

Governance

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Outside directors roundtable

Enhancing corporate value: Expectations and challenges

Daido Steel's five outside directors gathered to discuss progress made in the first year of the 2026 Medium-Term Management Plan and issues and expectations for enhancing corporate value.

Outside Director

Mutsuko Jinbo

(front row, center)

Outside Director

Ryoichi Yamamoto

(front row, left)

Outside Director

Noriyuki Hiramitsu

(back row, left)

Outside Director,
Audit & Supervisory
Committee Member

Kenji Matsuo

(front row, right)

Outside Director,
Full-Time Audit &
Supervisory
Committee Member

Ryuichiro Ono

(back row, right)



A look back at the first year of the 2026 Medium-Term Management Plan

Yamamoto: Regarding transforming the Company's business portfolio, which is the centerpiece of the 2026 Medium-Term Management Plan, I see great value in the start of operation of the special melting equipment at the Chita Second Plant. On-site inspection confirmed that capital investment in growth areas is being steadily carried out. Acting speedily in this way has direct impact on enhancing corporate value, which I believe is one of Daido Steel's strengths.

Hiramitsu: While the steel industry as a whole is seeing a drop in revenue, Daido Steel's results for fiscal 2024 continued to show strong revenue growth. To me, this means that management has been able to adjust flexibly to external conditions. The ability to sustain appropriate margins even with higher costs for materials and labor and securing revenue while cost-cutting is a very positive development. On the other hand, the numerical targets set in the 2026 Medium-Term Management Plan were not met. To close the gap between the management plan and actual performance, taking into consideration changes in the environment for high-performance materials and magnetic materials, I hope to hear clear explanations about improvement targets for costs and prices and how this will be reflected in management indexes. This is something the Board of Directors will also be following.

Jinbo: I agree with what you have said. Social changes such as national policies and election results which affect corporate activities are changing more rapidly than ever. Ongoing evaluation of whether the numerical targets set in the 2026 Medium-Term Management Plan are appropriate for the realities of rapid social change is needed; revisions might even be necessary, as the case may be. I feel that's more important than ever to take the initiative to adopt a growth strategy appropriate for the realities of the market.

Matsuo: The slowdown in the automotive industry and stagnant demand for semiconductor production equipment impacted

business performance in fiscal 2024. But compared to changes in the business environment in fiscal 2024, the Trump administration's policies will have a much greater impact on the business environment. Since the specialty steel industry is affected by trends in demand industries, corporations' ability to respond to business environment changes will be tested even more. With the acquisition of Nippon Koshuha Steel Co., Ltd. (making it a fully-owned subsidiary of Daido Steel), Daido Steel's corporate structure will also be changing. The Audit & Supervisory Committee will be following these changes, to monitor how flexibly and strategically the Daido Steel Group can respond.

Ono: As Mr. Hiramitsu mentioned earlier about not meeting numerical targets, we need to seriously consider the fact that the sentiment of the investors is already being reflected in Daido Steel's share price. To enhance stakeholders' confidence, the following steps should be taken: acting to meet the targets of the medium-term business plan, for example by cutting costs or reviewing allocations to boost productivity, adopting specific and visualized measures to increase sales, and ensuring a high level of transparency when showing the status of the strategies, such as roadmap presentations, involved in these initiatives. Showing quantitative progress of transformation of our business portfolio and establishing a clear schedule for making improvements can help win understanding and satisfaction both inside and outside the Company.

Strengthening human resources to support business portfolio transformation

Yamamoto: Daido Steel is taking steps to transform its business portfolio. One urgent task is to clarify the gap between where personnel are currently allocated and the human resources needed for future changes in the business structure, and to develop and reassign personnel in ways that match Daido Steel's business strategy.

One issue faced by many Japanese companies today is that

the existing Japanese employment system is no longer able to respond to changes in the business environment. Features of Japanese-style employment such as mass hiring of new graduates and lifetime employment provide stability and nurture a sense of cohesion, but suffer from structural limitations making it difficult to assign personnel flexibly according to job and to secure specialists. In industries where technological change is rapid, under the existing employment system it is difficult to quickly secure personnel who are familiar with new technological fields; job-based employment is also becoming more common. To ensure sustainable growth, the time has come for Daido Steel to conduct a fundamental review of specialization, personnel mobility and remuneration, depending on the job, to establish a system making it possible to obtain and train the necessary human resources.

Jinbo: I believe thinking about nurturing human resources in manufacturing should start in earnest at the university or senior high school level. Many enterprises talk about transforming their business portfolios, and to achieve their transformation goals, a



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necessary perspective is to invest in developing human resources, including high school education. As far as the university level is concerned, a structural issue in the current education and research environment is that operational subsidies and research grants are provided separately, and that research grants, including funding for research, tend to be concentrated in certain fields. That means that both quality and quantity of basic research, which is the role universities are expected to fulfill, are neglected, making it difficult to develop the personnel needed to support basic technologies. Under these circumstances, it's difficult for educational institutions to develop the specialists that companies need. I feel that industry-academia cooperation should be promoted to create a seamless ecosystem for developing human resources, from high school education through to employee training.

Hiramitsu: In a manufacturing enterprise like Daido Steel, advanced technology is the source of our competitiveness. But the development of new materials and advances into new areas need to be buttressed by knowledge built up through

basic research. There is heavy reliance on universities and graduate schools for basic research, and while companies are actively hiring post-docs and PhDs, there is a growing need for people familiar with the foundations of technology. One of the Company's objectives is to double profitability in the high-performance materials area, but does it have enough personnel to accomplish this in the first place, and have those people had the necessary training to generate results? That is an issue that needs to be reviewed. It's important to train the needed personnel within the limited resources available, and thinking strategically to have the right people in the right place at the right time.

Matsu: Some companies have begun showing a preference for hiring specialists, depending on the area of expertise required, but most important is to focus on developing specialists among personnel already hired and take a patient and generous approach over the long term to develop personnel. In R&D, especially, results won't be immediate, and the environment needs to support trial and error in taking on challenges. When hiring, it's also important to bear in mind that young people's attitudes toward work have changed. Creating a flexible structure to respond to young people's needs—they want to avoid transfers, and they want to become more specialized—is a way of appealing to them and securing capable human resources.

Ono: Japanese manufacturing will face the strong risk of a severe lack of manpower in the future. This is an important issue that applies not just to hiring but also to corporate governance and sustainability. To obtain and retain personnel, it's necessary to ensure that workers can feel comfortable in their work environment, in other words, the employer needs to provide psychological safety. With this in mind, the Daido Steel Group conducted a survey among employees, which identified specific problems with awareness of compliance issues and harassment. We plan to utilize the survey's findings to improve the workplace environment so that we can become a more attractive hiring partner for line staff. I am sure that detailed

actions of this kind will help us obtain human resources and sustain corporate growth in the future.

Expectations regarding sustainability initiatives

Yamamoto: Through the Company's membership in CDP, we disclose information related to climate change and water resources, which earned us an A- in fiscal 2024. This means our response to environmental issues has reached a certain standard, but I hope the Company will continue working toward earning an A rating. We are also making institutional initiatives, such as participation in the GX League and disclosing non-financial information based on TCFD. How we communicate about environmental response is important. By impartially showing the appropriateness of our initiatives, I hope that this will help investors and stakeholders place more trust in Daido Steel.

Hiramitsu: Achieving carbon neutrality is very important for manufacturers. Three elements need to be in place to reduce



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CO₂ emissions: technological development, advantages to the business, and market demand. Having to bear the costs in connection with cutting CO₂ emissions, especially, has a direct impact on corporate survival. The continuation of subsidies and



market formation through private and public sector coordination are essential; there are limits to what a single company can do. That is why industry-wide initiatives and working together with the Ministry of Economy, Trade and Industry and other administrative bodies is important. While environmental initiatives are a company's mission, it also needs to set up a sustainable business model. Building a framework that allows environmental value to be reflected in prices is something that is likely to affect Daido Steel's future competitiveness.

Jinbo: Daido Steel is carrying out initiatives to reduce and retrieve CO₂ emissions and utilize green energy, but this

approach is focused on cutting CO₂ emissions, and there is the risk of hitting a wall and not being able to go any further. We need to go one more step, for example by developing technologies for not emitting any CO₂ at all, utilizing the CO₂ emitted, or creating energy. I hope Daido Steel will create new technologies for generating renewable energy in-house or recirculating carbon resources as potential businesses that can offer growth opportunities.

Ono: I believe that enhanced internal governance is a fundamental element of sustainability to support sustainable corporate growth. At Daido Steel, CRM, the internal governance department, is playing a central role in setting out rules and seeing that they are adhered to, but further efforts are needed in this direction. Deepening the connection between the third line, the internal governance department, and the second line, risk owner, of the three-line model, is particularly important. The third line must have a thorough understanding of the duties of the second line. A system needs to be created to ensure useful guidance and advice through constructive dialogue, and such a system would be the key to enhancing the effectiveness of internal governance. At the same time, it's important to create a corporate culture where all the second-line departments are aware of their role and take responsibility for risk management. Nurturing this kind of mutual understanding and approach to responsibility will help further a framework for supporting corporate value.

The Board of Directors' role in the future

Yamamoto: Daido Steel's external corporate governance structure has been steadily implemented. But the true essence of governance is to ensure that it is not merely an empty formula. I think the spirit of governance has penetrated to a certain extent, but dialogue with outside directors who are also executive directors needs to be invigorated. Thinking of the background to Japan's corporate governance reforms, I feel there are structural contradictions in the current

system, particularly the difficult position of directors with both executive and supervisory functions. Although it may be an idealistic notion, I think the time will come to change the Board of Directors' structure so that it can perform its original function of deepening discussions.

Matsuo: The ideal would be to establish a clear separation between directorial and executive functions, but in realistic terms, we haven't reached that stage yet. The Board of Directors currently operates through discussions between



outside directors and directors who are also executive directors. More time and a more mature organization are needed before the high-level functioning of the Board Mr. Yamamoto has mentioned can be achieved. But even so, we need to continue working toward that ideal. It will not be easy, but we have to make steady efforts in that direction.

Ono: To make Daido Steel's governance function more effectively, I feel that frank discussions are needed with outside directors. The Board of Directors currently has animated discussions but the agenda is primarily set by the executive side, and steps should be taken to cover all topics that need to be discussed. For example, there could be a tie-up with the CRM Department, the internal governance department, which reports directly to the President. The CRM Department oversees internal audits and risk management for the whole Group; improving communication with the outside directors can help the whole Group share awareness of the issues. It would also be useful to provide a forum where outside directors can share information, so as to have deeper discussions at Board meetings.

Jinbo: In the six years since I became an outside director, it seems to me that the Board of Directors atmosphere has changed quite a bit. There are more active exchanges between outside directors and people within the Company. We can now point out specific issues and ask questions, and discussions have deepened. If, as Mr. Ono suggested, we had regular talks with the CRM Department, we could get up to date and share information outside the Board meetings; I feel that would make deeper discussions possible. Doing so would enable the Board to evolve as a venue for discussing how to enhance corporate value rather than simply for decision-making.

Hiramitsu: The quality and quantity of the information that outside directors receive is vital for enabling the directors to perform their role. Documentation is shared in advance to enable discussion, but when outside directors feel they would like to hear more detail, it's a problem that they often cannot learn more on the spot. Creating a system to more actively provide information and supplementary explanations will help improve the quality of Board meetings even more. Having a flexible, bi-directional framework for sharing information would help outside directors play their role and contribute to enhance governance effectiveness.

Message from Director and member of the Audit & Supervisory Committee

As appointed to the Audit & Supervisory Committee



Tetsuya Niwa

Director, Full-Time Audit & Supervisory Committee Member

I was recently appointed to the Audit & Supervisory Committee, which has renewed my awareness of the position's responsibilities. I will devote myself wholeheartedly to ensuring the Company's sustainable growth and establishing overall sound governance, applying my long years of experience with the Company to the task.

My duties in the Finance & Accounting Department until now have been to ensure the soundness of the Company's finances and that compliance requirements are met. In the Corporate Planning Department, I was in charge of medium- to long-term planning. In my recent duties in the ESG Management Department, I have worked to create non-financial value from the environmental, social and governance perspectives. All of these duties have helped deepen my understanding of how the Company's

sustainability and society are interwoven.

As a member of the Audit & Supervisory Committee, I will take an impartial stance to ensure the transparency and appropriateness of corporate decision-making while offering constructive advice based on conditions within the Company. Keeping in mind our business' feature of utilizing electric furnaces to produce specialty steel, I will endeavor to enhance governance quality so that Daido Steel can continue contributing to society in terms of both technology and the environment.

The steel industry is at a turning point today. Our electric furnace technology has great potential for achieving carbon neutrality and resource recirculation to address these social issues. The varied possibilities offered by specialty steel are full of opportunities for supporting the development of society. We are making sincere efforts to address social issues through our corporate activities, but support for this comes from competent governance and the aspirations of all our employees. As part of that effort, I will fulfill my duties by continuing to explore how corporations can create social value.

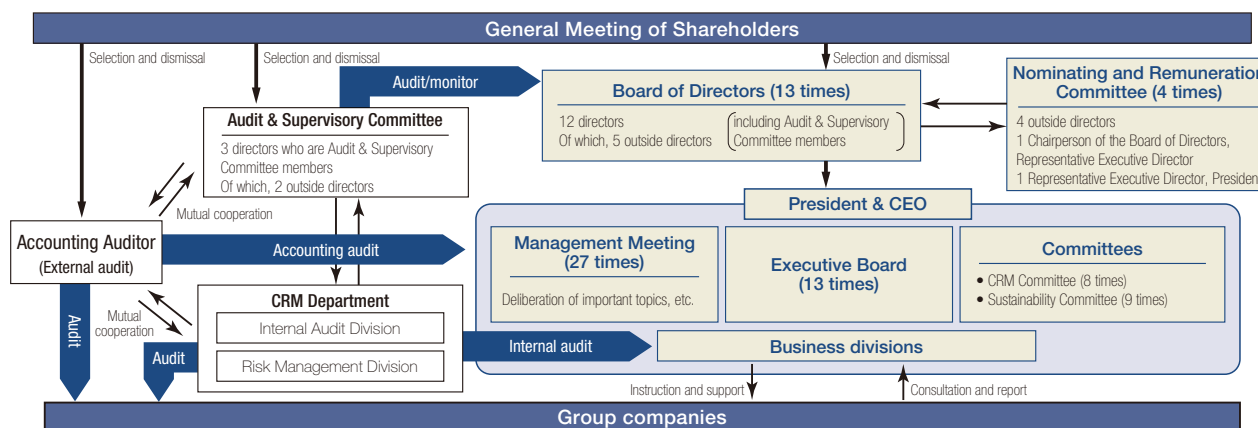
I look forward to our stakeholders' understanding of the steps we are taking and hope we will continue to create a vision for the future through sustained mutual dialogue. I will do my best to meet your expectations and be worthy of your support.

Strengthening of corporate governance

■ Corporate governance

Daido Steel views corporate governance as one of the key issues for management in today's rapidly changing business environment. We strive to increase management efficiency, accelerate and improve decision-making, and ensure management transparency.

[Business execution and auditing and internal control mechanisms]



(Note) CRM Committee: Corporate Risk Management Committee CRM Department: Corporate Risk Management Department

Figures in parentheses indicate the number of meetings held in fiscal 2024. The number of meetings of the Board of Directors, Executive Board, CRM Committee, and Sustainability Committee was the same in fiscal 2023 and fiscal 2024.

■ Governance system

The Company has adopted the organizational form of a company with an audit and supervisory committee. Part of the business execution has been delegated to the President to speed up management decision-making. In addition, the Board of Directors' deliberation focus is on management policy and strategy, with the goal of improving corporate value in the medium- to long-term. Our goal is to strengthen the governance system for management of the Board of Directors by allowing directors who are Audit and Supervisory Committee members to have voting rights on the Board of Directors.

Additionally, we have established the Nominating and Remuneration Committee as an advisory body to the Board of

Directors. Having independent outside directors make up the majority of committee members improves transparency and objectivity.

■ Board of Directors

The matters to be discussed and reported for deliberation by the Board of Directors are specified in the Company rules. The matters to be discussed include proposals to be submitted at the General Meeting of Shareholders, matters related to the directors and executive officers, etc., matters related to important business plans, and matters related to the settlement of accounts. Of the matters to be discussed, some matters

involving business execution, other than those specified under laws and regulations and the Articles of Incorporation, are handled as matters delegated by the President, allowing the focus at the Board of Directors meetings to be deliberation on matters such as management policy and management strategy.

■ Audit & Supervisory Committee

The Audit & Supervisory Committee is composed of three members, two of whom meet the requirements for independent outside directors, and their specialties and overall career are considered during selection.

The members of the Audit & Supervisory Committee supervise and audit the Directors' execution of their duties by attending important meetings such as Board of Directors meetings, periodic interviews with the Representative Executive Director, and various field audits including Group companies. In close collaboration with the Internal Audit Division (CRM Department), they help to maintain the soundness of management through efforts that include participation in a variety of meetings, operation of the internal reporting system, and direct instructions for supervision and auditing.

■ Nominating and Remuneration Committee

Daido Steel has established a Nominating and Remuneration Committee as a voluntary advisory organ to the Board of Directors. The Committee is composed of six members: the Chairperson of the Board of Directors and Representative Executive Director (the chairperson of the Committee), the Representative Executive Director, President, and four independent outside directors (one of whom is a member of the Audit & Supervisory Committee).

[Matters on which the Committee consults]

- (1) Matters related to the selection and dismissal of directors
- (2) Matters related to the selection and dismissal of the

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Representative Executive Director and the executive directors

- (3) Matters related to officer remuneration
- (4) Matters related to the succession planning for the CEO and others
- (5) Other matters for which the Representative Executive Director desires the opinions of the Committee

Evaluation of effectiveness of the Board of Directors

Since fiscal 2016, Daido Steel has performed an evaluation of the effectiveness of the Board of Directors, targeting all directors. Until fiscal 2021, this was done by means of a survey using in-house questionnaires, but from fiscal 2022 we have switched to an evaluation by a third-party organization with the goal of expanding the content and increasing the objectivity of the evaluation. Along with the results of the evaluation, matters such as an action plan to improve items with low evaluation results are reported to the Board of Directors. Issues and the improvement action results and action plans are as follows.

[Evaluation implementation guidelines]

- Implementation method

Questionnaires were given to all directors. Calculations and analysis were outsourced to an external evaluator (Sumitomo Mitsui Trust Bank).

- Evaluation process

- (1) Distribution of questionnaire to each Director (using the web)
- (2) Respond to questionnaire (using the web)
- (3) Questionnaire analysis and summary
- (4) Report and deliberation regarding effectiveness evaluation at the Board of Directors meeting

[Summary of analysis/evaluation results]

In general, the Board of Directors' efficacy is well regarded. In the fiscal 2024 evaluation, the Board of Directors received particularly high marks for "Securing the necessary time for deliberation," "Free and constructive discussion and exchange of opinions," and "Providing financially supported reports." In

addition, items that received relatively low evaluations are listed as issues.

[Fiscal 2024 results of actions]

- Issues raised in FY2023
 - a. Appropriate gender balance on the Board of Directors
 - b. Training opportunities for officers to acquire necessary knowledge, etc.
 - c. Supervising and monitoring the construction and operational status of internal control systems for the entire Group
 - d. Feedback from dialogue with shareholders
- Results of actions
 - a. Continued consideration of candidates
 - b. Exchange of opinions regarding human capital strategies and Daido Monozukuri Kaikaku activities
 - c. Reporting the status of activities to the Board of Directors as appropriate

[Fiscal 2025 action plans]

- Issues raised in FY2024
 - a. Appropriate gender balance on the Board of Directors
 - b. Training opportunities for officers to acquire necessary

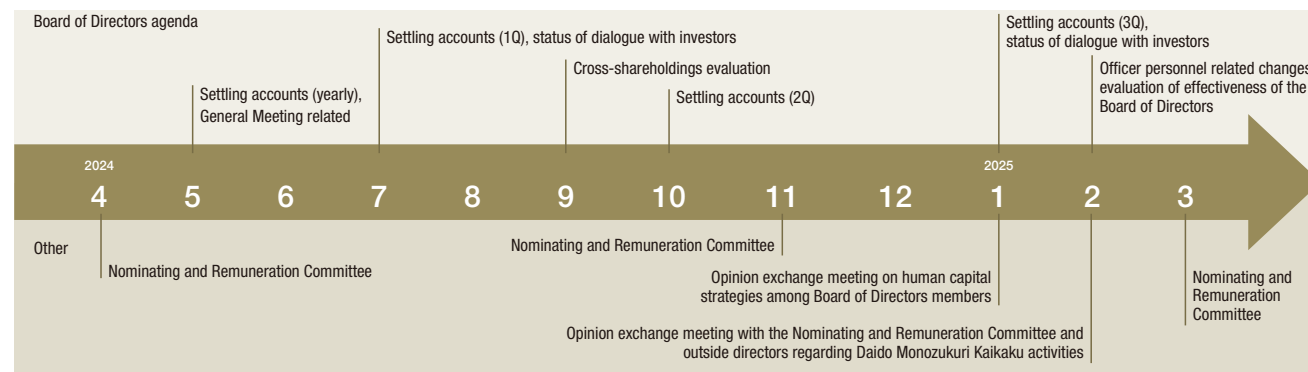
knowledge, etc.

- c. Supervising and monitoring the construction and operational status of internal control systems for the entire Group
- Action plans
 - a. Continued consideration of candidates
 - b. Holding seminars, individual explanations and opinion exchange meetings on management issues, and viewing major business sites, etc.
 - c. Reporting to the Board of Directors as appropriate and striving to further improve operations by referring to the opinions raised at Board of Directors meetings

Additionally, in fiscal 2024, a new evaluation was conducted on the Nominating and Remuneration Committee, which was evaluated based on "Appropriate selection of agenda items in line with the purpose and role of the committee," "Securing the necessary time for deliberation," "Free and constructive discussion and exchange of opinions," and "Performance of duties by the committee chair," all of which received high marks.

Going forward, we will continue efforts to improve effectiveness.

[Main activities of the Board of Directors]



Notes: 1. The Nominating and Remuneration Committee met in April and November 2024, and in February and March 2025.
2. The opinion exchange meetings were held in January and February 2025.

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■ Skill matrix

In conjunction with the updating of our Medium-Term Management Plan, we are reviewing the skills matrix items for fiscal 2025. We selected skills items that are deemed essential for ensuring diversity on the Board of Directors, referring to the opinions of the Nominating and Remuneration Committee when necessary.

[Reasons for selecting skill]

Skill	Reasons for selecting skill
Business management	To make comprehensive judgments and appropriate decisions regarding business management, as well as to effectively supervise business execution
ESG management	To provide appropriate advice on activities such as the challenge towards carbon neutrality, utilization of human capital, and strengthening of corporate governance, as well as to effectively supervise business execution
Manufacturing technology/R&D	To provide appropriate advice on new value creation, stabilizing business foundations, and manufacturing and research activities aimed at enhancing corporate competitiveness, as well as to effectively supervise business execution
Sales	To provide appropriate advice on sales strategies and marketing activities aimed at expanding business profits and sales channels, as well as to effectively supervise business execution
Finance/Accounting	To provide appropriate advice on initiatives aimed at maintaining management stability, financial soundness, and improving capital efficiency, as well as to effectively supervise business execution
IT/DX strategy	To provide appropriate advice on value creation using digital technology and to effectively supervise business execution
Overseas business	To provide appropriate advice on overseas business expansion and effectively supervise business execution
Legal/Compliance	For monitoring compliance with laws, international rules and their mindset, as well as social standards, and for risk management

	Name	Business management	ESG management	Manufacturing technology/R&D	Sales	Finance/Accounting	IT/DX strategy	Overseas business	Legal/Compliance	Independent Officer	Nominating and Remuneration Committee	Board of Directors attendance rate for FY2024	Audit and Supervisory Committee attendance rate for FY2024
Director	Takeshi Ishiguro	○	○		○			○			Chair	100%	
	Tetsuya Shimizu	○	○	○				○			Member	100%	
	Toshiaki Yamashita	○			○							100%	
	Akihito Kajita				○	○	○		○			100%	
	Tatsushi Iwata	○	○		○	○		○				100%	
	Tadayuki Kashima	○		○								100%	
	Noriyuki Hiramitsu	○		○			○			○	Member	100%	
	Ryoichi Yamamoto	○	○		○					○	Member	100%	
	Mutsuko Jinbo			○					○	○	Member	100%	
Audit & Supervisory Committee member	Tetsuya Niwa		○			○			○			—	—
	Ryuichiro Ono	○			○	○				○		100%	100%
	Kenji Matsuo	○	○		○	○				○	Member	100%	100%

■ Reason for selection of independent outside directors

Noriyuki Hiramitsu	It was determined that he is well qualified because he has a wide range of experience and knowledge as a management executive of a leading company in the steel industry.
Ryoichi Yamamoto	It was determined that he is well qualified because he has served for many years as a Representative Executive Director and a Representative Executive Officer in different industries than that of Daido Steel, and he has a wide range of experience and knowledge.
Mutsuko Jinbo	It was determined that she is well qualified because she was involved in management as the director and the president of an educational corporation, and, having been active as a professor for many years, she has a wide range of experience and knowledge.
Ryuichiro Ono	It was determined that he is well qualified because he has served as a management executive of a financial institution for many years, and has a wide range of management experience and insight.
Kenji Matsuo	It was determined that he is well qualified because he has served as a representative director and representative executive officer of a financial institution for many years, and has a wide range of management experience and insight.

■ Progress in strengthening of corporate governance

	2000	2001	2002	2003	2006	2015	2016	2019	2020	2021	2022	2023	2024
Board of Directors	Members	15-21 members				9-10 members					13 members		12 members
	Number of outside directors		1 director			2 directors		3 directors, including 1 female			5 directors		
Changes in structure/systems						Jun. 2015	Introduction of executive officer system			Jun. 2022	Transition to a company with an Audit & Supervisory Committee	Jun. 2023	Revision of officer remuneration system (introduction of stock-based remuneration)
Evaluation of effectiveness of the Board of Directors						Jul. 2016	Introduction of Effectiveness Evaluation			Feb. 2022	Introduction of third-party evaluation		
Establishment of essential committees								Apr. 2019	Establishment of the Nominating and Remuneration Committee				
Acquisition defense measures					Jun. 2006	Introduction of acquisition defense measures				Jun. 2021	Decision to discontinue acquisition defense measures		
Code of Ethics and Code of Conduct			Feb. 2003	Establishment of Daido Steel Corporate Code of Ethics and Code of Conduct							Revision of the content of the Code of Ethics and Code of Conduct as Group standards	Aug. 2023	Apr. 2024

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■ Cross-shareholdings

Cross-shareholdings policy for listed stocks

We believe that cooperative relationships with related companies are essential in all areas of business conducted by the Company, such as procurement of raw materials and others, development, manufacture and sale of products, and stable supply. To achieve sustained growth in future, we believe it is necessary to maintain relationships of trust with stakeholders and increase medium- to long-term corporate value. Therefore, from the perspective of improving corporate value, our basic policy is to hold shares that are appropriate and reduce those that have become diluted.

Review of cross-shareholdings

Every year, Daido Steel reviews the confirmation of the purpose and appropriateness of holding individual cross-shareholdings in the Board of Directors. The appropriateness of holdings is reviewed by performing a quantitative review of financial stability,

share price and dividends of the portfolio company, and a qualitative evaluation of the importance in Daido Steel's business by considering the amount sold to or from the portfolio company, the amount of profit and the amount of financial transactions. Holdings will be reduced if not found to be appropriate according to the conditions in future.

In fiscal 2024, we sold six stocks for ¥24.1 billion, reducing the ratio of our holdings to net assets, including cross-shareholdings, to 17.7%. Going forward, we will continue to reduce cross-shareholdings, aiming for 15% by fiscal 2026 and below 10% in the long term.

Voting criteria

Daido Steel exercises its voting rights by making comprehensive decisions based on the issuing company not performing antisocial acts, whether the proposal will contribute to enhancing the medium- to long-term corporate value of the issuing company, and the impact on the Company.

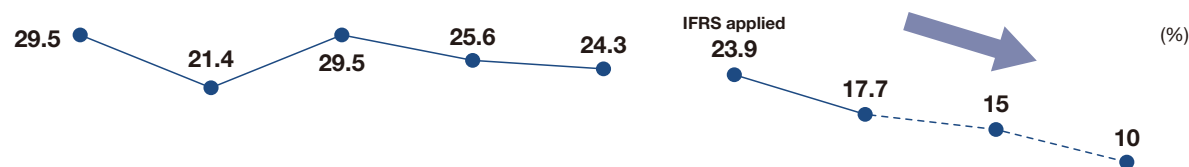
■ About the state of listed subsidiaries

Based on our group management philosophy of "Pursuing the potential of materials to support our future," we aim to achieve sustainable growth for the entire group and increase corporate value over the medium- to long-term. In regards to our listed subsidiaries, we regularly assess whether it makes sense whether to maintain their listing from the perspective of improving corporate value over the medium- to long-term, taking into account the uniqueness of their business, joint development in the relevant business field, and brand strength.

The Company has two listed subsidiaries: Nippon Seisen Co., Ltd., which manufactures and sells secondary processed stainless steel products, and FUJI OOX Inc., which manufactures and sells engine valves. By having these, we have secured a competitive advantage by leveraging the listed benefits of expanding business transactions based on name recognition and trustworthiness, having an advantage in capital procurement, and securing excellent human resources, and by strengthening each core technology and customer base.

Both companies have established governance committees/special committees to ensure management independence and protect the interests of minority shareholders.

[Net asset ratio of cross-shareholding (including deemed cross-shareholdings)]



	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3	2025/3	2026 Medium-term	2030 target
Number of stocks (listed stocks)	41	42	39	34	28	24	22		
Cross-shareholdings (Billions of yen)	93.7	66.1	100.0	93.3	98.9	109.3	83.0		
Net assets amount* (Billions of yen)	318.1	309.1	339.4	365.0	405.5	457.3	469.1		

* "Total equity" under IFRS

List of officers

Directors (As of June 25, 2025)



① **Takeshi Ishiguro**
Chairperson of the Board of
Directors, Representative
Executive Director

② **Tetsuya Shimizu**
President, Representative
Executive Director

③ **Toshiaki Yamashita**
Representative Executive
Director, Executive Vice
President
Assistant to the President
Supervisor of Sales Divisions

④ **Akihito Kajita**
Director
In charge of Finance &
Accounting Department, IT
Planning Department,
Internal Control (Financial
Instruments and Exchange
Act)

⑤ **Tatsushi Iwata**
Director
In charge of Corporate
Planning Department, ESG
Management Department,
Planning Department for
Affiliates

⑥ **Tadayuki Kashima**
Director
Supervisor of Manufacturing
Divisions

⑦ **Mutsuko Jinbo**
Director (outside)
<Independent Officer>
[Status of important concurrent
positions]
Research Fellow, Graduate School of
Engineering, Mie University
Executive Trustee and Vice President
of Toyohashi University of Technology

⑧ **Ryoichi Yamamoto**
Director (outside)
<Independent Officer>
[Status of important concurrent
positions]
Senior Advisor, J. FRONT
RETAILING Co., Ltd.

⑨ **Noriyuki Hiramitsu**
Director (outside)
<Independent Officer>
[Status of important concurrent
positions]
Managing Executive Officer,
Nippon Steel Corporation

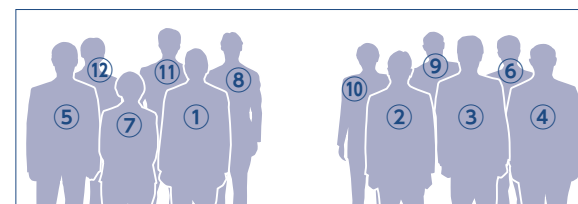
⑩ **Kenji Matsuo**
Director (outside)
Audit & Supervisory Committee
Member
<Independent Officer>
[Status of important concurrent
positions]
Honorary Advisor, Meiji Yasuda
Life Insurance Company

⑪ **Ryuichiro Ono**
Director (outside)
Full-Time Audit & Supervisory
Committee Member
<Independent Officer>

⑫ **Tetsuya Niwa**
Director
Full-Time Audit &
Supervisory Committee
Member

Photographed in front of the Company's precious assets, a 1.5-ton arc furnace

It is the oldest surviving arc furnace in Japan and is on
display at the Chita Plant as a precious asset of the
Company. It has been certified as a "Heritage of Industrial
Modernization" by the Ministry of Economy, Trade and
Industry.



DAIDO STEEL GROUP INTEGRATED REPORT 2025

■ Outside director bio

Position	Name	Bio
Director	Mutsuko Jinbo	Mar. 1992 Acquired Doctor of Engineering at Nagoya University
		Apr. 1996 Assistant Professor of Materials Engineering Laboratory, Daido Institute of Technology
		Apr. 2001 Professor, School of Engineering, Daido Institute of Technology
		Apr. 2017 Director of Daido Educational Institutions
		Apr. 2017 President of Daido University
		Jun. 2019 Director of Daido Steel Co., Ltd. (current position)
		Apr. 2023 Advisor, Daido Educational Institutions
		Apr. 2023 Research Fellow, Graduate School of Engineering, Mie University (current position)
Director	Ryoichi Yamamoto	Jan. 2025 Executive Trustee and Vice President of Toyohashi University of Technology (current position)
		Apr. 1973 Joined The Daimaru, Inc.
		Feb. 1993 Manager of Sales Planning Department, Osaka Umeda Store
		Feb. 2001 Director, and General Manager of Sales Reform Promotion Office and General Manager of Sales Planning Office, Department Store Operations Headquarters, Head Office
		May 2003 President and COO
		Sep. 2007 Director, J. FRONT RETAILING Co., Ltd.
		Mar. 2010 Director, Matsuzakaya Co., Ltd.
		Mar. 2010 President of Daimaru Matsuzakaya Department Stores Co. Ltd.
		Apr. 2013 President of J. FRONT RETAILING Co., Ltd.
		May 2017 Director, President, and Representative Executive Officer
		May 2020 Director and Board of Directors Chairperson
		Jun. 2021 Director of Daido Steel Co., Ltd. (current position)
		May 2024 Advisor, J. FRONT RETAILING Co., Ltd.
		Jul. 2025 Senior Adviser (current position)

Position	Name	Bio
Director	Noriyuki Hiramitsu	Apr. 1991 Joined Nippon Steel Corporation
		Apr. 2016 General Manager, Head of Div., Production & Technical Control Division, Nagoya Works, Nippon Steel & Sumitomo Metal Corporation
		Apr. 2018 Assistant Head of Works, Nagoya Works, Nippon Steel & Sumitomo Metal Corporation
		Apr. 2020 Executive Officer, Head of Center, Plant Engineering and Facility Management Center, Nippon Steel Corporation
		Apr. 2023 Managing Executive Officer, Head of Works, Nagoya Works, Nippon Steel Corporation (current position)
Director, Audit & Supervisory Committee Member	Kenji Matsuo	Jun. 2023 Director of Daido Steel Co., Ltd. (current position)
		Apr. 1973 Joined Meiji Life Insurance Company
		Jul. 2001 Director and General Manager, Real Estate Investment Department
		Apr. 2005 Managing Director of Meiji Yasuda Life Insurance Company
		Dec. 2005 President
		Jul. 2006 President, Director, Representative Executive Officer
		Jul. 2013 Representative Executive Officer
		Jul. 2013 Senior Adviser
		Jun. 2017 Audit & Supervisory Board Member of Daido Steel Co., Ltd.
		Apr. 2022 Honorary Advisor, Meiji Yasuda Life Insurance Company (current position)
		Jun. 2022 Director, Audit & Supervisory Committee Member of Daido Steel Co., Ltd. (current position)
Director, Full-Time Audit & Supervisory Committee Member	Ryuichiro Ono	Apr. 1988 Joined The Tokai Bank, Limited
		May 2013 General Manager of No. 4 Sales Division, No. 1 Sales Headquarters, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
		May 2016 Finance Manager
		Jun. 2016 Executive Financial Manager
		May 2018 Executive Officer Senior Superintendent, MUFG Bank, Ltd.,
		Jun. 2018 Advisor, Mitsubishi UFJ Research and Consulting Co., Ltd.,
		Jun. 2018 Director and Senior Managing Executive Officer
		Jun. 2024 Director, Full-Time Audit & Supervisory Committee Member of Daido Steel Co., Ltd. (current position)

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■ Executive Officers and the assignment of business operations and commissioning of posts (As of June 25, 2025)

Position	Name	Responsibility and commissioned post
President & CEO	Tetsuya Shimizu	—
Executive Vice President	Toshiaki Yamashita	Assistant to the President Supervisor of Sales Divisions In charge of Sales Management Department, Hot Forming Division General Manager, Tokyo Head Office (commissioned post)
Managing Executive Officer	Takaaki Taketsuru	In charge of Environment Department, Innovative Safety and Health Department, General Affairs Department, Legal Department, Personnel Department, Director's Departmental Section, risk management and compliance Assistant to President & CEO Shimizu for the CRM Department Assistant to Managing Executive Officer Iwata for the environment of the ESG Management Department
	Akihito Kajita	In charge of Finance & Accounting Department, IT Planning Department, Internal Control (Financial Instruments and Exchange Act)
	Tatsushi Iwata	In charge of Corporate Planning Department, ESG Management Department, Planning Department for Affiliates
	Tadayuki Kashima	Supervisor of Manufacturing Divisions In charge of Procurement Department, Advanced Manufacturing Department, Superalloy Manufacturing Process Transformation Project General Manager, Production Division (commissioned post)
	Muneyoshi Matsuo	In charge of Tool Steel Business Division General Manager, Fabricated Materials Business Division (commissioned post)
	Akihiro Nagatani	In charge of Machinery Division General Manager, Functional Products Business Division (commissioned post)
	Takashi Kano	Supervisor of Technological Development Divisions In charge of Technology Planning & Administration Department, Corporate Quality Management Department Assistant to Managing Executive Officer Iwata for the ESG Management Department reduction of CO ² Assistant to President & CEO Shimizu for the Material Solution Department

Position	Name	Responsibility and commissioned post
Executive Officer	Shin Takamiya	General Manager, Specialty Steel Business Division (commissioned post)
	Mikine Kishi	General Manager, Corporate Planning Department (commissioned post)
	Kunio Matsuo	General Manager, Machinery Division (commissioned post)
	Yasushi Matsumura	Responsible for the Corporate Research & Development Center General Manager, Material Solution Department (commissioned post)
	Koji Hada	General Manager, Sales Management Department (commissioned post)
	Kenichiro Kimura	General Manager of Osaka Branch and Tool Steel Business Division (commissioned post)
	Koki Morita	Deputy General Manager, Production Division, Superalloy Manufacturing Process Transformation Project Leader (commissioned post)
	Yoshimichi Onishi	General Manager, Specialty Steel Marketing & Sales Department No. 1, Specialty Steel Business Division (commissioned post)
	Kohei Watanabe	General Manager, Planning Department for Affiliates (commissioned post)