

*[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 4, 2026

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 118th Annual Shareholders' Meeting

Dear shareholders,

We hereby announce that the 118th 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 25, 2026 (Japan time).**

Yours sincerely,

Note

1. **Date and time** 10 a.m. on June 26, 2026 (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 118th fiscal year (from April 1, 2025 to March 31, 2026)
  2. Reporting of non-consolidated financial statements for the 118th fiscal year (from April 1, 2025 to March 31, 2026)

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 25, 2026 (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 25, 2026 (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.**

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

There are three ways to exercise your voting rights. Please review the “Reference Materials for the Annual Shareholders’ Meeting” before exercising your voting rights.

<p><b>Exercise via Internet</b> Please access the designated website (<a href="https://www.web54.net">https://www.web54.net</a>) for exercising voting rights and indicate your approval or disapproval to each of the proposals.</p>	<p><b>Exercise via mail</b> Please fill out the enclosed Voting Card, cut it off and send it back to us.</p>	<p><b>Exercise by attending the meeting in person</b> Please kindly bring the enclosed Voting Card and submit it at the reception desk.  * If attending in person, you do not need to submit the Voting Card via the Internet or mail.</p>
<p><b>Deadline for vote:</b></p>	<p><b>Deadline for vote:</b></p>	<p><b>Date and time:</b></p>
<p><b>5 p.m. on June 25, 2026 (Thursday)</b></p>	<p><b>5 p.m. on June 25, 2026 (Thursday)</b></p>	<p><b>10 a.m. on June 26, 2026 (Friday)</b></p>

For details, please refer to the following page.

**Notes**

<ul style="list-style-type: none"> <li>● In case voting rights are exercised via mail and the Internet, etc., the vote exercised via the Internet, etc. will be regarded as valid.</li> <li>● In case voting rights are exercised more than once via the Internet, etc., the last vote cast will be regarded as valid.</li> </ul>	<p><b>&lt;Help desk for Internet voting&gt;</b> Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Web Support: Toll free (only within Japan) <b>0120-652-031</b> (Business Hours: from 9 a.m. to 9 p.m., Japan time)</p>
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**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.)

\* 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.

### 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.

# 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 nine Directors expire at the conclusion of this Annual Shareholders' Meeting.

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 31 in this Notice of Convocation.

The candidates for Director are as follows:

Candidate No.	Name	Current positions and duties at the Company	Attribute	Attendance at Board of Directors meetings
1	Seigo Hanji	Chairman and Chief Executive Officer	<u>Re-election</u>	15/15 (100%)
2	Tomomitsu Furukawa	President and Chief Operating Officer	<u>Re-election</u>	15/15 (100%)
3	Shigemasa Hakakoshi	Director and Managing Executive Officer Head of Human Resources Planning Division and General Manager of Inuyama Site	<u>Re-election</u>	15/15 (100%)
4	Arihiro Yoshida	Director and Managing Executive Officer Head of New Products Development Division	<u>Re-election</u>	15/15 (100%)
5	Hiroki Ito	Director and Managing Executive Officer Head of Finance Planning Division	<u>Re-election</u>	15/15 (100%)
6	Kenji Shoda	Director and Managing Executive Officer Head of Thinwall Bearings & Turbo Charger Bearings Division	<u>Re-election</u>	12/12 (100%)
7	Miyuri Shirai	Director	<u>Re-election</u> <u>Outside Director</u> <u>Independent Officer</u>	15/15 (100%)
8	Shinji Ishihara	Director	<u>Re-election</u> <u>Outside Director</u> <u>Independent Officer</u>	12/12 (100%)
9	Shigehiro Kuwabara	-	<u>New election</u> <u>Outside Director</u> <u>Independent Officer</u>	-

Re-election Candidate for Director to be re-elected

New election Candidate for Director to be newly elected

Outside Director Candidate for Outside Director

Independent Officer Candidate for Independent Officer pursuant to the provisions of the Tokyo Stock Exchange and Nagoya Stock Exchange

Candidate No.	Name (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 (January 2, 1942)  [Re-election]	<p>April 1965      Joined the Company</p> <p>June 1993      Director and Deputy General Manager of Business Division 3</p> <p>April 1994      Director and General Manager of Business Division 1</p> <p>June 1995      President</p> <p>June 2005      President &amp; Chief Executive Officer</p> <p>June 2007      Chairman &amp; Chief Executive Officer</p> <p>May 2008      Executive &amp; Vice Chairman of Japan Auto Parts Industries Association and Chubu Branch Manager of the same Association</p> <p>June 2010      Outside Director of Nichirei Co., Ltd.</p> <p>May 2018      Executive of Japan Auto Parts Industries Association (current)</p> <p>April 2023      Chairman and President, Chief Executive Officer and Chief Operating Officer of the Company</p> <p>June 2024      Chairman and Chief Executive Officer (current)</p> <p>[Important concurrent positions at other entities] Executive of Japan Auto Parts Industries Association</p>	160,754 shares
[Reason for nomination as candidate for Director] Mr. Seigo Hanji has been in charge of the Group's overall management and has led corporate value improvements over the years. He possesses the ability to make decisions based on accurate situational judgment, as well as the capability to steadily execute policies, backed by his extensive business management experience and strong leadership. In the belief that he will continue to 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.			
(2)	Tomomitsu Furukawa (January 29, 1962)  [Re-election]	<p>April 1984      Joined the Company</p> <p>April 2009      President of Daido Metal Kotor AD (Montenegro) (stationed in Montenegro)</p> <p>January 2013    President of Daido Metal Mexico, S.A. DE C.V. (Mexico) (stationed in Mexico)</p> <p>July 2016      Executive Officer President of Daido Metal Mexico, S.A. DE C.V. (Mexico) (stationed in Mexico)</p> <p>April 2017      Executive Officer President of NDC Co., Ltd.</p> <p>April 2019      Executive Officer President of Daido Plain Bearings Co., Ltd.</p> <p>July 2019      Senior Executive Officer President of Daido Plain Bearings Co., Ltd.</p> <p>July 2021      Managing Executive Officer President of Daido Plain Bearings Co., Ltd.</p> <p>April 2023      Managing Executive Officer, and Head of Global Management for Production Machinery Division</p> <p>June 2023      Director and Managing Executive Officer, and Head of Global Management for Production Machinery Division</p> <p>June 2024      President and Chief Operating Officer (current)</p>	43,210 shares
[Reason for nomination as candidate for Director] 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 (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 (April 11, 1961)  <span style="border: 1px solid black; padding: 2px;">Re-election</span>	April 1986 April 2011 April 2015 July 2016 April 2017  April 2019 July 2019 April 2021 June 2021 July 2021 June 2024	Joined the Company General Manager of Bimetal Division Head of Polymer Bearings Division Executive Officer and Head of Polymer Bearings Division Executive Officer President of DAIDO METAL SAGA CO., LTD. Executive Officer President of Dyna Metal Co., Ltd. (Thailand) Senior Executive Officer President of Dyna Metal Co., Ltd. (Thailand) Senior Executive Officer and Advisor to the Head of Human Resources Planning Division Director and Managing Executive Officer, and Advisor to the Head of Human Resources Planning Division Director and Managing Executive Officer, and Head of Human Resources Planning Division Director and Managing Executive Officer, and Head of Human Resources Planning Division and General Manager of Inuyama Site (current)	34,735 shares
[Reason for nomination as candidate for Director] 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 (March 11, 1964)  <span style="border: 1px solid black; padding: 2px;">Re-election</span>	April 1986 January 2006  July 2016 April 2017  April 2019 July 2019 April 2021 April 2022 June 2022 April 2024  June 2024  April 2025	Joined the Company General Manager of Europe Regional Headquarters, Corporate Planning Division (UK) Executive Officer and General Manager of Design Department Executive Officer and Head of Technology Division and General Manager of Design Department Executive Officer and Head of Technology Division Senior Executive Officer and Head of Technology Division Senior Executive Officer and Deputy Head of Technology Division Senior Executive Officer and Head of Technology Division Director and Managing Executive Officer, and Head of Technology Division Director and Managing Executive Officer, and Head of Technology Division and General Manager of Tribology Research Department Director and Managing Executive Officer, and Head of Technology Division, General Manager of Tribology Research Department, and Head of New Business Development Promotion Division Director and Managing Executive Officer, and Head of New Products Development Division (current)	26,149 shares
[Reason for nomination as candidate for Director] 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 (August 24, 1964)  <span style="border: 1px solid black; padding: 2px;">Re-election</span>	April 1989  July 2014  October 2016 April 2019 July 2020  April 2022 July 2022 June 2024	Joined Mitsui Trust Bank, Limited (currently, Sumitomo Mitsui Trust Bank, Limited) General Manager Corporate Business Department II, Nagoya, Sumitomo Mitsui Trust Bank, Limited Corporate Officer and General Manager, Corporate Business Department VII, Headquarters Executive Officer and General Manager, Sapporo Branch Joined the Company Executive Officer and Head of Compliance Division and General Manager of Legal Affairs Department Executive Officer and Head of Finance Planning Division Senior Executive Officer and Head of Finance Planning Division Director and Managing Executive Officer, and Head of Finance Planning Division (current)	6,877 shares
[Reason for nomination as candidate for Director] 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 (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 (December 24, 1962)  <u>Re-election</u>	<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   Senior Executive Officer Vice President of Daido Metal Europe GmbH. (Germany)</p> <p>April 2024      Senior Executive Officer and President of Thinwall Bearings &amp; Turbo Charger Bearings Division</p> <p>June 2025      Director and Managing Executive Officer, and President of Thinwall Bearings &amp; Turbo Charger Bearings Division (current)</p>	13,130 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)	Miyuri Shirai (January 2, 1963)  <u>Re-election</u> <u>Outside Director</u> <u>Independent Officer</u>	<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] Professor, Faculty of Business and Commerce, Keio University</p>	7,304 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. The Company expects Ms. Miyuri Shirai 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, which would constitute grounds for concluding that Ms. Miyuri Shirai does not have independence from the Company, based on its "Standards for Independence of Outside Officers."</p>				

Candidate No.	Name (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)	Shinji Ishihara (November 3, 1954)  <div style="border: 1px solid black; padding: 2px; display: inline-block; text-align: center;">Re-election</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; text-align: center;">Outside Director</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; text-align: center;">Independent Officer</div>	<p>April 1985 Registered as a lawyer (Aichi Prefecture) 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</p> <p>April 2016 Chairman, Aichi Bar Association 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>June 2025 Outside Director of the Company (current)</p> <p>[Important concurrent positions at other entities] Managing Partner of Ishihara Law Office Outside Director (Audit &amp; Supervisory Committee Member) of Juroku Financial Group, Inc.</p>	2,713 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 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. 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 or Juroku Financial Group, Inc., where he holds important concurrent positions, which would constitute grounds for concluding that Mr. Shinji Ishihara does not have independence from the Company, based on its "Standards for Independence of Outside Officers."</p>			
(9)	Shigehiro Kuwabara (December 9, 1956)  <div style="border: 1px solid black; padding: 2px; display: inline-block; text-align: center;">New election</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; text-align: center;">Outside Director</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; text-align: center;">Independent Officer</div>	<p>April 1979 Joined the Ministry of Finance, Japan</p> <p>July 1984 Director, Otaru Tax Office, Sapporo Regional Taxation Bureau</p> <p>January 1996 Counselor, Embassy of Japan in Canada</p> <p>July 2000 Budget Examiner, Budget Bureau, Ministry of Finance (in charge of the Ministry of Agriculture, Forestry and Fisheries)</p> <p>July 2001 Budget Examiner, Budget Bureau, Ministry of Finance (in charge of the Ministry of Education, Culture, Sports, Science and Technology)</p> <p>July 2007 Deputy Director-General (for Financial Bureau), Minister's Secretariat, Ministry of Finance</p> <p>July 2008 Deputy Director-General, Financial Bureau, Ministry of Finance</p> <p>July 2009 Deputy Director-General (for Planning), Planning and Coordination Bureau, Financial Services Agency</p> <p>July 2010 Vice Commissioner, Planning and Coordination Bureau, Financial Services Agency</p> <p>August 2011 Director-General, Inspection Bureau, Financial Services Agency</p> <p>June 2013 Director-General, Planning and Coordination Bureau, Financial Services Agency</p> <p>August 2014 Executive Director, Bank of Japan</p> <p>August 2018 Senior Advisor, Aflac Life Insurance Japan Ltd.</p> <p>June 2019 Board of Trustees member, Chubu University (current)</p> <p>January 2020 Director, Vice Chairman, Aflac Life Insurance Japan Ltd. (current)</p> <p>May 2023 Outside Director, Medical Ikkou Group Co., Ltd. (current)</p> <p>[Important concurrent positions at other entities] Director, Vice Chairman, Aflac Life Insurance Japan Ltd. Board of Trustees member, Chubu University Outside Director, Medical Ikkou Group Co., Ltd.</p>	0 shares
<p>[Reason for nomination as candidate for Outside Director and outline of its role expected]</p> <p>Mr. Shigehiro Kuwabara has extensive experience and knowledge in management strategy, risk management, and corporate governance gained in his involvement in fiscal and financial administration at the Ministry of Finance and the Financial Services Agency, followed by his participation in the management of private sector companies, primarily in the life insurance business, over the course of many years. In the belief that he will oversee and supervise the management of the Company from an objective and independent standpoint based on his knowledge and experience in both the public and private sectors, the Company nominated him as a candidate for Outside Director. The Company expects Mr. Shigehiro Kuwabara to oversee and supervise the management of the Company and provide advice for the management to strengthen risk management and corporate governance structure.</p> <p>There are no business relationships between the Company and Aflac Life Insurance Japan Ltd., Chubu University, or Medical Ikkou Group Co., Ltd., where he holds important concurrent positions, which would constitute grounds for concluding that Mr. Shigehiro Kuwabara does not have independence from the Company, based on its "Standards for Independence of Outside Officers."</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 26.
  3. Ms. Miyuri Shirai, Mr. Shinji Ishihara and Mr. Shigehiro Kuwabara are candidates for Outside Director.
  4. Liability limitation agreement  
The Company has entered into a liability limitation agreement with Ms. Miyuri Shirai and Mr. Shinji Ishihara. The Company will continue this agreement with them if they are reelected.  
The Company will enter into a liability limitation agreement with Mr. Shigehiro Kuwabara 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. Ms. Miyuri Shirai and Mr. Shinji Ishihara 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. Shigehiro Kuwabara 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 Ms. Miyuri Shirai as an Outside Director will be four years at the conclusion of this Annual Shareholders' Meeting. The term of office of Mr. Shinji Ishihara as an Outside Director will be one year 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	Seigo Hanji	Male	○			○	○		○	○
	Tomomitsu Furukawa	Male	○	○	○		○			○
	Shigemasa Hakakoshi	Male	○	○	○		○			○
	Arihiro Yoshida	Male	○	○	○	○				
	Hiroki Ito	Male	○			○		○	○	○
	Kenji Shoda	Male	○			○		○	○	
	Miyuri Shirai	Female Outside Independent	●			●			●	●
	Shinji Ishihara	Male Outside Independent	●					●	●	
Audit & Supervisory Board Member	Shigehiro Kuwabara (Newly appointed)	Male Outside Independent	●					●	●	●
	Koji Takaki	Male Full-time				●		●	●	
	Kazuo Matsuda	Male Outside	●					●		●
	Etsuaki Yoshida	Male Outside 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

- (i) The person has experience as an officer or head of a company or unit related to applicable factors.
- (ii) 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 (Date of birth)	Career history and important concurrent positions at other entities	Number of shares of the Company held by the candidate
<b>Takaomi Suzuki</b> (September 3, 1973)  <div style="border: 1px solid black; padding: 2px; width: fit-content;">Substitute Audit &amp; Supervisory Board Member</div> <div style="border: 1px solid black; padding: 2px; width: fit-content;">Outside Audit &amp; Supervisory Board Member</div> <div style="border: 1px solid black; padding: 2px; width: fit-content;">Independent Officer</div>	April 1999 Registered as a lawyer (Aichi Prefecture) Joined Ishihara Law Office April 2004 Member of Public-relations Committee, Aichi Bar Association (current) April 2020 Civil Conciliation Commissioner, Tsushima Summary Court (current) June 2021 Member of Disciplinary Enforcement Committee, Aichi Bar Association (current)  [Important concurrent positions at other entities] Lawyer of Ishihara Law Office	0 shares
[Reason for nomination as candidate for substitute Outside Audit & Supervisory Board Member] 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. 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, which would constitute grounds for concluding that Mr. Takaomi Suzuki does not have independence from the Company, based on its "Standards for Independence of Outside Officers."		

- (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 138,600,000 yen in total to the six Directors (excluding three Outside Directors) in office as of March 31, 2026, 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 28 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.

## (Attachment)

### Business Report

( From: April 1, 2025  
To: March 31, 2026 )

#### 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, 2026, although the world economy remained on a gradual recovery trend overall, uncertainty persisted due to concerns over the negative impact of U.S. tariff policies and heightened geopolitical risks arising from the unstable situation in the Middle East.

The Japanese economy remained on a moderate recovery trend, supported by improvements in employment and income environment as well as corporate profits, although some weakness was observed. While capital investment remained firm, developments related to geopolitical risks, particularly the situation in the Middle East, continue to require close monitoring.

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

Under this business environment, consolidated net sales of the Group for the current fiscal year were 142,009 million yen (up 4.2% year on year). As for profits, despite negative factors such as increased labor costs and the impact of U.S. tariffs, strengthened profitability management and progress in price optimization resulted in operating profit of 8,371 million yen (up 18.1% year on year), ordinary profit of 7,402 million yen (up 8.5% year on year), and profit attributable to owners of parent of 4,396 million yen (up 61.6% 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, 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" in order to clarify the Group's business strategy. This change relates only to the names of the reportable segments and has no impact on segment information.

###### a. Powertrain business (formerly Automotive engine bearings)

Worldwide new car sales in 2025 (calendar year) grew 3.6% 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 (FY2025), new car sales decreased 0.9% to approximately 4.53 million units. Overseas for 2025 (calendar year), new car sales increased 2.7% in the United States, increased 2.0% in Europe, and rose 9.4% in China, although they fell for Japanese brand vehicles in China by 7.9%.

In this situation, the Group's sales of automotive engine bearings slightly increased 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 4.3% year on year to 75,675 million yen and segment profit increased 5.6% year on year to 9,806 million yen.

###### b. Marine & Energy business (formerly Non-automotive bearings)

###### • Large shipbuilding

With the new shipbuilding market remaining robust, ship tonnage under construction as of March 31, 2026 came to 29.36 million gross tons, remaining at a level largely unchanged year on year. Under these demand conditions, the Group has been working to expand production capacity by enhancing its facilities. As a result, net sales rose significantly year on year.

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

Net sales increased year on year, supported by growth in the market for ship auxiliary machines driven by expanding demand for new shipbuilding, as well as a steady increase in orders for bearings for medium- and high-speed engines owing to rising demand for emergency power supplies for data centers and growing demand for on-site power generation (power generation at the site) against a backdrop of grid constraints (limitations in power supply).

###### • Electric power energy/compressors for industry use, etc.

While orders for bearings for hydraulic power generation decreased due to a lull in renewable energy-related demand, this was offset by an increase in orders for compressor bearings used in industrial plants, resulting in an increase in net sales year on year.

As a result, net sales of the segment increased 10.6% year on year to 19,825 million yen, and segment profit rose 10.1% year on year to 4,088 million yen.

###### c. Life business (formerly Automotive non-engine bearings)

While the segment was affected by continued cautious lending by financial institutions and the economic slowdown in Thailand, as well as a decline in demand for internal combustion engine-related parts due to the shift toward electric vehicles (EVs) in Europe, this was offset by continued robust demand for automotive-related parts in the United States and increased orders associated with development activities for electric vehicles in China. As a result, net sales of the segment increased 9.4% year on year to 23,257 million yen and segment profit increased 30.3% year on year to 4,064 million yen.

d. Frontier business (formerly Other automotive parts)

- Aluminum die cast parts

Due to a decline in automobile demand caused by the semiconductor shortage in the United States, as well as factors such as the economic slowdown in Thailand, demand for aluminum die cast products decreased, resulting in a decline in net sales year on year. Meanwhile, operating profit improved as cost reductions progressed through lower transportation costs (air freight), reflecting the effects of quality improvements and other measures.

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

Net sales decreased year on year due to a decline in demand from Japanese brand vehicles in China. Although progress was made in reducing transportation costs (air freight) through improved delivery times and lowering manufacturing costs through process improvements, the above-mentioned decline in net sales had a significant impact, resulting in a decrease in profit.

As a result, net sales decreased 2.6% year on year to 23,071 million yen and segment loss was 755 million yen (segment loss of 1,362 million yen in the previous fiscal year).

e. Others

Although pump-related products saw the acquisition of new projects and increased orders for lubricants for equipment, metallic dry bearings were affected by a reactionary decline following a large-scale spot order recorded in the previous fiscal year. 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, decreased 7.4% year on year to 2,224 million yen and segment profit increased 12.1% year on year to 467 million yen. due to progress in price optimization.

## (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

Under our Midterm Business Plan for six-years from FY2025 to FY2030, “Bridge to Daido 2030,” the Group is aiming to be a company that can envisage and achieve sustainable growth exceeding capital costs, as the business environment is expected to change at an increasingly dizzying pace going forward. To this end, we have listed the following investment plans:

- Investment to steadily keep pace with growing demand in applications such as marine and data center-related fields.
- Investment for response to carbon neutrality
- Investment in IT strategy

Total capital investment for FY2025 was 10,963 million yen, a decrease of 631 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 enhance production capacity for low-speed engine bearings
- Investment to enhance production capacity for medium- to high-speed engine bearings
- Investment to improve productivity for automotive engine bearings at domestic and overseas production sites
- Investment in testing and production facilities for wind turbine bearings
- Investments related to information systems, power transmission, and telecommunications

## (3) Financial Conditions and Operating Results

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

Category	Fiscal year	FY 2022 115 <sup>th</sup> term	FY 2023 116 <sup>th</sup> term	FY 2024 117 <sup>th</sup> term	FY 2025 118 <sup>th</sup> term (Current fiscal year)
Net sales (Millions of yen)		115,480	128,738	136,303	142,009
Operating profit (Millions of yen)		2,824	6,084	7,091	8,371
Ordinary profit (Millions of yen)		2,909	5,825	6,820	7,402
Profit (loss) attributable to owners of parent (Millions of yen)		(2,208)	2,569	2,720	4,396
Basic earnings (loss) per share (Yen)		(47.05)	54.50	57.70	93.73
Net assets (Millions of yen)		70,454	78,721	82,095	91,425
Total assets (Millions of yen)		173,317	188,369	196,656	209,434

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

Category	Fiscal year	FY 2022 115 <sup>th</sup> term	FY 2023 116 <sup>th</sup> term	FY 2024 117 <sup>th</sup> term	FY 2025 118 <sup>th</sup> term (Current fiscal year)
Net sales (Millions of yen)		68,087	71,635	73,553	78,514
Operating profit (Millions of yen)		712	2,631	3,051	4,365
Ordinary profit (Millions of yen)		1,944	3,740	6,089	4,528
Profit (loss) (Millions of yen)		(2,271)	1,343	3,653	4,012
Basic earnings (loss) per share (Yen)		(48.40)	28.50	77.50	85.54
Net assets (Millions of yen)		48,239	49,969	52,888	55,854
Total assets (Millions of yen)		111,102	118,701	126,023	136,394

(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 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**

Since its founding in 1939, the Group has pursued quality not only in its products but in all aspects of its corporate activities, rooted in the founder's philosophy of "Quality is Life." Underpinned by our corporate philosophy, which emphasizes employee well-being and contribution to society, we formulated "Purpose," "Vision," and "Value" in FY2025. "Purpose" represents the social value of the products the Group has delivered and the values it has cherished; "Vision" represents the future the Group aims for; and "Value" represents the values it holds dear.

Beginning with "DAIDO METAL's Philosophy," which conveys the founder's vision, and followed by our current guiding principles, "Purpose," "Vision," and "Value," the Group sets forth these as its management philosophies. While embodying these management philosophies, the Group will continue its business operations with the aim not only of achieving its Midterm Business Plan but also of realizing a sustainable society that carries forward the founder's vision.

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

The Group is implementing a Midterm Business Plan for six years starting from FY2025 to FY2030, with the aim of being a company that can envisage and achieve sustainable growth exceeding capital costs. In this Midterm Business Plan, we have incorporated the issues facing the Group in light of changes in the business environment and clarified our financial, business, and non-financial capital strategies. In FY2025, the first year of the Midterm Business Plan, our core powertrain business progressed as planned. In the marine & energy business, bearings for low-speed marine diesel engines remained strong against a backdrop of growing shipping demand, and during the fiscal year we were able to create demand in areas that we should focus on as next-generation growth areas, such as bearings for power generation engines used in data centers and bearings for general industry. Furthermore, we were generally able to achieve the quantitative targets for the first year of the Midterm Business Plan by mitigating the impact of rising labor and material costs through various measures.

In addition, as part of our efforts to enhance corporate value, we conducted an offering of shares in March 2026 to restructure our shareholder composition and improve the liquidity of our shares. With the aim of mitigating the impact on the supply and demand balance of our shares, we also announced acquisition of treasury shares as part of our shareholder return measures, and have been implementing it since April 2026. Additionally, in order to foster a sense of unity among employees and to enhance corporate value together with them, we decided to introduce a Restricted Stock Incentive Plan for the Employee Stock Purchase Plan.

The Group's business environment continues to change at a dizzying pace, and the future is still difficult to forecast; however, to respond appropriately to these challenging conditions and address the issues we face, we will systematically advance the four Action lines of our Midterm Business Plan. Based on our four Actions lines, which are Action line 1: Structural reform for strengthening profitability, Action line 2: Refine core businesses, Action line 3: Enhance next core and semi core businesses, and Action line 4: Promote management focusing on non-financial capital, we aim to enhance corporate value by establishing a foundation for our next core and semi core businesses, and by improving the profitability structure of our core businesses through the promotion of structural reforms. As we enter the second year of our Midterm Business Plan, management and employees will work in unison to embrace a new era.

The main initiatives for FY2025 are as follows:

##### 1) Initiatives to strengthen profitability

###### Improving profit levels

Operating profit has recovered to three times the level recorded three fiscal years ago (FY2022). Furthermore, we have achieved improvements of approximately 1.0 billion yen per fiscal year over the past two years.

###### Strengthening core businesses

In the powertrain business, which manufactures automotive engine bearings, both net sales and operating profit progressed as planned despite the ongoing shift toward EVs. In the marine & energy business, net sales increased, driven by strong demand from the shipbuilding market and related fields, contributing to profit expansion. We will continue our efforts to strengthen profitability through strict cost control and other measures.

(Note) Intersegment sales or transfers are not included in net sales by segment for 1) Initiatives to strengthen profitability and 2) Toward the target business portfolio.

##### 2) Toward the target business portfolio

Plain bearings used in engines (the powertrain business, and the marine & energy business) are a core business that has supported our Group. Accordingly, we will pursue a multi pathway strategy to continue to meet customer needs spare parts for engine bearings, measures for environmental burden, etc. for engine bearings. Furthermore, we have positioned businesses aimed at expanding sales of products used in non-engine fields as next core and semi core businesses, and will gradually implement specific strategies in a phased manner. Over the medium to long term, we will increase the share of the life and frontier businesses, thereby enhancing our business foundations by expanding the value provided by plain bearings for not just vehicles and ships, but also for a wider range of general industries. In addition, we will expand the scope of the frontier business into areas beyond plain bearings.

### 3) Changes in the business environment

Regarding the future pace of the shift to BEVs (battery electric vehicles), forecasts of production volumes for 2035 have shown a trend toward a slower transition each time new survey results are released.

In fact, the pace of the shift to BEVs has been slowing globally in recent years, with this trend being particularly pronounced in Europe and North America. The risk of a decline in the Group's business has been decreasing.

### 4) Initiatives to strengthen non-financial capital

#### Measures

#### Promotion of human capital management

- We will develop corporate culture that fosters employee initiative and a willingness to take on challenges, and establish a personnel system that supports an organization resilient to change, while also strengthening systems for work style reforms and talent acquisition.

#### Penetration

#### Promotion of sustainability initiatives based on our Purpose

- Amid an uncertain economic climate, we will define our Vision and Value based on our Purpose to clarify the Group's guiding principles. Along with our commitment to the future, we will also pursue QCLDMM (Quality, Cost, Lead Time, Delivery, Management, and Mindset) as a manufacturing company.

#### Disclosure

#### Enhancement of stakeholder dialogue through Integrated Report revamp

- We will clarify our vision for the future in our Midterm Business Plan, and create opportunities for enhanced dialogue with stakeholders through major revamps of our Integrated Report and enhanced investor briefings.

### 5) FY2025 actuals under the Mid-Term Business Plan (vs. targets)

#### a. FY2025 key KPI actuals

(Billions of yen)

	FY2025 Target	FY2025 Actual	Score
Net sales	134.0	142.0	Excellent
Operating profit	8.0	8.3	Excellent
Net income	3.5	4.3	Excellent
Operating profit margin (%)	6.0	5.9	Fair
ROE (%)	5.0	5.7	Excellent

#### b. FY2025 net sales by business segments

(Billions of yen)

Business Name	FY2025 Target	FY2025 Actual	Score
Powertrain	68.3	74.4	Excellent
Marine & Energy	18.5	19.8	Excellent
Life	22.8	22.9	Excellent
Frontier	22.5	22.8	Excellent
Others	1.5	1.9	Excellent

(Note) Intersegment sales or transfers are not included in net sales by segment.

## (6) Major Business Lines

Major business divisions	Business lines
Powertrain business	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.
Marine & Energy business	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.
Life business	Bearings for other automotive parts (shock absorbers, compressors for air conditioning, steering wheels, transmissions, etc.)
Frontier business	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, 2026)

Number of employees (persons)		Change from previous period (persons)	
Japan	2,545	Increase	6
Overseas	4,722	Decrease	62
Total	7,267	Decrease	56

(Notes) 1. In addition to the above, temporary employees (total of 504) 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, 2026)

Number of employees (persons)	Change from previous period (persons)	Average age (years of age)	Average years of service (years)
1,374	Decrease 20	41.4	16.9

(Notes) 1. In addition to the above, temporary employees (total of 159) 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, 2026)

Name	Share capital or investments in capital	Percentage of voting rights held by the Company	Major businesses	Notes
<b>(Consolidated subsidiaries)</b>				
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%)	Sales of 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, development 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.	1,650 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%	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	29,457 thousand euro	99.6%	Production 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%)	Design, production, repair 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, 2026)

Lender	Outstanding Balance (Millions of yen)
Mizuho Bank, Ltd.	25,414
MUFG Bank, Ltd.	11,137
Sumitomo Mitsui Banking Corporation	6,381
Sumitomo Mitsui Trust Bank, Limited	4,241
The Norinchukin Bank	2,425

#### (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 2,473 shares)
- (3) Number of shareholders at end of the fiscal year 20,642 shareholders (Increased by 5,899 shareholders from the previous fiscal year)

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

Name of shareholder	Number of shares held (1,000 shares)	Ratio of shareholding (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,516	7.40
Daido Metal Employee Stock Purchase Plan	2,062	4.34
Daido Metal Yueikai Business Partners Stock-Ownership Plan	1,979	4.16
Custody Bank of Japan, Ltd. (Trust Account)	1,861	3.91
The Seri Wathana Industry Co, Ltd. 703000	1,000	2.10
Empire Motor Co.,Ltd	912	1.91
Marubeni-Itochu Steel Inc.	886	1.86
Daido Metal Kyoryokukai Business Partners Stock-Ownership Plan	830	1.74
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	823	1.73
KYB Corporation	800	1.68

(Note) Ratio of shareholding is calculated with total shares outstanding net of treasury shares (2,473 shares). The 652,000 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.

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

None

**4. Company Officers**  
**(1) Directors and Audit & Supervisory Board Members**

(As of March 31, 2026)

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, and Audit Department
Director and Managing Executive Officer	Shigemasa Hakakoshi				Head of Human Resources Planning Division and General Manager of Inuyama Site In charge of Bi-metal Division, Purchasing Department and Environmental & Safety Management & CN Promotion Department
Director and Managing Executive Officer	Arihiro Yoshida				Head of New Products Development Division In charge of Marine & Industrial Bearings Division
Director and Managing Executive Officer	Hiroki Ito				Head of Finance Planning Division In charge of ICT Division, Legal Affairs and Compliance Department
Director and Managing Executive Officer	Kenji Shoda				President of Thinwall Bearings & Turbo Charger Bearings Division
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
Director	Shinji Ishihara	Outside	Independent		Managing Partner of Ishihara Law Office, Outside Director (Audit & Supervisory Committee Member) of Juroku Financial Group, Inc.
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. Kiyotaka Hoshinaga, Ms. Miyuri Shirai, and Mr. Shinji Ishihara 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. 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.
4. 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.
5. Mr. Shinji Ishihara is qualified as a lawyer and has considerable knowledge of legal affairs.
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. Toshiyuki Takei, Director, retired as such at conclusion of the 117<sup>th</sup> Annual Shareholders’ Meeting held on June 27, 2025.

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

The outline of the liability limiting agreement, which the Company concluded with Outside Director Mr. Kiyotaka Hoshinaga, Outside Director Ms. Miyuri Shirai, Outside Director Mr. Shinji Ishihara, Audit & Supervisory Board Member Mr. Koji Takaki, Outside Audit & Supervisory Board Member Mr. Kazuo Matsuda, and Outside Audit & Supervisory Board Member Mr. Etsuaki Yoshida, 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 has been introduced for Directors (excluding Outside Directors) serving during the nine fiscal years from FY2019 (112<sup>th</sup> term) to FY2027 (120<sup>th</sup> term).

###### (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) serving during the five fiscal years from FY2019 (112<sup>th</sup> term) to FY2023 (116<sup>th</sup> term) as the applicable period 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 applicable period was extended through FY2027.)

###### (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 (Outside Directors)	414 million yen (36 million yen)	193 million yen (36 million yen)	192 million yen (– million yen)	28 million yen (– million yen)	10 (4)
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	41 million yen (26 million yen)	41 million yen (26 million yen)	– million yen (– million yen)	– million yen (– million yen)	3 (2)

- (Notes)
- The above includes one Director who retired at conclusion of the 117<sup>th</sup> Annual Shareholders' Meeting held on June 27, 2025.
  - In addition to the above, a total of 63 million yen was paid as employee-portion salaries for four employee-directors.
  - Stock-based remuneration is included in nonmonetary remuneration.
  - 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 142,009 million yen and 3.1% respectively. The Company plans to pay 138 million yen as “bonus” on the condition that Agenda Item No. 3 to be submitted to the 118<sup>th</sup> Annual Shareholders' Meeting to be held on June 26, 2026, is approved and resolved as originally proposed. The total amount of performance-linked component, including said “bonus” is expected to be 192 million yen as stated above.
  - 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 142,009 million yen, 5.9%, and 5.7% respectively.
  - 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
Kiyotaka Hoshinaga (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 (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.
Shinji Ishihara (Outside Director)	Managing Partner of Ishihara Law Office Outside Director (Audit & Supervisory Committee Member) of Juroku Financial Group, Inc.	The Company has no transaction with Ishihara Law Office and Juroku Financial Group, Inc. that would constitute grounds for concluding that Mr. Shinji Ishihara does not have independence from the Company.
Kazuo Matsuda (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 (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	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	In addition to 15 of the 15 meetings of the Board of Directors (participation: 100%), she attended meetings of the Nomination Committee and Remuneration Committee. 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.
Director	Shinji Ishihara	Attended 12 of the 12 meetings of the Board of Directors held after his appointment (participation: 100%). At the Board of Directors, he fulfilled his role to help enhance medium- to long term corporate value by making remarks based on his extensive expertise in corporate legal affairs, corporate governance, and risk management cultivated through his experience as a lawyer, in addition to leveraging his knowledge of corporate management across companies of different industries and sizes gained through his experience serving as an outside director at other listed companies. 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	65 million yen
Total remuneration and benefits payable by the Group to Accounting Auditor	95 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 and other related services, 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 FY2026.

### (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 FY2025, as part of our measures for strengthening our Group-wide legal and regulatory compliance and for preventing misconduct, we have worked to strengthen risk management and governance by enhancing the effectiveness of our whistleblower system through initiatives such as distributing pocket-sized cards to all employees containing information on reporting channels and examples of whistleblowing cases, as well as establishing a new reporting channel for our suppliers.

In response to tariff increases resulting from trade policies, changes in import and export regulations in various countries, and rising military tensions, the Group strives to collect timely information on policies and regulatory changes and, after conducting sufficient discussions, implements measures as necessary, including passing on costs through sales price adjustments, hedging foreign exchange and interest rate risks, and reviewing supply chains.

## 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 “Bridge to Daido 2030” as its Midterm Business Plan for six years from FY2025 to FY2030, with the aim of being a company that can envisage and achieve sustainable growth exceeding capital costs.

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, together with our various stakeholders including business partners such as customers and suppliers, employees and their families, local residents and others. 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.
  - In March 2026, the Company decided to introduce a Restricted Stock Incentive Plan for the Employee Stock Purchase Plan, with the aim of fostering a sense of unity among employees and enhancing corporate value together with them in the management of the Group.
  - 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 28, 2026, we decided to pay a year-end dividend of 19 yen per share from June 29, 2026 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 12 yen per share, would be 31 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. Regarding shareholder returns, we are working towards achieving target dividend payout ratios of 35% or higher in FY2027 and 40% or higher in FY2030.

For the next fiscal year, the Company plans an annual dividend of 36 yen per share (the interim dividend of 18 yen per share and year-end dividend of 18 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, 2026)

(Millions of yen)

Account (Assets)	Amount	Account (Liabilities)	Amount
<b>Current assets</b>	<b>112,422</b>	<b>Current liabilities</b>	<b>74,335</b>
Cash and deposits	29,469	Notes and accounts payable - trade	10,300
Notes receivable - trade	1,813	Electronically recorded obligations - operating	13,327
Accounts receivable - trade	29,400	Short-term borrowings	27,187
Electronically recorded monetary claims - operating	3,497	Current portion of long-term borrowings	8,206
Merchandise and finished goods	19,886	Lease liabilities	515
Work in process	14,357	Income taxes payable	2,323
Raw materials and supplies	11,047	Contract liabilities	150
Other	3,069	Provision for bonuses	2,051
Allowance for doubtful accounts	(119)	Provision for bonuses for directors (and other officers)	138
		Provision for product compensation	87
		Electronically recorded obligations - non-operating	1,227
		Other	8,818
<b>Non-current assets</b>	<b>97,012</b>	<b>Non-current liabilities</b>	<b>43,674</b>
<b>Property, plant and equipment</b>	<b>65,405</b>	Long-term borrowings	29,104
Buildings and structures	18,571	Lease liabilities	874
Machinery, equipment and vehicles	21,717	Deferred tax liabilities	5,257
Land	11,042	Provision for share awards	112
Leased assets	2,211	Provision for share awards for directors (and other officers)	101
Construction in progress	10,478	Retirement benefit liability	7,884
Other	1,384	Asset retirement obligations	17
		Other	322
<b>Intangible assets</b>	<b>7,240</b>	<b>Total Liabilities</b>	<b>118,009</b>
Goodwill	2,898	<b>(Net Assets)</b>	
Other	4,341	<b>Shareholders' equity</b>	<b>62,694</b>
		Share capital	8,413
<b>Investments and other assets</b>	<b>24,366</b>	Capital surplus	13,112
Investment securities	8,326	Retained earnings	41,623
Long-term loans receivable	243	Treasury shares	(455)
Retirement benefit asset	12,127	<b>Accumulated other comprehensive income</b>	<b>19,395</b>
Deferred tax assets	2,142	Valuation difference on available-for-sale securities	1,786
Other	1,574	Foreign currency translation adjustment	13,000
Allowance for doubtful accounts	(47)	Remeasurements of defined benefit plans	4,608
		<b>Non-controlling interests</b>	<b>9,335</b>
<b>Total Assets</b>	<b>209,434</b>	<b>Total Net Assets</b>	<b>91,425</b>
		<b>Total Liabilities and Net Assets</b>	<b>209,434</b>

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

## Consolidated Statement of Income

( From: April 1, 2025  
To: March 31, 2026 )

(Millions of yen)

Account	Amount	
<b>Net sales</b>		<b>142,009</b>
<b>Cost of sales</b>		<b>106,248</b>
<b>Gross profit</b>		<b>35,761</b>
<b>Selling, general and administrative expenses</b>		<b>27,389</b>
<b>Operating profit</b>		<b>8,371</b>
<b>Non-operating income</b>		
Interest and dividend income	644	
Share of profit of entities accounted for using equity method	117	
Subsidy income	173	
Other	359	1,295
<b>Non-operating expenses</b>		
Interest expenses	1,455	
Loss on retirement of non-current assets	102	
Foreign exchange losses	338	
Other	368	2,265
<b>Ordinary profit</b>		<b>7,402</b>
<b>Extraordinary income</b>		
Gain on sale of investment securities	1,074	1,074
<b>Profit before income taxes</b>		<b>8,476</b>
Income taxes - current	3,783	
Income taxes - deferred	(684)	3,099
<b>Profit</b>		<b>5,377</b>
<b>Profit attributable to non-controlling interests</b>		<b>980</b>
<b>Profit attributable to owners of parent</b>		<b>4,396</b>

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

## Consolidated Statement of Changes in Equity

( From: April 1, 2025  
To: March 31, 2026 )

(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	38,319	(281)	59,565
<b>Changes during period</b>					
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					
<b>Total changes during period</b>	-	(1)	3,303	(173)	3,128
<b>Balance at end of period</b>	8,413	13,112	41,623	(455)	62,694

(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>	1,698	8,512	2,973	13,184	9,344	82,095
<b>Changes during period</b>						
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 noncontrolling interests						(1)
Net changes in items other than shareholders' equity	88	4,487	1,634	6,210	(9)	6,201
<b>Total changes during period</b>	88	4,487	1,634	6,210	(9)	9,330
<b>Balance at end of period</b>	1,786	13,000	4,608	19,395	9,335	91,425

(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

For companies consolidated under equity method with balance sheet dates different from the consolidated balance sheet date, financial statements as of their year-end are used.

## 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) 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) 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) 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 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 2,898 million yen (241 million yen for Iino Holding Ltd. and its subsidiaries (hereinafter referred to as the "Iino Group") and 2,656 million yen for ATA Casting Technology Japan Co., Ltd. and its subsidiaries (hereinafter referred to as the "ATA Group"), and customer-related assets of 2,742 million yen (1,954 million yen for the Iino Group and 787 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 "Frontier business," 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 5,892 million yen for the Iino Group and 7,724 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 2,279 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 "Frontier business" 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. As a result, 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.

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.

#### (1) 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.

#### (2) 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, 2026, the carrying amount of the treasury shares was 453 million yen and the number of shares was 652,000 shares.

#### Introduction of a Restricted Stock Incentive Plan for the Employee Stock Purchase Plan and Disposal of Treasury Shares

The Company resolved at the Board of Directors meeting held on March 10, 2026 to introduce a “Restricted Stock Incentive Plan for the Employee Stock Purchase Plan” (the “Plan”) and, under the Plan, to dispose of treasury shares as restricted stocks (the “Treasury Share Disposal” or the “Disposal”) to the Daido Metal Employee Stock Purchase Plan (the “Stock Purchase Plan”) as a proposed allottee.

#### (1) Overview of the Disposal

(i) Disposal date	October 27, 2026
(ii) Class and number of shares to be disposed of	322,800 shares of our common share (Note)
(iii) Disposal price	1,005 yen per share
(iv) Total amount of disposal	324,414,000 yen (Note)
(v) Disposal method (Proposed allottee)	The Company will allot to the Stock Purchase Plan the number of shares applied for as determined by the Stock Purchase Plan 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 Stock Purchase Plan. (Daido Metal Employee Stock Purchase Plan: 322,800 shares) No partial applications for the number of shares to be granted from any Eligible Employees (as defined below) will be accepted.
(vi) 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 (the “Eligible Employees”) after completion of the enrollment promotion for non-members of the Stock Purchase Plan and the confirmation of consent to the Plan by members of the Stock Purchase Plan (up to a maximum of 3,228 Eligible Employees).

Specifically, as set forth in (vi) above, the number of shares applied for as determined by the Stock Purchase Plan 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 Stock Purchase Plan.

#### (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 Stock Purchase Plan. 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 Stock Purchase Plan, 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.

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

1. Accumulated depreciation of property, plant and equipment	150,677	million yen
2. Assets pledged as collateral, and liabilities secured by collateral		
Assets pledged as collateral		
Buildings and structures	437	million yen
Machinery, equipment and vehicles	908	
Land	1,928	
Other	0	
Total	<u>3,274</u>	
Liabilities secured by collateral		
Short-term borrowings	2,786	million yen
Long-term borrowings (including amounts scheduled to be repaid within one year)	941	
Total	<u>3,727</u>	
3. Guarantee obligations		
Employee housing loans, etc.	63	million yen
4. Notes receivable discounted or transferred by endorsement		
Discounted export bills	9	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 29, 2025	Common share	522	11.00	March 31, 2025	June 30, 2025
Board of Directors meeting held on November 13, 2025	Common share	570	12.00	September 30, 2025	December 5, 2025

(Notes) 1. The dividends paid as per the resolution of the Board of Directors meeting held on May 29, 2025 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 13, 2025 includes 7 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 28, 2026	Common share	902	19.00	March 31, 2026	June 29, 2026

(Note) The dividends paid includes 12 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 transactions to hedge the risk of foreign exchange fluctuations for portions of foreign currency denominated monetary claims and obligations, as well as currency swap transactions to hedge the risk of foreign exchange fluctuations for foreign currency denominated borrowings. 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, 2026 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	5,059	5,059	–
Total assets	5,059	5,059	–
(1) Long-term borrowings (including amounts scheduled to be repaid within one year)	37,310	36,085	(1,225)
(2) Lease liabilities	1,390	1,354	(35)
Total liabilities	38,700	37,439	(1,260)
Derivatives (*1) Those not qualifying for hedge accounting	(16)	(16)	–

(\*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	3,267

### 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	5,059	–	–	5,059
Total assets	5,059	–	–	5,059
Derivatives				
Currency-related	–	16	–	16
Total liabilities	–	16	–	16

## (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	–	36,085	–	36,085
Lease liabilities	–	1,354	–	1,354
Total liabilities	–	37,439	–	37,439

(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
929	2,392

- (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 (Note 2)	Total
	Powertrain business	Marine & Energy business	Life business	Frontier business	Sub total		
Japan	27,701	11,742	10,218	4,021	53,684	1,440	55,124
North America	9,076	1,214	2,817	6,056	19,164	109	19,274
Asia	24,472	2,065	6,124	12,011	44,674	191	44,865
Europe	8,282	4,524	2,516	0	15,323	87	15,411
Other	4,941	254	1,269	781	7,246	11	7,258
Revenue generated from contracts with customers	74,474	19,801	22,945	22,871	140,093	1,840	141,933
Other revenue	–	–	–	–	–	76	76
Sales to external customers	74,474	19,801	22,945	22,871	140,093	1,916	142,009

- (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	32,781	34,710
Contract assets	—	—
Contract liabilities	107	150

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	1,751.60 yen
2. Basic earnings per share	93.73 yen

**X. Notes on Significant Subsequent Events**

None

## Non-consolidated Balance Sheet

(As of March 31, 2026)

(Millions of yen)

Account (Assets)	Amount	Account (Liabilities)	Amount
<b>Current assets</b>	<b>49,807</b>	<b>Current liabilities</b>	<b>44,052</b>
Cash and deposits	6,417	Accounts payable - trade	7,458
Notes receivable - trade	48	Electronically recorded obligations - operating	14,369
Accounts receivable - trade	19,926	Short-term borrowings	8,252
Electronically recorded monetary claims - operating	3,538	Current portion of long-term borrowings	6,135
Merchandise and finished goods	3,277	Lease liabilities	253
Work in process	5,935	Accounts payable - other	1,794
Raw materials and supplies	3,641	Accrued expenses	1,141
Prepaid expenses	180	Income taxes payable	1,183
Short-term loans receivable from subsidiaries and associates	3,776	Contract liabilities	646
Accounts receivable - other	2,999	Deposits received	70
Other	65	Unearned revenue	27
Allowance for doubtful accounts	(0)	Provision for bonuses	1,356
		Provision for bonuses for directors (and other officers)	138
		Electronically recorded obligations - non-operating	1,205
		Other	19
<b>Non-current assets</b>	<b>86,587</b>	<b>Non-current liabilities</b>	<b>36,487</b>
<b>Property, plant and equipment</b>	<b>21,390</b>	Long-term borrowings	28,640
Buildings	7,831	Lease liabilities	72
Structures	584	Deferred tax liabilities	1,233
Machinery and equipment	4,259	Provision for retirement benefits	5,404
Vehicles	15	Provision for share awards	112
Tools, furniture and fixtures	363	Provision for share awards for directors (and other officers)	101
Land	5,076	Asset retirement obligations	17
Leased assets	1,240	Long-term accounts payable - other	850
Construction in progress	2,018	Other	54
		<b>Total Liabilities</b>	<b>80,540</b>
<b>Intangible assets</b>	<b>1,387</b>	<b>(Net Assets)</b>	
Software	912	<b>Shareholders' equity</b>	<b>54,114</b>
Right to use facilities	40	<b>Share capital</b>	<b>8,413</b>
Other	434	<b>Capital surplus</b>	<b>12,238</b>
		Legal capital surplus	8,789
<b>Investments and other assets</b>	<b>63,809</b>	Other capital surplus	3,449
Investment securities	4,186	<b>Retained earnings</b>	<b>33,917</b>
Shares of subsidiaries and associates	32,694	Legal retained earnings	743
Investments in capital of subsidiaries and associates	18,490	Other retained earnings	33,174
Long-term loans receivable from subsidiaries and associates	6,870	Reserve for tax purpose reduction entry of non-current assets	4,154
Long-term loans receivable from employees	9	General reserve	21,000
Long-term prepaid expenses	9	Retained earnings brought forward	8,019
Prepaid pension costs	6,303	<b>Treasury shares</b>	<b>(455)</b>
Other	252	<b>Valuation and translation adjustments</b>	<b>1,739</b>
Allowance for doubtful accounts	(5,007)	Valuation difference on available-for-sale securities	1,739
		<b>Total Net Assets</b>	<b>55,854</b>
<b>Total Assets</b>	<b>136,394</b>	<b>Total Liabilities and Net Assets</b>	<b>136,394</b>

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

## Non-consolidated Statement of Income

( From: April 1, 2025  
To: March 31, 2026 )

(Millions of yen)

Account	Amount	
<b>Net sales</b>		<b>78,514</b>
<b>Cost of sales</b>		<b>60,829</b>
<b>Gross profit</b>		<b>17,684</b>
<b>Selling, general and administrative expenses</b>		<b>13,319</b>
<b>Operating profit</b>		<b>4,365</b>
<b>Non-operating income</b>		
Interest and dividend income	2,751	
Other	323	3,074
<b>Non-operating expenses</b>		
Interest expenses	732	
Loss on retirement of non-current assets	74	
Foreign exchange losses	20	
Other	2,084	2,911
<b>Ordinary profit</b>		<b>4,528</b>
<b>Extraordinary income</b>		
Gain on sale of investment securities	826	826
<b>Profit before income taxes</b>		<b>5,354</b>
Income taxes - current	1,435	
Income taxes - deferred	(94)	1,341
<b>Profit</b>		<b>4,012</b>

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

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

	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		
<b>Balance at beginning of period</b>	4,242	21,000	5,012	30,998	(281)	51,368
<b>Changes during period</b>						
Provision of reserve for tax purpose reduction entry of non-current assets	293		(293)	-		-
Reversal of reserve for tax purpose reduction entry of non-current assets	(381)		381	-		-
Dividends of surplus			(1,092)	(1,092)		(1,092)
Profit			4,012	4,012		4,012
Purchase of treasury shares					(184)	(184)
Disposal of treasury shares					10	10
Net changes in items other than shareholders' equity						
<b>Total changes during period</b>	(88)	-	3,007	2,919	(173)	2,746
<b>Balance at end of period</b>	4,154	21,000	8,019	33,917	(455)	54,114

(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>	1,519	1,519	52,888
<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			(1,092)
Profit			4,012
Purchase of treasury shares			(184)
Disposal of treasury shares			10
Net changes in items other than shareholders' equity	220	220	220
<b>Total changes during period</b>	220	220	2,966
<b>Balance at end of period</b>	1,739	1,739	55,854

(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) 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) 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) 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 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 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 32,694 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."

### Introduction of a Restricted Stock Incentive Plan for the Employee Stock Purchase Plan and Disposal of Treasury Shares

The Company resolved at the Board of Directors meeting held on March 10, 2026 to introduce a "Restricted Stock Incentive Plan for the Employee Stock Purchase Plan" (the "Plan") and, under the Plan, to dispose of treasury shares as restricted stocks to the Daido Metal Employee Stock Purchase Plan as a proposed allottee.

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	55,140 million yen
2. Monetary claims and monetary obligations to/from subsidiaries and associates	
Short-term monetary claims	9,729 million yen
Long-term monetary claims	9
Short-term monetary obligations	5,576
Long-term monetary obligations	665
3. Monetary obligations to directors	
Long-term monetary obligations	174 million yen
4. Guarantee obligations	
(1) For employee housing loans, etc.	63 million yen
(2) For bank borrowings, etc.	
DAIDO METAL KOTOR AD	366
Daido Industrial Bearings Europe Limited	253
DAIDO METAL CZECH s.r.o.	866
Daido Metal Europe GmbH.	8
Daido Metal U.S.A. Inc.	3,057
Daido Metal Mexico, S.A. de C.V.	353
Daido Metal Mexico Sales, S.A. de C.V.	0
DM Casting Technology (Thailand) Co., Ltd.	632
(3) For liabilities on purchases	
DAIDO METAL KOTOR AD	197
Total	<u>5,800</u>

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

1. Amount of transactions with subsidiaries and associates	
Operating transactions	
Amount of sales	20,033 million yen
Amount of purchases	16,266
Other operating transactions	1,730
Transactions other than operating transactions	3,334
2. Non-operating expenses for the current fiscal year include adjustment payments of 665 million yen related to transfer pricing taxation with the Company's European subsidiaries.	

## **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 654 thousand shares

(Note) The number of common shares includes 652 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	394 million yen
Depreciation in excess of tax allowable limit	25
Impairment losses	158
Accrued business tax	98
Loss on valuation of shares of subsidiaries and associates	5,419
Loss on valuation of golf club membership	17
Excess allowance for doubtful accounts	1,573
Provision for bonuses	427
Provision for retirement benefits	1,702
Long-term accounts payable - other	264
Other	377
Sub-total of deferred tax assets	10,460
Valuation reserves for temporary difference, etc.	(7,437)
Total deferred tax assets	3,023
Deferred tax liabilities	
Reserve for tax purpose reduction entry of non-current assets	(1,910)
Valuation difference on available-for-sale securities	(785)
Prepaid pension costs	(1,416)
Other	(144)
Total deferred tax liabilities	(4,256)
Net deferred tax liability	(1,233)

## 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 8	Account	Balance at end of period (Millions of yen) Note 8
Subsidiaries	Daido Plain Bearings Co., Ltd.	(Holding) Direct 100.0	Manufacturing of the Company's products, lease of facilities, and key management personnel service (two officers)	Purchase of bearing products, etc. Note 1	8,403	Accounts payable - trade  Electronically recorded obligations - operating	889  2,109
	NDC Co., Ltd.	(Holding) 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 (two officers)	Purchase of bearing products, etc. Note 1	3,628	Accounts payable - trade	1,907
	DAIDO METAL SALES CO., LTD.	(Holding) Direct 100.0	Sale of the Company's products, lease of facilities, loans, and key management personnel service (two officers)	Sale of bearing products, etc. Note 2	2,176	Accounts receivable - trade	1,395
	Daido Industrial Bearings Japan Co., Ltd.	(Holding) Direct 100.0	Sale of the Company's products, purchase of products, licensing of technology, and loans	Loans Note 3	1,400	Short-term loans receivable from subsidiaries and associates	2,300
	DM Casting Technology (Thailand) Co., Ltd.	(Holding) Direct 99.9	Debt guarantees and loans, and key management personnel service (one officer)	Subscription to capital increase Note 4  Loans Notes 3, 5	3,979  -	-  Long-term loans receivable from subsidiaries and associate	-  6,536
	Daido Metal U.S.A. Inc.	(Holding) Direct 100.0	Sale of the Company's products and bimetal, purchase of products, licensing of technology, debt guarantees, and key management personnel service (two officers)	Sale of bearing products, etc. Note 2  Debt guarantees Note 6	5,564  3,057	Accounts receivable - trade  -	1,799  -
	DAIDO METAL CZECH s.r.o.	(Holding) Direct 100.0	Sale of the Company's products and bimetal, purchase of products, debt guarantees, and key management personnel service (one officer)	Transfer pricing adjustments Note 7	665	Long-term accounts payable - other	665

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

(Note 4) The subscription to capital increase means that the Company subscribed to capital increase conducted by subsidiary.

(Note 5) Allowance for doubtful accounts provided for long-term loans receivable to DM Casting Technology (Thailand) Co., Ltd. (6,536 million yen) is 3,903 million yen as of the end of the fiscal year.

(Note 6) Debt guarantees are provided for the bank borrowings (3,057 million yen) of Daido Metal U.S.A. Inc. and guarantee commission of 0.2% per annum are received

(Note 7) Transfer pricing adjustments represent adjustment amounts related to transfer pricing taxation.

(Note 8) 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	1,191.81 yen
2. Basic earnings per share	85.54 yen

**XII. Notes on Significant Subsequent Events**

None

Independent Auditor's Report

May 19, 2026

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	<u>Atsuki Jinno</u>
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Designated Unlimited Liability Partner Engagement Partner	Certified Public Accountant	<u>Yasuhiko Goto</u>
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**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, 2026, and the consolidated statement of income and consolidated statement of changes in equity for the fiscal year from April 1, 2025 to March 31, 2026, 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, 2026, 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 (including provisions applicable to audits of financial statements of public interest entities), 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 Report

May 19, 2026

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 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, 2026, and the non-consolidated statement of income and non-consolidated statement of changes in equity for the 118<sup>th</sup> fiscal year from April 1, 2025 to March 31, 2026, 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, 2026, 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 (including provisions applicable to audits of financial statements of public interest entities), 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 118th fiscal year from April 1, 2025 to March 31, 2026, 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 27, 2026

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