



13 May 2025

Daido Metal Co., Ltd.

Seigo Hanji, Chairman and Chief Executive Officer

(Code:7245 Prime Market of TSE, Premier Market of NSE)

(For inquiry)

Yukihiko Kagohara, Executive Officer

Head of Corporate Planning Division

(TEL: 052-205-1400)

## Announcement regarding formulation of New Midterm Plan 2025-2030 ‘Bridge to Daido 2030’

In order to devise a strategy to permanently increase the corporate value of the Daido Metal Group and achieve sustainable growth, Daido Metal Co., Ltd. has formulated the new Midterm Plan entitled ‘Bridge to Daido 2030’ which will run from FY2025 to FY2030. The details are summarised below.

### 1. What the New Midterm Plan is Aiming for Positioning of the New Midterm Plan

Through our new Midterm Plan, the Daido Metal Group is aiming to be a company that can envisage and achieve sustainable growth exceeding capital costs. Positioning a six-year period during 2025-2030 as a business restructuring term with a view to 2030 onwards, we have established a new Midterm Plan including results and issues of the previous Midterm Plan, initiatives implemented in FY2024 and recent changes to the business environment.

#### Aiming for the Future

When formulating this new Midterm Plan, with a view towards 2050, we decided the social values of the products the Daido Metal Group supplies and the values we cherish for the future as Purpose and what we want to be as Vision. For starting of the new Midterm Plan, we have changed the name of each business segment. In order to achieve the targets of the new Midterm Plan, we have clarified a strategy for more than just the conventional business segment and are proceeding with review of allocation of management resources etc. Through these initiatives we will realise the business portfolio our Group is aiming for.

#### Target Business Portfolio

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

Specifically, we are proceeding with a multi pathway strategy to continue to meet customer needs for spare parts for engines bearings, to respond to environmental regulations etc. for our Group’s core business of plain bearings which are used in engines.

Furthermore, to increase sales of products which are used outside engines, we are gradually implementing specific strategies and giving increasing weight to each business such as ‘non-engines’ and ‘non-automotive/marine’. We plan to expand our business foundations by supplying plain bearings for not just the conventional cars and ships, but for a wider range including for general industry, and intend to focus on frontier business other than engine bearings.

## 2. Previous Midterm Plan (2018-2023) and Looking Back at the Previous Year (2024)

- (1) FY2023 was the final year of the previous Midterm Plan 'Raise Up "Daido Spirit" Ambitious, Innovative, Challenging'. Targets of 'Sales of 102.1 billion JPY, Operating Profit of 8.2 billion JPY and an Operating Profit Margin of 8.0%' were set for the final year of the Plan (FY2023). Although the target for sales was achieved, the targets for operating profit and operating profit margin were not achieved.
- (2) During the six years of the previous Midterm Plan, in addition to many changes to the social situation including the outbreak of Covid-19, the situation in Ukraine and intensified conflict between the US and China, the economic situation including the continuing 'weak yen, strong dollar', soaring raw material and energy costs has had a large impact on our Group's profits. Although we are able to see signs of recovery from Japan's long-term deflationary mindset, factors influencing sales and profits are increasing, so we are entering an era where new initiatives are required in order to secure profits.
- (3) In response to the changing business environment, the Daido Metal Group established a policy for the future through the Longterm Vision, and began structural reform through initiatives in the Reform Plan, etc., and although activities were sped up in response to the new era, there are still unachieved items to be carried over. Even in such circumstances, our Group responded to production recovery by main automotive customers and increased demand from the marine, general industry and construction industries, and as a result, sales in FY2024 were 136.3 billion JPY (up 7.5 billion JPY compared to the previous year), surpassing the results of the previous year. As for profits, by focusing on factors affecting profits through initiatives such as material price pass through for raw material costs and energy costs, we were able to achieve an operating profit of 7.0 billion JPY (up 1.0 billion compared to the previous year) and an operating profit margin of 5.2% (up 0.5 point compared to the previous year).
- (4) The rapid changes to the environment surrounding our Group, and the difficulty in predicting the future has not changed, but the Daido Group has established a new Midterm Plan to accurately address this difficult situation and is pursuing increased corporate value.

### 3. Financial Strategy in the New Midterm Plan (2025-2030)

#### (1) Fundamental Policy

As a fundamental financial strategy in the new Midterm Plan, we address the following:

1. Improve profitability by strengthening profit generating capability
2. Investment in fields of expected growth and shareholder dividends
3. Investment cost control through balance sheet management and reduce interest bearing debt

We plan to increase corporate value through improving ROE indicators, with the fundamental policy that increased corporate value, and leads to investment in the future and shareholder returns.

#### (2) Main KPIs

The new Midterm Plan has set midpoint targets for FY2027 – the end of the first three years of the Plan – of sales of 150 billion JPY, operating profit of 12 billion JPY, operating profit Margin of above 8% and ROE of above 8%, and is aiming to achieve targets of operating profit margin of above 10% and ROE of above 9% in the final year of the Plan in FY2030.

Reciprocal tariffs introduced by the US are predicted to have a large impact on our Group's sales and profits, but as a Group, we are continuing to proceed with business restructuring to increase profit generating capability in the first half of the Midterm Plan irrespective of changes to the external environment. As a fundamental strategy for achieving profit targets, we will not only increase profits by increasing sales through increasing new customers or new application development, but will also continually and systematically implement initiatives such as passing through material costs and labour costs into the sales price, implementing profit and loss control for each product, introducing better cost price control etc. Together with optimising total asset turnover ratio by reducing lead time etc. through effective management of machinery investment and supply chain management and appropriate financial leverage etc., we will simultaneously proceed with reforms for financial stability, and initiatives to increase ROE.

	FY2024 Actual	FY2027 Plan
Sales	136.3 billion JPY	150 billion JPY
Operating Profit	7.0 billion JPY	12.0 billion JPY
Operating Profit Margin	5.2%	Above 8%
ROE	3.8%	Above 8%
Net DFE Ratio	0.50	0.45

## 4. Business Strategy in the New Midterm Plan

### (1) Four Action lines for the Midterm Plan

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A business strategy positioning the four main Action lines for a growth strategy from 2030 has been developed.

Action line 1: Structural Reform for Strengthening Profitability

Action line 2: Refinement of Core Businesses

Action line 3: Strengthen Next Core and Semi Core Business

Action line 4: Promote Management Focusing on Non-Financial Capital

#### **Action line 1: Structural Reform for Strengthening Profitability**

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Our profit levels have recovered due to a return in demand after Covid-19, but to further strengthen our profit generating capability, we understand business reform is necessary. We began our 'Reform Plan' from FY2023, identifying areas for reform and working on them. We continued these initiatives in FY2024, and we will see the effects of these initiatives during the new Midterm Plan period.

To eliminate the factors that are causing losses at the AI die cast business, we have addressed production issues and are beginning to see results. We aim to address all production process issues from material procurement, moulding creation, production, inspection and despatch, to create stable production systems. We have begun measures for reform in European locations in difficult business environments such as proceeding with transfer of some production machinery to other locations. In other locations, we are proceeding with activities to reduce production costs by reforming capex control through optimisation of depreciation costs, reviewing raw material procurement and productions systems etc. We are systematically working on long-term issues with an outlook for from 2030 onwards, and a continuing business reform through elimination of unprofitable business and organisational reform.

#### **Action line 2: Refinement of Core Businesses**

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We have continued to achieve the top market share for the Powertrain business (2024 calendar year, prediction by Daido) continuing from 2023. The progress of the shift to EV (electric vehicles) has not changed globally, but due to a slowdown in the shift to EVs, there is still forecast to be some, although lower, demand for combustion engines. We aim to further increase our share by carefully considering and addressing machinery investment in response to explicit and latent market needs and expanding bearings for truck engines or new development for gasoline engine bearings. Furthermore, we are pursuing further expansion of the Life business (formerly non-automotive engine bearing business) through further expansion of automotive parts focused on non-engine bearings such as shock absorbers, expansion of new demand for EV vehicles, and development of bearings for general industry such as air conditioning.

The development of the overseas market has borne fruit with our Group maintaining a market share of 75.0% (2024 calendar year, prediction by Daido) for low-speed engine bearings for use in ships in the Marine & Energy Business (formerly the non-automotive bearing business) as well as seeing increased demand from the marine industry. Furthermore, due to an increase in orders from the production and construction machinery market, the share for bearings for marine and industrial medium and high-speed engines in the aforementioned Marine & Energy Business has increased. As well as maintaining the market share for marine engine low speed bearings, we are responding to increased demand for medium and high-speed bearings for power generation by expanding production capability through new machinery and investment in Japan and the UK.

### **Action line 3: Strengthen Next Core and Semi Core Business**

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In terms of the Frontier Business (formerly the automotive non-engine business) which includes the AI Die Cast Business, despite an increase in orders for automotive products for new EVs, in the Precision Metal Manufactured Parts Business, there has not been any great change in demand for precision metal manufactured parts such as moulded pipes or knock pins so the amount of sales remained the same as the previous year. Following process improvements and changes to the production control system a recovery in profit levels is expected from FY2025 for the previously unprofitable AI die cast business. By further strengthening the process improvements and production control system and reviewing the quality control system, we are continuing to strengthen initiatives to secure profits.

While strengthening the response to customer needs (performance, cost, and lightweight) through core technology developed during the period of the previous Midterm Plan, we will continue to expand demand for bearings used outside engines and will continuously and systematically unearth new social value of plain bearings, as well as achieving our target business portfolio. In the future we will also build a foothold for expanding new gas turbines and wind power generation business, and establishing technical foundations for the wind turbine business etc.

### **Action line 4: Promote Management Focusing on Non-Financial Capital**

To achieve a sustainable society as a global company, we have set our priority issues (Materialities) for ESGs with the two axes of 'the impact on shareholders' and 'the importance to our Group' and are working on them. Furthermore, we are continuing with initiatives to achieve carbon neutrality, and after announcing, our support for the TCFD (Task Force on Climate-related Financial Disclosures) are regularly disclosing important information. We are aiming for management with an awareness of increasing corporate value and capital costs and are strategically proceeding with sustainability management with a focus on strengthened ESG.

The new Midterm Plan will focus on strengthening human capital, promotion of DX and cultural reform. For human capital strategy, we are actively focusing on 'establish personnel system', 'reform way of working', 'strengthen training and recruitment'. For DX promotion and cultural reform, we are actively focusing on 'organisational activation', 'cultural reform' and 'global contribution'. As a result, by creating an active organisation we will increase employee productivity, which is linked to increasing corporate value. With Daido Spirit (Ambitious, Innovative, and Challenging) as a foundation, while increasing our knowledge and skills, we will engage in open and lively discussions within the company to foster creativity, and foster human resources that can bring innovation, and will pursue the training of human resources that can support our Group in the future.

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## **(2) Increasing Corporate Value through Dialogue with Stakeholders**

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Our group positions the above four Action lines as important axes and will implement all measures to enhance corporate value. To enhance corporate value, we will not only raise ROE indicators but also strengthen initiatives for non-financial capital to optimize capital costs. We will promote sustainability management, strengthen corporate governance across the entire group, including affiliated companies, and pursue risk-averse management to improve PBR indicators. Additionally, we will enhance external PR activities, including dialogue with stakeholders, and enrich the disclosure content in the integrated report. By advancing dialogue with investors, we aim to gain a broader understanding of our group's initiatives.

Our group aims to return value to our shareholders by targeting a dividend payout ratio of over 35% in FY2027 and over 40% in FY2030. We will work together as a company to achieve the measures outlined in the new Midterm Plan.

(Note) The forecasts in this document are based on information available at the time, and actual performance may differ due to various factors in the future.

# ***Bridge to Daido 2030***

**Midterm Plan**    *from 2025 to 2030*

**13th May 2025**

**Prime Market of TSE  
Premier Market of NSE**

**Code 7245**

## Evolution of business model



## Solve social issues through business

## Contribution for a healthier planet



## Our Company's Purpose

***Supporting your movement***

***Supporting all movements and contributing to a fulfilling life for people around the world***

## Cultivation of diverse human resource



## Establishment of Daido Metal's Principles



## Master the fields we have focused on

Further expansion in the automotive and marine industry fields

Plain bearings



Unit Parts



New Business



### *Our Company's Vision*

**Continuing to be the only major company in the world that specializes in producing a full lineup of plain bearings**

## Develop new fields

**New business through leveraging core plain bearing technology  
New value creation through changes to society**

**Potential of Plain bearing Technology**



# Contents

## Summary of the Previous Midterm Plan

### 1 Previous Midterm Plan (FY18-FY23) and Review on FY24

## Summary of the Midterm Plan

### 2 Aims for the Future

### 3 Financial Capital Strategy

- Main KPIs
- Strategy to increase PBR
- Cash allocation, etc.

### 4 Business Strategy and Non-Financial Capital Strategy

- Business policy
- Structural reform to strengthen profitability (Action line 1)
- Business Plan by business segment (Action line 2 and 3)
- Strengthened non-financial capital (Action line 4), etc.

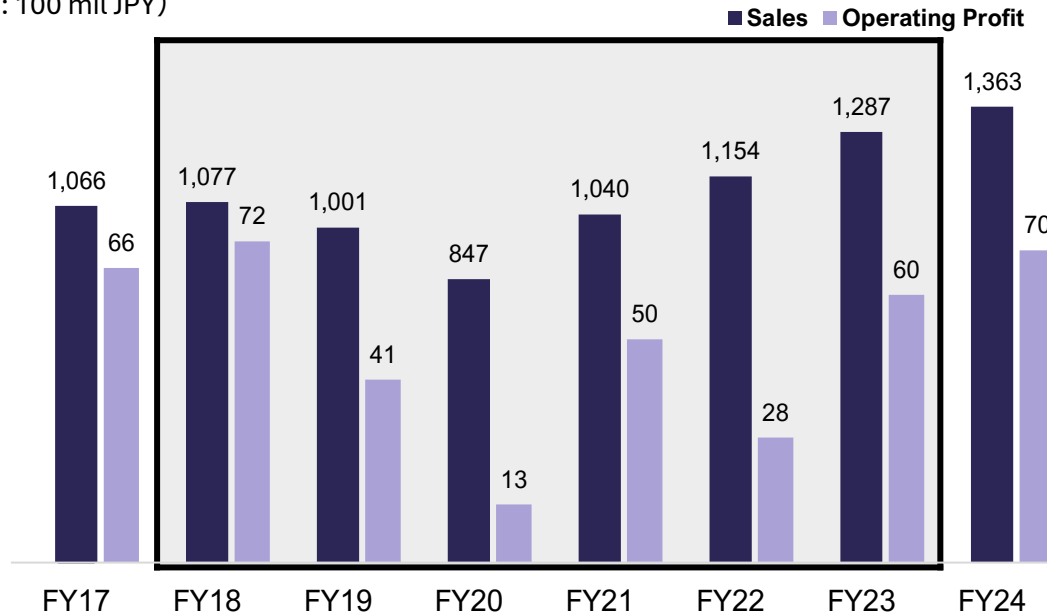
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# **Previous Midterm Plan (FY18-FY23) and Review on FY24**

	FY17 Actual	FY23 (Latest Year)		Score	FY24 Actual
		Target	Actual		
(Unit: 100 mil JPY)					
Sales	1,066	1,021	1,287	<b>Excellent</b>	1,363
Operating Profit	66	82	60	<b>Poor</b>	70
Operating Profit Margin	6.2%	8.0%	4.7%	<b>Poor</b>	5.2%
ROE	7.7%	9.0%	4.0%	<b>Poor</b>	3.8%

*FY18-FY23 Raise Up "Daido Spirit"*

(Unit: 100 mil JPY)



### Sales

Demand for core business of automotive engine bearings has recovered since Covid-19 pandemic

### Operating Profit

There was a recovery trend for profit from FY22-FY23, but targets were not achieved

It took longer than expected to recover from scrap issues at new Aluminium Die Cast business

## Responding to a Turbulent Business Environment

Re-establish a global production system

Clarification of strategy for core business

“Reform Plan” for profit improvements

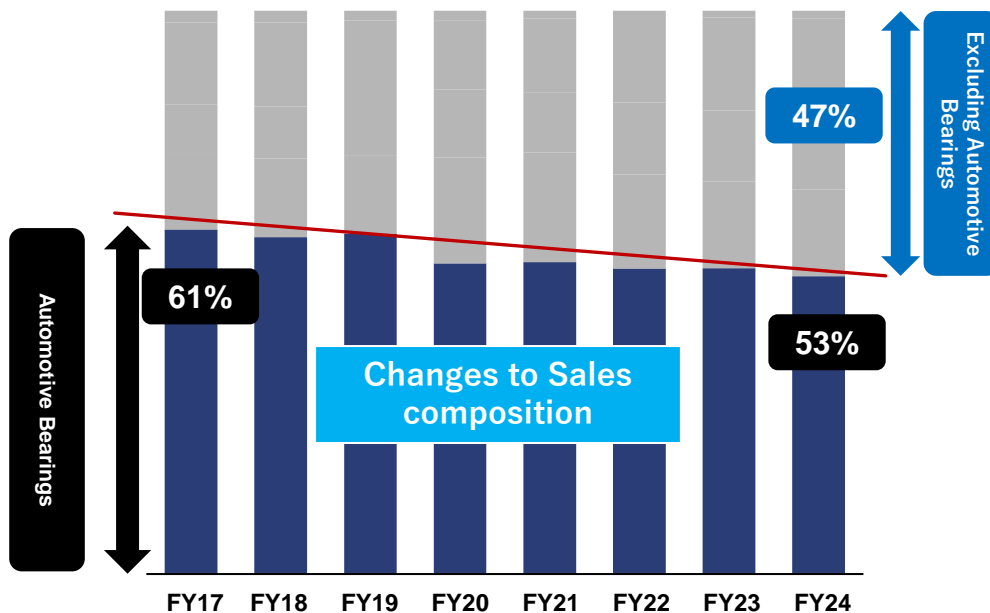
## Preparation for the Future

Quick stabilisation of Aluminium Die Cast business

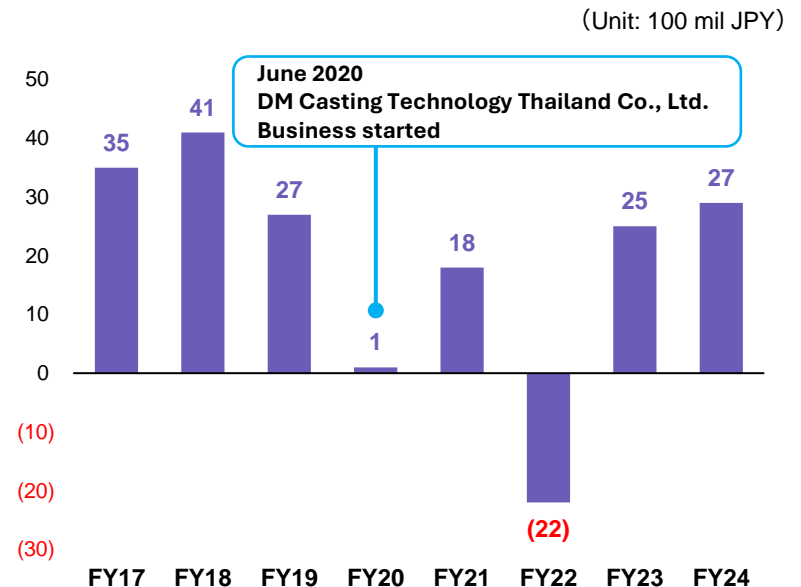
Clarification of sales strategy for existing business

“Longterm Vision” for 2050

Trend for composition of sales by segment



Net Income Trend



**Action line 1 Strengthen current business lines**
**Plain bearing global market share**

FY23 (Latest Year) target and actual

	Target	Actual	Score
Automotive engine bearings	40.0%	<b>33.3%</b>	Poor
Turbochargers (small turbo)	30.0%	<b>15.4%</b>	Poor
Marine low-speed engine bearings	65.0%	<b>73.0%</b>	Excellent
Marine and industrial Medium and high-speed engine bearings	20.0%	<b>25.0%</b>	Excellent
Polymer bearings	13.1%	<b>13.1%</b>	Excellent
Bearings for rotating equipment (generator turbine)	6.0%	<b>7.4%</b>	Excellent

(Share is Our Company's estimation based on CY24 figures)

Automotive engine bearings (excluding BEV and FCV) result is 38%  
 Large share increase for low-speed marine, achieving new business for medium and high-speed

**Strengthen profits**
**Good**

Reduced production lead time, halfway through scrap rate improvements, etc.

Started review of production equipment layout on a global basis

**Production reforms, efficiency, technological reforms**
**Good**

Created a model factory blueprint for the future of production processes and implemented in some factories

**Action line 2 Creating / fostering new business lines**
**Expand sales of Aluminium Die Cast products**
**Excellent**

Expand sales ratio for EV

**Establish new business for special bearings for wind turbines**
**Excellent**

Signed supply contracts with European manufacturers  
 Established new dedicated production locations  
 (investment amount 6.0 billion JPY)

**Action line 3 Enhance management**
**Review global production systems**
**Excellent**

Introduced consolidated accounting information system  
 Re-established quality assurance system

**Strengthen financial foundations**
**Good**

Maintained equity ratio of 35%  
 Initiating 'management reforms' aimed at correcting the depreciation expense ratio level of capital investments

**Action line 4 Enhance organization and communication**
**Create an organization that supports challenge**
**Excellent**

Celebrated 80th anniversary, new internal portal site  
 Introduced challenge system, reviewed personnel appraisal system

**Create a vibrant organization**
**Excellent**

Health management promotion, improvements to shop floor environment  
 Issued Integrated Report, created new dedicated IR website

Large changes  
to business  
environment

A policy for the future was established through the Long-term Vision, and a Reform Plan was started in order to strengthen profit generation, but **in terms of achievement issues remain unresolved**

Reduced profit  
levels

There has been a recovery in profits due to a return in demand since Covid-19 pandemic, but further improvements are needed to strengthen profit generation. We must quickly **achieve a level of 10% operating profit by FY30.**



**Structural reforms have begun to improve profit generating capability (FY23-)**

**1 Focused initiatives to strengthen business foundations**

**2 Accelerate initiatives to eliminate unprofitable business (AL Die Cast business etc.)**

## 1 Focused initiatives to strengthen business foundations

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### 1 | Initiatives for a profitable structure

- Phased implementation of a system of an optimal production system on a global basis
- Thorough profit management by product

### 2 | Strengthen market competitiveness for general industry business

- Reform manufacturing systems to increase price competitiveness  
(Selecting raw materials, reform way of production at each domestic factory)
- Select main markets where we can demonstrate our competitive advantage

### 3 | Clarification of sales strategy

- Bearing business for power generation engine
- Bearing business for general industry

### 4 | Develop new areas for core technology

- Organizational reform towards a system that promotes application of new business
- Review allocation of technical staff with an awareness of future business portfolio

### 5 | Clarification of non-financial strategy

- Establishment of sustainability promotion system
- Clarification of issues through strengthened governance

## 2 Accelerate initiatives to eliminate unprofitable business (AL Die Cast business)

### ■ Cause of Losses → Slump in Production

Large increase in expensive air freight costs

1. Increased costs due to reworking parts due to worsening scrap rate
2. Higher than expected customer demand and our quality improvement speed did not match

### ■ Factors and Improvement Status

#### Product Shape

EV die cast parts have a unique complex shape

▶ **Improvement** Technical support,  
Enhanced management of molds

#### Product Standards

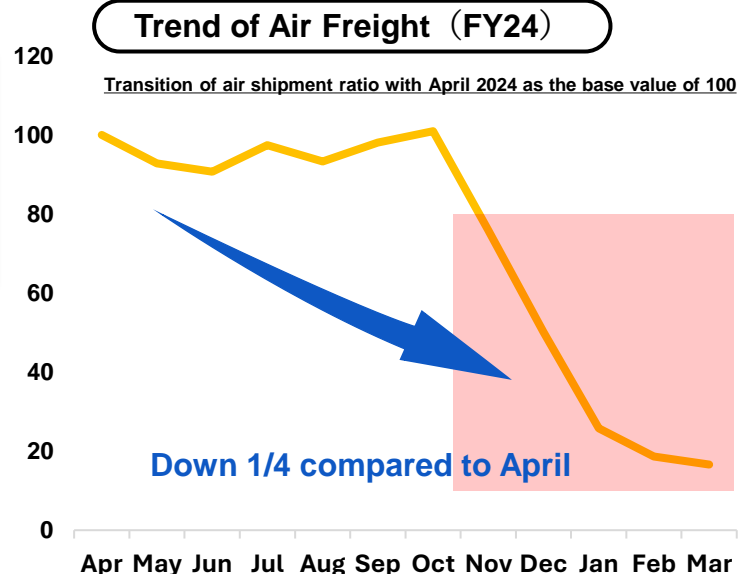
Product process control frequently changing due to lack of quality and technical standards

▶ **Improvement** Simplification of process changes and standardization of work processes

#### Product Know How

Immature casting process and inspection processes

▶ **Improvement** improved work processes, preventing scrap from moving to next process



Turned operating profit positive in Jan 2025 /  
Achieved profitability in Q4

Full-year profitability for fiscal year 2025 is  
within sight

A bright blue square containing the white number '2', serving as a section indicator.

# 2

Midterm Plan

# Aims for the Future

Plain bearings for  
automotive engines

38%

World's top share

Plain bearings for low-  
speed marine engines

75%

World's top share

Plain bearings for marine  
and industrial medium and  
high-speed engines

26%

World's leading share

Customer bases

Number of automotive  
manufacturer business  
partners

26 companies

Number of  
business partners

1,064 companies

Global

Global sales  
locations

36 locations

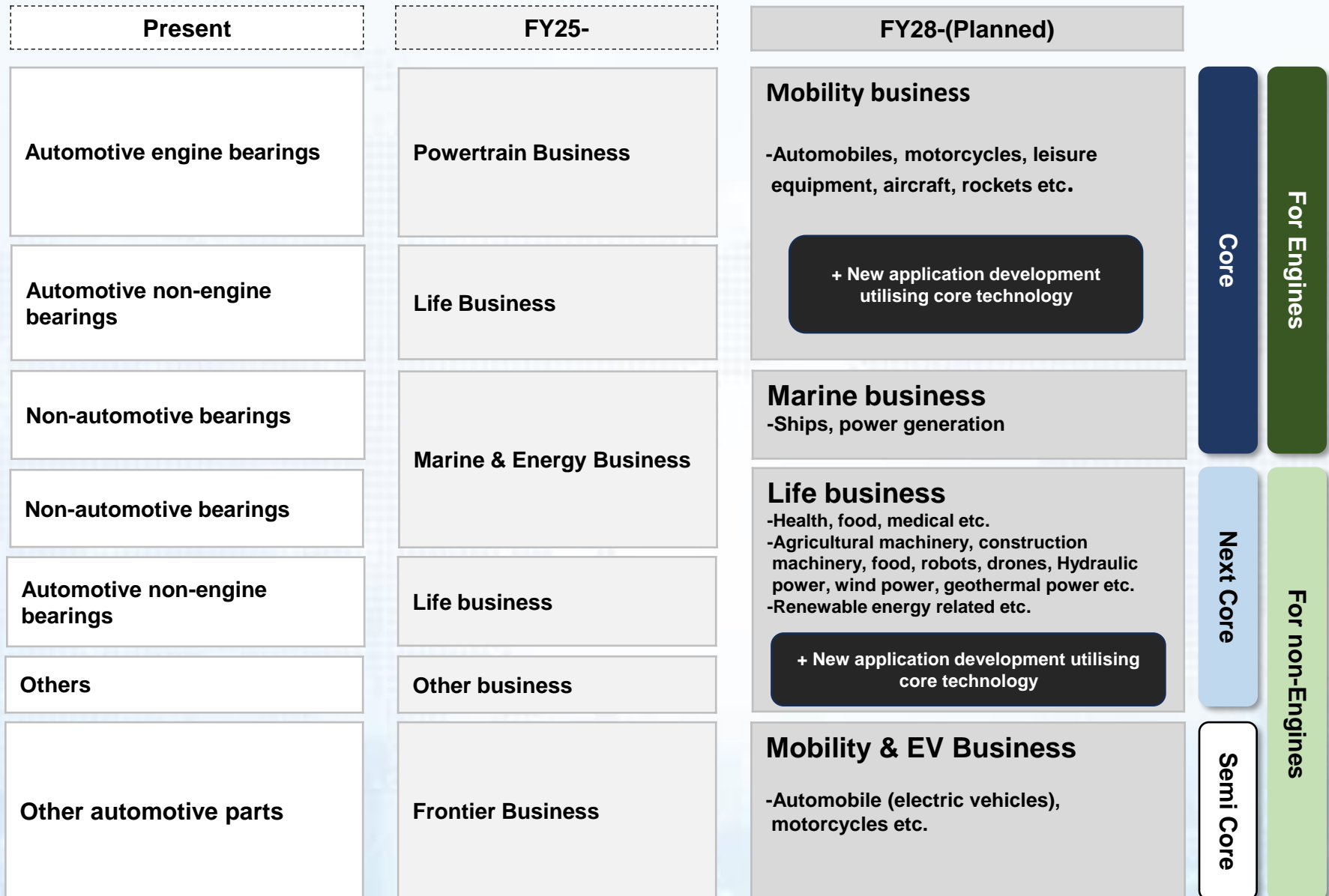
Global manufacturing  
locations

25 locations

Share is Daido's estimation based on 2024 figures, automotive engine plain bearing share excluding BEV and FCV.  
Customer figures based on amount of business transactions in FY24. Figures as of March 2025.

**Renaming business segments to achieve the business portfolio  
we are aiming for in the future,  
for a Re-start from FY25**

<b>Disclosed Segments</b>	<b>Main Segments (Disclosed Segments)</b>	<b>Sub Segments</b>
Automotive engine bearings	1. Powertrain business	1. Core business (automotive)
Non-automotive bearings	2. Marine & Energy business	2. Core business (vessels, power generation)
Automotive non-engine bearings	3. Life business	1. Core business (automotive) 3. Next core business
Others	4. Other business	3. Next core business
Non-automotive bearings	2. Marine & Energy business	3. Next core business
Other automotive parts	5. Frontier business	4. Semi core (EV) business



FY28-

FY25

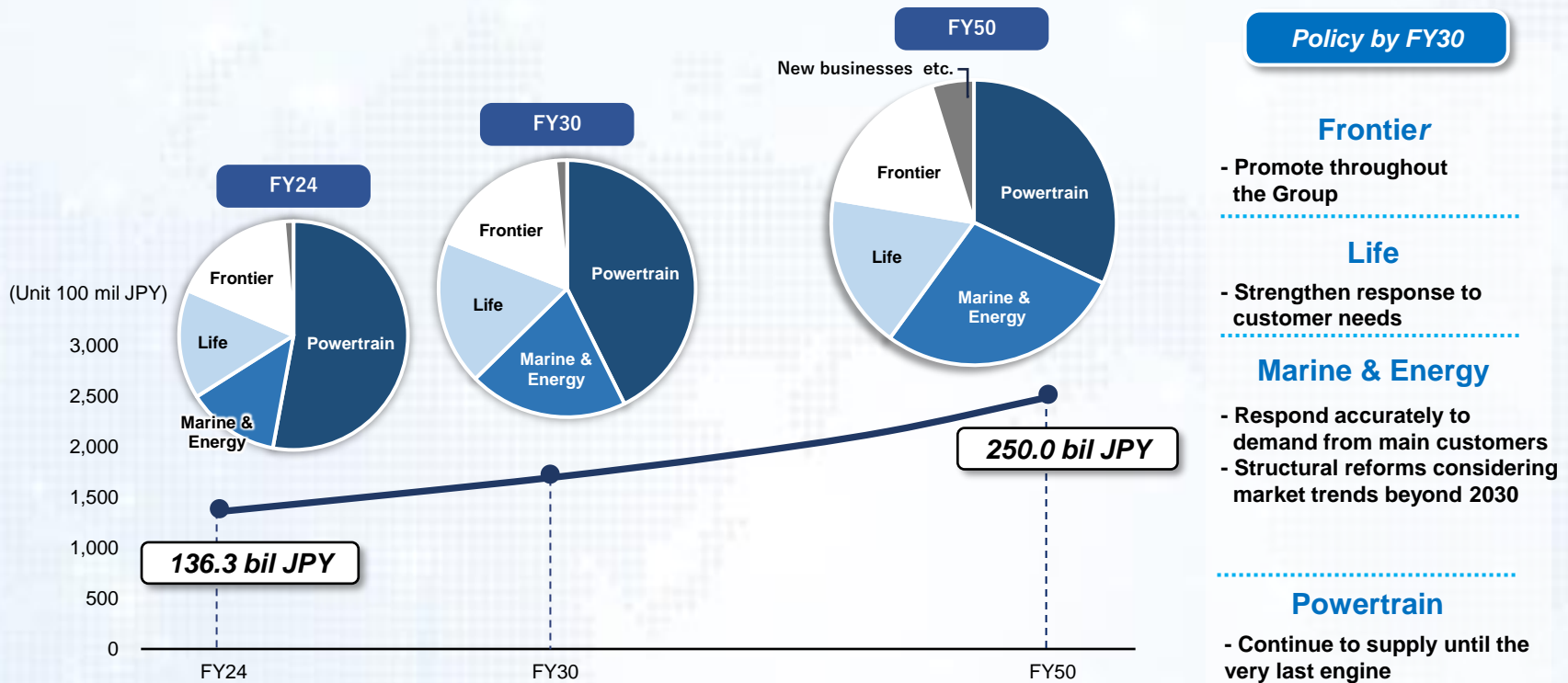
	Core		Next Core	Semi Core
	Mobility Business	Marine Business	Life Business	Mobility & EV Business
<b>Powertrain</b>	<p>For automotive engines</p> <p>For turbochargers</p>		<p>■ Technology supporting Next Core</p> <p>Porous      Bimetal</p>	
<b>Life (Mobility)</b>	<p>Non-automotive engine use, motorcycles, leisure related, air conditioning, robots etc.</p>		<p>■ Technology supporting Next Core</p> <p>Bearings due for delivery for wind turbines</p> <p>↓</p> <p>an accumulation of material technology</p> <p>Small</p> <p>Lightweight</p> <p>Long Lifespan</p>	
<b>Marine &amp; Energy</b>	<p>Ships, power generation etc</p>		<p>Renewable energy related etc.</p>	<p><b>Plain bearing</b></p>
<b>Life (Excluding Mobility)</b>	<p>■ Technology supporting Core</p> <ul style="list-style-type: none"> <li>- Bimetal (composite material) technology that can bond various materials,</li> <li>- Press cutting technology, press processing technology, high precision machining technology, etc.</li> <li>- Development of overlay compositions and technology for the improvement of manufacturing methods</li> </ul> <p>Fuel efficiency      Reducing environmental impact</p>		<p>Agricultural machinery, construction machinery, food, robots, drones, hydraulic power, wind power etc.</p>	
<b>Other</b>			<p>Health, food, medical industries etc.</p>	<p>■ Technology supporting Frontier</p> <ul style="list-style-type: none"> <li>• Moulding technology</li> <li>• AL alloy casting technology</li> </ul>
<b>Frontier</b>			<p>■ Technology supporting Next Core</p> <ul style="list-style-type: none"> <li>• Technology for application development based on material</li> </ul> <p>Porous      Electrode sheet</p>	<p>Cars (excluding EV), motorcycles etc.</p>

**Non-Plain bearing**

**For Engines**

**For non-Engines**

## Longterm Outlook by Business Segment (Sales)



### 1. Further expand presence in the plain bearing industry through pursuit of Group synergy

Strengthen cooperation with overseas partner companies (Thailand and India etc.)

### 2. Develop new business and grow Life & Frontier business by 2x

### 3. Increasing profits through the expansion of Marine & Energy business

FY24 Operating profit contribution 20% → increase to 30%

## 1 The Industry supporting our Core Business

Automotive Industry

### Structural environmental changes

- Localisation progressing in response to CN
- Changes to car ownership and usage

### Slowdown of production amounts, progress of shift to EV

### Clarification of differences to OEM manufacturer strategies

Marine Industry

### Changes to energy composition of marine engines

## 2 Manufacturing Costs

Changes to energy supply systems, soaring supply costs

Increasing costs: raw materials, labour costs, decarbonisation costs, taxes etc.

## 3 Manufacturing Systems, Global Economy

Changes to divide between real and digital, and increase in digital activities

Decreasing and aging population, changes to technology

Accelerating decoupling of world economy

Continuing global conflict

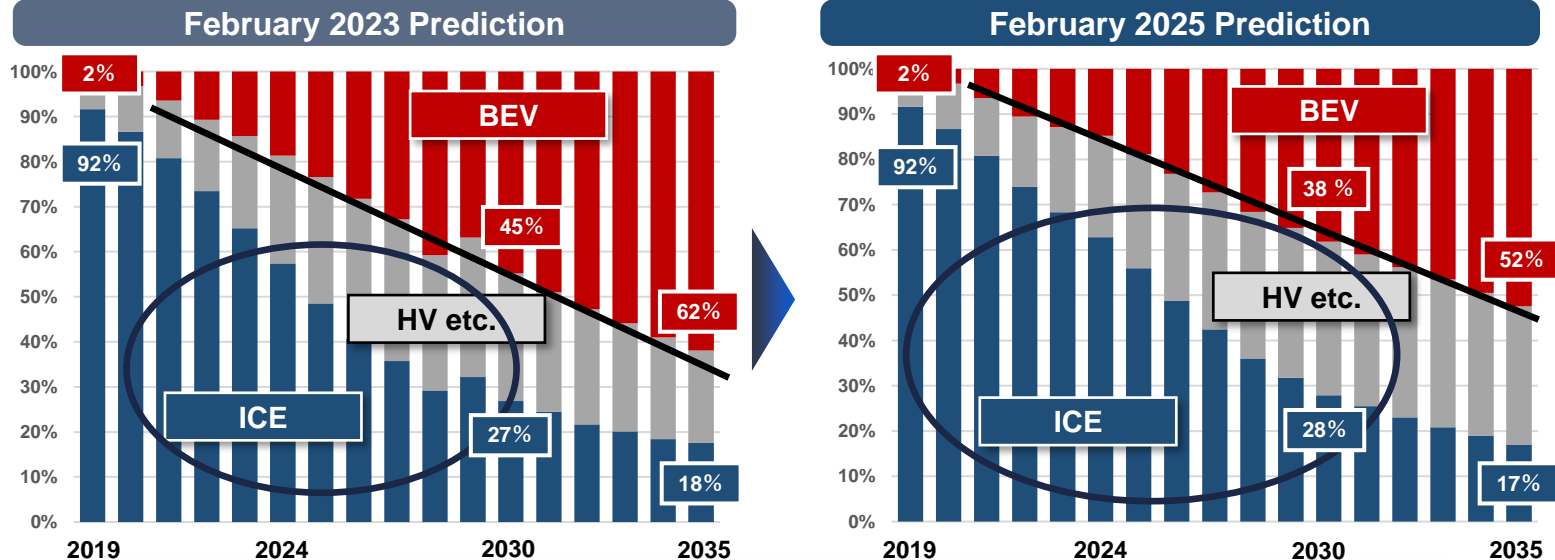
Changes  
to the world  
around us

Changes  
to  
manufacturing  
industry  
profitability

Changes  
to global  
production  
systems

## 1 Changes in Progress of BEV

Based on IHS Markit, created by Our Company



Compared to two years ago, the forecast shows reduction of shift to BEV and progression slowdowns each year

## 2 Impact of Section 232 of the Trade Expansion Act by the US

(Our Company prediction)

Measures to restrict imports of cars and automotive parts on the US natural security grounds

High probability that tariff measures will be prolonged → Slowdown in shift to BEV

3

Midterm Plan

# Financial Capital Strategy

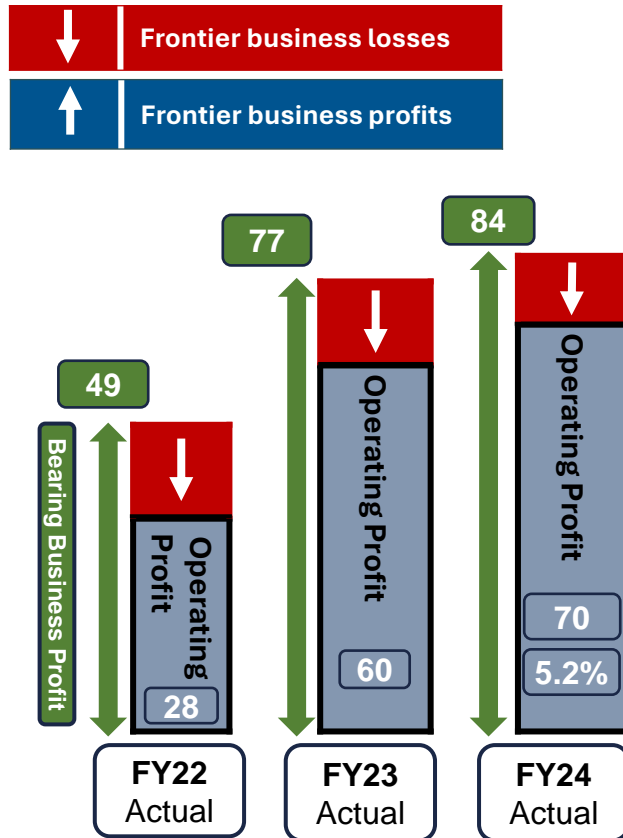
- 1 Improvement of profit margins through strengthening profit-generating capabilities
- 2 Investment in growth potential areas and returns to our shareholders
- 3 Control of total assets and reduction of interest-bearing debt through the promotion of balance sheet management

**We will focus on improving ROE as a core strategy to enhance corporate value, and prioritize investments for the future and returns to our shareholders as our fundamental policy**

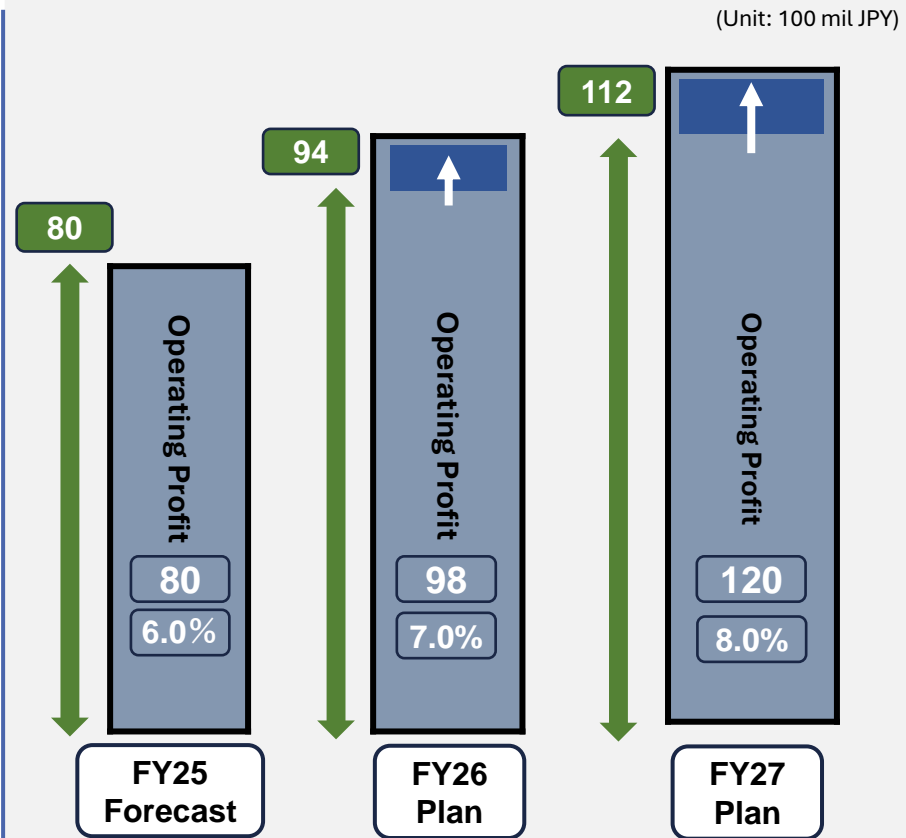
(Unit: 100 mil JPY)	FY24 Actual	FY25 Forecast	FY27 Plan	FY30 Plan
<b>Sales</b>	1,363	1,340	<b>1,500</b>	<b>1,700</b>
<b>Operating Profit</b>	70	80	<b>120</b>	<b>170</b>
<b>Net Income</b>	27	35	<b>70</b>	<b>80</b>
<i>Exchange Rate</i>	158.18 JPY/USD	145 JPY/USD	145 JPY/USD	145 JPY/USD

	FY24 Actual	FY25 Forecast	FY27 Plan	FY30 Plan
<b>Operating Profit Margin</b>	5.2%	6.0%	<b>Above 8%</b>	<b>Above 10%</b>
<b>ROE</b>	3.8%	5.0%	<b>Above 8%</b>	<b>Above 9%</b>

	FY24 Actual	FY25 Forecast	FY27 Plan	FY30 Plan
<b>Net DE Ratio</b>	0.50	0.50	<b>0.45</b>	<b>Within 0.40</b>
<b>Dividend Payout Ratio</b>	31.2%	32.3%	<b>Above 35%</b>	<b>Above 40%</b>

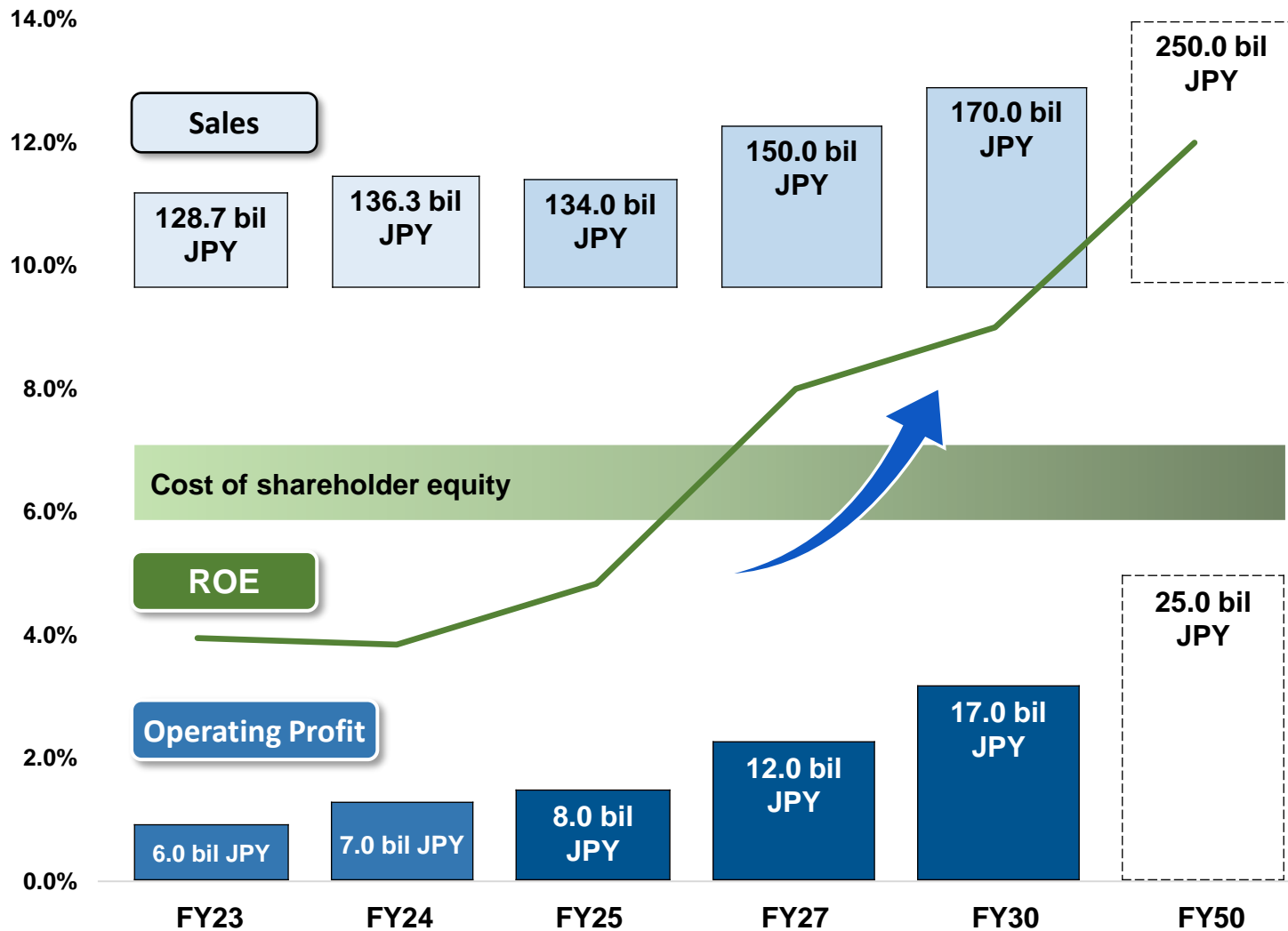


(FY24 Operating Profit)  
 +4.2 billion JPY on FY22(7.0 billion JPY)  
 +2.8points on FY22



(FY27 Operating Profit)  
 +5.0 billion JPY on FY24(12.0 billion JPY),  
 annual profit growth of 20%  
 +2.8points on FY24

(FY27 Operating Profit by Segment)  
 Improvement in profitability of the powertrain business:  
 +1.5 billion JPY  
 Frontier business: +1.8 billion yen

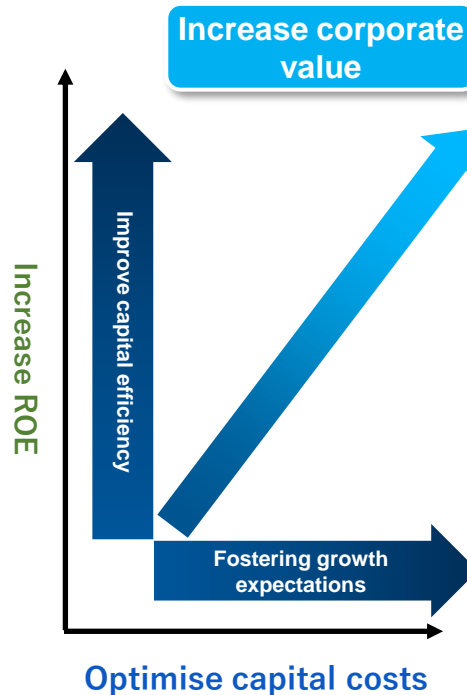


ROE, Cost of shareholder equity

Through financial and non-financial initiatives, aiming for increase PBR and sustainable growth by increasing ROE through sales growth and profitability improvements, and restraining capital costs and continuous improvement of corporate values

### Increase ROE

- Reform profitability structure of core business
  - Continue to ensure profits for core business and reestablish foundations as core business
- Clarify policy for each business segment
- Strengthen profitability
  - Clear profit control and cost management
- Strengthen risk management
- Management awareness of capital costs
- Financial leverage optimisation



### Capital Cost Optimisation

- Reform business portfolio
  - Full-scale activities for reform of business model for after 2030  
→Strengthen next core business etc.
- Strengthen non-financial initiatives
  - Promotion of sustainability management (social value, environmental value)
  - Clarify and disclose non-financial targets
- Development of new applications using core technology
- Human capital, strategic investment in DX

## ROE

$$\frac{\text{Net Income} \uparrow}{\text{Equity Capital} \downarrow}$$

## Net Income Margin

$$\frac{\text{Net Income} \uparrow}{\text{Sales} \uparrow}$$

- Sales (FY27) Up 10% on FY24
- Net Income (FY27) Up 150% on FY24

In addition to making the Aluminium Die Cast business profitable, which was a hindrance to the Previous Midterm Plan, reduce the goodwill amortization burden for precision metal manufactured parts etc. to greatly improve profit standards.

## Total Asset Turnover

$$\frac{\text{Sales} \uparrow}{\text{Total Assets} \downarrow}$$

- Total Assets (FY27) Limit increase to 5% more than FY24

- Efficiency in capital expenditure, optimisation of depreciation ratio (to sales)
- Reduce lead time through improvements to supply chain management
- Start up inventory reduction project

## Financial Leverage

$$\frac{\text{Total Assets} \downarrow}{\text{Equity Capital} \downarrow}$$

- Total Assets (FY27) Limit increase to 5% more than FY24

- Efficiency in capital expenditure, optimisation of depreciation ratio (to sales)
- Reduce lead time through improvements to supply chain management
- Set up inventory reduction project

- Expansion of shareholder returns

- Increase in dividend payout ratio, and prioritize improvement in profitability and stability of the financial base, and consider flexible share buybacks once these measures are achieved

## Cost of shareholder equity



- Hold explanatory meetings for investors and shareholders
- Establish new events to deepen investor understanding
- Reduced risk management through promotion of sustainability activities
- Strengthen Group governance including affiliated companies

From a medium and long-term perspective, and to improve profitability, we will prioritise stable business management by creating stable business foundations through a reduction in interest-bearing debt etc.

Once profitability improvements and stable business foundations were ensured, we will consider shareholder returns through flexible buy back share

Reduce business forecast to be unprofitable in the future, investment allocated to business and organisational restructuring

## FY25-FY27 Cash flow Plan

Operating  
Cash flow  
48.5 bil JPY

Effective Use of  
Group Capital



<b>Growth Investment etc.</b>	<ul style="list-style-type: none"> <li>- Marine &amp; Energy business 9.0 bil JPY</li> <li>- Frontier business 4.0 bil JPY</li> <li>- CN addressing investment 1.5 bil JPY</li> <li>- IT strategic investment 3.0 bil JPY etc.</li> </ul>
<b>Shareholder Returns</b>	<ul style="list-style-type: none"> <li>- Gradually increase Dividend on Equity Ratio (DOE) with a target over 35% in FY27 dividend payout ratio</li> </ul>
<b>Repayment of interest-bearing debt</b>	<ul style="list-style-type: none"> <li>- Operate with a view to reduce interest-bearing debt by 3.0 bil JPY</li> </ul>
<b>Restructuring Investments</b>	<ul style="list-style-type: none"> <li>- Restructuring of low profitable business etc.</li> </ul>

4

Midterm Plan

# Business Strategy and Non-Financial Capital Strategy

**Action line 1**

Structural Reform for  
Strengthening  
Profitability

- Eliminating loss making business and strengthening profit management by customer and by product
- Restructure systems for cost reduction through optimization of global production systems and increased efficiency
- Ensure appropriate depreciation standards through reforms to capex control, and strengthen inventory management
- Rebuilding the fundamentals of manufacturing by embodying “Quality is Life” for the new era and thoroughly ensuring Environment and Safety

**Action line 2**

Refinement of  
Core Businesses

- Multi pathway strategy for mobility, and strengthen sales of non-engine bearing products (Products for shock absorbers etc.)
- Acquiring anticipated increased demand from main Marine & Energy business customers

**Action line 3**

Strengthen  
Next Core and  
Semi Core Business

- Establish main applications for expansion of Life business and increase price competitiveness
- System structuring of Frontier business
- Smooth launch of the bearing business for offshore wind power plants in the Marine & Energy business

**Action line 4**

Promote Management  
Focusing on  
Non-Financial Capital

- Clarify human capital strategy and gradually shift to new strategy (including promotion of DX)
- Strengthen ESG initiatives focusing on increasing sustainability
- Promote “offensive governance” that contributes to increase corporate value
- Strengthen PR activities, make Integrated Report more sophisticated and link to website

## Powertrain Business

## Life Business

- Continuing to be a company that meets customer expectations in the field of plain bearings used around engines (**Multi pathway strategy**)
- Developing customers for bearings used in applications other than engines (shock absorbers etc.)

Core Business

## Marine &amp; Energy Business

- **Establish a permanent market position** for bearings for marine engines (low-speed)
- Strategically expand bearings for power generation engines (medium and high-speed)

Core Business

Continuing to be  
the only major  
company in the world  
that specializes in  
producing a full  
lineup of plain  
bearings

Life  
Business

## Marine &amp; Energy Business

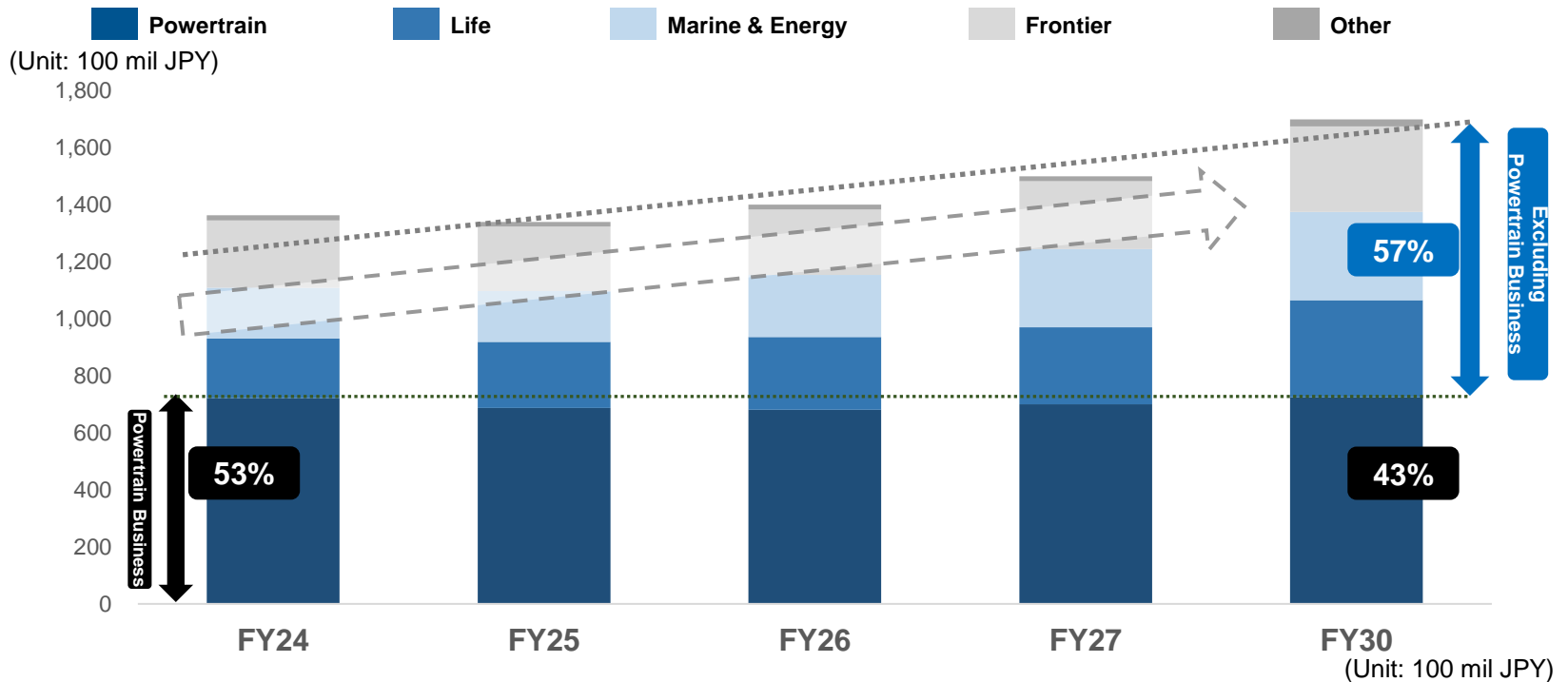
- Strengthening the response to customer needs (performance, cost, weight reduction) by applying core technologies and key applications in hydraulic machinery and air conditioning, **aiming for comprehensive expansion of bearings used in applications other than around engines**
- New business development for gas turbines and hydropower and establishing technological foundations for the wind turbine business

Next Core Business

## Frontier Business

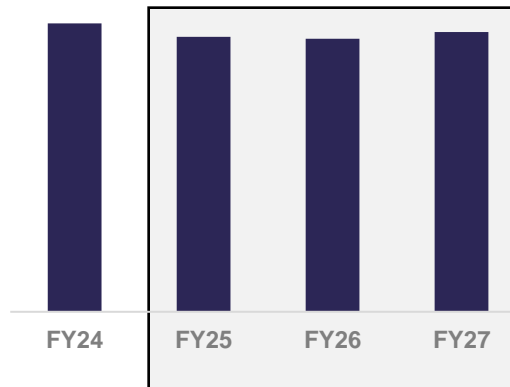
- Plan to make the Aluminium Die Cast business **stable and profitable in the first 3 years** and develop systems in the latter 3 years
- Strengthen the response to the shift to EV for the precision metal processed parts business and quickly create a **strategy for the entire Daido Group**

Semi Core Business



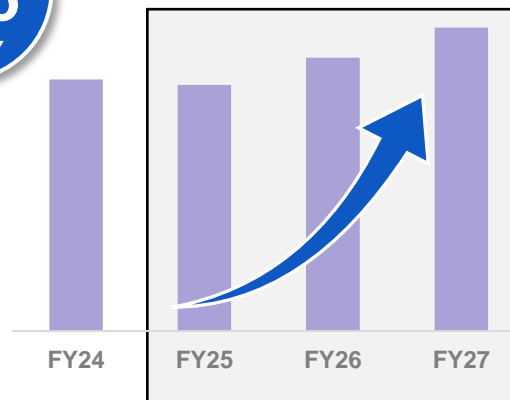
	FY24 Actual	FY27 Plan	FY30 Plan
Frontier Business	235	238	300
Life Business	210	271	340
Marine & Energy Business	179	274	310
Powertrain Business	721	700	725

## Sales



Profit improvement  
**+1.5**  
bil JPY

## Operating profit



## System restructure suitable for the changing business environment

## System Restructure

- Promote best production location and best quality
- Review personnel deployment

## Sales Strategy

- Strengthen development business
- Implement strategy for OEM

## Profitable Structure

- Further promotion of cost reductions
- Increase accuracy of quotations
- P/L management for each part
- Implement price pass through

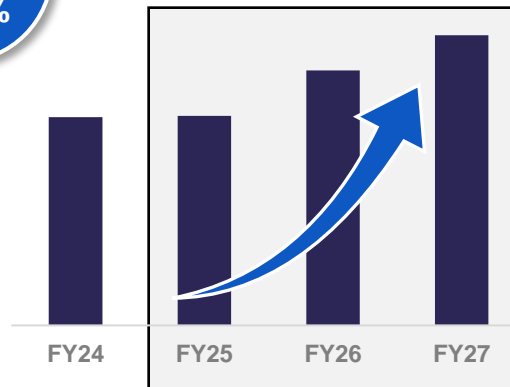
2 point improvement on operating profit margin

## Market Share (Share is Our Company's estimation based on CY24 figures)

	2024	2025	2026	2027
Automotive Engine Bearings (Excluding BEV and FCV)	38.7%	39.0%	41.0%	42.5%

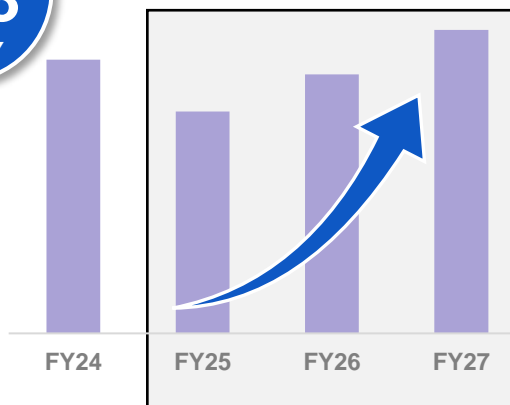
UP  
40%

### Sales



Profit  
improvement  
+0.3  
bil JPY

### Operating Profit



### Core Business (Marine Business)

- Quickly respond to increased demand from main customers (medium and high-speed business)
- Strengthen sales in Chinese market (medium and high-speed business)
- Maintain market share (low-speed business)
- Increase production capability through new machinery (low-speed business)

#### Market Share (Share is Our Company's estimation based on CY24 figures)

	2024	2025	2026	2027
Low-speed marine engine bearings	75.0%	65.0%	70.0%	75.0%
Medium and high-speed marine engine bearings	26.0%	26.0%	27.0%	27.0%

### Next Core Business (Energy Business)

- General industry (gas turbines, hydroelectric generators etc.)
- SOP for bearings for wind turbines (FY27)

#### Market Share (Share is Our Company's estimation based on CY24 figures)

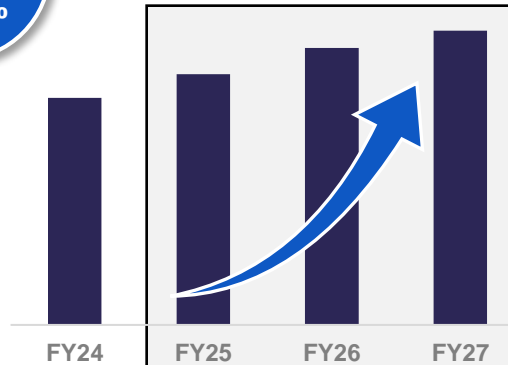
	2024	2025	2026	2027
Bearings for rotating equipment (power generation turbines)	6.2%	6.3%	6.9%	8.1%

### Profit Generation Improvements

- Strengthen P/L control, improve profits of existing products
- Reduce subcontracting costs
- Reduce lead times

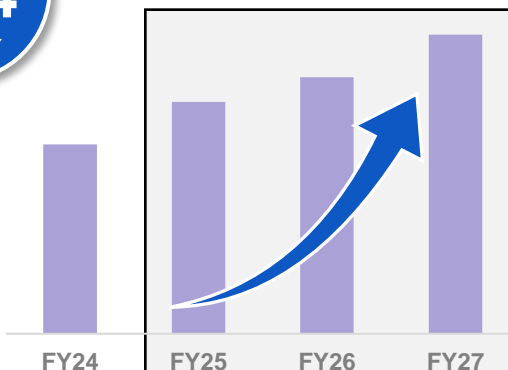
UP  
30%

### Sales



Profit  
improvement  
+1.4  
bil JPY

### Operating Profit



Automotive

Shock Absorber

Sliding Door

Automotive  
For EVElectric  
Compressor

Octovalve

Electric Water  
Pump

eAxle

General  
Industry

Lubrication Device

Air conditioning

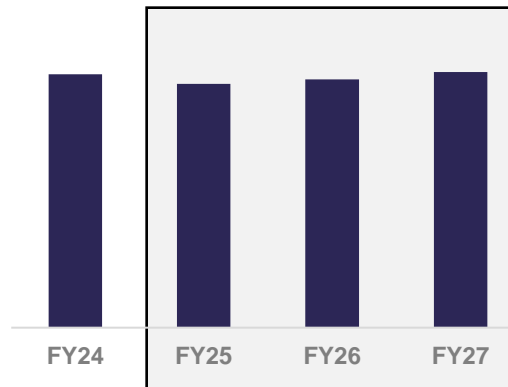
### Structural reforms to increase competitiveness

- Gradually implement a strategy for 2030 onwards —
- Revise raw material procurement methods (using low-cost material from overseas)
- Reorganisation of global production locations
- Quickly develop technology to deal with next generation environmental regulations

Market Share (Share is Our Company's estimation based on CY24 figures)

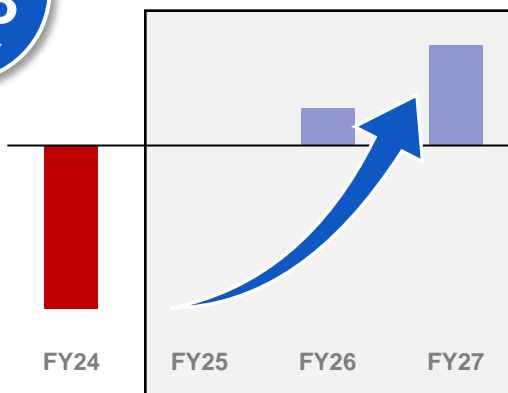
	2024	2025	2026	2027
Polymer Bearings	13.4%	13.5%	13.8%	14.0%

## Sales



Profit improvement  
**+1.8**  
bil JPY

## Operating Profit



Aluminium  
Die Cast  
Business

Developing  
business promotion  
system

New orders though  
introduction of  
technology

Develop  
personnel

Reduce scrap  
losses

Precision  
Metal  
Processed  
Parts  
Business

Respond to shift  
to EV  
Strengthen sales for  
general industry

Production in most  
appropriate location  
Global inventory  
control

Implement quality  
assurance standards  
throughout the  
Group

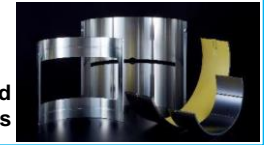
Expand elemental  
technology  
Strengthen product  
development capability

## Profit Generation Improvements

- Strengthen P/L control, improve profitability of existing products
- Promote automation and labour saving
- Make production processes more efficient

## Establish a permanent market position for bearings for marine engines (low-speed)

Bearing for Low-speed  
Engines for Ships



### Expand Production and Automate the Low-speed Business

#### Solutions to address the chronic labor shortage

Conventional equipment  
(installed over 50 years ago)

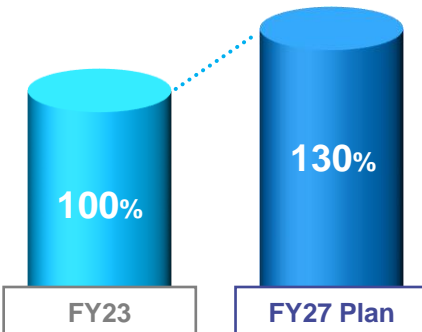


Large size ships → Insufficient loads → Insufficient personnel

Achieve automation of  
large size products



Production capability



New flexible manufacturing system  
Automation of a variety of products in small lots at large sizes

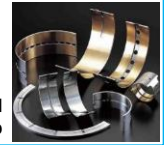


Large size ships → Variety of products → Small lots

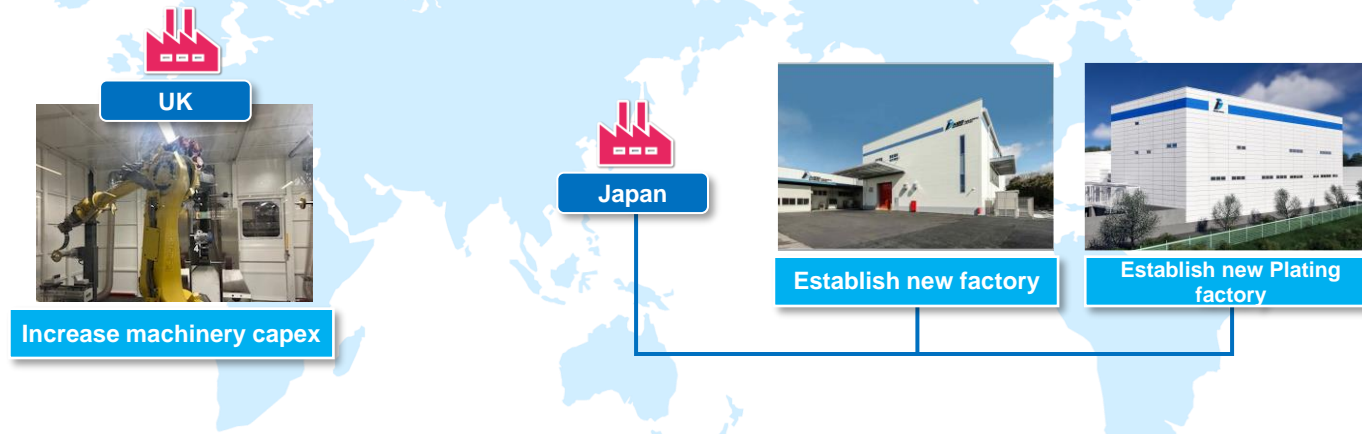


Rebuild the production system, and Challenge to World's No.1 of medium and high-speed bearings

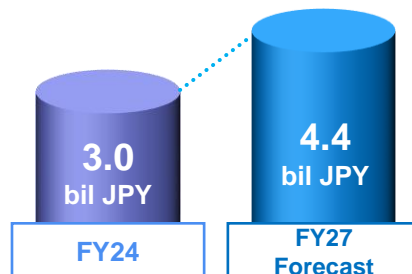
Bearing for Medium and High-Speed Engines for ship



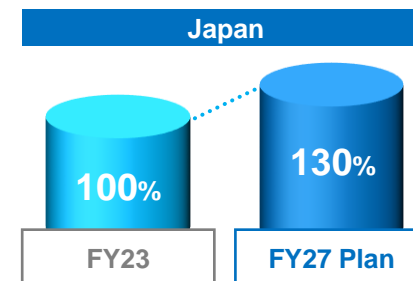
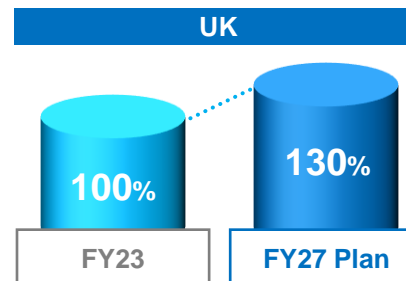
## Expansion of Business Locations



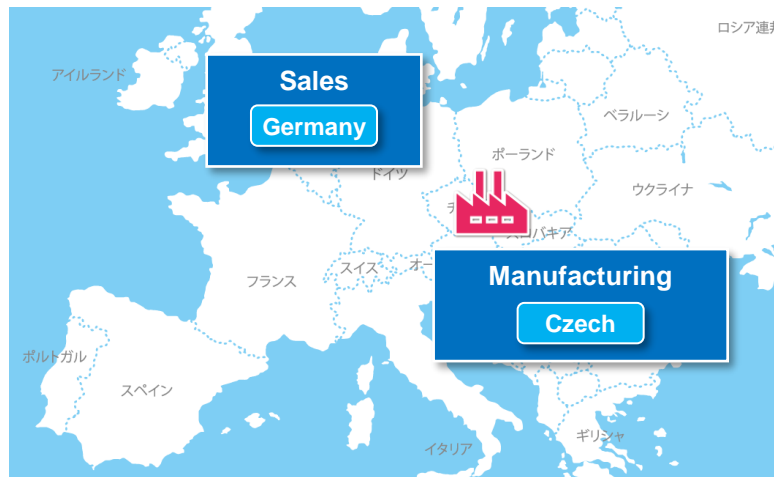
### Forecast Demand



### Production Capability



## Completion and Start up of dedicated factory (located in the Czech Republic)



**World's first plain bearings  
for offshore wind power generation**

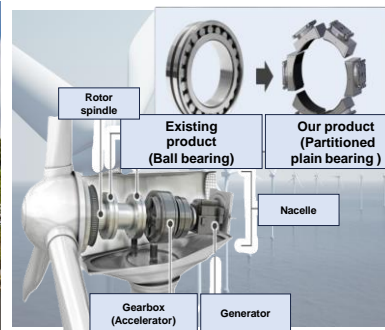
**FY27**

Supply due to start

Total investment  
**6.0** bil JPY



## Completion of Wind Turbine Technology R&D Institute (located in Saga prefecture)



**Development of core technology  
for wind turbine**  
in response to increasing size of wind turbines

**Plain bearing bench testing equipment**  
as world leading bearing manufacturer

Plan of Test Starting **May 2025**

**PHASE 1** (By FY27)**3 years to ensure a stable manufacturing system****Material Procurement, Mould Creation**

- Reduce production downtime though revising moulding cooling time etc.
- Effective management of variable costs such as consumable costs, energy costs etc.

**10% reduction  
in moulding  
stoppage rate**

**Part Production**

- Create organisation to prevent recurrence of quality issues through a defect improvement team
- Stabilise machinery operation through revision to machinery maintenance control methods etc.

**10% reduction  
in machinery  
stoppage rate**

**Inspection & Despatch**

- Install pressure inspection equipment
- Strengthen quality assurance system

**15% reduction  
in scrap rate**

**PHASE 2** (FY28-)**Rebuild a business system that can leap forward to the future**

### ■ Clarification of Sales Strategy and Appropriate Production System

- Strategy focused on profitability, including PCU (Power Control Units) for PHEV and HEV with advanced technological capabilities
- Owning casting machines in accordance with the sales strategy

### ■ Strengthen Financial Foundations and Establish Business System

- Strengthen financial foundations of DM Casting Technology Co., Ltd. (Thailand) and reorganisation within the Group
- Pursue synergy with other companies

## Current Situation in Europe

### ■ Current Situation in Europe

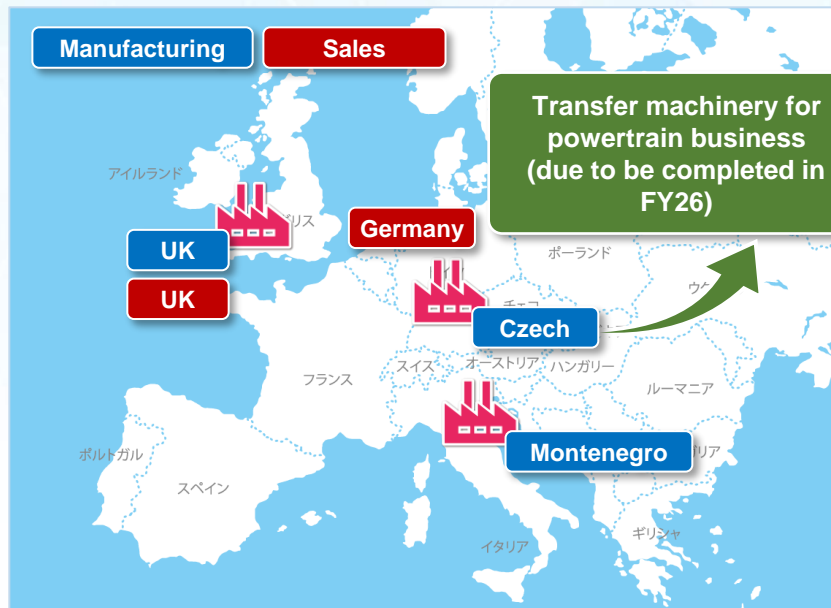
- Slump in sales (sales for automotive OEM manufacturers are generally decreasing)
- Increase in all types of costs (production costs, purchasing costs, tax costs, company maintenance costs)

## Fundamental Policy

### ■ Fundamental Policy

- Seek maximised efficiency at automotive engine bearing manufacturing locations
- Review cost structure by consolidating functions
- Strengthen sales strategy for life business

Clarify the business structure policy for the period after FY28 by FY27



### UK

- Clarify “Sales Strategy” and “Production Strategy” as an overseas manufacturing location for Marine & Energy business



### Czech Republic

- Reorganization of the production system due to the transfer of powertrain business production facilities to other areas
- Transformation into a production base centered on bearings for offshore wind power plants

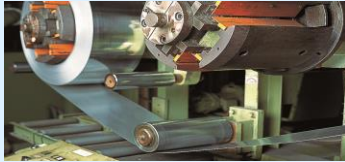


### Montenegro

- Increase business efficiency and profitability as the sole manufacturing location in Europe for the powertrain business

## Initiatives to reduce manufacturing costs

Procure



- Diversify procurement methods
- Review procurement timing

### Reduce Manufacturing Costs

Produce



- Consolidate domestic machinery
- Maximize machinery operation
- Simplify product planning

Transport



- Review packing system
- Strengthen cooperation between dispatch location and production department

### Reduce Distribution Costs

## More sophisticated capex management system

Before Investment



- Set annual limits
- Analysis of investment aims

### Clarify capex standards

Individual Assessment



- Change capex approval meeting system
- Strengthen individual assessment
- Implement control of budget and actual results for capex plan

After Investment



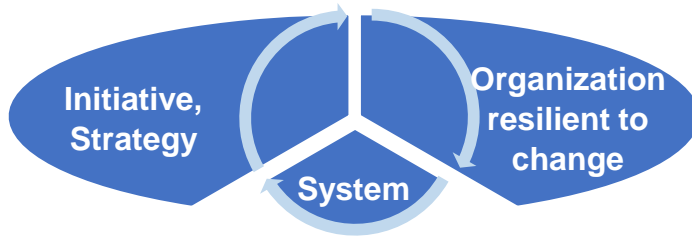
- Review rules for audit after capex
- Consider implementing capex allocation rules for each business

### Optimize depreciation costs

## Clarification of Roadmap (During FY25)

## Gradual Implementation (by FY27)

## Strengthen Human Capital



### ■ Establish Personnel System

- Formulation of a Talent Portfolio, Internal Career Advancement Plan, Succession Plan etc.
- Review of appraisal system

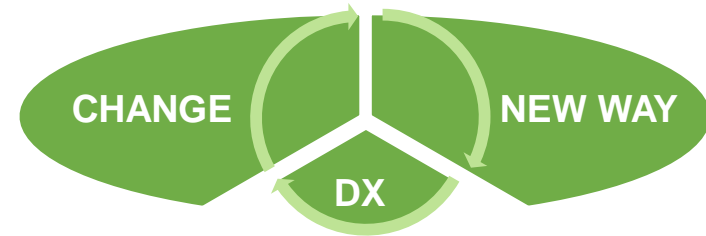
### ■ Reform Way of Working

- Introduce FA system or Self Declaration system etc.

### ■ Strengthen Training and Recruitment

- Review of Internship program, Working Conditions (Starting Salary and Company Housing System) etc.
- Extend retirement age to secure staff
- Enhancement of the Education Curriculum for Young Employees
- Reinforcement of reskilling, Enhancement of Education for Mid-Career Recruits

## Promote DX- Cultural Reform



### ■ Organizational Activation

- Promotion of diversity  
(Recruitment of diverse talent, Promotion of personnel transfers within the group etc.)
- Enhancement of measures for women's active participation  
(Community for those on childcare leave, Career training, Hourly annual leave, Childcare facilities etc.)
- Achieving a positive cycle of organizational revitalization through engagement surveys
- Make effective use of health events, 90th anniversary event

### ■ Cultural Reform

- Evolve from Top down + Bottom up  
→ “Middle up down”
- Appoint people who can think and act independently as “Change Agents”

### ■ Global Contribution

- Encouraging participation in community events and volunteer activities

## Shaping our Uniqueness

### 1 Solve social issues through business

- Development of environmentally friendly products
- Contribution through our technological capabilities in the general industrial sector
- Strengthen ability to respond to society's needs through products for shift to EV

### 2 Contribution for a healthier planet

- Strengthening efforts towards decarbonizations
- Promotion of recycle model for product
- Increase ratio of renewable energy

### 3 Evolution of business model

- Create a value chain that take sustainability into account
- Supply of reliable products

### 4 Cultivation of diverse human resource

- Training and skills development of excellent personnel
- Diversity management
- Healthy workplace and industrial H&S system

### 5 Establishment of Daido Metal's principles

- Appropriate corporate governance
- Respect for human rights
- Risk management
- Compliance

**Transformation into a Leading-Sustainability Company**

# Supporting your movement

*Supporting all movements and contributing to a fulfilling life for people around the world*

## **Tribology**

*Comes from the Greek “tribo”(wear) and “logy”(study)*

*In latin **Tribos** “bos(lubricant)”*



Our company proudly presents  
the highest quality bearings, embodying  
the wisdom of tribology

The social value  
of Plain bearings  
II

The significance  
of Daido Metal  
Group's  
existence

*Humanity lives with friction,  
which is inseparable aspect of  
life*

- 1. Maintaining a sustainable lifespan of machinery and structures*
- 2. Increase energy efficiency*
- 3. Achieving protection of the environment and sustainability*



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