

Supporting Your Movement.



Integrated Report 2025

DAIDO METAL's Management Philosophy

The Future Ahead

DAIDO METAL has pursued quality not only in its products but also in all its corporate activities, rooted in founder Yoichi Kawagoe's desire to "develop Japan's automotive industry" and the principle that "Quality is Life."

Founded on a corporate philosophy upholding employee well-being and social contributions, we will establish a new "Purpose" in FY2025.

We will carry forward our founder's vision and continue our business activities with the aim of realizing a sustainable society.

Bridge to Daido 2030

Challenging

Ambitious

Raise up "Daido Spirit"

1939

Tribology

Innovative

Reason for Existence

Purpose

P. 4

Aims for the Future

Vision

P. 6

DAIDO METAL's Philosophy

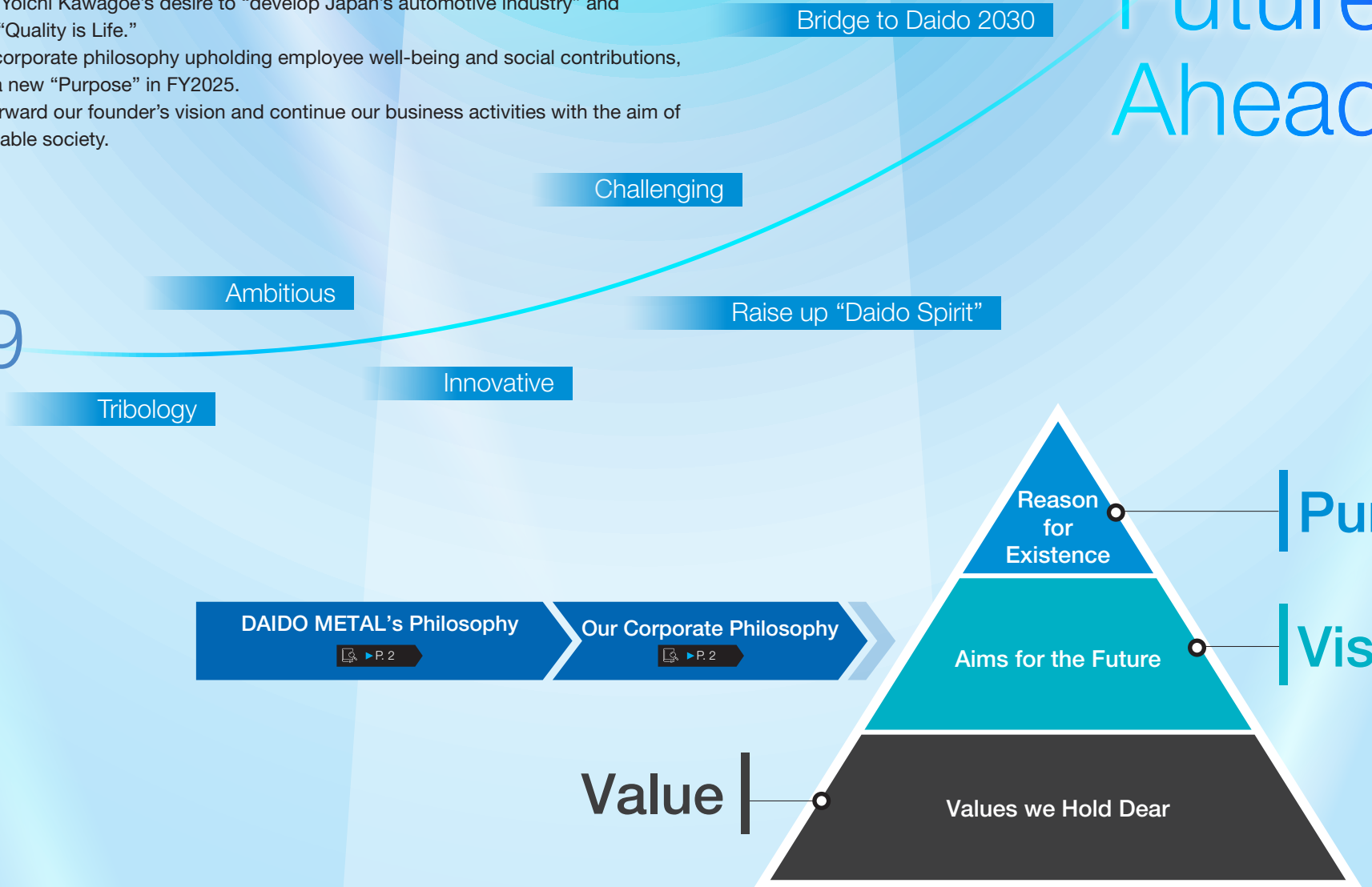
P. 2

Our Corporate Philosophy

P. 2

Value

Values we Hold Dear



DAIDO METAL's Philosophy and Our Corporate Philosophy

DAIDO METAL's Philosophy, on which our management principles are founded, strongly reflects the founder's vision and the ideals embodied in our former corporate creed. "Quality is Life" has been, is, and will continue to be a fundamental philosophy of DAIDO METAL. Our Corporate Philosophy is a codified statement that clearly communicates the spirit and essence of DAIDO METAL's Philosophy to our employees.



DAIDO METAL's Philosophy

Founder's Vision

Founder Yoichi Kawagoe had a vision to develop Japan's automotive industry, wishing to play a role in the establishment of the automotive parts industry and the growth of regional industries.

Fundamental Philosophy: Quality is Life

[▶ P. 69](#)

This refers not only to the quality of products, but to the quality of all our corporate activities. In other words, it is our corporate quality. The most vital matter for a Company, or its very lifeblood, is the tireless pursuit of better quality.

Philosophy Embodied in the Former Corporate Creed

To always strive for the highest quality products and sell them to customers at a price commensurate with that quality. Our very existence is reliant on our customers. To sell products of higher quality at more affordable prices, tireless efforts to drive technological development and streamlining management are essential.

Our Corporate Philosophy

Our Duty

We hold ourselves responsible for the happiness of everyone in our organization and the contributions we make to global society.

Our Resolve

We will create a vigorous and open-minded corporate culture through diligent self-discipline and ethical behavior.

Our Foundation

We will learn from our markets, respond to our customers' requirements, and exceed our customers' expectations.

Our Approach

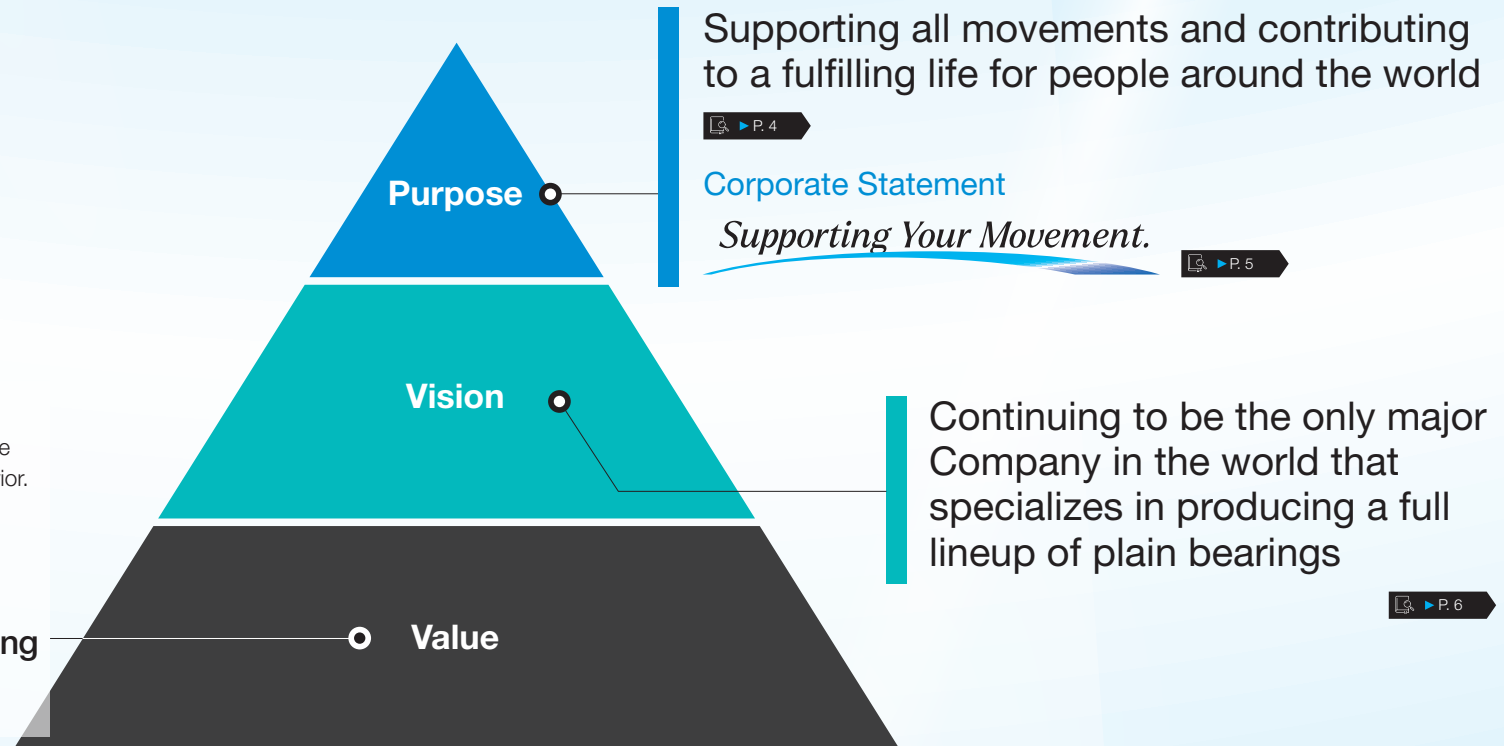
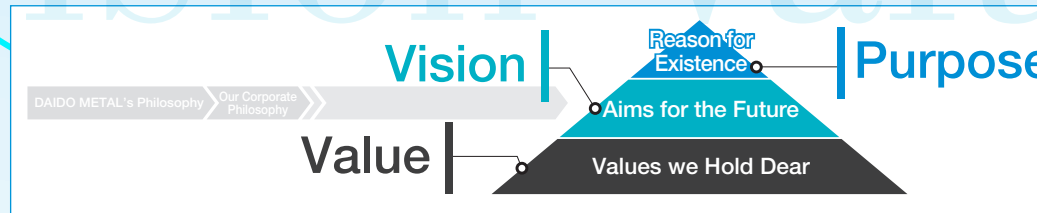
We will devote ourselves to creation, innovation and the realization of dreams.

Our Objective

We will strive to be the world leader in tribology through constant technical improvement, development, and innovation.

Purpose, Vision, Value

“Vision” is the future we are aiming for, and “Value” is the values we hold dear. Beginning with “DAIDO METAL’s Philosophy,” which communicates the founder’s vision, and continuing with our current guiding principles: “Purpose,” “Vision,” and “Value.” To make this management philosophy a reality, we will first aim to achieve our Midterm Plan.



Prioritizing Corporate Ethics

We will create an open-minded corporate culture through diligent self-discipline and ethical behavior.

Quality is Life P. 69

Sparing no effort in our tireless pursuit of higher quality, we will strive for product excellence.

Ambitious Innovative Challenging

We will continue to passionately embrace challenges without fear of failure.

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


 P. 4

Corporate Statement

Supporting Your Movement.

 P. 5

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

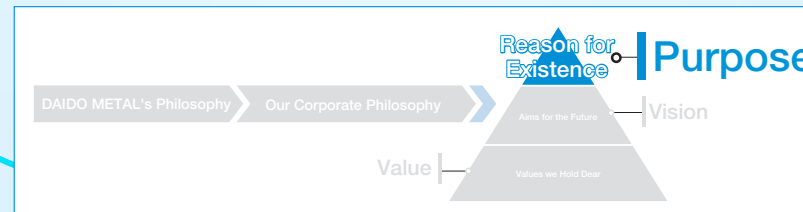
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Purpose

Since the turn of the millennium, the business environment has seen major changes together with shifts in the social landscape.

As we prepared to announce our Midterm Plan in FY2025, we took the opportunity to take a fresh look at our corporate philosophy.

We derived our brand vision and brand mission after discussing the sentiments contained in our Corporate Philosophy, and the Purpose is a concise expression of those concepts.



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

(Strengths and Values)

A simple way of expressing the role bearings play in reducing friction and supporting diverse movements for people, processes and products, across all our bearing business including Powertrain, Marine & Energy, Life, and Frontier, our non-bearing business.

Direction and Goals of the DAIDO METAL GROUP

Brand Vision (Philosophy)

Vision embodied in the Purpose

Until now, the DAIDO METAL GROUP has incorporated concepts such as “reason for existence” and “meaning of existence” within its Corporate Philosophy. Our Corporate Philosophy will continue to be a guiding principle for the DAIDO METAL GROUP. By posing questions such as “What is the DAIDO METAL Group?”, “What is its history since its founding, its strengths, and competitive advantages?”, and “What values has it held dear?”, we simply expressed the DAIDO METAL GROUP’s meaning of and reason for existence to our stakeholders.

(How to Contribute to Society and the World)

Our Corporate Philosophy states: “Our Duty: We hold ourselves responsible for the happiness of everyone in our organization and the contributions we make to global society.” Beyond this, it expresses our vision of supporting the prosperous lives of people worldwide, being indispensable to society, and making a contribution by supporting people’s lives and mobility.

Actions to achieve our Vision

Brand Mission

Our Corporate Philosophy

Our Duty

We hold ourselves responsible for the happiness of everyone in our organization and the contributions we make to global society.

Brand Vision (Philosophy)

Our Resolve

We will create a vigorous and open-minded corporate culture through diligent self-discipline and ethical behavior.

Brand Mission

Our Foundation

We will learn from our markets, respond to our customers’ requirements, and exceed our customers’ expectations.

Brand Vision (Philosophy)

Our Approach

We will devote ourselves to creation, innovation and the realization of dreams.

Brand Mission

Our Objective

We will strive to be the world leader in tribology through constant technical improvement, development, and innovation.

Brand Mission

Corporate Statement

On 13 May 2025, the DAIDO METAL GROUP announced its Midterm Plan and simultaneously unveiled its “Purpose,” which defines the group’s reason for existence, and its “Corporate Statement,” which articulates this vision.

To make this statement more accessible and relatable to a wider audience, it was designed as a Purpose logo and selected by employee vote.

This logo, a visual expression of the Company’s vision, symbolizes our dissemination of the Purpose and is our promise for the future.

Supporting Your Movement.

Meaning Behind Our Corporate Statement

Our Corporate Statement, “Supporting Your Movement,” encapsulates the essence of our Purpose in a single phrase. It conveys our commitment to contribute to society by recognizing the social value of the products and services our Group provides, thereby continuing to breathe life into the future.

“Your” encompasses not only our employees, but also our customers and all stakeholders connected to the DAIDO METAL GROUP, signifying our commitment to grow hand in hand with them.

Meaning Behind the Purpose Logo

We envisioned plain bearings sitting beneath the “Purpose.” It expresses our commitment to emphasize our Purpose while supporting society behind the scenes. The curved lines also resemble the Earth or a sunrise, hinting at a new future.

Vision

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

As the world's only dedicated manufacturer in the plain bearings sector, we will remain the only Company of its kind leading the market with technology and reliability.

Through diversified expansion centered around non-bearings business, we aim to achieve sustainable value creation and put in place a foundation for growth.

In the mobility sector where we have demonstrated our strengths, we will maintain a solid position through the growth of our Core and Frontier Business.

In addition, we aim to achieve sustainable growth by creating new value and expanding our business domains beyond mobility.

We will establish a system to respond swiftly and flexibly to increasingly diverse and sophisticated needs.

We aim to realize a sustainable society by contributing to decarbonization throughout the entire lifecycle, namely in the processes of "manufacture," "transport," "use," and "dispose."

We offer products and services that meet the diverse needs of countries and people around the world.

We aim to gain trust and achieve sustainable growth by providing flexible value in tune with diverse market needs.

We will establish the planning and technical capabilities to proactively propose solutions.

We aim to build a flexible and expandable business model and achieve sustainable growth by delivering products suitable for all industries.

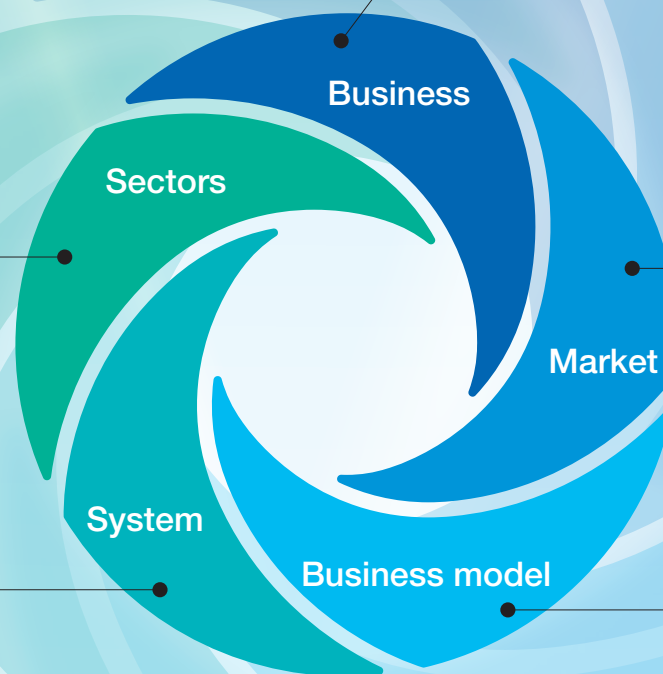


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Policy

The "Integrated Report 2025" was created for the purpose of communicating to all stakeholders including shareholders and investors that our Company is committed to long-term growth and the realization of a sustainable society and Company. We will continue to increase opportunities for dialogue with stakeholders and information disclosure while also continuing to evolve this report as a communication tool that reflects their opinions and requests and contributes to dialogue with stakeholders.

Reporting Period

FY2024 (April 2024 - March 2025)

Some information is updated to reflect the latest activities.

Publication Date

October 2025

Information Disclosure System



DAIDO METAL GROUP and Its Contributions to Society: A History of its Challenges

The year after founding DAIDO METAL CO.,LTD. in 1939, the Company launched its automotive engine bearings business, which remains its core business to this day.

In 1967, the Company expanded overseas, and proceeded to launch its marine engine bearings business in 1968. During the 1990s, it developed products in tune with the needs of the times, including environmentally conscious offerings. In the 2000s, we expanded into new areas such as aluminum die casting and precision metal parts manufacturing.

Going forward, we will continue to deliver products across a wide spectrum of fields, with a particular focus on plain bearings.

Net sales (JPY billion)



1939 Founding and establishment of management foundations

1960-1990 Business growth and global expansion

2000-2010 Becoming a truly global Company

2020s Contributing to the realization of a sustainable society

External environment

	1960	1970	1980	1990	2000	2010	2020
External environment	<ul style="list-style-type: none"> • Rapid increase in automobile demand due to progress of motorization. • Urbanization and development of expressway network accompanying period of rapid economic growth. • Competition in international market intensified, and Japanese cars entered overseas markets. 	<ul style="list-style-type: none"> • Surge in energy prices caused by the first oil crisis. • Increased consumer demand for greater fuel efficiency. • Strengthening of environmental protection regulations and introduction of emission standards. 	<ul style="list-style-type: none"> • Enhancement of the international competitiveness of Japanese automobiles due to progress of globalization. • Rise in private car ownership rates accompanying economic stability and expansion of middle-class households. • Introduction of in-vehicle computers driven by advances in electronic technology. 	<ul style="list-style-type: none"> • Decline in domestic demand due to Japan's economic stagnation following collapse of bubble economy. • Increased demand for automobiles in emerging markets. • Growing concern for environmental issues and emergence of hybrid vehicles. 	<ul style="list-style-type: none"> • Digitalization of vehicles accompanying technological evolution. • Intensified competition in emerging markets. • Fluctuations in gasoline prices and increased demand for alternative energy vehicles. 	<ul style="list-style-type: none"> • Proliferation of next-generation vehicles and primarily electric vehicles (EVs). • Acceleration of autonomous driving technology R&D. • Rise of the sharing economy and proliferation of car-sharing services. 	<ul style="list-style-type: none"> • Policy shifts toward a decarbonized society and accelerated electrification. • Impact on production due to semiconductor shortages. • Industry restructuring aimed at realizing sustainable mobility.

Social issues

Social issues	<ul style="list-style-type: none"> • Air pollution caused by exhaust gases becomes apparent. 	<ul style="list-style-type: none"> • Social pressure arising from occurrence of pollution-related diseases (e.g., Yokkaichi asthma). 	<ul style="list-style-type: none"> • Further tightening of emission regulations and calls for environmentally friendly vehicles. 	<ul style="list-style-type: none"> • Efforts to reduce carbon dioxide emissions. 	<ul style="list-style-type: none"> • Promotion of low-carbon initiatives to combat global warming. 	<ul style="list-style-type: none"> • Proliferation of environmentally friendly vehicles such as hybrids and EVs to urgently reduce CO₂ emissions. 	<ul style="list-style-type: none"> • Need for technological innovation to achieve carbon neutrality. • Improved efficiency at manufacturing sites amid labor shortages and challenge of passing down technical expertise.
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History of challenges faced by DAIDO METAL GROUP

Commenced production of large marine bearings, seen as an efficient and environmentally friendly transportation solution due to their high load capacity and low CO₂ emissions.



Successfully developed rotary pumps that helped reduce manpower requirements and improve process efficiency in the food, pharmaceutical, and chemical industries.



Under the fundamental principle that "Quality is Life," we met numerous stringent quality and environmental standards and obtained supplier certifications from Caterpillar and Ford.



Leveraging molding, rolling, and bonding technologies cultivated through mass production of bearings, we began the manufacture of electrode sheets that contributed to clean energy supply.



Developed new environmentally friendly products and materials that helped reduce fuel consumption and cut emissions of environmentally harmful substances.



In addition to pursuing diversification and multifaceted expansion of products and business, we entered the precision metal processing parts business and the aluminum die casting business, both of which were able to accommodate electric vehicles in the face of advancing automotive electrification.



Expanded into bearings for wind turbines and advanced technological development geared toward the practical application of hydrogen engines. Commenced sales of VR cloud software for manufacturing, contributing to the passing down of skills and techniques within the industry and enhancing the quality and efficiency of education.



DAIDO METAL GROUP and Its Contributions to Society: A History of its Business

Our Group was founded in 1939, during the era when Japan's automotive industry was just beginning to take shape. Founder Yoichi Kawagoe took on the challenge of manufacturing automotive engine bearings domestically and dedicated himself to developing products with home-grown technology. Since then, as the only major Company in the world that specializes in producing a full lineup of plain bearings, we have continued to support the industrial cycle. We have expanded our global business foundation, currently with 43 locations spanning 15 countries, primarily in Asia, Europe, and North America. We have built relationships of trust with customers worldwide while providing products and services tailored to the needs of each region.

1939-1940

1950-1960

1970-1980

1990-2000

2010-2020

1939

Foundation

- The Company was founded in 1939 during the era in which the Japanese automotive industry started. In anticipation of the development of the Japanese automotive industry, the Company's founder, Yoichi Kawagoe, decided to domestically produce automotive engine bearings, which can be described as the heart of an automotive engine. After painstaking effort, he developed a fine boring machine and reached a monthly production volume of 20,000 units.



Nakagawa Plant at the time of the Company's founding



Fine boring machine from the 1940s

1962

Start of automotive engine bearing production and the start of operation at the Inuyama Plant

- When we searched for a site to construct a plant for full-scale mass production, we found the ideal location of roughly 165,000 m² in the Maehara district of Inuyama City, Aichi Prefecture, which was looking for industrial investment.



Inuyama Plant starts operation

The land acquisition was completed in October 1960, and the Inuyama Plant began operation in March 1962.

1967

Initial expansion overseas

- Together with 50% local investment DAIDO METAL and Nippon Piston Ring each invested 25% to establish Taiho Industries Inc. in Taiwan at a capitalization of 16 million yuan.



Joint venture participation in Taiwan

In September 1984, the bearing division was spun out to improve management efficiency with DAIDO METAL and the local side investing 50% each to establish China Daido Metal Industries Inc. at a capitalization of 30 million yuan.

1968

Started marine engine bearing business

- As the Japanese shipbuilding industry was flourishing at the time, the Company decided to enter the marine engine bearing business. Compared to automotive engine bearings, marine engine bearings have a higher degree of processing and are produced as single products, so they require more sophisticated fabrication methods. However, our production technologies have expanded from the past to meet the needs of a wider range of customers.



Maehara Plant produces marine engine bearings

1979

Expansion into the U.S.A.

- As exports to the U.S.A. increased, we established a North American office (currently Daido Metal U.S.A. Inc.) in the Chicago suburbs in August 1979 and started full-scale efforts in the American market. Later, we established a production site (Daido Metal Bellefontaine LLC) in 1997. The production site was closed in 2010, but we opened Daido Metal Mexico S.A. de C.V. in 2012 aimed at the American market.



US office in the Chicago suburbs

1998

Expansion into Europe

- Federal Mogul Daido HWB Ltd. (current Daido Industrial Bearings Europe Limited) was established in Ilminster, U.K. for the purpose of applying the general industrial and marine engine bearing technologies of the Maehara Plant to develop the European market.



Federal Mogul Daido HWB Ltd. Plant

2002

Expansion into China

- To respond to the Chinese market, which was becoming an enormous market for the automotive industry, we formed a joint venture in 2002 with China Daido Metal Industries Inc., and our Taiwanese partners to establish Daido Precision Metal (Suzhou, China) Co., Ltd., which began production in 2004.



Daido Precision Metal (Suzhou) Co., Ltd.

2005

Listed in 1st section of the Tokyo Stock Exchange

- In October 1961, we listed on the second section of the Nagoya Stock Exchange and have continued to list there for 36 years. However, in September 1997, the Company's shares were transferred to the first section of the Nagoya Stock Exchange. Subsequently, we listed on the second section of the Tokyo Stock Exchange in March 2004 and the first section in March 2005.



President Hanji rings the stock listing bell (at the time)

2016 and 2017

Medium- to long-term diversification of products and business

- To diversify our products and business and expand in a multifaceted way, we welcomed the Iino Manufacturing Group, which manufactures precision metal processing parts for automotive engines and transmissions, as a part of our Group in 2016 followed by the ATA Casting Technology Group, which manufactures aluminum die-cast products, in 2017.



Iino Manufacturing Co., Ltd. Headquarters and the Omiya Plant (at the time)



ATA Casting Technology Co., Ltd. (Thailand)

DAIDO METAL GROUP and Its Contributions to Society: A History of its Innovations

Our Group's technical centers, both here and abroad, obtain the latest technical information and promote joint research globally with renowned universities and research institutions. We will continue to contribute to global society by developing new products and technologies, keeping a keen eye on changes and seizing opportunities to offer proposals to our customers.

1939-1940 ➤ 1950-1960 ➤ 1970-1980 ➤ 1990-2000 ➤ 2010-2020

Technological Foundation

Core technologies cultivated since our founding

1940
Started automotive engine bearing business



1965
Started manufacture of dry bearings



1967
Started sales of bearings for high-speed rotating machinery



1968
Started marine engine bearing business



Technological Expansion

Development of business applying core technology

1977
Started pump operations



1986
Started sales of drum feeders



Started sales of centralized lubrication equipment



2002
Announced fuel cell vehicle equipped with electrode sheet for electric double layer capacitors



2022
Promoted development of deionized water treatment equipment using electrodes



*Product image

Technological Connections

Expansion of business through new collaborations

2016
Entry into precision metal processing business



2017
Entry into aluminum die-cast business



2020
Started sales of VR cloud software



DAIDO METAL GROUP and Its Contributions to Society: Plain Bearings Supporting the World's Movement

We manufacture plain bearings that facilitate the movement of all kinds of machinery, from automobiles and ships to renewable energy systems, medical equipment, reclining beds, and fishing reels. In pursuit of tribology (lubrication technology), we are the only major Company in the world that specializes in producing a full lineup of plain bearings, handling products ranging from those small enough to fit on one's fingertip to those exceeding one meter in size.

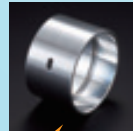
What are plain bearings?

Bearings are components that bear and sustain the load of rotating shafts or sliding objects, making them indispensable to all kinds of moving machinery. They are crucial components that reduce friction and wear in machinery, significantly influencing its efficiency, lifespan, and failure rate. Bearings are broadly categorized into two types: "ball bearings" and "plain bearings." Our Company specializes in manufacturing plain bearings.

Plain bearings

Their mechanism supports rotation by creating an oil film (lubricating oil film) between the shaft and bearing, allowing the shaft to "slide" over it.

The motion on a plain bearing resembles a sled gliding over snow. Just as a sled glides smoothly over snow while bearing force across its entire contact surface, a plain bearing reduces friction and achieves quiet and smooth rotation by allowing the shaft to slide on an oil film. Its simple structure offers high durability and strength, making it capable of withstanding heavy loads.



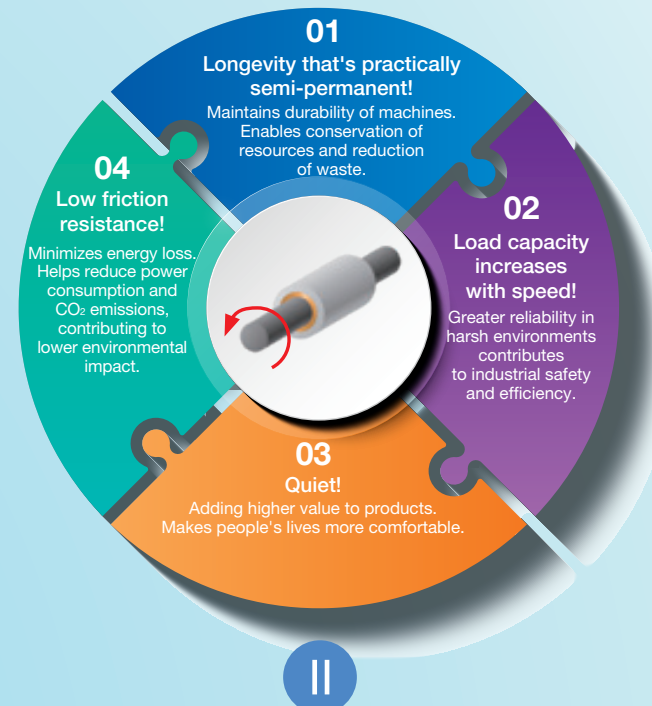
Ball bearings

Their mechanism supports the shaft by rolling balls or rollers, similar to roller skates.



The Social Value of Plain Bearings

Plain bearings support loads via an oil film (lubricating layer) formed between the shaft and the bearing, eliminating direct contact with the shaft and significantly reducing friction. This low friction property reduces the force required for shaft rotation, leading to improved energy efficiency. Additionally, its simple structure makes miniaturization, space-saving, and weight reduction possible, allowing greater design flexibility.

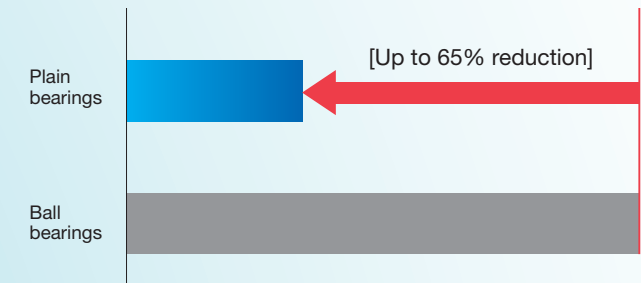


The Significance of the Daido Metal Group's Existence

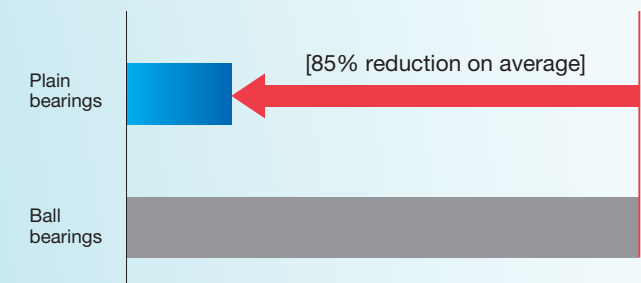
Performance of Plain Bearings

In modern mechanical design, where weight reduction and design optimization are essential, bearing selection is a critical factor directly impacting product performance. The plain bearings delivered by our Group achieve overall component weight reduction through simplified structures and optimized wall thickness, while also contributing to greater design flexibility. This helps to improve product efficiency and reliability while also reducing environmental impact.

Space saving



Lightweight



*Based on our own research findings

Three Strengths of the DAIDO METAL GROUP



Strength

Technical and Manufacturing Know-How



Strength

Trustworthy and Reliable Quality



Strength

Business Foundation

Optimal solutions borne from original technology and long-held assets

Our Group, as a specialist manufacturer focused exclusively on plain bearings, possesses numerous original mechanical devices built upon a foundation of technical expertise and experience amassed over many years. These devices are designed to flexibly address challenges that are difficult to handle with standard processing, enabling precise and rapid problem-solving in response to diverse customer needs related to plain bearings.

New application development utilizing core technology P. 58

Our core plain bearing technology, cultivated over many years, boasts exceptional features including high load capacity, high rotational speed, and high temperature resistance. Based on this original technology, our Group has quickly adapted to changes in environmental regulations (such as PFAS regulations) while actively promoting its application in new markets, including the B2C sector, in addition to traditional industrial use. Through product development that enables reliability and low friction in response to diverse needs, we are driving the creation of next core business as well as sustainable growth.

Trusted and reliable “DAIDO” brand

Our Group has created top-quality bearings by harnessing the expertise of “tribology,” the science of analyzing friction, wear, and lubrication during object motion. Our superior technology, cultivated over many years, has earned unwavering trust from the market as the “DAIDO” brand and has solidified our position as the only major Company in the world that specializes in producing a full lineup of plain bearings. This is the result of our corporate philosophy, which pursues the continuous supply of high-quality products to our customers.

System for Producing High Quality P. 69

Our Group continuously reviews its quality standards to meet the diversifying needs of our customers. We also maintain a safe and secure workplace environment and reflect our quality principles in all corners of our corporate activities, thereby building a production system that guarantees consistent high quality. While striving to reduce quality-related costs, we focus not only on improving product quality but also on raising the quality of our corporate activities as a whole. This enables us to forge strong bonds with our customers and build a solid foundation for achieving sustainable growth.

Multi-Pathway in the Mobility Domain

As an independent parts manufacturer, our Group has built strong business relationships with customers both in Japan and overseas. In the automotive sector, our Group has established a robust presence, with our products used in more than one out of every three vehicles worldwide. We have a diverse product lineup capable of meeting various needs, including die-cast products essential for EVs amid the growing trend in the shift to vehicle electrification. We will continue to pursue sustainable growth in the ever-changing mobility market.

Strategic Development in Marine Energy Business P. 40

The marine energy business is a strategic business area that supports the sustainable growth of the Group. For marine low speed engine bearings, we have achieved stable supply and high quality through our unique production facilities, earning the trust of customers worldwide. For medium and high speed engines shafts, we are also strengthening production capabilities to meet increased demand for new ships and generators for data centers, while focusing on developing next-generation fuels and technologies to reduce environmental impact. We will continue to proactively respond to industry changes and strive to enhance long-term corporate value.

Global Development

Global Sales Locations

Global Manufacturing Locations

R&D Locations

37 locations

26 locations

6 locations

Sales and Production Locations

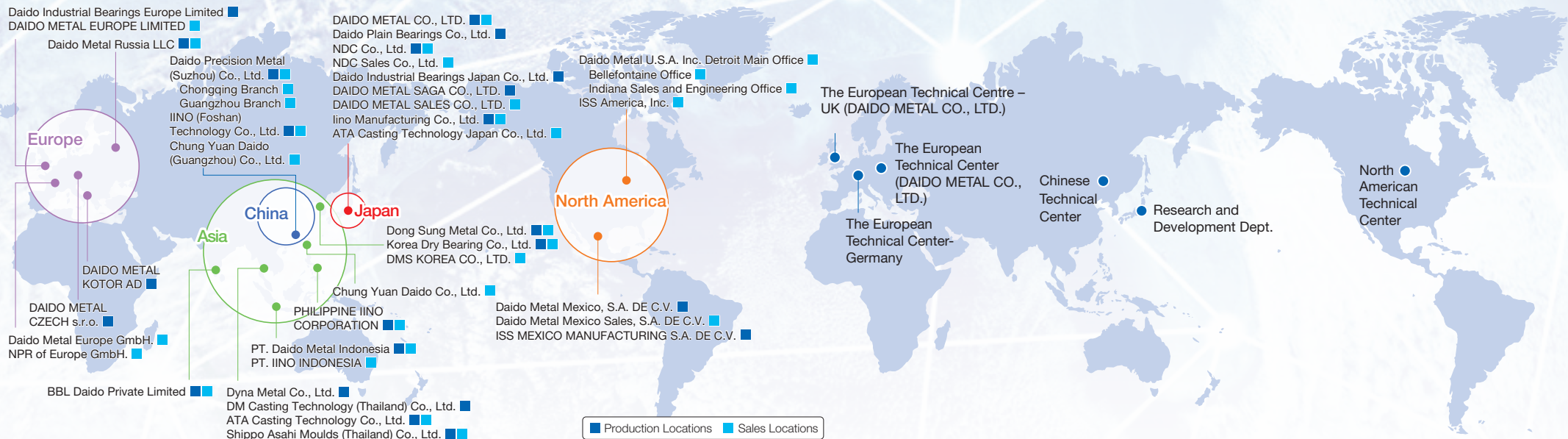
Sales and production systems spanning the globe

- Japan - 9 locations
- China - 5 locations
- Asia - 9 locations
- Europe - 7 locations
- North America - 7 locations

R&D Locations

Technical Centers unlocking the potential of new technologies

- Japan
- Europe
- China
- North America



The DAIDO METAL GROUP in Figures

Plain bearings for automotive engines

39%



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

Established

1939



Founded 86 years ago

Customer bases

Number of automotive manufacturer business partners

26 companies

Number of business partners

1,064 companies

Number of employees

Consolidated

7,323 people

Non-consolidated

1,394 people

The DAIDO METAL GROUP in Figures

Frontier Business

(Formerly "Other Automotive Parts")  P. 42

17.2%



PCU (Power Control Unit) cases for electric vehicles



Precision metal processing parts for automobiles

Marine & Energy Business

(Formerly "Non-automotive Bearings")  P. 40

13.0%

Large-sized marine bearings



Low speed engine bearings

Bearings for electrical power energy/industrial compressors



Rotating machinery bearings

Bearings for small and medium-sized ships/ industrial generators/construction machinery




Medium and high speed engine bearings

Sales composition ratio (ratio of external sales)

136.3 billion yen

Full-year fiscal year ended 31 March 2025

Life Business

(Formerly "Automotive Non-engine Bearings")  P. 41

15.4%



Bearings for shock absorbers



Bearings for air conditioning compressors
Bearings for bicycle parts (derailleurs, shift levers)

Others

 P. 43

1.7%



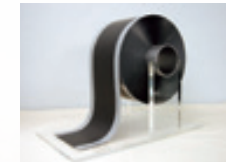
Metallic non-lubricated bearings



Rotary pumps




Centralized lubrication equipment



Electrode sheet for electric double layer capacitors

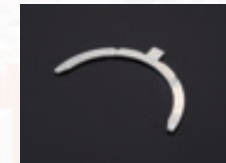
Powertrain Business

(Formerly "Automotive Engine Bearings")  P. 39

52.7%



Half bearings



Thrust washers



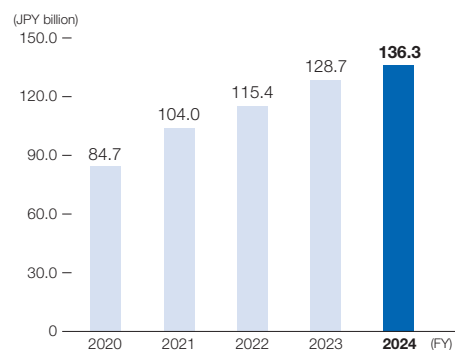
Bearings for turbochargers

Financial and Non-financial Highlights

Financial Highlights

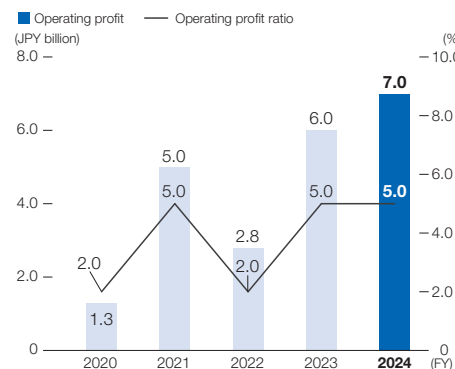
Net sales

136.3 billion yen



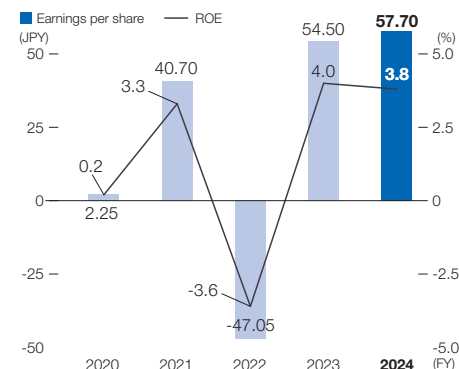
Operating profit

7.0 billion yen **5.0%**



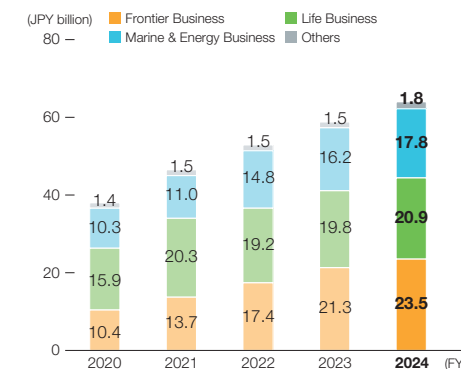
Earnings per share

57.70 yen **3.8%**



Net Sales Excluding Powertrain Business

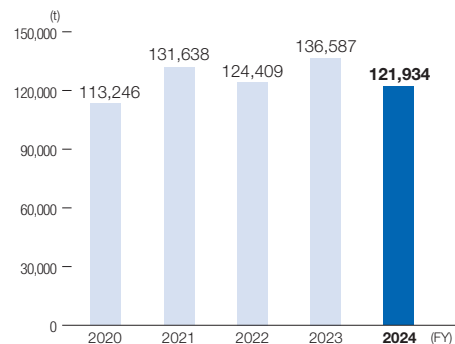
64.2 billion yen



Non-financial Highlights

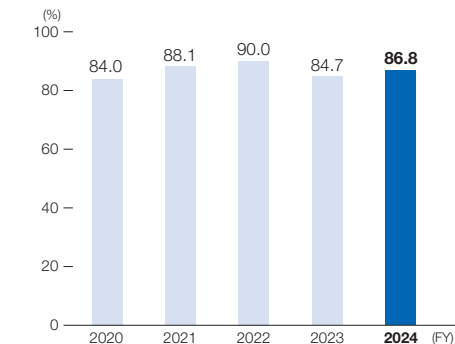
CO₂ Emissions

121,934t



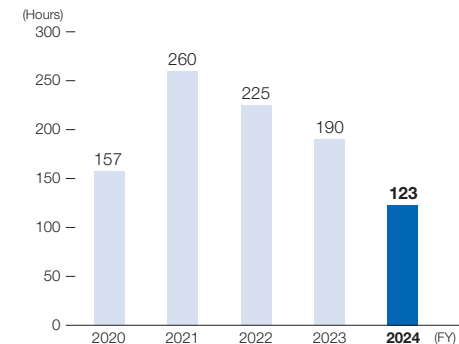
Ratio of Paid Leave Taken

86.8%



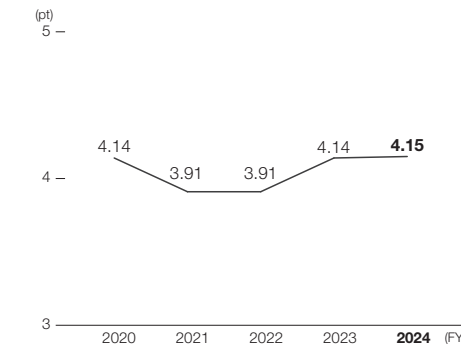
Annual Overtime Hours per Employee

123 hours



Indicator of Board of Directors Effectiveness Evaluations

4.15pt



Message from the CEO

Seigo Hanji

Chairman and CEO

By strengthening investment in human capital we will raise awareness of our share price among all employees and enhance corporate value

Spreading the social value of plain bearings to the world

The Daido Metal Group launched its new Midterm Plan, "Bridge to Daido 2030," starting in FY2025. Outlining a six-year period for restructuring our business framework, this Midterm Plan originates from our long-term vision, "Daido's Great Path to the Future," which charts our course toward 2050. It will be a crucial six-year period for us to become the world's number one comprehensive plain bearings manufacturer.

Our Midterm Plan is now underway along this great path, but when shifting one's focus to global affairs, the business environment surrounding our Group remains highly uncertain, as evidenced by trends in electric vehicles (EVs) and U.S. tariff policies. Even in these times of deepening uncertainty, we remain steadfast in our commitment to the fundamentals of manufacturing and our Group's social mission. As a global leader in tribology (friction, wear, and lubrication) across all industrial sectors, we are resolute in our commitment to enhancing corporate value.

FY2024 saw increased revenue and profits. Earnings are on a recovery trend.

Despite a challenging business environment marked by soaring raw material and energy prices, as well as rising labor costs, and increased logistics expenses that drove inflation, in FY2024 net sales increased by 7.5 billion yen to 136.303 billion yen (up 5.9% from the previous year), and operating profit rose by 1.0 billion yen to 7.091 billion yen (up 16.5% from the previous year).

Automotive engine bearings enjoyed steady demand from North American automakers, while the marine sector saw increased demand and expanded sales, particularly in China. High-profit large vessels also contributed to increased revenue. We stepped up efforts to increase prices, reduce

Message from the CEO

costs, and improve manufacturing processes to counter rising material and labor costs, while favorable exchange rate trends also provided a boost.

A notable achievement in FY2024 was a return to profitability in the aluminum die-cast business. Although it started as a new business to respond to the shift to EVs, it faced persistent losses due to low production volumes caused by complex shapes and quality improvements unable to keep up with unexpectedly high growth in demand. These factors forced us to switch from sea freight to air freight shipments. We stepped up quality improvement efforts, reducing the air shipment ratio to less than one-quarter by March 2025 (with April 2024 set as the baseline of 100) and achieving profitability in the fourth quarter of FY2024.

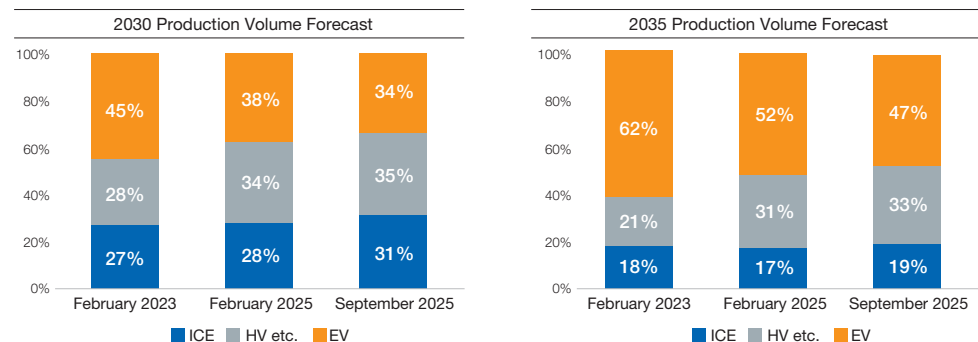
While performance was solid across all segments, improving the operating profit margin remains a significant challenge. There was a time when our Group achieved an operating profit margin of more than 10%. However, the average operating profit margin for listed companies in the Japan Auto Parts Industries Association stood at a low 4.5% in 2023, and the margin for our Group also remains at just 5.2%. We will intensify our efforts to achieve the 10% operating profit margin target set in our Midterm Plan, while also strengthening initiatives for cost reduction, profitability management, and price improvement.

Moving forward on DAIDO's great path while adapting to changes in the business environment

In situations where future projections are difficult to foresee, we must remain steadfast while maintaining an aggressive stance.

One of the most significant changes in the business environment in recent years has been the shift to EVs in the automotive industry. A 2023 forecast projected that approximately 45% of vehicles would be battery EVs by 2030, but the projected progress has stalled considerably and is now

Changes in Speed of Shift to EVs



*Created by our Company, Based on IHS Markit

slowing. While I myself was skeptical from the outset about the rapid shift to EVs, I have repeatedly said, both internally and externally, that the bearing business would not disappear even as the shift to EVs progressed, and we have expanded into markets beyond automotive engine bearings.

As a result, demand has significantly increased for bearings used in low speed marine engines for ships, as well as for bearings used in medium and high speed engines for small and medium-sized ships and industrial generators. In addition, auxiliary engines for power generation are being installed on large ships, while data centers - increasing in number fueled by the rapid spread of AI - are also being equipped with power generation facilities that use medium- to high-speed engines. This segment is growing into a key driver of performance.

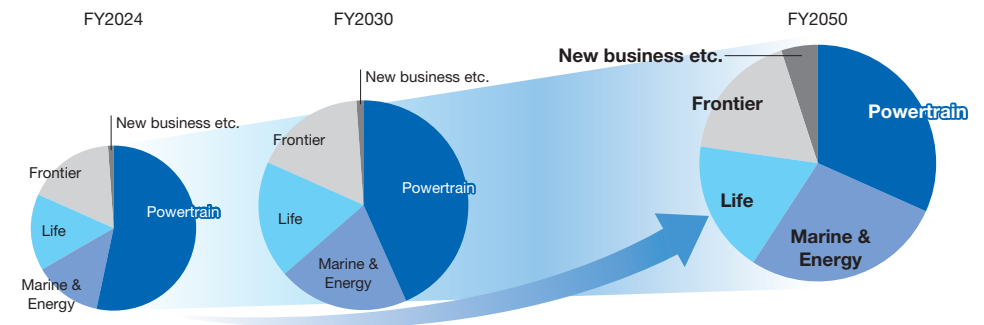
Additionally, in the renewable energy sector, we are working to cultivate the market for wind turbine bearings, where demand is expected to increase. Currently, ball bearings are used in typical wind power generators (wind turbines) to support the shaft that transmits the rotation of the blades, which are 200 meters in diameter, to the generator. Grease is often used for lubrication in ball bearings, but grease causes bearing failures when there are problems with lubrication in its flow. In addition, if it malfunctions, the blade must be removed, and repair costs will be incurred.

Plain half bearings manufactured by our Group utilize pump-fed oil lubrication, enabling semi-permanent use while reducing maintenance time and costs. This feature is expected to be particularly advantageous in offshore wind power, which is set to increase in Japan, a country surrounded by sea.

With regard to our response to the shift to EVs, in addition to our aluminum die-cast business, we are advancing the development of motor bearings in anticipation of a switch from the currently mainstream ball bearings used in EV motor bearings to our Group's plain bearings, which excel in high-speed applications.

As such preparations progress, demand for internal combustion engine vehicles and hybrid vehicles is increasing due to a substantial slowdown in the shift to EVs. It is still impossible to predict whether electric vehicles will ultimately prevail or if hybrid vehicles will become the mainstream.

Longterm Outlook by Business Segment (Sales Composition)



Message from the CEO

On the other hand, our Group is also seeing increased inquiries (from customers) as a substitute for suppliers withdrawing from automotive engine bearings in anticipation of reduced demand due to the shift to EVs. Such “profit to the remaining players” will probably increase in the future. Even in these times when the shift to EVs remains uncertain, our commitment to leveraging our core strengths as a comprehensive manufacturer of plain bearings remains unchanged.

With regard to the second change, namely the U.S. tariff policy, we have consistently taken the basic stance of passing on increased costs through price adjustments. We have absolutely no intention of establishing production sites in the United States. With the presidential transition period remaining a long way off, a temporary expedient is unlikely to be effective. The President of our U.S. sales Company, Daido Metal U.S.A. Inc., also contacted us when the tariff policy first emerged. He reported that the Company is actively pursuing price pass-through negotiations to minimize the impact of reduced profits due to tariffs, while gaining the understanding of customers. We will have to wait and see how U.S. tariff policies will affect our Group's business circumstances, but in any case, we do not expect them to have a significant impact on our immediate performance.



Aiming for an operating profit margin of over 10% under the new Midterm Plan

The Midterm Plan was formulated over the course of one year, after the previous plan concluded in FY2023. We deliberately left a one-year gap to formulate a more reliable plan so we could be certain about the direction of numerous unpredictable factors, such as the outcome of the U.S. presidential election and the progress in the shift to EVs.

Then, after carefully observing the trend of slowing growth in the EV market, we reaffirmed our commitment to continue operating under a business model with bearings at its core. Putting those sentiments into words, we articulated the social value of our products and the values we hold dear as our “Purpose” for the future, and our aims as our “Vision.” Based on these principles, the impetus for all employees to unite and move forward with confidence has grown stronger, and we believe that this is the result of the year of careful reflection.

As we restructure our business framework, we have clarified our Group's fields of operation and renamed our business segments to align with the business portfolio we are targeting for the future.

Automotive engine bearings have been renamed as the Powertrain Business; non-automotive bearings for marine vessels and generators as the Marine & Energy Business; automotive non-engine bearings as the Life Business; and other automotive parts, including aluminum die-cast products and precision metal machined parts, as the Frontier Business.

Our Core business involves manufacturing and selling bearings for engines used in automobiles and ships, and these are positioned within the Powertrain and Marine & Energy business. Plans are in place to further grow the subsequent Next Core and Semi Core business.

Specifically, we will expand our lineup of engine bearings by further leveraging the strengths of our quality and business foundations, namely, the technology and manufacturing know-how cultivated through our engine-related bearing business. In tandem with this, we will strengthen our overall strategy to consistently meet customer needs, such as addressing our environmental impact.

A future opened by plain bearings  P. 27

Social infrastructure



Message from the CEO

Furthermore, utilizing profits generated from our core business, we will actively invest in equipment for business seen as Next Core or Semi Core, such as our aluminum die-cast and wind power generation operations, which are expected to grow in the future.

We will also expand sales of products used in areas other than engine-related parts, increasing the weight of our 'non-engine-related' and 'non-automotive/marine' business to further transform our business portfolio.

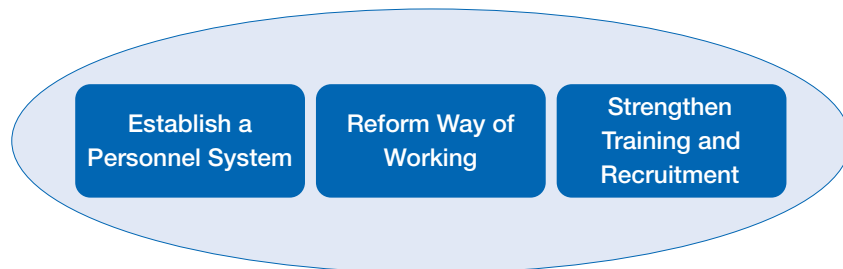
In the FY2024 business portfolio, the Powertrain Business accounts for approximately 53%, however, due to growth in other fields, it is projected to decrease to about 40% by FY2030 and to approximately 30% by FY2050. We anticipate gradually increasing sales for business entities outside the Powertrain Business while expanding overall sales.

As part of our financial strategy, our priority is improving profitability and ensuring stable business operations from a medium-to-long-term perspective. To this end, over the next three years, we will allocate funds sourced from an operating cash flow of 48.5 billion yen and other sources to investment in growth, shareholder returns, reduction of interest-bearing debt, and business restructuring. We are planning to make significant investments in our Marine & Energy business, driven by rising demand for low speed engines for large ships and medium and high speed engines for general industrial use. However, in regions like Europe, where growth in automotive demand is difficult to anticipate due to the shift toward EVs, manufacturing equipment is being transferred to other areas.

We have also clarified the target KPIs. By FY2027 - the first three years of the plan - we aim to achieve sales of 150 billion yen, operating profit of 12 billion yen, net income of 7 billion yen, an operating profit margin of 8% or higher, and ROE of 8% or higher. Furthermore, by FY2030, we aim to achieve an operating profit margin of 10% or higher, which has been a long-standing challenge.

With regard to shareholder returns, we will work to meet our targets ahead of schedule with a dividend payout ratio of 35% or more by FY2027 and 40% or more by FY2030.

Strengthen Human Capital P. 47-51



Disclose specific human capital management measures to the market

The ultimate goal of the Midterm Plan is to enhance corporate value, and with that in mind, we will also strengthen human capital as part of our non-financial capital.

The elements that make up corporate value are diverse, but as an initial benchmark, we will aim for a higher share price and achieving a PBR of 1x or higher. As a first step, we plan to boost profits, control total assets through balance sheet management, reduce interest-bearing debt, and improve ROE.

The crucial point here is to raise employee awareness and improve white-collar productivity. Employee unity and motivation are the very sources of improved performance. Improving white-collar productivity may be what digital transformation (DX) is all about. DX is not merely about introducing digital technology, but its aim is to drive business innovation. By combining this with efforts to reform our corporate culture, such as improving internal communication, we hope to achieve synergistic effects. True DX requires perseverance. While it may not boost profits in the short term, we believe this initiative is essential for our Group to make further leaps forward. Pushing forward with these efforts will help to strengthen human capital over the six-year period of our Midterm Plan.

I myself have consistently emphasized the importance of viewing people as capital rather than cost, and have worked to foster an open organizational culture over the past 20 years. In our Midterm Plan, we are determined to focus even more on results and commit to human capital management.

We will then openly share with the outside world how we plan to carry out human capital management. To demonstrate to our stakeholders when and what initiatives we will undertake, we will disclose specific measures one by one in documents such as our securities reports, and we are determined to produce results.

For example, we have decided to implement an extended retirement age system starting in 2026. Under the existing reemployment system, wages are significantly reduced, which can lead to a decline in employee motivation. We are looking at designing a system that implements measures to boost motivation to work, without significantly reducing wages.

Furthermore, to get all employees on the same page and focus on the share price, it is essential to first spark their interest. We currently operate an employee stock ownership program, and we are considering measures to roll it out to all employees. If they own stocks themselves, they will become interested in the share price and be pleased when dividends increase. So, how can we increase the share price and dividends? We have to improve our business performance. This should also lead to a greater willingness to actively pursue productivity improvements, cost reductions, and passing on price increases.

It will foster a rewarding organizational culture that boosts employee motivation, thereby achieving further growth and enhanced corporate value.

Message from the CEO

As a leader in sustainability, we will help solve social challenges

With a deepening chasm between nations in recent years, differences in the level of commitment to environmental awareness and the promotion of DE&I (Diversity, Equity, and Inclusion) have become apparent across countries and regions. However, for a Company to achieve sustainable growth, the sustainability of society comes first and foremost, and innovation can only be achieved when the diverse strengths of its members are brought together.

Our Group had stated that “We hold ourselves responsible for the happiness of everyone in our organization and the contributions we make to global society” under “Our Duty” at the beginning of Our Corporate Philosophy long before the SDGs were adopted in 2015. Furthermore, in order for us all to unite in tackling the SDGs, we have incorporated the SDGs targets into the policy management of our departments and will continue to promote them.

The French economist Jacques Attali, an intellectual giant in his field, advocated for a transition from an “economy of death” dependent on fossil fuels and chemical products to an “economy of life” centered around renewable energy, and similar resources.

Balancing economic rationality and social contribution is no easy task, but we will actively pursue carbon neutrality through initiatives such as our Group’s key wind power generation business, which harnesses nature while protecting it.

Moreover, when it comes to solving social issues and achieving sustainable corporate growth, people are the driving force.

In manufacturing, the importance of QCLDM (Quality, Cost, Lead Time, Delivery, Management) is often emphasized, but I believe that adding “Mindset” to form QCLDMM is truly essential. Although my background is in law, I believe that rather than restricting everything with laws and regulations, what ultimately shapes corporate value is “motivating employees” — in other words, the mindset of the employees themselves.

Guided by the Purpose and Vision set forth in our Midterm Plan, we are renewing our commitment to becoming a Company where employees genuinely feel glad to work



here and one that is admired by society. The business environment surrounding our Group is constantly changing, but we firmly believe that by confidently building upon the business foundations we have put in place for plain bearings, we will surely forge a new path forward.

We ask our stakeholders to continue supporting us and offering their continued invaluable encouragement as we pursue future growth.



Message from the COO

Sharing our future and aims defined by Purpose and Vision, and embracing the challenge of creating new value starting from plain bearings

Tomomitsu Furukawa

President and COO

Actively working between domestic and overseas production locations to formulate the Midterm Plan

In June 2024, I assumed the position of President and COO, and I am now entering my second year. Looking back on FY2024, it was a year dedicated to formulating the Midterm Plan, “Bridge to Daido 2030,” which was launched in FY2025.

To realize “Structural Reform to Strengthen Profitability,” one of the key pillars of our new Midterm Plan, we have been actively working at production locations both here and abroad since the previous Midterm Plan phase through FY2024. This involves promoting the restructuring of our global production system, conducting an inventory of core technologies, developing new business areas, and advancing structural reforms to strengthen profitability. Our efforts have focused on reducing production lead times and improving scrap rates.

Before becoming President, I worked in quality assurance, product development, product design, and overseas sales, and then spent many years establishing production locations and lines around the world. My thinking on manufacturing cultivated here, along with an objective perspective gained during approximately 20 years spent at overseas locations beyond our headquarters, has proven invaluable in determining what the DAIDO METAL GROUP should aim for in its new Midterm Plan.



Message from the COO

Communicating the Potential of Plain Bearing Technology

As the name “Bridge to Daido 2030” suggests, our Midterm Plan addresses how we should build bridges and move forward amid uncertain conditions to achieve our desired vision for the Group in 2030. In order to redefine our guiding principles, we have established the future (Purpose) and ideal (Vision) that our Group is aiming for.

The Purpose is “Supporting your movement - Supporting all movements and contributing to a fulfilling life for people around the world.”

The Vision is “Continuing to be the only major Company in the world that specializes in producing a full lineup of plain bearings.”

The rapid changes in the business environment, including the shift to electric vehicles (EVs), make it abundantly clear that the era of relying on high growth through existing products or merely expanding on previous approaches is over. Even if the shift to EVs is taking longer than anticipated, demand for automotive engine bearings is likely to decline over the long term. However, our Group's status as an independent manufacturer with business relationships with nearly all major automakers is a strength in the face of business changes such as the shift to EVs. Even amid economic fragmentation, I believe that our track record of business dealings with local companies will continue to serve as a cornerstone of our Group.

Upon becoming President, I was frequently asked, “Will you stop manufacturing automotive engine bearings?” Similarly, I also faced questions expressing concern about the Group's future, such as what would become of companies manufacturing automotive parts as the shift to EVs progresses.

Bearings are indispensable to every kind of moving machinery in the world, yet as the invisible “unsung heroes” working behind the scenes, their value remains surprisingly unknown. In addition, our Group boasts a leading global market share not only in automotive plain bearings but also in the marine sector. We offer a diverse range of bearings, from giant ones for wind turbines to small ones, making us a de facto department store for bearings. However, truthfully speaking, the potential of bearings is not widely recognized.

So, let us reaffirm the value of our Group, picture an even greater dream and future, and clearly communicate the central focus of our business. I worked with employees to put such ideas into words, and that's how our future Purpose and Vision were born.

We will master our strengths in sectors like automobiles and ships, and unlock new business opportunities enabled by our core plain bearing technology. I would like us to communicate that our plain bearing technology holds even greater potential, and aim to establish it as a guiding compass to return to when faced with uncertainty within the Company.

The Social Value of Plain Bearings
||
The Significance the Daido Metal Group's Existence
P. 11

Business Portfolio with an Eye on the Future

The core focus of the Midterm Plan is to strengthen business other than for automotive engine bearings and to clearly shift away from a business model centered on automotive engine bearings.

To clearly communicate the Group's ideas behind transforming our business portfolio to stakeholders, we have renamed our business segments. We have renamed the following segments: the Powertrain Business, which is responsible for automotive engine bearings; the Marine & Energy Business, responsible for bearings for marine vessels and generators; the Life Business, responsible for bearings for shock absorbers and general industrial machinery outside of automotive engines; and the Frontier Business, responsible for other automotive parts such as aluminum die-cast products and precision metal machined parts.

The main objective of the plan is to refine the core business that has supported the Group thus far; namely, Powertrain and Marine & Energy as Core business, Life as a Next Core business, and Frontier as a Semi Core business; while working to strengthen the Next Core and Semi Core business.

Furthermore, to speed up the implementation of measures for achieving the targets set forth in the Midterm Plan, we plan to implement a rolling review in FY2027 and move further forward with structural reforms to enable a transition to a new stage starting in FY2028. Our mobility business, particularly the Powertrain Business, will develop new applications for non-automotive sectors such as leisure-related products, aircraft, and rockets. Additionally, we plan to expand our business operations to offer the Group's plain bearings for a wide range of industries, including health, food, and medical, as well as hydropower, wind power, and geothermal energy.

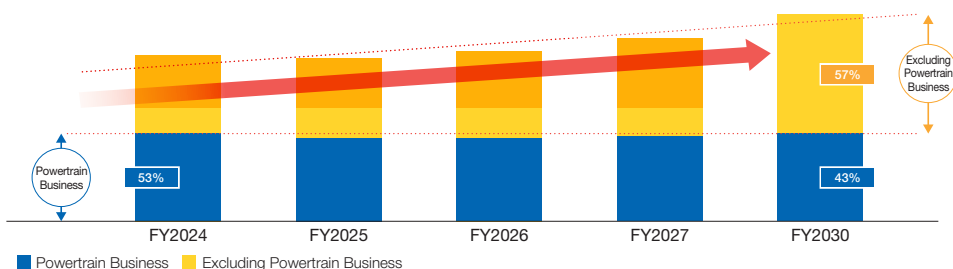
Unexpected events are bound to crop up in the six-year period up to 2030 that is covered in the Midterm Plan. We will keep a watchful eye on all developments, not limited to the uncertain future of the automotive industry, such as the accelerating shift to EVs, and respond appropriately to change. Speeding up structural reforms is, therefore, essential. By making the cost structure of manufacturing fully transparent, we will strengthen product-specific profit and loss management, establish systems to reduce costs, and improve inventory management, and by categorizing business into Core, Next Core, and Semi Core segments, we will streamline capital investment management.

With regard to the production of automotive engine bearings, while fundamentally limiting new capital and personnel investments, we will maintain our production lines, keeping one foot firmly planted in the Powertrain Business. This will enable us to respond to inquiries when competitors withdraw from the automotive bearing business. We are prepared to continue to supply engine-related bearings until the very end.

At the same time, our other foot will be planted in businesses outside the Powertrain Business, aiming for further growth in the future. This involves focusing on expanding the Life Business, establishing the framework for the Frontier Business, and ensuring the smooth launch of the Marine & Energy Business.

Message from the COO

For the 2030 sales plan, the Powertrain Business is projected to remain largely flat, while the Frontier business is expected to increase by approximately 7 billion yen from 2024 levels by FY2030. The Life Business and Marine & Energy Business are both expected to grow by over 10 billion yen. As of 2024, the Powertrain Business accounted for 53% of total sales, representing more than half of the total. We project that this share will decrease to just over 40% by 2030.



Marine engine and power generation engine bearings are growing

▶ P. 38



From here, I will provide an overview of the strategy for each business.

In the case of Powertrain Business, we will continue to be a Company that meets customer expectations in the field of engine-related plain bearings. While anticipating a slowdown in production volume growth and a long-term progression in the shift to EVs, we will promote production and quality as we see fit, review personnel allocation, reduce costs, and implement price pass-throughs. This will enable us to restructure our operations and strengthen our profit-generating capabilities.

In the Marine & Energy Business, which is a key focus area of our Midterm Plan, we will pursue the establishment of a lasting market position for bearings for ship engines (low speed) and the strategic expansion of bearings for ship and industrial power generation engines (medium and high speed).

For medium- to high-speed engines, we will focus on supporting key customers and strengthening our presence in the Chinese market. For low-speed engines, we will enhance production capacity through equipment upgrades, aiming to reduce external processing costs and shorten lead times.

In the case of ships, in particular, the direction for next-generation energy sources to replace conventional heavy oil remains undetermined, and we are receiving orders for bearings for both conventional diesel engines and next-generation energy engines from various engine manufacturers. Until the direction of next-generation energy is determined, we also anticipate renewed demand for bearings for conventional energy sources. While making capital investment in equipment compatible with next-generation engines, we expect to maintain and expand our current order volume.

Investment in medium- to high-speed engines for generators is intensifying, as more companies install generators for regular use in data centers. Our Group is also advancing the restructuring of our global production system with the goal of becoming the world's leading manufacturer of medium- to high-speed bearings.

In the energy business, following selection for a grant program by NEDO (New Energy and Industrial Technology Development Organization), we commenced operation of a bench testing machine for plain bearings used in offshore wind turbines at the Wind Turbine Technology R&D Institute's Research Facility opened in Saga Prefecture in May 2025. This is the world's first stand-alone initiative by a plain bearing manufacturer. Compared to conventional ball bearings, the benefits include a longer lifespan and reduced maintenance time and costs. Working in collaboration with Saga University and the National Institute of Advanced Industrial Science and Technology, we anticipate future growth as we approach the full-scale launch of our wind power generation business.

As for the Life Business, we plan to expand our market share in polymer (dry bearing) bearings and advance into EV-compatible components and the air conditioning and oil machinery sectors. In addition, long-term expansion will be possible across diverse sectors including health, food, and medical care, and while competition is fierce, we will strengthen our response to customer needs and pursue the development of new applications.

In the Frontier Business segment, we are working to solidify the profitability and organizational structure of the aluminum die-cast business, which returned to profitability in the fourth quarter of FY2024. We plan to promote EV compatibility and strengthen our global management system for precision metal processing components. With regard to EVs, in particular, as we anticipate a shift from conventional ball bearings to plain bearings due to the higher speeds of motors, we are collaborating with motor manufacturers and automakers to advance the practical application of motor bearings.

Regarding other business, in April 2025, we successfully manufactured graphene thick-film electrodes by putting our unique core technologies to good use. As energy storage devices have made rapid progress in recent years there has been a growing demand for the development of high-performance, sustainable energy storage technologies. Through joint development with Materials Innovation Tsukuba, we have achieved higher energy density in capacitors by combining our unique film deposition technology with expertise cultivated in manufacturing electrode sheets for capacitors. The challenge going forward will be working out how to apply this and put it to practical use.

Additionally, we are developing water treatment technologies that purify industrial water using unique techniques involving electrode sheets. As we advance its practical application and integrate it as a core component of our Life Business, we hope to see a broader market for such technology.

Message from the COO

Achieving higher share price through an investor-oriented Midterm Plan

One key feature of the Midterm Plan is that it is more investor-oriented than ever before and clearly defines a financial capital strategy aimed at enhancing corporate value.

We have set out KPIs for key metrics headed by operating profit margin, which has been a longstanding challenge, along with ROE and PBR. The plan is to achieve an operating profit margin of 10% or higher and a ROE of 9% or higher by 2030, while at the same time steadily improving PBR.

Additionally, regarding the strategy for each business, I asked each of the companies in charge to create a plan to clarify their responsibility for achieving the targeted operating profit margin for each business. As we prepare for organizational restructuring in conjunction with the business realignment in FY2028, I am asking everyone to take the initiative in identifying what challenges we face and what we need to tackle to move to the next step.

Actually, at first, I rejected the plans submitted by each Company, saying, "This content doesn't excite me at all." I wanted to know how our Group is changing in response to significant shifts in the business environment. I told them to articulate our commitment to further growth and transformation through clear guidelines and strategies, crafting content that would foster market expectations. From that point, I believe our employees' mindset began to shift.

Following a year of trial and error, the Midterm Plan was formulated, and after its announcement, our share price improved. As a comprehensive plain bearings manufacturer not limited to automotive applications, how will we grow? We have once again recognized the importance of clearly communicating our vision, growth strategy, and commitment to the market.

Carrying out the Plan for our 90th anniversary in 2029

To continue meeting the expectations placed upon us, it is essential that we first follow through on the first three years of our current Midterm Plan and achieve a shift toward profitability. We will strengthen every aspect of our operations to ensure our Core business fully meets customer expectations, while our Next Core and Semi Core business address immediate challenges and chart a growth trajectory for the future. For the projects and products currently under development and practical application, we envision a scenario where they will be launched within the next three years and continue to generate profits.

To achieve this, it is a precondition to bring about a shift in mindset among the employees who will carry out the work, as well as to ensure the Midterm Plan is fully communicated throughout the workplace and is brought to fruition. I myself go out and actively visit work sites to talk with people,

and I am constantly reminding departmental heads to see plans through on the ground and to devise effective ways to do so.

I tell them to not just set numerical targets, but to deepen their understanding of the underlying purpose and why it must be done. I want each Company to create their own plans and then flesh them out and implement them at their work sites.

Additionally, when I sense a gap between my intentions and employees' understanding during conversations on the site, I immediately correct this.

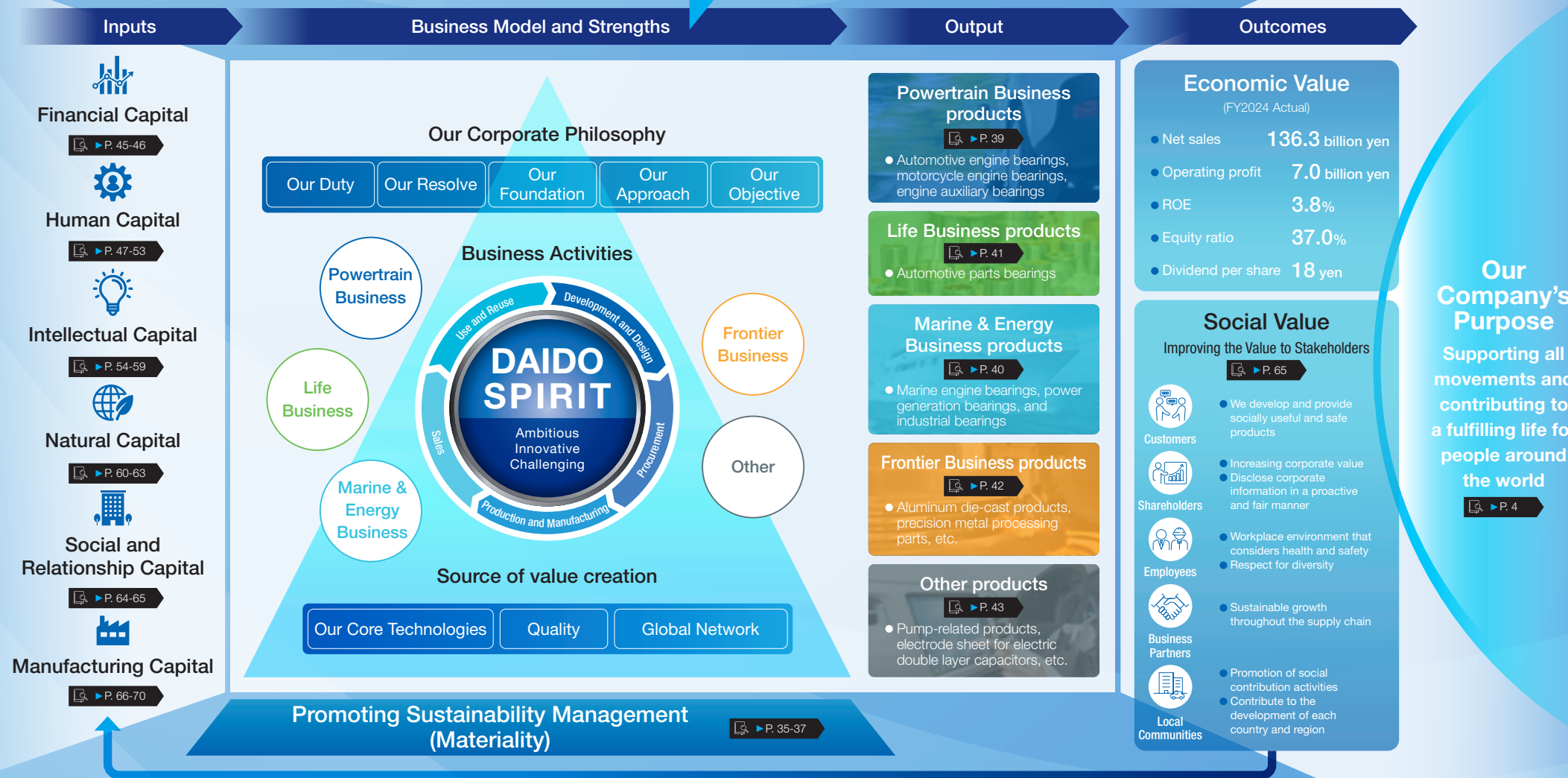
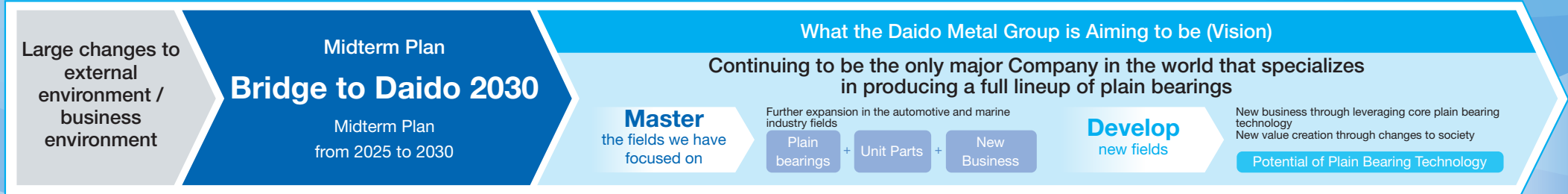
When plans are one-sided, some employees may feel like they're being forced to comply, so I believe it's crucial to motivate them by showing that seeing the plan through will undoubtedly benefit the employees themselves. While steadily pursuing cost reductions and price pass-throughs is important, we shouldn't rely solely on that approach. We also need an exciting perspective, like boldly taking on new markets, to truly compete. I would like us all to strive for growth together, and I wish happiness for every single employee. I express these feelings frankly to them.

Our Group is set to celebrate our 90th anniversary in 2029. I hope that we can successfully achieve our targets and, hand-in-hand with our employees, make our 90th anniversary a joyous occasion.

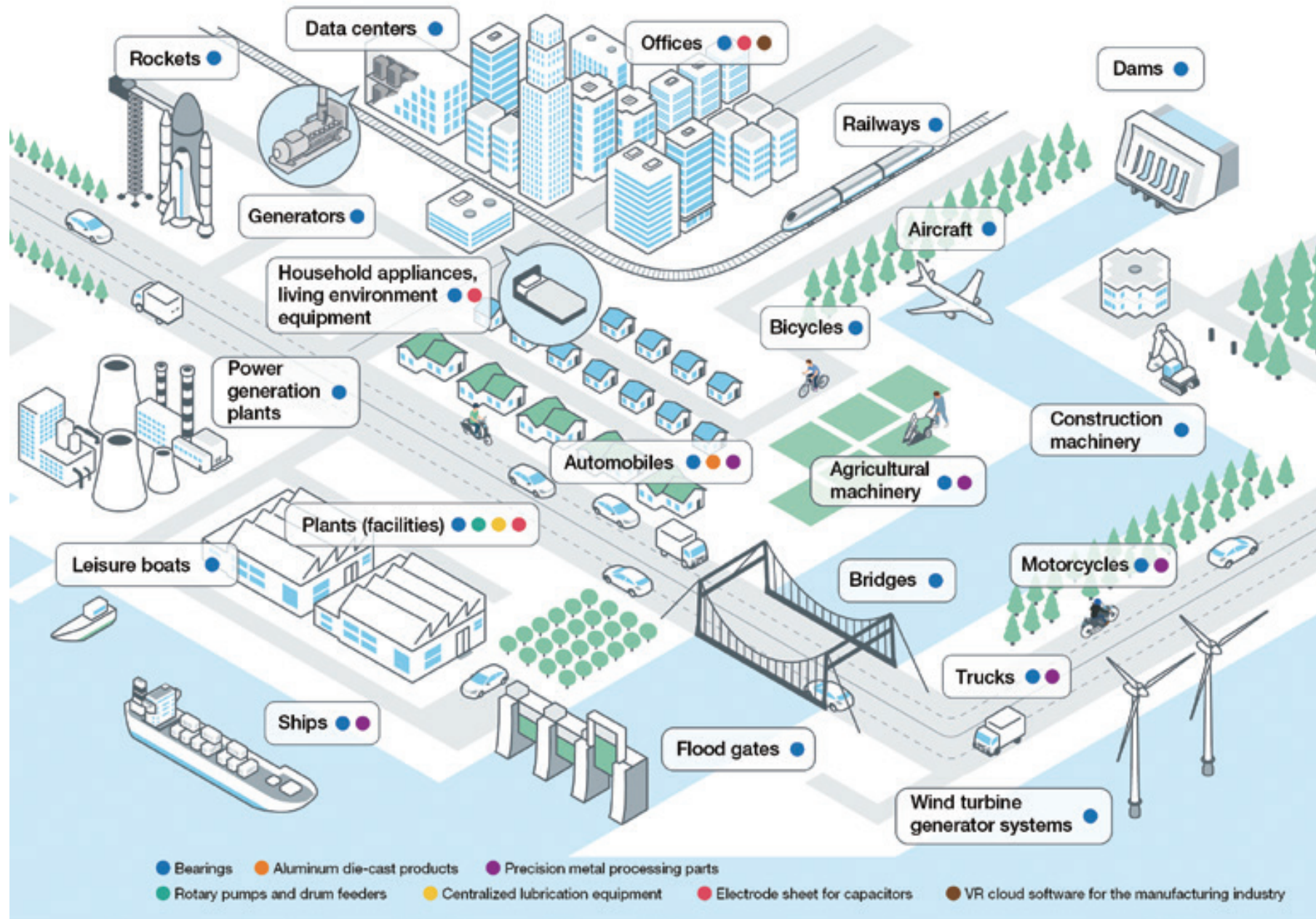
To our valued shareholders and other stakeholders who have long supported us, we ask for your continued support and guidance as we embark on new challenges for the DAIDO METAL GROUP.



Value Creation Process



Value Generated in Society



The Future Shaped by Value Creation

Effective FY2025, we have changed the names of our business segments.

We will advance our Midterm Plan to achieve the future business portfolio we are aiming for.

From
FY2028
(planned)

From
FY2025


Automotive engine bearings

Powertrain Business  P. 39

Automotive Non-engine Bearings

Life Business  P. 41


Non-automotive Bearings

Marine & Energy Business
 P. 40

Automotive Non-engine Bearings

Life Business  P. 41

Others

Others  P. 43

Other Automotive Parts

Frontier Business  P. 42

Mobility Business

- Automobiles, motorcycles, leisure equipment, aircraft, rockets etc.

+ New application development utilizing core technology

Marine Business

- Ships, power generation

Life Business

- Health, food, medical etc.
- Agricultural machinery, construction machinery, food, robots, drones, hydraulic power, wind power, geothermal power etc.
- Renewable energy related etc.

+ New application development utilizing core technology

Mobility & EV Business

- Automobile (electric vehicles), motorcycles etc.

Core

For Engines

Next Core

For non-Engines

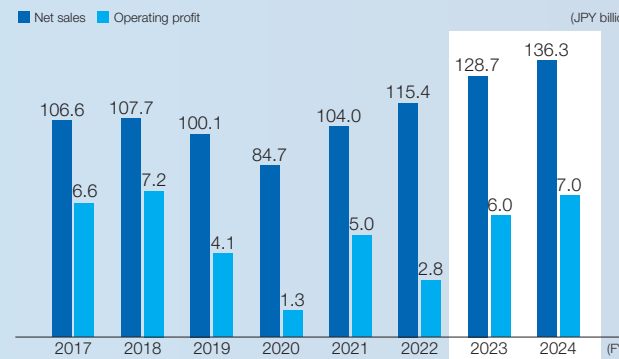
Semi Core

For non-Engines

Previous Midterm Plan and Review on FY2024

Based on the achievements and challenges of our previous Midterm Plan, "Raise Up 'Daido Spirit,'" covering FY2018 to FY2023, our Group has been formulating a long-term vision and promoting structural reforms to respond to the rapidly changing business environment. Responding to the recovery in production at major customers and robust demand in FY2024, we achieved results exceeding the previous year for both net sales and operating profit. Under our new Midterm Plan, we are stepping up efforts to achieve sustainable growth and enhance corporate value.

	FY2017 Actual	2018 - 2023 Raise Up "Daido Spirit"			FY2024 Actual
		FY2023 (Final Year)		Score	
		Target	Actual		
Net sales	106.6	102.1	128.7	Excellent	136.3
Operating profit	6.6	8.2	6.0	Poor	7.0
Operating profit ratio	6.2%	8.0%	4.7%	Poor	5.2%
ROE	7.7%	9.0%	4.0%	Poor	3.8%



Net sales

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

Operating profit

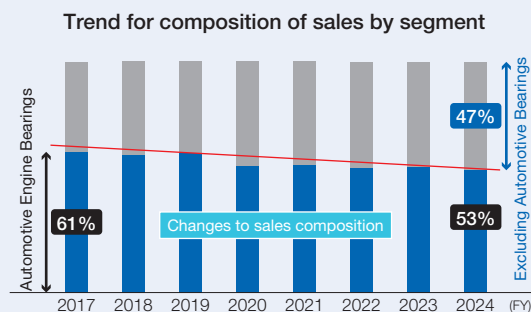
- There was a recovery trend for profit from FY2022-FY2023, but targets were not achieved
- It took longer than expected to recover from production defect issues in the new aluminum die-cast business

As a result of recognizing and addressing changes in the business environment, both sales and operating profit have shown growth

Responding to the Business Environment and Key Initiatives

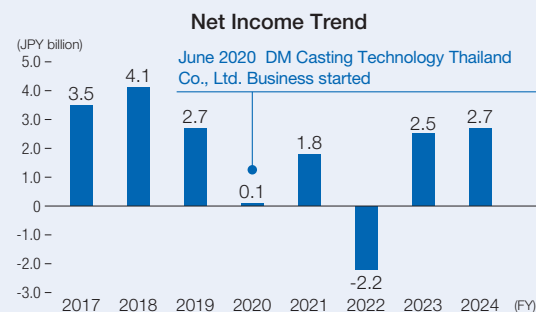
Responding to a Turbulent Business Environment

- Review global production systems
- Clarification of strategy for core business
- "Reform Plan" for profit improvement



Preparation for the Future

- Quick stabilization of aluminum die-cast business
- Clarification of sales strategy for existing business
- "Longterm Vision" for 2050



Focused initiatives to strengthen business foundations

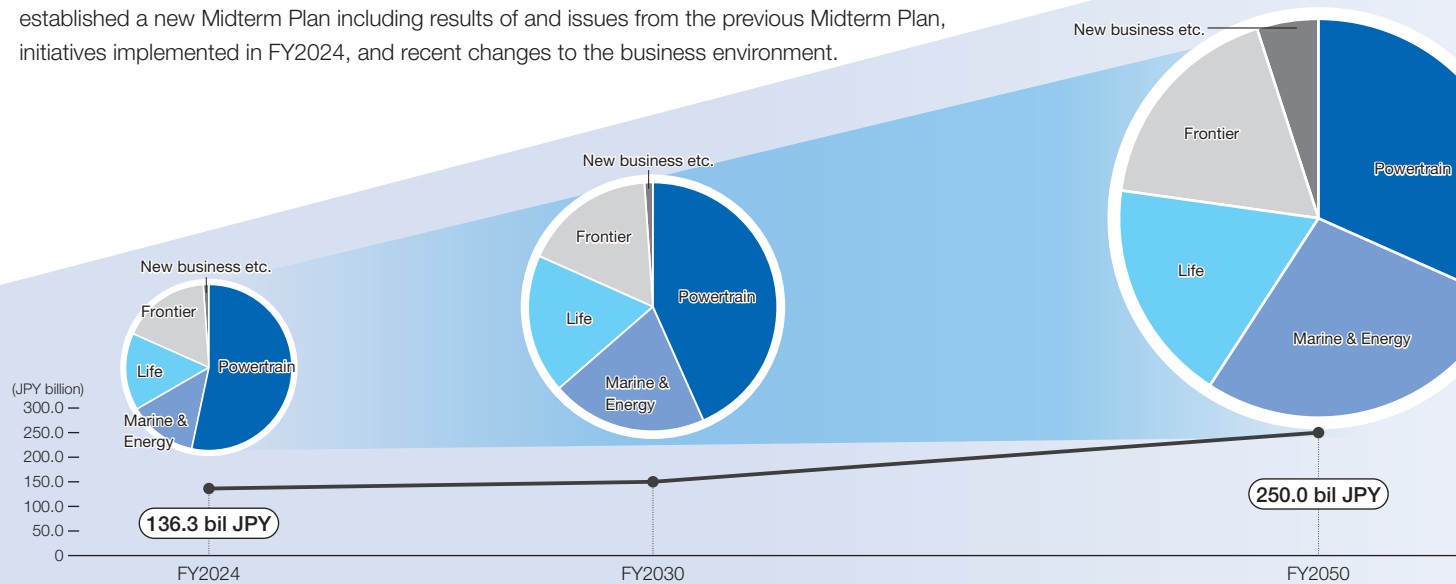
- 1 Initiatives for a profitable structure**
 - ▶ Phased implementation of a system of an optimal production on a global basis
 - ▶ Thorough profit management by product
- 2 Strengthen market competitiveness for general industry business**
 - ▶ Reform manufacturing systems to increase price competitiveness (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 engines
 - ▶ 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

Bridge to Daido 2030

Midterm Plan from 2025 to 2030

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 the 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 of and issues from the previous Midterm Plan, initiatives implemented in FY2024, and recent changes to the business environment.



Drawing the Future of the Daido Metal Group
(Purpose) [P. 4](#)

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

What the Daido Metal Group is Aiming to be
(Vision) [P. 6](#)

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

Summary of Previous Midterm Plan and Issues

- **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 the Covid-19 pandemic, but further improvements are needed to strengthen profit generation. We must quickly achieve a level of 10% operating profit by FY2030.

Structural reforms have begun to improve profit generating capability (FY2023-)

- 1 Focused initiatives to strengthen business foundations
- 2 Accelerate initiatives to eliminate unprofitable business (Aluminum Die-Cast business etc.)

External Environment Awareness

[P.31](#)

Financial Capital Strategy in the Midterm Plan (2025-2030)

[P.45-46](#)

Four Action lines for the Midterm Plan (2025-2030)

[P.31](#)

Bridge to Daido 2030

Midterm Plan from 2025 to 2030

External Environment Awareness

Business Environment Surrounding the Daido Metal Group

As demand for our core business of automotive engine bearings continues to decline over the long term, the business environment surrounding our Group has made it necessary for us to transform our structure to fit with the multi-pathway strategy for bearings and establish new core business. We must also address rising production costs due to global increases in energy supply costs; changes in the labor environment such as a shrinking workforce caused by the progression of a low birthrate and aging society; and the advancement of digital transformation (DX).

The pace of shifting to BEVs varies by region. In Europe and the United States, the end of subsidies and issues with charging infrastructure have caused a temporary slowdown, while in China, policy support and technological innovation are driving the expansion of the BEV market. Looking ahead, the push toward a full shift to ZEVs is expected to gather pace due to environmental policies in various countries, with BEVs projected to account for about half of global sales. However, projections for the pace in the shift have receded compared to two years ago, and the annual rate of progress is also slowing.

1 The Industry supporting our Core Business

Changes to the world around us

Automotive Industry

Structural environmental changes

- Localization 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 manufacturing industry profitability

Changes to energy supply systems, soaring supply costs

Increasing costs: raw materials, labor costs, decarbonization costs, taxes etc.

*Tariff measures imposed under Section 232 of the U.S. Trade Expansion Act, which impose high tariffs on exports of automobiles and auto parts to the United States on the grounds of threats to national security, could become a cause for further delays in the transition to BEVs if their effects persist over the long-term.

3 Manufacturing Systems, Global Economy

Changes to global production systems

Changes to the 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

Four Action lines of the Midterm Plan

Our Group will develop a business strategy positioning the four main Action lines for a growth strategy from 2030.

Action line 1 Structural Reform to Strengthen 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 Business

- Multi pathway strategy for mobility, and strengthen sales of non-engine bearing 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

Bridge to Daido 2030

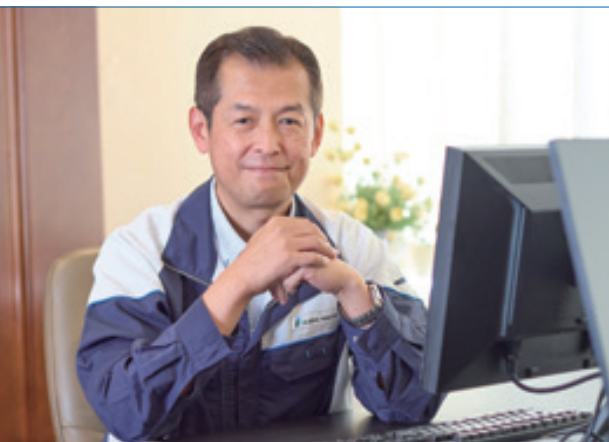
Midterm Plan from 2025 to 2030

Midterm Plan Main KPIs (FY25-FY30)

Amid heightened uncertainty in the global economy, we are making steady progress in our efforts to improve profitability. This includes continuously promoting structural reforms to strengthen profit-generating capabilities, regardless of changes in the external environment. At the same time, we are driving sales growth through development of new applications and expansion of our customer base, while also implementing measures such as advanced cost management, full implementation of price pass-through, and strengthened product-specific profit and loss management. We are also concentrating efforts on enhancing financial soundness and improving ROE by streamlining capital expenditures and bolstering supply chain management.

	FY2024 Actual	FY2025 Forecast	FY2027 Plan	FY2030 Plan
(JPY billion)				
 Net sales	136.3	134.0	150.0	170.0
 Operating profit	7.0	8.0	12.0	17.0
 Net Income	2.7	3.5	7.0	8.0
Exchange Rate	158.18 JPY/USD	145 JPY/USD	145 JPY/USD	145 JPY/USD
	FY2024 Actual	FY2025 Forecast	FY2027 Plan	FY2030 Plan
 Operating profit margin (%)	5.2	6.0	Above 8%	Above 10%
 ROE (%)	3.8	5.0	Above 8%	Above 9%
	FY2024 Actual	FY2025 Forecast	FY2027 Plan	FY2030 Plan
 Net DE Ratio	0.50	0.50	0.45	Within 0.40
 Payout ratio (%)	31.2	32.3	Above 35%	Above 40%

Sustainability



“Supporting all movements and contributing to a fulfilling life for people around the world”
We aim to transform into a leading sustainability Company trusted by all stakeholders.

Yukihiro Kagohara
 Executive Officer
 Head of Corporate Planning Division

Based on our corporate philosophy, our Group has set “the realization of a sustainable society and Company by resolving social issues through our business activities” as a basic sustainability strategy. In 2021, we established the Sustainability Committee and from last year placed the Sustainability Division under the jurisdiction of the Corporate Planning Division to promote the integration of management strategy and sustainability.

This year, our Group has newly formulated its Midterm Plan, “Bridge to Daido 2030,” covering the period from 2025 to 2030. This embodies the multifaceted strategy our Group has devised to enhance corporate value. In formulating this plan, we reviewed our past sustainability activities.

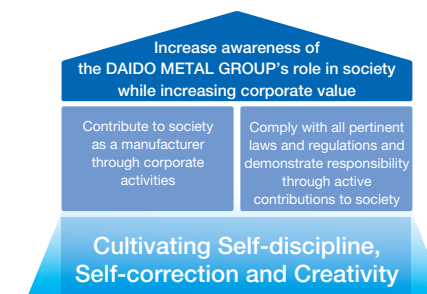
While policies and targets have been established for each issue, we recognize that significant hurdles stand in the way of our transforming into a leading sustainability Company. These include insufficient alignment between management policies and our value creation story, as well as our response to external evaluations such as CDP and EcoVadis, which have been increasingly demanded by the market in recent years.

While pinpointing where our Group is located on the sustainability map, our Midterm Plan focuses particularly on strengthening the link between our management policies and our value creation story. As the starting point for this, we have newly defined our Purpose as “Supporting all movements and contributing to a fulfilling life for people around the world.” Additionally, we have established milestones for the next six years centered on sustainability management, ESG initiatives, and sustainability disclosure. We have also revamped our Materialities and KPIs which underpin our non-financial capital strategy.

Going forward, we will systematically implement specific strategies for each individual challenge in line with this Midterm Plan, moving forward with our transformation into a leading sustainability Company.

DAIDO METAL GROUP's Sustainability

In order to continue growing on a sustained basis while being required to act responsibly as a corporate citizen, our Group considers it crucial to be a trusted partner of customers, shareholders, employees, business associates and the communities in which we operate. We must fulfill our role of contributing to society through our business operations, in addition to meeting our corporate social responsibilities, which include compliance with laws and regulations and contribution to the community.



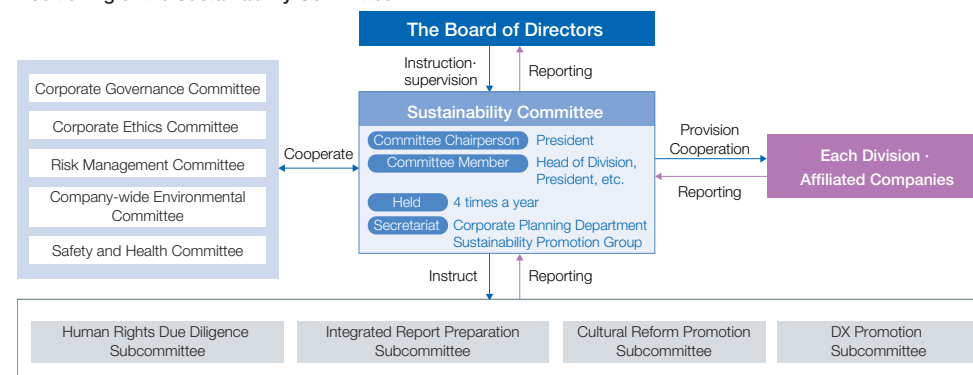
Sustainability System

Our Group established a Sustainability Committee that deliberates and discusses initiatives aimed at resolving issues concerning sustainability activities. The following are the Sustainability Committee's main tasks for discussion and deliberation.

- 1 Deciding on policies, targets, and activity plans related to sustainability
- 2 Promoting activities, monitoring progress, confirming results, and reviewing activities
- 3 Integrated Report planning

We have set up the Integrated Report Preparation Subcommittee and the Human Rights Due Diligence Promotion Subcommittee as bodies subordinate to the Sustainability Committee, and from this fiscal year, we have newly established the Cultural Reform Promotion Subcommittee and the DX Promotion Subcommittee.

Positioning of the Sustainability Committee



Sustainability

DX Promotion Initiatives

Basic Concept on DX Promotion

Our Group views digital transformation (DX) as a key management priority to enhance corporate value as outlined in our Midterm Plan. Our goal is not simply to introduce digital technologies; we aim to drive innovation under our business model. We regard DX as an essential element for our Group to achieve further growth.

Promotion System

To coordinate previous operational efficiency-focused policies implemented by each department and to promote Company-wide DX initiatives, we established the DX Promotion Subcommittee as a body subordinate to the Sustainability Committee.



Roles of DX Promotion Subcommittee

- 1 Clarification of mid-to-long-term goals for the DAIDO METAL GROUP and establishment of short-term achievement milestones
- 2 Review of promotion measures
- 3 Identification of departmental needs and review of Company-wide implementation
- 4 Environment improvement (creating an environment that actively embraces new technologies and puts them to creative use)
- 5 Cultivation of DX-proficient human resources

Vision

We will strive for synergistic effects by simultaneously enhancing internal communication through cultural reform initiatives alongside DX promotion.

Development of DX Initiatives by the DX Promotion Subcommittee

- 1 Steadily improving aspects of our culture that need reevaluation while leveraging our positive aspects
- 2 Ensuring a framework for the medium- to long-term continuation of initiatives to achieve genuine cultural transformation

Development of measures by the Cultural Reform Promotion Committee to revitalize internal communication

Cultivation of DX-proficient human resources

Starting in FY2024, we added a new “Digital Skills” course within our in-house position-specific training at DAIDO METAL COLLEGE. In this course, employees will learn basic digital skills such as “how to use generative AI.” In addition, we will use cloud service apps, no-code and low-code tools, and generative AI to develop digital human resources that can support citizen development* in the user divisions, leading to innovation in business processes.

* Employees in the operational divisions, rather than the systems personnel, carry out system development using no-code or low-code tools.



Identifying Materialities

Our Group identified materialities as a key issue requiring priority attention in 2021. This was in order to contribute to the realization of a sustainable society through our business activities, enhance corporate value, and achieve medium- to long-term growth.

Then, taking into account subsequent changes in the social environment, we undertook discussions and reviews within the Sustainability Committee and other bodies in line with the Midterm Plan launched in FY2025, culminating in us revising our Materialities assessment.

Identification of Materialities (Important Issues)

STEP 1 Extraction of issues

1

From DAIDO METAL GROUP policies and business plans, and matters relating to risks, SDGs, ISO 26000, GRI standards, ESG surveys and benchmarking against other companies, we extracted 84 issues for the Group that have a significant impact on the economy, the environment, and society.

STEP 2 Evaluation of issues (1)

2

The order of priority for the Group of these extracted issues was assessed in the context of policies and business strategies such as the management philosophy and the Midterm Plan, and in conjunction with interviews with the heads of related departments and discussion by related subcommittees. 19 candidates for the important issues were extracted.

STEP 3 Evaluation of issues (2)

3

The order of priority for stakeholders of these extracted issues was assessed in the context of international norms, major sources of guidance, analysis of important issues at other companies and an understanding of requests from stakeholders, in conjunction with discussion by related subcommittees.

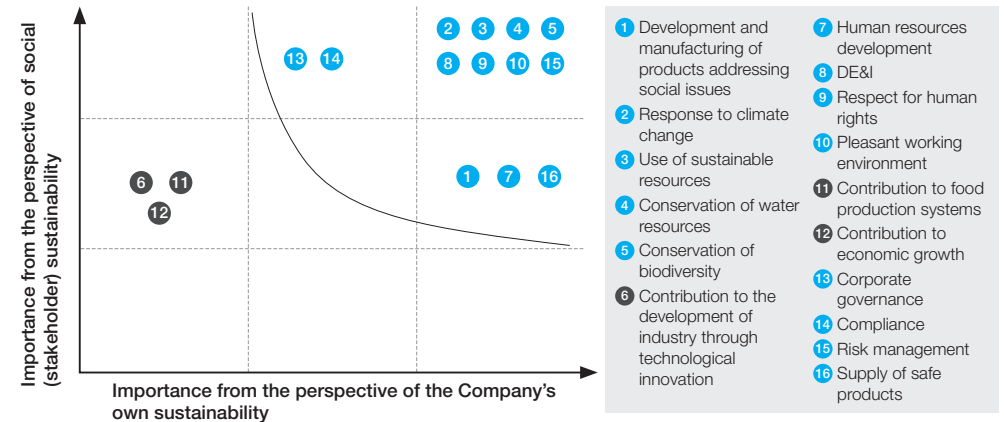
STEP 4 Identifying issues to be addressed as a priority

4

As a result of this evaluation 10 important issues were identified. To assess their validity the issues were reviewed by Outside Directors and Outside Audit & Supervisory Board Members, and underwent deliberation by the Sustainability Committee and the Board of Directors before being identified as Materialities.

Materialities Map

The 16 items added as a result of the review were evaluated using the vertical axis "Importance from the perspective of social (stakeholder) sustainability," and the horizontal axis "Importance from the perspective of the Company's own sustainability." Of these, 13 items were identified as new Materialities.



The following are the newly identified Materialities that the DAIDO METAL GROUP has determined to be key issues in solving social challenges through its business activities.

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Revised Materialities

Resolution of social issues through business	Development and manufacturing of products that solve social issues
Evolution of business model	Use of sustainable resources
	Supply of safe products
For a healthier planet	Response to climate change
	Conservation of water resources
	Conservation of biodiversity
To enable diverse human resources to thrive	Human resources development
	Diversity, equity, and inclusion
	Pleasant working environment
DAIDO METAL's Principles	Corporate governance
	Compliance
	Risk management
	Respect for human rights





















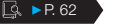







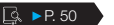




Risks and Opportunities

To achieve sustainable value creation, we strategically identify and address risks and opportunities in the environment surrounding our Group as the business environment changes. We take stock of the key risks and opportunities that influence our Group's medium- to long-term growth, clarifying the direction of our response and how it relates to Materialities.

External environment	Risks and opportunities involved in business activities		Key countermeasures	Related Materialities	
Environment surrounding our business	A decrease in automobiles equipped with internal combustion engines and progress in shift to EVs	Risk	Opportunity	Optimization of production to improve competitiveness and increase market share Development and sales expansion of EV and alternative fuel products Sales expansion of bearings for marine and industrial medium and high-speed engines	<ul style="list-style-type: none"> Development and manufacturing of products addressing social issues Supply of safe products
	Popularization of AI and IoT		Opportunity	Progress in labor-saving equipment, production innovation and efficiency improvements through promotion of DX Cultivation of DX-proficient human resources	<ul style="list-style-type: none"> Pleasant working environment Human resources development
	Climate change	Risk	Opportunity	Establishment of new business such as bearings for wind power generation Step-by-step and concrete CO ₂ reductions through energy-saving measures, the use of renewable energy, and the promotion of innovation with the aim of achieving carbon neutrality by 2050	<ul style="list-style-type: none"> Response to climate change
	Preservation of the global environment	Risk	Opportunity	Development of new materials free of environmentally harmful substances Implementation of investigation into inclusion of substances of concern in purchased products Promotion of a circular economy Collaboration with local communities for biodiversity conservation	<ul style="list-style-type: none"> Use of sustainable resources Conservation of water resources Conservation of biodiversity
Company management	Strengthened ESG and SDGs	Risk	Opportunity	Promotion of sustainability management with enhanced linkage to management issues by identifying Materialities and setting KPIs Promotion of human rights due diligence	<ul style="list-style-type: none"> Conservation of biodiversity Respect for human rights
	Strengthened corporate governance	Risk	Opportunity	Establishment of a risk management system in line with the actual business conditions of overseas affiliated companies and strengthening of internal controls	<ul style="list-style-type: none"> Corporate governance
	Compliance practices	Risk		Reorganization of the compliance training system and enhancement of the whistleblowing and reporting consultation scheme, and thorough dissemination of information	<ul style="list-style-type: none"> Compliance
	Response to IT security	Risk		Creation of a backup system and IT management system utilizing external data centers, and education of employees Establishment of in-house CSIRT*, and joining the Nippon CSIRT Association <small>* CSIRT: Computer Security Incident Response Team</small>	<ul style="list-style-type: none"> Risk Management
	Risk from natural disasters	Risk		Formulation of BCP and implementation of disaster prevention drills, and purchase of fire, wind, flood, and earthquake insurance	<ul style="list-style-type: none"> Response to climate change
Work Style	Diversification of human resources	Risk	Opportunity	Promotion of recruitment of women and foreign nationals, and Mid-career recruits	<ul style="list-style-type: none"> Diversity, equity, and inclusion Human resources development
	Diversification of work styles and values	Risk	Opportunity	Support for remote work, implementation of employee satisfaction surveys, support for work-life balance, secondary employment system	<ul style="list-style-type: none"> Diversity, equity, and inclusion Pleasant working environment
	Improvement of the safety and health of employees	Risk		Promotion of health management (raising health awareness, health challenges, smoking cessation measures, etc.), and health and safety activities	<ul style="list-style-type: none"> Respect for human rights Pleasant working environment

Materialities

The Group has identified and reviewed Materialities, and in line with our Midterm Plan, we have established Key Performance Indicators (KPIs) and targets for FY2027 and FY2030, and are promoting initiatives to achieve them.

Materialities	Desired Vision for 2030	KPI	FY2027 Target	FY2030 Target	FY2024 Actual	Relevant SDGs
Resolution of social issues through business <ul style="list-style-type: none"> Development and manufacturing of products addressing social issues 	Seeing "realization of a sustainable mobility society" and "achieving carbon neutrality" as social issues and contributing to their resolution <ul style="list-style-type: none"> Development of environmentally friendly products Contribution through our technological capabilities in the non-mobility sector Strengthening of ability to respond to society's needs through products for shift to EV Development of products contributing to carbon neutrality 	Percentage of patent disclosures excluding "Powertrain Business" 	80%	85%	57%	  
		Resources for developing Life & Frontier Business	50%	60%	43%	
		Development of sliding bearings for next generation wind power generation 	Completion of NEDO Green Innovation Fund Project (Cost Reductions for Offshore Wind Power Generation)	More compact design and expansion of applicable wind turbines	Implementation of actual unit evaluation on planned mass-production models	
		Provision of bearings for internal combustion engines using new fuel (carbon-neutral fuel) 	Implementation of impact verification tests	—	Implementation of various fuel impact verification tests	
		Development of PFAS-Free products 	Completion of material development	—	Various products under development	
Evolution of business model <ul style="list-style-type: none"> Use of sustainable resources Supply of reliable products 	Contribution to the development of a sustainable society <ul style="list-style-type: none"> Creation of a sustainability-conscious value chain (environmental, social, and human rights considerations; proportion of products sourced and sold locally, etc.) Responsible raw material procurement Supply of reliable products (compliant with quality standards) Promotion of a 'recycle' model for products 	Achieving appropriate volume of waste 	Understanding of current status of each location and establishment of goals for 2030	—	Understanding of Group Company emissions in Japan	  
		Number of serious customer complaints (Group companies in Japan)	0 cases	0 cases	0 cases	
		Establishment of internal quality cost ratio operations 	Launch of operations on a global basis	—	Operation by Group companies in Japan	
		Reduction in quality cost ratio (Group companies in Japan) 	3.23%	—	3.36%	
		Improvement of quality education 	Review and establishment of new curriculum	—	Re-examination of the curriculum	
For a healthier planet <ul style="list-style-type: none"> Response to climate change Conservation of water resources Conservation of biodiversity 	Situation in which competitive advantage is established by resolving social issues through decarbonization efforts in the manufacturing process and resource recycling <ul style="list-style-type: none"> Decarbonization (35% reduction in emissions by 2030) Increase in the ratio of renewable energy Conservation of water resources and prevention of water pollution Zero waste 	Biodiversity conservation activities 	Implementation of new community-focused initiatives Acquisition of Aichi Biodiversity Company Certification	—	Participation in local environmental conservation activities	    
		Total water used 	Understanding of current status of each location and establishment of goals for 2030	—	Identification of volume of water used by the Group in Japan	
		CO ₂ emission reduction rate (compared to FY2019 / global) 	-25%	-35%	-7%	
To enable diverse human resources to thrive <ul style="list-style-type: none"> Human resources development Diversity, equity, and inclusion Pleasant working environment 	To solve social issues, a situation in which there is a diversity of talents and everyone thrives, regardless of nationality, gender, or work style <ul style="list-style-type: none"> Training and skills development of excellent personnel Diversity management Healthy workplace and industrial H&S system 	Satisfaction level of internal training participants	95 points or higher	95 points or higher	94 points	    
		Employees who are emotionally attached to the Company	50%	60%	40%	
		Retention rate excluding voluntary resignations	98.5%	99.0%	97.4%	
		Ratio of female managers	7.0%	10.0%	5.5%	
		Ratio of male employees taking childcare leave 	80%	100%	61.2%	
		Percentage of female and foreign national recruits 	35%	50%	25%	
		Annual Overtime Hours per Employee	90 hours or less	60 hours or less	123 hours	
		Acquisition of health management stock 	Certified as a Health and Productivity Management Organization (White 500)	Certified as a Health and Productivity Management Organization (White 500)	Certified as Health and Productivity Management Organization	
		Cafeteria utilization rate (Inuyama Site Office)	65%	75%	55%	
		Number of major accidents	0 cases	0 cases	0 cases	
DAIDO METAL's Principles <ul style="list-style-type: none"> Corporate governance Compliance Risk Management Respect for human rights 	Remain a trustworthy and sincere Company trusted by all stakeholders <ul style="list-style-type: none"> Appropriate corporate governance Risk Management Compliance Respect for human rights 	Indicator from Board of Directors effectiveness evaluations (Out of 5 points) 	4.3 points	4.5 points	4.15 points	
		Officer training participation rate 	100%	100%	100%	
		Occurrence of serious compliance violations	0 cases	0 cases	0 cases	
		Number of serious incidents	0 cases	0 cases	0 cases	

Business Strategy (Overall)



Business Strategy



Powertrain Business

Business Description

Bearings for automobiles (passenger cars, trucks, racing cars) engines, bearings for motorcycles engines, bearings for engine accessories (turbocharger and balancer mechanisms), bearings for industrial engines, etc.

Main Products



Half bearings



Thrust washers



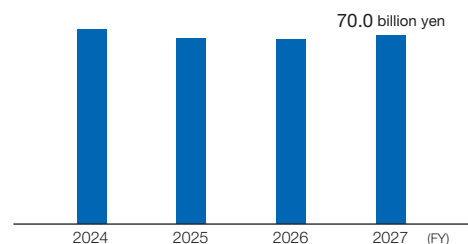
For turbochargers

Business Strategy

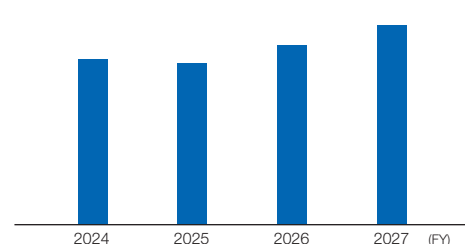
We will further cement our position as the world leader in this field by refining our existing business through enhanced multi-pathway strategies for engine bearings, while also pursuing initiatives with an eye toward the next generation, including efforts to address the shift toward BEVs.

Additionally, to respond flexibly and swiftly to rapid changes in the business environment, we will promote the concept of “best production location and best quality” and work to optimize personnel allocation as part of our organizational restructuring. With our sales strategy, we will strengthen new business development and diligently implement our strategy for key OEM partners. To boost profits, we will steadily advance various measures including reducing costs, improving the accuracy of estimated costs, strictly managing product-specific profit and loss, and rigorously implementing price pass through.

Net sales



Operating profit



TOPICS

1 Showcasing Future Technologies at Automotive Engineering Exposition 2025

Continuing from last year, we showcased products focusing on the theme of “Providing Future Technologies Interwoven by Tribology,” including plain bearings compatible with carbon-neutral fuels such as hydrogen and bearings for eAxle (motor) applications. [LG](#) | [P. 55](#) Customer inquiries are increasing and efforts are underway to start mass production.



2 Application of Plain Bearings for Hydrogen Engines

Our products have been used in endurance race engines since 2021, and in trucks equipped with hydrogen engines since July 2023, and we are conducting demonstration runs with an eye toward applying them to solve social issues.



3 New Orders from Italian Automaker Lamborghini

The new V8 twin-turbo engine, achieving up to 10,000 rpm, attests to the standout performance of our Group's products. Additionally, it was featured in an article for a car magazine titled “The Engineering Behind High-RPM Performance,” as a key component supporting the rotational performance of high-performance engines.

Feedback from the Field

Evolution of Core Business

We manufacture thrust washers for automobile engines. On the shop floor, we are working to reduce costs by making improvements to machining processes. Processes that used to be divided across multiple machines due to heavy tool load have been consolidated into a single multi-tasking machine. This was achieved by revising machining conditions, such as changing tool types and cutting directions, resulting in significant reductions in working hours. Furthermore, by selecting appropriate rotational speeds and feed rates coupled with the reduced diameter of cutting tools, we were able to reduce tooling costs, extend tool life, and stabilize machining accuracy. These efforts are the result of trial and error carried out by our team while incorporating feedback from the field. We will continue to make continuous improvements by working closely with the shop floor, striving to achieve both quality and cost efficiency.



Business Strategy



Marine & Energy Business

Business Description

Bearings for marine low speed engines, bearings for marine/industrial medium and high speed engines, power generation equipment (water mills / thermal power / turbines), industrial equipment (compressors / acceleration / reductions gears) etc.

Main Products

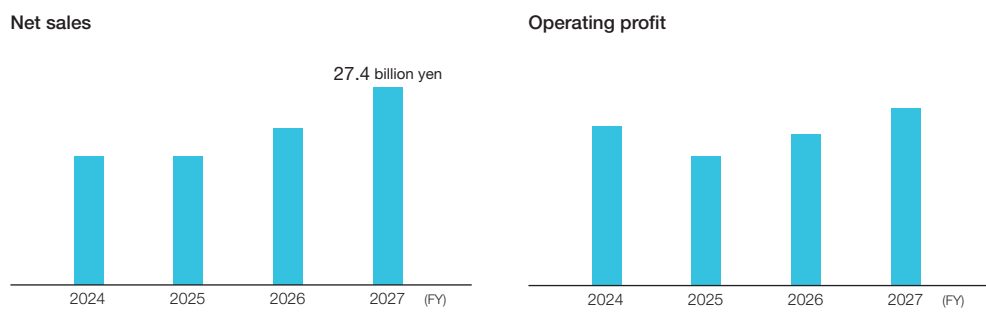
Large-sized marine bearings	Bearings for small and medium-sized ships/ industrial generators/ construction machinery	Bearings for electrical power energy/industrial compressors
Low speed engine bearings	Medium and high speed engine bearings	Rotating machinery bearings
		Bearing units

TOPICS

- Adapting to New Fuels (Low Speed, and Medium and High Speed Business)**
Offering materials and structures tailored to vessel type and engine model is crucial for marine engine bearings. To improve combustion and thermal efficiency in heavy oil-fired engines, we are pursuing reduced wear and enhanced performance by making innovations in bearing materials, shapes, and oil film formation.
- Working to Reduce Environmental Impact (Low Speed, and Medium and High Speed Business)**
From the perspective of reducing our environmental impact, we are concentrating efforts on switching to lead-free materials. Against a backdrop of growing demand in sectors with high lead-free requirements, we will expand sales in cooperation with OEMs.
- Entering the Wind Turbine Business** ▶ P. 56
In April 2025, DAIDO METAL SAGA began the installation and operation of the world's first dedicated bench testing facility for plain bearings. We are advancing the development of plain bearings as the main bearings for wind turbines and accelerating efforts to enter the wind turbine business.
- Entering the CCS Field**
Amid rapidly growing demand for CCS (carbon capture and storage), we are responding to increased inquiries for plain bearings for CCS compressors. To play a role in achieving carbon neutrality by 2050, we are actively seeking to enter and help pioneer the development of the CCS market.

Business Strategy

- Expanded production of bearings for low speed marine engines, and bearings for marine and industrial medium and high speed engines**
To keep pace with growing demand, by FY2027 we will increase production capability for low speed engine bearings by 30% compared to FY2023 levels.
We will strengthen our production system for medium and high speed engine bearings and aim to increase production capability by 30% by FY2027 through upgrading domestic and overseas factories and consolidating our facilities.
- Business expansion into decarbonization and next-generation energy fields**
Focusing on the GTCC (Gas Turbine Combined Cycle) market, we will step up efforts to secure orders for gas turbine bearings with a view toward helping to stabilize the power supply.
Preparations are underway for the mass production of bearings for offshore wind turbines at our Czech factory. In April 2025, we installed a bench testing machine in Saga and are proposing converting the main bearings of the wind turbines to plain bearings. We will push forward with the expansion of our wind power business.
Anticipating demand for compressors for CCS (carbon capture and storage), we will move ahead with development while targeting to enter the market by 2030.



Feedback from the Field

K.S.
Osaka Branch, Marine & Industrial Bearings Division

Building Relationships of Trust with Our Customers

I am mainly in charge of sales of engine parts for ships. Not restricted to just selling products, we also place great importance on getting a good grasp of issues faced by our customers and building long-term relationships of trust with them through the delivery of our products and services. We embody our corporate philosophy by listening diligently to customer feedback and collaborating with our in-house technical and planning departments to offer valuable proposals. We will continue to pursue sales activities that enable us to grow alongside our customers, while flexibly adapting to changing market conditions.

Developing Business Through Advancements in Manufacturing Technology

We perform machining design and data creation using CAD/CAM. We work to accurately grasp the intentions for design and quality requirements contained within the wind turbine main bearing drawings, and to establish manufacturing methods that enable high-quality and efficient production. From the prototype stage, we are always mindful of the need for stable processing and quality as well as greater productivity, and have been making preparations to put in place a mass production system. As one of our core technologies, we are committed to establishing advanced processing techniques and contributing to the success of our future core business through the evolution of manufacturing technology.

F.K.
TMBS Plant, Turbo Machinery Bearing Systems Division

Business Strategy



Life Business

Business Description

Bearings for air conditioning compressors, bearings for bicycle parts (derailleurs, shift levers), bearings for hydraulic equipment, bearings for aircraft parts, bearings for reclining beds, etc.

Main Products



Bearings for air conditioning compressors, bearings for bicycle parts (derailleurs, shift levers)

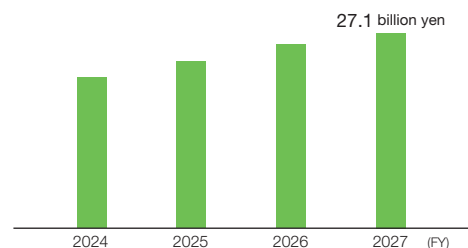


Business Strategy

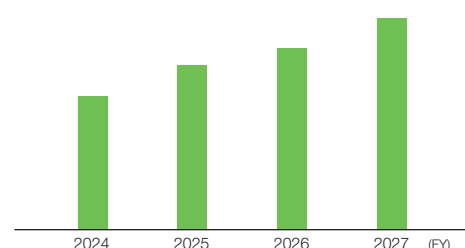
While making good use of our extensive and robust sales network and diverse product lineup, we will step up efforts to meet customer needs (performance, cost, weight reduction) by applying our core technologies and key applications such as oil machinery, bicycle parts, and air conditioning equipments. We will also pursue wide-scale expansion while implementing structural reforms to boost competitiveness.

As specific measures aimed at structural reform, we will review our raw material procurement methods and promote product development, manufacturing, and sales centered on achieving carbon neutrality and responding responsibly to environmental regulations, all with the goal of achieving a sustainable society. Through this approach, our aim is to secure long-term growth and earn the trust of society.

Net sales



Operating profit



TOPICS

1 Expanding Sales by Leveraging a Customer Base Built on Trust in DAIDO METAL's Quality

Over the years, we have earned the deep trust of major customers both domestically and internationally by providing high-quality plain bearings. This commitment to quality is the source of our competitive strength, allowing us to build a stable customer base. Going forward, we will further bolster this existing customer base and seek sustained growth in sales.

2 Improving Production Capability and Price Competitiveness Through the Introduction of New Production Lines

By introducing new production facilities that leverage our technological capabilities, we have bolstered production efficiency and price competitiveness. This will enable us to respond to expanding demand in growth areas, including the data center market, and build a stable supply system while reinforcing our business foundation.

3 Expanding Our Product Lineup to Flexibly Comply with Environmental Regulations

In anticipation of tighter environmental regulations including PFAS, we are expanding our product lineup to ensure flexible compliance. [▶ P. 58](#) Through the adoption of alternative materials and environmentally conscious design, we aim to balance regulatory compliance with product performance, pursuing sustainable growth and enhanced corporate value.

4 Even Greater Engagement

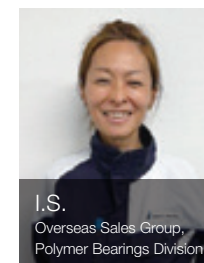
To develop corporate activities further and achieve sustainable growth, we will enhance the quality and depth of engagement, and by building a rewarding workplace and developing talent, we will boost organizational vitality and creativity.

Feedback from the Field

Sharing the Strengths of Our Products with the World

While living, traveling on business, and being assigned overseas, I gained opportunities to experience firsthand the strengths of our Company's products and their significance through exposure to different cultures and values. By coming into direct contact with the local market environment and customer needs, I was able to reaffirm the competitive advantage and social value of our products while pinpointing challenges and opportunities from a global perspective.

While putting insights gained through overseas experience to good use, we will pioneer new markets for our products by proposing solutions that address local needs while also considering the global environment. We will also work to strengthen our global capabilities and change the mindset of each and every employee, helping to build a sustainable and flexible business structure.



I.S.
Overseas Sales Group,
Polymer Bearings Division

Business Strategy



Frontier Business

Business Description

Aluminum die casting parts for automobiles (incl. electric vehicles), precision metal parts for automobiles and motorcycles (bent pipe products, machined products, knock pins), etc.

Main Products



PCU (Power Control Unit) cases



Precision metal processing parts



Business Strategy

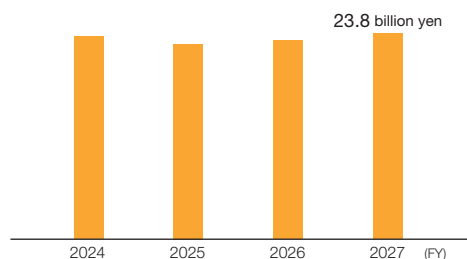
Precision metal processing

By fusing existing core technologies with new innovations, we will develop original products in tune with the needs of the times, such as EVs and FCVs. We will establish the lino brand and build a sustainable corporate foundation.

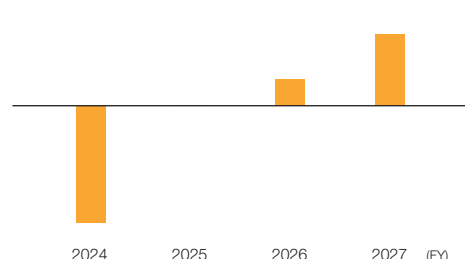
Aluminum die-cast products

We are aiming to become a highly profitable Company by focusing on 850t to 1,650t casting machines as a core business, actively developing products for electric vehicles (EVs) that require advanced technical capabilities due to their complex structures and high precision demands, in addition to automotive steering and drive system components.

Net sales



Operating profit



TOPICS

1 Restructuring Production Systems for Global Market Expansion

Product development will be conducted domestically, and by establishing a technical center within the Philippine factory, our policy is to build an organizational structure that facilitates a smooth transition to mass production launch. This will enable a production system equipped to flexibly respond to the global market and achieve quality improvements.

2 Expanding our Product Lineup

To meet growing electrification needs, we are developing our own unique products not only in electrification components such as eAxles and IPUs, but also in fuel cell-related products. Our goal is to play a role in realizing a sustainable society in which people can move freely by strengthening our technological capabilities.

3 Future Outlook for the Aluminum Die Casting Business

The 2025 SEA Die Casting Congress was held in Bangkok in May 2025, with the theme of "New Energy Vehicles." The ACT President reported on business strategy specializing in EV products and participated in a panel discussion on the future of Thailand's die casting business.

4 Developing Human Resources for Aluminum Die Casting

Ten individuals were selected to launch the New Generation Project for training next-generation executives. Lectures on the Midterm Plan and "Weaknesses of the Die Casting Division from an External Perspective" were given. Working in pairs, participants will compile solutions for overcoming challenges, with effective ideas to be incorporated into next year's fundamental policy.

Feedback from the Field

Expanding into Global Markets



F.Z.
lino Manufacturing Co., Ltd.

Currently working in a sales role, I have a wide range of responsibilities including responding to inquiries from existing and new customers, preparing quotations, and proposing processing technologies. We are working to expand our global market share in collaboration with our overseas locations.

We handle the casting, machining, and shipping of automotive die-cast parts under one roof, delivering high-quality, high-precision products to our customers. In recent years, we have also begun production of EV products and are working to reduce defects to accommodate a wide variety of product shapes. We are making concerted efforts to enhance our technology to keep up with the expanding EV market.



T.K.
DM Casting Technology (Thailand) Co., Ltd.

Business Strategy



Others

Business Description

- 1 Metallic non-lubricated bearings (for special environments such as high temperatures, vacuum, and underwater applications)
- 2 Rotary pumps (for use in fields requiring high-viscosity liquids and strict hygiene management, such as food, cosmetics, chemicals, and pharmaceuticals)
- 3 Centralized lubrication equipment (machine tool oil lubrication system)
- 4 Sales of VR cloud software for the manufacturing industry

Main Products



Business Strategy

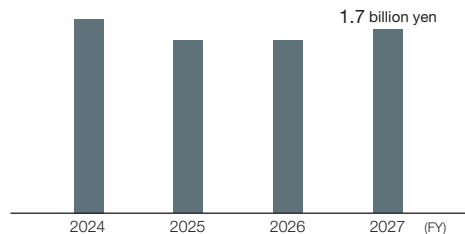
Thermalloy bearing business

Our strategic marketing is being focused on key industries and applications to expand sales of "Thermalloy," a metal-based lubrication-free bearing that delivers high wear resistance even in harsh environments. We will bolster our business proposal approaches in fields that demand longer service life and less maintenance, helping to reduce our environmental impact and realize a sustainable society.

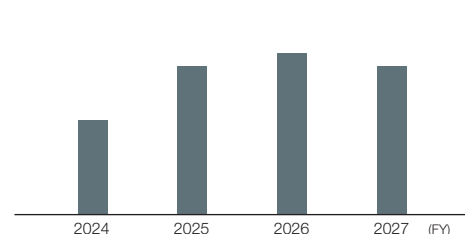
Pump operations

We offer pump products designed for transporting high-viscosity liquids, with the aim of providing flexible, high-value-added solutions through customized proposals tailored to specific operating environments and the development of new options.

Net sales



Operating profit



TOPICS

1 Attendance at the Retirement Ceremony for the H-IIA Rocket, Which Utilized Our Products

As a Company involved in its manufacture, we attended the ceremony commemorating the successful launch and retirement of the H-IIA rocket held by Mitsubishi Heavy Industries, Ltd. at the end of June 2025. Our products were adopted as direction control components for this rocket, and we contributed to this national project by providing technology in space development, an area that demands extremely high precision and reliability.



2 VR Cloud Software is Increasingly in the Spotlight

In August 2024, our VR cloud software was featured on TV Aichi's "Go-Jisuta" and "LBS Local Business Satellite" programs. It is increasingly in the spotlight as a DX tool in the education and training field for the manufacturing industry, and the programs introduced case studies of its use in our training programs for foreign staff. VR is now seen as a visual and experiential learning tool that can transcend language and cultural barriers.

3 Exhibition at "FOOMA JAPAN 2025"

We exhibited at FOOMA JAPAN 2025, the world's largest integrated food manufacturing exhibition held in June 2025, showcasing products that make manufacturing sites more efficient and advanced. These included our flagship pump products and metallic non-lubricated bearings. We were able to interact with attendees from a variety of industries, including those not only from the food sector but also from chemical, pharmaceutical, construction, and trading companies, enabling us to widely promote the versatility and market expansion potential of our technology.

Feedback from the Field

Reflecting Customer Feedback in Products

We work diligently to enhance our customers' productivity by applying the PDCA cycle in our daily operations. By clearly defining key targets and tackling challenges through integrated manufacturing and sales efforts, we are improving our action-taking capabilities to boost sales. We feel that our proposals, which proactively address on-site needs, particularly for Thermalloy pump products, have been instrumental in earning high praise from our customers. We will continue to listen to customer feedback and build trusting relationships, so that we can become an indispensable presence at manufacturing sites.



Six Types of Capital

We are committed to management practices that prioritize not only financial capital but also non-financial capital such as human capital, intellectual capital, natural capital, social and relationship capital, and manufacturing capital, positioning this approach as one of the four pillars of our Midterm Plan.

Taking these six types of capital as a foundation that we have built up to now, we will continue to grow sustainably as we continue to provide business operations and products that contribute to society.

Financial Capital	Human Capital	Intellectual Capital	Natural Capital	Social and Relationship Capital	Manufacturing Capital
 <p>Financial Capital</p> <p>P. 45-46</p> <p>Investment in the future and returns to our shareholders</p> <ul style="list-style-type: none"> Strengthening profit generation Investment in growth potential areas and returns to our shareholders Promotion of balance sheet management <p>Total assets</p> <p>196.6 billion yen</p> <p>Net assets</p> <p>82.0 billion yen</p>	 <p>Human Capital</p> <p>P. 47-53</p> <p>Improved employee engagement and overall organizational performance</p> <ul style="list-style-type: none"> Maximizing performance of human resources Maximizing the value of people and organizations Strengthening training and recruitment Promotion of diversity, equity, and inclusion Promotion of health management initiatives Strengthening health and safety-related activities <p>Number of employees</p> <p>7,323 people</p> <p>Employee retention rate</p> <p>97.4%</p>	 <p>Intellectual Capital</p> <p>P. 54-59</p> <p>Research and development of new technologies based on six core technologies</p> <ul style="list-style-type: none"> Solving social issues with six technologies Product development by business segment Promotion of intellectual property activities Strengthening response to electrification Adaptation and evolution of core technologies <p>R&D expenses</p> <p>2.5 billion yen</p> <p>Number of environmentally friendly patent applications (%)</p> <p>77%</p>	 <p>Natural Capital</p> <p>P. 60-63</p> <p>Expanding environmental impact reduction initiatives to realize a sustainable future</p> <ul style="list-style-type: none"> Strengthening environmental management Promotion of decarbonization Realizing a recycling society Conserving biodiversity <p>Energy consumption</p> <p>1,456,642 GJ</p> <p>Waste generated</p> <p>3,267 t</p>	 <p>Social and Relationship Capital</p> <p>P. 64-65</p> <p>Engagement with diverse stakeholders</p> <ul style="list-style-type: none"> Strengthening relationships with suppliers Communication with stakeholders <p>Number of suppliers</p> <p>705 companies</p> <p>Number of business partners</p> <p>1,064 companies</p>	 <p>Manufacturing Capital</p> <p>P. 66-70</p> <p>High-quality products give rise to strong trust and unlimited potential</p> <ul style="list-style-type: none"> Evolution of global production systems Training of manufacturing personnel (skills transfer) Embodiment of "Quality is Life" in a new era Strategic enhancement by business segment Promotion of shift to smart factories <p>Capital expenditure</p> <p>11.5 billion yen</p> <p>Quality cost ratio</p> <p>3.36%</p>

Financial Capital Strategy



We plan to increase corporate value by improving ROE indicators, and link that increased corporate value to investment in the future and shareholder returns

Hiroki Ito
Director and Managing Executive Officer
Head of the Finance Planning Division

Financial Capital Strategy in the New Midterm Plan

Fundamental Policy for Financial Capital Strategy

Fundamental Financial Capital Strategy in the Midterm Plan

- 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

Review of FY2024

We worked diligently on our daily operations throughout FY2024, seeing it as a preparatory period for the new Midterm Plan, which got underway in FY2025.

Continued surges in raw material and resource prices during FY2024, coupled with rising labor costs, were factors in driving down the Group's profits.

However, even in such circumstances, our Group responded to increased production by main automotive customers and increased demand from the marine, general industry and construction industries, and as a result, sales in FY2024 were 136.303 billion yen (up 7.565 billion yen 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 passing on raw material and labor costs to prices, we were able to achieve an operating profit of 7.091 billion yen (up 1.006 billion yen compared to the previous year) and an operating profit margin of 5.2% (up 0.5 point compared to the previous year).

The rapid changes to the environment surrounding our Group, and the difficulty in predicting the future has not changed, but the Daido Metal Group has established a new Midterm Plan starting from FY2025 to accurately address this difficult situation and we are committed to increasing our corporate value.

Trends in net sales and operating profit (FY2019 to FY2024)

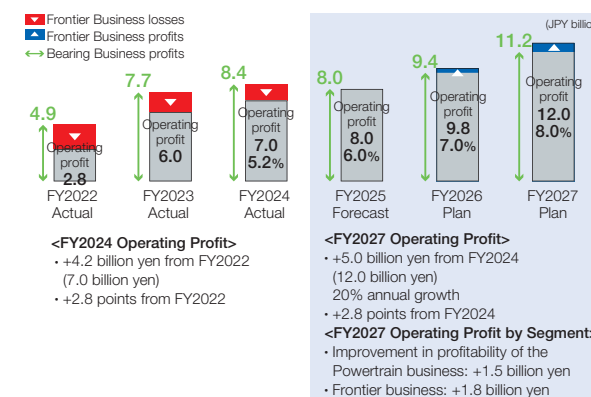
Consolidated basis (fiscal year)	2019	2020	2021	2022	2023	2024
Net sales (JPY billion)	100.1	84.7	104.0	115.4	128.7	136.3
Operating profit (JPY billion)	4.1	1.3	5.0	2.8	6.0	7.0
Operating profit margin (%)	4.2	1.6	4.8	2.4	4.7	5.2
ROE (%)	4.9	0.2	3.3	-3.6	4.0	3.8

The Midterm Plan, which got underway in FY2025, has set midpoint targets for FY2027 – the end of the first three years of the Plan – of sales of 150 billion yen, operating profit of 12 billion yen, operating profit margin of above 8% and ROE of above 8%. For the final year of the Plan in FY2030, it aims to achieve targets of operating profit margin of above 10% and ROE of above 9%.

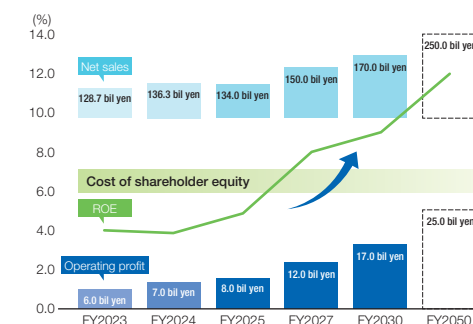
Reciprocal tariffs introduced by the US are predicted to have a large impact on our Group's sales and profits, but as a Group, we will continue to proceed with business restructuring to increase our profit generating capability in the first half of the Midterm Plan irrespective of changes to the external environment.

As a fundamental strategy for achieving profit targets, we will not only increase profits by boosting sales through adding new customers or developing new applications, but will also continually and systematically implement initiatives such as passing through material costs and labor costs into the sales price, implementing profit and loss control for each product, introducing better cost price controls, etc. Together with optimizing 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.

Operating Profit Plan (FY2025-FY2027)



Outlook for ROE to Increase Corporate Value

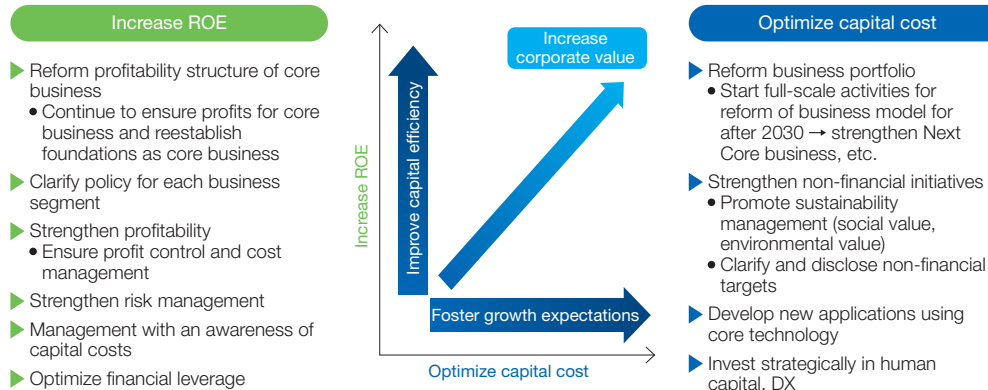


Financial Capital Strategy

PBR Improvement Strategy

Through financial and non-financial initiatives, we will aim to increase ROE and restrain capital costs through sales growth and higher profitability. We will seek to continuously improve corporate value and increase PBR.

Strategy to Improve PBR through Increased Corporate Value



Strategy to Increase Corporate Value

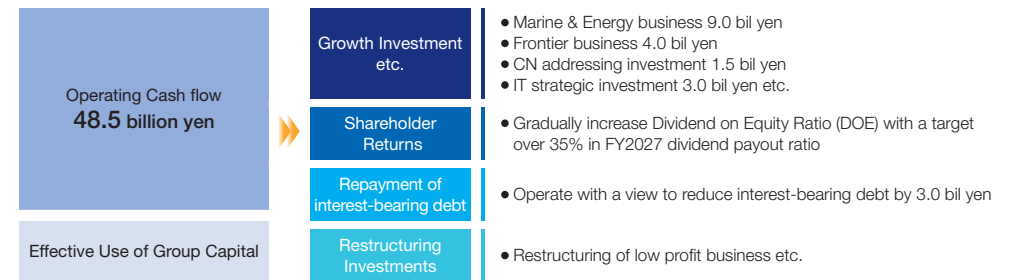
<p>ROE</p> <p>Net income ↑</p> <p>Equity capital ↓</p>	<p>Net Income Margin</p> <p>Net income ↑</p> <p>Net sales ↓</p>	<p>▶ Sales (FY2027) compared to FY2024 UP 10%</p> <p>▶ Net Income (FY2027) compared to FY2024 UP 150%</p> <p>In addition to making the aluminum die-cast business profitable, which was an obstacle in the previous Midterm Plan, we will reduce the goodwill amortization burden for precision metal manufactured parts etc. to greatly improve profit levels.</p>
<p>Total Asset Turnover</p> <p>Net sales ↑</p> <p>Total assets ↓</p>	<p>Financial Leverage</p> <p>Total assets ↓</p> <p>Equity capital ↓</p>	<p>▶ Total assets (FY2027) compared to FY2024 Limited to increase of approx. 5%</p> <ul style="list-style-type: none"> • Efficiency in capital expenditure, optimization of depreciation ratio (to sales) • Reduce lead time through improvements to supply chain management • Set up inventory reduction project <p>▶ Total assets (FY27) compared to FY2024 Limited to increase of approx. 5%</p> <ul style="list-style-type: none"> • Efficiency in capital expenditure, optimization of depreciation ratio (to sales) • Reduce lead time through improvements to supply chain management • Set up inventory reduction project <p>▶ Expansion of shareholder returns</p> <ul style="list-style-type: none"> • Increase in dividend payout ratio, and prioritize improvement in profitability and stability of the financial base, and consider flexible share buybacks once the measures are achieved
<p>Cost of shareholder equity</p> <p>↓</p>	<p>▶ Hold explanatory meetings for investors and shareholders</p> <p>▶ Establish new events to deepen investor understanding</p> <p>▶ Risk-resilient management through promotion of sustainability activities</p> <p>▶ Strengthen Group governance including affiliated companies</p>	

Cashflow Allocation Plan

From a medium and long-term perspective, and to improve profitability, we will prioritize stable business management by creating stable business foundations through a reduction in interest-bearing debt etc. Once profitability improvements and stable business foundations are established, we will consider shareholder returns through the flexible buyback of shares.

We also plan to reduce business that is forecast to be unprofitable in the future, with investment allocated to business and organizational restructuring.

FY2025-FY2027 Cash flow Plan



To All Shareholders and Investors

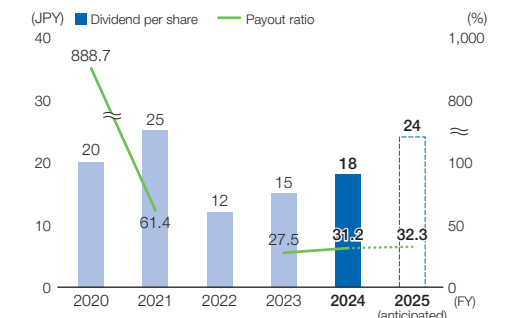
It is the Company's policy to pay appropriate dividends to our shareholders, based on the results of operations and payout ratio, and to maintain a stable and sustainable level of dividend in overall consideration of the internal reserve for future business development, expansion of research and development, strengthening of business foundations and changes to the business environment.

To achieve sustainable growth, we must develop a system of production, sales, and technology locations that responds to future market trends and changes, increase the productivity of domestic and overseas subsidiaries and maintain world-class technologies.

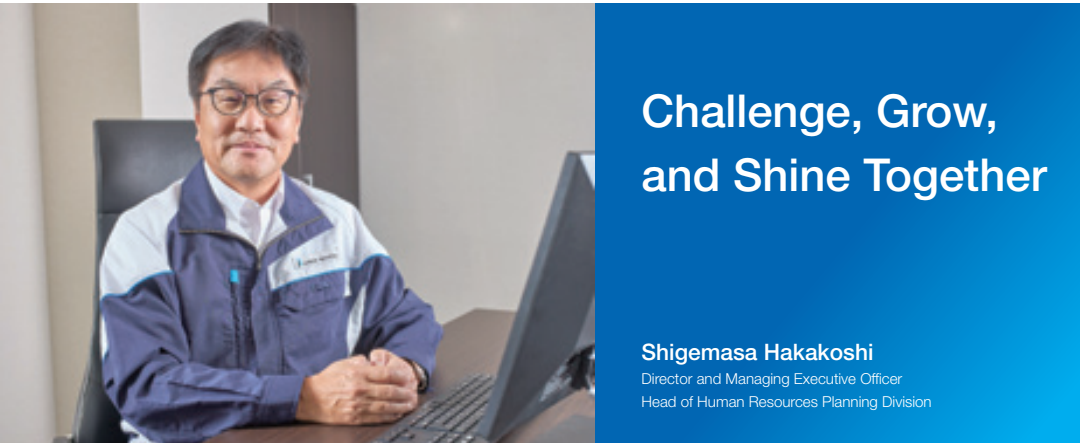
In addition, while considering the balance between the distribution of profit to shareholders, we will invest our assets in an effective and efficient manner including the creation of new business, training initiatives and a strengthening of the management foundation, proactive research and development, increased manufacturing capabilities, utilization and introduction of advanced technologies through industry-government-university partnerships, and corporate defense through intellectual property rights, etc.

To meet the expectations of our shareholders and investors going forward, we will continue to establish business strategies for sales, production, technology, and new business from a medium- to long-term perspective with the goal of stable development and growth.

Dividend per share / Payout ratio



Human Capital Strategy



Our Group has a vision of continuing to be the only major Company in the world that specializes in producing a full lineup of plain bearings. And we believe that human capital, or people, lie at the source of the value that enables us to achieve this.

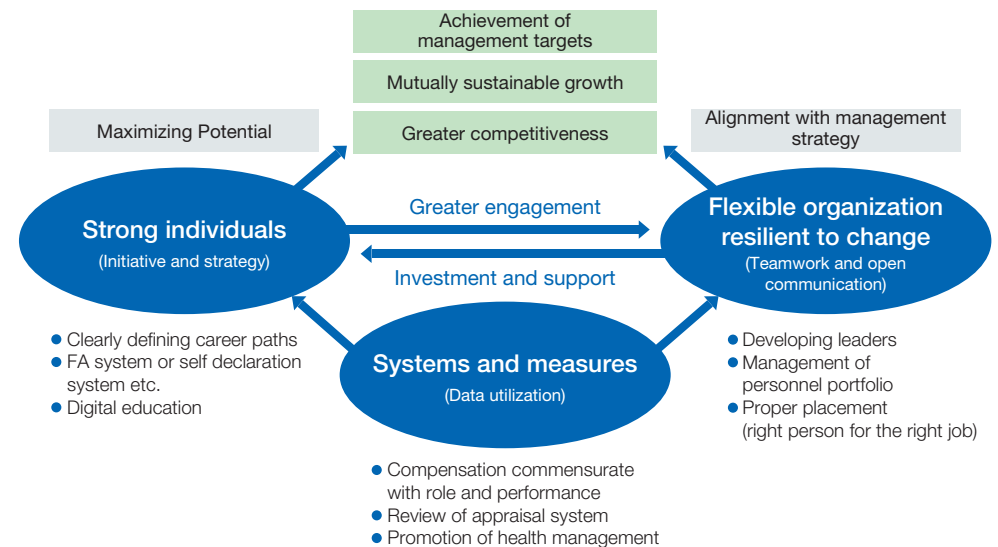
To achieve this, we provide ongoing learning and experience opportunities through on-site on-the-job training, technical knowledge transfer at DAIDO METAL COLLEGE, and internal and external training programs, all rooted in the ambitious, innovative, and challenging “Daido Spirit.” Furthermore, by clearly defining career paths, we support employee growth and provide an environment where employees can fulfill their full potential. This enables us to create value that satisfies our customers and society and contribute to the realization of a more sustainable society as a member of the community.

Currently, it has become more challenging to secure the required human resources due to the decline in the working population and the diversification of work styles. To maximize the performance of limited human resources, we will create a talent portfolio and implement human resource development and personnel assignment according to our management strategy. This will improve productivity and employee engagement while also contributing to the creation of new business.

We aim to increase employee well-being under the slogan “Challenge, Grow, and Shine Together,” while responding to the demands of the times, such as legal reforms and changes in the labor market. We will build a healthy, secure, and open workplace environment, promote a corporate culture that respects human rights and diversity, and create a free and open corporate culture to pursue further growth and tackle new challenges.

The Human Resources Strategy stipulates the following as a basic policy: “We create workplace environments and provide training to enable employees to develop their own abilities and skills while

engaging in free and vigorous discussions with members, to demonstrate creativity and to bring about innovation rooted in the Ambitious, Innovative, and Challenging Daido Spirit.” In the Midterm Plan commencing in FY2025, the human capital strategy is founded on the pillars of “establishing a personnel system,” “reforming way of working,” and “strengthening training and recruitment,” and based on this, it focuses on three core elements: “initiative and strategy,” “organization resilient to change,” and the “systems supporting them.”



We place a high priority on each employee taking the initiative to learn and hone their skills, embodying “initiative and strategy.” Furthermore, by providing opportunities for sustained learning and experience-building and clearly defining career paths, we have put in place an environment supporting employee growth.

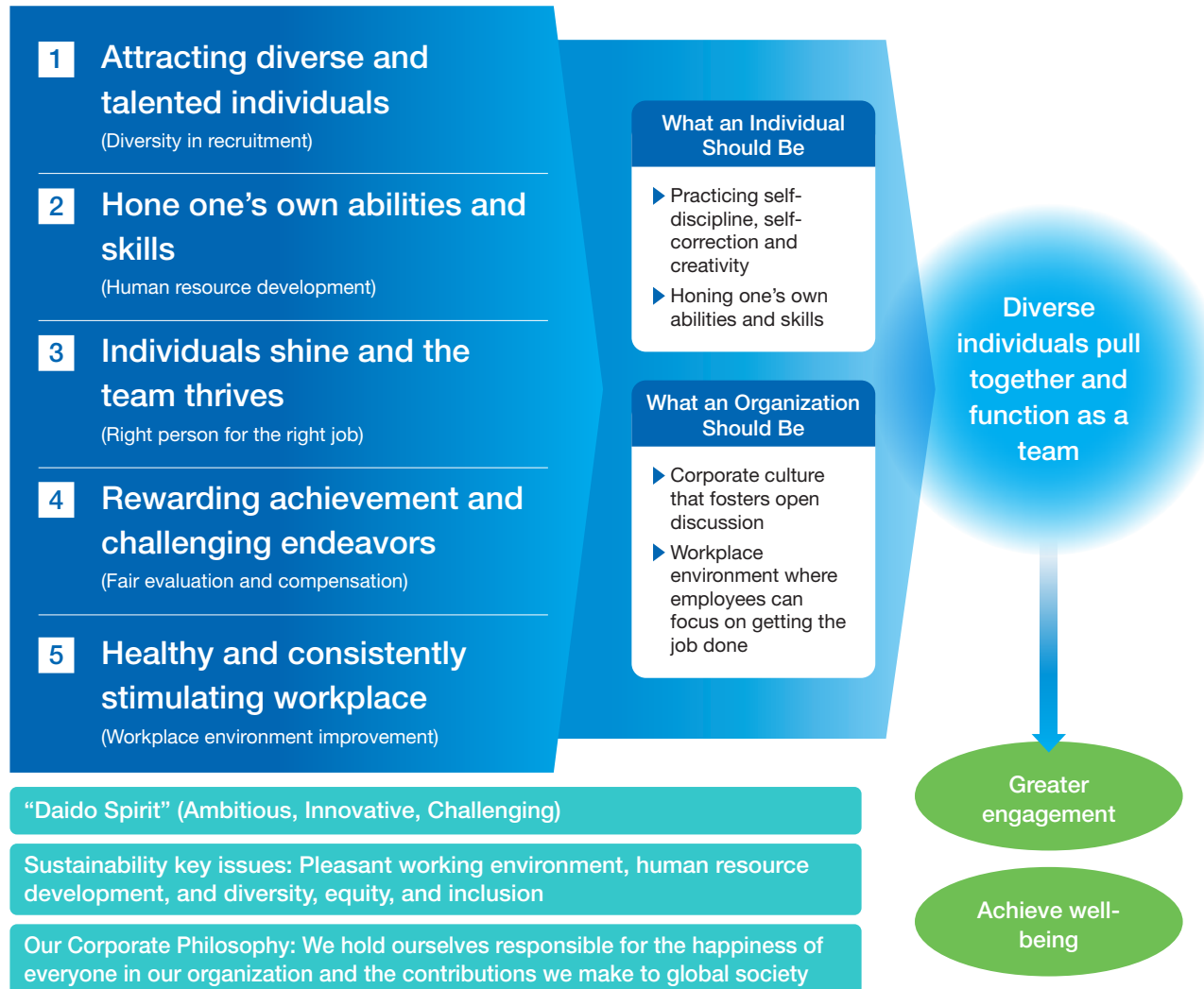
The aim for an “organization resilient to change” is to make the entire organization flexible and resilient to change. We will build an organization where employees with diverse values, employment types, and work styles come together to create added value.

As for the “systems supporting them,” we will improve systems for clear target-setting and evaluation, performance-based compensation, and support for employee health and work-life balance.

Human Capital Strategy

Human Resource Management Strategy (maximizing the value of people and organizations)

We plan how to recruit, develop, assign, evaluate, compensate, and retain human resources, closely aligning these efforts with our management strategy, and then execute those plans. Moreover, by establishing systems and environments where diverse individuals pull together as a team, we will enhance engagement and improve employee well-being.



Personnel Strategy

1 Greater job satisfaction

- Strengthening personnel data talent management
- Promoting growth through support for career self-direction
- Human resource development through external assignments and exposure to high-pressure situations

2 More pleasant working environment

- Promotion of health management
- Support for flexible ways of working
- Improving management skills

3 Preserving and evolving corporate culture

- Recruitment and encouragement of diverse talent
- Ample opportunities for challenging oneself
- Digitalization and streamlining of business processes, and reformed way of working

	The Past	The Future
Recruitment	<ul style="list-style-type: none"> • Mainly new graduate recruits 	<ul style="list-style-type: none"> • New graduates + mid-career recruits + foreign nationals • Utilization of specialized personnel
Personnel System	<ul style="list-style-type: none"> • Membership-based 	<ul style="list-style-type: none"> • Role-based + performance
Personnel Assignment	<ul style="list-style-type: none"> • Rigid 	<ul style="list-style-type: none"> • Data-based + flexible
Training	<ul style="list-style-type: none"> • Position-specific training 	<ul style="list-style-type: none"> • Self-directed learning • Experience-based support
Work Style	<ul style="list-style-type: none"> • Flexible way of working 	<ul style="list-style-type: none"> • Diverse employment types

Human Capital Strategy

Human Capital Detailed Strategy

Basic Strategy	Description
Recruitment	<ul style="list-style-type: none"> New graduates (regular positions) Strengthen branding and internships New graduates (skilled positions) Strengthen factory tours and internships Career Multi-channel recruitment and improved induction training People with disabilities Expansion of job types and development of managers
Human Resource Development	<ul style="list-style-type: none"> Executives and managers Formulating succession plans Position-specific Fostering a sense of ownership and supporting self-directed career development Purpose-specific Cultivation of digital human resources Self-improvement Promoting and supporting self-directed learning
Personnel Assignment	<ul style="list-style-type: none"> Personnel management Data-based optimal staffing Placements Creating a talent portfolio and utilizing data for proper placement Transfers Transfers that help individuals achieve their goals and advance their careers Women's active engagement Recruitment and development of core personnel
Personnel System	<ul style="list-style-type: none"> Job category Reorganization of technical and administrative job groups, demotion system (senior positions) Wages Compensation commensurate with contributions, maintaining market-competitive levels Score Evaluating challenges and linking them to training Extended retirement age Maintaining motivation and emphasizing results
Benefits	<ul style="list-style-type: none"> Finance and insurance Providing practical and useful information for different life stages Health management Revitalizing internal communication by holding events Paid leave Maintenance and improvement of taking planned leave

Human Resource Development P. 53

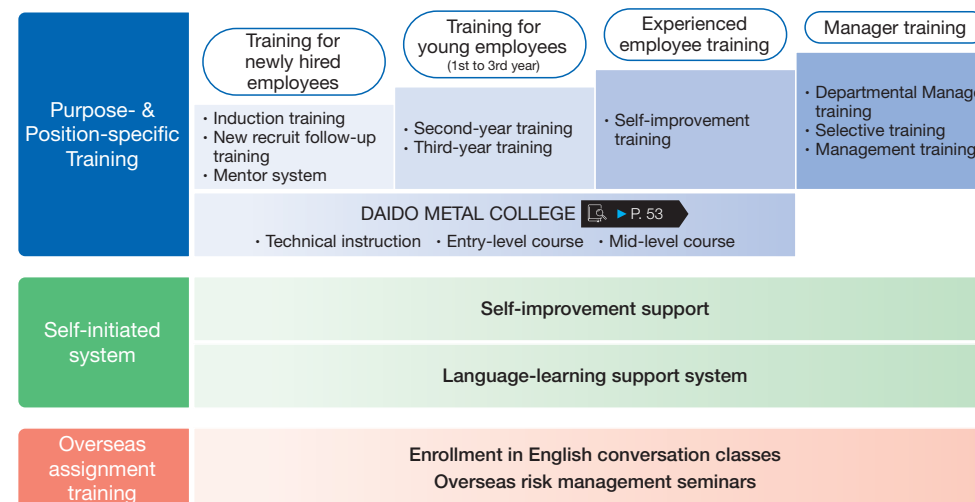
We offer various position- and purpose-specific training programs with the aim of developing roles and skills according to the stage. Serving as the Company's in-house educational institution, DAIDO METAL COLLEGE is a special training facility which continuously provides training focused on passing on knowledge, technology, and skills accumulated by the Company. Incorporating the completion of this training into the conditions for promotion enables employees to understand the roles and actions that are required of them.

In addition, we also operate a "mentor system" in which experienced colleagues that are close in age provide support to new employees and an interview system ("development interview system" and "self-assessment system") in which employees discuss their future career and the skills they would like to learn with their supervisor, and we encourage employees to engage in self-directed growth.

Human Resource Policies P. 68

In the midst of major changes in work styles and environments, such as the decreasing workforce, changes in employees' sense of value to work, the spread of remote work, and the promotion of part-time and side jobs, we are working to develop employees who can act autonomously and independently while maintaining a high level of motivation by building diverse career paths.

Moreover, we will shift from the previous Company-led education and training and support the autonomous and independent career development of employees to ensure opportunities and provide support for them to grow through their work.



Recruitment Strategy and Policy

Our basic policy is to engage in fair recruitment practices regardless of race, nationality, religion, age, gender, or disability, etc. We believe that hiring talented people with diverse values, backgrounds and skills, and energizing the workplace will generate innovation and lead to the sustainable growth of our Group.

New graduate recruitment

We have been strengthening our internship program for several years now. For technical jobs, we are conducting an experiential program that is close to actual work such as product design, test evaluation, materials development, and facility improvement planning, etc. For sales jobs, we held roundtable discussions connecting each sales site to further deepen their understanding of the industry, our Company, and the position. Through these initiatives, we promote the students' understanding of our Company, which increases the matching accuracy for both sides and leads to the acquisition of excellent human resources.

Mid-career recruitment

The business environment surrounding our Company is changing at an unprecedented speed. Under such circumstances, we are actively hiring human resources with experience and expertise in relevant areas from outside the Company in addition to training our employees. During FY2024, we hired twice as many mid-career personnel than new graduates for regular positions.

In addition, we are also devising diverse methods not limited to conventional hiring methods. We are also implementing referral recruitment in which introductions by employees lead to hiring and the rehiring of employees who worked for the Company in the past. Going forward, we will continue to use various approaches to acquire the human resources who are essential to our Company's growth.

Human Capital Strategy

Diversity, Equity, and Inclusion

We believe that the source of strength behind corporate development is employees who possess diverse attributes, capabilities, expertise, experience, values, and sensibilities. We will promote the recruitment of diverse human resources in a systematic manner and develop a satisfying (easy-to-work and a sense of purpose) environment in which they can fully demonstrate their individuality and capabilities.

Support to Achieve Balance

In order to support the balance between work and family, we have introduced various systems such as measures to reduce working hours (shorter working hours), and leave for child or nursing care.

We have prepared a handbook for childcare support (different editions for men and women) and a handbook for nursing care with the aim of disseminating childcare-related schemes, to support employees in balancing work and family. In addition, since April 2023 we have been expanding the system of shorter working hours, which allows employees to reduce their scheduled working hours to the end of the 6th grade of elementary school, instead of until the end of 3rd grade under the previous system.



Promoting the Use of Childcare Leave by Male Employees

The ratio of male employees taking childcare leave is increasing year by year and reached 39.3% in FY2024. Personnel from the Human Resources Division interview male employees who are unsure about taking childcare leave and the duration to encourage them to take leave by explaining how to take leave such as when it can be taken and the number of times it can be taken, etc. In addition, we created a “Childcare Support Handbook” for men, which introduces systems that can be used for childcare in addition to the childcare leave system such as financial support during leave and private financial assistance and support, etc.

Job Return System

In 2016, we introduced a system that rehires employees who left the Company for unavoidable reasons such as accompanying a spouse's job transfer, providing nursing care, childbirth and childrearing, and marriage, etc. To date, four people have used the system to return to work. As the production-age population continues to decline, former employees with skills and experience are playing an active role as valuable, immediate assets who fit in right away.

Initiatives Regarding Participation by Women

Based on the Act on the Promotion of Women's Active Engagement in Professional Life, we formulated an action plan from FY2024 to FY2028, which is listed on our website. Efforts are being made regarding: (1) measures to increase male employees taking childcare leave; (2) creation of internal career paths; (3) skill development for employees on childcare leave; and (4) reforming workplace awareness and culture.



For details ▶ Action Plan Based on the Act on the Promotion of Women's Active Engagement in Professional Life

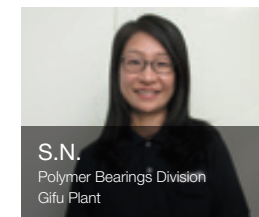
<https://www.daidometal.com/company/the-act-on-promotion-of-womens-active-engagement-in-professional-life/>

Message from Employees

Valuing Communication

After working as a part-time employee and then a temporary staff member, I became a full-time employee. I am now a team leader and am responsible for inspection and shipping. I joined the Company while raising children and without any prior knowledge, so everything was new and challenging. However, as my responsibilities grew, I began to appreciate the enjoyment of factory work.

Team members include young people, veterans, and foreigners, among others. To meet deadlines and achieve the required quality standards, we prioritize communication while bringing out the best in each other.



S.N.
Polymer Bearings Division
Cifu Plant

Recruitment of Foreign Employees

We continue to actively hire foreign employees to incorporate diverse perspectives. In FY2024, we recruited a total of five employees, including both new graduates and mid-career recruits. They are currently active in design, production technology, and sales positions.

We have also accepted approximately 30 individuals, including employees from overseas affiliated companies, through the technical intern training program for foreigners.

Employing Workers with Disabilities

We continuously hire through recruiting activities at special support schools and Aichi Prefecture's “Aichi Comprehensive Support Desk for the Employment of People with Disabilities.” We have a target employment rate of 2.7% and have consistently met the legal ratio of employment for the disabled since 2021. After they join the Company, we endeavor to establish a workplace that is easy to work in while receiving advice from job coaches at the vocational center for persons with disabilities and support staff at the Employment and Lifestyle Support Center for Persons with Disabilities.

Human Capital Strategy

Health Management Initiatives

DAIDO METAL GROUP Health Management Declaration

In line with our Corporate Philosophy, “We hold ourselves responsible for the happiness of everyone in our organization and the contributions we make to global society,” we will realize a Company where employees can work in good health based on the belief that employee happiness can only be achieved on a foundation of sound physical and mental health.

DAIDO METAL GROUP Basic Health Management Policy

1 Workplace health

- Implement work style reform through the efforts of the workforce and management working together

2 Mental health

- Enhance mental health line education and self-care education
- Strengthen measures utilizing stress check results

3 Physical health

- Strengthen measures to prevent lifestyle related diseases
- Expand exercise habit activities

DAIDO METAL GROUP Basic Health Management Promotion System

We have established a Health Management Promotion Committee, organized by labor-management and health insurance associations, to promote Company-wide health initiatives. Additionally, we are working to improve employee health awareness, raise workplace productivity, and revitalize communication by implementing workplace-specific health plans.

Recognized as a 2024 Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category)

The Company has been recognized as a “2024 Certified Health and Productivity Management Outstanding Organization (Large Enterprise Category)” by the Ministry of Economy, Trade and Industry (METI) and the Nippon Kenko Kaigi (Japan Health Council). The “Health and Productivity Management Outstanding Organization” scheme honors large, small and medium-sized corporations that practice particularly excellent health and productivity management, based on initiatives that address regional health issues and health promotion initiatives promoted by the Nippon Kenko Kaigi, a committee consisting of labor and management that sets KPIs to strengthen health management activities.

Mental Health Initiatives

We have established rules for improving workplaces using group analysis of stress checks, and for employees whose monthly overtime hours exceed a certain amount of time in a row, health checks become mandatory, and interviews with occupational doctors are required as necessary. We have also introduced a “mentor system” for new employees to alleviate their anxieties and concerns and help integrate them into the workplace. In addition, the Company physician and Human Resources personnel hold a “Mental Health Meeting” every month to keep a close check on employees on leave for mental health reasons and on those returning to work.

Improving Employee Health

Since August 2019 we have thoroughly enforced non-smoking indoors to prevent passive smoking. In addition, we held four walking events organized by our health insurance association for the purpose of maintaining and improving health. Over 200 participants, including employees and their families, attended each of the events.



Poster for the Summer Festival



Conducting physical fitness tests

Last fiscal year, we held a health management event and physical fitness tests at the Inuyama Site Office during the Summer Festival. To raise health awareness among visiting employees and their families, we measured for a wide range of data, including physical fitness tests such as vertical jumps, body measurements encompassing muscle mass and basal metabolic rate, and measurements using health equipment measuring skin age and vascular age.

We will continue to promote health management initiatives while striving to raise the health awareness of each and every employee.

Health and Safety-related Activities

Fundamental Policy on Health and Safety and ISO45001 Certification Status

Fundamental Policy on Health and Safety

Based on its people-oriented management philosophy the DAIDO METAL GROUP does its utmost to protect the health and safety of its valued employees. Maintaining high levels of employee safety is a top Company priority, and the Company invests whatever management resources are required to maintain the highest possible levels of safety.

Having adopted a management philosophy that places great emphasis on people, the Company engages in occupational health and safety activities aimed at completely eliminating workplace accidents. With our focus on the Company's major production sites in Japan, we first gained Occupational Health and Safety Assessment Series (OHSAS) certification in 2003, and our occupational health and safety management systems were certified as compliant with the ISO 45001 international standard in September 2020.

Main ISO45001 certified offices and plants

- DAIDO METAL CO., LTD. – Headquarters – Inuyama Site Office – Gifu Plant
- DAIDO METAL SALES CO., LTD.
- DAIDO LOGITECH CO., LTD.
- Daido Plain Bearings Co., Ltd.
- Daido Industrial Bearings Japan Co., Ltd.



Certificate number: JQA-OH0045

Affiliated companies other than those mentioned above are also acquiring ISO45001 certification, and the entire Group is working toward this goal.

Inspections of Workplace Conditions by Employees and Top Management



Safety patrol during on-site inspections

In conjunction with National Occupational Safety Week (July), National Occupational Health Week (October) and the New Year's Disaster Prevention Program (January), the Company carries out on-site assessments that involve cooperation between top management and the workforce.

In terms of safety, the Company checks the status of countermeasures and of activities to mitigate risks, such as the handling of heavy objects, in workplaces where accidents have occurred. In terms of health, the

Company strives to maintain good workplace environments, checking on conditions related to heat stroke, the status of control of chemical substances and other matters. In addition, the top management and the workforce hold meetings regarding the details of on-site managers' efforts and provide advice to promote increased safety awareness.

Health and Safety-related Education



Safety experience training session

In our education and training activities, we conduct safety experience training for new employees with the aim of building a foundation for preventing accidents and disasters. By learning how lapses in concentration and errors of judgment lead to man-made accidents and by experiencing danger firsthand, participants develop the ability to recognize potential risks and fundamentally raise their safety awareness, prioritizing safety above all else.

For example, using a device that safely simulates entanglement in rotating machinery, participants experienced the moment of danger through actual movements and reactions.

We are also promoting age-friendly initiatives with the aim of creating a workplace environment where all employees, regardless of age, can work with peace of mind. As part of this initiative, we conducted fall prevention training for older employees. Participants deepened their understanding of age-related changes in physical function and fall risks, while also learning about safe movements and postures in daily tasks, as well as things to watch out for in the workplace. We also included physical fitness assessments and simple exercises, implementing practical preventive measures.



Fall prevention training session

Post-training surveys revealed numerous responses such as "my awareness of hazards has changed," "I now consciously practice safe behaviors," and "I would recommend this to colleagues." This training program has helped heighten awareness that "maintaining safety is part of the job."

We will continue to implement safety measures and health support programs to build a workplace where all employees can work safely and with peace of mind for the long term.

Global Safety Activities

As part of our safety activities for our domestic and overseas affiliated companies, we conduct self-inspections regarding safety twice a year. The results of self-inspections are reflected in safety activities for the next fiscal year, thereby improving safety activities.

Special Feature

The DNA Embodied in DAIDO METAL COLLEGE

In April 2005, the Company established “DAIDO METAL COLLEGE,” which is a Company-wide educational institution that is completely different from previous forms of training. By nurturing a motivated mindset through the acquisition of specialized knowledge spanning a wide range of fields, as well as providing practical education, we pass down our unique technologies and play a role in developing the next generation of human resources.

Aiming for wide-ranging, in-depth, and genuine education for human resource development

**Hirota
Kayukawa**
Head, DAIDO METAL
COLLEGE



DAIDO METAL COLLEGE incorporates the training courses based on our educational system diagram [\[Fig. P. 49\]](#), and completion of the training courses according to one's job position is required for promotion in the human resource system. Each training program is conducted according to a set curriculum, and during the training period, trainees spend time away from their workplaces in order to attend classroom instruction, factory tours, and practical training. The total number of graduates to date has reached 2,447 (as of 31 March 2025).

Training courses for regular positions include programs lasting up to 18 days, enabling trainees to acquire a broad spectrum of knowledge through practical education. This approach is not only geared towards developing human resources but also to enhancing the speed and quality of their work. The college is focusing its efforts in particular on education for those who are candidates to become plant site supervisors, and our supervisor candidate training program includes practical improvement training conducted at the trainees' workplaces.

Through this training, DAIDO METAL COLLEGE aims for each employee to steadily grow and develop into the following type of human resource. First, we will train practical human resources who possess both on-site practical skills and theoretical knowledge, equipping them with the tools to respond flexibly to a different set of situations. In addition, we are focusing efforts on developing highly reliable human resources who possess a strong awareness of areas fundamental to corporate activities such as safety, the environment, and compliance, and who can act responsibly. Furthermore, by training problem-solving human resources who can independently identify operational challenges and initiate solutions, we develop the skills to contribute to on-site improvements and greater operational efficiency. We also support the creation of better workplace environments by fostering flexible and team-oriented human resources who respect diversity and can work with others without prejudice. In the future, we expect them to develop into human resources equipped with leadership skills, who are able to play



A training course lecture



Practising the assembly of automotive engine bearings

Training

- Employees with practical experience conduct the lectures and share their experiences
- Practising the assembly of our flagship product (automotive engine bearings)
- Lectures on safety and health, environment, compliance, unconscious bias, etc.
- Lectures to improve problem-solving ability
- Factory tours

Human Resources To Be Cultivated

Practically-minded human resources	Human resources who possess both practical skills and theoretical knowledge, and can respond flexibly.
Reliable human resources	Human resources with a high level of awareness in areas fundamental to corporate activities and who can act responsibly.
Problem-solving human resources	Human resources who can independently identify challenges and initiate solutions.
Team-oriented human resources	Human resources who respect diversity and are flexible and cooperative

Human resources with leadership skills

Human resources who play central roles in the organization as leaders who drive the workplace forward.

central roles in supporting the organization as supervisors, and become leaders who drive the workplace forward.

We also accept trainees and auditors from our Group companies, and provide them with educational support. To maximize utilization of DAIDO METAL COLLEGE training across our entire group, classroom lectures can now be attended remotely, bringing the program within reach of those located far away. At DAIDO METAL COLLEGE, we are constantly perfecting our educational content, with the goal of providing training that enables every employee within our Group to raise their skill levels.

Employee Interview

Taking the “Regular Position Technical Entry-level Course”

Three and a half years have passed since I joined the Company, and while I've gained the basics of the departments and factories I've worked at, I've also had increasing opportunities to tackle new projects like new ventures. This has made me realize the importance of having wide-ranging knowledge. I also felt that I rarely had the opportunity to learn about the work done in other departments or factories I had little involvement with.

I was given the opportunity to participate in a training course at DAIDO METAL COLLEGE, where I learned about all our products, their manufacturing processes, various foundational technologies, quality control methods, and even departments and factories I had little involvement with. By enrolling in this training program, I have gained a broad range of new knowledge, which I will apply to my own work.

K.H.
Production Technology Dept., Global
Management for Production Machinery
Division

For details, please visit [▶](#) for our sustainability website giving information on our human resources development programs.

<https://www.daidometal.com/sustainability/employees/>

Intellectual Capital Strategy



Constantly surpassing expectations through our own actions for a prosperous future

Arihiro Yoshida

Director and Managing Executive Officer
Head of the New Products Development Division

Amid the global movement towards a carbon-neutral, sustainable society, social requirements and customer needs are diversifying. To ensure we never miss new opportunities and can initiate technical solutions ourselves, our Group is promoting global cooperation in four major global hubs to accelerate new technology development, actively propose new products, and tackle the challenge of creating new business.

In our technology strategy under the Midterm Plan launched this fiscal year, we regard contributing to the global environment as vital, and our fundamental approach is to gain broader and deeper market insights regarding related technologies and to create a prosperous future through our own actions.

Besides helping to reduce CO₂ emissions and our environmental impact by deepening our existing tribology products and proactively creating new business that leverages our core technologies, we are focusing our efforts particularly on achieving a hydrogen society through various technologies for “producing, storing, transporting, and using” hydrogen, as well as carbon recycling technologies.

In order to develop technologies efficiently, we will actively pursue the use of DX and data science to reduce development workloads. We will also focus on developing the human resources to carry out these initiatives and on intellectual property activities.

Our Group's technical centers, both in Japan and abroad, obtain the latest technical information and promote joint research globally with renowned universities and research institutions. Those results are actively shared through participation in various academic conferences and paper presentations. Going forward, we will continue to be sensitive to change through these cooperative activities and take on the challenge of developing new products and technologies that we can propose to customers without letting any opportunities slip by thus contributing to global society.

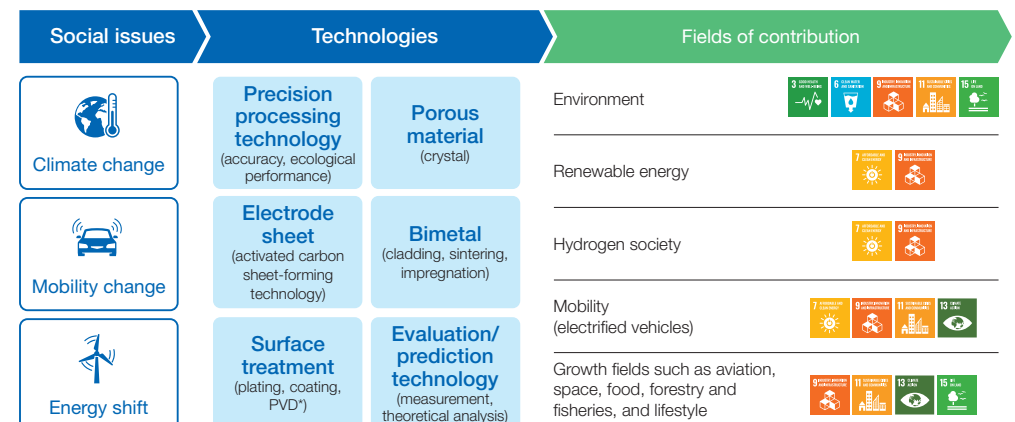
Technology Development Policy

Through our business, we aim to solve social issues faced by the industrial world, such as climate change, mobility change, and energy shift. We are actively promoting the development of products that create new value by reducing frictional resistance and energy loss in response to ‘movement’ in a wide range of fields around the world.



Make the Most of Six Technologies to Create New Business

Based on the six technologies, i.e. precision processing technology, porous material, electrode sheet, bimetal, surface treatment, evaluation/prediction technology, we are engaged in research and development of new technologies by making full use of our knowledge, experience, and information. We will make a contribution to growing fields, e.g. environment, renewable energy, hydrogen energy-based society, mobility, aviation, space, food, agriculture, forestry and fisheries, and lifestyle, by brushing up on the existing technologies and accelerating new technology development.



* Physical Vapor Deposition, a technology used in the surface treatment of metals

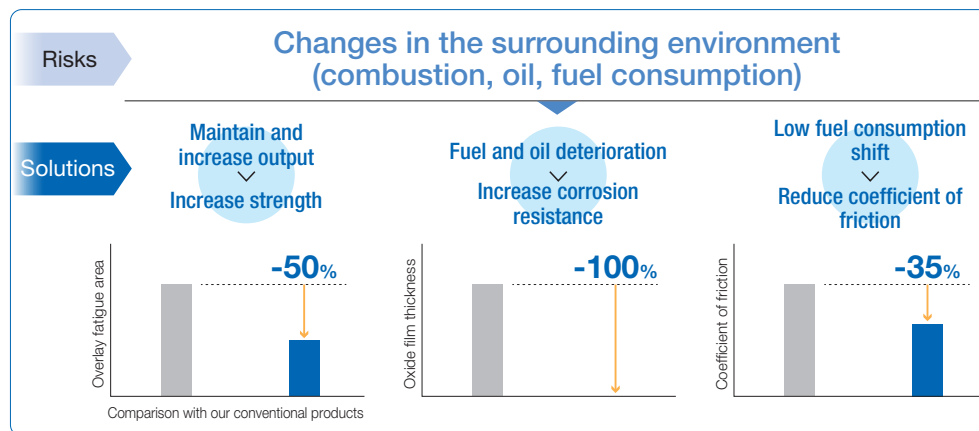
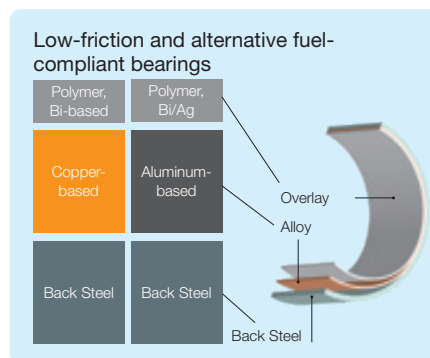
Intellectual Capital Strategy

Product Development in Core Business

Powertrain Business

With the goal of carbon neutrality, we are developing low-friction bearings that increase engine efficiency and researching new materials for use in electric vehicles (EV).

In addition, we are taking on the challenge of researching and developing the application of plain bearings to motors. We are also advancing the development of bearings that can accommodate biofuels and carbon-neutral fuels (hydrogen, synthetic fuels, etc.) that are being considered for application as fuels in internal combustion engines going forward.



Marine & Energy Business

We have developed and offer a new lead-free overlay that is compatible with the high specific load of medium and high speed engine bearings used in auxiliary equipment for ship engines and generators etc., and we have continued to obtain positive results. In addition, we have developed a lead-free copper alloy that can be used in gas engines and other special environments, and we are providing this alloy for use in experimental evaluations.

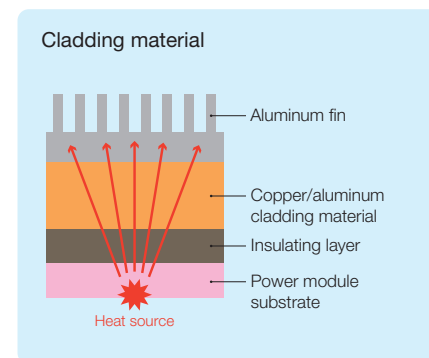
Furthermore, we are researching the impact on bearings when alternative fuels (hydrogen, ammonia, methanol, etc.) are used in both low speed and medium and high speed engines and have started to evaluate bearings with some customers.



Product Development in Semi Core and Next Core Business

We are conducting research and development to follow carbon neutrality and environmental regulations not only in the mobility industry but also a wide range of industries. In the energy field, we are advancing the development and market assessment of special bearings for wind turbines.

In addition, we are moving forward with the application development of laminate materials that incorporate cladding technology to bond different metal materials as well as applications for porous metallic substances that apply sintering technology to combine sound absorption, water absorption, and heat-dispersing properties.

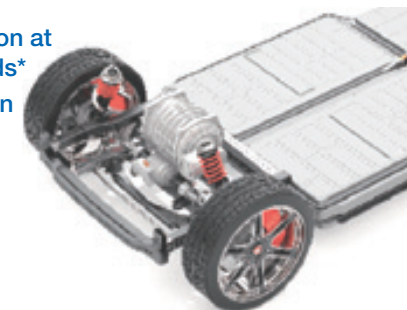


Motor (eAxle) bearings: Ball bearings → Plain bearings (our Company)

Ball bearings are now the mainstream choice for electric vehicle motors, however, as motor rotational speeds increase in the future, plain bearings will offer lower energy loss from friction. They can also contribute to miniaturization and offer cost advantages.

- Help improve durability** → Excellent durability under high-speed rotation and heavy loads
- Help reduce power consumption** → Up to 80% less friction at high rotational speeds*
- Helps weight reduction** → 43% weight reduction on average*
- Helps miniaturization** → Up to 67% space savings*

*Compared to conventional products (based on our research)



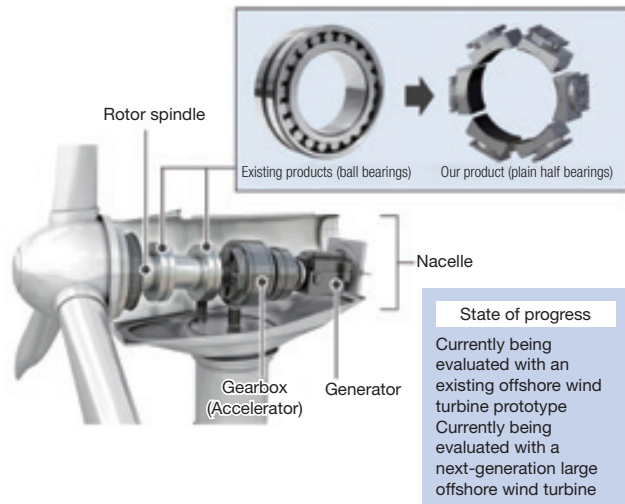
Intellectual Capital Strategy

Strengthening Initiatives for Wind Turbine Generator Bearings

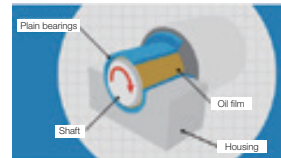
We are strengthening our efforts in bearings for wind turbine generators which are expected to grow in demand going forward.

Product feature 1 Reduce maintenance time and costs

Product feature 2 Improve the lifespan of wind turbine generators



Structure of the main bearing for an offshore wind turbine generator



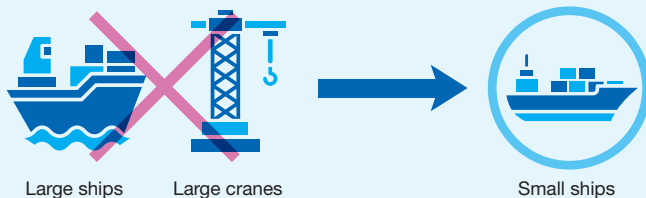
Fluid lubrication bearing

- Designed to support the load through an oil film formed between the shaft and the plain bearing

Used extensively in hydroelectric and thermal power generation for over 25 years

Contributing here

Bearings can be maintained and replaced inside the nacelle, eliminating the need for large vessels or cranes. This helps reduce the replacement time, generation down time, and replacement cost.



Building a Research Facility for the Wind Turbine Technology R&D Institute

Purpose

Improve the design reliability of plain bearings for large wind turbines

Location

DAIDO METAL SAGA CO., LTD. [Consolidated subsidiary] (Takeo City, Saga Prefecture)

With regard to the development of next-generation wind turbine element technologies to accommodate larger offshore wind turbines, our Company, as the world's leading bearing manufacturer, has installed a plain bearing bench testing facility in this Research Facility. The facility will be completed with a grant from the New Energy and Industrial Technology Development Organization (NEDO)'s Green Innovation Fund Project (Cost Reductions for Offshore Wind Power Generation) adopted in January 2022.

We will collaborate with Saga University and the National Institute of Advanced Industrial Science and Technology to develop plain bearings for wind turbines.



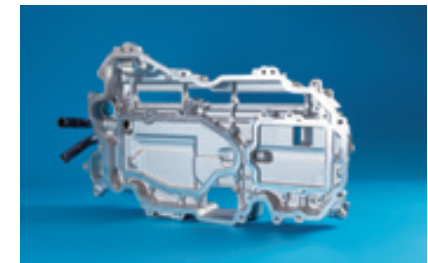
Expansion of Sales for the Shift to EV

Aluminum die-cast products

Sales of electric vehicle components to grow to 30% of die-casting sales

Mass-produced parts include the PCU case, inverter, and motor bracket.

Sales expansion strategy for die-cast products for thermal management in the Japanese, North American, and Asian markets



Aluminum die-cast case for power control unit

Precision metal processing products

Module components for heating and cooling the IPU (Intelligent Power Unit) of BEV vehicles



IPU heating parts

FCV truck cooling pipe

Large truck FCV (fuel cell) cooling pipe

Special Feature

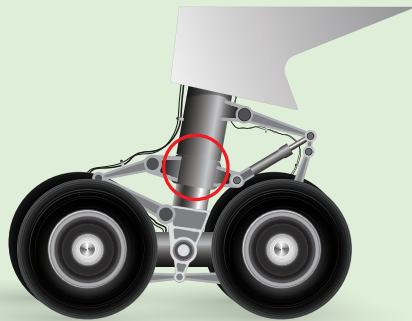
The DNA Embodied in DAIDO METAL's Core Technology

Our plain bearings serve as critical components supporting rotational, sliding, and oscillating motions in equipment across all industrial sectors ranging from industrial machinery and infrastructure facilities to everyday consumer products, thereby playing a vital role in the sustainable development of society. Their high durability and low friction properties also help to improve energy efficiency and reduce CO₂ emissions. We are continuing to provide value through technological innovation, aiming to reduce our environmental impact and realize a safe and secure society.

Plain bearings' contribution to society

Life Business segment products

Landing gear



Excavators



Features of our plain bearings

- Exhibit a low coefficient of friction and wear resistance under non-lubricated conditions
- Deliver high load capacity
- Wide operating temperature range
- Highly resistant to chemical agents

Frictional coefficient

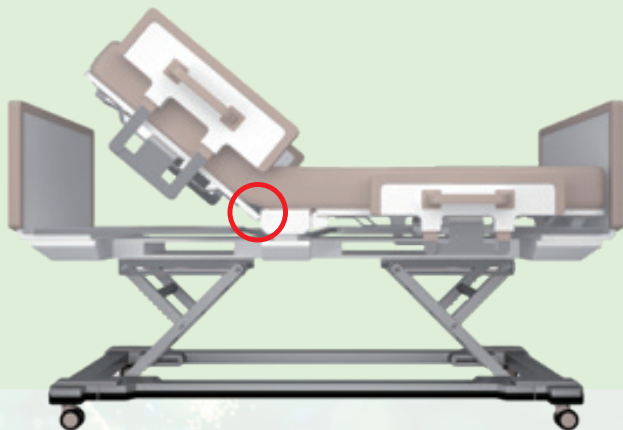
Our products

Rival products

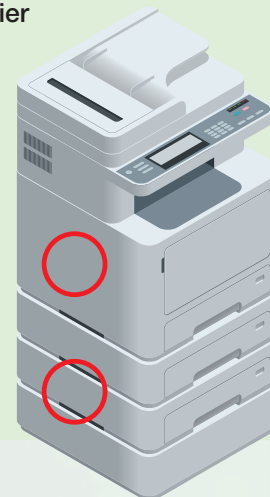


*Based on our own research findings

Reclining bed



Photocopier



Office chair





Intellectual Capital Strategy

Adaptation and Evolution of Core Technologies

Leveraging our core technologies cultivated as an engine bearing manufacturer, including advanced materials technology, precision machining technology, and lubrication technology, we are developing new products that meet social issues head on in fields such as next-generation mobility and renewable energy.

Engine bearings for data center generators

Our plain bearings are being adopted for generator engines used in data centers, where increased demand is anticipated.

Social background	Our products
<p>The penetration of IT, the utilization of artificial intelligence (AI), and the widespread adoption of IT communication</p>  <p>▶ It is anticipated that the number and size of data centers is set to increase. The data center market is expected to continue its steady growth in tandem with the evolution of IT technology.</p>	<p>Our plain bearings are being adopted for engines such as backup emergency generators, which are essential for data centers.</p>  <p>▶ We plan to implement capital expenditure to expand production capability and establish a supply system responsive to demand.</p>

Development of electrode sheet technology and graphene thick-film electrodes

As a result of joint research and development between our Company and Materials Innovation Tsukuba, **we have succeeded in manufacturing the world's first groundbreaking thick-film electrode using graphene, achieving high energy density in capacitors, which was previously difficult with conventional technology.**

In recent years, as energy storage devices have made rapid progress, there is a growing demand for the development of high-performance, sustainable energy storage technologies.

Previous graphene electrodes were coated with graphene material in paste form, making thick-film electrode production impossible. However, our Company succeeded in manufacturing high-density, thick-film graphene electrodes by utilizing graphene composite materials based on the "Gmit[®]" technology developed by Materials Innovation Tsukuba. **We combined this with our unique film deposition technology and manufacturing processes honed in the production of capacitor electrode sheets.**

Expected benefits in the next-generation energy storage device market

- ▶ Enables more efficient and safer energy storage
- ▶ Reduces maintenance costs due to extended service life
- ▶ Reduces environmental impact and contributes to the realization of a sustainable society



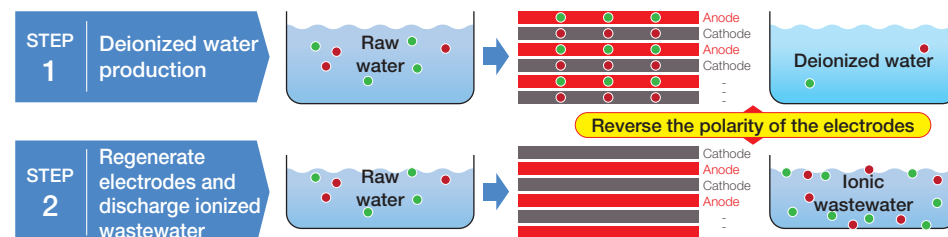
Deionized water treatment equipment

By applying our electrode sheet for electric double layer capacitors technology, we are making advances in the development of water treatment equipment that combines environmental considerations, such as reduced chemical usage and energy efficiency, with economic viability, thereby helping to preserve the global environment and biodiversity.



*Product impression

Mechanism of deionized water treatment equipment



Target ions for removal | ● Cations: calcium, sodium, magnesium, potassium, etc. ● Anions: chloride, hypochlorite, sulfate, nitrate, etc.

Benefits of application

Reduce pure water production costs

Reuse of wastewater to rinse plating equipment

Applying voltage to the electrodes to adsorb ions reduces the frequency of replacing consumables used in pure water production equipment (such as ion exchange resin systems).

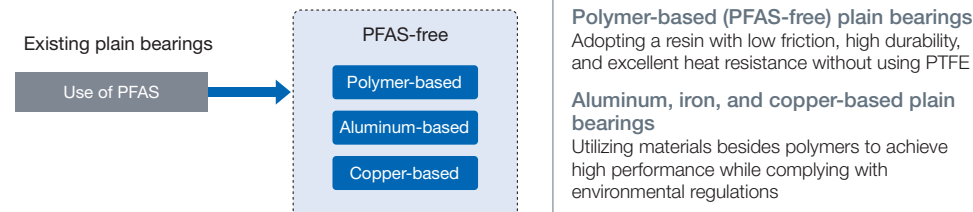
Environmentally-friendly Products: PFAS-free bearings

PFAS are subject to regulations due to concerns about their environmental and health impacts. As regulations are expected to be tightened in the future, there will be a need to select alternative materials and review manufacturing processes.

High-performance polymers with excellent low-friction properties are widely used in plain bearings, and PTFE (polytetrafluoroethylene) in particular is used in many plain bearings.

Our Company is developing PFAS-free materials and promoting initiatives to preserve the global environment, including biodiversity.

DAIDO METAL's plain bearings



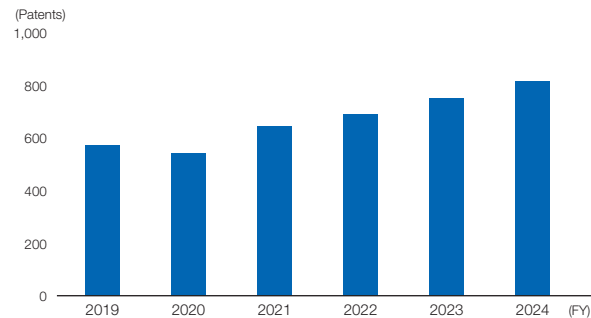
Intellectual Capital Strategy

Intellectual Property Activity Initiative

Basic Concept on Intellectual Property

Our Group strives to properly manage the intellectual property rights that we possess to prevent infringement by third parties, while also establishing in the Code of Conduct that we will not use the intellectual property rights of other people or companies without permission. Moreover, we will continue to focus on the plain bearing technology that we have accumulated through research and development as well as technology innovation over many years. At the same time, we are working on creating new business, aiming to solve social issues such as climate change through our operations and contribute to global society. To this end, we are also focusing on patents, utility models, trademarks, and designs to expand our new intellectual property portfolio.

Number of patents

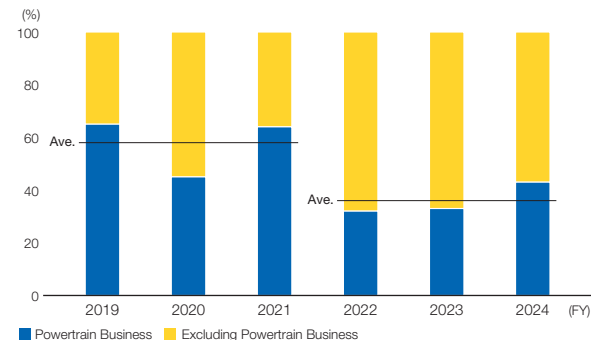


Strengthening patents globally

We are expanding our patent portfolio not only within Japan but globally, while also conducting a thorough review of our existing patents to keep pace with changes in the business environment.

Percentage of patent publications by business sector in Japan

(with total set at 100%)



Expansion of the intellectual property portfolio

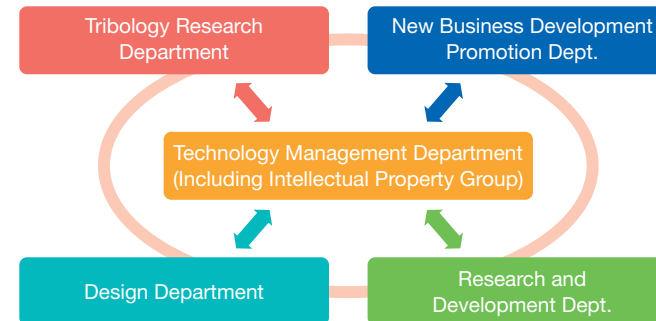
We will boost our business competitiveness by expanding our intellectual property portfolio and increasing the proportion of patent applications in areas beyond our core Powertrain business.

Promoting intellectual property activities

Our Group's intellectual property is created through research and development activities within each department, academic society activities, and interactions with universities and customers. The New Product Development Division supports these activities in collaboration with our overseas technical centers worldwide. The Intellectual Property Group reports to the Technology Management Department within this New Products Development Division. It supports the activities of each department within this division and overseas technical centers, working together to develop new technologies and create intellectual property.

Moreover, we will support the creation of new business through the promotion of digital transformation and the utilization of AI, reduce the number of hours for patent searches, and pursue streamline and automate IP operations. We will also focus our efforts on maintaining and strengthening our rights by enhancing personnel training and awareness activities, protecting and strengthening IP, engaging in anti-counterfeiting measures, and other activities.

New Products Development Division



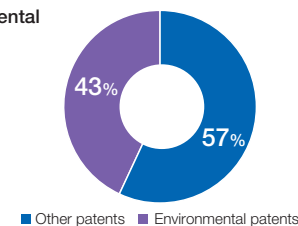
Examples of Activities

- Technical development through collaboration with customers
- Joint research through academic society activities and university tie-ups
- Training on intellectual property through invention/application

Handling environmentally-conscious products

Our Group has developed environmentally-conscious products, primarily focusing on lead-free bearing materials. We will continue to make technological developments aimed at addressing societal challenges such as climate change.

Percentage of environmental patents (published) filed since 2020



Examples of environmental patents

- Lead-free bearing materials
- Bio-based materials
- Wind power-related technology
- Water treatment equipment-related technology
- EV electrification technology

Natural Capital Strategy

Environmental Management

To help achieve a sustainable society, our Group formulated the DAIDO METAL GROUP Environmental Policy in April 2004. We are promoting environmental conservation activities taking into full consideration our limited resources and purification capabilities. The entire Group is actively working toward the creation of a recycling-oriented society and taking definitive action to protect the future global environment.

Environmental Policy

I. Fundamental Philosophy

The DAIDO METAL GROUP views the global environment as a precious resource for all people to share, and considers protection of the environment to be one of the most important issues facing mankind. We will focus all efforts and technology on preserving the environment.

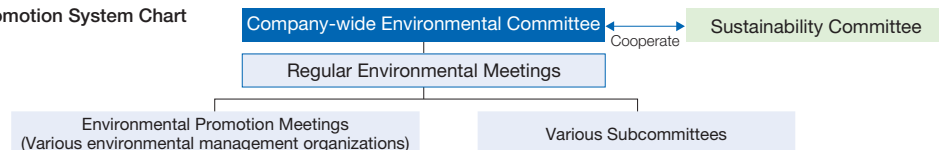
II. Fundamental Policies

- The Group will comply with environmental laws and regulations and other requirements to which it has agreed.
- In order to promote environmental conservation, continuously improve activities for the maintenance of the environment and prevent pollution, the Company will set and regularly review environmental targets and goals.
- In all business activities, comprehensive efforts will be made to reduce energy consumption and material use, recycle materials, and reduce industrial waste to a minimum.
- Through the development of products and technologies, the Group will employ its overall technical abilities in an effort to preserve and clean up the environment.
- The Group will take active steps to inform customers, the local community and other related parties of its efforts to preserve the environment, and promote communication regarding the issue.
- Through environmental education and informative activities, the Group will seek to boost environmental awareness among all employees, and encourage them to take it upon themselves to participate in environment-related activities.
- In order to increase the effectiveness of this policy, the Company will strive to publicize it among employees and all those working for the Company.

Promotion System

Our Group established a Company-wide environmental committee to deliberate and decide on environmental policies and implementation plans, and we are working on environmental conservation activities. We have obtained ISO 14001 certification and are working to comply with laws and regulations, provide education, and manage energy and waste. We are also collaborating with the Sustainability Committee to aim for a sustainable future.

Promotion System Chart



Environmental Management System

With the aim of conserving the environment and improving performance, our Group effectively operates an environmental management system using the ISO 14001 standard. We are committed to maintaining our self-initiated activities and continuously striving for improvement. We raise environmental awareness through employee education and training and conduct regular audits and evaluations to verify target achievement status. We then enact improvement measures as needed. These activities are reported as environmental performance and build trust with stakeholders by ensuring transparency. Moreover, we widely share the results of our environmental conservation activities both internally and externally for a sustainable future.

Main ISO14001 certified offices and plants

- DAIDO METAL CO., LTD. — Headquarters — Inuyama Site Office — Gifu Plant
- DAIDO METAL SALES CO., LTD. ● DAIDO LOGITECH CO., LTD.
- Daido Plain Bearings Co., Ltd. ● Daido Industrial Bearings Japan Co., Ltd.
- DAIDO METAL SAGA CO., LTD.

Certificate number:
JQA-EM1402



Domestic and overseas affiliated companies other than those mentioned above are also acquiring ISO14001 certification, and the entire Group is working toward this goal.

Strengthening environmental education and audit systems

Our Group regards environmental conservation as a key corporate responsibility and provides systematic environmental education to enable environmentally-conscious actions in daily operations.

Based on the principles of environmental management systems, we place emphasis on making a contribution to the environment through core business operations, which involves identifying the environmental impacts of our own work from a lifecycle perspective and driving improvements. Employees set practical environmental goals as their "My Eco Declaration" and put them into practice, thereby promoting enhanced environmental awareness and behavioral change across the entire organization.

In addition, ISO 14001 places significant emphasis on improving environmental performance, and internal audits are regarded as activities that impact environmental performance. Accordingly, we conduct training sessions to enhance the skills of internal auditors and focus on improving their capabilities.

Going forward, we will continue to enhance the quality of our environmental management through both environmental education and our audit system, and play our role in realizing a sustainable society.



Internal auditor training session

Natural Capital Strategy

Addressing Climate Change

Carbon Neutral Policy

Our Group recognizes that addressing climate change is “an important issue that should be prioritized (Materiality),” and our goal is to achieve carbon neutrality by 2050 to contribute to a sustainable global society. Furthermore, in June 2024, we set an interim target for FY2030 (reduce CO₂ emissions by 35%* compared to FY2019 Scope 1 and 2) as a milestone.

Basic Concept

In order to achieve net-zero CO₂ emissions by 2050, the Group will incorporate measures such as energy savings, the use of renewable energy, and the promotion of innovation into its action plan. We will promote concrete initiatives aimed at reducing CO₂ emissions in a step-by-step manner with the aim of realizing a sustainable society and a carbon neutral Group.

Promoting the Adoption of Renewable Energy

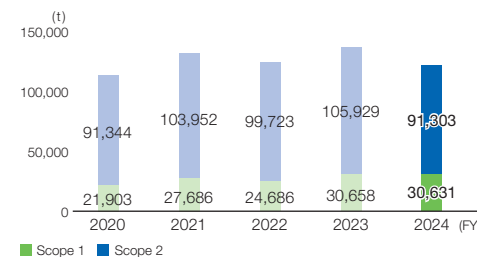
As part of our Group's efforts to achieve carbon neutrality, we are actively promoting the introduction of renewable energy. The CO₂-free electricity we started using in FY2022 is now being used in more sites and at a greater volume since FY2024, accelerating the reduction of greenhouse gas emissions from our business activities. This will enable us to balance achievement of a sustainable society and enhanced corporate value, while helping to reduce our environmental impact.

CO₂ Emissions by Scope

We will continue to make progress with energy efficiency and manage information and promote visualization of the status in order to cut greenhouse gas emissions throughout our Group. This will help reduce our environmental impact.

Scope of data: Global
Period under review: April 2024 - March 2025

CO₂ emissions by scope



Educating employees about carbon neutrality

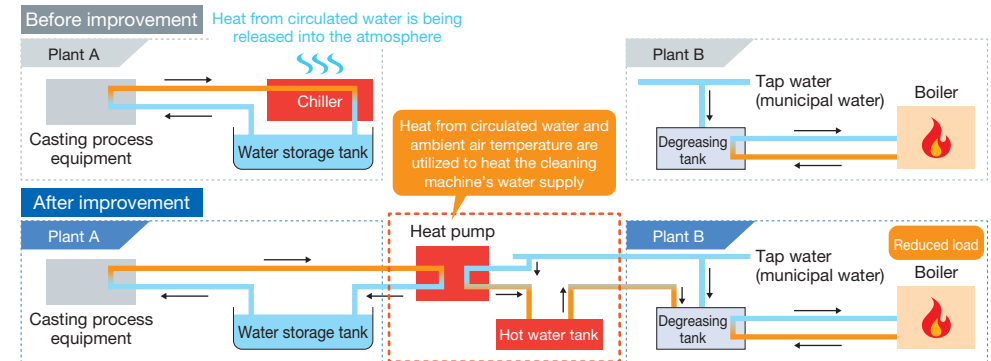
Since FY2022, we have been providing education to our employees aimed at achieving our Company-wide policy for carbon neutrality. At our in-house educational institution, DAIDO METAL COLLEGE [P. 53], we hold beginners' courses to raise awareness of decarbonization among younger employees. In FY2023, we started an intermediate course for mid-level employees, and in November 2023, we distributed information to all employees at Group companies under the title “Carbon Neutral Forest” to increase their awareness.

Examples of Energy-saving Activities

To reduce our environmental impact and increase energy efficiency, we have introduced heat pumps to replace conventional chiller equipment. This makes effective use of the waste heat from circulating water, previously released into the atmosphere, and the ambient temperature, reusing it to heat the water supply for the cleaning machine. Such activities significantly reduce the load on the boiler equipment. Consequently, we have reduced total municipal gas usage and decreased CO₂ emissions. Going forward, we will continue to devise more sophisticated energy solutions aimed at realizing a sustainable society.



Installation of a heat pump



Message from Employees

Utilizing Smart Energy and Reducing CO₂ Emissions Throughout the Factory

At the Bimetal Division, various equipment is used to produce bimetal material, including casting equipment, rolling equipment, and facilities utilizing cold and hot water, all of which consume significant amounts of energy.

By using a heat pump unit as the chiller for cold water production in the casting facility, we reduced boiler load, cut down on municipal gas usage, and helped reduce CO₂ emissions. In the future, we will continue to utilize smart energy to reduce our environmental impact, focusing not just on individual equipment but on the entire factory as a whole.



S.Y.
Bimetal Division

Natural Capital Strategy

Realizing a Recycling Society

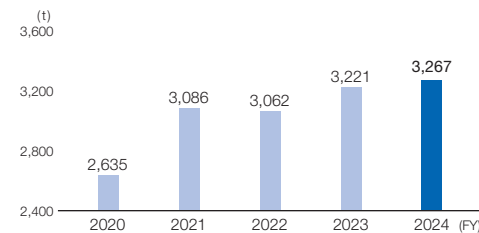
To help achieve a sustainable society, we are working to make effective use of resources and reduce our environmental impact. In more specific terms, we are striving to promote resource circulation and reduce waste by recycling metal resources, cutting down on waste, and reusing lubricants and solvents.

Waste Reduction Activities

As our Group generates a significant portion of its industrial waste from surface treatment and processing operations, we are proceeding with resource recycling initiatives such as reducing plating waste liquids and reusing lubricants and solvents with a view to reducing our environmental impact. Moreover, in light of more stringent environmental regulations, our efforts are now focused on reducing the use of plastics and other materials and on continuously implementing finely-tuned measures, which will contribute towards achieving a sustainable society.

Scope of data: DAIDO METAL CO., LTD., Daido Plain Bearings Co., Ltd., Daido Industrial Bearings Japan Co., Ltd., DAIDO METAL SAGA CO., LTD., NDC Co., Ltd., and Iino Manufacturing Co., Ltd.
Period under review: April 2024 - March 2025

Trends in the volume of waste generated



Donating unused items to the municipality

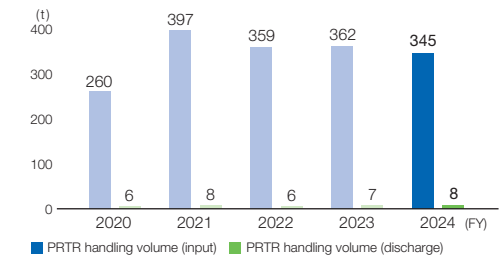
Based on the principles of resource recycling and corporate social responsibility (CSR), Daido Metal Mexico, S.A. DE C.V. (Mexico) donated reusable electronic equipment and office furniture to the neighboring municipality of Tala. With an emphasis on regional partnerships and concern for the environment, we are striving to cut down on waste and make effective use of resources. In addition, donated items are put to use within the hospital, and by making improvements in the medical and administrative infrastructure, we are contributing to the development of a sustainable local community and the realization of transparent administrative operations.

Management System for Chemicals Contained in Products

Progress is being made in establishing international regulations on the use of chemical substances, such as REACH regulations, and it has become increasingly important to appropriately manage chemical substances contained in products at each stage of procurement, manufacturing, and shipping. DAIDO METAL's management of this issue is based on JIS Z 7201 (Management of chemicals in products - Principles and guidelines), and this information is published internally as well as being used to respond promptly to client requests.

Scope of data: DAIDO METAL CO., LTD.
Period under review: April 2024 - March 2025

Trends in emissions of PRTR substances



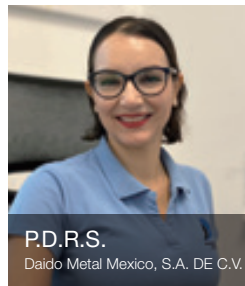
Message from Employees

Taking Pride in Good Mental Health and Social Responsibility

As an occupational psychologist, I work in the EHS (Environment, Health, and Safety) and HR (Human Resources) departments at Daido Metal Mexico, S.A. DE C.V. (Mexico). As a member of a Company that acts for the benefit of people and society, I take great pride in being involved in promoting good mental health in the workplace.

Furthermore, being able to participate in the donation activities carried out by Daido Metal Mexico, S.A. DE C.V. for the city of Tala was a deeply meaningful experience for me. This initiative symbolizes the values of sharing, solidarity, and empathy cherished by Daido Metal Mexico, S.A. DE C.V., and constitutes part of our efforts to fulfill our corporate social responsibility.

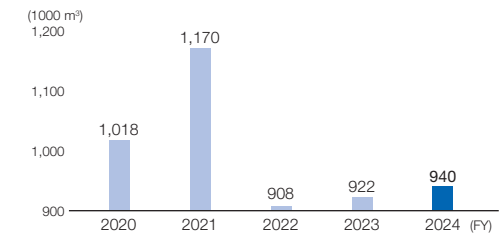
Through such initiatives, I feel an even greater sense of pride and belonging as a member of Daido Metal Mexico, S.A. DE C.V. I hope to continue making a contribution to corporate value creation in the future while also supporting employee well-being and the sustainable development of local communities.



Conservation of Water Resources

Our Group regards the conservation of finite water resources as one of the critical environmental challenges in realizing a sustainable society. In our Group's manufacturing processes, water is used in numerous stages such as for surface treatment and cleaning, so optimizing water usage and properly managing wastewater are extremely important from the perspective of reducing our environmental impact. We will continue to make technological innovations and operational improvements to further reduce our environmental impact and ensure the sustainable use of water resources.

Water usage trends



Scope of data: DAIDO METAL CO., LTD., Daido Plain Bearings Co., Ltd., Daido Industrial Bearings Japan Co., Ltd., DAIDO METAL SAGA CO., LTD., NDC Co., Ltd., and Iino Manufacturing Co., Ltd.
Period under review: April 2024 - March 2025

Natural Capital Strategy

Conserving Biodiversity

Biodiversity Policy

The DAIDO METAL Group strives to conserve and restore natural capital, including biodiversity and ecosystems, in collaboration and partnership with our stakeholders to realize a sustainable society and a society that coexists in harmony with nature.

Our Group places high importance on biodiversity conservation from both the perspective of corporate social responsibility and long-term value creation.

Biodiversity is the foundation of the natural capital that sustains our lives and business activities, and is a prerequisite of achieving a sustainable society. As a manufacturing Company, our relationship with the natural environment is wide-ranging, spanning from raw material procurement to product manufacturing and distribution.

Our Group takes a serious view of the impact our business activities have on ecosystems, and through dialogue and collaboration with local communities and stakeholders, we promote corporate activities that promote harmony with the environment. We will continue our efforts toward biodiversity conservation, recognizing that these initiatives contribute not only to environmental preservation but also to the sustainable growth of our Company.

Participating in the Keidanren Initiative for Biodiversity Conservation

In August 2024, we signed on to the “Keidanren Declaration for Biodiversity and Guideline” established by the Japan Business Federation (Keidanren) and the Keidanren Nature Conservation Council and joined the “Keidanren Initiative for Biodiversity Conservation.”

We are working in cooperation with our stakeholders to raise the environmental awareness of each employee and enable them to carry out biodiversity conservation activities with a sense of personal responsibility.



Participating in Tree Planting Activities at the Nagara River Headwaters

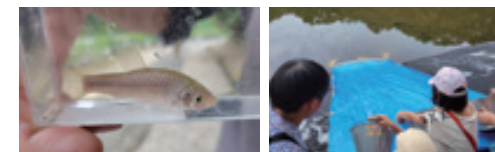
In May 2025, our employees and their families participated in tree planting activities hosted by the Gujo Fisheries Cooperative Association as part of the “Nagara River Headwaters Forest Development Project.” These activities seek to maintain and improve the rich ecosystem by nurturing the forests at the headwaters of the Nagara River, which are the source of the hydrosphere that runs from the mountains to the river and on to the sea. A total of 400 trees have been planted.



Tree planting activity at the Nagara River headwaters

Contributing to the local environment through conservation of the endangered dwarf topmouth minnow.

In August 2025, several employees from our Company volunteered at the “Endangered Ushimotsugo Minnow. Homecoming Release Event and Lecture” held at the Little World Museum of Man (Inuyama City). The dwarf topmouth minnow is a regionally endemic freshwater fish that is facing extinction due to environmental changes among other factors. This activity brought home the importance of protecting endangered species and biodiversity, and served to support efforts to protect the local natural environment. We will continue to actively promote environmental conservation and regional collaboration to realize a sustainable society.



Endangered dwarf topmouth minnow

Releasing the fish

Development of infrastructure conscious of climate change and biodiversity



The formed wetland

ISS America, Inc. (USA) implemented a wetland system on its premises to improve storm drainage, opting for this environmentally-conscious approach as an alternative to traditional concrete ditches.

Wetlands naturally purify water while slowing the flow of rainwater, helping to contain floods and replenish groundwater. Furthermore, the absorption of CO₂ by soil and plants is expected to have a certain effect on mitigating climate change. Due to these functions, wetlands are

increasingly seen as an integral part of sustainable land use.

The formed wetlands have been confirmed to host flora and fauna adapted to the surrounding environment, serving as part of the habitat for living organisms. We will continue to develop facilities in harmony with the local environment, and strive to realize sustainable business activities.

Message from Employees

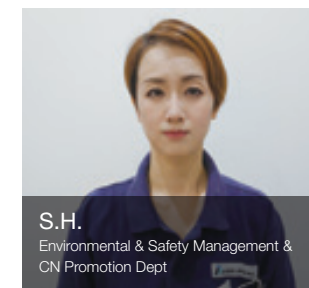
Starting here and now toward coexistence with biodiversity

Our business is closely connected to the natural environment. So, that is precisely why I believe that conserving biodiversity is not something we “should do” but rather something we “must do”.

We must now carefully re-evaluate our often overlooked connection with nature and integrate it into our business activities.

Even small steps are the building blocks of big changes.

We will raise awareness within the Company and, working together with local communities and partners, take one step at a time toward a sustainable future.



S.H.
Environmental & Safety Management &
CN Promotion Dept

Social and Relationship Capital Strategy

Procurement

Basic Concept

In recent years stakeholders have been taking a growing interest in companies' CSR. We believe that CSR initiatives lead to increased corporate value and sustainable growth and promote such initiatives as an important management issue.

Strengthening Our Partnerships with Suppliers

We are strengthening our partnerships with suppliers through the activities of the DAIDO METAL Cooperation Association and Friendship Association which are comprised of our major business partners. In FY2024, we hosted not only a New Year's exchange party and a regular general meeting but also a lecture regarding our management policies and a cybersecurity training session to further strengthen cooperation. Through quality audits of key business partners, covering areas such as raw materials and component processing, we verify quality and production systems and award supplier certification as proof, helping to maintain and bolster our partnerships.



Provision of Green Procurement Guidelines

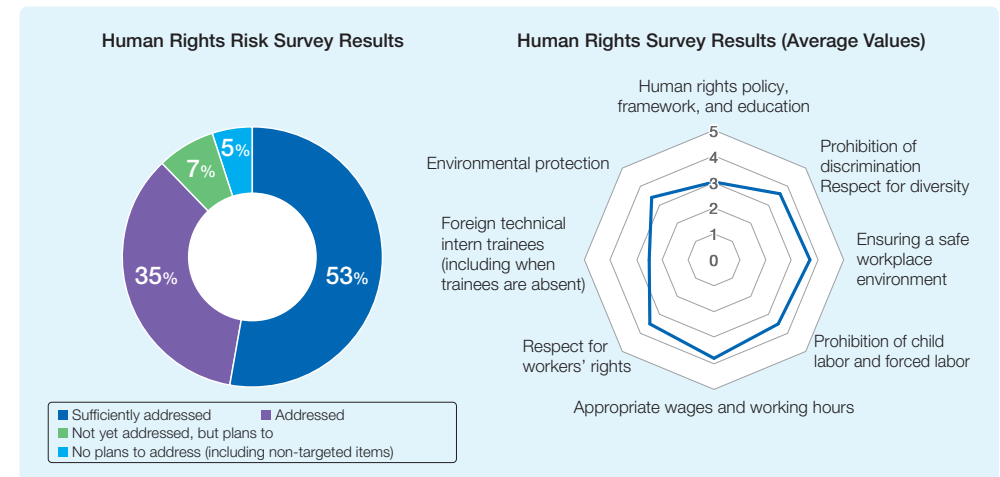
To expand our procurement related efforts to minimize our environmental impact as much as possible across the entire supply chain, we formulated the "Green Procurement Guidelines" and posted them on our website. We comply with the environmental laws and regulations of each country throughout the supply chain by surveying our business partners twice a year about the chemical substances contained in their products.



Provision of CSR Procurement Guidelines

To expand our CSR procurement initiative throughout the supply chain, we formulated the "CSR Procurement Guidelines" and posted them on our website so that stakeholders can view the details and learn more about our activities. In FY2023, we reflected and revised them in our human rights policy, conducted related surveys with our major business partners, and in FY2024, we ramped up collaboration by supporting our partners' improvements based on the survey results.

We collaborate throughout the supply chain to conduct investigations on the use of conflict minerals in accordance with Responsible Minerals Initiative's (RMI) Conflict Minerals Reporting Template (CMRT). We engage in procurement activities considerate of the adverse impacts on local communities, such as regional conflicts, human rights violations, and environmental destruction, and where there is fear of such risks, we strive to avoid their use.



Developing the Declaration on Building Partnership

To increase the added value throughout the supply chain and ensure fair and appropriate business relationships, we formulated the "Declaration on Building Partnership" and registered it on a dedicated portal website. In addition, after posting the details on the Company's website and sharing the information internally and externally, we conduct surveys of our business partners and take any necessary measures to promote appropriate business relationships with our business partners.



Stable procurement of raw materials (BCP)

From a BCP perspective, demand for stable procurement is also increasing. We are working closely with our suppliers, particularly those providing raw materials, to secure stable stock levels and diversify our procurement sources.

Social and Relationship Capital Strategy

Communication with stakeholders

Customers

Our Group's Policy and Attitude

- We develop and provide socially useful and safe products, and gain satisfaction and trust.

Examples of Dialogue and Communication Methods

- Exhibiting at various exhibitions
- Exchange information through our point of contact in the sales department
- Contact through our website

Shareholders

Our Group's Policy and Attitude

- We continue sustainable growth through increasing our corporate value.
- We will proactively and fairly disclose corporate information.

Examples of Dialogue and Communication Methods

- Annual Shareholders' Meeting
- Announcement of financial results and financial results briefing session
- Participation in various IR events and online IR seminars
- Holding small meetings and one-on-one meetings for investors
- Contact through our website

Holding the first-ever small meeting for institutional investors

In October 2024, we held our first-ever "Small Meeting" for institutional investors. On this occasion, we held a session on the theme of 'Aluminum Die Casting Business for Electric Vehicles,' with Mr. Sugiura, Executive Officer of Tokai Tokyo Intelligence Laboratory Co., Ltd., our cover analyst, serving as facilitator. By presenting our products firsthand and conveying what is actually happening on the ground, we engaged in meaningful dialogue with investors, which provided a valuable opportunity for them to gain a deeper understanding, while also allowing us to learn about their concerns and reactions.



Photo of the Small Meeting

Communication with stakeholders

Shareholders

Customers

Employee

Local Communities

Business Partners

Employees

Our Group's Policy and Attitude

- In addition to respecting diversity, we will ensure a safe and healthy work environment.

Examples of Dialogue and Communication Methods

- Dialogue through labor union and management consultation
- Improvement of all types of education and training
- Revitalization through internal newsletters
- Raising awareness via cafeteria display monitors
- Enhancement of the internal portal site

Business Partners

Our Group's Policy and Attitude

- We promote CSR activities and strive for sustainable growth throughout the whole supply chain.

Examples of Dialogue and Communication Methods

- Strengthening our partnerships with business partners
- Boosting collaboration through various surveys and questionnaires

Local Communities

Our Group's Policy and Attitude

- We are aware of our status as a member of the community and promote social contribution activities.
- We will contribute to the development of countries and regions by paying attention to compliance with local laws and respect for international norms, culture and customs.

Examples of Dialogue and Communication Methods

- Enhancing community engagement through summer festivals and factory tours
- Bolstering social contribution activities
- NPO support through the DAIDO METAL Pro Bono Program

Manufacturing Capital Strategy



Thinking and Acting through Manufacturing that Anticipates the Times and Focuses on Enhancing Corporate Value

Shizuo Tatsuki
Head of Global Management for
Production Machinery Division (current)

Our Group has built a global production system based on manufacturing near to our customers. To achieve consistent quality worldwide, we have earned customer trust by applying advanced technologies from our Japanese mother factory to each production site.

The market environment surrounding our Group is undergoing dramatic changes, including the shift from large-lot production to small-lot, high-mix production in the Powertrain business and entry into new business in the energy sector. To create new value and achieve sustainable growth, it is essential to add innovation to the manufacturing capital we have already accumulated.

At our factories, we will strengthen our structure through strategic investments in production infrastructure, such as automation of manufacturing lines and productivity improvements based on data analysis using IoT. At the same time, we will also make good use of the technologies cultivated thus far in our growth business — Marine, Life, and Frontier — and break away from the norm and revolutionize our facilities.

We will draw up plans to create a location-based production system by balancing supply and demand, explore production at suitable locations even for growth business, and implement productivity improvements while minimizing investment by making use of surplus equipment and leveraging general-purpose machinery for example.

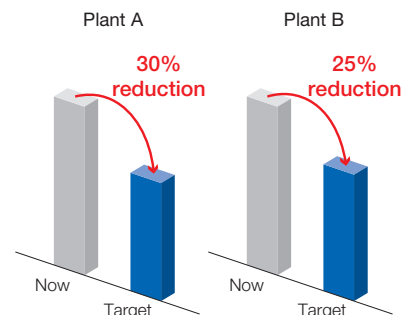
Moreover, in the under-developed fields of water treatment equipment and fuel cells, we will collaborate with the New Product Development Division to explore establishing forward-looking production systems from the prototype and development stages, and take on the challenge of creating new business opportunities for our Group at an early stage (creating new pillars for the future).

Basic Strategy

Evolution of Production System

We will seek to improve inventory turnover rather than focusing on ROE. We will discuss achieving appropriate inventory levels by improving inventory turnover, and implement a phased transition to a flexible production system capable of supplying the required products when needed.

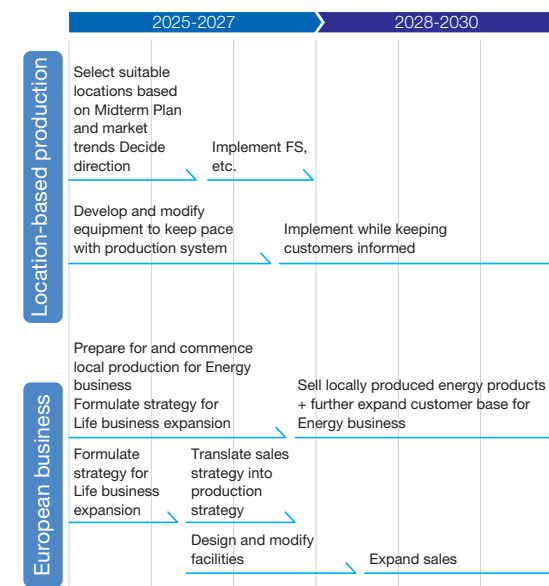
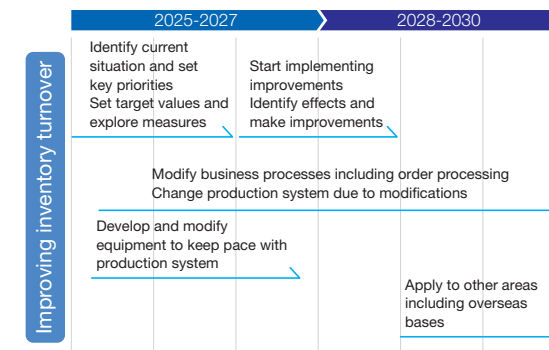
Setting appropriate inventory levels (target quantities)



Competitive Production System

We will enhance product competitiveness in the Powertrain Business by restructuring our production system through a shift to location-based production, while closely monitoring the situation concerning the reduction of ICE engines due to electrification. In addition, for our Energy Business (wind turbine bearings) and Life Business, we will establish a production system designed to accommodate business changes resulting from conducting production locally in Europe. In the case of our Frontier Business, we will seek to reduce costs by transitioning from supplying materials from Japan to utilizing locally sourced materials.

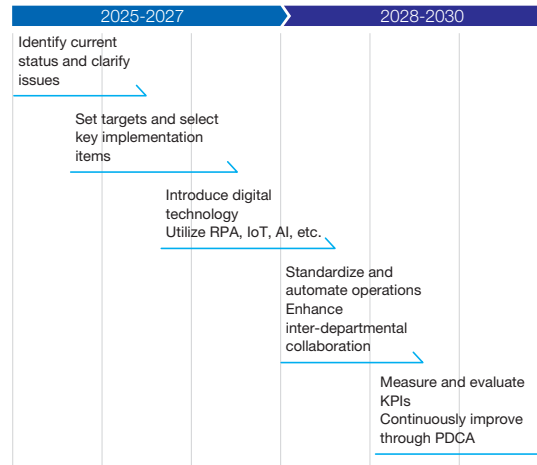
Evolution of Production System



Manufacturing Capital Strategy

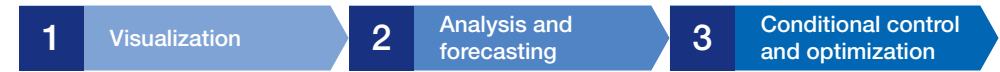
DX Strategy for Production Sites

We will implement improvements through initiatives such as the visualization of machinery operating status and the construction of a system that collects and analyzes production data. Based on domestic results, we will roll out such systems to overseas factories, aiming for enhanced productivity across all of our global operations.



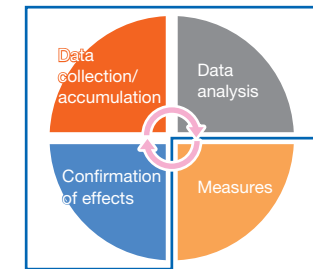
Specific Initiatives for Strengthening Manufacturing Capital

To boost the competitiveness of our entire Group, we have introduced an Andon system and equipment operation status analysis system at Daido Plain Bearings Co., Ltd. (Seki City, Gifu Prefecture). These systems improve our production efficiency and help realize smart factory transformation.



Andon system

Improvement cycle



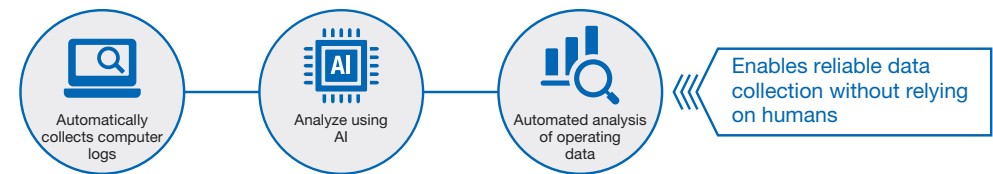
Strategy by Business Segment

Regarding manufacturing capital strategy, we are clarifying and promoting the roles to be fulfilled and the direction of initiatives for future growth in each business segment.

Powertrain Business	<ul style="list-style-type: none"> Promoting location-based production and responding to small-lot, high-mix production
Marine & Energy Business	<ul style="list-style-type: none"> Marine Business: Aiming to enhance production efficiency by applying automation and labor-saving techniques cultivated in the automotive sector Energy Business: In addition to local production in Europe, reducing costs through measures such as revising unit designs
Life Business	<ul style="list-style-type: none"> Contributing to improved profitability by expanding orders through business changes in Europe and reducing defects by utilizing sensors, cameras, and other technologies
Frontier Business	<ul style="list-style-type: none"> Implementing measures to reduce inspection man-hours, such as installing automated visual inspection equipment, to establish it as a future pillar Increasing production volume for pipe products, etc. by applying existing technologies to new markets, while implementing measures to maintain production efficiency
Others	<ul style="list-style-type: none"> Implementing measures to ensure no ongoing demand is missed, as many are used in relatively lengthy mechanisms

To bolster the competitive strength of our manufacturing sites and boost on-site capabilities, we are also working to improve the productivity of white-collar human resources and optimize the allocation of operating resources. We are conducting a full review of business operations and making improvements to inefficient processes with digital technology. In particular, we achieve operational efficiency and faster decision-making through the automation of routine tasks using RPA, the rapid development of business applications using no-code tools, and support and data analysis leveraging generative AI.

New initiative (AI tool for analyzing operation logs)



Highly effective improvements based on reliable data

Manufacturing Capital Strategy

Development of Human Resources at Manufacturing Sites

Policy

Our approach to passing on skills

We consider it a vital mission to ensure that the advanced skills accumulated on the manufacturing floor are reliably passed on to the next generation. The experience and wisdom of our skilled technicians extend beyond mere work procedures, serving as the foundation that underpins our product manufacturing in all aspects of safety, quality, and efficiency.

To pass on this precious asset to future generations, our Company is promoting the following initiatives for transferring skills.

- ① Orientation for newly-hired employees
- ② Technical instruction
- ③ Technical skill tests (national tests, own internal skill test system)
- ④ Supervisor training

Through these initiatives, we aim to create an environment where all employees, ranging from younger employees to supervisors, appreciate the essence of manufacturing and take pride in their work while getting a feeling for their own progress. We will continue to support the future of Japan's manufacturing industry and contribute to society by passing down skills.

① Orientation for newly-hired employees


For newly-hired technical employees, we provide the following training to ensure they master the fundamentals and work effectively.

Training details



Furthermore, we provide opportunities for hands-on learning that goes beyond the mindset and business etiquette required of Company employees. This includes understanding the nature and importance of workplace relationships, as well as the correct approach to work and then putting it into practice, thereby supporting individuals as they begin their careers.

② Technical instruction

The Skills Dojo makes use of VR  P.43 technology for the technical training of newly recruited personnel. For work content that is difficult to convey through words alone, using 360-degree video allows trainees to learn as if they were performing the work on-site, allowing for the training of work-

ready human resources. It also enabled us to reduce training time by two-thirds.

③ Technical skill tests (national tests, own internal skill test system)

We promote the acquisition of national skills test certification in addition to operating and maintaining our own internal skills test system to increase technical skills levels. We provide subsidies for examination fees and support for exam studies, particularly for national skills test certification, making it easier for employees to embrace new challenges.



Training with VR devices

Message from Employees

From Challenge to Growth: Lessons Learned Through Skill Certification

I decided to take the skill certification exam because I operate press machines at work and wanted to broaden my knowledge to benefit me in the future. The certification exam consists of a practical test and a written test. Although the practical test went smoothly enough as I was already familiar with the procedures, the written test was more of a challenge because it was full of structures and terminology I had never encountered before. Studying in friendly competition with fellow trainees motivated me to work hard, and despite exam-day nerves, all my hard work and preparation had given me the confidence to tackle it head-on. Applying what I learned from this certification exam to my daily work will spur me on to reach even higher goals.



F.T.
Level 1 Metal Press Processing Certification
Gifu Plant



A trainer provides guidance

④ Supervisor training

The supervisor candidate training program offers two courses—Course I and Course II—to cultivate a motivated mindset and enhance improvement skills. Course I focuses on acquiring broad knowledge and providing hands-on improvement training. In this improvement training program, the DAIDO METAL COLLEGE trainers (alumni with management experience primarily in technical areas) work one-on-one to provide thorough guidance on how to identify problems, proceed with improvements, assess the effects, create reports, and give presentations to provide support in comprehensively upgrading their improvement capabilities. Course

II is intended for those who have completed Course I, and are ready to tackle high-level improvement themes. Both courses require participants to submit a report on the results of their improvement activities approximately six months after completing the training, allowing trainees to see the fruits of their improvements with their own eyes.

Moreover, these improvement activities are also contributing to the improvement of our Company's profitability.

Special Feature

The **DNA Embodied**
in DAIDO METAL's Quality

Our concept of “quality” extends beyond product quality, encompassing quality in all corporate activities. In other words, it is our Company’s wide-ranging “quality capability” and the very essence of our existence. We believe that non-stop dedication for continuous quality improvement is essential, and we are making a concerted effort to raise quality standards throughout the Company.

Inherited Philosophy of Quality Control

Our Group sees quality not merely as a product feature, but something that sits at the very foundation of all corporate activities, guided by the principle that “Quality is Life.” Quality is fundamental to meeting customer expectations and building trust, and it is also part of our responsibility to society. By ensuring all employees understand the importance of quality and reflect it in their daily work, we are cultivating a culture of quality. Shared across our domestic and international locations, this philosophy helps to raise our business competitiveness and create sustainable value by instilling quality awareness and actions throughout the entire organization. Quality-focused management enhances our Group’s reliability, leading to long-term business partnerships.

Fundamental Philosophy of “Quality is Life”

One of our fundamental philosophies

- Our fundamental philosophy of “Quality is Life” was set out in 1975

Encompassing the quality of all corporate activities

- The essence of QC is defined as encompassing not only product quality but the quality of all corporate activities

Human Resource Development

- Cultivating human resources who are the very embodiment of “Quality is Life,” and building a quality culture, and training human resources who can deliver customer satisfaction through the Daido Spirit

Characteristics of Our Group

① In-line quality guarantee

- As a mechanism to ensure thorough quality control, we have implemented an “in-line quality guarantee” system in the production and processing stages, where every employee involved in production is responsible for quality assurance.

② In-house development of production equipment

- By developing our own production equipment, we can make quality improvements as required in a timely manner.

③ Training quality specialists

- Establishment of Skills Dojo, in-house skill certification programs, and expert certification systems (original measurement systems)

④ Compliance with international quality standards (ISO 9001, IATF 16949, JIS Q 9100)

- Internalization of the “Competence Certification System” as an IATF standard requirement

⑤ Certified suppliers

- Caterpillar (1984), Ford (1985), Cummins (1988)
- We were the first foreign Company granted permission to use the KS mark by the South Korean government

QC Circle Activities

The 39th DQC Circle Convention was held on 19 December 2024, and excellent improvement examples selected from domestic and overseas production locations were shared. Circle representatives who achieved first and second place in this competition were dispatched to overseas locations to share their improvement activities. Through this convention, the sharing of improvement know-how between domestic and international locations was encouraged, enhancing the quality of improvement activities at each location. In particular, through overseas assignments, these representatives gained a deeper understanding of improvement

techniques adapted to local issues, leading to improvement proposals incorporating fresh perspectives after returning home. We will continue our activities, aiming to reduce defect rates and improve work efficiency through the global expansion of QC circle activities.

Improvement Activities

Several key priorities have been established for the QC policy, which is seen as the cornerstone of improvement activities. Some of these, such as reducing external customer complaints and lowering internal scrap rates, are particularly emphasized from a quality assurance perspective, and specific target values are set for each production site to ensure rigorous management. This enables us to go beyond mere number crunching and engage in continuous quality improvement utilizing the PDCA cycle, such as analyzing root causes, formulating recurrence prevention measures, and conducting on-site improvement activities. These activities directly go toward meeting customer satisfaction and ensuring corporate reliability, while also building a Company-wide culture of quality.

International Quality Standards

Our Group has been pursuing certification under internationally recognized quality standards to strengthen our quality management system. We have already obtained certification for ISO 9001, the standard quality management system, as well as IATF 16949 for the automotive industry and JIS Q 9100 for the aerospace industry. As we strive for higher levels of quality assurance, we are also focusing on developing human resources capable of meeting VDA 6.3 standards, which are highly valued in the German automotive industry. In FY2024, internal audits were conducted by VDA 6.3 certified auditors in order to review and improve our on-site quality assurance system. This enhances the effectiveness of quality management based on international standards and also serves to improve customer trust.

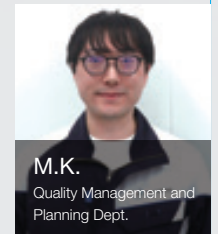
Efforts to Expand and Enhance Learning Opportunities and Improve Quality Awareness

In addition to the education provided at DAIDO METAL COLLEGE [\[P. 53\]](#), we offer e-learning materials freely accessible to all employees to reinforce knowledge of quality management and expand and enrich learning opportunities. Furthermore, to help employees acquire foundational knowledge of QC circle activities, the Company encourages participation in the Quality Control Certification exam and has introduced a system to reward successful candidates with incentive payments. To date, we have produced one Level 1 passer, two Level 1-equivalent passers, 28 Level 2 passers, and 243 Level 3 passers, contributing to enhanced quality awareness and the succession of skills. Going forward, we will encourage the learning of each and every employee and consistently promote the development of people who uphold quality.

Message from Employees

Bringing the “Quality is Life” Philosophy to Life

The Quality Management and Planning Department occupies a critical position when it comes to quality, including internal standard management, customer technical standards, and international standards. As demands for high quality have intensified in recent years, we take pride in our work as an essential task for reinforcing the Company’s solid reputation. To raise overall quality standards, we are reviewing the content of internal audits and implementing digital transformation (DX) to streamline information sharing, among other initiatives. We would like to establish a quality management system designed specifically for our employees and customers.



Manufacturing Capital Strategy

Contributing to Quality Management in the Midterm Plan 2025-2030 “Bridge to Daido 2030”

● Action line 1

Structural Reform to Strengthen Profitability

We will rigorously work to reduce scrap losses and improve productivity to fundamentally enhance our profit structure

● Action line 2

Refinement of Core Business

To maintain and expand our world-leading market share, we will continue to earn our customers' trust with quality that is unmatched and beyond the reach of our competitors

● Action line 3

Strengthen Next Core and Semi Core Business

To establish a foundation for transforming our business portfolio, we will achieve initial quality and stable production.

● Action line 4

Promote Management Focusing on Non-Financial Capital

We will strengthen human capital by developing people to support quality, such as through quality education and skills transfer

Quality Control (QC) Policy for FY2025

Quality (customer satisfaction level) is the most important issue that is required in all aspects of our work, and our Group establishes a Quality Control Policy each year for the purpose of thoroughly disseminating that thinking within the Company. In FY2025, we are undertaking quality improvement activities under the slogan: “Build a culture of quality by cultivating human resources who seek ‘Quality is Life.’”

TOPIC

Quality Improvement Initiatives for Next Core and Semi Core Business

● Action line 3

To support the smooth launch of the bearing manufacturing facility for offshore wind farms, we will conduct a system audit and promote the establishment of a stable production system.

At sites that develop original products tailored to the needs of the times, we will provide support for obtaining IATF 16949 certification, the international standard for quality management in the automotive industry, which will lead to an increase in business with new customers. Additionally, we are providing English-language quality training materials to overseas production sites manufacturing EV products with complex structures that demand advanced technical capabilities, allowing us to raise quality globally and advance our initiatives. Through these activities, we will continue to reinforce the quality foundation that underpins our business growth by eliminating complaints, improving quality, and boosting customer satisfaction.

Quality Management Roadmap



Current system

- The Quality Assurance Group within the Company undertakes tasks related to the quality assurance system, primarily focusing on the entire series of activities from product development through to delivery to customers.
- The Quality Management and Planning Department supports activities focused on building quality into products, aiming to enhance and fully implement the Company-wide quality management system.

Challenges

- Deepening the concept of “quality cost ratio” necessary to achieve “profitable quality management,” we will also strengthen this approach at our overseas locations.

Our Vision for FY2027

Distinguish between bearings in the Core and Next Core business and Frontier business in the Semi Core business to define a clear roadmap for raising quality levels.

Initiatives to Realize Vision

- We will categorize “bearings” and “non-bearings” and create a roadmap for raising quality levels in each category.
- The roadmap covers “quality cost ratio,” “quality assurance level,” and “quality education.”

Our Vision for FY2030

Quality Cost: Functions as a key performance indicator and contributes to profit generation
 Quality Assurance Level: Quality audits become increasingly sophisticated, and the global quality assurance level is satisfactory
 Control of Measuring Equipment: Global control of measuring equipment complies with our Company's specified standards
 Quality Education: Quality management education levels are the same worldwide

Initiatives to Realize Vision

- To ensure the “quality cost ratio” reaches its minimum level, we will pursue activities aimed at achieving a balanced target for the “loss cost ratio,” “preventive cost ratio,” and “appraisal cost ratio.”
- We will upgrade our quality audits by updating evaluation tables and training auditors, aiming to enhance the “quality assurance level.”
- We will audit our Group's “Control of Measuring Equipment Process” and conduct training for measuring equipment managers based on the results.
- We will roll out quality education materials globally to enhance “quality management education” within our Group.

Outside Director Roundtable Discussion

I will contribute as an Outside Director to enhance corporate value under the new Midterm Plan.

We asked our Outside Directors, who possess diverse expertise and experience, to discuss the Group's corporate governance, evaluations and expectations for the new Midterm Plan, and issues and expectations for increasing corporate value in the future.



Realizing Advances in Governance and Improvement of the Board of Directors Effectiveness Evaluations

Hoshinaga | Appointed as an Outside Director in 2016, I am now entering my 10th term. Looking at the recent changes in the Group's governance structure, I am left with the impression that we are evolving into a new growth phase. This involves both fulfilling our reason for existence as a manufacturer by providing products that help solve social issues, and establishing a corporate management framework aimed at increasing long-term corporate value.

I believe that strengthening human capital, one of the cornerstones of the Midterm Plan launched in FY2025, will be key to driving this evolution. To achieve sustainable growth and enhance corporate value through strengthened governance, a fundamental shift in mindset among the human resources who serve as the foundation of management is essential. As the president of a medical university hospital and university, I myself

have overcome the 2008 financial crisis and the COVID-19 pandemic. What I keenly felt in those experiences was the importance of leadership and human resources. In the midst of significant changes in the business environment, under Chairman Hanji's strong conviction, I expect the Company to achieve sustainable growth. I hope this will be accomplished by adapting our reform-oriented organizational culture to these environmental changes and thereby enhance employee loyalty.

Shirai | Now in my fourth term as an Outside Director, I focus on monitoring and providing recommendations from an academic perspective, drawing on my background primarily in teaching and researching marketing at universities. Our Group's governance structure is rated as being generally compliant with the principles of corporate governance code. With regard to the effectiveness assessment of the Board of Directors, the FY2024 assessment results showed no items with significantly low ratings, and the number of items showing improvement has increased. While commending the steady progress in strengthening governance, I hope to make recommendations for further improvement regarding the ongoing challenge of internal deliberations on diversity.

Ishihara | I was appointed as an Outside Director in June 2025. One of the principal roles of an Outside Director is to oversee management as a representative of shareholders and other stakeholders. Our Group has made the assessment that there are no issues such as corporate misconduct that would harm shareholder interests, and that a sound management structure is in place. I will continue to draw upon my expertise as a lawyer to supervise and provide recommendations aimed at strengthening governance.

Evaluation of the New Midterm Plan and Hopes for Greater Communication of Issues

Shirai | One key evaluation point of the new Midterm Plan is that we clarified our business portfolio by renaming business segments and establishing sub-segments, making our business fields easier to understand. The Board of Directors recognizes that it is important to accurately monitor and supervise the

Outside Director Roundtable Discussion

strategic direction and implementation of measures for each business going forward.

Hoshinaga | The Plan includes challenges left unaddressed in the previous Midterm Plan, taking into account the strengths and weaknesses of the Group, and I believe that steady implementation of the Plan hereafter will lead to improved performance going forward. One point I would like to mention is that, as a manufacturing Company, I would like to see the Group tackle the eternal problem of reducing scrap rates with a greater sense of urgency. The aluminum die-cast business, which had been troubling us with its worsening scrap rates, achieved profitability in the fourth quarter of FY2024, and I hope that the Group will remain dedicated to a profitable business structure going forward.

Shirai | One of the challenges I see in advancing the Midterm Plan is how we communicate information. As a target for measuring sustainable corporate growth, we have set specific numerical goals for ROE and clearly defined measures to control capital costs. Going forward, however, it will become increasingly important to disclose information regarding the optimal allocation of management resources and strategies for achieving these targets. Mindful of the Purpose and Vision detailing what we want to become, I hope the Group will actively communicate messages that reinforce consistency in goals and initiatives, and strongly convey the reasons for existence as a Company, through various customer touchpoints.

Ishihara | It is also important to focus on how effectively we can assimilate feedback from stakeholders such as investors and employees regarding our communications and then translate it

into concrete actions. I would urge the Group to actively work on establishing an improvement cycle, whether it be enhancing the workplace environment for employees or optimizing capital costs for investors. From FY2028, a more self-directed system is also being explored, with an eye toward new business stages. As well as fostering a corporate culture of friendly competition, I believe that inter-departmental collaboration mechanisms for strengthening governance will also become increasingly important.

Hoshinaga | Going forward, it will become increasingly important for the Group to communicate in a way that alleviates stakeholders' concerns about our future. Alongside the challenge of expanding the businesses beyond mobility mindful of the tide turning toward EVs, I would like you to also focus on communications, including internal communication to give employees confidence and pride.

Challenges for Strengthening Human Capital and Advancing DX as Critical Areas of Non-Financial Capital

Hoshinaga | In addition to strengthening human capital, Japanese companies, including ours, are significantly lagging behind other countries in promoting digital transformation (DX), which is seen as a mainstay for enhancing non-financial capital. To bolster our global competitiveness, I strongly urge the Group to address this promptly.

Shirai | To create new value, the Group must adopt a multifaceted perspective, and it is essential to tackle the key challenge facing us now of recruiting and appointing diverse human resources. In addition, I believe that creating an organizational culture where employees are free to take on new challenges will be vital for raising their motivation to work. To achieve this, it is crucial to establish mechanisms for gathering employee feedback. In addition to the ongoing awareness survey, conducting regular employee satisfaction surveys would be another approach. I believe that further growth could be made possible by establishing a cycle that goes beyond merely identifying satisfaction levels, such as analyzing the factors behind satisfaction and dissatisfaction, reinforcing satisfaction

factors, and implementing measures to counter dissatisfaction factors.

Ishihara | A system for conveying employees' opinions and feedback to upper management is also crucial. In addition to moving forward with DX, I strongly urge the Group to simultaneously pursue cultural reform designed to revitalize communication.

Performing Supervisory Functions as an Outside Director with an Objective Perspective

Hoshinaga | To achieve sustainable growth in corporate value, safeguarding employee health, safety, and peace of mind is a prerequisite for motivating employees and enhancing productivity. As part of creating a pleasant working environment for employees, I would like the Group to consider ways to promote health management, and I also intend to offer recommendations from my own career experiences.

Shirai | For future growth, I believe that creating new business is crucial. Based on the Group's vision of "continuing to be the only major Company in the world that specializes in producing a full lineup of plain bearings," I see great potential in the Group's commitment to leveraging its core plain bearing technology to pioneer new fields. I myself will fulfill my responsibilities as an Outside Director to create new value.

Ishihara | As my understanding of the Group's business deepens, I feel that our core technology related to plain bearings has unlimited potential. While geopolitical risks, environmental issues, and the future of U.S. tariff policies all add up to a highly uncertain business environment, strengthening overseas operations to offset the shrinking domestic market is also crucial. To improve profit margins, taking calculated risks will also be vital. Although management may be faced with situations requiring difficult decisions at times, as an Outside Director, I will endeavor to help enhance corporate value by drawing on my own legal expertise and maintaining an objective perspective.



Corporate Governance

Corporate Governance Structure

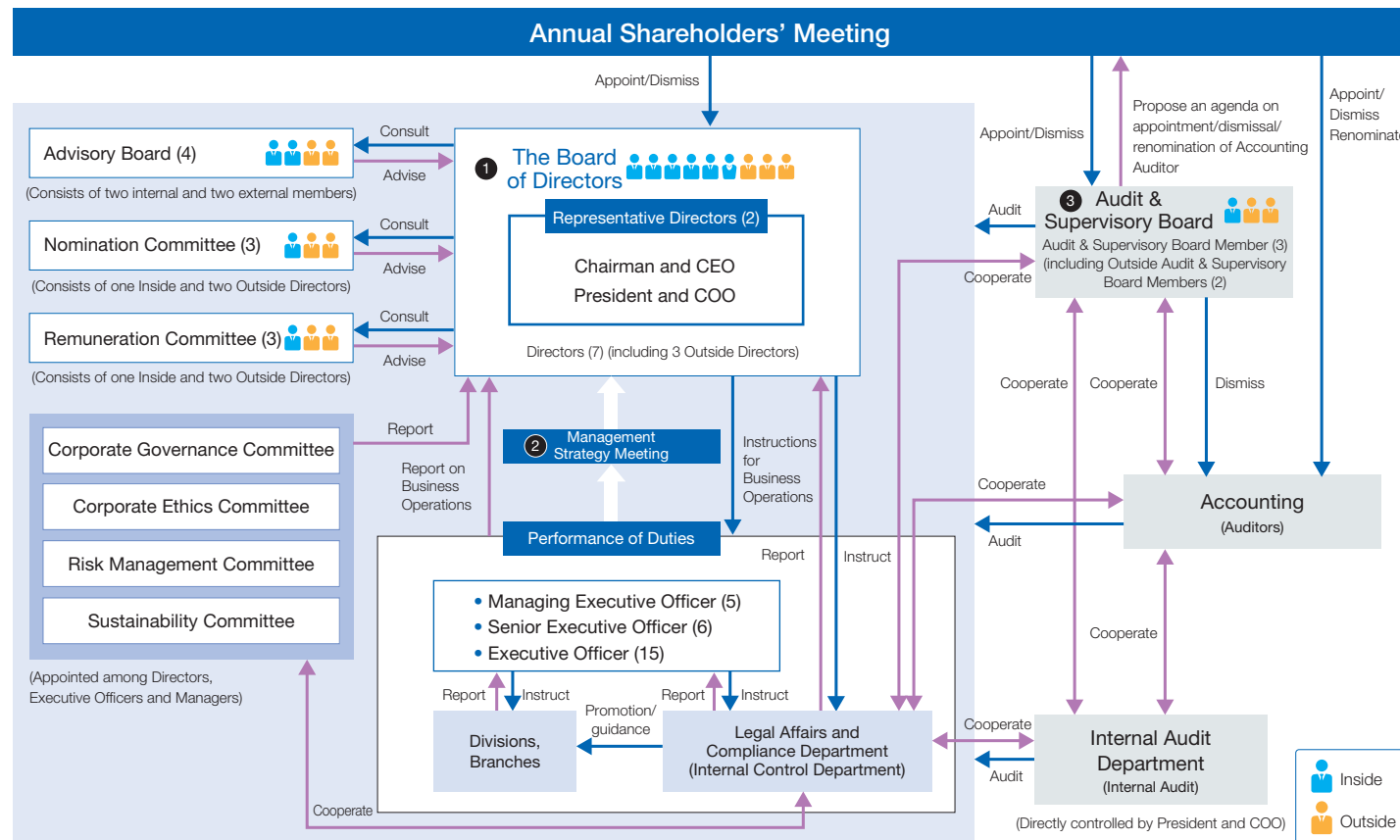
The Company has adopted a Board of Directors structure as part of the continuing effort to earn the trust of shareholders, customers, employees and other stakeholders, by pursuing a future of sustainable growth and endeavoring to increase corporate value over the medium and long term.

In addition, an Executive Officer system has been introduced in order to further increase management efficiency, and the Company has appointed Outside Directors and Outside Audit & Supervisory Board Members to oversee and supervise the other Directors with the aim of enhancing transparency, fairness and propriety.

The Company has established a Corporate Governance Committee, which will take responsibility for setting basic policies related to the governance of the Company. In addition, it has introduced an effectiveness evaluation system for the Board of Directors, and continues to improve its operation based on the results.

The Company's approaches to governance are described in detail in the Corporate Governance Report issued in July 2025.

Organizational structure for corporate governance (as of 2 July 2025)



1 The Board of Directors
The Board of Directors decides on the execution of the Company's business operations, and oversees the performance of individual Directors. Actual execution of the business operations is delegated to Executive Officers or employees.

FY2024 results Held **15** times

2 Management Strategy Meeting
Other than the Board of Directors meeting, a 'Management Strategy Meeting' is held once or twice each month, where important management issues such as management policy and the Midterm Business Plan are discussed with the presence of Inside Directors and the full-time auditor.

FY2024 results Held **13** times

3 Audit & Supervisory Board
The Audit & Supervisory Board audits the business execution of Directors. The Audit & Supervisory Board consists of three members, one full-time and two outside members to maintain management transparency.

FY2024 results Held **15** times

Corporate Governance

In addition to the Board of Directors, the Audit & Supervisory Board, and the Management Strategy Meeting, the following system has been adopted in order to strengthen and speed up decision-making functions by establishing management meetings for different purposes.

Executive Committee List

Name	Purpose	Chairperson	Period
The Board of Directors	The Board reports, deliberates, and makes decisions on important matters relating to overall management and business execution in accordance with the corporate laws and the rules of the Board of Directors.	Chairman	Once a month (twice in May, November, and February)
Management Strategy Meeting	① Deliberation and decision on proposals to be submitted for deliberation by the Board of Directors ② Decision on business execution authorized by the Board of Directors ③ Report opinions on matters consulted by the Chairman and President ④ Report on important matters such as various projects	Chairman	Once or twice a month
Departmental Heads Meeting	① Thoroughly disseminating management policies, management plans, and other matters ② Thoroughly disseminating temporary measures such as emergency profit measures ③ Decision on business execution authorized by the Board of Directors ④ Reporting opinions on matters consulted by the Chairman and President	President	Once a month (excluding April and October)
Extended Quality Control Committee	In order to ensure thorough implementation and deployment of quality-related Company policies, the Committee shall report on quality results and audit results, and determine the direction of development of priority QC for the next fiscal year.	President	Once a year (November)
Profit Improvement Committee	Makes plans and reports results on earnings improvement, thoroughly implements Company policy, and promotes earnings improvement results.	President	Four times a year (May, early August, November, early February)
Company-wide Environmental Committee	Deliberates and decides on environmental policies and implementation plans. Reports on the implementation of each Company and division and deliberates on it.	(Officer in charge of Environmental & Safety Management and CN Promotion Dept.)	Twice a year (September, March)
Risk Management Committee	In order to appropriately manage various risks in the Group's business activities, the Committee supervises the initiatives of each risk management department and the risk management of the Group as a whole.	President	Twice a year (September, March)
Corporate Ethics Committee	In order to strengthen and improve the compliance system, the Committee shall deliberate on matters related to compliance as a whole.	General Manager, Legal Affairs and Compliance Dept.	Twice a year (July, January)
Corporate Governance Committee	Deliberates on various governance matters in the Company and advises the Board of Directors.	Head of Corporate Planning Division	Four times a year (May, July, October, February) *A meeting is to be held as needed
Sustainability Committee	Deliberates and discusses initiatives aimed at resolving issues concerning sustainability activities.	President	Four times a year (May, August, December, February) *A meeting is to be held as needed

“Nomination Committee” and “Remuneration Committee”

The Company receives feedback 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 a 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 feedback from the optional Remuneration Committee.

The Nomination Committee and the Remuneration Committee are optional advisory committees whose main members are independent Outside Directors. The Head of the Human Resources Planning Division is in charge of secretariat work.

The aim of the Nomination Committee and the Remuneration Committee is to ensure transparent management of the Company by leveraging the knowledge of the members and widening the information available to Inside and Outside Directors.

Nominating Committee	Remuneration Committee
Deliberates on the following matters and determines the content of reports to the Board of Directors.	
Authority and role	Authority and role
(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 planning (6) Other matters concerning the nomination etc. of Directors etc., considered to be necessary by the Nomination Committee to be necessary	(1) Policy for determining the remuneration etc. of individual Directors (2) Procedures for determining 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 considered by the Remuneration Committee to be necessary

Member names and attendance in FY2024

	Position	Title	Nominating Committee	Remuneration Committee
Committee Chairperson	Seigo Hanji	Chairman and CEO	2/2 times	3/3 times
Committee member	Toshikazu Takei	Outside Director	2/2 times	3/3 times
Committee member	Kiyotaka Hoshinaga	Outside Director	2/2 times	3/3 times

FY2024 consultation status

Nominating Committee (Held twice)	<ul style="list-style-type: none"> Verification of the current standards for making appointments About the Board Skills Matrix Officer Structure in FY2025 About Succession Plans
Remuneration Committee (Held three times)	<ul style="list-style-type: none"> Verification of the policy for determining the remuneration etc., of individual Directors Remuneration by individual director Verification and operation of performance-linked remuneration design and structure

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.

Corporate Governance

Policy for Appointing Members of the Board of Directors

The election and nomination of candidates for Director, Auditor and Executive Officer are based on the election standards established in internal regulations, and 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 feedback 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 damages the Company's credit and corporate value, or whether the person in question is still fit and proper vis-à-vis the Company's selection criteria.

Reasons for appointment as Outside Director

Title	Name	Reasons for appointment	Attendance at Board of Directors meetings in FY2024
Outside Director	Kiyotaka Hoshinaga	After serving as a university professor, Mr. Kiyotaka Hoshinaga served as a hospital director and university president, and is currently chairman of a university's board of directors. He has extensive knowledge and experience gained through involvement in management of a hospital and a university. The Company has appointed him as an Outside Director in the belief that he will continue to oversee and supervise the management of the Company based on such knowledge and experience.	The Board of Directors 15 /15 times
	Miyuri Shirai	Ms. Shirai has held various positions such as university professor and researcher, and is currently a university professor. She has been researching consumer behavior and marketing. The Company has appointed her as an Outside Director in the belief that she will oversee and supervise the management of the Company based on such knowledge and experience.	The Board of Directors 15 /15 times
	Shinji Ishihara	Mr. Ishihara possesses specialized knowledge and extensive experience cultivated over many years as an attorney and has held key positions such as Vice President of the Japan Federation of Bar Associations. He also has extensive experience as an outside director, and so the Company has appointed him as an Outside Director in the belief that he will oversee and supervise the management of the Company based on such knowledge and experience.	New appointment
Outside Audit & Supervisory Board Member	Kazuo Matsuda	In addition to being well-versed in finance and international operations that he has cultivated over many years at a financial institution, Mr. Matsuda also makes use of his knowledge and experience as a director and executive officer of other operating companies. He has sufficient insight to govern the overall management of the Company. The Company has elected him as an outside Audit & Supervisory Board Member in order to continue to audit the Company's management based on his knowledge, experience, and insight.	The Board of Directors 15 /15 times Audit & Supervisory Board 15 /15 times
	Etsuaki Yoshida	Mr. Yoshida has acquired a thorough knowledge of finance and international affairs cultivated through his many years of service at public financial institutions, and his many years of research into international finance, economics and global management as a university professor. We have elected him as an Outside Audit & Supervisory Board Member to audit the Company's management based on his knowledge, experience, and insight.	The Board of Directors 15 /15 times Audit & Supervisory Board 15 /15 times

Corporate Governance

Executive Remuneration

The Company has established a policy for determining the details of remuneration, etc. for individual Directors (hereafter, the policy), and the method and outline of the policy are as follows.

[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 and corporate value as well as morale.

To help keep its business management transparent, the Company has 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. The Board of Directors deliberates on and decides details of the decision-making policy in light of feedback from the Committee.

[Outline of details of the decision-making policy]

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

Composition of executive remuneration

Type of Reward	Monthly Remuneration		Bonuses	Stock remuneration
	Fixed remuneration	Consolidated performance-linked remuneration		
Subject of remuneration	Directors	Directors (excluding Outside Directors)	Directors (excluding Outside Directors)	Directors (excluding Outside Directors)
Details of remuneration	Standard Amount of Payment (Fixed Amount)	The base payment amount that will increase or decrease proportionally in line with the rank, consolidated net sales and net income ratio for the previous consolidated fiscal year.	Determined based on a table of payment standards that will increase or decrease proportionally in line with the rank, consolidated net sales and net income ratio for the previous consolidated fiscal year.	Based on the share delivery rules established in advance by the Board of Directors, points (where 1 point is equivalent to 1 share of the Company's stock) shall be granted to each Director (excluding Outside Directors) Points awarded to each Director consist of a 'performance-linked portion' that is linked according to the Director's rank and the degree of achievement of performance targets in the Midterm Business Plan, etc., and a 'fixed portion' determined solely by the Director's rank, independent of the degree of achievement of performance targets in the Midterm Business Plan

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.

From this perspective, the Company believes that these holdings provide certain benefits to its business.

Every year the Board of Directors will assess the situation of each cross-shareholding, evaluating the financial return during the previous year against our cost of capital, considering our business relationship (borrowing, sales, purchasing) or our contribution to local communities or to preservation of Japanese traditional culture. Furthermore for FY2024, the cross-shareholdings were reviewed by the Board of Directors in July 2024. 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.

Officer Training

Directors and Auditors of our Company attend training for new appointees and lectures to improve their skills. In addition, it is our policy to invite outside experts to conduct internal seminars as needed when laws are amended, etc.

In FY2024, we conducted training sessions on the theme of "Preventing Misconduct" with external instructors. The webinar was attended not only by Directors, but also by Executive Officers and Group Company representatives, providing an opportunity to gain basic knowledge and learn about example initiatives.

Going forward, we will continue to implement similar initiatives on a regular basis to promote sustainability as a united Group.

Corporate Governance

Board of Directors Effectiveness Evaluations

Every year the Company undertakes an annual evaluation of the effectiveness of the Board of Directors with the aim of both checking that the Board of Directors is being managed effectively and providing a foundation for improving the issues extracted.

Method of Evaluation

Evaluator	Method of Evaluation	Evaluation category
All Directors and Auditors (total of 10)	Self-assessment based on questionnaire results	① Governance structure of the Board of Directors ② Role of the Board of Directors

Issues addressed in the FY2023 effectiveness evaluation

- ① Improvement of training for Directors
- ② Discussion on achieving management plans using key performance indicators
- ③ Propriety of holding specific policy-related shares

Issues addressed in the FY2024 effectiveness evaluation

- ① Further improvement of training for Officers
- ② Status of management of important risks
- ③ Measures to achieve management that takes into account capital costs and share prices

Results of initiatives for FY2024

- ① Further expansion of training content aimed at systematically acquiring required knowledge. In addition, we conducted factory tours for Outside Directors to deepen their understanding of the production sites.
- ② Established a monitoring system centered on KPIs
- ③ Regularly reviewed the purpose and appropriateness of cross-shareholding, and clarified policies and took suitable action based on the results

FY2025 Initiatives

- ① Establish a comprehensive and wide-ranging training program, putting in place a system where individuals can select options according to their specific needs
- ② The status of managing important risks will be incorporated into the items reported to the Board of Directors to heighten management transparency. Furthermore, to improve risk response capabilities, we are honing and advancing countermeasures through ongoing discussions with the risk management department.
- ③ Strategically manage main KPIs and indicators such as stock prices, taking progress into account during quarterly performance forecast reviews

List of Officers

(as of 27 June 2025)

Directors



Seigo Hanji
Chairman and CEO

Background	
April 1965	Joined the Company
June 1993	Deputy General Manager of Business Division 3
June 1993	Directors
June 1995	President
June 2007	Chairman
June 2010	Outside Director, Nichirei Corporation
May 2018	Executive of Japan Auto Parts Industries Association (current)
April 2023	Chairman and President, CEO and COO
June 2024	Chairman and CEO (current)



Tomomitsu Furukawa
President and COO

Background	
April 1984	Joined the Company
April 2009	President, DAIDO METAL Kotor AD. (Montenegro)
January 2013	President, Daido Metal Mexico S.A. DE C.V. (Mexico)
April 2017	President, NDC Co., Ltd.
April 2019	President, Daido Plain Bearings Co., Ltd.
April 2023	Head of Global Management for Production Machinery Division
June 2023	Directors
June 2024	President and COO (current)



Shigemasa Hakakoshi
Director and Managing Executive Officer
Head of Human Resources Planning Division

Background	
April 1986	Joined the Company
April 2015	Head of Polymer Bearings Division
April 2017	President of DAIDO METAL SAGA
April 2019	President of Dyna Metal Co., Ltd. (Thailand)
June 2021	Director (current)
July 2021	Head of Human Resources Planning Division (current)
June 2024	General Manager of Inuyama Site (current)



Arihiro Yoshida
Director and Managing Executive Officer
Head of New Products Development Division

Background	
April 1986	Joined the Company
July 2016	General Manager of the Design Department
April 2017	Head of the Technology Division and General Manager of the Design Department
April 2019	Head of the Technology Division
April 2021	Deputy Head of the Technology Division
April 2022	Head of the Technology Division
June 2022	Director (current)
April 2024	General Manager of Tribology Research
June 2024	Head of New Business Development Promotion Division
April 2025	Head of New Products Development Division (current)



Hiroki Ito
Director and Managing Executive Officer
Head of the Finance Planning Division

Background	
April 2019	Executive Officer, Sapporo Branch Manager, Sumitomo Mitsui Trust Bank, Limited
July 2020	Joined the Company Head of Compliance Division and General Manager of the Legal Affairs Department
April 2022	Head of the Finance Planning Division (current)
June 2024	Director (current)



Kenji Shoda
Director and Managing Executive Officer
President of Thinwall Bearings & Turbo Charger Bearings Division

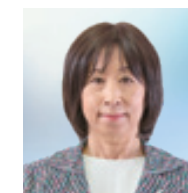
Background	
October 2012	Seconded to Bridgestone Cycle Co., Ltd., Vice President and Officer
January 2014	Joined the Company
April 2014	President of DAIDO METAL EUROPE LIMITED (UK) and President of Daido Metal Germany GmbH. (currently, Daido Metal Europe GmbH.) (Germany)
April 2024	President of Thinwall Bearings & Turbo Charger Bearings Division (current)
June 2025	Director (current)



Kiyotaka Hoshinaga
Outside Director

Independent Director

Background	
February 2006	Deputy Director, Fujita Health University Hospital
February 2009	Director, Fujita Health University Hospital
April 2013	Managing Director, Fujita Academy Incorporated Educational Institution
April 2014	President, Fujita Health University
June 2016	Outside Director of the Company (current)
October 2018	Chairman, Board of Directors of Fujita Academy Incorporated Educational Institution (current)



Miyuri Shirai
Outside Director

Independent Director

Background	
April 1998	Assistant professor, Faculty of Business Administration, Yokohama National University
April 1999	Associate Professor, Faculty of Business Administration, Yokohama National University
August 1999	Visiting scholar, The Fuqua School of Business, Duke University
May 2003	Visiting scholar, Keio Business School
June 2005	Outside Director, Nichirei Corporation
April 2009	Professor, Faculty of Business Administration, Yokohama National University
April 2011	Professor, International Graduate School of Social Sciences, Yokohama National University
April 2015	Professor, Faculty of Business and Commerce, Keio University (current)
June 2022	Outside Director of the Company (current)

List of Officers (as of 27 June 2025)

Directors



Shinji Ishihara
Outside Director

Independent Director

Background	
April 1985	Registered as a lawyer (Aichi Prefecture) Joined Ishihara Law Office
August 2011	Managing Partner, Ishihara Law Office (current)
June 2013	Outside Director, YAHAGI CONSTRUCTION CO., LTD.
August 2015	Outside Director (Audit & Supervisory Committee Member), OTAKE CORPORATION (current)
April 2016	Chairman, Aichi Bar Association Vice President, Japan Federation of Bar Associations
October 2021	Outside Director (Audit & Supervisory Committee Member), Juroku Financial Group, Inc. (current)
June 2025	Outside Director of the Company (current)

Auditor



Koji Takaki
Full-time Audit & Supervisory Board Member

Background	
October 2005	Joined the Company
April 2013	Head of the Corporate Management & Administration Department, Corporate/ Financial Planning Division
June 2023	Full-time Audit & Supervisory Board Member (current)



Kazuo Matsuda
Outside Audit & Supervisory Board Member

Background	
June 1996	Senior Managing Director of Fuji Securities Co., Ltd.
May 1997	General Manager of Kabutocho Branch of The Fuji Bank, Limited
June 2004	Managing Director of NSK-Warner K.K.
June 2009	Representative Executive Officer of NSK Ltd.
June 2011	Special Advisor of NSK Ltd., Corporate Auditor of NSK-Warner K.K., and Outside Audit & Supervisory Board Member of the Company (current)
June 2016	Administration Officer of NSK Ltd., and Outside Director of Sumitomo Bakelite Company Limited (current)



Etsuaki Yoshida
Outside Audit & Supervisory Board Member

Independent Director

Background	
April 1995	Joined Bank of Japan
April 2007	Joined Japan Bank for International Cooperation
October 2015	Specially Appointed Associate Professor, Graduate School of Asian and African Area Studies, Kyoto University
December 2019	Seconded to the Deputy Minister of the Ministry of Information and Communication of Uzbekistan
April 2022	Professor, Doshisha Business School, Doshisha University (current)
June 2023	Outside Audit & Supervisory Board Member of the Company (current)

Skills 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 Sustainability	
Directors	Inside	Seigo Hanji	○			○	○		○	○
		Tomomitsu Furukawa	○	○	○		○			○
		Shigemasa Hakakoshi	○	○	○		○			○
		Arihiro Yoshida	○	○	○	○				
		Hiroki Ito	○			○		○	○	○
		Kenji Shoda	○			○		○	○	
	Outside	Kiyotaka Hoshinaga	●				●			●
		Miyuri Shirai	●			●				●
Auditor	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 does not represent the full knowledge of each individual.

Respect for Human Rights

Our Group recognizes that our business activities may directly or indirectly impact human rights and takes care not to infringe on the human rights of our employees, business partners, and the local communities that are affected by our products and services or business activities. In addition, we encourage our employees, business partners, and those parties that are directly involved with our products and services etc. to respect human rights and avoid the infringement of such rights.

Therefore, we will comply with the laws and regulations of each country and region, fully respect international norms such as the International Bill of Human Rights, and adhere to the UN Guiding Principles on Business and Human Rights, working to put them into practice.

Formulation of our Human Rights Policy

To date, we have clearly stated and thoroughly enforced prohibitions on acts that infringe upon human rights or that are equivalent to such acts within the “DAIDO METAL GROUP Code of Ethics and Values.” In response to the growing global concern over human rights issues and requests from stakeholders, our Group established its Human Rights Policy, “DAIDO METAL GROUP Human Rights Policy,” in April 2023. This policy demonstrates our commitment to protecting and continuously improving the human rights of all stakeholders affected by our business activities, both internally and externally, and promotes efforts to respect human rights.

For details ▶ DAIDO METAL GROUP Human Rights Policy

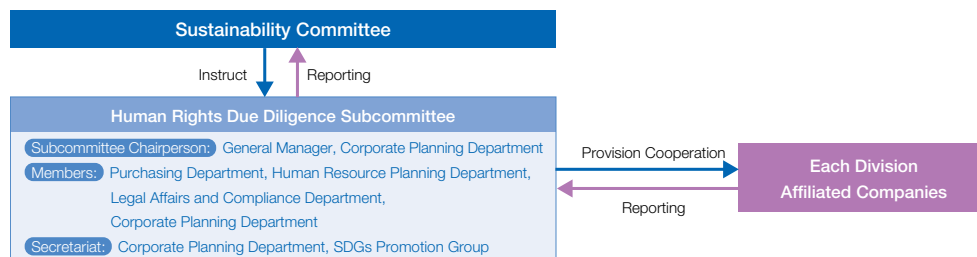


https://www.daidometal.com/sustainability/human_rights_policy/

Promotion System

Initiatives concerning human rights issues are deliberated and discussed by the Human Rights Due Diligence Subcommittee, which is a subsidiary organization of the Sustainability Committee. With the Corporate Planning Division serving as the Secretariat, this subcommittee is comprised of related departments such as the Human Resource Planning Department, Purchasing Department, Legal Affairs and Compliance Department, who work to draft and execute plans promoted by the Group. The details of those plans are periodically reported to the Sustainability Committee as required.

Members and positioning of the Human Rights Due Diligence Subcommittee

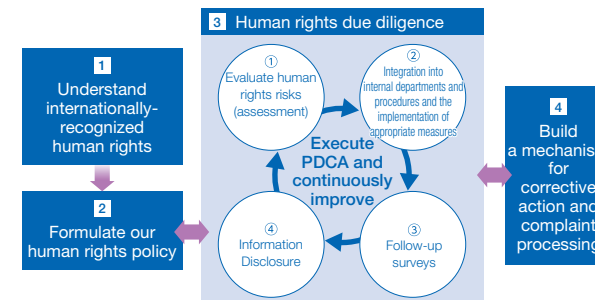


Human rights due diligence

We formulated the DAIDO METAL GROUP Human Rights Policy in FY2023 and have been conducting surveys on human rights initiatives with our business partners and within our Group since then. From the results of the FY2024 survey, we found that there were issues regarding awareness for the Human Rights Policy, as well as for the human rights due diligence promotion system and human rights education. To meet these challenges, we implemented internal awareness initiatives including officer training, new employee orientation, information dissemination via internal newsletters, and publication of the Sustainability Journal. In FY2025, we are planning to implement initiatives to push further forward with measures aimed at preventing and mitigating human rights violations. These include providing training to all employees, explicitly incorporating relevant provisions into internal regulations, and expanding the scope of our surveys on respect for human rights initiatives conducted with our business partners.

We are also raising awareness for the consultation channels available to stakeholders and whilst also establishing corrective and complaint-handling mechanisms.

Human Rights Due Diligence Process



Survey results on human rights initiatives (Group companies)



Initiatives to Respect Human Rights

Since FY2024, we have been holding in-house training sessions at DAIDO METAL COLLEGE, taught by external instructors, on topics including LGBTQ+ issues and unconscious bias*. This training aims to deepen understanding of LGBTQ+ issues and create a workplace environment that is comfortable for both LGBTQ+ individuals and their colleagues. We will continue our educational efforts, maintain a spirit of embracing diverse values, and foster a corporate culture where people from all backgrounds can thrive.



In addition, the outside lecturer in charge of this training comes from an NPO that we supported through the DAIDO METAL Pro Bono Program in FY2023.

*Unconscious bias refers to “unconscious prejudice or assumptions,” meaning a person’s own unrecognized, biased perspectives or distorted perceptions.

Compliance

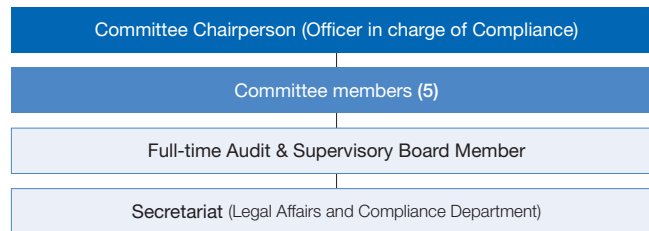
Basic Concept and Structure

Our Group defines compliance not only as adherence to relevant laws, regulations, and internal rules, but also as behaving with common sense and responsibility as members of our Group—including leading by example in following local community rules and standards of behavior. Accordingly, we strive to be a Company trusted by all stakeholders through the common sense and responsible actions of every employee. Furthermore, we have established our Group’s “Code of Ethics and Values” as a guideline for employees to conduct business activities with high ethical standards. We have also created a “Code of Conduct” to promote business activities grounded in compliance. These are reviewed as necessary, communicated throughout, and we regularly check employees’ level of understanding.

We have established a “Whistleblowing/Reporting and Consultation System” for compliance violations, which is not only a reporting channel for employees but is now also open to our suppliers. This initiative aims to ensure the early detection of cases involving potential compliance violations and the prevention of recurrence.

To strengthen compliance within the Group, we have established a Corporate Ethics Committee to ensure that the status of compliance activities is regularly reported to the Board of Directors, with concerted efforts from the Group to achieve compliance management.

Corporate Ethics Committee (organizing members)



FY2024 Compliance Training

In conjunction with the revision of the 2024 “Code of Conduct,” we conducted a “Code of Conduct Comprehension Check” for all employees across our Group. We also held our annual legal training sessions for employees, covering the following topics: “Regulations on Bribery of Foreign Public Officials,” “Insider Trading,” “Antitrust Law,” and “How to Read Terms of Service.” We have been distributing the “Legal & Compliance Times” as an internal newsletter to cultivate an awareness of compliance among employees and enhance knowledge of corporate legal affairs, and it is also posted on the Company portal. Through such educational efforts, we will continue to work to further improve compliance awareness and prevent corporate scandals.

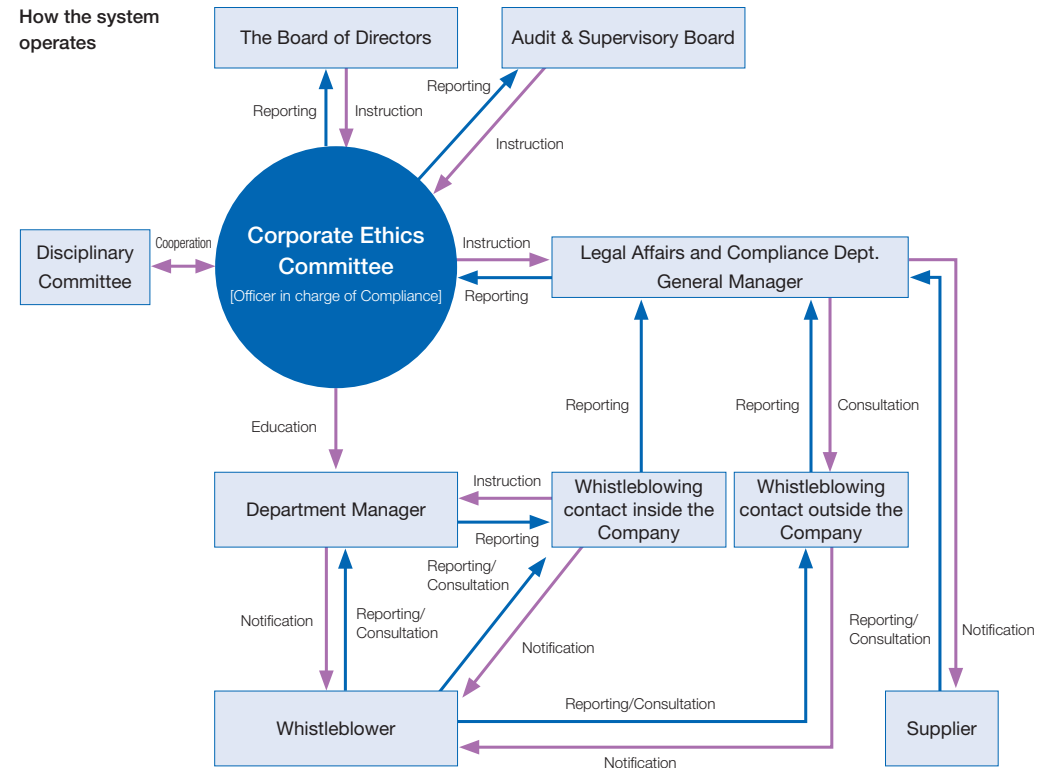
Whistleblowing/Reporting and Consultation System

Based on the DAIDO METAL GROUP Code of Conduct and the Whistleblower Protection Act (applicable local laws and regulations for overseas affiliated companies), our Group has established a Whistleblowing/Reporting and Consultation System for the early detection and correction of any violation of laws, Articles of Incorporation, internal regulations, corporate ethics, and social norms, and to strengthen compliance management. The Company’s system is made available to officers, Company employees, and retirees, and both internal and external hotlines have been set up for reporting and consultation. Furthermore, regarding the protection of whistleblowers and informants, we have institutionalized measures within our internal regulations based on the Whistleblower Protection Act and are striving to ensure full awareness and compliance. In FY2025, we established and began operating a new “Reporting/Consultation Hotline” for our suppliers.

For details, ▶ Supplier Reporting/Consultation Hotline

<https://www.daidometal.com/jp/compliance-helpline/>

How the system operates



Risk Management

Priorities are set for risks that may have a significant impact on the realization of sustainable management in the Group, taking into account the likelihood that risks will materialize and the degree of impact they will have on our business. We promote measures to mitigate risks based on priority and strengthen risk control.

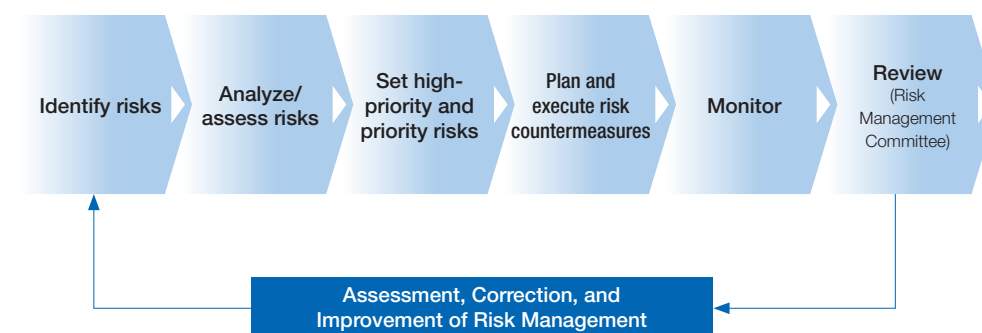
Risk Management System

The Company has established policies on the Group-wide risk control and management system, and appropriately manages various risks surrounding its business through the collection of information by the Risk Management Committee that is chaired by the President.

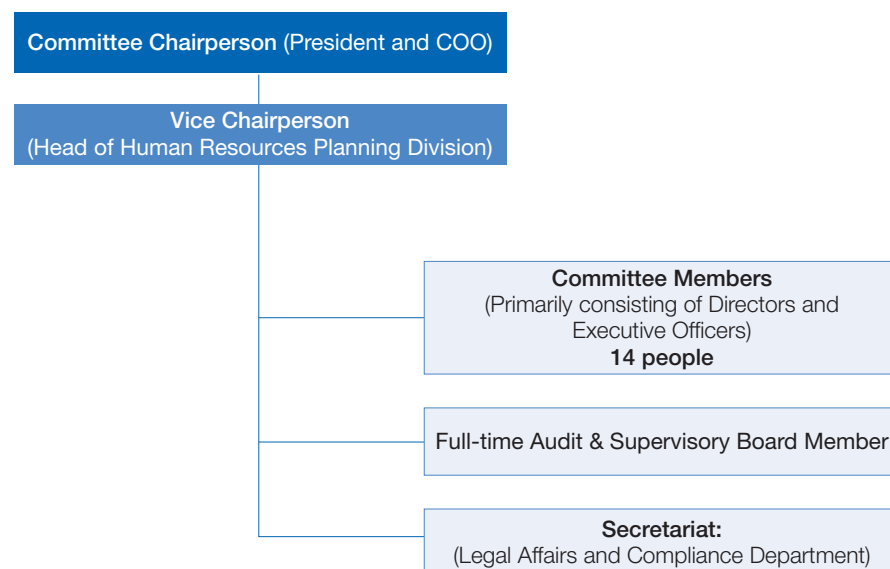
The Risk Management Committee is held at least twice a year to set priorities for risks that may have a significant impact on the realization of the Midterm Plan by the Group, taking into account the likelihood that risks will materialize and the degree of impact they will have on our business. We promote measures to mitigate risks based on priority and strengthen risk control.

We manage risks that significantly impact business operations as high-priority and priority risks, assigning departments to manage these risks. Each management department oversees risk management concerning said risks, including at affiliated companies, and regularly reports the management status of the risks to the Risk Management Committee.

Risk Management Process



Risk Management Committee (members)



Risks related to FY2025 business operations

	Type of Risk
High priority risks	Risks due to global business activities
	Risks related to an unstable raw material supply/demand environment
	Risk of cyber attack, IT network and system failure
Priority risks	Risk of natural disaster and accident
	Risk of product failure
	Risks related to price competition
	Risk of unsuccessful new product development
	Risks related to environmental regulations
	Risks related to capital investment, joint ventures, partnerships and acquisitions
	Risks related to climate change
	Risks related to securing human resources
	Compliance risks

IT Security

In order to meet the trust of our customers and society by protecting our Group's IT assets, including customer information, from threats such as accidents, disasters, crime, and cyberattacks, and to mitigate business continuity risks and legal risks, our Group has established the "IT Security Fundamental Policy" and is committed to IT security.

IT Security Fundamental Policy

- 1 Compliance with laws and regulations**
We will comply with laws, regulations, national guidelines, contractual obligations, and other social norms related to IT security.
- 2 Promotion system**
We will create an organization dedicated to maintaining and enhancing IT security, and will continuously engage in IT security activities.
- 3 Establishment of regulations**
We will establish regulations and guidelines related to IT security and continuously improve them and ensure the content is always most appropriate.
- 4 Risk management**
We will identify IT security risks and their severity, and implement the suitable security measures.
- 5 Education**
We will continuously provide education, awareness programs, and training related to IT security to officers, employees, etc., in an effort to raise IT security literacy.
- 6 Response to incidents**
In the event of an IT security incident, we will strive to respond promptly and prevent recurrence.
- 7 Continuous improvement**
We will strive to continuously improve and enhance our security measures in response to changes in laws and regulations, the social environment, and IT security risks.

Initiatives to Strengthen IT Security

Systems

Under the Risk Management Committee, we have established the IT Management Subcommittee to promote cross-divisional IT management measures. In addition to establishing Company-wide policies and overseeing initiatives to prevent information leaks and inappropriate inflows, the IT Management Subcommittee conducts surveys of the current cybersecurity status of affiliated companies to assess the actual state of not only the technical aspects but also the development of management rules, education of system users, and a wide range of other areas to improve the security level of the entire Group by providing the appropriate advice.

Main Initiatives

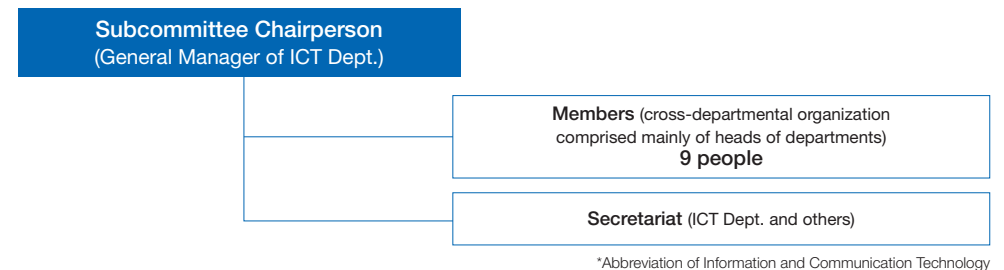
Build a backup system and IT management system utilizing external data centers, and educate employees Establish an in-house CSIRT*, and join the Nippon CSIRT Association.

* CSIRT: Computer Security Incident Response Team

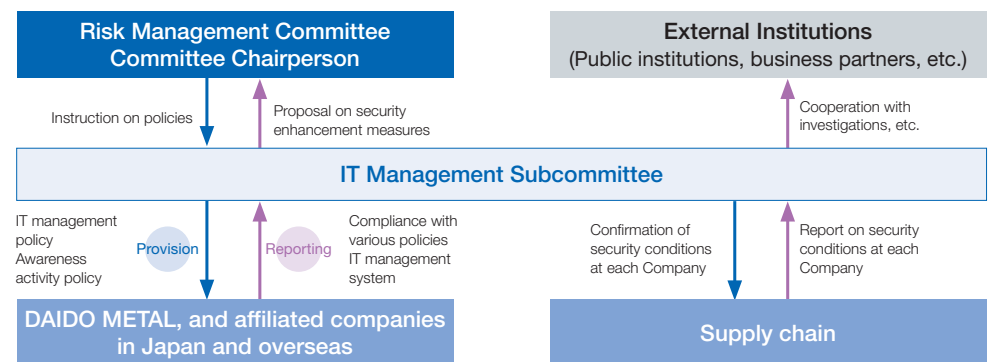
Main Initiatives Regarding Cyberattacks

- Targeted email training for employees
- Vulnerability assessment of internal servers
- Inspection for internal radio wave information leakage
- Cybersecurity awareness activities for suppliers
- Internal training on responding to incidents

IT Management Subcommittee (Organizing Members)



Organizational position of the IT management subcommittee



Ten Year Major Consolidated Financial Summary

(Unit: Million JPY)

		FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Key Performance Indicators	Net sales	81,400	85,073	106,648	107,718	100,159	84,720	104,024	115,480	128,738	136,303
	Operating profit	6,904	4,700	6,628	7,262	4,168	1,315	5,042	2,824	6,084	7,091
	Profit before income taxes	6,789	2,774	6,684	7,630	5,331	1,445	4,379	895	6,036	6,820
	Profit/loss attributable to owners of parent	3,709	2,212	3,590	4,135	2,740	104	1,897	-2,208	2,569	2,720
	Equity capital	43,201	44,181	48,559	56,636	55,988	56,388	60,340	61,136	68,820	72,750
	Total assets	122,146	154,330	160,065	161,881	159,539	155,176	166,155	173,317	188,369	196,656
	Capital expenditure	14,802	12,329	8,694	7,273	10,857	8,128	6,752	5,995	7,762	11,594
	Depreciation	6,259	6,751	8,795	8,528	9,517	8,790	9,240	9,190	9,595	9,513
	R&D expenses	1,667	1,821	1,923	2,047	2,105	1,971	1,934	2,205	2,322	2,580
R&D expenditures to sales ratio (%)	2.0	2.1	1.8	1.9	2.1	2.3	1.9	1.9	1.8	1.9	
Per Share Information	Earnings per share (EPS) (JPY)	93.17	55.56	90.16	93.72	58.22	2.25	40.70	-47.05	54.50	57.70
	Book-value per share (BPS) (JPY)	1,085.02	1,109.64	1,219.61	1,191.85	1,212.66	1,213.08	1,289.96	1,297.76	1,460.05	1,543.09
	Dividend per share (JPY)	26.00	30.00	30.00	30.00	35.00	20.00	25.00	12.00	15.00	18.00
	Payout ratio (%)	27.9	54.0	33.2	32.0	60.1	888.7	61.4	—	27.5	31.2
Cash flow	Cash flow from operating activities	9,372	9,801	11,186	11,709	12,822	10,098	13,207	5,003	16,655	10,924
	Cash flow from investment activities	-13,364	-30,821	-12,331	-5,462	-7,297	-7,043	-8,072	-6,345	-8,303	-8,390
	Cash flow from financing activities	4,989	20,679	-53	-746	-3,553	-3,098	-5,076	790	-2,499	-2,391
	Free cash flow	-3,991	-21,019	-1,145	6,247	5,524	3,054	5,135	-1,341	8,351	2,533
	Cash and cash equivalents at fiscal year-end	13,376	12,827	11,866	17,127	19,170	18,637	18,868	18,955	24,586	25,019
Financial Indicators	Operating profit margin (%)	8.5	5.5	6.2	6.7	4.2	1.6	4.8	2.4	4.7	5.2
	Equity Ratio (%)	35.4	28.6	30.3	35.0	35.1	36.3	36.3	35.3	36.5	37.0
	Return on equity (ROE) (%)	8.6	5.1	7.7	7.9	4.9	0.2	3.3	-3.6	4.0	3.8

Free cash flow = Operating cash flow + investing cash flow
 ROE = Profit attributable to owners of parent (Average equity)

*1 Figures presented are rounded down to JPY million, and ratios are rounded off.

*2 The Company applied the "Partial Amendments to Accounting Standard" for Tax Accounting Standards Board of Japan Statement No. 28, 16 February 2018) from March 2018. The figures for before March FY2018 have been adjusted retrospectively to reflect the aforementioned standard.

*3 The Company changed how it classifies the proceeds from the disposal of scrap from March 2019, and the results for FY2018 onwards have been changed retrospectively.

Company Information / External Evaluation

Company Profile (as of 31 March 2025)

Established	November 4, 1939
Capital	8,413 million yen
Number of employees	Consolidated 7,323 / Non-consolidated 1,394
Business description	<ul style="list-style-type: none"> ● Powertrain Business Bearings for automobiles (passenger cars, trucks, racing cars) engines, bearings for two-wheeled engines, bearings for engine accessories (turbocharger and balancer mechanisms), bearings for industrial engines, etc. ● Marine & Energy Business Bearings for marine low speed engines, bearings for marine/industrial medium and high speed engines, power generation equipment (water mills / thermal power / turbines), industrial equipment (compressors / acceleration / reductions gears) etc. ● Life Business Bearings for air conditioning compressors, bearings for bicycle parts (derailleurs, shift levers), bearings for automotive parts (shock absorbers, transmissions, solenoid valves), bearings for hydraulic equipment, bearings for aircraft parts, bearings for reclining beds, etc. ● Frontier Business Aluminum die casting parts for automobiles (incl. electric vehicles), precision metal parts for automobiles and motorcycles (bent pipe products, machined products, knock pins), etc. ● Others Metal-based unlubricated bearings business, pump-related products business, centralized lubricating equipment, and the electrode sheet business for electric double layer capacitors, etc.

*Reported under the new segments starting from the fiscal year ending 31 March 2026

Stock Information (as of 31 March 2025)

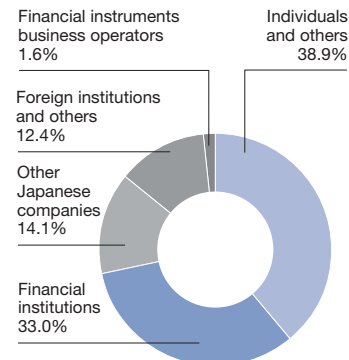
Stock Overview

Total number of shares authorized to be issued	80,000,000 shares
Total number of issued shares	47,520,253 shares (including 2,384 shares of treasury stock)
Number of shareholders	14,743 people

Major Shareholders

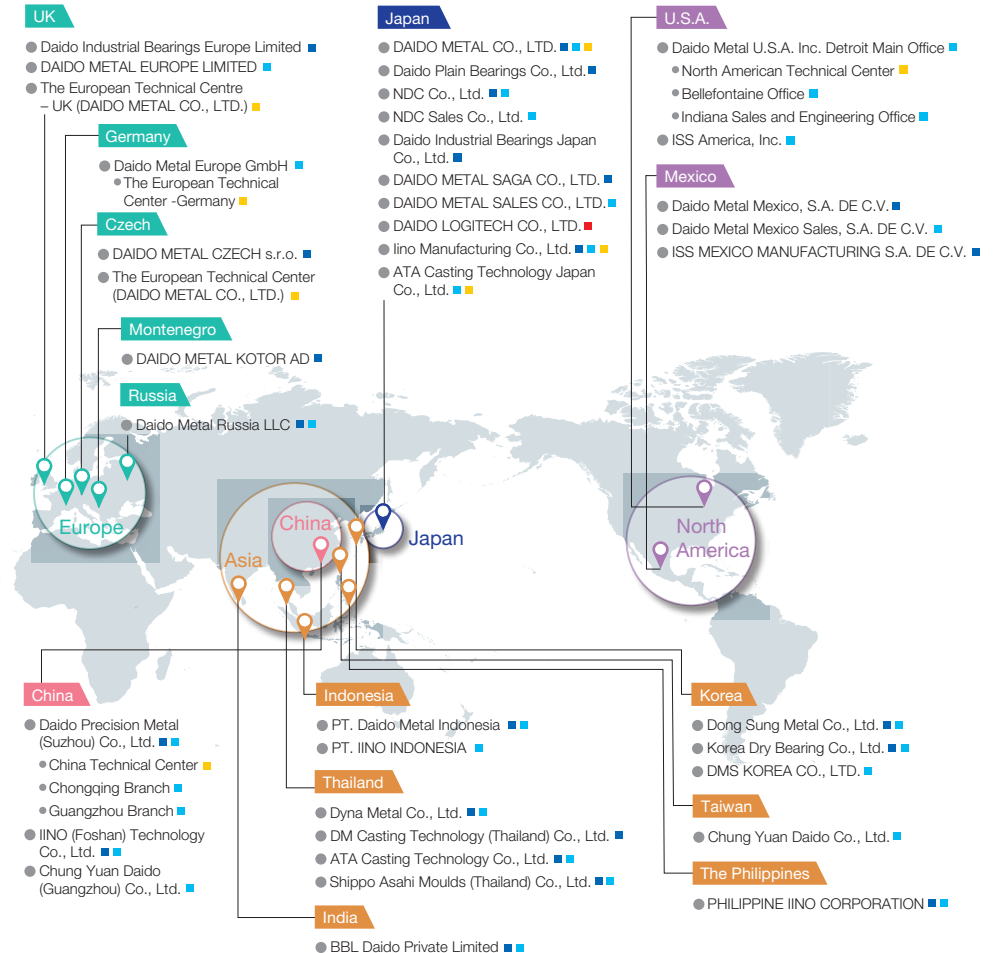
Name of shareholder	Number of shares held (Thousands of shares)
The Master Trust Bank of Japan, Ltd. (Trust account)	4,582
Daido Metal Employee Stock Purchase Plan	2,057
Sumitomo Mitsui Trust Bank, Limited	1,978
Mizuho Bank, Ltd.	1,977
Daido Metal Yueikai Stock Ownership	1,961
MUFG Bank, Ltd.	1,822
Custody Bank of Japan, Ltd. (Trust account)	1,564
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,107
THE SERI WATHANA INDUSTRY CO., LTD 703000	1,000
Marubeni-Itochu Steel Inc.	886

Shareholding by Owner



Global Network (as of 31 March 2025)

■ Production Locations ■ Sales Locations ■ R&D Locations ■ Others



External Evaluation



Supporting Your Movement.



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

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