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May 12, 2026

Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 (Under Japanese GAAP)



Company name: Daido Metal Co., Ltd.
 Listing: Tokyo Stock Exchange, Nagoya Stock Exchange
 Securities code: 7245
 URL: <https://www.daidometal.com/>
 Representative: Seigo Hanji Chairman and Chief Executive Officer
 Inquiries: Yasuhiro Okura Executive Officer and Head of Corporate Planning Division
 Telephone: +81-52-205-1400
 Scheduled date of annual general meeting of shareholders: June 26, 2026
 Scheduled date to commence dividend payments: June 29, 2026
 Scheduled date to file annual securities report: June 22, 2026
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2026	142,009	4.2	8,371	18.1	7,402	8.5	4,396	61.6
March 31, 2025	136,303	5.9	7,091	16.5	6,820	17.1	2,720	5.9

Note: Comprehensive income For the fiscal year ended March 31, 2026: ¥ 12,016 million [88.2%]
 For the fiscal year ended March 31, 2025: ¥ 6,386 million [(31.8)%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2026	93.73	-	5.7	3.6	5.9
March 31, 2025	57.70	-	3.8	3.5	5.2

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended March 31, 2026: ¥ 117 million
 For the fiscal year ended March 31, 2025: ¥ 240 million

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2026	209,434	91,425	39.2	1,751.60
March 31, 2025	196,656	82,095	37.0	1,543.09

Reference: Equity

As of March 31, 2026: ¥ 82,089 million
 As of March 31, 2025: ¥ 72,750 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2026	13,722	(7,822)	(4,768)	26,281
March 31, 2025	10,924	(8,390)	(2,391)	25,019

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2025	—	7.00	—	11.00	18.00	855	31.2	1.2
Fiscal year ended March 31, 2026	—	12.00	—	19.00	31.00	1,473	33.1	1.9
Fiscal year ending March 31, 2027 (Forecast)	—	18.00	—	18.00	36.00		33.7	

Note: Revision of the forecast for dividends announced most recently : Yes

3. Consolidated financial result forecasts for the fiscal year ending March 31, 2027 (from April 1, 2026 to March 31, 2027)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	145,000	2.1	9,500	13.5	9,000	21.6	5,000	13.7	106.68

* Notes

- (1) Significant changes in the scope of consolidation during the period: None
- Newly included: - companies()
- Excluded: - companies()

- (2) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

- (3) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2026	47,520,253 shares
As of March 31, 2025	47,520,253 shares

- (ii) Number of treasury shares at the end of the period

As of March 31, 2026	654,906 shares
As of March 31, 2025	374,456 shares

- (iii) Average number of shares outstanding during the period

Fiscal Year ended March 31, 2026	46,903,293 shares
Fiscal Year ended March 31, 2025	47,139,889 shares

(Note) The Company has introduced a performance-linked stock-based remuneration for Directors and Executive Officers. For the calculation of total number of treasury shares at the end of the period and average number of shares during the period, Company shares held in the trusts are included in treasury shares to be deducted.

[Reference] Overview of non-consolidated financial results**1. Non-consolidated financial results for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)****(1) Non-consolidated operating results**

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2026	78,514	6.7	4,365	43.1	4,528	(25.6)	4,012	9.8
March 31, 2025	73,553	2.7	3,051	16.0	6,089	62.8	3,653	171.9

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2026	85.54	—
March 31, 2025	77.50	—

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2026	136,394	55,854	41.0	1,191.81
March 31, 2025	126,023	52,888	42.0	1,121.79

Reference: Equity

As of March 31, 2026: ¥ 55,854 million

As of March 31, 2025: ¥ 52,888 million

* Numbers in parentheses denote negative numbers.

* This financial result is not required to be reviewed by certificated public accountants or audit firm.

* Proper use of earnings forecasts, and other special matters

Future prospects are prepared as information purpose only, based on the information available to us at this moment, and are under certain condition which we assumed reasonable. We will not guarantee the realization of such prospects and actual performance fluctuates due to various factors.

1. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	29,147	29,469
Notes receivable - trade	1,474	1,813
Accounts receivable - trade	28,314	29,400
Electronically recorded monetary claims - operating	2,993	3,497
Merchandise and finished goods	18,830	19,886
Work in process	13,220	14,357
Raw materials and supplies	10,188	11,047
Other	3,562	3,069
Allowance for doubtful accounts	(144)	(119)
Total current assets	107,585	112,422
Non-current assets		
Property, plant and equipment		
Buildings and structures	44,950	47,410
Accumulated depreciation	(26,571)	(28,838)
Buildings and structures, net	18,379	18,571
Machinery, equipment and vehicles	123,431	130,662
Accumulated depreciation	(102,086)	(108,944)
Machinery, equipment and vehicles, net	21,344	21,717
Land	10,643	11,042
Leased assets	5,639	6,134
Accumulated depreciation	(3,398)	(3,922)
Leased assets, net	2,241	2,211
Construction in progress	6,801	10,478
Other	9,641	10,355
Accumulated depreciation	(8,358)	(8,971)
Other, net	1,282	1,384
Total property, plant and equipment	60,692	65,405
Intangible assets		
Goodwill	3,450	2,898
Other	4,932	4,341
Total intangible assets	8,383	7,240
Investments and other assets		
Investment securities	8,034	8,326
Long-term loans receivable	358	243
Retirement benefit asset	8,870	12,127
Deferred tax assets	1,787	2,142
Other	991	1,574
Allowance for doubtful accounts	(46)	(47)
Total investments and other assets	19,994	24,366
Total non-current assets	89,070	97,012
Total assets	196,656	209,434

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,722	10,300
Electronically recorded obligations - operating	12,059	13,327
Short-term borrowings	28,194	27,187
Current portion of long-term borrowings	5,348	8,206
Lease liabilities	681	515
Income taxes payable	1,630	2,323
Contract liabilities	107	150
Provision for bonuses	1,934	2,051
Provision for bonuses for directors (and other officers)	115	138
Provision for product compensation	119	87
Electronically recorded obligations - non-operating	1,324	1,227
Other	7,854	8,818
Total current liabilities	70,092	74,335
Non-current liabilities		
Long-term borrowings	30,715	29,104
Lease liabilities	855	874
Deferred tax liabilities	4,638	5,257
Provision for share awards	109	112
Provision for share awards for directors (and other officers)	75	101
Retirement benefit liability	7,704	7,884
Asset retirement obligations	17	17
Other	351	322
Total non-current liabilities	44,468	43,674
Total liabilities	114,561	118,009
Net assets		
Shareholders' equity		
Share capital	8,413	8,413
Capital surplus	13,114	13,112
Retained earnings	38,319	41,623
Treasury shares	(281)	(455)
Total shareholders' equity	59,565	62,694
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,698	1,786
Foreign currency translation adjustment	8,512	13,000
Remeasurements of defined benefit plans	2,973	4,608
Total accumulated other comprehensive income	13,184	19,395
Non-controlling interests	9,344	9,335
Total net assets	82,095	91,425
Total liabilities and net assets	196,656	209,434

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Net sales	136,303	142,009
Cost of sales	102,540	106,248
Gross profit	33,762	35,761
Selling, general and administrative expenses		
Freight costs	3,750	3,000
Outsourcing expenses	1,671	1,712
Provision of allowance for doubtful accounts	37	(27)
Remuneration for directors (and other officers)	654	675
Salaries and allowances	6,596	7,087
Provision for bonuses	556	628
Provision for bonuses for directors (and other officers)	115	138
Provision for product compensation	215	33
Retirement benefit expenses	334	324
Welfare expenses	1,388	1,563
Depreciation	1,589	1,578
Rent expenses	1,117	1,151
Research and development expenses	2,525	2,840
Other	6,117	6,682
Total selling, general and administrative expenses	26,671	27,389
Operating profit	7,091	8,371
Non-operating income		
Interest income	447	466
Dividend income	201	178
Foreign exchange gains	92	—
Share of profit of entities accounted for using equity method	240	117
Subsidy income	518	173
Other	279	359
Total non-operating income	1,779	1,295
Non-operating expenses		
Interest expenses	1,653	1,455
Loss on retirement of non-current assets	227	102
Foreign exchange losses	—	338
Other	169	368
Total non-operating expenses	2,050	2,265
Ordinary profit	6,820	7,402
Extraordinary income		
Gain on sale of investment securities	—	1,074
Total extraordinary income	—	1,074
Profit before income taxes	6,820	8,476
Income taxes - current	3,175	3,783
Income taxes - deferred	12	(684)
Total income taxes	3,188	3,099
Profit	3,631	5,377
Profit attributable to non-controlling interests	911	980
Profit attributable to owners of parent	2,720	4,396

Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Profit	3,631	5,377
Other comprehensive income		
Valuation difference on available-for-sale securities	87	223
Foreign currency translation adjustment	2,624	4,642
Remeasurements of defined benefit plans, net of tax	(10)	1,616
Share of other comprehensive income of entities accounted for using equity method	52	158
Total other comprehensive income	2,754	6,639
Comprehensive income	6,386	12,016
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,871	10,714
Comprehensive income attributable to non-controlling interests	1,515	1,302

(3) Consolidated Statement of Changes in Equity

For the fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,413	13,114	36,549	(291)	57,786
Changes during period					
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
Change in ownership interest of parent due to transactions with non-controlling interests					-
Net changes in items other than shareholders' equity					
Total changes during period	—	—	1,769	9	1,779
Balance at end of period	8,413	13,114	38,319	(281)	59,565

	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		
Balance at beginning of period	1,615	6,418	2,999	11,033	9,901	78,721
Changes during period						
Dividends of surplus						(950)
Profit attributable to owners of parent						2,720
Purchase of treasury shares						(6)
Disposal of treasury shares						15
Change in ownership interest of parent due to transactions with non-controlling interests						—
Net changes in items other than shareholders' equity	82	2,094	(25)	2,151	(557)	1,593
Total changes during period	82	2,094	(25)	2,151	(557)	3,373
Balance at end of period	1,698	8,512	2,973	13,184	9,344	82,095

For the fiscal year ended March 31, 2026

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,413	13,114	38,319	(281)	59,565
Changes during period					
Dividends of surplus			(1,092)		(1,092)
Profit attributable to owners of parent			4,396		4,396
Purchase of treasury shares				(184)	(184)
Disposal of treasury shares				10	10
Change in ownership interest of parent due to transactions with non-controlling interests		(1)			(1)
Net changes in items other than shareholders' equity					
Total changes during period	—	(1)	3,303	(173)	3,128
Balance at end of period	8,413	13,112	41,623	(455)	62,694

	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		
Balance at beginning of period	1,698	8,512	2,973	13,184	9,344	82,095
Changes during period						
Dividends of surplus						(1,092)
Profit attributable to owners of parent						4,396
Purchase of treasury shares						(184)
Disposal of treasury shares						10
Change in ownership interest of parent due to transactions with non-controlling interests						(1)
Net changes in items other than shareholders' equity	88	4,487	1,634	6,210	(9)	6,201
Total changes during period	88	4,487	1,634	6,210	(9)	9,330
Balance at end of period	1,786	13,000	4,608	19,395	9,335	91,425

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Cash flows from operating activities		
Profit before income taxes	6,820	8,476
Depreciation	9,513	9,911
Amortization of goodwill	803	853
Share of loss (profit) of entities accounted for using equity method	(240)	(117)
Increase (decrease) in allowance for doubtful accounts	60	(34)
Increase (decrease) in provision for bonuses	156	116
Increase (decrease) in provision for bonuses for directors (and other officers)	12	22
Increase or decrease in net defined benefit asset and liability	(769)	(723)
Increase (decrease) in provision for share awards	25	3
Increase (decrease) in provision for share awards for directors (and other officers)	16	25
Interest and dividend income	(649)	(644)
Interest expenses	1,653	1,455
Loss (gain) on sale of investment securities	(0)	(1,074)
Foreign exchange losses (gains)	176	724
Loss on retirement of non-current assets	227	102
Decrease (increase) in trade receivables	935	(731)
Decrease (increase) in inventories	(3,760)	(1,672)
Increase (decrease) in trade payables	991	137
Increase (decrease) in accrued consumption taxes	(156)	99
Increase (decrease) in other liabilities	(96)	120
Other, net	(672)	436
Subtotal	15,048	17,487
Interest and dividends received	640	659
Dividends received from entities accounted for using equity method	120	117
Interest paid	(1,664)	(1,438)
Income taxes paid	(3,220)	(3,103)
Net cash provided by (used in) operating activities	10,924	13,722

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Cash flows from investing activities		
Payments into time deposits	(4,045)	(4,978)
Proceeds from withdrawal of time deposits	7,107	6,164
Purchase of investment securities	(375)	(127)
Proceeds from sale of investment securities	2	1,237
Purchase of property, plant and equipment	(10,582)	(9,635)
Proceeds from sale of property, plant and equipment	13	17
Purchase of intangible assets	(489)	(341)
Loan advances	(539)	(648)
Proceeds from collection of loans receivable	507	524
Other, net	10	(34)
Net cash provided by (used in) investing activities	(8,390)	(7,822)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(5,241)	(2,598)
Proceeds from long-term borrowings	14,850	6,600
Repayments of long-term borrowings	(7,954)	(5,427)
Repayments of finance lease liabilities	(688)	(764)
Purchase of treasury shares	(6)	(184)
Proceeds from disposal of treasury shares	15	10
Dividends paid	(947)	(1,090)
Dividends paid to non-controlling interests	(2,419)	(1,311)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(1)
Net cash provided by (used in) financing activities	(2,391)	(4,768)
Effect of exchange rate change on cash and cash equivalents	290	130
Net increase (decrease) in cash and cash equivalents	432	1,262
Cash and cash equivalents at beginning of period	24,586	25,019
Cash and cash equivalents at end of period	25,019	26,281

(5) Note to Consolidated Financial Statements

(Notes on going concern)

Not applicable

(Significant matters that form the basis of presenting the consolidated financial statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries 32 companies

Company name

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

(2) Names of unconsolidated subsidiaries 3 companies

Company name

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 attributable to owners of parent, and retained earnings for the year and do not have a significant impact on the net assets, financial position and results of operations of the Group.

2. Application of equity method

(1) Number of unconsolidated subsidiaries to which the equity method was applied 1 company

Company name

Korea Dry Bearing Co., Ltd.

(2) Number of associates to which the equity method was applied 3 companies

Company name

BBL Daido Private Limited
Shippo Asahi Moulds (Thailand) Co., Ltd.
NPR of Europe GmbH

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

Company name

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

Reason for non application of equity method

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 profit attributable to owners of parent and retained earnings for the year-and do not have a significant impact on the net assets, financial position and results of operations of the Group.

(4) For companies consolidated under equity method with closing dates different from the consolidated closing date, financial statements as of their year end are used.

3. Matters relating to the accounting period of consolidated subsidiaries

The closing 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 date of the consolidated financial statements.

4. Matters relating to accounting policies

(1) Basis and method of valuation of important assets

1) Securities

Other securities

Securities etc. other than shares without market value

Stated at market value (Valuation differences are recorded directly in net assets, and the net sales cost is calculated by the moving average method.)

Shares without market value

Stated at cost using moving average method

2) Inventories

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

Merchandise and finished goods Principally by weighted average method

Work in process Principally by weighted average method

Raw materials Principally by weighted average method

Supplies Principally by moving average method

3) Derivatives

Stated at market 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 annexed to buildings) acquired on or after April 1, 1998 and facilities annexed 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 our own 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 assumption that the depreciation period equals the lease period and that residual value equals zero is used.

For overseas consolidated subsidiaries, in accordance with the adoption of "IFRS 16" or "ASC 842", for lessees of leases, in principle, all leases are recorded as assets and liabilities on the balance sheet.

(3) Reserves and Provisions

1) Allowance for doubtful accounts

In order to prepare for any losses arising from bad debt receivables, an amount estimated to be unrecoverable is provided. General reserve is calculated based on the past loss experience, and specific reserve is calculated by reviewing the probability of recovery in each individual case where there is concern over claims.

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 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 based remuneration, Provision for share based remuneration for directors (and other officers)

In order to prepare for the payment of share-based remuneration for directors (and other officers), an estimated share-based remuneration amounts based on the estimated points to be granted to eligible directors (and other officers) under the Share Grant Rule of the Company is provided.

(4) Accounting for retirement benefits

In order to prepare for the payment of retirement benefits to employees (excluding operating officers etc.), an amount estimated to have occurred at the balance sheet date is provided based on the projected benefit obligation and plan assets at the balance sheet date. When calculating retirement benefit obligations the benefit formula basis is used to allocate to the current period.

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 consolidated fiscal year is expensed starting from the consolidated fiscal year that follows the consolidated fiscal year of occurrence.

In order to prepare for the payment of retirement benefits to operating officers etc., the amount that would need to be paid if all eligible officers retired at the balance sheet date is provided.

(5) Basis for recognition of significant revenues and expenses

1) Details of principal performance obligations in the principal business of the company

The Company is primarily engaged in the manufacture of bearing products and identifies the delivery of products to customers as a performance obligation for the sale of these products.

2) The ordinary point in time at which the company satisfies such performance obligation (the ordinary point in time at which revenue is recognized)

In principle, the Company recognizes revenue at the point in time when it determines that control over the product is transferred to the customer upon delivery of the product to the customer and the performance obligation is satisfied.

For domestic sales, if the period from the time of shipment to the time when control of the product is transferred to the customer is an ordinary period, revenue is, in principle, recognized at the time of shipment. In export and other overseas transactions, revenue is recognized when risks and rewards are transferred to the customer in accordance with Incoterms.

Revenue is measured as the consideration promised in the contract with the customer less discounts, rebates and returns. Because the payment is received within one year after delivery to the customer, the amount of the promised consideration does not include any significant financial factors.

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

Foreign currency denominated monetary assets and liabilities are converted into Japanese Yen at the spot exchange rates prevailing at the 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 adjustments and non-controlling interests.

(7) 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.

(8) Scope of cash and cash equivalents in consolidated statement of cash flows

The cash and cash equivalents in consolidated statement of cash flows comprise cash on hand, demand deposits, and short term investments with a maturity of three months or less from the date of acquisition that are readily convertible into cash and that are subject to an insignificant risk of changes in values.

(Additional Information)

(Performance linked Stock based Remuneration Scheme for Directors and Executive Officers)

The Company introduced new performance linked stock based remuneration (“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

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 based on accumulated number of points conferred in accordance with their individual rank and their achievement in meeting goals etc., as set forth in 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 as treasury shares under net assets at book value in the BBT (excluding incidental expenses). The book value and number of treasury shares were 280 million yen and 372 thousand shares as of the end of the previous consolidated fiscal year, and 453 million yen and 652 thousand shares as of the end of the current consolidated fiscal year.

(Introduction of a Restricted Stock Incentive for the Employee Shareholding Association and Disposal of Treasury Shares as Restricted Stock)

Daido Metal Co., Ltd. (hereinafter, the “Company”) has resolved, by the resolution of the Board of Directors dated March 10, 2026, to dispose of treasury shares as restricted stocks (the “Treasury Share Disposal” or the “Disposal”) to the Daido Metal Employee Shareholding Association (the “Shareholding Association”) as a proposed allottee under the Restricted Stock Incentive Plan for the Employee Shareholding Association (the “Plan”).

1. Overview of the Disposal.

(1) Disposal date	October 27, 2026
(2) Class and number of shares to be disposed of	322,800 shares of our common stock (Note)
(3) Disposal price	1,005 yen per share
(4) Total amount of disposal	324,414,000 yen (Note)
(5) Disposal method (Proposed allottee)	The Company will allot to the Shareholding Association the number of shares applied for as determined by the Shareholding Association within the range of the number of shares to be disposed of set forth in (2) above (such number of shares allotted shall constitute the number of shares to be disposed of) by way of a third-party allotment and subject to subscription by the Shareholding Association. (Daido Metal Employee Shareholding Association: 322,800 shares) No partial applications for the number of shares to be granted from any Eligible Employees (as defined below) will be accepted.
(6) Other	An Extraordinary Report has been filed pursuant to the Financial Instruments and Exchange Act in connection with the Treasury Share Disposal.

(Note) The “number of shares to be disposed of” and the “total amount of disposal” are calculated on the assumption that 100 shares of the Company’s common shares will be granted as restricted stocks to each of the 3,228 employees of the Company and its subsidiaries, which represents the maximum number of employees to whom the Plan may apply. The actual number of shares to be disposed of and the total amount of disposal will be determined according to the number of employees of the Company and its subsidiaries who agree to the Plan (hereinafter referred to as the “Eligible Employees”) after completion of the enrollment promotion for non-members of the Shareholding Association and the confirmation of consent to the Plan by members of the Shareholding Association (up to a maximum of 3,228 Eligible Employees). Specifically, as set forth in (5) above, the number of shares applied for as determined by the Shareholding Association shall constitute the “number of shares to be disposed of,” and the amount obtained by multiplying such number by the disposal price per share shall constitute the “total amount of disposal.” The Company or its subsidiaries will uniformly grant each Eligible Employee a monetary claim of 100,500 yen, and the Company will uniformly allot 100 shares to each Eligible Employee through the Shareholding Association.

2. Objective and Reason for the Disposal

By the resolution of the Board of Directors dated March 10, 2026, the Company determined to introduce the Plan for the Eligible Employees among the employees of the Company and its subsidiaries who are members of the Shareholding Association. The objective is to assist the Eligible Employees in building their assets, to provide the Eligible Employees with incentives to achieve the sustainable enhancement of the Company's corporate value, and to promote further value sharing between the Eligible Employees and the Company's shareholders by creating, through the Shareholding Association, opportunities for the Eligible Employees to acquire the Company's common shares issued or disposed of by the Company as restricted stocks, as a measure to enhance employee benefits and welfare.

(Segment information)

1. Description of reportable segments

The reportable segments of the Group are defined as individual units, where separate financial information is available and which are subject to regular review by the Board of Directors to evaluate their results and decide the allocation of management resources. The Group produces and sells bearings for automotive, shipbuilding, construction machine industry, dry bearings, special types of bearings for general industries, high-precision and high-quality parts for automotive engines and transmissions, and aluminum die cast automotive parts as its core business and other products (metal dry bearings, rotary pump, centralized lubrication, electrode sheet business for electric double layer capacitors, etc.).

The Group is, therefore, composed of segments based on products, and has four reportable segments, "Powertrain business," "Marine & Energy business," "Life business," and "Frontier business."

(Changes in Reporting Segments)

Effective from the first quarter of the current fiscal year, the names of the four segments of "Automotive engine bearings," "Non-automotive bearings," "Automotive non-engine bearings," and "Other automotive parts," have been changed to "Powertrain business," "Marine & Energy business," "Life business," and "Frontier business." This change is only a change in the names of reportable segments. There is no impact on segment information.

Segment information for the third quarter of the previous fiscal year is presented under the new names.

2. Methods of measurement for sales and profit (loss) by each reportable segment

The accounting treatment for each reportable segment is nearly the same as that set forth in the "Significant matters that form the basis of presenting the consolidated financial statements." Profit by each reportable segment is based on operating profit. Internal sales or transfer between segments is based on actual market value.

3. Information on sales and profit (loss) by each reporting segment

① The previous fiscal year (from April 1, 2024 to March 31, 2025)

(Million yen)

	Reporting Segment					Others (*)	Total
	Powertrain business	Marine & Energy business	Life business	Frontier business	Sub total		
Net sales							
External sales	72,102	17,889	20,966	23,533	134,492	1,811	136,303
Internal sales or transfer between segments	486	34	300	147	968	591	1,560
Total	72,589	17,923	21,266	23,680	135,460	2,403	137,863
Segment profit(loss)	9,285	3,712	3,119	(1,362)	14,755	416	15,171

(*) "Others" includes business areas not included in above reporting segments. It includes the metallic dry bearings business, pump-related products businesses, electrode sheets for electric double layer capacitors.

② The current fiscal year (from April 1, 2025 to March 31, 2026)

(Million yen)

	Reporting Segment					Others (*)	Total
	Powertrain business	Marine & Energy business	Life business	Frontier business	Sub total		
Net sales							
External sales	74,474	19,801	22,945	22,871	140,093	1,916	142,009
Internal sales or transfer between segments	1,201	24	311	199	1,737	307	2,045
Total	75,675	19,825	23,257	23,071	141,830	2,224	144,054
Segment profit (loss)	9,806	4,088	4,064	(755)	17,204	467	17,671

(*) “Others” includes business areas not included in above reporting segments. It includes the metallic dry bearings business, pump-related products businesses, electrode sheets for electric double layer capacitors.

4. Reconciliation between Reporting segments total and numbers reported in Consolidated Financial Statements

(Million yen)

Net Sales	The previous fiscal year	The current fiscal year
Reporting segments total	135,460	141,830
Net sales from “Others” category	2,403	2,224
Elimination of intersegment transactions	(1,560)	(2,045)
Net sales as per Consolidated Financial Statements	136,303	142,009

Profit	The previous fiscal year	The current fiscal year
Reporting segments total	14,755	17,204
Profit from “Others” category	416	467
Elimination of intersegment transactions	(14)	(676)
Unattributable costs (*)	(8,065)	(8,623)
Operating profit as per Consolidated Financial Statements	7,091	8,371

(*) Unattributable costs are principally general administrative expenses not attributable to reporting segments.

5. Impairment loss of non-current assets or goodwill by reportable business segment

(Significant impairment loss on non-current assets)

① The previous fiscal year (from April 1, 2024 to March 31, 2025)

None

② The current fiscal year (from April 1, 2025 to March 31, 2026)

None

(Per share information)

	The previous fiscal year	The current fiscal year
Net assets per share	1,543.09 yen	1,751.60 yen
Earnings per share	57.70 yen	93.73 yen

(Notes)

1. Diluted net income per share for the current fiscal year is not stated because no latent shares existed.

2. The shares of the company remaining in the trust, which are recorded as treasury shares under shareholders' equity, are included in the treasury shares to be deducted from the number of common shares at the end of the consolidated fiscal year for the purpose of calculating "Net assets per share".

(Net assets per share) The previous consolidated fiscal year : 372 thousand shares

The current consolidated fiscal year : 652 thousand shares

In addition, these shares are included in the treasury shares to be deducted from the average number of shares outstanding during the period for the purpose of calculating "Basic earnings per share".

(Basic earnings per share) The previous consolidated fiscal year : 378 thousand shares

The current consolidated fiscal year : 614 thousand shares

3. Basis of calculation for Net assets per share is shown below.

	The previous fiscal year	The current fiscal year
Net assets (JPY million)	82,095	91,425
Deductions from net assets (JPY million)	9,344	9,335
(Non-controlling interests) (JPY million)	(9,344)	(9,335)
Net assets available to common stock (JPY million)	72,750	82,089
Number of common stock at the end of fiscal year for calculation of Net assets per share (thousand shares)	47,145	46,865

4. Basis of calculation of Earnings per share is shown below.

	The previous fiscal year	The current fiscal year
Profit attributable to owners of parent (JPY million)	2,720	4,396
Not attributable to common stockholders (JPY million)	—	—
Profit attributable to owners of parent available to common stock (JPY million)	2,720	4,396
Average number of common stock (thousand shares)	47,139	46,903

(Material subsequent events)

None

2.Non-consolidated Financial Statements and Primary Notes

(1)Non-consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	6,344	6,417
Notes receivable - trade	65	48
Accounts receivable - trade	18,301	19,926
Electronically recorded monetary claims - operating	3,213	3,538
Merchandise and finished goods	3,473	3,277
Work in process	5,489	5,935
Raw materials and supplies	3,192	3,641
Prepaid expenses	187	180
Short-term loans receivable from subsidiaries and associates	1,766	3,776
Accounts receivable - other	2,433	2,999
Other	202	65
Allowance for doubtful accounts	(0)	(0)
Total current assets	44,668	49,807
Non-current assets		
Property, plant and equipment		
Buildings	7,950	7,831
Structures	626	584
Machinery and equipment	3,424	4,259
Vehicles	16	15
Tools, furniture and fixtures	360	363
Land	5,065	5,076
Leased assets	1,511	1,240
Construction in progress	1,248	2,018
Total property, plant and equipment	20,204	21,390
Intangible assets		
Software	1,210	912
Right to use facilities	39	40
Other	510	434
Total intangible assets	1,759	1,387
Investments and other assets		
Investment securities	4,013	4,186
Shares of subsidiaries and associates	32,154	32,694
Investments in capital of subsidiaries and associates	17,694	18,490
Long-term loans receivable from employees	9	9
Long-term loans receivable from subsidiaries and associates	6,224	6,870
Long-term prepaid expenses	6	9
Prepaid pension costs	5,261	6,303
Other	262	252
Allowance for doubtful accounts	(6,235)	(5,007)
Total investments and other assets	59,391	63,809
Total non-current assets	81,355	86,587
Total assets	126,023	136,394

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Accounts payable - trade	6,690	7,458
Electronically recorded obligations - operating	12,797	14,369
Short-term borrowings	5,258	8,252
Current portion of long-term borrowings	4,487	6,135
Lease liabilities	398	253
Accounts payable - other	1,556	1,794
Accrued expenses	1,081	1,141
Income taxes payable	119	1,183
Contract liabilities	792	646
Deposits received	63	70
Unearned revenue	28	27
Provision for bonuses	1,316	1,356
Provision for bonuses for directors (and other officers)	115	138
Electronically recorded obligations - non-operating	1,233	1,205
Other	11	19
Total current liabilities	35,953	44,052
Non-current liabilities		
Long-term borrowings	28,475	28,640
Lease liabilities	318	72
Deferred tax liabilities	1,219	1,233
Provision for retirement benefits	5,348	5,404
Provision for share awards	109	112
Provision for share awards for directors (and other officers)	75	101
Provision for loss on guarantees	674	—
Provision for loss on business of subsidiaries and associates	679	—
Asset retirement obligations	17	17
Long-term accounts payable - other	205	850
Other	58	54
Total non-current liabilities	37,182	36,487
Total liabilities	73,135	80,540

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Net assets		
Shareholders' equity		
Share capital	8,413	8,413
Capital surplus		
Legal capital surplus	8,789	8,789
Other capital surplus	3,449	3,449
Total capital surplus	12,238	12,238
Retained earnings		
Legal retained earnings	743	743
Other retained earnings		
Reserve for tax purpose reduction entry of non-current assets	4,242	4,154
General reserve	21,000	21,000
Retained earnings brought forward	5,012	8,019
Total retained earnings	30,998	33,917
Treasury shares	(281)	(455)
Total shareholders' equity	51,368	54,114
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,519	1,739
Total valuation and translation adjustments	1,519	1,739
Total net assets	52,888	55,854
Total liabilities and net assets	126,023	136,394

(2)Non-consolidated Statement of Income

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Net sales	73,553	78,514
Cost of sales	58,041	60,829
Gross profit	15,512	17,684
Selling, general and administrative expenses	12,460	13,319
Operating profit	3,051	4,365
Non-operating income		
Interest and dividend income	3,815	2,751
Foreign exchange gains	32	—
Other	659	323
Total non-operating income	4,506	3,074
Non-operating expenses		
Interest expenses	772	732
Loss on retirement of non-current assets	60	74
Foreign exchange losses	—	20
Other	635	2,084
Total non-operating expenses	1,468	2,911
Ordinary profit	6,089	4,528
Extraordinary income		
Gain on sale of investment securities	—	826
Total extraordinary income	—	826
Extraordinary losses		
Provision of allowance for doubtful accounts	1,788	—
Total extraordinary losses	1,788	—
Profit before income taxes	4,300	5,354
Income taxes - current	367	1,435
Income taxes - deferred	280	(94)
Total income taxes	647	1,341
Profit	3,653	4,012

(3)Non-consolidated Statement of Changes in Equity

For the fiscal year ended 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	Other retained earnings	
					Reserve for tax purpose reduction entry of non-current assets	General reserve	
Balance at beginning of period	8,413	8,789	3,449	12,238	743	4,120	21,000
Changes during period							
Provision of reserve for tax purpose reduction entry of non-current assets						144	
Reversal of reserve for tax purpose reduction entry of non-current assets						(22)	
Dividends of surplus							
Profit							
Purchase of treasury shares							
Disposal of treasury shares							
Net changes in items other than shareholders' equity							
Total changes during period	—	—	—	—	—	122	—
Balance at end of period	8,413	8,789	3,449	12,238	743	4,242	21,000

	Shareholders' equity				Valuation and translation adjustments		Total net assets
	Retained earnings		Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
	Other retained earnings	Total retained earnings					
	Retained earnings brought forward						
Balance at beginning of period	2,431	28,295	(291)	48,656	1,313	1,313	49,969
Changes during period							
Provision of reserve for tax purpose reduction entry of non-current assets	(144)	—		—			—
Reversal of reserve for tax purpose reduction entry of non-current assets	22	—		—			—
Dividends of surplus	(950)	(950)		(950)			(950)
Profit	3,653	3,653		3,653			3,653
Purchase of treasury shares			(6)	(6)			(6)
Disposal of treasury shares			15	15			15
Net changes in items other than shareholders' equity					206	206	206
Total changes during period	2,580	2,703	9	2,712	206	206	2,918
Balance at end of period	5,012	30,998	(281)	51,368	1,519	1,519	52,888

For the fiscal year ended March 31, 2026

(Millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	
					Reserve for tax purpose reduction entry of non-current assets	General reserve	
Balance at beginning of period	8,413	8,789	3,449	12,238	743	4,242	21,000
Changes during period							
Provision of reserve for tax purpose reduction entry of non-current assets						293	
Reversal of reserve for tax purpose reduction entry of non-current assets						(381)	
Dividends of surplus							
Profit							
Purchase of treasury shares							
Disposal of treasury shares							
Net changes in items other than shareholders' equity							
Total changes during period	—	—	—	—	—	(88)	—
Balance at end of period	8,413	8,789	3,449	12,238	743	4,154	21,000

	Shareholders' equity				Valuation and translation adjustments		Total net assets
	Retained earnings		Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
	Other retained earnings	Total retained earnings					
	Retained earnings brought forward						
Balance at beginning of period	5,012	30,998	(281)	51,368	1,519	1,519	52,888
Changes during period							
Provision of reserve for tax purpose reduction entry of non-current assets	(293)	—		—			—
Reversal of reserve for tax purpose reduction entry of non-current assets	381	—		—			—
Dividends of surplus	(1,092)	(1,092)		(1,092)			(1,092)
Profit	4,012	4,012		4,012			4,012
Purchase of treasury shares			(184)	(184)			(184)
Disposal of treasury shares			10	10			10
Net changes in items other than shareholders' equity					220	220	220
Total changes during period	3,007	2,919	(173)	2,746	220	220	2,966
Balance at end of period	8,019	33,917	(455)	54,114	1,739	1,739	55,854