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Daido Metal Co., Ltd.
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The corporate governance of Daido Metal Co., Ltd. (the "Company") is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

In order for the Company to be trusted by its stakeholders including shareholders, business partners and employees, the Company has structured its Board of Directors to achieve sustainable growth and enhance corporate value from medium- to long-term perspectives. The Company introduced an Executive Officer system to improve management efficiency.
In order to enhance transparency of the management, the Company relies on Outside Directors and Outside Audit & Supervisory board members to supervise other Directors.

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

The Company has implemented all of the principles of the Corporate Governance Code.

[Mandatory Disclosure items as per the Corporate Governance Code] Updated

• [Principle 1-4] Cross-Shareholdings
The Company, being an independent company, is not affiliated with any particular corporate group, and thus it is necessary to maintain long-lasting, good relationships with business partners to continue its business.
The Board of Directors will assess every year the situation of each cross-shareholdings, evaluating the financial return during the previous year against our cost of capital, considering our business relationship or our contribution to local communities or to preservation of Japanese traditional culture with the objective of enhancing our corporate value over the medium- to long- term.
If it is recognized that there is no business relationship or a limited business relationship with the Company, the Company will consider reducing its shareholding by selling shares on the stock market, etc.

• [Principle 1-4] Standards of exercising voting rights
The Company exercises its voting rights, with the aim to maintain smooth, stable and continuous relationships with customers.
In principle, the Company agrees on proposals made by the subject companies. However, if the Company considers it necessary to clarify the purpose of the proposal, considers that the proposal impairs significantly the corporate value of the subject company or of Daido Metal, or if the proposal is a proposal made by a shareholder, then the Company will scrutinize such proposals in detail and exercise its voting rights with agreement by a majority of Management Strategy Meeting members.
The Company sets up the rules of its exercise of voting rights for each of the following categories of proposals:
(1) Proposals for appropriation of surplus and shareholder return
(2) Proposals for appointment of Directors and Audit & Supervisory board members
(3) Proposals for remuneration for each Director
(4) Other proposals (including proposals made by a shareholder)

• [Principle 1-7] Related Party Transactions
Followings are some example of transactions which the Company considers to be conflict-of-interest transactions; Transaction of Director with the Company for his/her own interest or that of third party, the Company providing guarantee for the benefit of the Director, other transactions between the Company and the third party where the interest of the Company conflicts with that of the Director.
The Company examines and approves each conflict-of-interest transaction between Directors and the Company (and its group companies) at the Board of Directors, with the detail of transactions submitted by the Director prior to the conclusion of the transaction, in order to confirm such transactions will not be detrimental to the interests of the Company.
Operating effectiveness of such control is one of the important audit items of Accounting Auditors, and it is also audited from time to time by the Audit & Supervisory Board Members.
No single shareholder holds more than 10% of the Company for the moment. When the Company has such shareholder (Major Shareholders as prescribed in Article 163(1) of the Financial Instruments and Exchange Act) in the future, the Company will examine its transaction with such shareholder at the Board of Directors in advance, to confirm it will not damage the interests of the Company or the common interests of shareholders.

• [Supplementary Principle 2-4-1] Ensuring diversity in the appointment of core human resources
The Group has made diversity, equity, and inclusion a priority issue (materiality) in the area of ESGs, and is working to raise internal awareness of the importance of respecting and embracing diversity.
Specifically, the company believes that ensuring the diversity of employees, including officers and managers, is a source of strength for corporate development, and aims to create a working environment in which officers and employees can demonstrate their individuality and capabilities to the full and thrive. In particular, while continuing to hire and assign to managerial positions various human resources including women, foreign nationals and mid-career employees with various career backgrounds, the Company conducts education and training and develops workplace environments positively so that employees can be active at the Company at an early stage, and promotes their development and assignment as core human resources.
Please refer to our website for details of efforts at the Company aimed at ensuring diversity, measurable targets and their results, the human resource development policy and the policy for establishment of the internal environment.
"Sustainability and Employee Engagement" https://www.daidometal.com/sustainability/employees/

"Integrated Report" https://www.daidometal.com/sustainability/integrated_report/
"Securities Report" https://www.ir.daidometal.com/library/security.html

• [Principle 2-6] Roles of Corporate Pension Funds as Asset Owners
The Company manages a corporate pension fund, based on its strategic asset allocation, to fund the future pension benefits and lump-sum payment for its employees. On important matters regarding asset management, Asset Management Committee will receive professional advice from financial institutions, and ultimately the decisions are made by the Board of Representatives. The Company assigns personnel suitable for the Board of Representatives and Asset Management Committee, from Human Resources Planning department, Finance Department, etc., and as a representative of beneficiaries, a top official of labor union is appointed.
Our corporate pension fund secretariat has persons with financial expertise and knowledge to sufficiently monitor performance and activities of each appointed fund management companies.

• [Principle 3-1 (1)] Corporate Philosophy, Management Strategies, and Management Plans
For Corporate Philosophy, please refer to the details provided on our website.
For Management Strategies and Management Plans, please refer to the following documents.
(1) Securities Report
(2) Business Report
(3) Integrated Report
(4) Other Disclosure
The Company announces its Management Strategies and Management Plans on various IR events for institutional and individual investors.
"Our Corporate Philosophy" https://www.daidometal.com/company/the-code/
"Management Policy and Management Strategy" https://www.daidometal.com/investors/management-policy_management-strategy/
"Integrated Report" https://www.daidometal.com/sustainability/integrated_report/

• [Principle 3-1 (2)] Basic Views and Guidelines on Corporate Governance
Please refer to I-1 "Basic Views" of this report.

• [Principle 3-1 (3)] Policies and Procedures in Determining the Remuneration of Senior Management, Directors
The Company considers Executive Officers as part of senior management.
(1) The Remuneration of Executive Officers
The Remuneration of Executive Officers as employees is determined based on the Company's rules approved by the Board of Directors.
(2) The Remuneration of Directors
Please refer to "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management 1. Organizational Composition and Operation [Director Remuneration]" in this report.

• [Principle 3-1 (4)] Policies on and Procedures for the Appointment/Dismissal of Senior Management and the Nomination of candidates for Directors and for Audit & Supervisory Board Members
The election and nomination of candidates for Director, Auditor and Executive Officer are based on the election standards established in internal regulations, take into consideration work experience, management sense, leadership, personality, ethics, health, etc., and candidates for Director are discussed and determined by the Board of Directors after receiving comments from the Nomination Committee. Candidates for Audit & Supervisory Board Members are nominated with the prior consent of the Audit & Supervisory Board.
The dismissal of Directors, Audit & Supervisory Board Members and Senior Management is also resolved at the Board of Directors, as prescribed in the Company's rules on dismissal, considering how much the behavior of the person in question damage the Company's credit and corporate value, or whether the person in question is still fit and proper vis-à-vis Company's selection criteria.

• [Principle 3-1 (5)] Explanations of the rationale for the Appointment/Dismissal of Senior Management, and the Nomination of candidates for Directors, and for Audit & Supervisory Board Members
(1) The Appointment/Dismissal of Executive Officers
Rationale for Appointment/Dismissal of each Executive Officer is provided to the Board of Directors in accordance with the Company's rules on selection/dismissal.
(2) The Nomination and appointment of candidates for Director and for Audit & Supervisory Board
Please refer to "Notice of Convocation of the Annual Shareholders' Meeting" on the Company's website.
" Notice of Convocation of the Annual Shareholders' Meeting " https://www.daidometal.com/investors/ir-library/general-meeting-of-shareholders/

• [Supplementary Principle 3-1-3] Sustainability initiatives
Setting the "realization of a sustainable society and company by solving social issues through its business" as the Company's group's sustainability basic policy, the Company promotes sustainability initiatives. Specifically, the "Sustainability Committee," chaired by the President and CEO, was established as a management committee body for this purpose, and it has been engaged in deliberations and discussions to resolve issues related to sustainability, such as reviewing materiality, addressing climate change and advancing human rights due diligence and compliance with international sustainability disclosure standards.
As part of these efforts, our company is also taking steps such as participating in external initiatives. In June 2022, we announced our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and in line with the recommendations of the TCFD, we disclosed important information on climate change on our website. In addition, in August 2024, we also expressed our endorsement of the "Keidanren Declaration for Biodiversity and Guideline," formulated by the Japan Business Federation (Keidanren) and the Keidanren Nature Conservation Council, and participated in "Keidanren Initiative for Biodiversity Conservation." Furthermore, in May 2025, we signed the United Nations Global Compact (UNGC), and are working to promote sustainable management based on The Ten Principles of that Compact.
With regard to investment in human capital too, we respect diversity, character and individuality, and promote the realization of workplaces and the development of an environment where employees can demonstrate their individuality and abilities to the full. In particular, we perceive the "human resources" who promote our business strategy to be important capital and are implementing efforts in human resource development systematically. We are disclosing these efforts on the Company's website, etc.
In addition, as an investment in intellectual property, the Company focuses on R&D activities to develop technologies and products that can contribute to the global community and continue to grow permanently, in accordance with our technology development policy. Please refer to the securities report for specific R&D activities.
"Midterm Plan" https://www.daidometal.com/investors/management-policy_management-strategy/
"Efforts aimed at ensuring diversity" https://www.daidometal.com/sustainability/employees/
"Information Disclosure Based on TCFD Recommendations" https://www.daidometal.com/sustainability/tcfd/
Technology Development Policy" https://www.daidometal.com/technology/new_tech_dev_policy/
"Securities Reports" https://www.ir.daidometal.com/library/security.html

- [Supplementary Principle 4-1-1] The Scope of Matters to Be Resolved at the Board of Directors and Matters Delegated to the Management

  The Company has "Rules on the Board of Directors" which stipulates the matters to be resolved at the Board of Directors, and also matters to be delegated to the Directors, to enable an appropriate supervision of each department and a prompt decision-making.

  Delegation is made to Chief Officer in a comprehensive way, and to each Director individually. The Company monitors the balance between a scope of supervision of each Director and the speed of decision-making. If the delegated area becomes too large for the expansion of the business, or for the revision of delegated area, the Company revises the scope of matters to be resolved at the Board of Directors and the matters to be delegated to the Directors and Executive Officers as necessary.

- [Principle 4-9] 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 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.] on the Company's website.

  "Standards for Independence of Outside Officers of DAIDO METAL CO., LTD."

  https://www.daidometal.com/wp-content/uploads/2019/01/Standards-for-Independence-of-Outside-Officers.pdf

- [Supplementary Principle 4-10-1] Use of optional mechanisms

  The Company has established an optional Nomination Committee and Remuneration Committee consisting of two independent Outside Directors and an Inside Director.

  Please refer to this report (II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management - 1. Organizational Composition and Operation, Committee's Name, Composition, and Attributes of Chairperson) for details of the composition of the committees, the view on their independence, authorities and roles, etc.

- [Supplementary Principle 4-11-1] Views on the Balance between Knowledge, Experience, and Skills of the Board of Directors as a Whole, and on Diversity and Board Size

  At present, six inside directors and three outside directors have been appointed, and the Company believes that it maintains an appropriate scale as a system for strategic and flexible decision-making.

  The Board of Directors is comprised of those who are familiar with management, production, sales, technology, finance, sustainability, etc., including members with rich international experience, as well as a female Outside Director. The Company's Board of Directors will continue to discuss and pursue the need for greater diversity.

  We have prepared a skill matrix listing the expertise and experience of each Director so please refer to this report (V. Other - 2. Other Matters Concerning Corporate Governance System).

- [Supplementary Principle 4-11-2] Concurrent positions held by Directors and Audit and Supervisory Board Members at other listed companies

  Directors and Audit & Supervisory Board Members concurrently serving as officers at other listed companies are disclosed in Business Report (attached to Notice of Convocation of the Annual Shareholders' Meeting) and in Securities Reports. Judging from status of their concurrent assignment, our Directors and Audit & Supervisory Board members are considered to be in a position to perform their duty properly.

- [Supplementary Principle 4-11-3] Analysis and evaluation of effectiveness of the Board of Directors

  The Company assesses the effectiveness of the Board of Directors, and use the result of the assessment to further improve the Board.

  In fiscal 2025, the Board of Directors received a report on the opinions of a total of 11 internal and external Directors and Audit and Supervisory Board Members regarding the role of the Board of Directors and its management structure for fiscal 2024.

  The result confirmed that the running of the Board of Directors provides enough time for discussion to enable swift decision-making. However, there is still room for further improvement in matters such as the training of Directors aimed at acquiring the required knowledge in the discussions of the Board of Directors, clarifying matters subject to Board resolution, reports on the progress of management plans and deliberations aimed at achieving those plans.

  In response, at the Board of Directors meeting, efforts are being made to enhance training for Directors, including the introduction of new programs.

  We will further refine the assessment, and make use of the result to make our Board of Directors more effective.

- [Supplementary Principle 4-14-2] Training policy for Directors and Audit & Supervisory Board Members

  The Company provides training to newly appointed Directors and Audit & Supervisory Board Members, and seminars are held from time to time. On top of that, when new laws or regulations are introduced, internal seminars are organized with external specialist lecturers.

  Down the road, we will conduct training necessary for Directors and Audit & Supervisory Board members to fulfill their roles.

- [Principle 5-1] Policy for Constructive Dialogue with Shareholders

  In order to achieve sustainable growth and mid-/long-term realization of corporate value, the Company considers it important to have constructive dialogue with shareholders.

  Our structure for promoting constructive dialogue with shareholders is as follows.

  (1) Appointing a member of the management or an executive officer who is responsible for overseeing and ensuring that constructive dialogue takes place.
  In the Company, the executive officer in charge of public relations and investor relations is responsible for all dialogue with shareholders.

  (2) Measures to ensure positive cooperation between internal departments such as investor relations, corporate planning, general affairs, corporate finance, accounting and legal affairs with the aim of supporting dialogue
  The General Affairs Department (hereinafter referred to as "IR Department") is taking the lead in developing an internal system to further promote constructive dialogue with shareholders, in coordination with other related departments.

  (3) Measures to promote opportunities for dialogue aside from individual meetings (e.g., general investor meetings and other IR activities)
  We have periodical IR meeting with institutional investors and analysts where our top Management will present Company's mid-/long-term vision and latest financial results. Our IR department also carries out individual session with such investors and analysts. With regard to private investors, the Company is present in various IR events organized by Stock Exchanges or by Securities companies. For our current IR related activities, please read III. Implementation of Measures for Shareholders and Other Stakeholders 2. IR Activities.

  (4) Measures to appropriately and effectively relay shareholder views and concerns learned through dialogue to the senior management and the board
  In addition to management's direct communication with shareholders, IR Department provides feedback to all directors as necessary, on the opinions and other aspects of the dialogue with shareholders by sharing the reports of meetings.

  (5) Measures to control insider information when engaging in dialogue
  IR Department is a contact department regarding dialogue with shareholders and investors, and unify management of insider information (unpublished important facts) to prevent the leakage of the insider information to shareholders and investors.

  (6) State of implementation of dialogue with shareholders
  The state of implementation of dialogue between the Company's management and shareholders is posted on the Company's website.
  "Financial results briefing materials" https://www.daidometal.com/investors/ir-library/finance/

  (7) English correspondence
  The Company is working to disseminate information to overseas shareholders and investors in English mainly through the following media.
  Financial Results (Kessan Tanshin), Supplementary Explanatory Materials for Financial Results (Kessan Hosoku Setsumei Shiryo), Timely Disclosure Documents, Securities Report (Yukashoken Hokokusho), Notice of Convocation of General Meeting of Shareholders, Integrated Report, Corporate Brochure, etc.

• Actions to achieve management that is conscious of cost of capital and stock price

Content of Disclosure Updated	Disclosure of actions (Updated)
Availability of English Disclosure	Available
Disclosure of actions Updated	May 12, 2026

Supplementary Explanation Updated

The Company recognizes the importance of "realizing management that is conscious of cost of capital and the stock price" for sustainable growth over the medium to long term.
Based on this recognition, with the goal of becoming a company capable of envisioning and achieving sustainable growth that exceeds the cost of capital, in its Midterm Plan, which started in fiscal 2025, as well, the Company holds up improvement in profit ratios through boosting the power to generate profits, investment in fields with growth potential, shareholder returns, total asset control by pushing balance-sheet management and reductions in interest-bearing debts as the basic policies for financial and capital strategy, and will steadily implement various measures to achieve these goals and strive to enhance corporate value.
Additionally, the Company strives to raise ROE and reduce cost of capital, centered on sales growth and profitability improvement, through efforts that reflect its growth drivers, and aims to improve the sustainable enhancement of corporate value and PBR. Details regarding specific initiatives, target values, and other information are available on our website.

"FY2025 Consolidated Financial Results" https://ssl4.eir-parts.net/doc/7245/tdnet/2803348/00.pdf
"Midterm Plan" https://www.daidometal.com/investors/management-policy_management-strategy/

2. Capital Structure

Foreign Shareholding Ratio	From 10% to less than 20%

[Status of Major Shareholders] Updated

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,516,500	7.40
Daido Metal Employee Stock Purchase Plan	2,062,291	4.34
Daido Metal Yueikai Employee Stock-Ownership Plan	1,979,400	4.16
Custody Bank of Japan, Ltd. (Trust Account)	1,861,533	3.91
The Seri Wathana Industry Co, Ltd. 703000	1,000,000	2.10
Empire Motor Co., Ltd.	912,100	1.91
Marubeni-Itochu Steel Inc.	886,000	1.86
Daido Metal Kyoryokukai Business Partners Stock-Ownership Plan	830,700	1.74
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	823,300	1.73
KYB Corporation	800,000	1.68

Controlling Shareholder (except for Parent Company)	———
Parent Company	None

Supplementary Explanation Updated

1. “Status of Major Shareholders” is based on shareholder registry as of March 31, 2026.
2. Of the above number of shares held, the number of shares related to the trust business is as follows.
   The Master Trust Bank of Japan, Ltd. 3,516,000 shares
   Custody Bank of Japan, Ltd. 1,861,000 shares
   The Nomura Trust and Banking Co., Ltd. 823,000 shares
3. While these companies and their joint holders mentioned below are listed on a Report of Possession of Large Volume, they are not included in “Status of Major Shareholders,” because the Company was unable to confirm their effective shareholding as of March 31, 2026.
   (1) Mitsubishi UFJ Financial Group, Inc., on behalf of four joint holders, provided the Change Report for a Report of Possession of Large Volume, dated on March 30, 2026, for public inspection, which states that it held 1,942,000 shares of the Company (4.09%) as of March 23, 2026.
   (2) Sumitomo Mitsui Trust Bank, Limited, on behalf of three joint holders, provided the Change Report for a Report of Possession of Large Volume, dated on April 6, 2026, for public inspection, which states that it held 2,406,000 shares of the Company (5.06%) as of March 31, 2026.
   (3) Nomura Securities Co., Ltd., on behalf of three joint holders, provided the Change Report for a Report of Possession of Large Volume, dated on April 7, 2026, for public inspection, which states that it held 2,754,000 shares of the Company (5.80%) as of March 31, 2026.
   (4) Mizuho Bank, Ltd., on behalf of two joint holders, provided the Change Report for a Report of Possession of Large Volume, dated on April 7, 2026, for public inspection, which states that it held 1,728,000 shares of the Company (3.64%) as of March 31, 2026.

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Market and Nagoya Stock Exchange Premier Market
Fiscal Year-End	March
Type of Business	Transportation Equipment
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From JPY100 billion to less than JPY 1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances which may have Material Impact on Corporate Governance

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II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	10
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Chairman (except when also serving as President)
Number of Directors	9
Appointment of Outside Directors	Appointed
Number of Outside Directors	3
Number of Independent Directors	3

Outside Directors' Relationship with the Company (1) Updated

Name	Attribute	a	b	c	d	e	f	g	h	i	j	k
Miyuri Shirai	Academic											
Shinji Ishihara	Lawyer											
Shigehiro Kuwabara	From another company											

* Categories for "Relationship with the Company"
* "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past
* "●" when a close relative of the director presently falls or has recently fallen under the category; "▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries
b. Non-executive director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company
d. A party whose major client or supplier is the Company or an executive thereof
e. Major client or supplier of the listed company or an executive thereof
f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/Audit & Supervisory Board Member
g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
i. Executive of a company, between which and the Company outside directors/Audit & Supervisory Board Member are mutually appointed (the director himself/herself only)
j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
k. Others

Outside Directors' Relationship with the Company (2) Updated

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Miyuri Shirai	○	Ms. Miyuri Shirai holds an important concurrent position as Professor, Faculty of Business and Commerce, Keio University, but there is no business relationship between the Company and Keio University that would be judged as not being independent based on the Company's Standards for Independence of Outside Officers.	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. The Company judges that Ms. Miyuri Shirai will continue to oversee and supervise the management of the Company and provide advice for the management based on her extensive knowledge and experience mainly in sales fields including marketing. 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. The term of office of Ms. Miyuri Shirai as an Outside Director is 4 years at the conclusion of the 118th Annual Shareholders' Meeting on June 26, 2026.
Shinji Ishihara	○	Although Mr. Shinji Ishihara holds the important concurrent positions of Managing Partner of Ishihara Law Office and Outside Director (Audit & Supervisory Committee Member) of Juroku Financial Group, Inc., there is no business relationship between the Company and the above two entities that would be judged as not being independent based on the Company's Standards for Independence of Outside Officers.	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. The Company judges that Mr. Shinji Ishihara will 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. 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. The term of office of Mr. Shinji Ishihara as an Outside Director is 1 year at the conclusion of the 118th Annual Shareholders' Meeting on June 26, 2026.
Shigehiro Kuwabara	○	Mr. Shigehiro Kuwabara holds important concurrent positions as Vice Chairman, Aflac Life Insurance Japan Ltd., Board of Trustees member, Chubu University, and Outside Director, Medical Ikkou Group Co., Ltd. However, there are no business relationships between the Company and Aflac Life Insurance Japan Ltd., Chubu University, or Medical Ikkou Group Co., Ltd. that 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."	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 expects Mr. Shigehiro Kuwabara to provide advice for the management to strengthen risk management and corporate governance structure. He was elected as an Outside Director of the Company at the 118th Annual Shareholders' Meeting held on June 26, 2026 and took office.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established

Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination Committee	Remuneration Committee
All Committee Members	3	3
Full-time Members	0	0
Inside Directors	1	1
Outside Directors	2	2
Outside Experts	0	0
Other	0	0
Chairperson	Director	Director

Supplementary Explanation Updated

The Company receives comments from the optional Nomination Committee on the nomination of candidates for Director aimed at ensuring management objectivity and transparency, and the Board of Directors passes resolution on nominations after explaining the reasons for them. In addition, with the same aim, the Board of Directors makes decisions on the remuneration, etc., of Directors after receiving comments from the optional Remuneration Committee.
The Nomination Committee and the Remuneration Committee are optional advisory committees whose main members are independent Outside Directors.
The Personnel Planning Unit manager is in charge of secretariat work.
The outlines of the Nomination Committee and the Remuneration Committee are as follows.

1. Name
   "Nomination Committee" and "Remuneration Committee"

2. Objective
   These committees are aimed at using the knowledge of members, gathering information on management domestically and overseas widely, and contributing to ensuring the transparency of the Company's management.

3. Authorities and roles "Nomination Committee"
   Deliberates on the following matters and determines the content of reports to the Board of Directors.
   (1) Verification of the composition, operation and skills of the Board of Directors
   (2) Verification of the current standards for appointing Directors
   (3) Consideration and recommendation of candidates for Outside Director
   (4) Proposal of the appointment and dismissal of Directors, etc., to be proposed at a General Meeting of Shareholders
   (5) Succession plan
   (6) Other matters concerning the nomination, etc., of Directors, etc., whose deliberation by the Nomination Committee is recognized to be necessary
   State of major discussions
   * Held twice a year (fiscal 2025)
   • Verification of current appointment criteria
   • The skills matrix of the Board of Directors
   • The officer system in fiscal 2026
   • Succession planning

   "Remuneration Committee"
   Deliberates on the following matters and determines the content of reports to the Board of Directors.
   (1) Policy for determination of the remuneration, etc., of individual Directors
   (2) Procedures for determination of the remuneration, etc., of Directors
   (3) Remuneration levels and the percentage composition of remuneration (fixed remuneration, performance- linked remuneration, non-monetary remuneration, etc.) in the "Standards for Directors' Remuneration, etc."
   (4) Verification and operation of the design and mechanism of performance-linked remuneration
   (5) Proposals on the total amount of Directors' bonuses to be submitted to a General Meeting of Shareholders
   (6) Proposals to the Board of Directors regarding the individual remuneration of Directors
   (7) Other matters concerning the remuneration, etc., of Directors whose deliberation by the Remuneration Committee is recognized to be necessary

   State of major discussions
   *Held twice a year (fiscal 2025)
   - Verification of the policy for determination of individual remuneration for Directors, etc.
   • Individual remuneration for Directors
   • Verification and management of the design and mechanism of performance-linked remuneration

4. Members
   The members of the "Nomination Committee" and "Remuneration Committee" are elected by the Board of Directors. The members of both committees and their state of attendance are as follows.

Chair	Seigo Hanji (Chairman and Chief Executive Officer) Nomination Committee, attended two out of two meetings Remuneration Committee, attended two out of two meetings
Committee member	Miyuri Shirai (Independent Outside Director) Nomination Committee, attended one out of one meeting Remuneration Committee, attended one out of one meeting
Committee member	Shinji Ishihara (Independent Outside Director) (New appointment)

Mr. Toshikazu Takei retired as an Outside Director on June 27, 2025, but attended 1 of the 1 Nomination Committee meeting and 1 of the 1 Remuneration Committee meeting in fiscal 2025. Additionally, Mr. Kiyotaka Hoshinaga retired as an Outside Director on June 26, 2026, but attended 2 of the 2 Nomination Committee meetings and 2 of the 2 Remuneration Committee meetings in fiscal 2025.

5. View on the independence of the committees' composition
The Nomination Committee and the Remuneration Committee are composed of three or more Directors selected by resolution of the Board of Directors, and the majority of members are Outside Directors, thereby ensuring independence.

[Audit & Supervisory Board Member]

Establishment of Audit and Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Member stipulated in Articles of Incorporation	4
Number of Audit & Supervisory Board Member	3

Cooperation among Members of Audit and Supervisory Board, Accounting Auditor and Internal Audit Department

We have so-called "three party audit" system with audit performed by 1) Audit & Supervisory Board Member, 2) Internal Audit department, and 3) Accounting Auditor.

In other words, as part of the dual reporting line, Audit & Supervisory Board Member will receive reports with regard to the internal audit schedule and the results of internal audits results of Audit Department, and also hold regular meetings with the head of Audit Department (department general manager) (generally four times per year) to confirm and verify the state of business execution based on the details of audit reports from both sides, and exchange views and information positively to ensure the effectiveness of audits. In addition, Audit Department reports a summary of internal audit results to the Board of Directors. Audit & Supervisory Board Member will have periodical meeting (about 6 times per year) with the Accounting Auditor, attend the site visit and stock take of the Accounting Auditor, and exchange views and information throughout the year.

Internal Audit Department will report to Accounting Auditor its Internal Audit Plan and its result, and will check the performance of business operation and will exchange views and opinions to ascertain the effectiveness of the internal audit activity.

Through the three party audit, close cooperation has been created with each other, leading to proper and effective audits.

In addition, Audit & Supervisory Board Members, Audit Department, and Accounting Auditors meet regularly or as needed with the Legal & Compliance Department, which is in charge of internal control systems related to financial reliability, to actively exchange opinions and information to ensure the effectiveness of internal control audits.

Appointment of Outside Audit & Supervisory Board Member	Appointed
Number of Outside Audit & Supervisory Board Member	2
Number of Independent Audit & Supervisory Board Member	1

Outside Audit & Supervisory Board Members ' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Kazuo Matsuda	From another company										△			
Etsuaki Yoshida	Academic													

* Categories for "Relationship with the Company"
* "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past
* "●" when a close relative of the director presently falls or has recently fallen under the category; "▲" when a close relative of the director fell under the category in the past

a Executive of the Company or its subsidiary
b Non-executive director or accounting advisor of the Company or its subsidiaries
c Non-executive director or executive of a parent company of the Company
d Audit & Supervisory Board member of a parent company of the Company
e Executive of a fellow subsidiary company of the Company
f A party whose major client or supplier is the Company or an executive thereof
g Major client or supplier of the Company or an executive thereof
h Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an Audit & Supervisory Board Member
i Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
j Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the Audit & Supervisory Board member himself/herself only)
k Executive of a company, between which and the Company outside directors/Audit & Supervisory Board Member are mutually appointed (the Audit & Supervisory Board member himself/herself only)
l Executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board member himself/herself only)
m. Others

Outside Audit & Superv Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Kazuo Matsuda		Mr. Matsuda is an 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.	Mr. Matsuda has rich insights on governance of the overall management of a company as he is familiar with finance and international businesses through his experience at financial institutions for many years and has experiences and knowledge which he gained through serving as a director and an executive officer for other business entities. Mr. Matsuda worked at Mizuho Bank, Ltd., the Company's business partner as well as main shareholder; however, more than 20 years has passed since he resigned from the Bank in May 2003. The Company borrows from and deposits with Mizuho Bank, Ltd. The term of office of Mr. Matsuda as an Outside Audit & Supervisory Board Member is 15 years at the conclusion of the 118th Annual Shareholders' Meeting on June 26, 2026.
Etsuaki Yoshida	○	Mr. Etsuaki Yoshida holds an important concurrent position as Professor in the Business School of Doshisha University, but there is no business relationship between the Company and Doshisha University that would be judged as not being independent based on the Company's Standards for Independence of Outside Officers.	Mr. Etsuaki Yoshida is well versed in finance and international business due to his many years of working at public financial institutions, and has carried out research in international finance, economics and global management as a university professor. Based on that knowledge, experience and insight, the Company judges that he will be able to audit the management of the Company. The term of office of Mr. Etsuaki Yoshida as an Outside Audit & Supervisory Board Member is 3 years at the conclusion of the 118th Annual Shareholders' Meeting on June 26, 2026.

[Independent Directors / Audit & Supervisory Board Members]

Number of Independent Directors / Audit & Supervisory Board Members	4

Matters relating to Independent Directors/ Audit & Supervisory Board Members

With regard to the independence of Outside Officers, the Company has established independence standards of Outside Officers, based on those established by the Tokyo Stock Exchange, but 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.] on the Company's website "Standards for Independence of Outside Officers of DAIDO METAL CO., LTD". https://www.daidometal.com/wp-content/uploads/2019/01/Standards-for-Independence-of-Outside-Officers.pdf

[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration

Supplementary Explanation

Please refer to "Director Remuneration: Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" below.

Recipients of Stock Options	

Supplementary Explanation

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[Director Remuneration]

[Director Remuneration]	Partially

Supplementary Explanation

Remuneration of Directors and Audit & Supervisory Board Member is disclosed as a total for each category. Remuneration of Outside Directors and Outside Audit & Supervisory Board Member is shown as a total for each category. Directors with remuneration of 100 million yen or more are disclosed individually in Securities Report.
"Securities Report" https://www.ir.daidometal.com/library/security.html

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

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.

1. 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.

2. 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."

   (1) "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.

   (2) "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.

   (3) "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 the Business Plan and (2) a "fixed component" based on role and responsibility and determined regardless of the level of achievement of performance targets in the Business Plan.

[Supporting System for Outside Directors and/or Audit & Supervisory Board Members]

An "Audit & Supervisory Board Secretariat", independent of the Directors, is established as a department to assist the Audit & Supervisory Board Members on a regular basis.
The Secretariat serves Audit & Supervisory Board Member with advance distribution of the Board Meeting documents, and provision of other information relevant with the Board Meeting agenda.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) Updated

The Company adopts the management structure listed below in order to clarify the business execution responsibility through introduction of Executive Officers, to strengthen the supervision/oversight by outsider directors, to enhance audit with the nomination of outside Audit & Supervisory Board Member, and to strengthen and accelerate management decision making via creation of Management Strategy Meeting and other decision-making body.

(1) Board of Directors

Board of Directors will decide on the execution of the Company's business operation, and oversee the performance of individual Directors. Actual execution of the business operation is delegated to Executive Officers or employees. The Board of Directors consists of a small number of nine Directors to enable the Board to make prompt decisions. Board meetings will be held once a month and when necessity arises.

Meetings of the Board of Directors were held 15 times during fiscal year 2025. The records of attendance of each officer are below.

<Directors>

• Seigo Hanji (Chairman & Chief Executive Officer)	Attended all 15 meetings
• Tomomitsu Furukawa (President and Chief Operating Officer)	Attended all 15 meetings
• Shigemasa Hakakoshi (Director and Senior Managing Executive Officer)	Attended all 15 meetings
• Tomohiro Yoshida (Director and Managing Executive Officer)	Attended all 15 meetings
• Hiroki Ito (Director and Managing Executive Officer)	Attended all 15 meetings
• Kenji Shoda (Director and Managing Executive Officer)	Attended all 12 meetings
• Miyuri Shirai (Outside Director)	Attended all 15 meetings
• Shinji Ishihara (Outside Director)	Attended all 12 meetings
• Shigehiro Kuwabara (Outside Director)	(New appointment)

<Audit & Supervisory Board Members>

• Koji Takaki (Full-time Audit & Supervisory Board Member)	Attended all 15 meetings
• Kazuo Matsuda (Outside Audit & Supervisory Board Member)	Attended all 15 meetings
• Etsuaki Yoshida (Outside Audit & Supervisory Board Member)	Attended all 15 meetings

In addition to the number of Board of Directors meetings shown in the table above, there were two written resolutions that were deemed to have been a resolution at the Board of Directors in accordance with Article 370 of the Companies Act and the Articles of Incorporation.
Mr. Kiyotaka Hoshinaga retired as an Outside Director on June 26, 2026, but attended 15 of the 15 meetings in fiscal 2025. Mr. Toshikazu Takei retired as an Outside Director on June 27, 2025, but attended 3 of the 3 meetings in fiscal 2025.

The major resolutions of the Board of Directors are as follows.

1) Matters concerning basic management policies
Corporate governance, internal controls, risk management, compliance, etc.
2) Matters concerning general management
Medium-term management plan, capital investment plan, etc.
3) Matters concerning the Annual Shareholders' Meeting
4) Matters concerning Directors and Officers
Election of Directors, etc.
5) Matters concerning organizations and personnel
Establishment, revision and abolition of important organizations
Appointment and dismissal of Executive Officers
6) Matters concerning finance
Approval of the balance sheet, income statement, cash flow statement, etc.
7) Matters concerning the execution of business
Determination of basic matters concerning working conditions and wages
Sales of cross-shareholdings
8) Matters concerning shares, stock acquisition rights and bonds
9) Other matters

For policies on and procedures for the nomination of candidates for Directors and for Audit & Supervisory Board Members and policies and procedures in determining the remuneration of Senior Management and Directors, please refer to each category below.
I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information [Mandatory Disclosure items as per the Corporate Governance Code]
• [Principle 3-1 (3)] Policies and Procedures in Determining the Remuneration of Senior Management, Directors
• [Principle 3-1 (4)] Policies on and Procedures for the Appointment/Dismissal of Senior Management and the Nomination of candidates for Directors and for Audit & Supervisory Board Members

(2) Management Strategy Meeting

Other than the Board of Directors meeting, there is a "Management Strategy Meeting" held each month once or twice, where important management issues such as management policy and Midterm Plan are discussed with the presence of Inside Directors and full-time Audit & Supervisory Board Member.

(3) Audit & Supervisory Board

Audit & Supervisory Board (3 members) will audit the business execution of Directors. Audit & Supervisory Board consists of three members, one full-time and two outside members to maintain the transparency of the management, and will be held once a month and as and when deemed necessary.

(4) Audit by the Audit & Supervisory Board Members

1) Audit & Supervisory Board Member audit organization, personnel and procedures
The Company has three Audit & Supervisory Board Members: Mr. Koji Takaki, who has a wealth of business experience and knowledge accumulated over many years regarding the management and finance of the Company as a Full-time Audit & Supervisory Board Member; Outside Audit & Supervisory Board Member Mr. Kazuo Matsuda, who is well versed in finance and international operations, etc., from

experience at financial institutions for many years, and someone who has knowledge and experience as a director and executive officer of other business companies, and has sufficient insight to govern overall company management; and Outside Audit & Supervisory Board Member Mr. Etsuaki Yoshida, who is well versed in finance and international operations through his many years of service at public financial institutions, as well as having sufficient knowledge, experience, and insight as a university professor studying international finance, economics, and global management. They are responsible for conducting audits as Audit & Supervisory Committee Members of the Company.

Audit & Supervisory Board Member led by full-time Audit & Supervisory Board Member will audit Directors' performance of duties based on the Code of Audit & Supervisory Board Member Audit Standards and audit policies and plan, which has been approved by Audit and Supervisory Board. Audit & Supervisory Board Member will, among other things, attend Board meetings and other important meetings of the Company, examine the reports received from Directors, employees, accounting auditors and others, investigate on the Company's business operation and the state of the assets, express opinion/advice/recommendation to Directors or employees, and take appropriate measures such as stopping Directors' actions if necessary. In addition, each Audit & Supervisory Board Member cooperates in auditing the management and operations of subsidiaries, ascertaining the management status of the entire Group, and conducting audits from a different perspective in an accurate and efficient manner.

The Company has Secretariat of the Audit & Supervisory Board which is a department independent of Directors, and is expected to support Audit & Supervisory Board Member's activities on continual basis. The Secretariat is supposed to carry out the duties based on instructions by Audit & Supervisory Board Member, and are authorized to conduct appropriate investigations and information collection.

The Audit & Supervisory Board has a "System to ensure the properness of the business of a corporation" in place so that it can receive advanced reports on the personnel changes and the personnel evaluation of the secretary candidate, from the officer in charge of HR and can request the officer to change the candidate if necessary.

2) Status of Audit & Supervisory Board Members and Audit & Supervisory Board

- In principle, the Audit & Supervisory Board meets once a month and when needed. During fiscal 2025, the Audit & Supervisory Board met a total of 15 times, including meetings conducted online. In addition, a total of 15 meetings of the Board of Directors were held during fiscal 2025, including via the Internet. Attendance of each Audit & Supervisory Committee Member at meetings of the Audit & Supervisory Board and meetings of the Board of Directors is as follows.

Name	Attendance rate at Audit & Supervisory Board meetings	Attendance rate at Board of Directors meetings
Koji Takaki	100% (15/15 times)	100% (15/15 times)
Kazuo Matsuda	100% (15/15 times)	100% (15/15 times)
Etsuaki Yoshida	100% (15/15 times)	100% (15/15 times)

- The Audit & Supervisory Board considers and resolves on matters such as the selection of Full-time Audit & Supervisory Board Members, audit policy and plan and division of duties, selection of specific Audit & Supervisory Board Members, reappointment of Accounting Auditors, and consent to the audit fees, etc., of the Accounting Auditors. In addition, since the Audit & Supervisory Board meetings are held in advance of the Board of Directors meetings in principle, the Audit & Supervisory Board examines whether there are matters that should be pointed out as problems at the Board of Directors meetings, or matters that should be further explained by requesting an explanation on matters that require prior confirmation regarding matters to be resolved and reported at the Board of Directors meetings held on the following day or on the same day.
  In addition to these, the Audit & Supervisory Board exchanged opinions with the Accounting Auditor in selecting KAM.

Full-time Audit & Supervisory Board Member also audits the execution of duties by Directors through the use of Directors' self-checklists and visits to divisions by Audit & Supervisory Board Members, etc. With respect to subsidiaries, each Audit & Supervisory Board Member communicated and exchanged information with Directors and others of important subsidiaries in Japan, and received reports on their business status. The Internal Audit Department (Audit Department) and the Internal Control and Compliance Department (Legal & Compliance Department) also hold joint information exchange meetings on a regular basis (in principle, four times a year) to share problems and issues, and to express opinions as Audit & Supervisory Board on a case-by-case basis. Audit & Supervisory Board Member will monitor and verify whether the accounting auditors are performing their duties. After receiving reports on the interim review and audit results from the accounting auditors, Audit & Supervisory Board Member will request an explanation from them if necessary. In addition, the results of audits will be received at interim financial results reviews and other occasions. Moreover, Audit & Supervisory Board Member and the accounting auditors share awareness of major issues, including KAM, through exchanging opinions, etc.

・In addition to the above activities, the Full-time Audit & Supervisory Board Members attend management meetings other than the Board of Directors (42 meetings in total) and other important meetings, and express their opinions as necessary. In addition, important approval documents, etc. are inspected and the status of assets of major business offices are investigated.

(5) Internal Audit

To ensure independence, the Internal Audit Department, which is the Internal Audit Department (3 members), is a department that reports directly to the COO (Chief Operating Officer). The Internal Audit Department performs internal audit on compliance with various laws and regulations, audit on operations against assigned duties, and audit on the internal control system's development/operation/improvement. In addition, in order to ensure its expertise, the Company has joined The Institute of Internal Auditors - Japan and has established an environment in which employees affiliated with Internal Audit Department can receive training on professional and up-to-date internal audit methods as required. Internal audits by this kind of Audit Department have as their scope all divisions including overseas subsidiaries. Internal Audit activities are based on the risk-based annual audit policy and audit plan approved by the COO. In addition, internal audits cover all business operations including overseas operations. They cover business audits, theme audits, internal control audits, fraud discovery audits and other types of audits. In addition, Audit Department prepares audit reports promptly after audits are conducted and has established a dual reporting line system under which it submits those reports to the Chairman and President confirmation and approval, and also reports the results directly to the Audit & Supervisory Board. Further, the Internal Audit Department delivers the report to the person in charge of the audited department. If there is an audit exception, it then confirms the contents up to the completion of improvements.

Audit & Supervisory Board Member will receive report from Internal Audit Department with regard to internal audit schedule and the result of internal audit. In other words, as part of the dual reporting line, Audit & Supervisory Board Member will receive reports with regard to the internal audit schedule and the results of internal audits results of Audit Department, and also hold regular meetings with the head of Audit Department (department general manager) (generally four times per year) to confirm and verify the state of business execution based on the details of audit reports from both sides, and exchange views and information positively to ensure the effectiveness of audits. In addition, Audit Department reports a summary of internal audit results to the Board of Directors.

Audit & Supervisory Board Member will have periodical meeting (about 6 times a year) with Accounting Auditor, attend the site visit and stock take of Accounting Auditor, and exchange views and information throughout the year. Internal Audit Department will report to Accounting Auditor its Internal Audit Plan and its result, and will check the performance of business operation and will exchange views and opinions to ascertain the effectiveness of the internal audit activity. Through the three party audit, close cooperation has been created with each other, leading to proper and effective audits.

In addition, Audit & Supervisory Board Members, Audit Department, and Accounting Auditors meet regularly or as needed with the Legal & Compliance Department, which is in charge of internal control systems related to financial reliability, to actively exchange opinions and information to ensure the effectiveness of internal control audits.

(6) Accounting Audit
Certified Public Accountants in charge of the accounting audit of the Company are Messrs. Atsuki Jinno and Yasuhiko Goto, who are designated limited liability partners and managing partners of Deloitte Touche Tohmatsu LLC.
Support members of the Company's accounting audit are 14 Certified Public Accountants and 24 other members.
The continuous period of auditing by Deloitte Touche Tohmatsu LLC is 43 years.

(7) Limiting Liability Agreement
As expected in Article 427, paragraph (1) of Companies Act, the Company enters into agreements with outside directors and Audit & Supervisory Board Member to the effect that, if they have acted in good faith and without gross negligence in performing their duties, their liability under Article 423, paragraph (1) is limited to the Minimum Liability Amount as set forth in Article 425, paragraph (1).

3. Reasons for Adoption of Current Corporate Governance System

Current Corporate Governance System clarifies responsibilities for business execution through the introduction of an Executive Officer system under which Executive Officers also serve as department heads, strengthens supervisory and monitoring functions through the appointment of Outside Directors, strengthens audit functions through the appointment of Outside Audit & Supervisory Board Members, and enhances and expedites decision-making functions through the establishment of the Business Strategy Meeting.

III Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights Updated

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The notice of Convocation of the Annual Shareholders' Meeting is sent three weeks before the Annual Shareholders' Meeting. Prior to the shipping date, the notice is posted on the Company's website, the website of the Tokyo Stock Exchange and the website of the Nagoya Stock Exchange. In 2026, the Company released the notice on May 29 in Japanese and on June 4 in English. The dispatch date was June 4.
Allowing Electronic Exercise of Voting Rights	Implemented.
Participation in Electronic Voting Platform and other efforts aimed at improving the environment for institutional investors' exercise of voting rights	Registered at the electronic voting platform operated by ICJ, Inc.
Providing Convocation Notice in English	The English translation of the notice of Convocation of the Annual Shareholders' Meeting was posted on the website of the Tokyo Stock Exchange and the website of the Nagoya Stock Exchange on the shipping date. The notice was posted on the Company's website as well.
Other	The result of exercise of voting rights is posted on the Company's website promptly after the Annual Shareholders' Meeting.

2. IR Activities Updated

	Supplementary Explanations	Explanation by a representative
Preparation and Publication of Disclosure Policy	The Company has established a "Disclosure Policy," which is available in both Japanese and English on the Company's website. Japanese https://www.ir.daidometal.com/management/disclosure.html English https://www.daidometal.com/sustainability/disclosure-policy/	
Regular Investor Briefings for Individual Investors	The Company participates in IR events or seminars targeting individual investors, organized by Nagoya Stock Exchange, or by Securities Companies. (The Company participates in IR event or seminars organized by Nagoya Stock Exchange about twice a year.)	No
Regular Investor Briefings for Analysts and Institutional Investors	Briefings to institutional investors are made by our CEO twice a year to present the Company's financial results (annual and semi-annual). The Company also presents itself to analysts in the Seminar organized by Nagoya Stock Exchange.	Yes

Posting of IR Materials on Website	IR materials posted on the Corporate Website include a Summary of Financial Results (Kessan Tanshin), Supplementary Explanatory Materials for Financial Results (Kessan Hosoku Setsumei Shiryo), Financial Results Briefings Material (includes Q&A), Timely Disclosure Documents, a Semiannual Report (Hanki Hokokusho), a Securities Report (Yukashoken Hokokusho), a Notice of Convocation of General Meeting of Shareholders, Integrated Reports, a Corporate Brochure, etc. Japanese https://www.ir.daidometal.com/library/ English https://www.daidometal.com/investors/ir-library/finance/
Establishment of Department and/or Manager in Charge of IR	Executive in Charge : Head of the Corporate Planning Dept Department in Charge: General Affairs Dept (with dedicated staff) IR Contact : General Affairs Dept / Corporate Communications・Marketing Group Telephone : +81-52-205-1400
Other	One on One sessions are held from time to time with Institutional Investors and Securities Companies.

3. Measures to Ensure Due Respect for Stakeholder

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Company's basic policy with regard to the Stakeholders, including but not limited to shareholders, is reflected in our "Corporate Philosophy," "Principles," "Code of Conduct," and "Standards of Conduct" and they are posted on our website.
Implementation of Environmental Activities, CSR Activities etc.	ISO14001 certification obtained for all plants (With the exception of newly built plants, major production plants, including production subsidiaries, that have already been in full-scale operation have obtained the certification). The Company publishes an integrated report.
Development of Policies on Information Provision to Stakeholders	With regard to timely disclosure of corporate information, information disclosure team will assess the necessity of disclosure, and ask for prior approval of Board meeting where necessary

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development Updated

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 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 top-priority risks and priority risks 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 monitor the progress and 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 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) The "Rules on Whistleblowing, and Report and Consultation" stipulate whistleblowing and who to inform inside and outside the Company. Accordingly, the Legal Affairs and Compliance Department fully informs all employees throughout the Company in Japan of the 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 the 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.

(10) 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 Guidelines" 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 formulated annual management policies and short-term management plans and strove to implement them throughout the Group. The Company verified 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 reported contents are compiled by the Company and reported to the Board of Directors and the Audit & Supervisory Board.

The Company has implemented a system to require the group companies to apply for/report on budgets, capital investment, risk management, compliance status, etc. In fiscal 2025, it aimed to enhance the effectiveness of its internal whistleblowing system as part of the effort to step up compliance with laws and regulations and measures for prevention of misconduct throughout the Company group. To that end, it is distributing pocket-sized cards to all employees detailing the reporting channels and examples of reportable incidents, and establishing a new reporting channel for our suppliers, with the intention of strengthening risk management and governance.

Moreover, in response to factors such as increased tariffs resulting from trade policies, changes in import and export regulations in various countries, and rising military tensions, the Company is striving to gather timely information on policy and regulatory changes. After thorough consultation, it is endeavoring to take measures as necessary, such as passing on costs to sales prices, hedging against exchange rate and interest rate fluctuations, and reviewing supply chains.

2. Basic Views on Eliminating Anti-Social Forces

Based on the "Daido Metal Group Code of Conduct," which sets forth specific compliance requirements in the conduct of our business activities, the Daido Metal Group will take a firm stand against any forces or groups that threaten the sound activities of the company.

- 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.
- The "Daido Metal Group Code of Conduct" is distributed to all officers and employees of the Group to educate them on and clearly state the Group's "stance against antisocial forces."

V Other

1. Introduction of a policy for responding to takeover bids (takeover defense measures)

Introduction of a policy for responding to takeover bids (takeover defense measures)	Not Adopted

Supplementary Explanation Updated

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.

With the aim of being a company that can envisage and achieve sustainable growth exceeding capital costs, the Group has launched "Bridge to Daido 2030," its six-year Midterm Plan covering fiscal years 2025 through 2030.

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

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.

- With the aim of fostering a sense of unity among employees and working together with them to enhance corporate value in the management of the Group, we decided to introduce a “Restricted Stock Incentive Plan for the Employee Stock Ownership Plan” in March 2026.
- 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.

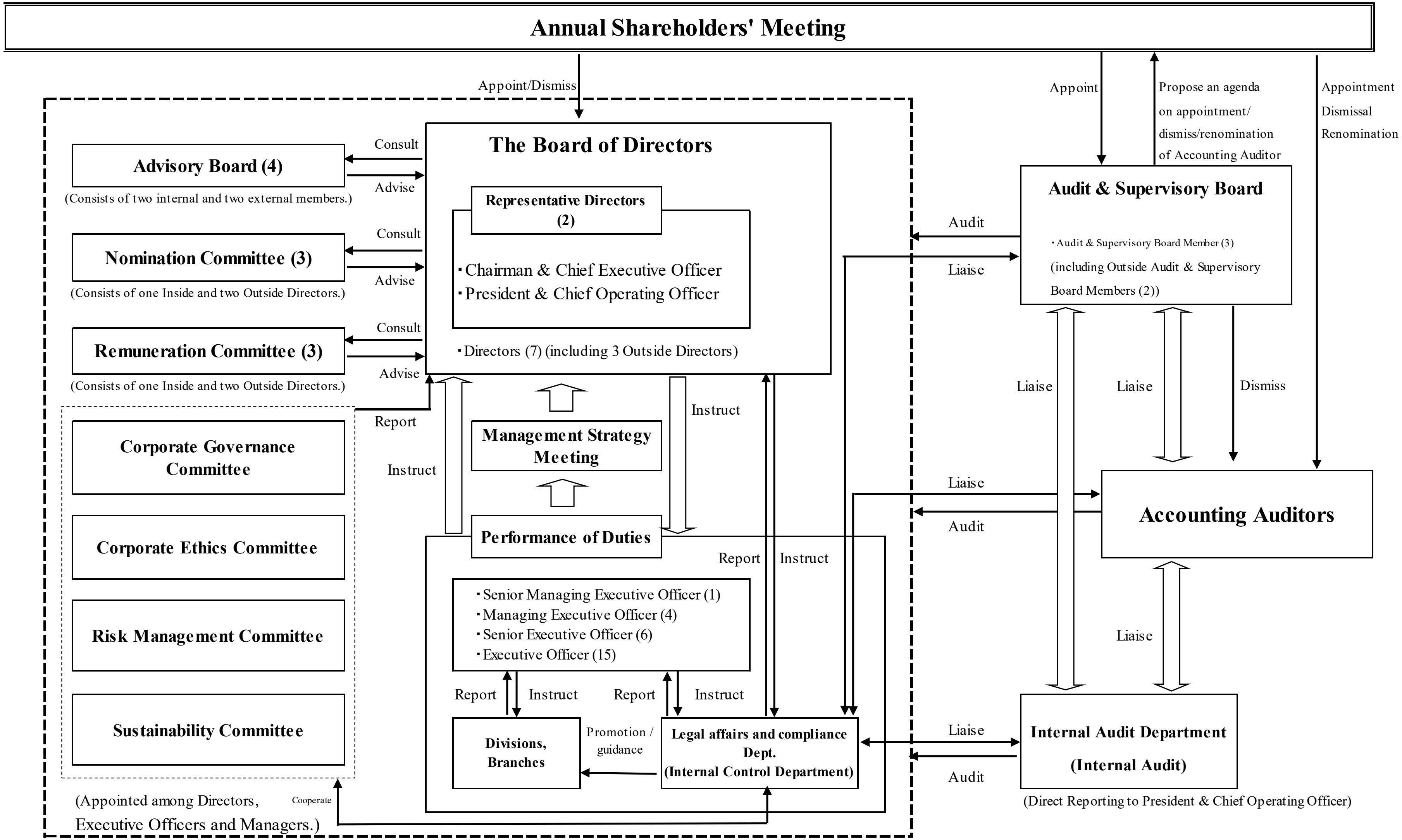
2. Other Matters Concerning Corporate Governance System Updated

(1) Please refer to the attached document for the “Organizational Structure for Corporate Governance.”

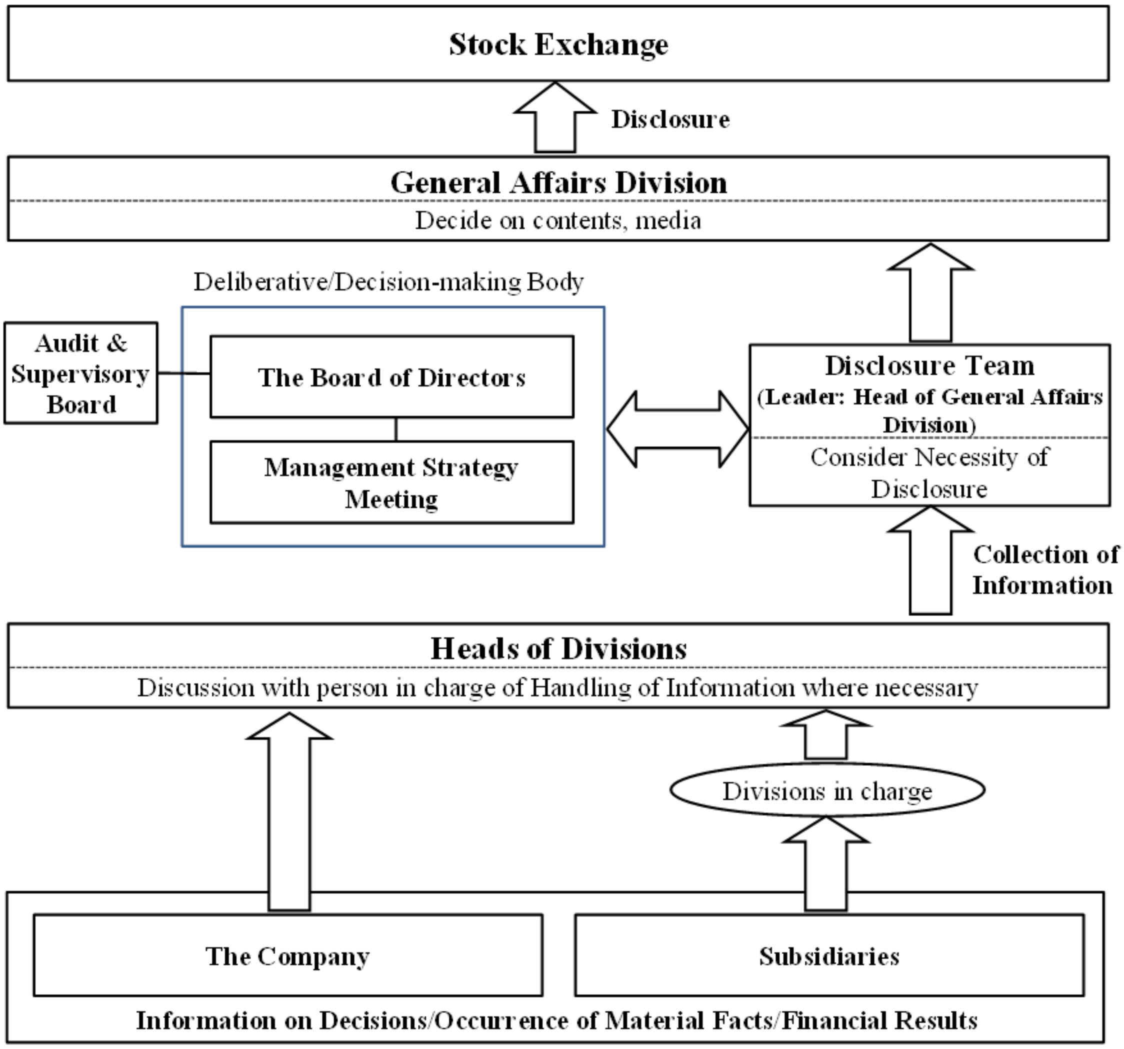
(2) Please refer to the attached document for the “Diagram for Timely Disclosure.”

(3) Please refer to the attached document for the “Skill matrix.”

Organizational Structure for Corporate Governance



<Diagram for Timely Disclosure>



Skill matrix

Attribute		Name	Main areas of specialist experience / areas where contributions are expected in particular							
			General management	Technological development	Manufacturing (Production)	Sales, procurement	Personnel, general affairs	Finance	Legal affairs, compliance	ESG and sustainability
Director	Inside	Seigo Hanji	○			○	○		○	○
		Tomomitsu Furukawa	○	○	○		○			○
		Shigemasa Hakakoshi	○	○	○		○			○
		Arihiro Yoshida	○	○	○	○				
		Hiroki Ito	○			○		○	○	○
		Kenji Shoda	○			○		○	○	
	Outside	Miyuri Shirai	●			●			●	●
		Shinji Ishihara	●					●	●	
		Shigehiro Kuwabara	●					●	●	●
Audit & Supervisory Board Members	Full-time	Koji Takaki				●		●	●	
	Outside	Kazuo Matsuda	●					●		●
		Etsuaki Yoshida						●		●

* The main areas of specialist experience of Inside Directors are indicated by ○, and areas where contributions are expected in particular from Outside Directors, Full-time Auditors and Outside Auditors are indicated by ●.
* The expertise and experience described above do not represent the full knowledge of each individual.