.

(New Midterm Business Plan "Bridge to Daido 2030")

As details of the New Midterm Business Plan "Bridge to Daido 2030" are posted on the Company's website (<https://www.daidometal.com/wp-content/uploads/2025/05/Midterm-Plan-from-2025-to-2030-1.pdf>), through the new Midterm Business Plan, the Group is aiming to be a company that can envisage and achieve sustainable growth exceeding capital costs. Positioning a six-year period during FY2025-FY2030 as a business restructuring term with a view to 2030 onwards, we have established a new Midterm Business Plan including results and issues of the previous Midterm Business Plan, initiatives implemented in FY2024 and recent changes to the business environment.

(Aiming for the future)

When formulating this new Midterm Business Plan, with a view towards 2050, we decided the social values of the products the Group supplies and the values we cherish for the future as Purpose and what we want to be as Vision. For starting of the new Midterm Business Plan, we have changed the name of each business segment. In order to achieve the targets of the new Midterm Business Plan, we have clarified a strategy by business segment more precisely and are proceeding with review of allocation of management resources, etc.

Through these initiatives we will realize the business portfolio the Group is aiming for.

(Target business portfolio)

The core business of the Group is manufacturing and supplying bearings used in automotive and marine engines. To remain as the world's number one and unique plain bearing manufacturer, we will further leverage the technology, production know-how, reliability, secure quality and strong business foundations of the engine bearing business we have created so far.

Specifically, we are proceeding with a multi pathway strategy to continue to meet customer needs for spare parts for engine bearings, measures for environmental burden, etc. for the engine bearings.

Furthermore, we will increase sales of products that are used in fields other than that of engines, we will gradually implement specific strategies and focus more on "non-engines" and "non-automotive/marine" businesses. We will enhance our business foundations by supplying plain bearings for not just the conventional vehicles and ships, but for a wider range of general industries, and will expand business fields other than that of plain bearings.

(Quantitative targets)

The new Midterm Business Plan has set midpoint targets for FY2027 – the third year in the first half of the Plan – of net sales of 150.0 billion yen, operating profit of 12.0 billion yen, operating profit margin of 8% or higher and ROE of 8% or higher. We will aim to achieve targets of operating profit margin of 10% or higher, and ROE of 9% or higher in FY2030,

the final year of the Plan.

Reciprocal tariffs introduced by the United States are predicted to have a large impact on the Group's net sales and profits, but the Group will continue to proceed with structural reforms to increase profit generating capability we have worked on since the second half of the previous Midterm Business Plan irrespective of changes to the external environment. As a specific strategy for achieving profit targets, we will not only increase net sales and profits through new application development and an increase of new customers, but will also continually and systematically take initiatives, such as passing material or labor costs on to prices, implementing profit and loss control for each product precisely, enhancing cost price control, etc. Together with optimizing total asset turnover ratio by reducing lead time, etc. through effective management of capital investment and enhancement of supply chain management and appropriate financial leverage, etc., we will simultaneously proceed with reforms for financial stability, and initiatives to increase ROE.

(Business strategy)

The Group will develop a business strategy that positions the four Action lines as important keys for a growth strategy from FY2030 onward.

Action line 1: Structural reform for strengthening profitability

Action line 2: Refine core businesses

Action line 3: Enhance next core and semi core businesses

Action line 4: Promote management focusing on non-financial capital

Action line 1: Structural reform for strengthening profitability

Our profit levels have recovered in the process of a return in demand after COVID-19, but to further strengthen our profit generating capability, we understand business reform is necessary. The Group began our "Reform Plan" from FY2023, identifying fields for reform and working on them. We will realize the effects of these initiatives during the new Midterm Business Plan.

In particular, to eliminate the factors that are causing losses at the aluminum die cast business, we have addressed production issues and are beginning to see results. We aim to address issues in all production processes from material procurement, molding creation, production, inspection and shipment, to create stable production systems. We have begun measures for reform in European production sites in difficult business environments such as proceeding with transfer of some production machinery to other locations at some production sites within the Group. We will proceed with other activities to reduce production costs by reforming control of capital investment aimed at optimization of depreciation costs of production machinery, reviewing raw material procurement and productions systems, etc.

We will systematically and actively work on medium-to long-term issues with an outlook for FY2030 onwards, and continue reduction of unprofitable businesses and organizational reform.

Action line 2: Refine core businesses

We achieved the world's top share in calendar year 2024 (estimated by the Company) for the power train business (former automotive engine bearings business), continuing from 2023. The progress of the shift to EV (electric vehicles) has not changed globally, but due to its slowdown, there is still forecast to be some, although lower, demand for combustion engines. While considering and making capital investments carefully, we aim to securely meet actual and potential market needs and gain further market share by expanding sales of truck engine bearings, and gaining new business for gasoline engine bearings, among other things. Furthermore, we will pursue further expansion of the life business (formerly automotive non-engine bearings business) through further broadening of automotive parts focused on non-engine bearings, which are in constant demand, such as shock absorbers, development of new demand for EV vehicles, and development of bearings for general industry such as air conditioning.

Enhancement of developing the overseas market has borne fruit with the Group maintaining a market share of 75.0% in calendar year 2024 (estimated by the Company) for low-speed marine diesel engine bearings in the marine & energy business (formerly the non-automotive bearings business), and demand in the shipbuilding market was still strong. Furthermore, due to an increase in orders from the shipbuilding and construction machinery markets, the share for bearings for medium- and high-speed marine and industrial diesel engines in the marine & energy business increased. As well as maintaining the market share for low-speed marine diesel engine bearings, we will respond to increased demand for medium and high-speed diesel engine bearings for power generators by expanding production capacity thorough construction of new plants in Japanese sites and enhancement of facilities in the UK sites.

Action line 3: Enhance next core and semi core businesses

In terms of the aluminum die cast business included in the frontier business (formerly the other automotive parts business), net sales grew year on year due to an increase in orders for automotive parts for new EVs to be delivered and increasing demand for precision metal processing parts such as formed pipes or knock pins in the precision metal processing parts business. Aluminum die cast business for which a significant amount of impairment loss was recorded in past fiscal years

saw improvements in the production management system and processes, a recovery in profit levels is expected from FY2025 onward. By further enhancing the production management system, improving processes, and revamping the quality control system fundamentally, we will continue to strive to secure proper profits.

While strengthening the response to customer needs (performance, cost, and lightweight) through core technology developed during the period of the previous Midterm Business Plan, we will continue to develop demand for bearings used other than that for engines, and will continuously and systematically unearth new social value of plain bearings, in order to achieve our target business portfolio. In the future, we will also build a foothold for newly developing gas turbines and hydraulic power generation business, and establishing technical foundations for the wind turbine business, etc.

#### Action line 4: Promote management focusing on non-financial capital

To contribute to achieving a sustainable society as a global enterprise, the Group identified important issues (materialities) required to be addressed in areas of ESG on a priority basis, from a perspective of impact on its stakeholders and importance for the Group, and continue to deal with them. The Group also has been continuing to pursue its efforts toward attaining carbon neutrality. In addition to expressing support for recommendations by the Task Force on Climate-related Financial Disclosures (TCFD), the Group has disclosed the outcome in accordance with the TCFD recommendation. We will strategically promote sustainability management with a focus on strengthened ESG, with the aim of implementing management with an awareness of increasing long-term corporate value and capital costs.

The new Midterm Business Plan will focus on strengthening human capital, promotion of DX and corporate culture reform. We will actively promote strengthening human capital, with a focus on “establishing personnel system,” “work style reforms” and “enhancing human resource development and recruitment,” and DX promotion and corporate culture reform, with a focus on “organizational activation,” “corporate culture reform” and “local contribution.” As a result, by creating an active organization through these initiatives, we will increase employee productivity and link it to enhancing corporate value. Based on ‘Daido Spirit’ — “Ambitious, Innovative, Challenging,” the Group will continue to develop human resources who underpin the future of the Group by demonstrating creativity and fostering innovative personnel, through open and vigorous discussions internally with enhancement of their abilities and skills.

The Group positions the above four Action lines as important keys and will implement all measures to enhance corporate value. To that end, we will not only raise ROE indicators but also strengthen initiatives for non-financial capital to optimize capital costs. We will promote sustainability management, strengthen corporate governance across the entire Group, including affiliates, and pursue risk-averse management to improve PBR indicators. Additionally, we will enhance external PR activities to appeal the Group’s initiatives mentioned above, including dialogue with stakeholders, and enrich the disclosure content in the Integrated Report. By advancing dialogue with investors, we aim to gain a broader understanding of the Group’s initiatives.

The Group aims to return value to our shareholders by targeting a dividend payout ratio of 35% or higher in FY2027 and 40% or higher in FY2030. We will work together as a company to achieve the targets outlined in the new Midterm Business Plan. We would like to ask our shareholders for strong and continuing support.

\* The matters discussed here concerning the future events are based on certain assumptions by the Group at the end of the current fiscal year. The above descriptions may differ from the actual results and the achievement of such is not guaranteed in any way.

**(6) Major Business Lines**

| Major business divisions       | Business lines  |
|--------------------------------|---|
| Automotive engine bearings     | Bearings for automobile engines (passenger cars, trucks and racing cars), bearings for two-wheeled vehicle engines, bearings for engine auxiliary machines (turbochargers and balancer mechanisms), etc.  |
| Automotive non-engine bearings | Bearings for other automotive parts (shock absorbers, compressors for air conditioning, steering wheels, transmissions, etc.)   |
| Non-automotive bearings        | Bearings for low-speed marine diesel engines, bearings for medium- and high-speed marine and industrial diesel engines, bearings for power generation (hydro, thermal and wind), bearings for general industry use (compressors, accelerators and decelerators), etc. |
| Other automotive parts         | Aluminum die cast automotive parts (including electric vehicles), precision metal processing parts for vehicles and two-wheeled vehicles (formed pipes products, milling work parts, knock pins), etc.  |
| Others                         | Metallic dry bearings business, pump-related products business, concentrated lubrication systems, electrode sheets business for electric double layer capacitors, etc.  |

## (7) Principal Locations of the Group and Employees

### 1) Principal locations of the Group

#### a. The Company

|                           |   |
|---------------------------|---|
| Headquarters              | Nagoya HQ (Naka-ku, Nagoya), Tokyo HQ (Shinagawa-ku, Tokyo)   |
| Domestic sales offices    | Tokyo Branch (Shinagawa-ku, Tokyo), Nagoya Branch (Inuyama-shi, Aichi), Osaka Branch (Yodogawa-ku, Osaka), Hamamatsu Sales Office (Chuo-ku, Hamamatsu-shi), Hiroshima Sales Office (Minami-ku, Hiroshima-shi), Kyushu Sales Office (Nagasaki-shi, Nagasaki), Kitakanto Sales Office (Kumagaya-shi, Saitama) |
| Domestic production sites | Inuyama Site (Bimetal Division, Inuyama Plant, Maehara Plant, TMBS (Turbomachinery Bearing Systems) Plant, others) (Inuyama-shi, Aichi), Gifu Plant (Gujo-shi, Gifu)  |

#### b. Subsidiaries

|                               |  |
|-------------------------------|--|
| Domestic sales companies      | DAIDO METAL SALES CO., LTD. (Inuyama-shi, Aichi), NDC Sales Co., Ltd. (Narashino-shi, Chiba)   |
| Overseas sales companies      | DMS Korea Co., Ltd. (South Korea), Chung Yuan Daido (Guangzhou) Co., Ltd. (China), Daido Metal U.S.A. Inc. (U.S.A.), Daido Metal Mexico Sales, S.A. de C.V. (Mexico), Chung Yuan Daido Co., Ltd. (Taiwan), PT. IINO INDONESIA (Indonesia), ISS America, Inc. (U.S.A.), Daido Metal Europe GmbH. (Germany), DAIDO METAL EUROPE LIMITED (UK)   |
| Domestic production companies | NDC Co., Ltd. Narashino Plant (Narashino-shi, Chiba), NDC Co., Ltd. Kozaki Plant (Katori-gun, Chiba), Daido Plain Bearings Co., Ltd. (Seki-shi, Gifu), Daido Industrial Bearings Japan Co., Ltd. (Inuyama-shi, Aichi), DAIDO METAL SAGA CO., LTD. (Takeo-shi, Saga), Iino Manufacturing Co., Ltd. Yaita Plant (Yaita-shi, Tochigi), Iino Manufacturing Co., Ltd. Tajima Plant (Minamiaizu-gun, Fukushima)  |
| Overseas production companies | Dyna Metal Co., Ltd. (Thailand), Dong Sung Metal Co., Ltd. (South Korea), PT. Daido Metal Indonesia (Indonesia), Daido Precision Metal (Suzhou) Co., Ltd. (China), Daido Metal Mexico, S.A. de C.V. (Mexico), Daido Industrial Bearings Europe Limited (UK), DAIDO METAL KOTOR AD (Montenegro), DAIDO METAL CZECH s.r.o. (Czech Republic), Daido Metal Russia LLC (Russia), Korea Dry Bearing Co., Ltd. (South Korea), IINO (Foshan) Technology Co., Ltd. (China), PHILIPPINE IINO CORPORATION (Philippines), ISS MEXICO MANUFACTURING S.A. de C.V. (Mexico), ATA Casting Technology Co., Ltd. (Thailand), DM Casting Technology (Thailand) Co., Ltd. (Thailand) |
| Other domestic companies      | DAIDO LOGITECH CO., LTD. (Inuyama-shi, Aichi), Iino Holding Ltd. (Shinagawa-ku, Tokyo), ATA Casting Technology Japan Co., Ltd. (Shinagawa-ku, Tokyo)   |
| Other overseas company        | SUPER CUB FINANCIAL CORPORATION (Philippines)  |

### 2) Employees

#### a. Employees of the Group

(As of March 31, 2025)

| Number of employees (persons) |       | Change from previous period (persons) |     |
|-------------------------------|-------|---------------------------------------|-----|
| Japan                         | 2,539 | Increase                              | 29  |
| Overseas                      | 4,784 | Increase                              | 239 |
| Total                         | 7,323 | Increase                              | 268 |

- (Notes) 1. In addition to the above, temporary employees (total of 470) are employed. Number of temporary employees is calculated as annual average at the rate of 8 hours a day.  
2. Temporary employees include part-timers and employees under non-regular contract, but exclude temporary staff (staff employed by the staffing agency).

#### b. Employees of the Company

(As of March 31, 2025)

| Number of employees (persons) | Change from previous period (persons) | Average age (years of age) | Average years of service (years) |
|-------------------------------|---------------------------------------|----------------------------|----------------------------------|
| 1,394                         | Increase 17                           | 41.3                       | 17.0                             |

- (Notes) 1. In addition to the above, temporary employees (total of 154) are employed. Number of temporary employees is calculated as annual average at the rate of 8 hours a day.  
2. Temporary employees include part-timers and employees under non-regular contract, but exclude temporary staff (staff employed by the staffing agency).

**(8) Material Parent Company and Subsidiaries**

1) Parent company

None

2) Material subsidiaries

(As of March 31, 2025)

| Name                                       | Share capital or investments in capital | Percentage of voting rights held by the Company | Major businesses   | Notes  |
|--|---|---|--|--------|
| (Consolidated subsidiaries)                |   |   |  |        |
| DAIDO LOGITECH CO., LTD.                   | 45 million yen                          | 100.0%  | Logistics, insurance agent   |        |
| DAIDO METAL SALES CO., LTD.                | 100 million yen                         | 100.0%  | Sales of bearings, etc.  |        |
| Daido Plain Bearings Co., Ltd.             | 300 million yen                         | 100.0%  | Production of bearings/jigs, etc.  |        |
| NDC Co., Ltd.                              | 1,575 million yen                       | 58.8%   | Production of bearings/bimetal (material for bearings)   |        |
| NDC Sales Co., Ltd.                        | 90 million yen                          | 100.0% (100.0%)                                 | Bearings and insurance agent   | Note 2 |
| Daido Industrial Bearings Japan Co., Ltd.  | 80 million yen                          | 100.0%  | Production of bearings   |        |
| DAIDO METAL SAGA CO., LTD.                 | 100 million yen                         | 100.0%  | Production of bimetal (material for bearings)  |        |
| Iino Holding Ltd.                          | 96 million yen                          | 100.0%  | Holding company  |        |
| Iino Manufacturing Co., Ltd.               | 96 million yen                          | 100.0% (100.0%)                                 | Production and sales of various parts for automobiles, motorcycles, and general-purpose machines | Note 2 |
| ATA Casting Technology Japan Co., Ltd.     | 310 million yen                         | 100.0%  | Design, development and sales of aluminum die cast automotive parts                              |        |
| Daido Precision Metal (Suzhou) Co., Ltd.   | 115,714 thousand Chinese yuan           | 90.2% (16.2%)                                   | Production and sales of bearings   | Note 2 |
| IINO (Foshan) Technology Co., Ltd.         | 7,796 thousand Chinese yuan             | 100.0% (100.0%)                                 | Production and sales of various parts for automobiles, motorcycles, and general-purpose machines | Note 2 |
| Chung Yuan Daido Co., Ltd.                 | 120 million new Taiwan yuan             | 50.0%   | Sales of bearings  | Note 1 |
| Dong Sung Metal Co., Ltd.                  | 6,120 million Korean won                | 50.0%   | Production and sales of bearings   | Note 1 |
| Dyna Metal Co., Ltd.                       | 200 million Thai baht                   | 50.0%   | Production and sales of bearings   | Note 1 |
| ATA Casting Technology Co., Ltd.           | 355 million Thai baht                   | 100.0% (99.9%)                                  | Production and sales of aluminum die cast automotive parts                                       | Note 2 |
| DM Casting Technology (Thailand) Co., Ltd. | 850 million Thai baht                   | 99.9%   | Production of aluminum die cast automotive parts   |        |
| PT. Daido Metal Indonesia                  | 13,748 million Indonesian rupiah        | 50.0%   | Production and sales of bearings   | Note 1 |
| PT. IINO INDONESIA                         | 2,845 million Indonesian rupiah         | 99.0% (99.0%)                                   | Sales of various parts for automobiles, motorcycles, and general-purpose machines                | Note 2 |
| PHILIPPINE IINO CORPORATION                | 1,393 million yen                       | 99.9% (99.9%)                                   | Production and sales of various parts for automobiles, motorcycles, and general-purpose machines | Note 2 |
| SUPER CUB FINANCIAL CORPORATION            | 100 million Philippine peso             | 59.9% (59.9%)                                   | Sales financing  | Note 2 |
| Daido Metal U.S.A. Inc.                    | 40,900 thousand US dollar               | 100.0%  | Production and sales of bearings   |        |
| ISS America, Inc.                          | 650 thousand US dollar                  | 100.0% (100.0%)                                 | Sales of various parts for automobiles, motorcycles, and general-purpose machines                | Note 2 |
| Daido Metal Mexico, S.A. de C.V.           | 283,328 thousand Mexico peso            | 100.0% (0.0%)                                   | Production of bearings   | Note 2 |

| Name  | Share capital or investments in capital | Percentage of voting rights held by the Company | Major businesses   | Notes       |
|---|---|---|--|-------------|
| Daido Metal Mexico Sales, S.A. de C.V.                          | 2,644 thousand Mexico peso              | 100.0% (0.0%)                                   | Sales of bearings  | Note 2      |
| ISS MEXICO MANUFACTURING S.A. de C.V.                           | 22,400 thousand Mexico peso             | 100.0% (100.0%)                                 | Production and sales of various parts for automobiles, motorcycles, and general-purpose machines | Note 2      |
| Daido Industrial Bearings Europe Limited                        | 13,500 thousand Sterling pound          | 100.0%  | Production of bearings   |             |
| DAIDO METAL EUROPE LIMITED                                      | 3,613 thousand Sterling pound           | 100.0%  | Sales of bearings  |             |
| DAIDO METAL KOTOR AD  | 26,457 thousand euro                    | 99.6%   | Production and sales of bearings   |             |
| Daido Metal Europe GmbH.  | 500 thousand euro                       | 100.0%  | Sales of bearings  |             |
| DAIDO METAL CZECH s.r.o.  | 50 million Czech koruna                 | 100.0%  | Production of bearings   |             |
| Daido Metal Russia LLC  | 1,200 million Russian ruble             | 99.9%   | Production and sales of bearings   |             |
| (Unconsolidated subsidiaries to which equity method is applied) |   |   |  |             |
| Korea Dry Bearing Co., Ltd.                                     | 3,100 million Korean won                | 50.0% (50.0%)                                   | Production and sales of bearings   | Notes 1 & 2 |
| (Associated companies to which equity method is applied)        |   |   |  |             |
| BBL Daido Private Limited                                       | 160 million Indian rupee                | 50.0%   | Production and sales of bearings   |             |
| Shippo Asahi Moulds (Thailand) Co., Ltd.                        | 205 million Thai baht                   | 40.6% (40.6%)                                   | Production and sales of molds for die casting  | Note 2      |
| NPR of Europe GmbH.   | 2,500 thousand euro                     | 30.0%   | Sales of automotive-related products, etc.   |             |

(Notes) 1. Although the voting rights held by the Company is not more than 50%, these companies are treated as subsidiaries because they are effectively controlled by the Company.

2. Figures in parentheses of percentage of holding of voting rights represent the percentage of indirect holding of voting rights.

3) Status of specified wholly-owned subsidiaries at the end of the fiscal year

None

#### (9) Major Lenders and Amount of Borrowings

(As of March 31, 2025)

| Lender                              | Outstanding Balance (Millions of yen) |
|-------------------------------------|---------------------------------------|
| Mizuho Bank, Ltd.                   | 25,000                                |
| MUFG Bank, Ltd.                     | 9,360                                 |
| Sumitomo Mitsui Banking Corporation | 6,142                                 |
| Sumitomo Mitsui Trust Bank, Limited | 3,600                                 |
| The Norinchukin Bank                | 2,512                                 |

#### (10) Other Significant Matters Relating to Current Situation of the Corporate Group

None

## 2. Matters Relating to Shares of the Company

- (1) Number of authorized shares 80,000,000 shares
- (2) Total number of issued shares 47,520,253 shares (including treasury shares of 2,384 shares)
- (3) Number of shareholders at end of the fiscal year 14,743 shareholders (Increased by 1,869 shareholders from the previous fiscal year)

### (4) Major shareholders (top 10)

| Name of shareholder                                  | Number of shares held<br>(1,000 shares) | Ratio of shareholding<br>(%) |
|--|---|------------------------------|
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 4,582                                   | 9.64                         |
| Daido Metal Employee Stock Purchase Plan             | 2,057                                   | 4.32                         |
| Sumitomo Mitsui Trust Bank, Limited                  | 1,978                                   | 4.16                         |
| Mizuho Bank, Ltd.                                    | 1,977                                   | 4.16                         |
| Daido Metal Yueikai Employee Stock-Ownership Plan    | 1,961                                   | 4.12                         |
| MUFG Bank, Ltd.                                      | 1,822                                   | 3.83                         |
| Custody Bank of Japan, Ltd. (Trust Account)          | 1,564                                   | 3.29                         |
| Tokio Marine & Nichido Fire Insurance Co., Ltd.      | 1,107                                   | 2.33                         |
| The Seri Wathana Industry Co, Ltd. 703000            | 1,000                                   | 2.10                         |
| Marubeni-Itochu Steel Inc.                           | 886                                     | 1.86                         |

(Note) Ratio of shareholding is calculated with total shares outstanding net of treasury shares (2,384 shares). The 372,000 shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account) relating to the Board Benefit Trust for Officers and Executive Officers are not included in the number of treasury shares held.

### (5) Shares granted to company officers during the current fiscal year as rewards for execution of duties

The Company introduced a stock-based remuneration scheme for Directors (excluding Outside Directors) who have been in office for nine fiscal years from FY2019 (112<sup>th</sup> term) to FY2027 (120<sup>th</sup> term), based on which the Company's shares were granted to a Director whose role and responsibility were changed and a Director who retired in the current fiscal year.

- Total number of shares granted to Directors by category

| Category                                   | Number of shares granted | Number of recipients |
|--|--------------------------|----------------------|
| Directors<br>(excluding Outside Directors) | 20,787 shares            | 2                    |

## 3. Matters Relating to Share Acquisition Rights, etc.

None



#### 4. Company Officers

##### (1) Directors and Audit & Supervisory Board Members

(As of March 31, 2025)

| Position                                    | Name                |         |             |        | Duties/departments in charge and important concurrent positions at other entities  |
|---|---------------------|---------|-------------|--------|--|
| Chairman and Chief Executive Officer (CEO)  | Seigo Hanji         |         |             |        | Executive of Japan Auto Parts Industries Association   |
| President and Chief Operating Officer (COO) | Tomomitsu Furukawa  |         |             |        | In charge of Secretarial Department, Audit Department, and Marine & Industrial Bearings Division   |
| Director and Managing Executive Officer     | Shigemasa Hakakoshi |         |             |        | Head of Human Resources Planning Division and General Manager of Inuyama Site<br>In charge of Bi-metal Division, Purchasing Department and Environmental & Safety Management & CN Promotion Department |
| Director and Managing Executive Officer     | Arihiro Yoshida     |         |             |        | Head of Technology Division, General Manager of Tribology Research Department, and Head of New Business Development Promotion Division   |
| Director and Managing Executive Officer     | Hiroki Ito          |         |             |        | Head of Finance Planning Division  |
| Director                                    | Toshikazu Takei     | Outside | Independent |        | –  |
| Director                                    | Kiyotaka Hoshinaga  | Outside | Independent |        | Chairman, Board of Directors of Fujita Academy Incorporated Educational Institution  |
| Director                                    | Miyuri Shirai       | Outside | Independent | Female | Professor of Faculty of Business and Commerce, Keio University   |
| Full-time Audit & Supervisory Board Member  | Koji Takaki         |         |             |        | –  |
| Outside Audit & Supervisory Board Member    | Kazuo Matsuda       | Outside |             |        | Outside Director of Sumitomo Bakelite Co., Ltd.  |
| Outside Audit & Supervisory Board Member    | Etsuaki Yoshida     | Outside | Independent |        | Professor of Graduate School of Doshisha Business School   |

- (Notes) 1. Mr. Toshikazu Takei, Mr. Kiyotaka Hoshinaga, and Ms. Miyuri Shirai are Outside Directors. The Company has registered them as “Independent Officers” pursuant to the provisions of the Tokyo Stock Exchange and Nagoya Stock Exchange.
2. Mr. Kazuo Matsuda and Mr. Etsuaki Yoshida are Outside Audit & Supervisory Board Members. The Company has registered Mr. Etsuaki Yoshida as an “Independent Officer” pursuant to the provisions of the Tokyo Stock Exchange and Nagoya Stock Exchange.
3. Mr. Toshikazu Takei, Director, was long engaged in business execution and served in managerial positions at the Bank of Japan, and has considerable knowledge of international businesses.
4. Mr. Kiyotaka Hoshinaga, Director, has served as a director of a hospital and a president of a university after serving as a professor of a university and has considerable knowledge of organizational management.
5. Ms. Miyuri Shirai, Director, has served in positions such as university professor and researcher, and is currently a university professor. Over many years, she has been engaging in research on consumer behavior and marketing, and has considerable knowledge of sales matters including marketing.
6. Mr. Kazuo Matsuda, Audit & Supervisory Board Member, has experience working as a Director and Audit & Supervisory Board Member in financial institutions and corporates for many years, and has considerable knowledge of finance and accounting matters.
7. Mr. Etsuaki Yoshida, Audit & Supervisory Board Member, has been researching international finance, the economy, and global business administration as a graduate school professor after serving in public financial institutions, and has considerable knowledge of international business, finance, and accounting.
8. Mr. Yoshiaki Sato, Director, retired as such at conclusion of the 116<sup>th</sup> Annual Shareholders’ Meeting held on June 27, 2024.

9. Changes in Directors' duties and departments in charge on or after April 1, 2025

| Date          | Name            | New positions, duties and departments in charge | Previous positions, duties and departments in charge   |
|---------------|-----------------|---|--|
| April 1, 2025 | Arihiro Yoshida | Head of New Products Development Division       | Head of Technology Division, General Manager of Tribology Research Department, and Head of New Business Development Promotion Division |

**(2) Outline of Liability Limiting Agreement**

The Company amended its Articles of Incorporation at the 107th Annual Shareholders' Meeting held on June 26, 2015 and established a policy regarding the liability limiting agreement for Directors (excluding executive Directors, etc.) and Audit & Supervisory Board Members. The outline of the liability limiting agreement, which the Company concluded with Outside Director Mr. Toshikazu Takei, Outside Director Mr. Kiyotaka Hoshinaga, Outside Director Ms. Miyuri Shirai, Audit & Supervisory Board Member Mr. Koji Takaki, Outside Audit & Supervisory Board Member Mr. Kazuo Matsuda, and Outside Audit & Supervisory Board Member Mr. Etsuaki Yoshida in accordance with the provisions of the Company's Articles of Incorporation, is as follows:

- When they are liable for damages caused to the Company for their negligence of duties, they assume such liability up to the amount stipulated by laws and regulations (the minimum liability amount stipulated in Article 425, paragraph (1) of the Companies Act).
- The above liability limitation is allowed only when they act in good faith and without gross negligence with respect to the liability as set forth in Article 423, paragraph (1) of the Companies Act.

**(3) Outline of Directors and Officers Liability Insurance Policy**

In seeking to hire qualified persons as Director and Audit & Supervisory Board Member, the Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The full amount of insurance premiums is borne by the Company or its subsidiaries.

In cases where a claim for damages is made by a third party, including shareholders, during the policy term, the policy covers losses, such as the amount of indemnification liability and related litigation expenses, that any of the insureds (Directors, Audit & Supervisory Board Members, Executive Officers and important employees of the Company or its subsidiaries) assumes.

#### (4) Remuneration for Directors and Audit & Supervisory Board Members for the current fiscal year

##### 1) Matters relating to a decision-making policy on the details of remuneration to each Director

The Company established a decision-making policy on the details of remuneration to each Director (hereinafter referred to as “decision-making policy”), which is determined and outlined as follows.

###### (a) Method for determining the decision-making policy

Pursuant to the standard for Directors’ remuneration, the basic policy of Directors’ remuneration and its level is to attract and retain personnel suitable for the role of a Director of the Group, to serve effectively as an incentive for increasing motivation to enhance business performance, corporate value as well as morale. To help keep its business management transparent, the Company had set up a Remuneration Committee composed of three or more Directors (the majority of whom must be Outside Directors) appointed by resolution of the Board of Directors. In light of comments from the committee, the Board of Directors deliberates on and decide details of the decision-making policy.

###### (b) Outline of details of the decision-making policy

Directors’ remuneration consists of “monthly remuneration,” “bonuses,” and “stock-based remuneration.” However, for an Outside Director, in order to ensure independence and neutrality, the “monthly remuneration” consists of only a “fixed component.”

The performance-linked stock-based remuneration scheme had been introduced for Directors (excluding Outside Directors) who were in office for six fiscal years from FY2019 (112<sup>th</sup> term) to FY2024 (117<sup>th</sup> term). At the meeting of the Board of Directors held on March 26, 2025, it was decided to extend the Directors’ term of office for three more years until FY2027.

###### (i) “Monthly remuneration”

“Monthly remuneration” consists of (1) a “fixed component” based on the role and responsibility associated with execution of operations of a Representative Director, or a Director concurrently serving as an Executive Officer, and (2) a “consolidated performance-linked component” paid monthly in addition to the “fixed component” and determined after taking into account the Group’s consolidated performance in the previous fiscal year and the degree of contribution to the Company, as described below. Individual payment amount of this “fixed component” will be determined by the Board of Directors based on the prescribed base payment table (fixed amount) according to the position of each Director, and by considering the comments from the Remuneration Committee.

Furthermore, individual payment amount of the “consolidated performance-linked component” will be determined by the Board of Directors based on the prescribed base payment table according to the position of each Director, the amount proportionally changing in line with consolidated net sales and the ratio of profit to net sales for the previous fiscal year, along with the degree of contribution to the Company (aspects such as the presence of management sense, leadership ability, and ability to guide), and by considering the comments from the Remuneration Committee.

###### (ii) “Bonus”

Total payment of bonuses to be deliberated in the Shareholders’ Meeting is limited in proportion to the dividend to shareholders. After considering the comments from the Remuneration Committee, it is determined by the Board of Directors.

Furthermore, individual payment amount of the bonus will be determined by the Board of Directors based on the prescribed base payment table according to the position of each Director, and the amount proportionally changing in line with consolidated net sales and the ratio of profit to net sales for the previous fiscal year, and by considering the comments from the Remuneration Committee.

###### (iii) “Stock-based remuneration”

As per the Share Grant Rule created by the Board of Directors, the Company shall grant points (one point corresponds to one share of the Company) to each Director (excluding Outside Directors). Points granted to each Director consist of (1) a “performance-linked component” which is in accordance with role and responsibility as well as level of achievement of performance targets in business plans and (2) a “fixed component” based on role and responsibility and determined regardless of the level of achievement of performance targets in the business plans.

##### 2) Matters relating to the resolution of the Shareholders’ Meeting concerning remuneration to Directors and Audit & Supervisory Board Members

###### (a) The maximum amount of remuneration to Directors (excluding bonus to Directors, employee-portion salaries for employee-directors, and performance-linked stock-based remuneration) is 400 million yen per annum as per the resolution of the 98th Annual Shareholders’ Meeting held on June 29, 2006. The number of Directors eligible for this resolution is seven.

In addition, the proposed introduction of a new performance-linked stock-based remuneration scheme for Directors of the Company (excluding Outside Directors) who are in office for five fiscal years from FY2019 (112<sup>th</sup> term) to FY2023 (116<sup>th</sup> term) was approved at the 111<sup>th</sup> Annual Shareholders’ Meeting held on June 27, 2019, with the maximum amount of contribution of money by the Company being a total of 400 million yen and the maximum total points granted to each eligible Director being 70,000 points per annum (one point corresponds to one share of the Company). The number of Directors eligible for this resolution is six. (After that, the Directors’ term of office was extended for one year until FY2024. However, as mentioned in 1) above, it was decided to extend the Directors’ term of office for three more years until FY2027, not until FY2024.)

###### (b) The maximum amount of remuneration to Audit & Supervisory Board Members is 45 million yen per annum as per the resolution of the 98th Annual Shareholders’ Meeting held on June 29, 2006. The number of Audit & Supervisory Board Members eligible for this resolution is four (including three Outside Audit & Supervisory Board Members).

##### 3) Matters relating to delegation concerning decision-making on the details of remuneration to each Director

Regarding remuneration to each Director, Seigo Hanji, Chairman and Chief Executive Officer, decides the amount of remuneration for each Director within the scope of resolution of the Shareholders’ Meeting of the Company regarding remuneration for Directors, as entrusted by the Board of Directors, based on the prescribed base payment table above, considering comments from the Remuneration Committee. The reason for entrusting the authority to the Chairman and Chief Executive Officer is that such person is considered to be the most appropriate for evaluating the degree of contribution of each Director to the Company (aspects such as the presence of management sense, leadership ability, and ability to guide).

The Board of Directors receives reports from the Chairman and Chief Executive Officer about the amount of remuneration for each Director and outline of reasons for determining the amount, and discusses the adequacy to oversee whether

remuneration for each Director is determined appropriately in accordance with the decision-making policy. With these oversight procedures, the Board of Directors considers the amount of remuneration for each Director has been determined according to the decision-making policy.

4) Total Remuneration to Directors and Audit & Supervisory Board Members

| Category   | Total remuneration                  | Total remuneration by type          |                                    |                                   | Number of recipient officers |
|--|-------------------------------------|-------------------------------------|------------------------------------|-----------------------------------|------------------------------|
|  |                                     | Fixed component                     | Performance-linked component       | Nonmonetary remuneration          |                              |
| Directors<br>(Outside Directors)   | 356 million yen<br>(36 million yen) | 178 million yen<br>(36 million yen) | 150 million yen<br>(– million yen) | 27 million yen<br>(– million yen) | 9<br>(3)                     |
| Audit & Supervisory Board Members<br>(Outside Audit & Supervisory Board Members) | 40 million yen<br>(26 million yen)  | 40 million yen<br>(26 million yen)  | – million yen<br>(– million yen)   | – million yen<br>(– million yen)  | 3<br>(2)                     |

- (Notes) 1. The above includes one Director who retired at conclusion of the 116<sup>th</sup> Annual Shareholders' Meeting held on June 27, 2024.  
2. In addition to the above, a total of 54 million yen was paid as employee-portion salaries for five employee-directors.  
3. Stock-based remuneration is included in nonmonetary remuneration.  
4. The performance indicator used as a basis of calculating a performance-linked component ("consolidated performance-linked component" and "bonus") and its calculating method are described in 1) above. The Company has selected to use consolidated net sales and the ratio of profit to net sales as indicators used for the "consolidated performance-linked component" and "bonus," and it believes that these indicators are useful as they are closely linked to the achievement of the business plan. The actual consolidated net sales and the ratio of profit to net sales for the current fiscal year were 136,303 million yen and 2.0% respectively. The Company plans to pay 115 million yen as "bonus" on the condition that Agenda Item No. 3 to be submitted to the 117<sup>th</sup> Annual Shareholders' Meeting to be held on June 27, 2025, is approved and resolved as originally proposed. The total amount of performance-linked component, including said "bonus" is expected to be 150 million yen as stated above.  
5. As nonmonetary remuneration, stock-based remuneration has been granted to Directors (excluding Outside Directors) as described in 1) above. The Company has selected the consolidated net sales, the ratio of profit to net sales, and ROE (return on equity) as indicators used for the "performance-linked component" of stock-based remuneration. Use of these indicators is supposed to provide incentives to Directors for the purposes of enhancing the Company's performance and corporate value over the medium to long term, by creating a linkage between remuneration for Directors and the Company's performance and share value. The actual results for the current fiscal year were 136,303 million yen, 5.2%, and 3.8% respectively. In the current fiscal year, the Company granted points to each Director as per the Share Grant Rule, and granted the Company's shares to one Director whose role and responsibility were changed and one Director who retired as such at conclusion of the 116<sup>th</sup> Annual Shareholders' Meeting held on June 27, 2024.  
6. To ensure independence and neutrality as Audit & Supervisory Board Member, Audit & Supervisory Board Members' remuneration shall consist of only a "fixed component." Remuneration amount to each Audit & Supervisory Board Member shall be determined following discussion by the Audit & Supervisory Board Members.

**(5) Status of Outside Directors and Outside Audit & Supervisory Board Members**

1) Matters relating to positions concurrently held by operating officers of other corporations and outside officers, etc.

| Name  | Material concurrent holding of positions  | Relation between the Company and such other corporations  |
|---|---|---|
| Toshikazu Takei<br>(Outside Director)                         | —   | —   |
| Kiyotaka Hoshinaga<br>(Outside Director)                      | Chairman, Board of Directors of Fujita Academy Incorporated Educational Institution | The Company has no transaction with Fujita Academy Incorporated Educational Institution that would constitute grounds for concluding that Mr. Kiyotaka Hoshinaga does not have independence from the Company. |
| Miyuri Shirai<br>(Outside Director)                           | Professor of Faculty of Business and Commerce, Keio University                      | The Company has no transaction with Keio University that would constitute grounds for concluding that Ms. Miyuri Shirai does not have independence from the Company.  |
| Kazuo Matsuda<br>(Outside Audit & Supervisory Board Member)   | Outside Director of Sumitomo Bakelite Co., Ltd.                                     | The Company has no transaction with Sumitomo Bakelite Co., Ltd. that would constitute grounds for concluding that Mr. Kazuo Matsuda does not have independence from the Company.                              |
| Etsuaki Yoshida<br>(Outside Audit & Supervisory Board Member) | Professor of Graduate School of Doshisha Business School                            | The Company has no transaction with Graduate School of Doshisha Business School that would constitute grounds for concluding that Mr. Etsuaki Yoshida does not have independence from the Company.            |

(Note) Mr. Kazuo Matsuda worked at Mizuho Bank, Ltd., the Company's business partner as well as main shareholder; however, more than ten years have passed since he resigned from the Bank in May 2003. The Company borrows from and deposits with Mizuho Bank, Ltd.

2) Outline of duties executed by Outside Directors and Outside Audit & Supervisory Board Members for roles they were expected to play

| Position | Name               | Outline of duties executed by Outside Directors and Outside Audit & Supervisory Board Members  |
|----------|--------------------|--|
| Director | Toshikazu Takei    | In addition to 15 of the 15 meetings of the Board of Directors (participation: 100%), he attended meetings of the Nomination Committee and Remuneration Committee. At the Board of Directors, he fulfilled his role to help enhance medium- to long-term corporate value by making periodical comments on global political, economic and financial developments, in addition to making remarks, when necessary, based on his rich experience and deep insight into finance and international businesses. Also demonstrated management oversight and supervisory functions to the fullest.  |
| Director | Kiyotaka Hoshinaga | In addition to 15 of the 15 meetings of the Board of Directors (participation: 100%), he attended meetings of the Nomination Committee and Remuneration Committee. At the Board of Directors, he fulfilled his role to help enhance medium- to long-term corporate value by making remarks on operational development and management from a perspective of health and productivity management as a doctor, in addition to making remarks, when necessary, based on his rich experience and deep insight gained through the management of a hospital and a university. Also demonstrated management oversight and supervisory functions to the fullest. |
| Director | Miyuri Shirai      | Attended 15 of the 15 meetings of the Board of Directors (participation: 100%). At the Board of Directors, she fulfilled her role to help enhance medium- to long-term corporate value by making remarks on global group management and business operation, in addition to making remarks, when necessary, based on her rich experience and deep insight into sales matters including marketing. Also demonstrated management oversight and supervisory functions to the fullest.  |

|                                  |                 |  |
|----------------------------------|-----------------|--|
| Audit & Supervisory Board Member | Kazuo Matsuda   | Attended 15 of the 15 meetings of the Board of Directors (participation: 100%) and 15 of the 15 meetings of the Audit & Supervisory Board (participation: 100%). Demonstrated management oversight and supervisory functions to the fullest by leveraging insight gained through the finance and international businesses at banks and securities companies, and knowledge and experience of the management of a manufacturing company in the execution of audit work, and making remarks, when necessary, based on his knowledge of corporate management accounting and governance over business execution. |
| Audit & Supervisory Board Member | Etsuaki Yoshida | Attended 15 of the 15 meetings of the Board of Directors (participation: 100%) and 15 of the 15 meetings of the Audit & Supervisory Board (participation: 100%). Demonstrated management oversight and supervisory functions to the fullest by executing audit work based on his insight and experience gained through the finance and international businesses at public financial institutions for many years, and making remarks from the viewpoint of an expert in international finance, economy, and global business management as a university professor.   |

#### (6) Other important matters concerning Company Officers

[Policies on and procedures for the appointment and dismissal of candidates for senior management positions and for the nomination of candidates for Director and Audit & Supervisory Board Member]

The appointment and nomination of candidates for Director, Audit & Supervisory Board Member, and Executive Officer are determined at the Board of Directors meetings, based on the appointment criteria stipulated in the Company's rules, considering experience, management skills, leadership, personality, a sense of ethics, health, etc. Candidates for Audit & Supervisory Board Member are nominated with the prior consent of the Audit & Supervisory Board.

The dismissal of Directors, Audit & Supervisory Board Members, and Executive Officers is also determined at the Board of Directors meetings, based on the dismissal criteria stipulated in the Company's rules, considering the levels of damage to the Company's credibility and corporate value caused by their behavior, violation of these criteria, etc.

[About the nomination, appointment and dismissal of candidates for Director and Audit & Supervisory Board Member]

When appointing candidates, the Board of Directors comprehensively considers various factors such as whether they have excellent management skills and leadership as candidates for Director and whether their personalities, opinions, etc. make them suitable for becoming officers. Before resolving the appointment, the Board deliberates on the proposed nomination in light of the reasons for it after receiving comments of the Nomination Committee composed of three or more Directors (the majority of whom must be Outside Directors) appointed by resolution of the Board of Directors.

## 5. Accounting Auditor

### (1) Name

Deloitte Touche Tohmatsu LLC

### (2) Liability Limiting Agreement

None

### (3) Remuneration for Accounting Auditor

|   | Amount paid    |
|---|----------------|
| Remuneration based on audit attestation service rendered during the current fiscal year, payable by the Company | 63 million yen |
| Total remuneration and benefits payable by the Group to Accounting Auditor                                      | 82 million yen |

- (Notes) 1. Fees for audit attestation service include 2 million yen related to financial statements in English.
2. Financial statements of the overseas subsidiaries are audited by the qualified accountant / auditor / auditing firm other than Deloitte Touche Tohmatsu, the Company's Accounting Auditor.
3. Remuneration for the audit as per "Companies Act" and as per "Financial Instruments and Exchange Act" is combined in the contract, and amount of work is practically inseparable among the two. As such, the amount of remuneration for the current fiscal year represents the total payable.
4. Audit & Supervisory Board reviewed the audit plan, audit procedure, basis of calculation for remuneration, and other documents provided by the Accounting Auditor. After an overall assessment of the results of analysis of variance between the estimate in the previous fiscal year and actual results, Audit & Supervisory Board agreed with the amount of remuneration for the current fiscal year, an agreement expected as per Article 399, paragraph (1) of the Companies Act.

### (4) Non-audit Services Provided

The Company entrusts the Accounting Auditor with advisory services related to the revision of the lease accounting standard, which are services other than the audit and attest services under Article 2, paragraph (1) of the Certified Public Accountants Act (non-audit services).

### (5) Policy regarding the Decision to Dismiss or not to Re-appoint the Accounting Auditor

Policy regarding the decision to dismiss or not to re-appoint the Accounting Auditor is as follows:

- 1) The Audit & Supervisory Board will decide on an agenda item regarding dismissal or non-reappointment of the Accounting Auditor when (1) the cases prescribed in each item of Article 340, paragraph (1) of the Companies Act, applies, or (2) dismissal or non-reappointment is considered necessary based on overall consideration of audit ability, credibility, audit fees, years of continuous audits, etc.
- 2) If any cases prescribed in each item of Article 340, paragraph (1) of the Companies Act have occurred, and if the Audit & Supervisory Board considers the case too urgent to wait for the approval of the shareholders meeting, the Audit & Supervisory Board can dismiss the Accounting Auditor with the consent of all Audit & Supervisory Board Members. In such a case, an Audit & Supervisory Board Member selected by the Audit & Supervisory Board will report the fact of dismissal and reasons for dismissal to the first Shareholders' Meeting held after the dismissal.
- 3) In the event of dismissal or non-reappointment of the Accounting Auditor, the Audit & Supervisory Board shall collect information on prospective accounting auditors and deliberate over them at the earliest point. If the Accounting Auditor is dismissed based on Article 340, paragraphs (1) and (4) of the Companies Act, the Audit & Supervisory Board will determine the content of an agenda item regarding the election of a new accounting auditor based on overall consideration of auditing ability, credibility, audit fees, etc., pursuant to Article 344, paragraphs (1) and (3) of the Companies Act by the first Shareholders' Meeting to be convened after the dismissal. If an agenda item regarding dismissal or non-reappointment of the Accounting Auditor is submitted to a Shareholders' Meeting, the Audit & Supervisory Board will do the same by the said Shareholders' Meeting.

### (6) Policy regarding, and Reasons for, the Selection of the Accounting Auditor

In accordance with the "Assessment Criteria" set in reference to the "Policy regarding the Decision to Dismiss or not to Re-appoint the Accounting Auditor" established by the Audit & Supervisory Board and 14 items of the "Practical Guidelines for Setting Accounting Auditor Assessment Criteria" released by the Japan Audit & Supervisory Board Members Association, the Audit & Supervisory Board selects the accounting auditor by asking for opinions of divisions in charge and receiving reports from the accounting auditor to comprehensively assess various factors, including the accounting auditor's quality management system, audit team's independence, level of audit fees etc., and the status of communication between Audit & Supervisory Board Members, management and internal audit division.

With no issues identified with Deloitte Touche Tohmatsu LLC in any of its assessment items, such as quality management systems and independence of audit teams, the Audit & Supervisory Board judges that it is appropriate to reappoint it as the Accounting Auditor of the Company for FY2025.

### (7) Assessment of the Accounting Auditor by Audit & Supervisory Board Members and the Audit & Supervisory Board

The Company's Audit & Supervisory Board Members and Audit & Supervisory Board assess the Accounting Auditor. To assess whether the Accounting Auditor maintains the quality of audits and performs the audits appropriately, the Company makes comprehensive assessments according to the predetermined assessment criteria as described in "(6) Policy regarding, and Reasons for, the Selection of the Accounting Auditor."

The Company's Audit & Supervisory Board Members and Audit & Supervisory Board confirm and assess that Deloitte

Touche Tohmatsu LLC maintains the quality of audits and performs the audits appropriately, as it has an effective management body, effective supervisory and assessment organizations, adherence to professional ethics, and independence of audit teams in place, while the level of its audit fees, etc. is reasonable and its communication with Audit & Supervisory Board Members, management, and the internal audit division is efficient.

## **6. System for Ensuring Proper Business Operations**

The Company's systems for ensuring proper business operations are as follows:

### **(1) Retention and Control of Information on the Performance of Duties by Directors**

- 1) The General Affairs Department is designated as the department responsible for retention and control of information on the performance of duties by Directors.
- 2) The General Affairs Department implements a system to retain and control information on the performance of duties by Directors including the "Regulations of the Board of Directors" and the "Rules on Confidential Information Management." It may give directions to the departments in charge on the correct measures for the retention and control of such information.
- 3) The information on the performance of duties of Directors set forth in the preceding paragraph is as follows:
  - a. Minutes of meetings of the Board of Directors, minutes of meetings of the Management Strategy Committee, etc.
  - b. Midterm Business Plan and short-term business plans, etc.
  - c. Important contracts relating to acquisitions, investments, etc.
  - d. Other important information designated by the Board of Directors, such as documents regarding decisions and approvals.

### **(2) Regulations and Other Systems regarding Risks of Loss by the Company**

- 1) The Risk Management Committee is designated as the committee responsible for regulations and other systems regarding risks of loss by the Company.
- 2) The Risk Management Committee develops a system to properly manage risk based on the "Rules on Risk Management."
- 3) The Risk Management Committee sets highest priority risk items and priority risk items to be monitored from a management standpoint and reports to the Board of Directors accordingly.
- 4) The Risk Management Committee designates departments to implement control measures to mitigate each risk item, and to report the status (result) of the risk to the Board of Directors.
- 5) The Risk Management Committee, having the Information Management Subcommittee in place as a subordinate unit, exists to reinforce the platform by determining company-wide policies on information management.

### **(3) System to Ensure Efficient Performance of Duties by Directors**

- 1) The Corporate Planning Department is designated as the department responsible for a system to ensure efficient performance of duties by Directors.
- 2) Each department in charge formulates management plans such as the Midterm Business Plan, short-term management plans, capital investment plans and financial plans based on the Company's management policy, leading to the allocation of management resources.
- 3) Each responsible department compiles a progress report, and reports to a meeting of the Board of Directors.
- 4) The Corporate Planning Department develops (establishes/revises) rules such as the "Rules for Organization," the "Rules for Segregation of Duties" and the "Rules for Authorities" as necessary, which contribute to the efficient and appropriate organization and efficient performance of duties.
- 5) At least once every quarter, executive Directors report if their own duties were performed efficiently, and if their decisions were made appropriately at a meeting of the Board of Directors.

### **(4) System to Ensure that Performance of Duties by Directors and Employees Conforms to Laws and Regulations and Articles of Incorporation**

- 1) The Corporate Ethics Committee is designated as the committee responsible for a system to ensure that performance of duties by Directors and employees conforms to laws and regulations and Articles of Incorporation.
- 2) The Corporate Ethics Committee drafts the "Code of Conduct" and the "Standards of Conduct" in compliance with the internal rules of the Company, etc., and revises their contents as necessary after obtaining approval from the Board of Directors.
- 3) Based on the "Rules on Operation and Management of Standards of Conduct," the Corporate Ethics Committee deliberates on rules and other important matters related to compliance, and instructs the department in charge on the necessary measures.
- 4) The Corporate Ethics Committee instructs the Legal Affairs and Compliance Department to collect information on any events of non-compliance or suspected non-compliance, analyze the causes, fully implement measures to prevent recurrence and to provide employees with regular compliance education/training in order to keep them informed and aware of compliance.
- 5) The Corporate Ethics Committee reports to the Board of Directors and the Audit & Supervisory Board on the status of the initiatives to achieve and improve compliance on a regular basis, based on reports from the Legal Affairs and Compliance Department.
- 6) The General Affairs Department assumes the role of company-wide control on "Attitude to Anti-Social Forces" included in the "Standards of Conduct," in order to assume a resolute attitude toward any forces/groups threatening the



healthy activities of the Group.

- 7) The General Affairs Department assumes the role of company-wide control, which endeavors to collect information on any anti-social forces and suspicious groups, in close collaboration with external institutions (related government offices/associations/lawyers, etc.). The General Affairs Department centrally manages such information, including internal distribution of information, and raises awareness of employees.

**(5) System to Ensure Appropriate Business Operations in the Group**

- 1) The Legal Affairs and Compliance Department and Corporate Planning Department are designated as the departments responsible for “Internal Control System” of the Group, and promote design and operation of the “Internal Control System” at the group companies.
- 2) The Legal Affairs and Compliance Department keeps the group companies informed and aware of the “Code of Conduct” and “Standards of Conduct,” and also promotes development of necessary rules, regulations, procedures, etc. for appropriate and effective operation and assessment of a compliance system at the group companies.
- 3) The Corporate Planning Department reviews “Group Companies Management Rules” as necessary in order to ensure the effectiveness/efficiency of business operations between the Company and its group companies, and keeps the group companies as a whole informed and aware of the rules.
- 4) The Corporate Planning Department understands the organizational structure, performance of duties, financial conditions, etc. of each group company and makes the group companies report monthly on these specific situations, etc. through “Monthly Reports” and other reports.
- 5) The Risk Management Committee establishes policies concerning a system for managing risks of loss at the group companies, and the group companies develop and operate their rules based on such policies. The group companies periodically report their progress and situation to the Risk Management Committee.
- 6) The Corporate Ethics Committee instructs the Legal Affairs and Compliance Department to collect information on any events of non-compliance or suspected non-compliance of the group companies, analyze the causes, fully implement measures to prevent recurrence and to provide officers and employees of the group companies with regular compliance education.
- 7) The Corporate Ethics Committee reports to the Board of Directors and the Audit & Supervisory Board of the Company on the status of the initiatives to achieve and improve compliance of each group company on a regular basis, based on reports from the Legal Affairs and Compliance Department.
- 8) Each responsible department reports the status of development and operation of each system of “Internal Control System” of the group companies when they make periodical report to the Board of Directors and the Audit & Supervisory Board.

**(6) System to endure the reliability of financial reporting by the Group**

- 1) The Legal Affairs and Compliance Department is specified as a unit responsible for a system to ensure the reliability of financial reporting by the Group.
- 2) The Legal Affairs and Compliance Department will build a system to ensure the reliability of financial reporting by the Group in conformity to an internal control reporting system stipulated in the Financial Instruments and Exchange Act, and will continue to develop internal controls, assess internal control operation, and improve internal controls.

**(7) Assigning Employees to Assist the Duties of Audit & Supervisory Board Members of the Company, System to Ensure Independence of Such Employees and the Effectiveness of Instruction from the Audit & Supervisory Board Members**

- 1) The Corporate Planning Department is designated as the department responsible for assigning employees to assist the duties of Audit & Supervisory Board Members and for the independence of such employees.
- 2) A “Secretariat of the Audit & Supervisory Board,” independent of the Directors, is established as a department to assist the Audit & Supervisory Board Members on a regular basis.
- 3) The Audit & Supervisory Board may receive reports on the transfer and appraisals of employees who assist the “Secretariat of the Audit & Supervisory Board” in advance, and if necessary, may request changes to the officer in charge of Human Resource.
- 4) Employees who are in charge of “Secretariat of the Audit & Supervisory Board” perform their duties full time in accordance with instructions from Audit & Supervisory Board Members.

**(8) System to Ensure Directors and Employees of the Group Report to Audit & Supervisory Board Members**

- 1) The General Manager of Legal Affairs and Compliance Department is designated as the person responsible for reporting to Audit & Supervisory Board Members.
- 2) Directors and employees swiftly report the following matters to Audit & Supervisory Board Members, in addition to statutory reporting matters, when they occur:
  - a. Cases discussed/reported in the management meeting, etc. in which Audit & Supervisory Board Members are not present;
  - b. Cases that are likely to cause significant damage to the Company;
  - c. Results of internal audits on the group companies performed by the Audit Department;
  - d. Status of whistleblowing and content of the information; and
  - e. Other matters which the Audit & Supervisory Board considers necessary to be reported in the course of performing its duties.
- 3) Legal Affairs and Compliance Department stipulates whistleblowing and who to inform inside and outside the Company in the “Rules on Whistleblowing, and Report and Consultation,” and all employees throughout the Company in Japan are kept informed of development and operation of the whistleblower system. In addition, officers and

employees of the group companies in Japan are kept informed of whistleblowing and the person to inform outside the Company in order to collect information on any events of non-compliance or suspected non-compliance.

- 4) Officers and employees of the group companies, or those who have received reports or consultation from officers and employees of the group companies, report to Audit & Supervisory Board Members in an appropriate manner about any and all information useful for the performance of duties by Audit & Supervisory Board Members.
  - 5) If any compliance issue is found in a whistleblower report, the General Manager of Legal Affairs and Compliance Department reports the status of improvement/corrective measures and preventive measure at a “Corporate Ethics Committee,” and reports to the Board of Directors and the Audit & Supervisory Board along with the investigation results.
  - 6) The Company assures that employees (including officers and employees of the group companies) who have reported to the Audit & Supervisory Board Members will not be dismissed or treated unfairly as a result of their disclosure.
- (9) Other Systems to Ensure Effective Audit to be Performed by Audit & Supervisory Board Members**
- 1) The Legal Affairs and Compliance Department is designated as the department responsible for a system to ensure effective performance of audit by Audit & Supervisory Board Members.
  - 2) The Company maintains a system that allows Audit & Supervisory Board Members and the Audit & Supervisory Board to have regular meetings with the Representative Director, confirming the management policies of the Representative Director, and to exchange opinions regarding the issues to be addressed by the Group, risks surrounding the Group, status of improvements in the audit environment, significant matters in performing audits and other matters.
  - 3) The Company pays necessary expenses in advance or on request where necessary for the performance of duties by the Audit & Supervisory Board Members of the Company.

## **7. Outline of Operation to Ensure the Appropriateness of Business Operations**

With regard to retention and control of information on performance of duties by Directors, the Group provides basic concepts in the “IT Security Fundamental Policy” and strives to maintain appropriate retention and control of internal documents such as minutes of meetings of the Board of Directors, in accordance with “Rules on Document Control” and “Rules on Confidential Information Management” by specifying the retention period and control method. With regard to the risk of loss, the “Risk Management Committee” is held twice a year, where risks to the Group, including the associated companies, are identified. Measures are taken to reduce such risks and the results are reported to the Board of Directors.

In order that the Directors perform their duties in an efficient way, the Company formulates annual management policies, single-year management plans and short-term management plans based on the Midterm Business Plan, and implement them throughout the Group. The Company verifies the level of achievement at divisional and departmental meetings as well as at policy management report meetings.

Moreover, in order to ensure that performance of duties by Directors and employees of the Company conforms to laws and regulations and Articles of Incorporation, the Company has implemented a system whereby any events of non-compliance or suspected non-compliance occurring within the group companies are reported to the Company. The events reported are compiled by the Company and reported to the Board of Directors and the Audit & Supervisory Board.

In addition, the Company has implemented a system to require the group companies to apply for/report on budgets, capital investment, risk control, compliance status, etc., and in FY2024, as part of our measures for strengthening our Group-wide legal and regulatory compliance and for preventing misconduct, we have worked to improve our risk management system by confirming the usage of the whistleblower systems of individual group companies.

The conflict between the United States and China and the Ukraine crisis have led to the tightening of some import and export control regulations. The Group is striving to collect information from individual suppliers timely and is engaging in thorough discussions aimed at ensuring a steady supply of products by increasing material and product inventories as necessary and striving to diversify its suppliers.

## 8. Fundamental Policies on the Governance of the Company

### (1) Details of Fundamental Policies

The fundamental policies on persons who exercise control over financial and business decisions of the Company are as follows:

The Company has developed business strategies for sales, production, technology, new business development, etc. from medium- to long-term perspectives, and aims to achieve stable development and growth. The circumstances surrounding our business, however, have been changing dramatically, and therefore short-term business decisions are equally important to ensure sustainable growth in the future.

The Company began a new Midterm Business Plan, “Bridge to Daido 2030” from FY2025.

Under the new Midterm Business Plan, together with our various stakeholders including business partners such as customers and suppliers, employees and their families, local residents and others, the Company will respond to short-term changes in a flexible manner, and achieve sustainable business growth with medium- to long-term perspectives in mind. The Company believes that returning a sustainable level of profits to shareholders would be beneficial to all, rather than distributing from a short-term perspective or out of tentative profits.

The Company would therefore like to have its shares held in a balanced manner by those stakeholders, customers, suppliers, employees and their families, and local residents, who support our objective of sustainable growth with medium- and long-term perspectives.

### (2) Initiatives to Achieve Fundamental Policies

#### 1) Specific initiatives for the achievement of fundamental policies

- a. Effective use of the Company’s assets to achieve sustainable growth based on medium- and long-term perspectives
  - The Company has in the past, and still now, been effectively utilizing its assets in order to achieve sustainable growth based on medium- and long-term perspectives.
  - In order for the Company to achieve sustainable growth through management from a medium- to long-term perspective, it is necessary to establish and develop a base network for production, sales and technology to respond to future trends and market changes, to improve productivity of domestic and overseas subsidiaries to the levels achieved by the Company, and to maintain world leading technologies for products, design, manufacturing, production and development. For those purpose, the Company will invest effectively and efficiently in new business creation, upskilling initiatives, strengthening of the management foundation, research and development for mainly new products and production technologies, enhancement of “monozukuri (craftsmanship),” utilization and introduction of advanced technologies through industry-government-academia cooperation, corporate protection through intellectual property rights, etc. while considering the balance between such investments and dividends to our shareholders.
- b. Promotion of shareholding by employees
  - The Company promotes the holding of shares by employees by paying incentives to members of the Employee Stock Purchase Plan.
  - The Company continues to implement other measures to grow the Employee Stock Purchase Plan.
- c. Improve local communities’ recognition of the Company
  - The Company interacts with local communities and tries to improve the recognition of the Company by attending social programs and inviting local residents to factory tours at major business locations.

#### 2) Preventive measures against shareholders who do not share our fundamental policies

The Company takes the following measures in order to prevent any inappropriate parties from controlling the decisions on finance and business of the Company (hereinafter referred to as “acquisition without consent”):

Firstly, the Company communicate proactively through Investor Relations activities in order to increase the appreciation of the value of the Company in the market, as well as effectively utilizing the Company’s assets to the fullest extent, thus achieving sustainable growth through business management based on the above-mentioned medium- and long-term perspectives, increasing the corporate value, and enabling us to distribute appropriate profits to our shareholders.

Next, the Company will identify beneficial owners of its shares on a continuous basis and, if an acquirer without consent appears, will check and assess the objective of the acquirer and negotiate with the acquirer in consultation with external specialists. If the acquirer without consent is considered to be incompatible with the Company’s fundamental policies, the Company will take appropriate countermeasures.

Also, the Company does not exclude the option of taking preventive measures against a possible takeover bid without consent, and will continue to study effective measures available in reference to laws and regulations, guidance issued by authorities and the behavior of other companies, while respecting the common interests of our shareholders.

### (3) Assessment of Above Efforts and its Basis

It is clear that the above efforts are consistent with the fundamental policies, do not conflict with the common interests of shareholders, and are not intended to secure the positions of the Company’s officers. The Company also considers that the countermeasures and measures for the prevention of an acquisition without consent are appropriate because they are put in motion only when the acquisition is against the Company’s fundamental policies.

## 9. Policies for Determining Appropriation of Surplus

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 changes to the business environment.

At a Board of Directors meeting held on May 29, 2025, we decided to pay a year-end dividend of 11 yen per share from June 30, 2025 as a result of taking comprehensive account of the consolidated financial results for the full fiscal year under review, under our basic policy.

As a result, the annual dividend, including the interim dividend of 7 yen per share, would be 18 yen per share.

Furthermore, under the new Midterm Business Plan, "Bridge to Daido 2030," which began in FY2025, the Company will strive to enhance its corporate value, centered on ROE improvement, and focus on investing the enhanced corporate value in the future and providing them as returns to shareholders.

For the next fiscal year, the Company plans an annual dividend of 24 yen per share (the interim dividend of 12 yen per share and year-end dividend of 12 yen per share).

The Articles of Incorporation of the Company stipulates that it may pay dividends of surplus by resolution of the Board of Directors with September 30 of a given year and March 31 of a given year as the record date, pursuant to Article 459 of the Companies Act.

## 10. Other Material Issues relating to the Company

For basic concepts and basic policies on the Company's corporate governance, please refer to the "Corporate Governance Report" posted on the Company's website.

([https://www.daidometal.com/sustainability/corporate\\_governance/](https://www.daidometal.com/sustainability/corporate_governance/))

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(Note) Amounts, numbers of shares, percentages of voting rights held, and percentages of shareholding described in this Business Report are presented by rounding down fractions. For other ratios, fractions are rounded off to the nearest unit.

## **Consolidated Balance Sheet**

(As of March 31, 2025)

(Millions of yen)

| Account   | Amount         | Account   | Amount         |
|---|----------------|---|----------------|
| (Assets)  |                | (Liabilities)   |                |
| <b>Current assets</b>                               | <b>107,585</b> | <b>Current liabilities</b>                                    | <b>70,092</b>  |
| Cash and deposits                                   | 29,147         | Notes and accounts payable - trade                            | 10,722         |
| Notes receivable - trade                            | 1,474          | Electronically recorded obligations - operating               | 12,059         |
| Accounts receivable - trade                         | 28,314         | Short-term borrowings   | 28,194         |
| Electronically recorded monetary claims - operating | 2,993          | Current portion of long-term borrowings                       | 5,348          |
| Merchandise and finished goods                      | 18,830         | Lease liabilities   | 681            |
| Work in process                                     | 13,220         | Income taxes payable  | 1,630          |
| Raw materials and supplies                          | 10,188         | Contract liabilities  | 107            |
| Other   | 3,562          | Provision for bonuses   | 1,934          |
| Allowance for doubtful accounts                     | (144)          | Provision for bonuses for directors (and other officers)      | 115            |
|   |                | Provision for product compensation                            | 119            |
|   |                | Electronically recorded obligations - non-operating           | 1,324          |
|   |                | Other   | 7,854          |
| <b>Non-current assets</b>                           | <b>89,070</b>  | <b>Non-current liabilities</b>                                | <b>44,468</b>  |
| <b>Property, plant and equipment</b>                | <b>60,692</b>  | Long-term borrowings  | 30,715         |
| Buildings and structures                            | 18,379         | Lease liabilities   | 855            |
| Machinery, equipment and vehicles                   | 21,344         | Deferred tax liabilities                                      | 4,638          |
| Land  | 10,643         | Provision for share awards                                    | 109            |
| Leased assets                                       | 2,241          | Provision for share awards for directors (and other officers) | 75             |
| Construction in progress                            | 6,801          | Retirement benefit liability                                  | 7,704          |
| Other   | 1,282          | Asset retirement obligations                                  | 17             |
|   |                | Other   | 351            |
| <b>Intangible assets</b>                            | <b>8,383</b>   | <b>Total Liabilities</b>                                      | <b>114,561</b> |
| Goodwill  | 3,450          | <b>(Net Assets)</b>   |                |
| Leased assets                                       | 1              | <b>Shareholders' equity</b>                                   | <b>59,565</b>  |
| Other   | 4,931          | Share capital   | 8,413          |
|   |                | Capital surplus   | 13,114         |
| <b>Investments and other assets</b>                 | <b>19,994</b>  | Retained earnings   | 38,319         |
| Investment securities                               | 8,034          | Treasury shares   | (281)          |
| Long-term loans receivable                          | 358            | <b>Accumulated other comprehensive income</b>                 | <b>13,184</b>  |
| Retirement benefit asset                            | 8,870          | Valuation difference on available-for-sale securities         | 1,698          |
| Deferred tax assets                                 | 1,787          | Foreign currency translation adjustment                       | 8,512          |
| Other   | 991            | Remeasurements of defined benefit plans                       | 2,973          |
| Allowance for doubtful accounts                     | (46)           | <b>Non-controlling interests</b>                              | <b>9,344</b>   |
|   |                | <b>Total Net Assets</b>                                       | <b>82,095</b>  |
| <b>Total Assets</b>                                 | <b>196,656</b> | <b>Total Liabilities and Net Assets</b>                       | <b>196,656</b> |

(Note) Amounts are rounded down to the nearest million yen.

## Consolidated Statement of Income

( From: April 1, 2024  
To: March 31, 2025 )

(Millions of yen)

| Account   | Amount |                |
|---|--------|----------------|
| <b>Net sales</b>  |        | <b>136,303</b> |
| <b>Cost of sales</b>  |        | <b>102,540</b> |
| <b>Gross profit</b>   |        | <b>33,762</b>  |
| <b>Selling, general and administrative expenses</b>           |        | <b>26,671</b>  |
| <b>Operating profit</b>                                       |        | <b>7,091</b>   |
| <b>Non-operating income</b>                                   |        |                |
| Interest and dividend income                                  | 649    |                |
| Foreign exchange gains  | 92     |                |
| Share of profit of entities accounted for using equity method | 240    |                |
| Subsidy income  | 518    |                |
| Other   | 279    | 1,779          |
| <b>Non-operating expenses</b>                                 |        |                |
| Interest expenses   | 1,653  |                |
| Loss on retirement of non-current assets                      | 227    |                |
| Other   | 169    | 2,050          |
| <b>Ordinary profit</b>  |        | <b>6,820</b>   |
| <b>Profit before income taxes</b>                             |        | <b>6,820</b>   |
| Income taxes - current  | 3,175  |                |
| Income taxes - deferred                                       | 12     | 3,188          |
| <b>Profit</b>   |        | <b>3,631</b>   |
| <b>Profit attributable to non-controlling interests</b>       |        | <b>911</b>     |
| <b>Profit attributable to owners of parent</b>                |        | <b>2,720</b>   |

(Note) Amounts are rounded down to the nearest million yen.

## Consolidated Statement of Changes in Equity

( From: April 1, 2024  
To: March 31, 2025 )

(Millions of yen)

|  | Shareholders' equity |                 |                   |                 |                            |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
|  | Share capital        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| <b>Balance at beginning of period</b>                | 8,413                | 13,114          | 36,549            | (291)           | 57,786                     |
| <b>Changes during period</b>                         |                      |                 |                   |                 |                            |
| Dividends of surplus                                 |                      |                 | (950)             |                 | (950)                      |
| Profit attributable to owners of parent              |                      |                 | 2,720             |                 | 2,720                      |
| Purchase of treasury shares                          |                      |                 |                   | (6)             | (6)                        |
| Disposal of treasury shares                          |                      |                 |                   | 15              | 15                         |
| Net changes in items other than shareholders' equity |                      |                 |                   |                 |                            |
| <b>Total changes during period</b>                   | —                    | —               | 1,769             | 9               | 1,779                      |
| <b>Balance at end of period</b>                      | 8,413                | 13,114          | 38,319            | (281)           | 59,565                     |

(Millions of yen)

|  | Accumulated other comprehensive income                |   |   |  | Non-controlling interests | Total net assets |
|--|---|---|---|--|---------------------------|------------------|
|  | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                           |                  |
| <b>Balance at beginning of period</b>                | 1,615   | 6,418                                   | 2,999                                   | 11,033                                       | 9,901                     | 78,721           |
| <b>Changes during period</b>                         |   |   |   |  |                           |                  |
| Dividends of surplus                                 |   |   |   |  |                           | (950)            |
| Profit attributable to owners of parent              |   |   |   |  |                           | 2,720            |
| Purchase of treasury shares                          |   |   |   |  |                           | (6)              |
| Disposal of treasury shares                          |   |   |   |  |                           | 15               |
| Net changes in items other than shareholders' equity | 82  | 2,094                                   | (25)                                    | 2,151  | (557)                     | 1,593            |
| <b>Total changes during period</b>                   | 82  | 2,094                                   | (25)                                    | 2,151  | (557)                     | 3,373            |
| <b>Balance at end of period</b>                      | 1,698   | 8,512                                   | 2,973                                   | 13,184                                       | 9,344                     | 82,095           |

(Note) Amounts are rounded down to the nearest million yen.

## Notes to Consolidated Financial Statements

### I. Notes on Significant Matters that Form the Basis of Presenting the Consolidated Financial Statements, etc.

#### 1. Scope of consolidation

##### (1) Number of consolidated subsidiaries

32 companies

##### Names of consolidated subsidiaries

DAIDO LOGITECH CO., LTD.  
DAIDO METAL SALES CO., LTD.  
Daido Plain Bearings Co., Ltd.  
NDC Co., Ltd.  
NDC Sales Co., Ltd.  
Daido Industrial Bearings Japan Co., Ltd.  
DAIDO METAL SAGA CO., LTD.  
Iino Holding Ltd.  
Iino Manufacturing Co., Ltd.  
ATA Casting Technology Japan Co., Ltd.  
Daido Precision Metal (Suzhou) Co., Ltd.  
IINO (Foshan) Technology Co., Ltd.  
Chung Yuan Daido Co., Ltd.  
Dong Sung Metal Co., Ltd.  
Dyna Metal Co., Ltd.  
ATA Casting Technology Co., Ltd.  
DM Casting Technology (Thailand) Co., Ltd.  
PT. IINO INDONESIA  
PT. Daido Metal Indonesia  
SUPER CUB FINANCIAL CORPORATION  
PHILIPPINE IINO CORPORATION  
ISS America, Inc.  
Daido Metal U.S.A. Inc.  
Daido Metal Mexico Sales, S.A. de C.V.  
Daido Metal Mexico, S.A. de C.V.  
ISS MEXICO MANUFACTURING S.A. de C.V.  
DAIDO METAL KOTOR AD  
Daido Industrial Bearings Europe Limited  
DAIDO METAL EUROPE LIMITED  
Daido Metal Russia LLC  
Daido Metal Europe GmbH.  
DAIDO METAL CZECH s.r.o.

##### (2) Names of unconsolidated subsidiaries

Korea Dry Bearing Co., Ltd.  
Chung Yuan Daido (Guangzhou) Co., Ltd.  
DMS Korea Co., Ltd.

##### Reason for exclusion from scope of consolidation

Korea Dry Bearing Co., Ltd., Chung Yuan Daido (Guangzhou) Co., Ltd., and DMS Korea Co., Ltd. have been excluded from the scope of consolidation because these companies are immaterial from the Group's point of view in terms of total assets, net sales, profit (the amount proportionate to equity), and retained earnings (the amount proportionate to equity) and do not have a significant impact on the consolidated financial statements, and are not material as a whole.



## 2. Application of equity method

### (1) Number of unconsolidated subsidiaries and associates to which the equity method was applied

|                    |  |
|--------------------|--|
| Names of companies | 4 companies                              |
|                    | (Unconsolidated subsidiary)              |
|                    | Korea Dry Bearing Co., Ltd.              |
|                    | (Associates)                             |
|                    | BBL Daido Private Limited                |
|                    | Shippo Asahi Moulds (Thailand) Co., Ltd. |
|                    | NPR of Europe GmbH.                      |

### (2) Names of unconsolidated subsidiaries and associates to which the equity method was not applied

|   |  |
|---|--|
| Reason for non-application of equity method | (Unconsolidated subsidiaries)  |
|   | Chung Yuan Daido (Guangzhou) Co., Ltd.   |
|   | DMS Korea Co., Ltd.  |
|   | Chung Yuan Daido (Guangzhou) Co., Ltd. and DMS Korea Co., Ltd. have been excluded from the scope of the equity method because these companies are immaterial from the Group's point of view in terms of profit or loss (the amount proportionate to equity) and retained earnings (the amount proportionate to equity) and do not have a significant impact on the consolidated financial statements, and are not material as a whole. |

### (3) Special mention regarding the application of equity method

### 3. Matters relating to the accounting period of consolidated subsidiaries

The balance sheet date for Daido Metal U.S.A. Inc., DAIDO METAL KOTOR AD, Daido Industrial Bearings Europe Limited, DAIDO METAL CZECH s.r.o., Dyna Metal Co., Ltd., Chung Yuan Daido Co., PT. Daido Metal Indonesia, Dong Sung Metal Co., Ltd., Daido Precision Metal (Suzhou) Co., Ltd., Daido Metal Europe GmbH., DAIDO METAL EUROPE LIMITED, Daido Metal Russia LLC, Daido Metal Mexico, S.A. de C.V., Daido Metal Mexico Sales, S.A. de C.V., PHILIPPINE IINO CORPORATION, IINO (Foshan) Technology Co., Ltd., ISS America, Inc., ISS MEXICO MANUFACTURING S.A. de C.V., PT. IINO INDONESIA, and SUPER CUB FINANCIAL CORPORATION is December 31.

Financial statements as of the same date are used in compiling the consolidated financial statements as of March 31, with necessary adjustment for the effects of significant transactions or events that occur between the date of those financial statements and the consolidated balance sheet date.

#### 4. Matters relating to accounting policies

##### (1) Basis and method of valuation of important assets

###### 1) Basis and method of valuation of securities

###### Available-for-sale securities

- Available-for-sale securities other than shares and other securities without market price  
Stated at fair value (Valuation differences are recorded directly in net assets, and the net sales cost is calculated by the moving average method.)
- Shares and other securities without market price  
Stated at cost using moving average method

###### 2) Basis and method of valuation of inventories

Basis of valuation is in accordance with the cost basis (with writing down of the carrying amount based on any decreased profitability).

- |  |  |
|--|--|
| (a) Merchandise and finished goods ..... | Principally by weighted average method |
| (b) Work in process .....                | Principally by weighted average method |
| (c) Raw materials .....                  | Principally by weighted average method |
| (d) Supplies .....                       | Principally by moving average method   |

###### 3) Basis and method of valuation of derivatives

Stated at fair value

##### (2) Method of depreciation of important depreciable assets

###### 1) Property, plant and equipment (excluding leased assets)

The Company and five domestic consolidated subsidiaries use the declining balance method (with the exception of buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016, for which the straight-line method is used), while other subsidiaries use the straight-line method.

Estimated useful lives of major assets are as follows:

- |                                   |            |
|-----------------------------------|------------|
| Buildings and structures          | 3-60 years |
| Machinery, equipment and vehicles | 3-20 years |

###### 2) Intangible assets (excluding leased assets)

Straight-line method is used.

###### 3) Leased assets

- Leased assets relating to finance lease transactions which transfer the ownership of leased assets  
The same depreciation method as applied to self-owned non-current assets is used.
- Leased assets relating to finance lease transactions which do not transfer the ownership of leased assets  
Straight-line method based on the depreciation period equal to the lease period and residual value of zero is used.
- Right-of-use assets  
Straight-line method based on the depreciation period equal to the lease period and residual value of zero is used.  
For overseas consolidated subsidiaries, regarding the accounting treatment for lessees, in principle, all leases are recorded as assets and liabilities on the balance sheet in accordance with IFRS 16 and ASC 842.

##### (3) Recognition criteria of significant allowances and provisions

###### 1) Allowance for doubtful accounts

In order to prepare for any losses arising from bad debt receivables, an estimated uncollectible amount is provided. The amount for general receivables is calculated based on the past loss experience, and the amount for specific receivables such as highly doubtful receivables is calculated by reviewing the probability of recovery in each individual case.

###### 2) Provision for bonuses

An amount corresponding to the period out of the estimated amount of bonuses payable to employees is provided.

###### 3) Provision for bonuses for directors (and other officers)

An estimated amount of bonuses payable to directors (and other officers) is provided.

###### 4) Provision for product compensation

In order to prepare for any expenditure for quality claims, an estimated amount required to be paid in future is provided.

###### 5) Provision for share awards, Provision for share awards for directors (and other officers)

In order to prepare for the share awards for directors and executive officers, estimated share award amounts based on the estimated points to be granted to eligible directors and executive officers under the Share Grant Rule of the Company is provided.

(4) Recognition criteria of revenue and expenses

1) Main performance obligation in the Company's principal business line

Manufacturing of bearing products is the principal business line of the Company. With respect to the sales of such products, the Company regards the delivery of products to customers as a performance obligation.

2) The point in time when the Company typically satisfies its performance obligations (the point in time when the Company typically recognizes revenue)

Revenue is recognized, in principle, at the time of delivering products to customers as we consider that the control of goods is transferred to the customer and our performance obligation is satisfied at the time of delivering products. For domestic sales, revenue is recognized, in principle, at the time of shipment if the period from shipment through to transfer of control of the goods to the customer is within the point in time when the Company typically recognizes revenue. For overseas transactions such as exports, revenue is recognized when the burden of risk is deemed to have been transferred to the customer based on the trade terms stipulated by the Incoterms (International Commercial Terms), etc.

Revenue is measured in an amount determined by subtracting discounts, rebates, and product returns from a consideration promised in an agreement with the customer. As the consideration is usually paid within one year after delivering products to customers, the consideration promised does not include any significant financial component.

(5) Other significant matters for presentation of consolidated financial statements

1) Accounting for retirement benefits

In order to prepare for the payment of retirement benefits to employees (excluding executive officers, etc.), an amount estimated to have occurred at the end of the current fiscal year is provided based on the projected benefit obligation and plan assets at the end of the current fiscal year.

When calculating retirement benefit obligations, the benefit formula basis is used to allocate the estimated amount of retirement benefits to the period up to the end of the current fiscal year.

Past service cost is recorded as an expense by a pro-rated amount by the straight-line method over a period within the average remaining service years of employees (mainly 14 years) at the time of occurrence thereof.

For actuarial differences, an amount prorated by the straight-line method over a period within the average remaining service years of employees (mainly 14 years) at the time of occurrence thereof in each fiscal year is expensed starting from the fiscal year that follows the fiscal year of occurrence.

In order to prepare for the payment of retirement benefits to executive officers, etc., the amount that would need to be paid if all eligible officers retired at the end of the fiscal year is provided.

2) Conversion of foreign currency denominated assets and liabilities into Japanese Yen

Foreign currency denominated monetary claims and obligations are converted into Japanese Yen at the spot exchange rates prevailing at the consolidated balance sheet date, and the resulting exchange differences are recorded as gains or losses. Assets and liabilities, income and expenses of overseas subsidiaries are converted into Japanese Yen at the spot exchange rates prevailing at the balance sheet date, and the resulting exchange differences are recorded in net assets as foreign currency translation adjustment and non-controlling interests.

3) Amortization of goodwill and the amortization period

Goodwill is amortized by the straight-line method within a period of 14 years based on the estimated period during which the benefits are expected to arise.

## **II. Notes on Accounting Estimates**

1. Valuation of intangible assets including goodwill

(1) Amount recorded in consolidated financial statements

Goodwill of 3,450 million yen (564 million yen for Iino Holding Ltd. and its subsidiaries (hereinafter referred to as the "Iino Group") and 2,886 million yen for ATA Casting Technology Japan Co., Ltd. and its subsidiaries (hereinafter referred to as the "ATA Group"), and customer-related assets of 2,942 million yen (2,204 million yen for the Iino Group and 738 million yen for the ATA Group)

(2) Additional information that contributes to consolidated financial statement users' better understanding of accounting estimates

To strengthen product offerings to existing customers of the Group, and diversify and expand products and businesses for the Group over the medium to long term, the Group acquired the Iino Group and the ATA Group in the fiscal year ended March 2017, categorizing both groups as "Other automotive parts," and recording intangible assets including goodwill in the consolidated balance sheets.

The Group applies impairment accounting to these non-current assets after redefining each company group as an asset group and performing such accounting to the largest asset group to which goodwill and customer-related assets have been added to the non-current assets, etc. related to each company group.

The impairment test for the assets attributable to each of these asset groups identifies a sign of impairment including goodwill because the amount allocated to goodwill and intangible assets excluding goodwill is relatively large. The carrying amount of non-current assets including goodwill is 6,078 million yen for the Iino Group and 8,045 million yen for the ATA Group. The impairment test shows that the total amount of future cash flow before discount exceeds the amount of carrying amount of non-current assets including goodwill, and therefore, there is no impairment loss to be recognized for both groups.

The future cash flow is calculated based on the figures presented in the midterm business plans of each of the company groups. Among these figures, net sales are obtained by adding up based on the sales forecasts of product unit numbers with a higher order probability, taking into consideration the status or likelihood of acquisition of preliminary orders from customers. As for expenses, the plans reflect reductions in material costs, labor expenses, and other expenses

through the standardization of production systems and productivity improvements.

When the assumptions used in these estimates need to be revised due to changes in automobile production forecasts or the cost reduction status, an impairment loss may be recognized for the following fiscal year.

2. Valuation of property, plant and equipment of DM Casting Technology (Thailand) Co., Ltd.

(1) Amount recorded in consolidated financial statements

Property, plant and equipment of 2,144 million yen

(2) Additional information that contributes to consolidated financial statement users' better understanding of accounting estimates

In January 2018, the Group founded DM Casting Technology (Thailand) Co., Ltd. as a firm that would manufacture electric vehicle aluminum die-cast products, which were classified into the "Non-automotive bearings" segment.

As an impairment test for the firm's property, plant and equipment, we determined and measured the recognition of an impairment loss on any of such assets found to show signs of impairment. For any of the asset group whose recoverable value is less than its carrying value, we lowered the carrying value to the recoverable value before recognizing the decline in value as an impairment loss.

Since the launch of mass production of products, the firm experienced many production defects for certain items. An increased cost of inspections intended to prevent defective goods from flowing out as well as an additional cost of transport by air as a means of meeting delivery deadlines led to an operating loss, which shows signs of impairment. Therefore, we determined and measured the recognition of an impairment loss. In deciding to recognize and/or measure an impairment loss, we computed the recoverable value in accordance with its use value, based on the numbers of the firm's midterm business plan. Of them, net sales are obtained by adding up based on the sales forecasts of product unit numbers with a higher order probability, taking into consideration the status or likelihood of acquisition of preliminary orders from customers. As for expenses, the plan reflects reductions in material costs, labor expenses, and other expenses through the standardization of production system and productivity improvements, as well as a termination of transportation by air.

For the next fiscal year, an impairment loss may be recognized if the assumptions used for the estimations need to be revised due to changes in automobile production forecasts or a progress of the firm's cost reduction efforts.

### **III. Additional Information**

Performance-linked Stock-based Remuneration Scheme for Directors and Executive Officers

The Company introduced new performance-linked stock-based remuneration scheme (“the Scheme”) for Directors (excluding Outside Directors, the same applying hereinafter) and Executive Officers (excluding a Director concurrently serving as an Executive Officer, the same applying hereinafter) in order to incentivize Directors and Executive Officers to improve the business performance of the Company and to enhance the corporate value over medium to long term.

#### **(i) The Scheme Overview**

Under the Scheme, a Board Benefit Trust (“the BBT”) is created with the contribution from the Company. The BBT purchases Company shares, and the Company gives eligible Directors and Executive Officers the shares as performance-linked stock-based remuneration based on the number of points awarded in accordance with their individual rank and target achievement etc., as set forth in the Share Grant Rule. Beneficiaries of the BBT shall be those who serve as Directors and Executive Officers during the period. The Company shares are granted to each Director and Executive Officer when they retire from their position.

#### **(ii) Residual Company shares held in the BBT**

Any residual shares of the Company held in the BBT will be recorded at the BBT’s carrying amount (excluding incidental expenses) as treasury shares under net assets. As of the end of the fiscal year ended March 31, 2025, the carrying amount of the treasury shares was 280 million yen and the number of shares was 372,000 shares.

#### **IV. Notes to Consolidated Balance Sheet**

|  |         |             |
|--|---------|-------------|
| 1. Accumulated depreciation of property, plant and equipment           | 140,415 | million yen |
| 2. Assets pledged as collateral, and liabilities secured by collateral |         |             |
| Assets pledged as collateral   |         |             |
| Buildings and structures   | 461     | million yen |
| Machinery, equipment and vehicles                                      | 1,107   |             |
| Land   | 1,926   |             |
| Other  | 0       |             |
| Total  | 3,496   |             |
| Liabilities secured by collateral                                      |         |             |
| Short-term borrowings  | 2,926   | million yen |
| Long-term borrowings   | 994     |             |
| (including amounts scheduled to be repaid within one year)             |         |             |
| Total  | 3,921   |             |
| 3. Guarantee obligations   |         |             |
| Employee housing loans, etc.   | 75      | million yen |
| 4. Notes receivable discounted or transferred by endorsement           |         |             |
| Discounted export bills  | 13      | million yen |

#### **V. Notes to Consolidated Statement of Changes in Equity**

1. Total number of shares issued as of the end of the current fiscal year
- |               |        |                 |
|---------------|--------|-----------------|
| Common shares | 47,520 | thousand shares |
|---------------|--------|-----------------|

2. Matters relating to dividend

- (1) Total dividends paid

| Resolution  | Type of share | Dividends paid (Millions of yen) | Dividend per share (Yen) | Base date          | Effective date   |
|---|---------------|----------------------------------|--------------------------|--------------------|------------------|
| Board of Directors meeting held on May 30, 2024     | Common share  | 617                              | 13.00                    | March 31, 2024     | June 28, 2024    |
| Board of Directors meeting held on November 7, 2024 | Common share  | 332                              | 7.00                     | September 30, 2024 | December 6, 2024 |

(Notes) 1. The dividends paid as per the resolution of the Board of Directors meeting held on May 30, 2024 includes 4 million yen as dividends for the Company shares held as trust property for a performance-linked stock-based remuneration scheme.

2. The dividends paid as per the resolution of the Board of Directors meeting held on November 7, 2024 includes 2 million yen as dividends for the Company shares held as trust property for a performance-linked stock-based remuneration scheme.

- (2) Dividends with base date in the current fiscal year, which come into effect in the following fiscal year

| Resolution                                      | Type of share | Dividends paid (Millions of yen) | Dividend per share (Yen) | Base date      | Effective date |
|---|---------------|----------------------------------|--------------------------|----------------|----------------|
| Board of Directors meeting held on May 29, 2025 | Common share  | 522                              | 11.00                    | March 31, 2025 | June 30, 2025  |

(Note) The dividends paid includes 4 million yen as dividends for the Company shares held as trust property for a performance-linked stock-based remuneration scheme.

Dividends are paid out of retained earnings.

## VI. Notes on Financial Instruments

### 1. Matters relating to financial instruments

The Group invests its excess cash in short-term deposits and other low risk products, and the funding needs are met by the borrowings from financial institutions such as banks.

The credit risk of customers with regard to notes receivable - trade, accounts receivable - trade, and electronically recorded monetary claims - operating are mitigated according to credit management policy. Investment securities consist mainly of shares, and the fair values of listed shares are reviewed each quarter.

Borrowings are used for working capital (mainly short-term) and capital investment (long-term). For derivative transactions, we do forward exchange transaction to hedge the risk of foreign exchange fluctuations for portions of foreign currency denominated monetary claims and obligations. Derivative transactions are made within the scope of actual demand in accordance with internal management regulations.

### 2. Matters relating to fair values of financial instruments

Consolidated balance sheet amounts, fair values and differences as of March 31, 2025 are as follows. We omitted presentation of cash and deposits, notes receivable - trade, accounts receivable - trade, electronically recorded monetary claims - operating, notes and accounts payable - trade, electronically recorded obligations - operating, short-term borrowings, income taxes payable, and electronically recorded obligations - non-operating because they are in cash and their fair values are nearly equal to their carrying amounts due to being settled in a short period of time.

(Millions of yen)

|  | Consolidated balance sheet amount | Fair value | Difference |
|--|-----------------------------------|------------|------------|
| (1) Investment securities  |                                   |            |            |
| Available-for-sale securities  | 4,920                             | 4,920      | —          |
| Total assets   | 4,920                             | 4,920      | —          |
| (1) Long-term borrowings<br>(including amounts scheduled to be repaid within one year) | 36,064                            | 35,388     | (676)      |
| (2) Lease liabilities  | 1,537                             | 1,532      | (4)        |
| Total liabilities  | 37,601                            | 36,921     | (680)      |
| Derivatives (*1)<br>Those not qualifying for hedge accounting                          | (31)                              | (31)       | —          |

(\*1) Net claims and net obligations caused by derivatives are presented, and any item representing net obligation on a combined basis is shown in parenthesis.

(\*2) Shares and other securities without market price are not included in “(1) Investment securities.”

Shown below is the value of the financial instrument as recorded in the consolidated balance sheet.

| Category       | Current fiscal year (Millions of yen) |
|----------------|---------------------------------------|
| Unlisted stock | 3,113                                 |

### 3. Matters regarding the breakdown, etc., of financial instruments by fair value level

Financial instrument fair values are classified into the following three levels in accordance with the observability and importance of an input for fair value measurement.

Level 1 fair value: A fair value measured in accordance with market price related to an asset or liability targeted for fair value measurement formed on an active market, among observable inputs for measurement of fair values

Level 2 fair value: A fair value measured by using an input for measurement of fair values other than the Level 1 input, among observable inputs for measurement of fair values

Level 3 fair value: A fair value measured by using unobservable inputs for measurement of fair values

In cases where multiple inputs that materially affect fair value measurement are used, the fair value is classified into the lowest order of priority level for fair value measurement, among levels to which each input belongs.

#### (1) Financial instruments recorded at their fair value on the consolidated balance sheet

(Millions of yen)

| Category                      | Fair value |         |         |       |
|-------------------------------|------------|---------|---------|-------|
|                               | Level 1    | Level 2 | Level 3 | Total |
| Investment securities         |            |         |         |       |
| Available-for-sale securities |            |         |         |       |
| Shares                        | 4,920      | —       | —       | 4,920 |
| Total assets                  | 4,920      | —       | —       | 4,920 |
| Derivatives                   |            |         |         |       |
| Currency-related              | —          | 31      | —       | 31    |
| Total liabilities             | —          | 31      | —       | 31    |

## (2) Financial instruments other than those recorded at their fair value on the consolidated balance sheet

(Millions of yen)

| Category             | Fair value |         |         |        |
|----------------------|------------|---------|---------|--------|
|                      | Level 1    | Level 2 | Level 3 | Total  |
| Long-term borrowings | —          | 35,388  | —       | 35,388 |
| Lease liabilities    | —          | 1,532   | —       | 1,532  |
| Total liabilities    | —          | 36,921  | —       | 36,921 |

(Note) Description of valuation methods used for fair value measurement and of inputs for fair value measurement

Investment securities

Listed stocks are valued at market price. Since they are traded on active markets, their fair value is classified into Level 1 fair value.

Derivatives

Fair value of forward exchange contract is measured with the discounted present value method by using observable inputs such as the foreign exchange rate, and is classified into Level 2 fair value.

Long-term borrowings and lease liabilities

The fair value of long-term borrowings and lease liabilities is measured with the discounted present value method in accordance with a total amount of principal and interest, and an interest rate reflecting the remaining time to maturity of the obligations and credit risk involved, and is classified into Level 2 fair value.

**VII. Notes on Rental Properties**

## 1. Matters relating to rental properties

The Group owns rental properties in Tokyo and in other areas.

## 2. Matters relating to the fair value of rental properties

(Millions of yen)

| Consolidated balance sheet amount | Fair value |
|-----------------------------------|------------|
| 927                               | 2,151      |

- (Notes) 1. The consolidated balance sheet amount represents the acquisition cost less accumulated depreciation and impairment.  
2. The fair value at the end of the fiscal year represents appraised value principally based on the “real-estate appraisal standards.”

**VIII. Notes on Revenue Recognition**

## 1. Breakdown of revenue generated from contracts with customers

(Millions of yen)

|   | Reporting Segment                |                                      |                                |                              |           | Others<br>(Note 2) | Total   |
|---|----------------------------------|--------------------------------------|--------------------------------|------------------------------|-----------|--------------------|---------|
|   | Automotive<br>engine<br>bearings | Automotive<br>non-engine<br>bearings | Non-<br>automotive<br>bearings | Other<br>automotive<br>parts | Sub total |                    |         |
| Japan   | 27,952                           | 9,357                                | 10,650                         | 4,694                        | 52,656    | 1,344              | 54,000  |
| North America                                   | 9,354                            | 2,838                                | 1,267                          | 5,975                        | 19,436    | 111                | 19,547  |
| Asia  | 22,952                           | 5,437                                | 1,774                          | 12,040                       | 42,205    | 179                | 42,384  |
| Europe  | 7,817                            | 2,302                                | 3,965                          | 0                            | 14,085    | 75                 | 14,161  |
| Other   | 4,025                            | 1,030                                | 231                            | 821                          | 6,109     | 17                 | 6,126   |
| Revenue generated from contracts with customers | 72,102                           | 20,966                               | 17,889                         | 23,533                       | 134,492   | 1,728              | 136,220 |
| Other revenue                                   | —                                | —                                    | —                              | —                            | —         | 82                 | 82      |
| Sales to external customers                     | 72,102                           | 20,966                               | 17,889                         | 23,533                       | 134,492   | 1,811              | 136,303 |

- (Notes) 1. Revenue generated from contracts with customers was classified by country and territory using customer location as the basis.  
2. “Others” includes business areas not included in above reporting segments. It includes electrode sheets business for electric double layer capacitors, etc.

## 2. Information forming the basis for understanding revenue

For details of information forming the basis for understanding revenue, please refer to “Notes to Consolidated Financial Statements I. Notes on Significant Matters that Form the Basis of Presenting the Consolidated Financial Statements, etc. 4. Matters relating to accounting policies (4) Recognition criteria of revenue and expenses.”



3. Information with which to understand the revenue values for the fiscal year under review and next fiscal year onward

(1) Balances of contract assets and contract liabilities

(Millions of yen)

|  | Current fiscal year |                |
|--|---------------------|----------------|
|  | Beginning balance   | Ending balance |
| Liabilities stemming from contracts with customers | 32,674              | 32,781         |
| Contract assets                                    | —                   | —              |
| Contract liabilities                               | 90                  | 107            |

In the consolidated balance sheet, liabilities stemming from contracts with customers consist of the balances of accounts receivable-trade, notes receivable-trade, and electronically recorded monetary claims-operating.

Contract liabilities, mainly, are reversed due to revenue recognition because they concern advances received from customers under payment terms and conditions mainly for bearing products.

Of the revenue values recognized for the current fiscal year, values included in the beginning balance of contract liabilities were insignificant.

(2) Transaction prices allocated to residual fulfillment obligations

The Group used practical convenient methods in the absence of any significant transaction for individual expected contract term of over one year, and omitted to present information on residual fulfillment obligations. Payments resulting from contracts with customers did not include any significant value not contained in transaction values.

**IX. Notes on Per Share Information**

- |                             |              |
|-----------------------------|--------------|
| 1. Net assets per share     | 1,543.09 yen |
| 2. Basic earnings per share | 57.70 yen    |

## **Non-consolidated Balance Sheet**

(As of March 31, 2025)

|  |                | (Millions of yen)   |                |
|--|----------------|---|----------------|
| Account  | Amount         | Account   | Amount         |
| (Assets)   |                | (Liabilities)   |                |
| <b>Current assets</b>  | <b>44,668</b>  | <b>Current liabilities</b>                                    | <b>35,953</b>  |
| Cash and deposits  | 6,344          | Accounts payable - trade                                      | 6,690          |
| Notes receivable - trade                                     | 65             | Electronically recorded obligations - operating               | 12,797         |
| Accounts receivable - trade                                  | 18,301         | Short-term borrowings   | 5,258          |
| Electronically recorded monetary claims - operating          | 3,213          | Current portion of long-term borrowings                       | 4,487          |
| Merchandise and finished goods                               | 3,473          | Lease liabilities   | 398            |
| Work in process  | 5,489          | Accounts payable - other                                      | 1,556          |
| Raw materials and supplies                                   | 3,192          | Accrued expenses  | 1,081          |
| Prepaid expenses   | 187            | Income taxes payable  | 119            |
| Short-term loans receivable from subsidiaries and associates | 1,766          | Contract liabilities  | 792            |
| Accounts receivable - other                                  | 2,433          | Deposits received   | 63             |
| Other  | 202            | Unearned revenue  | 28             |
| Allowance for doubtful accounts                              | (0)            | Provision for bonuses   | 1,316          |
|  |                | Provision for bonuses for directors (and other officers)      | 115            |
|  |                | Electronically recorded obligations - non-operating           | 1,233          |
|  |                | Other   | 11             |
|  |                | <b>Non-current liabilities</b>                                | <b>37,182</b>  |
| <b>Non-current assets</b>                                    | <b>81,355</b>  | Long-term borrowings  | 28,475         |
| <b>Property, plant and equipment</b>                         | <b>20,204</b>  | Lease liabilities   | 318            |
| Buildings  | 7,950          | Deferred tax liabilities                                      | 1,219          |
| Structures   | 626            | Provision for retirement benefits                             | 5,348          |
| Machinery and equipment                                      | 3,424          | Provision for share awards                                    | 109            |
| Vehicles   | 16             | Provision for share awards for directors (and other officers) | 75             |
| Tools, furniture and fixtures                                | 360            | Provision for loss on guarantees                              | 674            |
| Land   | 5,065          | Provision for loss on business of subsidiaries and associates | 679            |
| Leased assets  | 1,511          | Asset retirement obligations                                  | 17             |
| Construction in progress                                     | 1,248          | Long-term accounts payable - other                            | 205            |
| <b>Intangible assets</b>                                     | <b>1,759</b>   | Other   | 58             |
| Software   | 1,210          | <b>Total Liabilities</b>                                      | <b>73,135</b>  |
| Right to use facilities                                      | 39             |   |                |
| Other  | 510            | <b>(Net Assets)</b>   |                |
| <b>Investments and other assets</b>                          | <b>59,391</b>  | <b>Shareholders' equity</b>                                   | <b>51,368</b>  |
| Investment securities  | 4,013          | <b>Share capital</b>  | <b>8,413</b>   |
| Shares of subsidiaries and associates                        | 32,154         | <b>Capital surplus</b>  | <b>12,238</b>  |
| Investments in capital of subsidiaries and associates        | 17,694         | Legal capital surplus   | 8,789          |
| Long-term loans receivable from subsidiaries and associates  | 6,224          | Other capital surplus   | 3,449          |
| Long-term loans receivable from employees                    | 9              | <b>Retained earnings</b>                                      | <b>30,998</b>  |
| Long-term prepaid expenses                                   | 6              | Legal retained earnings                                       | 743            |
| Prepaid pension costs  | 5,261          | Other retained earnings                                       | 30,254         |
| Other  | 262            | Reserve for tax purpose reduction entry of non-current assets | 4,242          |
| Allowance for doubtful accounts                              | (6,235)        | General reserve   | 21,000         |
|  |                | Retained earnings brought forward                             | 5,012          |
|  |                | <b>Treasury shares</b>  | <b>(281)</b>   |
|  |                | <b>Valuation and translation adjustments</b>                  | <b>1,519</b>   |
|  |                | Valuation difference on available-for-sale securities         | 1,519          |
|  |                | <b>Total Net Assets</b>                                       | <b>52,888</b>  |
|  |                |   |                |
| <b>Total Assets</b>  | <b>126,023</b> | <b>Total Liabilities and Net Assets</b>                       | <b>126,023</b> |

(Note) Amounts are rounded down to the nearest million yen.

## Non-consolidated Statement of Income

( From: April 1, 2024  
To: March 31, 2025 )

(Millions of yen)

| Account   | Amount |               |
|---|--------|---------------|
| <b>Net sales</b>                                    |        | <b>73,553</b> |
| <b>Cost of sales</b>                                |        | <b>58,041</b> |
| <b>Gross profit</b>                                 |        | <b>15,512</b> |
| <b>Selling, general and administrative expenses</b> |        | <b>12,460</b> |
| <b>Operating profit</b>                             |        | <b>3,051</b>  |
| <b>Non-operating income</b>                         |        |               |
| Interest and dividend income                        | 3,815  |               |
| Foreign exchange gains                              | 32     |               |
| Other   | 659    | 4,506         |
| <b>Non-operating expenses</b>                       |        |               |
| Interest expenses                                   | 772    |               |
| Loss on retirement of non-current assets            | 60     |               |
| Other   | 635    | 1,468         |
| <b>Ordinary profit</b>                              |        | <b>6,089</b>  |
| <b>Extraordinary losses</b>                         |        |               |
| Provision of allowance for doubtful accounts        | 1,788  | 1,788         |
| <b>Profit before income taxes</b>                   |        | <b>4,300</b>  |
| Income taxes - current                              | 367    |               |
| Income taxes - deferred                             | 280    | 647           |
| <b>Profit</b>                                       |        | <b>3,653</b>  |

(Note) Amounts are rounded down to the nearest million yen.

**Non-consolidated Statement of**  
**Changes in Equity**  
( From: April 1, 2024 )  
( To: March 31, 2025 )

(Millions of yen)

|  | Shareholders' equity |                       |                       |                       |                         |
|--|----------------------|-----------------------|-----------------------|-----------------------|-------------------------|
|  | Share capital        | Capital surplus       |                       |                       | Retained earnings       |
|  |                      | Legal capital surplus | Other capital surplus | Total capital surplus | Legal retained earnings |
| <b>Balance at beginning of period</b>                                      | 8,413                | 8,789                 | 3,449                 | 12,238                | 743                     |
| <b>Changes during period</b>   |                      |                       |                       |                       |                         |
| Provision of reserve for tax purpose reduction entry of non-current assets |                      |                       |                       |                       |                         |
| Reversal of reserve for tax purpose reduction entry of non-current assets  |                      |                       |                       |                       |                         |
| Dividends of surplus   |                      |                       |                       |                       |                         |
| Profit   |                      |                       |                       |                       |                         |
| Purchase of treasury shares  |                      |                       |                       |                       |                         |
| Disposal of treasury shares  |                      |                       |                       |                       |                         |
| Net changes in items other than shareholders' equity                       |                      |                       |                       |                       |                         |
| <b>Total changes during period</b>   | —                    | —                     | —                     | —                     | —                       |
| <b>Balance at end of period</b>  | 8,413                | 8,789                 | 3,449                 | 12,238                | 743                     |

(Millions of yen)

(millions of yen)

|  | Shareholders' equity  |                 |                                   |                         |                 |                            |
|--|---|-----------------|-----------------------------------|-------------------------|-----------------|----------------------------|
|  | Retained earnings   |                 |                                   |                         | Treasury shares | Total shareholders' equity |
|  | Other retained earnings                                       |                 |                                   |                         |                 |                            |
|  | Reserve for tax purpose reduction entry of non-current assets | General reserve | Retained earnings brought forward | Total retained earnings |                 |                            |
| Balance at beginning of period   | 4,120   | 21,000          | 2,431                             | 28,295                  | (291)           | 48,656                     |
| Changes during period  |   |                 |                                   |                         |                 |                            |
| Provision of reserve for tax purpose reduction entry of non-current assets | 144   |                 | (144)                             | —                       |                 | —                          |
| Reversal of reserve for tax purpose reduction entry of non-current assets  | (22)  |                 | 22                                | —                       |                 | —                          |
| Dividends of surplus   |   |                 | (950)                             | (950)                   |                 | (950)                      |
| Profit   |   |                 | 3,653                             | 3,653                   |                 | 3,653                      |
| Purchase of treasury shares  |   |                 |                                   |                         | (6)             | (6)                        |
| Disposal of treasury shares  |   |                 |                                   |                         | 15              | 15                         |
| Net changes in items other than shareholders' equity                       |   |                 |                                   |                         |                 |                            |
| Total changes during period  | 122   | —               | 2,580                             | 2,703                   | 9               | 2,712                      |
| Balance at end of period   | 4,242   | 21,000          | 5,012                             | 30,998                  | (281)           | 51,368                     |

(Millions of yen)

|  | Valuation and translation adjustments                 |   | Total net assets |
|--|---|---|------------------|
|  | Valuation difference on available-for-sale securities | Total valuation and translation adjustments |                  |
| <b>Balance at beginning of period</b>                                      | 1,313   | 1,313                                       | 49,969           |
| <b>Changes during period</b>   |   |   |                  |
| Provision of reserve for tax purpose reduction entry of non-current assets |   |   | —                |
| Reversal of reserve for tax purpose reduction entry of non-current assets  |   |   | —                |
| Dividends of surplus   |   |   | (950)            |
| Profit   |   |   | 3,653            |
| Purchase of treasury shares  |   |   | (6)              |
| Disposal of treasury shares  |   |   | 15               |
| Net changes in items other than shareholders' equity                       | 206   | 206   | 206              |
| <b>Total changes during period</b>   | 206   | 206   | 2,918            |
| <b>Balance at end of period</b>  | 1,519   | 1,519                                       | 52,888           |

(Note) Amounts are rounded down to the nearest million yen.

## Notes to Non-consolidated Financial Statements

### **I. Notes on Matters Relating to Significant Accounting Policies**

1. Basis and method of valuation of assets
  - (1) Basis and method of valuation of securities
    - 1) Shares of subsidiaries and associates ..... Stated at cost by the moving average method
    - 2) Available-for-sale securities
      - Available-for-sale securities other than shares and other securities without market price  
Stated at fair value (Valuation differences are recorded directly in net assets, and the net sales cost is calculated by the moving average method.)
      - Shares and other securities without market price  
Stated at cost using moving average method
  - (2) Basis and method of valuation of inventories  
Basis of valuation is in accordance with the cost basis (with writing down of the carrying amount based on any decreased profitability).
    - 1) Merchandise and finished goods .... Weighted average method
    - 2) Work in process ..... Weighted average method
    - 3) Raw materials ..... Principally by weighted average method
    - 4) Supplies ..... Principally by moving average method
  - (3) Basis and method of valuation of derivatives  
Stated at fair value
2. Method of depreciation of non-current assets
  - (1) Property, plant and equipment (excluding leased assets)  
Straight-line method is used for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016, and declining balance method is used for other property, plant and equipment. Estimated useful lives of major assets are as follows:

|                               |            |
|-------------------------------|------------|
| Buildings                     | 3-50 years |
| Structures                    | 7-60 years |
| Machinery and equipment       | 4-10 years |
| Vehicles                      | 4-10 years |
| Tools, furniture and fixtures | 2-20 years |
  - (2) Intangible assets (excluding leased assets)  
Straight-line method is used. Estimated useful life for software for in-house use is mainly 5 years, and those for right to use facilities are mainly 15-20 years.
  - (3) Leased assets
    - Leased assets relating to finance lease transactions which transfer the ownership of leased assets  
The same depreciation method as applied to self-owned non-current assets is used.
    - Leased assets relating to finance lease transactions which do not transfer the ownership of leased assets  
Straight-line method based on the depreciation period equal to the lease period and residual value of zero is used.
3. Recognition criteria of allowances and provisions
  - (1) Allowance for doubtful accounts  
In order to prepare for any losses arising from bad debt receivables, an estimated uncollectible amount is provided. The amount for general receivables is calculated based on the past loss experience, and the amount for specific receivables such as highly doubtful receivables is calculated by reviewing the probability of recovery in each individual case.
  - (2) Provision for bonuses  
An amount corresponding to the period out of the estimated amount of bonuses payable to employees is provided.
  - (3) Provision for bonuses for directors (and other officers)  
An estimated amount of bonuses payable to directors (and other officers) is provided.
  - (4) Provision for retirement benefits  
In order to prepare for the payment of retirement benefits to employees (excluding executive officers, etc.), an amount estimated to have occurred at the end of the current fiscal year is provided based on the projected benefit obligation and plan assets at the end of the current fiscal year.  
When calculating retirement benefit obligations, the benefit formula basis is used to allocate the estimated amount of retirement benefits to the period up to the end of the current fiscal year.  
Past service cost is recorded as an expense by a pro-rated amount by the straight-line method over a period within the average remaining service years of employees (14 years) at the time of occurrence thereof.  
For actuarial differences, an amount pro-rated by the straight-line method over a period within the average remaining service years of employees (14 years) at the time of occurrence thereof in each fiscal year is expensed starting from the fiscal year that follows the fiscal year of occurrence.  
In order to prepare for the payment of retirement benefits to executive officers, etc., the amount that would need to be paid if all eligible officers retired at the end of the fiscal year is provided.
  - (5) Provision for loss on guarantees  
In order to prepare for loss on guarantees provided to subsidiaries and associates, the estimated loss amount is provided, taking into account the financial position, etc. of guaranteed parties.
  - (6) Provision for share awards, Provision for share awards for directors (and other officers)

In order to prepare for the share awards for directors and executive officers, estimated share award amounts based on the estimated points to be granted to eligible directors and executive officers under the Share Grant Rule of the Company is provided.

(7) Provision for loss on business of subsidiaries and associates

In order to prepare for loss on business of subsidiaries and associates, an estimated loss amount is provided by taking their financial position, etc., into account.

4. Recognition criteria of revenue and expenses

(1) Main performance obligation in the Company's principal business line

Manufacturing of bearing products is the principal business line of the Company. With respect to the sales of such products, the Company regards the delivery of products to customers as a performance obligation.

(2) The point in time when the Company typically satisfies its performance obligations (the point in time when the Company typically recognizes revenue)

Revenue is recognized, in principle, at the time of delivering products to customers as we consider that the control of goods is transferred to the customer and our performance obligation is satisfied at the time of delivering products. For domestic sales, revenue is recognized, in principle, at the time of shipment if the period from shipment through to transfer of control of the goods to the customer is within the point in time when the Company typically recognizes revenue. For overseas transactions such as exports, revenue is recognized when the burden of risk is deemed to have been transferred to the customer based on the trade terms stipulated by Incoterms (International Commercial Terms), etc.

Revenue is measured in an amount determined by subtracting discounts, rebates, and product returns from a consideration promised in an agreement with the customer. As the consideration is usually paid within one year after delivering products to customers, the consideration promised does not include any significant financial component.

5. Other significant matters for the presentation of non-consolidated financial statements

(1) Conversion of foreign currency denominated assets and liabilities into Japanese Yen

Foreign currency denominated monetary claims and obligations are converted into Japanese Yen at the spot exchange rates prevailing at the fiscal year-end date, and the resulting exchange differences are recorded as gains or losses.

(2) Accounting method for retirement benefits

The accounting method for unrecognized actuarial differences and unrecognized past service cost differs from the accounting method for the above items used in consolidated financial statements.

## **II. Notes on Accounting Estimates**

### **Valuation of shares of subsidiaries and associates**

(1) Amount recorded in non-consolidated financial statements

Shares of subsidiaries and associates of 32,154 million yen (10,751 million yen for ATA Casting Technology Japan Co., Ltd. and 10,230 million yen for Iino Holding Ltd.)

(2) Additional information that contributes to non-consolidated financial statement users' better understanding of accounting estimates

In evaluating the shares of subsidiaries and associates of above-mentioned two companies, the Company compared the actual value calculated based on a present discounted value of future cash flow with an acquisition value to identify a significant decrease in the actual value. Our evaluation found that the actual values did not decrease significantly compared to the acquisition values, and therefore, neither of the companies' shares were subject to impairment treatment. Future cash flow is calculated based on the figures presented in the midterm business plans of each of the company groups. Among these figures, net sales are obtained based on the sales forecasts of product unit numbers with a higher order probability, taking into consideration the status or likelihood of acquisition of preliminary orders from customers. In addition, passing the market price fluctuations of main raw materials onto selling prices are reflected in the plans. As for expenses, the plans reflect reductions in material costs, labor expenses, and other expenses through the standardization of production systems and productivity improvements.

As for a discount rate, the Company uses a rate that reasonably reflects the required rate of return of the stock market and the level of interest rates of the country to which the subsidiary or associate belongs.

When the assumptions used in these estimates need to be revised due to changes in automobile production forecasts or the cost reduction status, an impairment loss from investment may be recognized for the following fiscal year.

## **III. Additional Information**

### **Performance-linked Stock-based Remuneration Scheme for Directors and Executive Officers**

The Company introduced new performance-linked stock-based remuneration scheme for Directors (excluding Outside Directors) and Executive Officers (excluding a Director concurrently serving as an Executive Officer) in order to incentivize Directors and Executive Officers to improve the business performance of the Company and to enhance the corporate value over medium to long term.

For more details, please refer to "Notes to Consolidated Financial Statements III. Additional Information."

#### **IV. Notes to Non-consolidated Balance Sheet**

|   |                    |
|---|--------------------|
| 1. Accumulated depreciation of property, plant and equipment                    | 53,866 million yen |
| 2. Monetary claims and monetary obligations to/from subsidiaries and associates |                    |
| Short-term monetary claims  | 8,293 million yen  |
| Long-term monetary claims   | 14                 |
| Short-term monetary obligations   | 5,364              |
| 3. Guarantee obligations  |                    |
| (1) For employee housing loans, etc.  | 75 million yen     |
| (2) For bank borrowings   |                    |
| DAIDO METAL KOTOR AD  | 648                |
| DAIDO METAL CZECH s.r.o.  | 1,379              |
| Daido Metal Europe GmbH.  | 331                |
| Daido Metal U.S.A. Inc.   | 2,784              |
| Daido Metal Mexico, S.A. de C.V.  | 587                |
| Daido Metal Mexico Sales, S.A. de C.V.  | 0                  |
| DM Casting Technology (Thailand) Co., Ltd.                                      | 2,286              |
| (3) For liabilities on purchases  |                    |
| DAIDO METAL KOTOR AD  | 218                |
| Total   | <u>8,312</u>       |

#### **V. Notes to Non-consolidated Statement of Income**

|   |                    |
|---|--------------------|
| Amount of transactions with subsidiaries and associates |                    |
| Operating transactions                                  |                    |
| Amount of sales   | 18,536 million yen |
| Amount of purchases                                     | 15,883             |
| Other operating transactions                            | 1,598              |
| Transactions other than operating transactions          | 3,763              |

## **VI. Notes to Non-consolidated Statement of Changes in Equity**

Type and number of treasury shares at the end of the current fiscal year

Common shares 374 thousand shares

(Note) The number of common shares includes 372 thousand shares of the Company held as trust property for a performance-linked stock-based remuneration scheme.

## **VII. Notes on Leased Non-current Assets**

Office equipment, manufacturing facilities, etc. are being used under financial lease contracts, which do not transfer the ownership of leased assets.

## **VIII. Notes on Tax Effect Accounting**

Breakdown of the main causes of deferred tax assets and liabilities

### Deferred tax assets

|   |                 |
|---|-----------------|
| Devaluation of finished goods and work in process             | 378 million yen |
| Depreciation in excess of tax allowable limit                 | 26              |
| Impairment losses   | 158             |
| Accrued business tax  | 26              |
| Loss on valuation of shares of subsidiaries and associates    | 4,165           |
| Loss on valuation of golf club membership                     | 17              |
| Excess allowance for doubtful accounts                        | 1,960           |
| Provision for bonuses   | 402             |
| Provision for loss on guarantees                              | 213             |
| Provision for loss on business of subsidiaries and associates | 214             |
| Provision for retirement benefits                             | 602             |
| Long-term accounts payable - other                            | 55              |
| Other   | 321             |
| Sub-total of deferred tax assets                              | 8,544           |
| Valuation reserves for temporary difference, etc.             | (7,002)         |
| Total deferred tax assets                                     | 1,542           |
| Deferred tax liabilities                                      |                 |
| Reserve for tax purpose reduction entry of non-current assets | (1,945)         |
| Valuation difference on available-for-sale securities         | (677)           |
| Other   | (139)           |
| Total deferred tax liabilities                                | (2,761)         |
| Net deferred tax liability                                    | (1,219)         |



## IX. Notes on Transactions with Related Parties

### Subsidiaries and associates

| Type         | Name of company                            | Percentage of voting rights the Company is holding (or percentage of the Company's voting rights held) | Relation with related party   | Nature of transaction   | Transaction amount (Millions of yen) Note 10 | Account   | Balance at end of period (Millions of yen) Note 10 |
|--------------|--|--|---|---|--|---|--|
| Subsidiaries | Daido Plain Bearings Co., Ltd.             | (Holding)<br>Direct 100.0  | Manufacturing of the Company's products, lease of facilities, and key management personnel service (one officer)  | Purchase of bearing products, etc.<br>Note 1  | 8,421  | Accounts payable - trade<br><br>Electronically recorded obligations - operating | 696<br><br>2,063                                   |
|              | NDC Co., Ltd.                              | (Holding)<br>Direct 58.8   | Manufacturing of the Company's products, sale of the Company's products and bimetal, purchase of products and bimetal, lease of facilities, licensing of technology, and key management personnel service (one officer) | Purchase of bearing products, etc.<br>Note 1  | 3,808  | Accounts payable - trade  | 1,888  |
|              | DAIDO METAL SALES CO., LTD.                | (Holding)<br>Direct 100.0  | Sale of the Company's products, lease of facilities, loans, and key management personnel service (one officer)  | Sale of bearing products, etc.<br>Note 2  | 1,861  | Accounts receivable - trade   | 1,309  |
|              | DM Casting Technology (Thailand) Co., Ltd. | (Holding)<br>Direct 99.9   | Debt guarantees and loans, and key management personnel service (one officer)   | Debt guarantees<br>Note 3<br><br>Loans<br>Notes 6, 7                                      | 2,961<br><br>2,201                           | —<br><br>Long-term loans receivable from subsidiaries and associate             | —<br><br>5,918                                     |
|              | Daido Metal U.S.A. Inc.                    | (Holding)<br>Direct 100.0  | Sale of the Company's products and bimetal, purchase of products, licensing of technology, debt guarantees, and key management personnel service (one officer)  | Sale of bearing products, etc.<br>Note 2<br><br>Debt guarantees<br>Note 4                 | 5,591<br><br>2,784                           | Accounts receivable - trade<br><br>—  | 1,815<br><br>—                                     |
|              | Daido Industrial Bearings Europe Limited   | (Holding)<br>Direct 100.0  | Sale of the Company's products, purchase of products, licensing of technology, debt guarantees, and loans   | Subscription to capital increase<br>Note 8<br>Debt waiver<br>Note 9<br>Collection of fund | 3,577<br><br>1,990<br><br>3,697              | —<br><br>—<br><br>—   | —<br><br>—<br><br>—                                |
|              | Daido Metal Europe GmbH                    | (Holding)<br>Direct 100.0  | Sale of the Company's products, debt guarantees   | Subscription to capital increase<br>Note 8  | 1,604  | —   | —  |
|              | DAIDO METAL CZECH s.r.o.                   | (Holding)<br>Direct 100.0  | Sale of the Company's products and bimetal, purchase of products, licensing of technology, and debt guarantees  | Debt guarantees<br>Note 5<br><br>Subscription to capital increase<br>Note 8               | 1,379<br><br>2,222                           | —<br><br>—  | —<br><br>—   |

Transaction terms, policies for determining transaction terms, etc.

(Note 1) Prices are principally set at the sales prices of the Company to the third party multiplied by a fixed rate.

(Note 2) Prices are principally set at the sales prices of each related party to the third party multiplied by a fixed rate.

(Note 3) Debt guarantees are provided for the bank borrowings (2,961 million yen) of DM Casting Technology (Thailand) Co., Ltd. and guarantee commission of 0.2% per annum are received. As a result of the Company recording 635 million yen in reversal of provision for loss on guarantees for the current fiscal year, fiscal year-end balance of provision for loss on guarantees was 674 million yen.

(Note 4) Debt guarantees are provided for the bank borrowings (2,784 million yen) of Daido Metal U.S.A. Inc. and guarantee commission of 0.2% per annum are received.

(Note 5) Debt guarantees are provided for the bank borrowings (1,379 million yen) of DAIDO METAL CZECH s.r.o. and guarantee commission of 0.2% per annum are received.

(Note 6) Loan interest rates are determined reasonably, taking into account the market interest rates.

(Note 7) Allowance for doubtful accounts provided for long-term loans receivable to DM Casting Technology (Thailand) Co., Ltd. (5,918 million yen) is 5,918 million yen as of the end of the fiscal year. A provision of allowance for doubtful accounts of 1,788 million yen was also recorded for the current fiscal year.

(Note 8) The subscription to capital increase means that the Company subscribed to capital increase conducted by subsidiary.

(Note 9) 1,990 million yen of the long-term loan debt of Daido Industrial Bearings Europe Limited was written off to support the company.

(Note 10) Consumption taxes are not included in the transaction amounts. Consumption taxes are included in fiscal year end balances.

#### **X. Notes on Revenue Recognition**

Information forming the basis for understanding revenue

For details of information forming the basis for understanding revenue, please refer to “Notes to Non-consolidated Financial Statements I. Notes on Matters Relating to Significant Accounting Policies 4. Recognition criteria of revenue and expenses.”

#### **XI. Notes on Per Share Information**

|                             |              |
|-----------------------------|--------------|
| 1. Net assets per share     | 1,121.79 yen |
| 2. Basic earnings per share | 77.50 yen    |

Independent Auditor's Report

May 20, 2025

To the Board of Directors of  
Daido Metal Co., Ltd.

Deloitte Touche Tohmatsu LLC

Nagoya Office

Designated Unlimited Liability Partner  
Engagement Partner

Certified Public  
Accountant

Atsuki Jinno

Designated Unlimited Liability Partner  
Engagement Partner

Certified Public  
Accountant

Yasuhiko Goto

**Audit Opinion**

Pursuant to Article 444, paragraph (4) of the Companies Act, we have audited the consolidated financial statements of Daido Metal Co., Ltd. (the "Company"), namely, the consolidated balance sheet as of March 31, 2025, and the consolidated statement of income and consolidated statement of changes in equity for the fiscal year from April 1, 2024 to March 31, 2025, and notes to consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group, which consisted of the Company and its consolidated subsidiaries, as of March 31, 2025, and its consolidated financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Statements**

Other statements are a business report and the accompanying supplemental schedules. Management is responsible for preparation and presentation of other statements. Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for observance of execution of duties by Directors for the design and operation of the reporting process for the other statements.

Our audit opinion on the consolidated financial statements does not cover other statements, and we do not express an opinion on them.

In auditing the consolidated financial statements, we are responsible for reading other statements completely, examining in the process whether there is any material discrepancy between the other statements and the consolidated financial statements and/or knowledge we obtain in the audit process, and for paying attention to see whether there is any sign of material error in the other statements other than such material discrepancy.

If we conclude there to be material errors in the other statements based on the work we have performed, we are required to report the fact.

There is no information we are required to report on the other statements.

**Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for the maintenance and operation of such internal control as management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of a going concern, and in accordance with accounting principles generally accepted in Japan, for disclosing, as necessary, matters related to going concern.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the maintenance and operation of the Group's financial reporting process.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude on the appropriateness of preparing the consolidated financial statements with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes in the consolidated financial statements or, if such notes are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and notes thereto are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure, and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements represent the underlying transactions and accounting events in a manner that achieves fair presentation.
- Plan and perform the audit of the consolidated financial statements to obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries as a basis for expressing an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with the regulations on professional ethics in Japan regarding independence, and communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, countermeasures to eliminate factors that may hinder our independence or related safeguards to mitigate such factors to an acceptable level.

#### Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its engagement partners do not have any interest in the Company and its consolidated subsidiaries which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

#### Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader.

Independent Auditor's ReportMay 20, 2025To the Board of Directors of  
Daido Metal Co., Ltd.Deloitte Touche Tohmatsu LLCNagoya OfficeDesignated Unlimited Liability Partner  
Engagement PartnerCertified Public  
Accountant

Atsuki Jinno

Designated Unlimited Liability Partner  
Engagement PartnerCertified Public  
Accountant

Yasuhiko Goto

Audit Opinion

Pursuant to Article 436, paragraph (2), item (i) of the Companies Act, we have audited the non-consolidated financial statements of Daido Metal Co., Ltd. (the "Company"), namely, the non-consolidated balance sheet as of March 31, 2025, and the non-consolidated statement of income and non-consolidated statement of changes in equity for the 117<sup>th</sup> fiscal year from April 1, 2024 to March 31, 2025, and notes to non-consolidated financial statements and the accompanying supplemental schedules (hereinafter, collectively, the "non-consolidated financial statements, etc."). In our opinion, the non-consolidated financial statements, etc. referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2025, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements, Etc. section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Statements

Other statements are a business report and the accompanying supplemental schedules. Management is responsible for preparation and presentation of other statements. Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for observance of execution of duties by Directors for the design and operation of the reporting process for the other statements.

Our audit opinion on the non-consolidated financial statements, etc. does not cover other statements, and we do not express an opinion on them.

In auditing the non-consolidated financial statements, etc., we are responsible for reading other statements completely, examining in the process whether there is any material discrepancy between the other statements and the non-consolidated financial statements and/or knowledge we obtain in the audit process, and for paying attention to see whether there is any sign of material error in the other statements other than such material discrepancy.

If we conclude there to be material errors in the other statements based on the work we have performed, we are required to report the fact.

There is no information we are required to report on the other statements.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Non-consolidated Financial Statements, Etc.

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements, etc., in accordance with accounting principles generally accepted in Japan, and for the maintenance and operation of such internal control as management determines is necessary to enable the preparation and fair presentation of non-consolidated financial statements, etc., that are free from material misstatement, whether due to fraud or error. In preparing the non-consolidated financial statements, etc., management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements, etc., with the assumption of a going concern, and in accordance with accounting principles generally accepted in Japan, for disclosing, as necessary, matters related to going concern.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the maintenance and operation of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements, Etc.

Our responsibilities are to obtain reasonable assurance about whether the non-consolidated financial statements, etc., as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the non-consolidated financial statements, etc., based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these non-consolidated financial statements, etc.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, etc., whether due to fraud or error, design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude on the appropriateness of preparing the non-consolidated financial statements with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes in the non-consolidated financial statements, etc. or, if such notes are inadequate, to express a qualified opinion with exceptions on the non-consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation of the non-consolidated financial statements, etc., and notes thereto are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure, and content of the non-consolidated financial statements, etc., including the related notes thereto, and whether the non-consolidated financial statements, etc., represent the underlying transactions and accounting events in a manner that achieves fair presentation. We communicate with the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with the regulations on professional ethics in Japan regarding independence, and communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, countermeasures to eliminate factors that may hinder our independence or related safeguards to mitigate such factors to an acceptable level.

#### Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

#### Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader. "The accompanying supplemental schedules" referred to in this report are not included in the attached financial documents.

## Audit Report by Audit & Supervisory Board: translation

### Audit Report

The Audit & Supervisory Board, upon deliberation, prepared this audit report regarding the performance of duties of the Directors of Daido Metal Co., Ltd. during the 117th fiscal year from April 1, 2024 to March 31, 2025, based on the audit reports prepared by each Audit & Supervisory Board Member, and hereby reports as follows:

#### 1. Auditing Method Employed by Audit & Supervisory Board Members and the Audit & Supervisory Board and Details Thereof

- (1) The Audit & Supervisory Board established an auditing policy and auditing plans, received from each Audit & Supervisory Board Member reports on the execution of audits and the results thereof and, in addition, received reports from the Directors, etc., and the Accounting Auditors on the performance of their duties and, when necessary, requested explanations regarding such reports.
- (2) In accordance with the auditing standards for Audit & Supervisory Board Members established by the Audit & Supervisory Board, and based on the auditing policy and the auditing plans, each Audit & Supervisory Board Member has taken steps to facilitate communication with the Directors and the Audit Department as well as other employees. They have done so using telephone lines and Internet connections as necessary, and have endeavored to gather information and create an improved environment for auditing. Each Audit & Supervisory Board Member has audited in the following manner:
  - 1) Each Audit & Supervisory Board Member attended meetings of the Board of Directors and other important meetings, received from the Directors, employees and other related persons reports on the performance of their duties and, when necessary, requested explanations regarding such reports. In addition, each Audit & Supervisory Board Member inspected important authorized documents and associated information, and examined the business and financial position of the Company at the head office and each major department of the Company. With respect to the subsidiaries of the Company, each Audit & Supervisory Board Member has taken steps to facilitate communication with the Directors and Audit & Supervisory Board Members and other related persons of major subsidiaries and to share information with them and, when necessary, received reports from the subsidiaries regarding their businesses.
  - 2) In terms of the content of resolutions made by the Board of Directors concerning the establishment of the systems provided in Article 100, paragraphs (1) and (3) of the Regulations for Enforcement of the Companies Act to ensure that the performance of duties by the Directors, which are described in the business report, are compliant with the laws and regulations of Japan and with the Company's Articles of Incorporation and other systems to ensure that the operations of the corporate group consisting of the Company and its affiliated companies will be conducted appropriately, as well as the status of such systems established by such resolutions (internal control system), each Audit & Supervisory Board Member periodically received reports on the status of development and operating situation of such systems from Directors, employees and other related persons, when necessary, requested explanations regarding such reports and expressed their opinion.
  - 3) Regarding the fundamental policies prescribed in Article 118, item (iii) (a) of the Regulations for Enforcement of the Companies Act and each task prescribed in (b) of the same item described in the business report, we studied the content thereof based on the deliberation at the Board of Directors and other meetings.
  - 4) The Audit & Supervisory Board Members audited and examined whether the Accounting Auditors maintained their independence and performed audits in an appropriate manner. The Audit & Supervisory Board Members received reports from the Accounting Auditors on the performance of their duties and, when necessary, requested explanations regarding those reports. The Audit & Supervisory Board Members also received notification from the Accounting Auditors that they have taken steps to improve the "System to Ensure Appropriate Execution of the Duties of the Accounting Auditors" (as enumerated in each item of Article 131 of the Regulations on Corporate Accounting) in compliance with the "Quality Control Standards Relating to Auditing" (adopted by the Business Accounting Council), etc. When necessary, the Audit & Supervisory Board Members requested explanations on such notifications. The Audit & Supervisory Board members consulted the Accounting Auditors on key audit matters for discussion, received reports on the execution of audits and, when necessary, requested explanations regarding such reports.

Based on the aforementioned method the Audit & Supervisory Board Members reviewed the business report and supplemental schedules thereto for this fiscal year, the non-consolidated financial statements for this fiscal year (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity and notes to non-consolidated financial statements) and supplemental schedules thereto and the consolidated financial statements for this fiscal year (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity and notes to consolidated financial statements).

## 2. Results of Audit

### (1) Audit Results on the Business Report, etc.

- 1) In our opinion, the business report and the supplemental schedules fairly represent the Company's condition in conformity with the applicable laws and regulations of Japan as well as the Articles of Incorporation of the Company.
- 2) With respect to the execution of duties by the Directors, we have found no evidence of misconduct or material facts in violation of the applicable laws and regulations of Japan or the Articles of Incorporation of the Company in the course of the execution of duties of the Directors.
- 3) In our opinion, the content of the resolutions made by the Board of Directors regarding the internal control system is appropriate, and furthermore, we have not found anything to be pointed out on the content described in the business report and the performance of duties of the Directors concerning the internal control system.
- 4) There are no matters to be pointed out regarding the fundamental policies described in the business report, concerning the way of being of personnel that controls the Company's financial and business policies. We consider that each task of Article 118, item (iii), (b) of the Regulations for Enforcement of the Companies Act that is described in the business report is in line with said fundamental policies, that it does not undermine the common interests of the Company's shareholders, and that it does not aim to maintain the positions of the Company's officers.

### (2) Results of Audit of the Non-consolidated Financial Statements and Supplemental Schedules

In our opinion, the method and results of the audit employed and rendered by Deloitte Touche Tohmatsu LLC and the Accounting Auditors of the Company are fair and reasonable.

### (3) Results of Audit of the Consolidated Financial Statements

In our opinion, the method and results of the audit employed and rendered by Deloitte Touche Tohmatsu LLC and the Accounting Auditors of the Company are fair and reasonable.

May 28, 2025

Audit & Supervisory Board  
Daido Metal Co., Ltd.

|  |                 |      |
|--|-----------------|------|
| Full-time Audit & Supervisory Board Member | Koji Takaki     | Seal |
| Outside Audit & Supervisory Board Member   | Kazuo Matsuda   | Seal |
| Outside Audit & Supervisory Board Member   | Etsuaki Yoshida | Seal |



# Reference Materials for the Annual Shareholders' Meeting

## Agendas and Matters for Reference

### Agenda Item No. 1 Election of Nine Directors

The terms of office for all eight Directors expire at the conclusion of this Annual Shareholders' Meeting.

The Company believes it is necessary to increase the number of Directors in order to further strengthen its business management structure and handle global business in a timely and appropriate manner. In this regard, the Company proposes the election of nine Directors.

The candidates for Director are nominated in accordance with the policy and procedures as described in "Policies on and procedures for the appointment and dismissal of candidates for senior management positions and for the nomination of candidates for Director and Audit & Supervisory Board Member" on page 22 in this Notice of Convocation.

The candidates for Director are as follows:

| Candidate No.  | Name<br>(Date of birth)   | Career history, positions and duties at the Company, and important concurrent positions at other entities   |  | Number of shares of the Company held by the candidate |
|--|---|---|--|---|
| (1)  | Seigo Hanji<br>(January 2, 1942)<br><br>[Re-election]<br><br>Attendance at Board of Directors meetings<br>15/15         | April 1965    Joined the Company<br>June 1993    Director and Deputy General Manager of Business Division 3<br>April 1994    Director and General Manager of Business Division 1<br>June 1995    President<br>June 2005    President & Chief Executive Officer<br>June 2007    Chairman & Chief Executive Officer<br>May 2008    Executive & Vice Chairman of Japan Auto Parts Industries Association and Chubu Branch Manager of the same Association<br><br>June 2010    Outside Director of Nichirei Co., Ltd.<br>May 2018    Executive of Japan Auto Parts Industries Association (current)<br>April 2023    Chairman and President, Chief Executive Officer and Chief Operating Officer of the Company<br><br>June 2024    Chairman and Chief Executive Officer (current)  |  | 159,226 shares  |
| [Reason for nomination as candidate for Director]<br>Mr. Seigo Hanji has been in charge of the Group's overall management and has led corporate value improvements over the years. He is a person of decision and action backed by his extensive business management experience and strong leadership. In the belief that he will continue to contribute to the Group's sustainable growth, the Company nominated him as a candidate for Director.   |   |   |  |   |
| (2)  | Tomomitsu Furukawa<br>(January 29, 1962)<br><br>[Re-election]<br><br>Attendance at Board of Directors meetings<br>15/15 | April 1984    Joined the Company<br>April 2009    President of Daido Metal Kotor AD (Montenegro) (stationed in Montenegro)<br>January 2013    President of Daido Metal Mexico, S.A. DE C.V. (Mexico) (stationed in Mexico)<br><br>July 2016    Executive Officer<br><br>President of Daido Metal Mexico, S.A. DE C.V. (Mexico) (stationed in Mexico)<br><br>April 2017    Executive Officer<br><br>President of NDC Co., Ltd.<br><br>April 2019    Executive Officer<br><br>President of Daido Plain Bearings Co., Ltd.<br><br>July 2019    Senior Executive Officer<br><br>President of Daido Plain Bearings Co., Ltd.<br><br>July 2021    Managing Executive Officer<br><br>President of Daido Plain Bearings Co., Ltd.<br><br>April 2023    Managing Executive Officer, and Head of Global Management for Production Machinery Division<br><br>June 2023    Director and Managing Executive Officer, and Head of Global Management for Production Machinery Division<br><br>June 2024    President and Chief Operating Officer (current) |  | 32,841 shares   |
| [Reason for nomination as candidate for Director]<br>Mr. Tomomitsu Furukawa has engaged in the fields of production and technologies at the Company over many years, and has managerial experience at domestic and overseas bases, in addition to having broad insights into such things as quality control and production techniques. In the belief that, if he is involved in business decision-making as a professional well-versed in the Company's operations and technologies by leveraging his extensive managerial experience, he will lead the Company to expand its operating fields and contribute to sustainable growth of the Group and improving the Group's corporate value over the medium- to long-term, the Company nominated him as a candidate for Director. |   |   |  |   |

| Candidate No.  | Name<br>(Date of birth)  | Career history, positions and duties at the Company, and important concurrent positions at other entities  |  | Number of shares of the Company held by the candidate |
|--|--|--|--|---|
| (3)  | Shigemasa Hakakoshi<br>(April 11, 1961)<br><br>Re-election<br><br>Attendance at Board of Directors meetings<br>15/15 | April 1986<br>April 2011<br>April 2015<br>July 2016<br>April 2017<br>April 2019<br>July 2019<br>April 2021<br>June 2021<br>July 2021<br>June 2024                  | Joined the Company<br>General Manager of Bimetal Division<br>Head of Polymer Bearings Division<br>Executive Officer and Head of Polymer Bearings Division<br>Executive Officer<br>President of DAIDO METAL SAGA CO., LTD.<br>Executive Officer<br>President of Dyna Metal Co., Ltd. (Thailand)<br>Senior Executive Officer<br>President of Dyna Metal Co., Ltd. (Thailand)<br>Senior Executive Officer and Advisor to the Head of Human Resources Planning Division<br>Director and Managing Executive Officer, and Advisor to the Head of Human Resources Planning Division<br>Director and Managing Executive Officer, and Head of Human Resources Planning Division<br>Head of Human Resources Planning Division and General Manager of Inuyama Site (current)  | 30,927 shares   |
| [Reason for nomination as candidate for Director]<br>Mr. Shigemasa Hakakoshi has engaged in the fields of production and technologies at the Company over the years, and has experienced the development and promotion of a human resource strategy at domestic and overseas bases, in addition to having broad insight into bimetal manufacturing and processing technologies, among other things. In the belief that he will continue to contribute to building foundations for sustainable growth of the Group and improving the Group's corporate value over the medium- to long-term through his business judgment as a person familiar with the Company's core technologies, the Company nominated him as a candidate for Director.                  |  |  |  |   |
| (4)  | Arihiro Yoshida<br>(March 11, 1964)<br><br>Re-election<br><br>Attendance at Board of Directors meetings<br>15/15     | April 1986<br>January 2006<br>July 2016<br>April 2017<br>April 2019<br>July 2019<br>April 2021<br>April 2022<br>June 2022<br>April 2024<br>June 2024<br>April 2025 | Joined the Company<br>General Manager of Europe Regional Headquarters, Corporate Planning Division (UK)<br>Executive Officer and General Manager of Design Department<br>Executive Officer and Head of Technology Division and General Manager of Design Department<br>Executive Officer and Head of Technology Division<br>Senior Executive Officer and Head of Technology Division<br>Senior Executive Officer and Deputy Head of Technology Division<br>Senior Executive Officer and Head of Technology Division<br>Director and Managing Executive Officer, and Head of Technology Division<br>Head of Technology Division and General Manager of Tribology Research Department<br>Head of Technology Division, General Manager of Tribology Research Department, and Head of New Business Development Promotion Division<br>Head of New Products Development Division (current) | 21,577 shares   |
| [Reason for nomination as candidate for Director]<br>Mr. Arihiro Yoshida has engaged in the fields of technologies at the Company over the years, and has experienced the overall management at overseas bases, in addition to having broad insight into product design, among other things. In the belief that he will contribute to the Group's sustainable growth and medium- to long-term improvement in corporate value through his business judgment based on his familiarity with the Company's technology and his experience of developing technologies meeting customer needs over many years, by expanding the Company's business areas, the Company nominated him as a candidate for Director.  |  |  |  |   |
| (5)  | Hiroki Ito<br>(August 24, 1964)<br><br>Re-election<br><br>Attendance at Board of Directors meetings<br>12/12         | April 1989<br>July 2014<br>October 2016<br>April 2019<br>July 2020<br>April 2022<br>July 2022<br>June 2024   | Joined Mitsui Trust Bank, Limited (currently, Sumitomo Mitsui Trust Bank, Limited)<br>General Manager Corporate Business Department II, Nagoya, Sumitomo Mitsui Trust Bank, Limited<br>Corporate Officer and General Manager Corporate Business Department VII, Headquarters<br>Executive Officer and General Manager Sapporo Branch<br>Joined the Company<br>Executive Officer and Head of Compliance Division and General Manager of Legal Affairs Department<br>Head of Finance Planning Division<br>Senior Executive Officer and Head of Finance Planning Division<br>Director and Managing Executive Officer, and Head of Finance Planning Division (current)   | 5,349 shares  |
| [Reason for nomination as candidate for Director]<br>Mr. Hiroki Ito has engaged in business execution and supervision at financial institutions over the years where he gained extensive knowledge and experience of business management and finance. After joining the Company, he has made a great contribution in the fields of compliance and legal affairs, as well as management and finance. In the belief that he will continue to contribute to building foundations for sustainable growth of the Group and improving the Group's corporate value over the medium to long term through his business judgment based on such extensive knowledge and experience accumulated over the years, the Company nominated him as a candidate for Director. |  |  |  |   |

| Candidate No.  | Name<br>(Date of birth)   | Career history, positions and duties at the Company, and important concurrent positions at other entities   | Number of shares of the Company held by the candidate |
|--|---|---|---|
| (6)  | Kenji Shoda<br>(December 24, 1962)<br><div>New election</div>   | <p>April 1985      Joined Bridgestone Corporation</p> <p>March 2010      Seconded to Bridgestone South Africa (Pty) Ltd., President</p> <p>January 2012      General Manager, Global O.E. (Original Equipment), Bridgestone Corporation</p> <p>October 2012      Seconded to Bridgestone Cycle Co., Ltd., Vice President and Officer</p> <p>January 2014      Join the Company</p> <p>April 2014      President of DAIDO METAL EUROPE LIMITED (UK) and President of Daido Metal Germany GmbH. (currently, Daido Metal Europe GmbH.) (Germany)</p> <p>July 2017      Executive Officer, President of Daido Metal Europe GmbH. (Germany), and President of DAIDO METAL EUROPE LIMITED (UK)</p> <p>July 2021      Senior Executive Officer, Vice President of Daido Metal Europe GmbH. (Germany), and President of DAIDO METAL EUROPE LIMITED (UK)</p> <p>October 2022      Vice President of Daido Metal Europe GmbH. (Germany)</p> <p>April 2024      President of Thinwall Bearings &amp; Turbo Charger Bearings Division (current)</p> | 11,800 shares   |
| <p>[Reason for nomination as candidate for Director]</p> <p>Mr. Kenji Shoda has engaged in overseas operations in corporates over the years where he gained knowledge and experience necessary to conduct global businesses. After joining the Company, he served as a site manager in Europe, where he contributed to development of the Company's European business. In the belief that he will contribute to building foundations for sustainable growth of the Group and improving the Group's corporate value over the medium to long term through his business judgment based on such extensive knowledge and experience in global businesses developed up until now, the Company nominated him as a candidate for Director.</p>   |   |   |   |
| (7)  | Kiyotaka Hoshinaga<br>(November 15, 1950)<br><div> <div>Re-election</div> <div>Outside Director</div> <div>Independent Officer</div> </div><br>Attendance at Board of Directors meetings<br>15/15 | <p>April 1975      Joined Department of Urology, Keio University School of Medicine</p> <p>August 1994      Assistant Professor, Department of Urology, Fujita Health University School of Medicine</p> <p>April 2000      Professor, Department of Urology, Fujita Health University School of Medicine</p> <p>February 2006      Deputy Director, Fujita Health University Hospital</p> <p>February 2009      Director, Fujita Health University Hospital</p> <p>April 2013      Managing Director, Fujita Academy Incorporated Educational Institution</p> <p>April 2014      President, Fujita Health University</p> <p>June 2016      Outside Director of the Company (current)</p> <p>October 2018      Chairman, Board of Directors of Fujita Academy Incorporated Educational Institution (current)</p> <p>[Important concurrent positions at other entities]<br/>Chairman, Board of Directors of Fujita Academy Incorporated Educational Institution</p>   | 15,710 shares   |
| <p>[Reason for nomination as candidate for Outside Director and outline of its role expected]</p> <p>Mr. Kiyotaka Hoshinaga has served as a director of a hospital and a president of a university after serving as a professor of a university and is currently at the position of chairman, board of directors. He has extensive knowledge and experience gained through involvement in management of a hospital and a university. In the belief that he will continue to oversee and supervise the management of the Company based on such knowledge and experience, the Company nominated him as a candidate for Outside Director.</p> <p>The Company continues to expect Mr. Kiyotaka Hoshinaga to oversee and supervise the management of the Company, and provide advice for the management based on his extensive knowledge and experience mainly in organizational management.</p> <p>Mr. Kiyotaka Hoshinaga engages in the management of an incorporated educational institution, and the Company judges that he will appropriately fulfill his duties as an Outside Director of the Company based on the above reasons. There is no business relationship between the Company and Fujita Academy Incorporated Educational Institution, where he holds an important concurrent position.</p> |   |   |   |

| Candidate No.   | Name<br>(Date of birth)  | Career history, positions and duties at the Company, and important concurrent positions at other entities  | Number of shares of the Company held by the candidate |
|---|--|--|---|
| (8)   | <p>Miyuri Shirai<br/>(January 2, 1963)</p> <p><u>Re-election</u><br/><u>Outside Director</u><br/><u>Independent Officer</u></p> <p>Attendance at Board of Directors meetings<br/>15/15</p> | <p>April 1998 Assistant professor, Faculty of Business Administration, Yokohama National University</p> <p>April 1999 Associate professor, Faculty of Business Administration, Yokohama National University</p> <p>August 1999 Visiting scholar, The Fuqua School of Business, Duke University</p> <p>May 2003 Visiting scholar, Keio Business School</p> <p>June 2005 Outside director, Nichirei Corporation</p> <p>April 2009 Professor, Faculty of Business Administration, Yokohama National University</p> <p>April 2011 Professor, International Graduate School of Social Sciences, Yokohama National University</p> <p>April 2015 Professor, Faculty of Business and Commerce, Keio University (current)</p> <p>June 2022 Outside Director of the Company (current)</p> <p>[Important concurrent positions at other entities]<br/>Professor, Faculty of Business and Commerce, Keio University</p> | 5,776 shares  |
| <p>[Reason for nomination as candidate for Outside Director and outline of its role expected]</p> <p>Ms. Miyuri Shirai has served in positions such as university professor and researcher, and is currently a university professor. Over many years, she has been engaging in research on consumer behavior and marketing. In the belief that she will continue to oversee and supervise the management of the Company based on such knowledge and experience, the Company nominated her as a candidate for Outside Director.</p> <p>The Company expects Ms. Miyuri Shirai to continue to oversee and supervise the management of the Company and provide advice for the management based on her extensive knowledge and experience mainly in sales fields including marketing.</p> <p>Although Ms. Miyuri Shirai has no experience of engaging in the management of a company other than as an outside officer, the Company judges that she will appropriately fulfill her duties as an Outside Director of the Company based on the above reasons. There is no business relationship between the Company and Keio University, where she holds an important concurrent position.</p>  |  |  |   |
| (9)   | <p>Shinji Ishihara<br/>(November 3, 1954)</p> <p><u>New candidate</u><br/><u>Outside Director</u><br/><u>Independent Officer</u></p>   | <p>April 1985 Registered as a lawyer (Aichi Prefecture)<br/>Joined Ishihara Law Office</p> <p>August 2011 Managing Partner, Ishihara Law Office (current)</p> <p>June 2013 Outside Director, YAHAGI CONSTRUCTION CO., LTD.</p> <p>August 2015 Outside Director (Audit &amp; Supervisory Committee Member), OTAKE CORPORATION (current)</p> <p>April 2016 Chairman, Aichi Bar Association<br/>Vice President, Japan Federation of Bar Associations</p> <p>October 2021 Outside Director (Audit &amp; Supervisory Committee Member), Juroku Financial Group, Inc. (current)</p> <p>[Important concurrent positions at other entities]<br/>Managing Partner of Ishihara Law Office<br/>Outside Director (Audit &amp; Supervisory Committee Member) of OTAKE CORPORATION<br/>Outside Director (Audit &amp; Supervisory Committee Member) of Juroku Financial Group, Inc.</p>                                   | 0 shares  |
| <p>[Reason for nomination as candidate for Outside Director and outline of its role expected]</p> <p>Mr. Shinji Ishihara possesses expertise and extensive experience over the years as a lawyer, and has served in key positions such as the Vice President of the Japan Federation of Bar Associations. He also has extensive experience as an outside director. In the belief that he will oversee and supervise the management of the Company based on such knowledge and experience, the Company nominated him as a candidate for Outside Director.</p> <p>The Company expects Mr. Shinji Ishihara to oversee and supervise the management of the Company and provide advice for the management based on his extensive knowledge and experience to strengthen corporate governance.</p> <p>Although Mr. Shinji Ishihara has no experience of engaging in the management of a company other than as an outside officer, the Company judges that he will appropriately fulfill his duties as an Outside Director of the Company based on the above reasons. There are no business relationships between the Company and Ishihara Law Office, OTAKE CORPORATION, and Juroku Financial Group, Inc., where he holds important concurrent positions.</p> |  |  |   |

- (Notes)
1. There is no special interest between any of candidates and the Company.
  2. As for each candidate's position please refer to "4. Company Officers, (1) Directors and Audit & Supervisory Board Members" on pages 17 and 18.
  3. Mr. Kiyotaka Hoshinaga, Ms. Miyuri Shirai and Mr. Shinji Ishihara are candidates for Outside Director.
  4. Liability limitation agreement  
The Company has entered into a liability limitation agreement with Mr. Kiyotaka Hoshinaga and Ms. Miyuri Shirai. The Company will continue this agreement with them if they are reelected.  
The Company will enter into a liability limitation agreement with Mr. Shinji Ishihara if he is elected and assumes office.  
The outline of the agreement is as follows:
    - When a non-executive Director is liable to compensate the Company for damages due to his/her negligence of duties, he/she assumes such liability up to the amount stipulated by laws and regulations (the minimum liability amount stipulated in Article 425, paragraph (1) of the Companies Act).
    - The above liability limitation is allowed only when the relevant non-executive Director acts in good faith and without gross negligence with respect to the liability as set forth in Article 423, paragraph (1) of the Companies Act.
  5. Directors and officers liability insurance policy  
The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. In cases where a claim for damages is made by a third party, including shareholders, during the policy term, the policy covers losses, such as the amount of indemnification liability and related litigation expenses, that any of the insureds assumes. If this proposal is approved and adopted as originally proposed, each candidate will be included in the policy as an insured. In addition, when the policy is renewed, the Company plans to renew the policy with the same terms.
  6. Mr. Kiyotaka Hoshinaga and Ms. Miyuri Shirai have been registered as Independent Officers pursuant to the provisions of the Tokyo Stock Exchange and Nagoya Stock Exchange. If they are reelected, the Company will continue to register them as Independent Officers.
  7. The Company will register Mr. Shinji Ishihara as an Independent Officer pursuant to the provisions of the Tokyo Stock Exchange and Nagoya Stock Exchange if he is elected and assumes office as a Director.
  8. The term of office of Mr. Kiyotaka Hoshinaga as an Outside Director will be nine years at the conclusion of this Annual Shareholders' Meeting. The term of office of Ms. Miyuri Shirai as an Outside Director will be three years at the conclusion of this Annual Shareholders' Meeting.

Reference: Business management structure (planned) if Agenda Item No. 1 is approved

| Attribute                        | Name      |                                   | Main fields of specialized experience/Areas where contributions are particularly expected |                        |               |                       |                                     |                        |                      |                        |
|----------------------------------|-----------|-----------------------------------|---|------------------------|---------------|-----------------------|-------------------------------------|------------------------|----------------------|------------------------|
|                                  |           |                                   | Overall management  | Technology development | Manufacturing | Sales and procurement | Human resources and general affairs | Finance and accounting | Legal and compliance | ESG and sustainability |
| Director                         | Inside    | Seigo Hanji                       | Male  | ○                      |               |                       | ○                                   | ○                      |                      | ○                      |
|                                  |           | Tomomitsu Furukawa                | Male  | ○                      | ○             | ○                     |                                     | ○                      |                      | ○                      |
|                                  |           | Shigemasa Hakakoshi               | Male  | ○                      | ○             | ○                     |                                     | ○                      |                      | ○                      |
|                                  |           | Arihiro Yoshida                   | Male  | ○                      | ○             | ○                     | ○                                   |                        |                      |                        |
|                                  |           | Hiroki Ito                        | Male  | ○                      |               |                       | ○                                   |                        | ○                    | ○                      |
|                                  |           | Kenji Shoda (Newly appointed)     | Male  | ○                      |               |                       | ○                                   | ○                      | ○                    |                        |
|                                  | Outside   | Kiyotaka Hoshinaga                | Male Independent  | ●                      |               |                       |                                     | ●                      |                      | ●                      |
|                                  |           | Miyuri Shirai                     | Female Independent  | ●                      |               |                       | ●                                   |                        |                      | ●                      |
|                                  |           | Shinji Ishihara (Newly appointed) | Male Independent  | ●                      |               |                       |                                     | ●                      | ●                    |                        |
| Audit & Supervisory Board Member | Full-time | Koji Takaki                       | Male  |                        |               |                       | ●                                   | ●                      | ●                    |                        |
|                                  | Outside   | Kazuo Matsuda                     | Male  | ●                      |               |                       |                                     | ●                      |                      | ●                      |
|                                  |           | Etsuaki Yoshida                   | Male Independent  |                        |               |                       |                                     | ●                      |                      | ●                      |

\* Main fields in which Inside Directors have specialized experience are marked with a white circle symbol, and fields in which Outside Directors, full-time Audit & Supervisory Board Members, and Outside Audit & Supervisory Board Members, are expected to particularly make contribution are marked with a black circle symbol.

\* Specialty and experience indicated above are not intended to show all knowledge held by the individuals.

Skill possession standard

- The person has experience as an officer or head of a company or unit related to applicable factors.
- The person has public qualifications or practical experience with which to objectively judge the person to be equipped sufficiently with applicable factors.

## [Standards for Independence of Outside Officers]

The Company has established independence standards of Outside Officers, based on those established by the Tokyo Stock Exchange, but much stricter standards. An outside director or an outside audit & supervisory board member who is deemed to have independence from the Company as required by these standards is registered as an independent outside director or as an independent outside audit & supervisory board member. For more details, please refer to [Standards for Independence of Outside Officers of DAIDO METAL CO., LTD.] reported below.

### [Standards for Independence of Outside Officers of DAIDO METAL CO., LTD.] Established on October 28, 2015

An Outside Director or Outside Audit & Supervisory Board Member is deemed not to have independence from the Company if he/she falls under one of the categories below.

- (1) Person related to the Company  
A person who currently works or has previously worked for the DAIDO Group within the last ten years.
- (2) Person related to the major suppliers  
A person who currently is or has previously been an officer or employee of a major supplier to the Company (with which the annual aggregate amount of transactions is 1,000 million yen or more) or its group companies within the last three fiscal years.
- (3) Person related to the major business partners  
A person who currently is or has previously been an officer or employee of the Company's major business partner (with which the annual aggregate amount of transactions is 1,000 million yen or more) during any of the last three fiscal years.
- (4) Person related to the financial institutions
  - 1) A person who currently is or, in the last three fiscal years, has previously been an officer or employee of a financial institution with which the Company currently has transactions of deposits or borrowings of 1,000 million yen or more.
  - 2) A person who currently is or, in the last three fiscal years, has previously been an officer or employee of a company which is a managing underwriter of the Company.
- (5) Person related to the parties providing professional services  
A person who currently receives, or within the last three years, has received from the Company an annual compensation of 20 million yen or more as the Company's legal counsel (law office), the Company's accounting auditor, a certified tax accountant, patent attorney, judicial scrivener, or as a management, finance, technology or marketing consultant.
- (6) Person related to the parties receiving donations or grants from the Company  
A person who is a representative or operating officer of an organization (public interest incorporated foundation, public interest incorporated association, not-for-profit organization, etc.) to which the Company has made donations or provided grants exceeding a certain amount (1 million yen or 30% of the organization's annual average total expenses, whichever the larger) in the current fiscal year or in the last three fiscal years.
- (7) Relatives  
A relative of a person who currently works or has previously worked for the DAIDO Group within the last five years (the person's spouse, parent, child, sibling, grandparent, grandchild, or relatives living with the person). A relative of a person coming under aforementioned categories (2) to (5).
- (8) Reappointment and reappointed person  
A person who has executed his/her duties without coming under any of the aforementioned categories (1) to (7) for a period exceeding ten years in case of reappointment of Outside Director or for a period exceeding twelve years with three consecutive terms in the case of reappointment of Audit & Supervisory Board Member.

## Agenda Item No. 2 Election of One Substitute Audit & Supervisory Board Member

The Company proposes to elect one substitute Audit & Supervisory Board Member in advance, just in case the Company is unable to meet the number of Audit & Supervisory Board Members required by laws and regulations. The effect of this resolution is valid until the commencement of the next Annual Shareholders' Meeting.

The consent of the Audit & Supervisory Board has been obtained for this proposal.

The candidate for substitute Audit & Supervisory Board Member is as follows:

| Name<br>(Date of birth)   | Career history and important concurrent positions at other entities  | Number of shares<br>of the Company<br>held by the<br>candidate |
|---|--|--|
| <b>Takaomi Suzuki</b><br>(September 3, 1973)<br><br><div>Substitute Audit<br/>&amp; Supervisory<br/>Board Member</div> <div>Outside Audit &amp;<br/>Supervisory<br/>Board Member</div> <div>Independent Officer</div>   | April 1999 Registered as a lawyer (Aichi Prefecture)<br>Joined Ishihara Law Office<br>April 2004 Member of Public-relations Committee, Aichi Bar Association (current)<br>April 2020 Civil Conciliation Commissioner, Tsushima Summary Court (current)<br>June 2021 Member of Disciplinary Enforcement Committee, Aichi Bar Association (current)<br><br>[Important concurrent positions at other entities]<br>Lawyer of Ishihara Law Office | 0 shares   |
| [Reason for nomination as candidate for substitute Outside Audit & Supervisory Board Member]<br>Mr. Takaomi Suzuki has extensive knowledge concerning corporate law as a whole and labor management, and he is widely active as a lawyer. In the belief that he will audit the Company's management with the high ethical standards and fair and impartial decision-making abilities required of an audit & supervisory board member if he assumes the position of Audit & Supervisory Board Member, the Company nominated him as a candidate for substitute Audit & Supervisory Board Member.<br>Although Mr. Takaomi Suzuki has no experience of engaging in the management of a company, the Company judges that he will appropriately fulfill his duties as an Outside Audit & Supervisory Board Member of the Company based on the above reasons. There is no business relationship between the Company and Ishihara Law Office, where he holds important concurrent position. |  |  |

- (Notes) 1. There is no special interest between the candidate and the Company.  
2. Mr. Takaomi Suzuki, the candidate for substitute Audit & Supervisory Board Member, is a candidate for Outside Audit & Supervisory Board Member.  
3. Liability limitation agreement  
The Company will enter into a liability limitation agreement with Mr. Takaomi Suzuki if he is elected as an Audit & Supervisory Board Member and he assumes office.  
The outline of the agreement is as follows:  
• When an Audit & Supervisory Board Member is liable to compensate the Company for damages due to his/her negligence of duties, he/she assumes such liability up to the amount stipulated by laws and regulations (the minimum liability amount stipulated in Article 425, paragraph (1) of the Companies Act).  
• The above liability limitation is allowed only when the relevant Audit & Supervisory Board Member acts in good faith and without gross negligence with respect to the liability as set forth in Article 423, paragraph (1) of the Companies Act.  
4. Directors and officers liability insurance policy  
The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. In cases where a claim for damages is made by a third party, including shareholders, during the policy term, the policy covers losses, such as the amount of indemnification liability and related litigation expenses, that any of the insureds assumes. If this proposal is approved and adopted as originally proposed and Mr. Takaomi Suzuki assumes office as an Outside Audit & Supervisory Board Member of the Company, he will be included in the policy as an insured. In addition, when the policy is renewed, the Company plans to renew the policy with the same terms.  
5. The Company will register Mr. Takaomi Suzuki as an Independent Officer pursuant to the provisions of the Tokyo Stock Exchange and Nagoya Stock Exchange if he assumes office as an Outside Audit & Supervisory Board Member of the Company.



### **Agenda Item No. 3     Payment of Bonus to Directors**

The Company requests approval for the payment of bonuses amounting to 115,500,000 yen in total to the five Directors (excluding three Outside Directors) in office as of March 31, 2025, in due consideration of business performance and others during the fiscal year in a comprehensive manner.

The Company judges that the Directors' bonuses are reasonable due to reflecting the Company's business performance for the previous fiscal year in accordance with "decision-making policy on the details of remuneration to each Director" as shown in page 19 of this Notice of Convocation.

It is also proposed that decisions as to the amounts of the bonus allotted to each Director be entrusted to the discretion of the Board of Directors.