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March 10, 2026

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Notice of Disposal of Treasury Shares as Restricted Stock Incentive for the Employee Shareholding Association

Daido Metal Co., Ltd. (hereinafter, the "Company") hereby announces that it has determined, by the resolution of the Board of Directors dated March 10, 2026, to dispose of treasury shares as restricted stocks (the "Treasury Share Disposal" or the "Disposal") to the Daido Metal Employee Shareholding Association (the "Shareholding Association") as a proposed allottee under the Restricted Stock Incentive Plan for the Employee Shareholding Association (the "Plan"). The details are described below.

1. Overview of the Disposal

(1)	Disposal date	October 27, 2026
(2)	Class and number of shares to be disposed of	322,800 shares of our common stock (Note)
(3)	Disposal price	1,005 yen per share
(4)	Total amount of disposal	324,414,000 yen (Note)
(5)	Disposal method (Proposed allottee)	The Company will allot to the Shareholding Association the number of shares applied for as determined by the Shareholding Association within the range of the number of shares to be disposed of set forth in (2) above (such number of shares allotted shall constitute the number of shares to be disposed of) by way of a third-party allotment and subject to subscription by the Shareholding Association. (Daido Metal Employee Shareholding Association: 322,800 shares) No partial applications for the number of shares to be granted from any Eligible Employees (as defined below) will be accepted.
(6)	Other	An Extraordinary Report has been filed pursuant to the Financial Instruments and Exchange Act in connection with the Treasury Share Disposal.

(Note) The "number of shares to be disposed of" and the "total amount of disposal" are calculated on the assumption that 100 shares of the Company's common shares will be granted as restricted stocks to each of the 3,228 employees of the Company and its subsidiaries, which represents the maximum number of employees to whom the Plan may apply. The actual number of shares to be disposed of and the total amount of disposal will be determined according to the number of employees of the Company and its subsidiaries who agree to the Plan (hereinafter referred to as the "Eligible Employees") after completion of the enrollment promotion for non-members of the Shareholding Association and the confirmation of consent to the Plan by members of the Shareholding Association (up to a maximum of 3,228 Eligible Employees). Specifically, as set forth in (5) above, the number of shares applied for as determined by the Shareholding Association shall constitute

the "number of shares to be disposed of," and the amount obtained by multiplying such number by the disposal price per share shall constitute the "total amount of disposal." The Company or its subsidiaries will uniformly grant each Eligible Employee a monetary claim of 100,500 yen, and the Company will uniformly allot 100 shares to each Eligible Employee through the Shareholding Association.

2. Objective and Reason for the Disposal

By the resolution of the Board of Directors dated March 10, 2026, the Company determined to introduce the Plan for the Eligible Employees among the employees of the Company and its subsidiaries who are members of the Shareholding Association. The objective is to assist the Eligible Employees in building their assets, to provide the Eligible Employees with incentives to achieve the sustainable enhancement of the Company's corporate value, and to promote further value sharing between the Eligible Employees and the Company's shareholders by creating, through the Shareholding Association, opportunities for the Eligible Employees to acquire the Company's common shares issued or disposed of by the Company as restricted stocks, as a measure to enhance employee benefits and welfare.

The following is an overview, etc. of the Plan

[Overview, etc. of the Plan]

Under the Plan, the Eligible Employees will be granted a monetary claim as a special incentive for the grant of 100 shares of restricted stocks per employee (the "Special Incentive") by the Company and its subsidiaries, and the Eligible Employees will contribute the Special Incentive to the Shareholding Association. The Shareholding Association will then receive the issuance or the Disposal of the Company's common shares as restricted stocks by making an in-kind contribution to the Company of the Special Incentive contributed by the Eligible Employees.

In the event that the Company's common shares are newly issued or disposed of under the Plan, the payment amount per share of such common shares will be determined by the Board of Directors, based on the closing price of the Company's common stock on the Tokyo Stock Exchange, Inc. on the business day immediately preceding the date of the relevant Board resolution pertaining to such issuance or the Disposal (or, if no transaction took place on that day, the closing price of the immediately preceding trading date), within a range that is not particularly favorable to the Shareholding Association (and, by extension, the Eligible Employees).

When issuing or disposing of the Company's common shares under the Plan, the Company and the Shareholding Association will enter into a restricted stock allotment agreement that includes: (i) a prohibition, for a certain period, on the transfer to a third party, creation of a security interest, or other disposal of the allotted shares (the "Transfer Restriction"); and (ii) provisions under which the Company will acquire the allotted shares without consideration upon the occurrence of certain events. In addition, the grant of the Special Incentive to the Eligible Employees will be conditional upon the execution of a restricted stock allotment agreement between the Company and the Shareholding Association.

Until the Transfer Restriction is lifted, pursuant to the rules of the Shareholding Association and its operational bylaws, etc. (the "Shareholding Association Rules, etc.") (Note), the Eligible Employees will be restricted from withdrawing their membership interests (the "Restricted Stock Interests" or the "RS Interests") in the restricted stocks that they will hold in proportion to the monetary claims contributed to the Shareholding Association.

(Note) The Board meeting of the Shareholding Association is scheduled to be held promptly after the Board of Directors' resolution regarding the Treasury Share Disposal, to resolve to amend the Shareholding Association Rules, etc. in response to the Plan, prior to receiving the Treasury Share Disposal. Such amendments are scheduled to take effect two weeks after the issuance of a notice to the members of the Shareholding Association pursuant to the Shareholding Association Rules, etc. following a resolution by the Board meeting of the Shareholding Association, provided that objections from the members of the Shareholding Association are less than one-third of the total number of its members.

In the Treasury Share Disposal, pursuant to the Plan, the Company will dispose of its common shares (the "Allotted Shares") to the Shareholding Association, the proposed allottee, by having the Shareholding Association pay in all of the Special Incentive contributed by the Eligible Employees as properties contributed in kind. An overview of the restricted stock allotment agreement (the "Allotment Agreement") to be entered into between the Company and the Shareholding Association in connection with the Treasury Share Disposal is as described in "3. Overview of the Allotment Agreement" below. The number of shares to be disposed of in the Treasury Share Disposal will be determined at a later date, as described in the (Note) in 1. above. However, if all 3,228 employees of the Company and its subsidiaries, which is the maximum number of employees to whom the Plan may apply, join the Shareholding Association and agree to the Plan, the number of shares to be disposed of is expected to be 322,800. Assuming such number of shares to be disposed of, the scale of dilution of shares in the Treasury Share Disposal will be 0.68% of the total number of issued shares as of September 30, 2025, which was 47,520,253 shares (rounded to the second

decimal place; the same shall apply hereinafter in the calculation of percentages), and 0.68% of the total number of voting rights as of September 30, 2025, which was 474,709.

The introduction of the Plan is intended to assist the Eligible Employees in building their assets, to provide the Eligible Employees with incentives to achieve the sustainable enhancement of the Company's corporate value, and to promote further value sharing between the Eligible Employees and the Company's shareholders by creating, through the Shareholding Association, opportunities for the Eligible Employees to acquire the Company's common shares issued or disposed of by the Company as restricted stocks, as a measure to enhance employee benefits and welfare. The Company believes that this will contribute to increasing the corporate value of the Group. The Company has determined that the number of shares to be disposed of and the scale of dilution of shares in the Treasury Share Disposal are reasonable, and that, even in light of such dilution, the impact on the market will be minimal.

The Treasury Share Disposal will be implemented on the conditions that the revised Shareholding Association Rules, etc. take effect by the day preceding the date of the Treasury Share Disposal, and that the Allotment Agreement is executed between the Company and the Shareholding Association within the prescribed period.

3. Overview of the Allotment Agreement

(1) Transfer Restriction period

From October 27, 2026 to October 31, 2030

(2) Conditions for lifting the Transfer Restriction

Subject to the condition that an Eligible Employee has continuously been a member of the Shareholding Association throughout the Transfer Restriction period, the Transfer Restriction on all of the Allotted Shares in the number corresponding to the Restricted Stock Interests held by such Eligible Employee who has satisfied this condition will be lifted upon the expiration of the Transfer Restriction period.

(3) Treatment in the event of withdrawal from the Shareholding Association

If, during the Transfer Restriction period, an Eligible Employee withdraws from the Shareholding Association due to mandatory retirement or other justifiable reason (meaning a loss of membership or the submission of an application for withdrawal, including withdrawal due to death), the Company shall lift the Transfer Restriction as of the date on which the Shareholding Association receives the Eligible Employee's application for withdrawal (or, in the case of a loss of membership, the date of such loss, and, in the case of withdrawal due to death, the date of death; hereinafter the "Date of Acceptance of Application for Withdrawal"), on all of the Allotted Shares in the number corresponding to the Restricted Stock Interests held by such Eligible Employee as of the Date of Acceptance of Application for Withdrawal.

(4) Treatment in the event of becoming a non-resident of Japan

If, during the Transfer Restriction period, the Company or its subsidiary decides that an Eligible Employee will become a non-resident of Japan due to an overseas transfer, etc., the Transfer Restriction on all of the Allotted Shares in the number corresponding to the Restricted Stock Interests held by such Eligible Employee as of the date of such decision (the "Date of Decision on Overseas Transfer, etc.") shall be lifted as of the Date of Decision on Overseas Transfer, etc.

(5) Acquisition by the Company without consideration

If, during the Transfer Restriction period, an Eligible Employee commits an act in violation of laws or regulations, or otherwise falls under any of the certain events set forth in the Allotment Agreement, the Company shall automatically acquire, without consideration, all of the Allotted Shares in the number corresponding to the Restricted Stock Interests held by such Eligible Employee as of that time. In addition, the Company shall automatically acquire, without consideration, any of the Allotted Shares for which the Transfer Restriction has not been lifted as of the expiration of the Transfer Restriction period or as of the time of the lifting of the Transfer Restriction as set forth in (3) or (4) above.

(6) Management of shares

During the Transfer Restriction period, the Allotted Shares will be managed in a dedicated account opened by the Shareholding Association with Nomura Securities Co., Ltd., in order to prevent the transfer, creation of a security interest, or other disposal of the Allotted Shares during that period. Furthermore, the Shareholding Association shall, in accordance with the provisions of the Shareholding Association Rules, etc., register and manage the Restricted Stock Interests separately from the other membership interests held by the Eligible Employees (the "Ordinary Interests").

(7) Treatment in the event of organizational restructuring, etc.

In the event that, during the Transfer Restriction period, a merger agreement in which the Company is to be the absorbed company, a share exchange agreement or a share transfer plan in which the Company becomes a wholly owned subsidiary, or any other matter relating to organizational restructuring, etc. is approved at a Shareholders' Meeting of the Company (or, if such organizational restructuring, etc. does not require approval by a Shareholders' Meeting of the Company, by the Board of Directors of the Company), then, by a resolution of the Board of Directors, the Transfer Restriction on all of the Allotted Shares held by the Shareholding Association in the number corresponding to the Restricted Stock Interests held by the Eligible Employees as of the date of such approval shall be lifted immediately prior to the close of business on the business day immediately preceding the effective date of such organizational restructuring, etc.

4. Basis and Specific Details of the Calculation of the Disposal Amount

The Treasury Share Disposal to the Shareholding Association, the proposed allottee, will be carried out through contributions by the Eligible Employees to the Shareholding Association of the Special Incentive that was granted to the Eligible Employees for the grant of restricted stocks, as an in-kind contribution. The disposal amount has been set at 1,005 yen, which is the closing price of the Company's common stock on the Prime Market of the Tokyo Stock Exchange, Inc. on March 9, 2026 (the business day immediately preceding the date of the Board of Directors' resolution), in order to eliminate arbitrariness. This is the market price immediately prior to the date of the Board of Directors' resolution, and the Company believes that it is reasonable and does not constitute a particularly favorable amount.

The percentage deviation of this disposal amount from the average closing price of the Company's common stock on the Prime Market of the Tokyo Stock Exchange, Inc. (rounded to the second decimal place) is as follows.

Period	Average closing price (rounded down to the nearest yen)	Percentage deviation
One month (February 10, 2026 to March 9, 2026)	1,132 yen	-11.22%
Three months (December 10, 2025 to March 9, 2026)	1,049 yen	-4.19%
Six months (September 10, 2025 to March 9, 2026)	1,012 yen	-0.69%

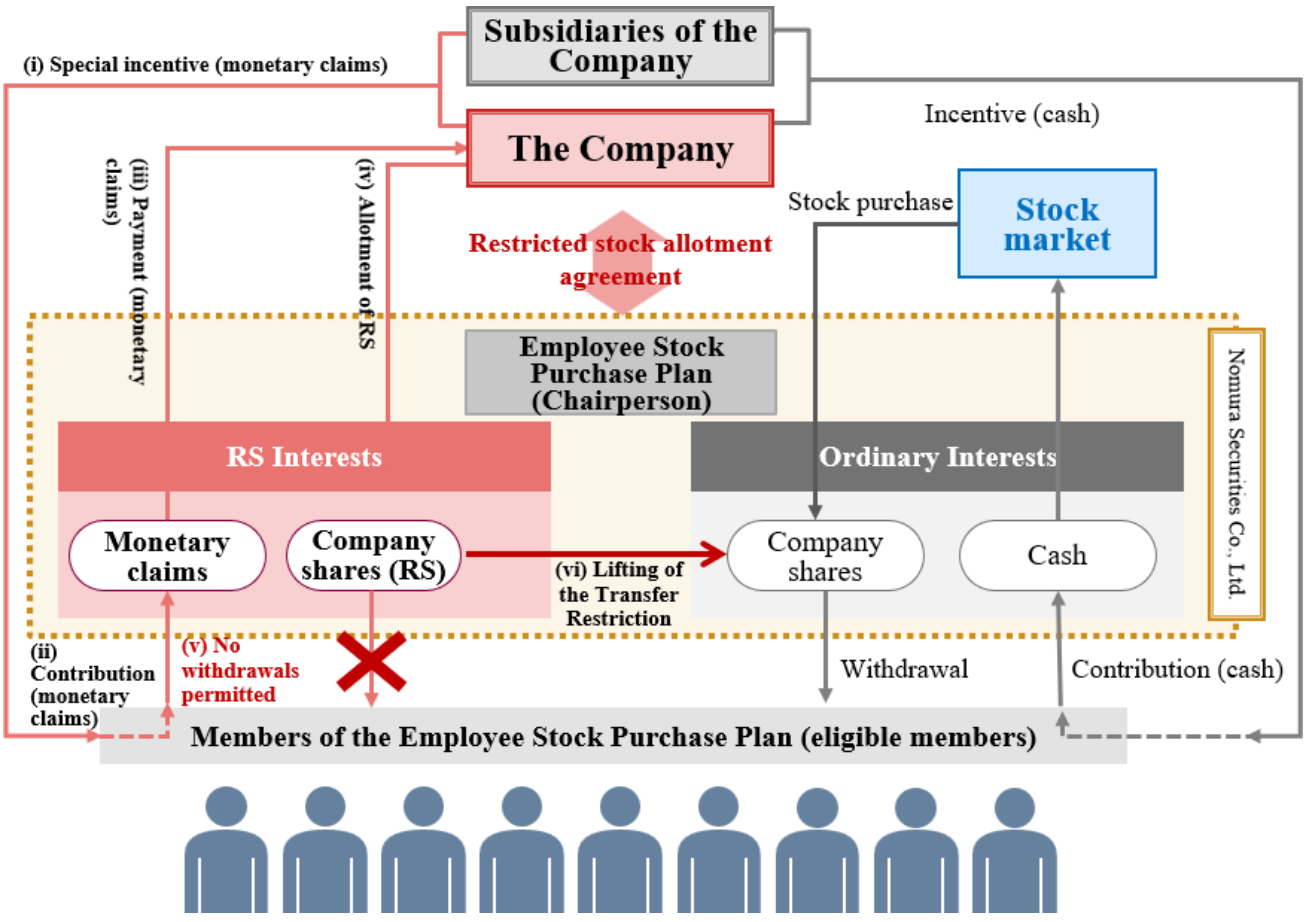
All 3 Audit & Supervisory Board Members who attended the meeting of the Board of Directors held today (including 2 Outside Audit & Supervisory Board Members) have expressed their opinion that, in light of the fact that the purpose of the Treasury Share Disposal is to introduce the Plan and that the disposal amount is the closing price of the Company's common stock on the Prime Market of the Tokyo Stock Exchange, Inc. on the business day immediately preceding the date of the Board of Directors' resolution, the aforementioned disposal amount does not constitute a particularly favorable amount to the proposed allottee and is lawful.

5. Matters Related to Procedures Under the Code of Corporate Conduct

Since (i) the dilution ratio is less than 25%; and (ii) the Treasury Share Disposal does not involve a change in controlling shareholders, the Company is not required to obtain an opinion from an independent third party or to confirm the intent of shareholders, as stipulated in Article 432 of the Securities Listing Regulations established by the Tokyo Stock Exchange, Inc.

(Reference)
[Structure of the Plan]

(i) The Company and its subsidiaries will grant monetary claims to the Eligible Employees as a special incentive for the grant of restricted stocks.
(ii) The Eligible Employees will contribute the monetary claims described in (i) above to the Shareholding Association.
(iii) The Shareholding Association will aggregate the monetary claims contributed in (ii) above and pay them in to the Company.
(iv) The Company will allot the Allotted Shares to the Shareholding Association as restricted stocks (referred to as "RS" in the diagram below).
(v) The Allotted Shares will be deposited, through Nomura Securities Co., Ltd., into a dedicated account opened by the Shareholding Association, and withdrawals will be restricted during the Transfer Restriction period.
(vi) Following the lifting of the Transfer Restriction, the Allotted Shares will be transferred to the Ordinary Interests.



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