

# Vision of the future

Daido Steel's present, and the future we envision

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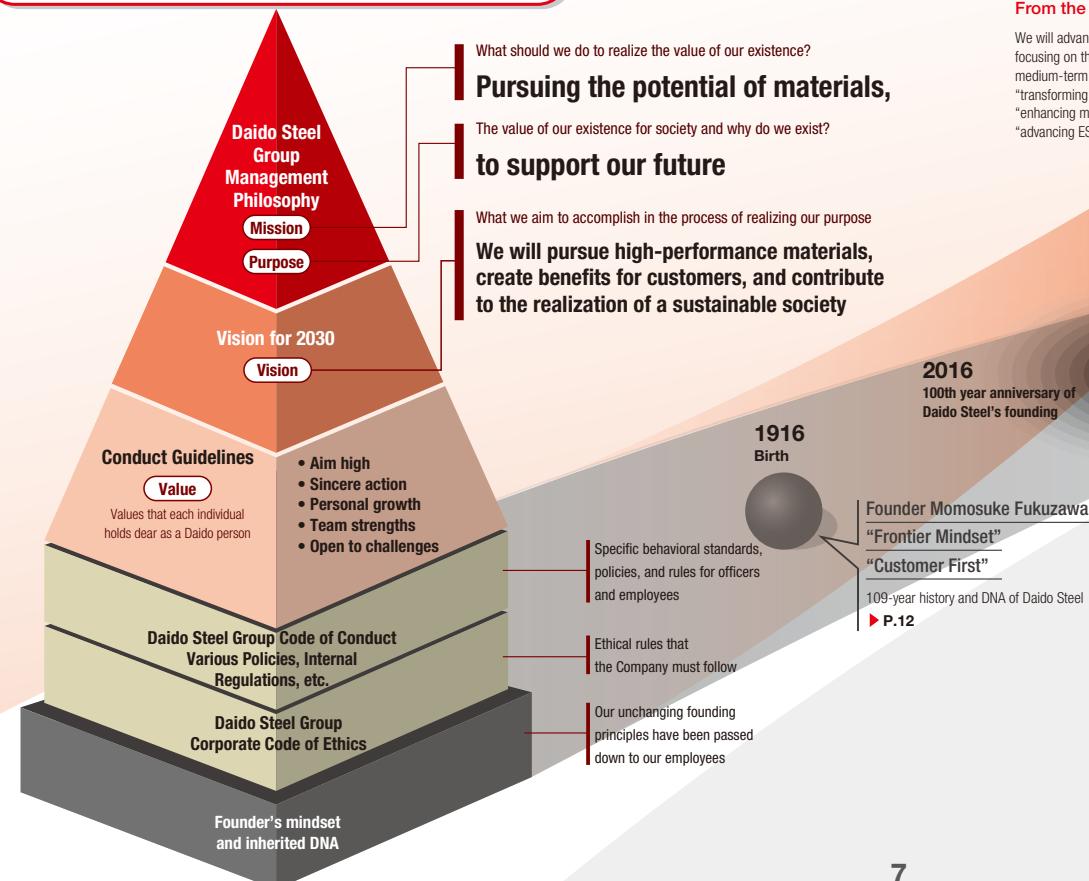
## Corporate philosophy structure and business direction

### Daido Steel Way

The Daido Steel Group aims to enhance corporate value by practicing the Daido Steel Way (corporate philosophy structure), which systematizes its vision and the basis of its actions.

#### Beyond the Special

From the past to the present, we have continued to support our future. In order to do this, we will continue pursuing materials' potential and what is *Beyond the Special*.



### Business direction for corporate value enhancement

To the future we envision

Cover Stories [▶ P.1](#)

The Company has set "We will pursue high-performance materials, create benefits for customers, and contribute to the realization of a sustainable society" as its "Vision for 2030." We will further strengthen our relationship with stakeholders and make efforts to realize our vision together.

From the present to 2030

We will advance into the future while focusing on the basic action policies for our medium-term management plan, including "transforming business portfolio," "enhancing management resilience," and "advancing ESG management"

Present

Utilizing the "core competencies" we have built to realize our vision



2026 Medium-Term Management Plan



## CEO message

# A transition that pursues materials and builds the future

### To realize the future we envision

#### The need for business transformation

In the 2026 Medium-Term Management Plan, we emphasize the word "future," and we announced the slogan "Go to Amazing Futures with Specialty Steel!" in our corporate advertising. Behind this is the fact that society and industry are on the verge of a period of massive change, and the automotive industry in particular is entering a period of "once in a century" revolutionary transformation. In automotive-related specialty steel, which is currently our flagship business, plateauing volumes are forecast going forward due to shifts in the industry such as the EV transition. That is why we must focus on our vision, our image of the future, and future growth markets and move forward with our business transformation.

Specifically, we are transforming our business portfolio, as mentioned in the 2026 Medium-Term Management Plan, by investing management resources in fast-growing fields such as

open-die forgings for the aerospace market and energy-related markets and titanium products for the medical market, and will be working to expand our business. In the capital investment for transforming our business portfolio, we scrupulously analyze market trends and the effects of investments, then enforce selection and focus, and work to improve capital efficiency.

Our vision and our image of the future are not limited to merely expanding the Company's business. We want to be a corporation that continues to provide better value to society. To that end, I believe it is essential that we communicate our message about the future we envision both internally and externally, and that each and every employee will identify with the direction we are taking and will go on this journey with us.

#### Daido Steel's reason for being

When I imagine our vision, I go back to the Company's reason for being. Paradoxically, I try to imagine a world in which Daido Steel does not exist. What would happen if the materials we provide were gone? A familiar example is ballpoint pen tips. These are mainly made of either brass or nickel silver (an alloy of copper, nickel, and zinc), which soft and workable. When



a Japanese person is writing, the kanji characters in particular feature stops and upward sweeps at the end of strokes, so the writer tends to apply more pressure with their pen than when writing alphabet letters. You may have experienced difficulty in writing if you continue to use a ballpoint pen, with the ink leaking or becoming clogged. The feeling of fluidity when writing depends on the development of the pen manufacturer's ink. However, we provide a stainless material that is harder than brass or nickel silver and combines rust-resistance and workability, helping to achieve ballpoint pens with little leakage and a smooth feel. It probably seems obvious now, but we are supporting a "world" in which you can write things down smoothly and without getting your shirt dirty.

In this way, our materials are not just parts of products. They play a role in making people's lives comfortable, and due to properties such as being easy to carve and easy to process, they also shorten processing times and improve the efficiency of the energy used in the manufacturing process, contributing to improved productivity and reduced CO<sub>2</sub> emissions. I believe that being a company that continues to provide this kind of value to people and society is itself our reason for being and our mission.

## An obsession with materials driven by our co-creation capability

The foundation of our business is pursuing materials, and at its core is our core competency, which solidifies our three capabilities: development, co-creation, and manufacturing and technology. We can also say that, out of these three, our co-creation capability is the DNA that has been handed down to us since the Company was founded. Our great strength is the way we coordinate with our customers to solve issues and come up with even better products. We don't just make and

sell standardized products—we pick up on our customers' concerns and the functions they need, and, with our materials, we solve their issues and, in turn, contribute to solving future social issues as well. Our co-creation capability is the force that drives us to work together with customers for solutions aimed at realizing a better society through materials.

Going forward, society will continue to advance, but the possibility of technological innovation in materials triggering innovation, is infinite. I am confident that leveraging materials is essential in gaining a global competitive advantage. Among the variety of products in the world, there are many that can be made more attractive by pursuing materials. We will continue to hold fast to our core competency and our obsession with materials throughout the future.

## Unparalleled manufacturing capital supports our co-creation capability and competitiveness

The foundation supporting our co-creation capability and competitiveness is the different characteristics of our plants, such as the Chita and Hoshizaki Plants and the Shibukawa Plant. The Chita and Hoshizaki Plants are focused the productivity of specialty steel, while the Shibukawa Plant is focused on the quality demands among specialty steels. And now, our strong foundations will be reborn by combining these plants, enabling us to keep pace with the needs of society as they advance.

One example is our high-cleanliness stainless steel and high-performance stainless steel for semiconductor production equipment, which have ensured us a high share in the global market. This has been made possible by combining the Shibukawa Plant's competitiveness in quality and the Chita and Hoshizaki Plants' high productivity. Looking around the

world, I cannot find another case like ours. In the past, I had proposed a collaboration between these plants, with their totally different production mechanisms and organizational cultures, but it was completely unacceptable at that time. Since then, times have changed and so have attitudes. Each steel plant's manufacturing technology is now under the centralized management of a single Production Division, and exchanges of engineers between the plants are also progressing. Going forward, we will leverage our unrivaled manufacturing capital to elevate our competitive advantage to even greater heights.

## Future specific initiatives for the future we envision

## Progress of the 2026 Medium-Term Management Plan

Daido Steel is working on our Medium-Term Management Plan with 2026 as its final year. This plan is a vital step toward our Vision for 2030 as it builds the foundations for the realization of our image of the future. For this reason, we have been reviewing our existing business portfolio and are aiming for sustainable growth by expanding into new markets.

Up to now, two-thirds of sales in our business portfolio have been automotive-related. However, going forward we will be working on business growth by actively expanding sales into high value-added markets other than automotive-related. For example, sales of aerospace and energy-related open-die forgings are steadily expanding, and in materials for semiconductor production equipment, although there are delays in the recovery of the demand phase of the semiconductor cycle, we are going ahead with establishing



supply systems in preparation for its return. To reach our target of raising the sales revenue ratio (15% in fiscal 2026, 25% in fiscal 2030) of products for fast-growing markets, we are promoting the strengthening of measures such as business portfolio transformation and cost reductions.

In light of recent changes in society and international markets, however, I think we will have to review the 2026 Medium-Term Management Plan. Specifically, we are thinking of reconfiguring measures including improving capital efficiency from the perspective of both present and future benefits, at the stage when the United States' tariff policy trends have settled down. While we are working to increase corporate value, we strive to communicate with our investors to help them understand the attractiveness and the potential of our business and our materials. In particular, recognition of Daido Steel overseas is still not enough, so we will be focusing on global investor relations.

## Expansion into overseas markets

Expansion into overseas markets is a key pillar in our growth strategies. Overseas sales in our automobile and industrial equipment parts segment in particular grew significantly in the previous fiscal year. This was the result of having won customers' trust, spending ten years gaining their recognition and continuing to provide a stable supply of goods. We then built up this trust and secured our presence in the global market.

We are also enhancing our product range and taking action in each market in order to further expand sales in overseas markets. In terms of enhancing our product range, we are accelerating the speed at which we strengthen our marketing and cultivate demand for heavy rare-earth-metal free hot-deformed magnets, and in terms of actions in each market, in the U.S. market we are leveraging our manufacturing companies in that country as a response to its tariff policies, and in the Asian and Chinese markets, we are leveraging our sales sites in Singapore and China to capture the demand in those countries respectively.

## Human resources development for the transition

It goes without saying that a company consists of people. Developing our human resources is essential in maintaining and refining the Company's core competency, and we are aware of the materiality in achieving sustainable management. Developing Daido Steel's human resources requires us to not only increase the knowledge, techniques, and skills of our employees, but also to deepen their understanding of our Management Philosophy and the five Conduct Guidelines that form the standards in fulfilling our responsibilities and contributions to society. I believe that, by meeting both of these

requirements, we can work together to achieve our targets, and each one of us will feel pride and satisfaction in our work. As an indicator of the pride we hold and the satisfaction we feel in our work, we measured the employee engagement scores and set targets based on them in fiscal 2024. In fiscal 2025, because we are working to instill our Management Philosophy and the five Conduct Guidelines, we are holding townhall meetings and having dialogues with as many employees as possible. First we will target employees in their thirties, with a total of 26 meetings planned, and we will discuss not only our Management Philosophy, the five Conduct Guidelines, and the Mid-Term Management Plan, but also the future of materials and the future of Daido Steel from a more long-term perspective.

I hope that another aspect of such new initiatives will be maintaining the "essence" of Daido Steel that we hold dear. For example, when we make capital investments, the equipment design will reflect our own original ingenuity for better manufacturing of better materials that meet customers' expectations. Beginning with the Chita Plant, each plant will be equipped with facilities that hold the "essence" of Daido Steel. Fostering human resources who will make this "essence" of Daido Steel a reality, pass it on to future generations, and ensure the Company's competitiveness going forward is the translation in personnel development.

## Sustainable management that builds the future we envision

### The transition to carbon neutrality

Reducing CO<sub>2</sub> emissions is an extremely important theme in our business. Amid the high expectations of society as a whole

for corporations to reduce their environmental impact, we too must fulfill this responsibility. Specifically, the two pillars of our efforts to reduce CO<sub>2</sub> emissions are eco-products and eco-processes.

Eco-products contribute to the reduction of CO<sub>2</sub> emissions in our customers' manufacturing processes by providing materials with properties such as being easy to carve and easy to process. Materials that are easy to carve shorten processing times and curb energy consumption, thereby reducing the environmental impact. Eco-processes advance our CO<sub>2</sub> emission reduction initiatives in our own manufacturing processes. Along with hardware investment through the continual and expansive use of ceramic fibers in heating furnaces and heat treatment furnaces, as well as the application of heat-resistant paint on furnace bodies, and knowledge investment through education on improving combustion efficiency, we are also introducing CO<sub>2</sub>-free energy, which is derived from renewable energy, and in fiscal 2024, our CO<sub>2</sub> emissions had been reduced by 30% compared to fiscal 2013. Furthermore, the Chita Second Plant has realized carbon neutrality with CO<sub>2</sub> emissions being net zero. Such initiatives are an important step toward our targets, such as reducing CO<sub>2</sub> emissions by 50% by 2030 and achieving carbon neutrality in 2050.

In the future, we aim to convert to heating furnaces and heat treatment furnaces with hydrogen as a fuel. Although there are many technological issues in this fuel conversion, it has the potential to significantly reduce environmental impact. We want to contribute to the realization of a sustainable society through these steady efforts and technological innovations.

## Actively developing business with DX and intellectual property

In our research and development, materials informatics (MI)

plays an important role in one of our digital transformations (DX). Using the enormous amount of data we have accumulated up to now, we are undertaking initiatives to optimize alloy design and process development.

We are also focusing efforts on using our intellectual property. In the past, it was mainly the researchers who used intellectual property. With the addition of sales divisions as well, we are formulating intellectual property strategies from a broad perspective. For example, using technologies to develop different kinds of steel and assess functionality is proactively linked to business growth, such as expanding transactions with new customers overseas. In Daido Steel's corporate culture, which emphasizes relationships with our customers, our goal with intellectual strategy is not only protecting our technology, but also responding to customers' needs and providing new value to society as a whole.

## The “GOKAI JUSSOKU (Ten Guiding Tenets)” must remain unchanged

At the root of Daido Steel's corporate culture are the “GOKAI JUSSOKU (Ten Guiding Tenets)” taught by our founder. The Tenets are what tell us how we should conduct business, and the first four in particular emphasize the fact that we must take good care of our customers. Teachings such as “We must never forget the support from our customers” and “Satisfy customers” form the basis of our Conduct Guidelines. These teachings are not just a philosophy. Even now, they live on in the Company as the specific actions as the “essence” of Daido Steel, and they are the driving force that increases the competitiveness of the materials we provide.

The teaching “This company succeeds or fails depends on whether we can unite as one. Let's work together” is deeply

engrained in our Conduct Guidelines. This symbolizes our attitude in persistently continuing to take on challenges. In fact, customers have praised the Company, saying “Daido Steel never gives up,” and I think that is proof that they appreciate the way we work stubbornly to solve issues. In this way, the “GOKAI JUSSOKU (Ten Guiding Tenets)” form the core of our corporate culture, and we will continue to hold them dear as guidelines for creating the future.

For us, there are things we should change and things we should not change. With a clear awareness of that fact, we are making a steady transition to our Vision for 2030, and we will continue to perfect materials support our future as a company whose presence is indispensable to society.



## 109-year history and DNA of Daido Steel

### 109-year history of Daido Steel

The history of Daido Steel began in the early 1900s. When the importance of social infrastructure development was growing, Momosuke Fukuzawa, was among the first to notice the importance of electricity and started an electric steel manufacturing business to make effective use of electricity. With this business Momosuke Fukuzawa helped to develop industry in our country, aiming to enrich people's lives and to contribute to society. Since then, we have overcome many difficulties; a harsh business environment and the transition to new technology, through various events such as two world wars, postwar reconstruction and rapid economic growth, the oil crises, the 2008 global financial crisis, and the Great Eastern Japan Earthquake. We have learned from all those difficulties, refined our technologies, and contributed to the development of society.

### The mindset of founder Momosuke Fukuzawa

When founder Momosuke Fukuzawa became president of Nagoya Dento Co., Ltd., he established the "GOKAI JUSSOKU (Ten Guiding Tenets)" for employees. In the Tenets, he put himself in the shoes of consumers and showed employees the actions and approaches to take, an idea still holds true nowadays. This idea has become the foundation of our Conduct Guidelines (values), and it remains relevant today.

### Daido Steel's mission and DNA

"We support society and industry." That was the mission Momosuke Fukuzawa aspired to, and it has been passed down to us today, across the generations, as "Daido Steel's DNA." As a leading specialty steel company, this mission is the foundation of the trust we have built with industry and customers. Now, in a period of significant transition, society's needs are changing constantly as well. However, the fact remains that the materials we produce are still essential for society no matter how it changes.

Going forward, we will continue to support our future and to pursue the potential of materials as we have done in the past to the present day.

#### GOKAI JUSSOKU (Ten Guiding Tenets)

1. The happiness we enjoy is thanks to the patronage of many customers
2. We must never forget the support from our customers even for a moment
3. The consumer's opinions are always right and should be treated hospitably
4. Absolutely prevent breakdowns and satisfy customers
5. Time and effort are precious and should be used with the greatest efficiency
6. Work that needs to be done that day should not be postponed until tomorrow
7. Even the smallest things should not be overlooked. Even little things must not be lost
8. Debate and formality are trivial matters. Think about how to make a profit
9. Complaining and laziness are bad for your health. Do your job happily
10. This company succeeds or fails depends on whether we can unite as one. Let's work together



Daido Steel has created a video to help you understand our purpose and mission. Please visit this URL to view it.

<https://www.youtube.com/watch?v=48IT93mEbg&list=PLIGI6AD10wv2U3uGK3CUoabU8wLbnjVAK&index=8>



For more details about our Company's history, please visit our 100th anniversary special website.

<https://www.daido-100th.com/history/> (Japanese only)

## Creation 1916 - 1951

## Progress 1952 - 1963

## Fusion 1964 - 1982

## Breakthrough 1983 - 2004

## Challenge 2005 -

## Source evolution

### Our history

#### Seeing the potential of electric arc furnace steelmaking as a way to utilize hydropower resources

Momosuke Fukuzawa, who was working on the development of power sources in the Kiso River, commercialized steelmaking using electricity, and Electric Steel Manufacturing Co., Ltd., a specialty steel manufacturer that became the foundation of our Company, was born. The Company began manufacturing ferroalloys, cast steel products, and electric arc furnaces, and expanded due to military demand. We transitioned our business to civil demand after the war in order to continue operating.

#### Thinking ahead of the times, the Chita Plant was constructed

Our Company, seeing that its fate was on the line, chose to create a Chita Plant in response to civil demand on the verge of explosive economic growth. The Company responded to the growing demand for specialty steel brought on by motorization by improving its production system and enhancing management through equipment streamlining.

#### Three companies merge to become one of the world's leading specialty steel manufacturers

The demand for specialty steel had increased due to the Tokyo Olympics and the opening of the Meishin Expressway and Tokaido Shinkansen, but the two oil crises caused hardships for the specialty steel industry. Daido Steel, which was created through the merger of Daido Steel, Japan Special Steel, and Tokushu Seiko, embarked on a new journey as one of the world's leading specialty steel manufacturers.

#### Increase competitiveness and aim for globalization

With an eye on the global market, the Company aimed to further strengthen its competitiveness in terms of quality, cost, delivery, etc. by making full use of the Chita Plant's No. 2CC and other unique technologies. Our Company actively developed new products and expanded new businesses, established overseas sites, and promoted global expansion.

#### Entering a new century with "Monozukuri Kaikaku" and strengthening group management

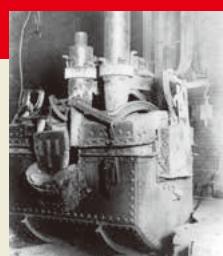
In a rapidly changing economic environment, we promoted the shift from quantity to quality, a return to manufacturing and personnel development, and developing DMK (Daido Monozukuri Kaikaku) activities. We strengthened group management, further enhanced collaboration both internally and externally, and united as a group to take a bold stride into the new century.

### Continuing to contribute to the realization of a sustainable society

While appreciating the DNA we have inherited, we continue to evolve and aim to realize our "Vision for 2030."

We will also continue to carefully listen to the voices of society and open up the possibilities of materials.

### Examples of product development that created customer benefits



One of the Company's precious assets: a 1.5ton L-type arc furnace (certified as a "Heritage of Industrial Modernization" by the Ministry of Economy, Trade and Industry)

#### Development of various free-cutting steels following the development of precision industry after the war

1957 Developed ferritic free-cutting stainless steel (SS4F)  
1960 Developed super free-cutting steel (SFC3F)



#### A combination of three firms' technologies and knowledge: High-performance cold work tool steel

1976 Considered application of gas nitrocarburizing treatment on tool steel  
1981 Commenced research and development



#### The world's leading aircraft jet engine shaft

1983 Establishment of international joint development project. Start of joint development of V2500  
1995 Began GE1014 development



#### Soft magnetic powder adopted for hybrid vehicles

2008 Began mass production of soft magnetic powder for reactors



### In society

- Introduction of the encouragement of new industry
- Development of modern industry
- Two world wars

- Postwar reconstruction

- Japan's high economic growth
- Two oil crises

- Plaza Accord

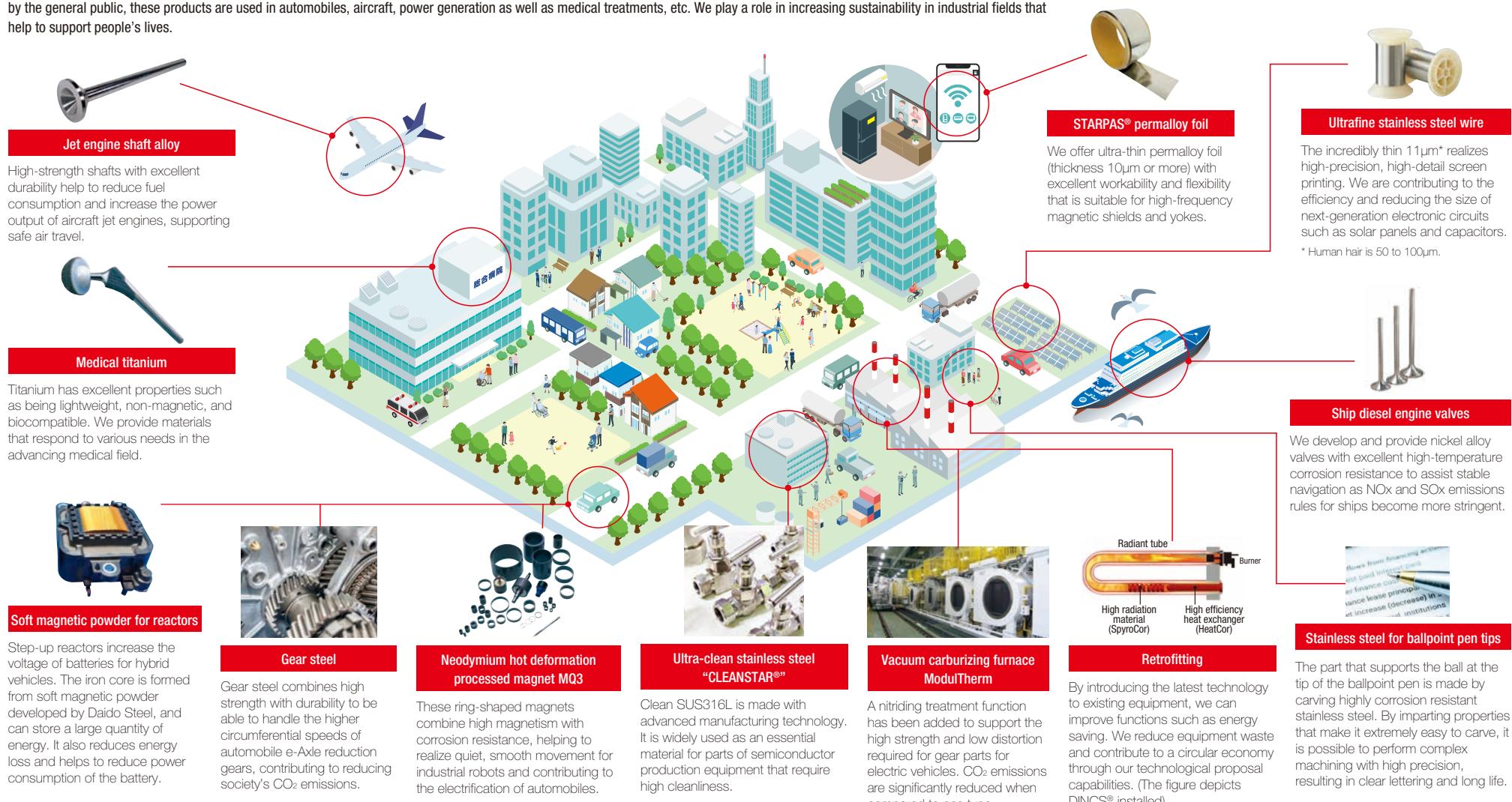
- The 2008 global financial crisis
- Great Eastern Japan Earthquake

- Decarbonized society

## Relationship of Daido Steel and society

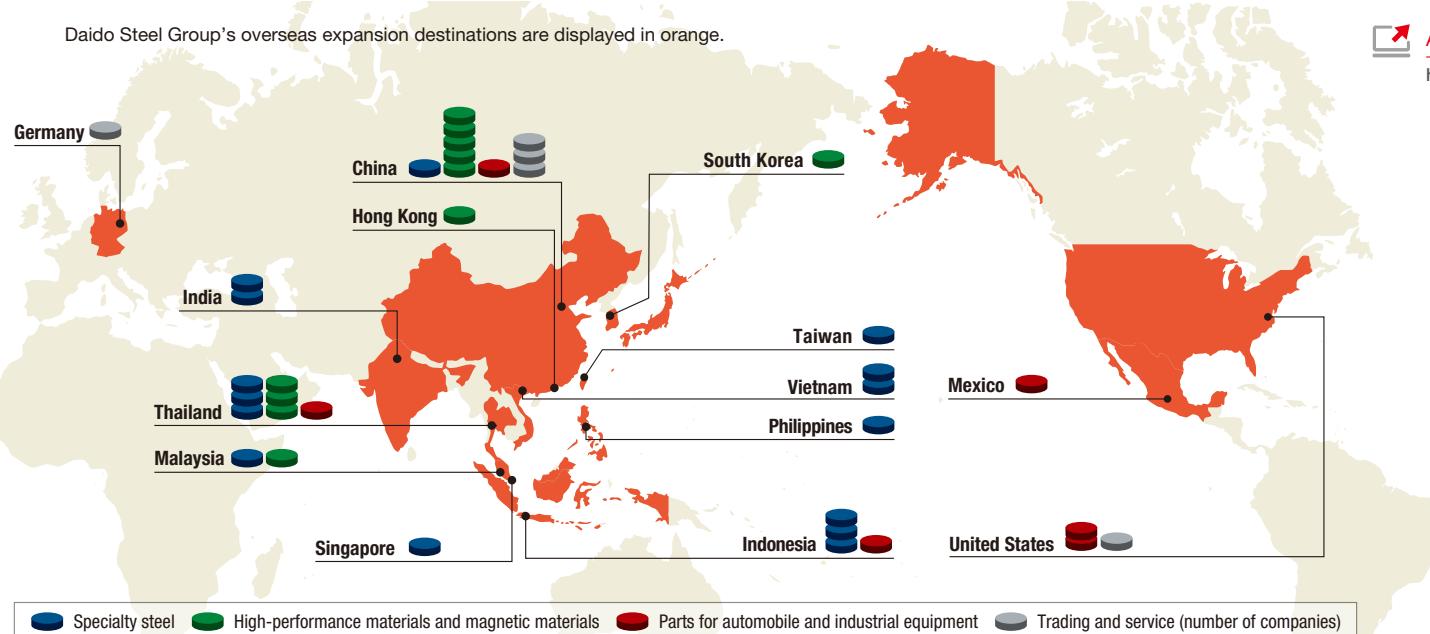
Daido Steel is striving to reduce weight, enhance strength, enhance corrosion resistance, and lengthen life-spans of various products to contribute to the reduction of CO<sub>2</sub> emissions in the world.

The Daido Steel Group supplies society with steel-related products for a wide range of fields, such as specialty steel, high-performance magnets, and industrial furnaces. While not often seen by the general public, these products are used in automobiles, aircraft, power generation as well as medical treatments, etc. We play a role in increasing sustainability in industrial fields that help to support people's lives.

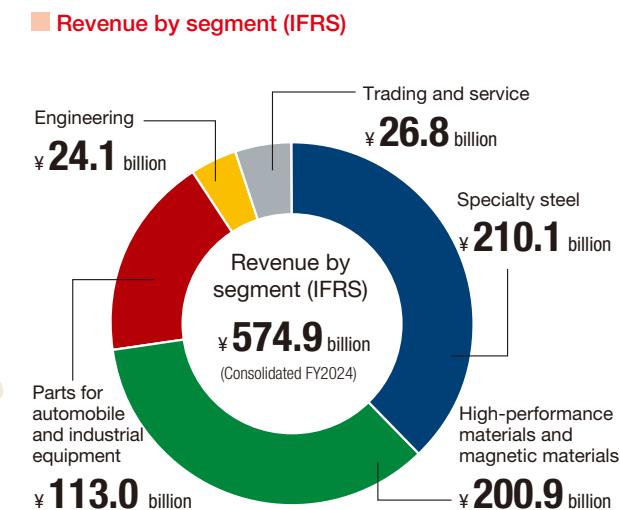


## Overview of Daido Steel Group

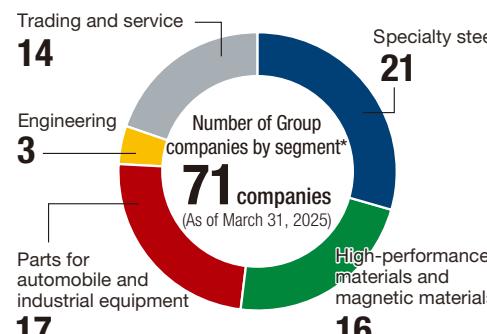
Daido Steel Group's overseas expansion destinations are displayed in orange.



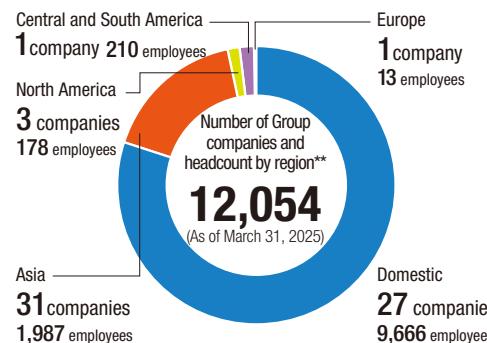
An overview of the Daido Steel Group (overseas) is available on our website.  
<https://www.daido.co.jp/en/about/overseas/index.html>



### Number of Group companies by segment



### Number of Group companies and headcount by region



### Progress in sales revenue by region and overseas net sales ratio

