

INTEGRATED REPORT

# DAIHEN REPORT 2025



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### Editorial policy

We publish this report to make all of our shareholders, investors, and other stakeholders aware of the value creation of the DAIHEN Group and, by doing so, build trust between us. A lot of effort has gone into editing the layout so that people of all walks of life will find the content easy to read and will gain a proper understanding of what we do.

Going forward, we will continue to upgrade and improve the content of this report through constructive dialogue with stakeholders.

### Call for feedback

Your opinions and requests are great sources of information that help us to improve not only this report but also our business activities. Let us know what you think.

[DAIHEN Website](#) >> [Contact Us](#) >> [Other inquiries](#) >> [Inquiry form](#)

### Scope of organizations covered

In principle, this report spans the initiatives of the DAIHEN Group, which comprises DAIHEN Corporation and its consolidated subsidiaries, but the scope of some of the activity data may differ.

### Reporting period

This report covers fiscal 2024 (April 1, 2024 to March 31, 2025). This report also contains some information from before fiscal 2023 and after 2025.

### Reference guidelines

- IFRS Foundation "International *IR* Framework"
- Ministry of Economy, Trade and Industry "Guidance for Collaborative Value Creation"

### Next issue

The next issue of this report is scheduled for release around September 2026.

### Disclaimer

This report includes our plans and prospects as of the date of publication; projections based on management plans and management policies; and past and current data on the DAIHEN Group. The reader is advised that these projections are assumptions or judgments based on the best information available at the time, and the possibility exists that future business performance may differ due to changes in various conditions, unforeseen results, and changes to forecast business activities.

## Our Management Approach

### DAIHEN Corporation (the "Company") and its subsidiaries

(collectively, the "DAIHEN Group") are committed to

### Achieving Everyone's Happiness<sup>\*1</sup> - Leaving No One Behind through appropriate return of profits to stakeholders.

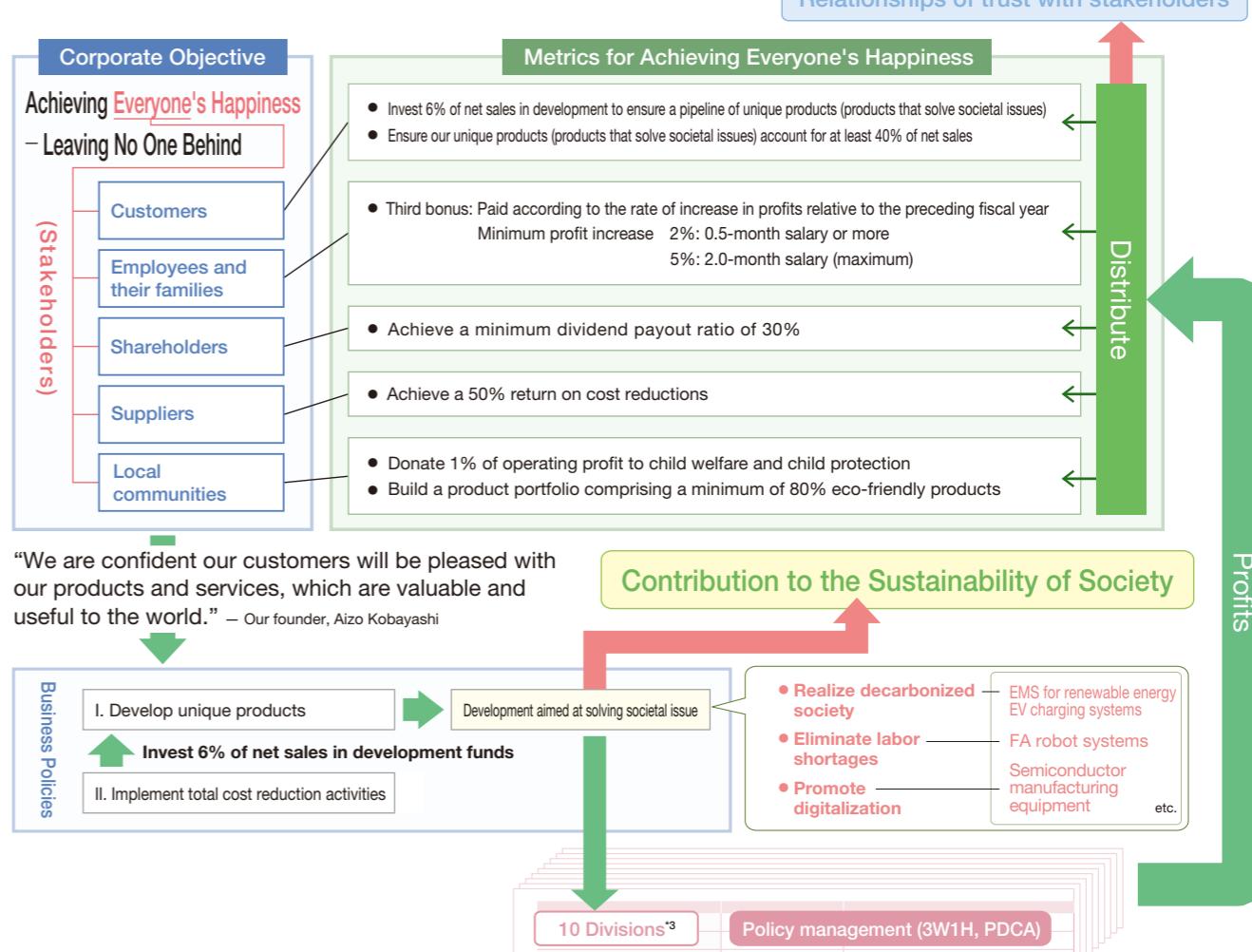
The DAIHEN Group has adopted the goal of "Achieving Everyone's Happiness — Leaving No One Behind", which demonstrates our commitment to the happiness of all our stakeholders — customers, employees and their families, shareholders, suppliers, and our local communities. To that end, we have clearly set specific goals — which we refer to as "Metrics for Achieving Everyone's Happiness" — for each category of stakeholder. We remain intensely focused on meeting these goals.

One of our business policies is to contribute to the sustainability of society by creating products that help solve societal issues by developing unique products<sup>\*2</sup> with our distinctive value, which leads to increased net sales and profits as a result. In addition, enhancing distribution of profits in accordance with "Metrics for Achieving Everyone's Happiness" strengthens the trust relationship with stakeholders, which is the foundation of our sustainability as a company.

All employees of the DAIHEN Group thus understand our corporate purpose and remain dedicated to working in unison as each individual plays an essential role in realizing it.

## Our Management Approach

(Adopted April 1, 2012)



#### \*1 Everyone's Happiness

When the Company adopted its corporate philosophy "Reliability and Creativity" in 1985, our 5th President Keijiro Kobayashi publicly expressed his view that, when we ponder the rationale behind our work, we must come to the ultimate realization that we are committed to everyone's happiness.

#### \*2 Unique products

Proprietary products offering overwhelming value that also contribute to the solution of societal issues

#### \*3 10 Divisions

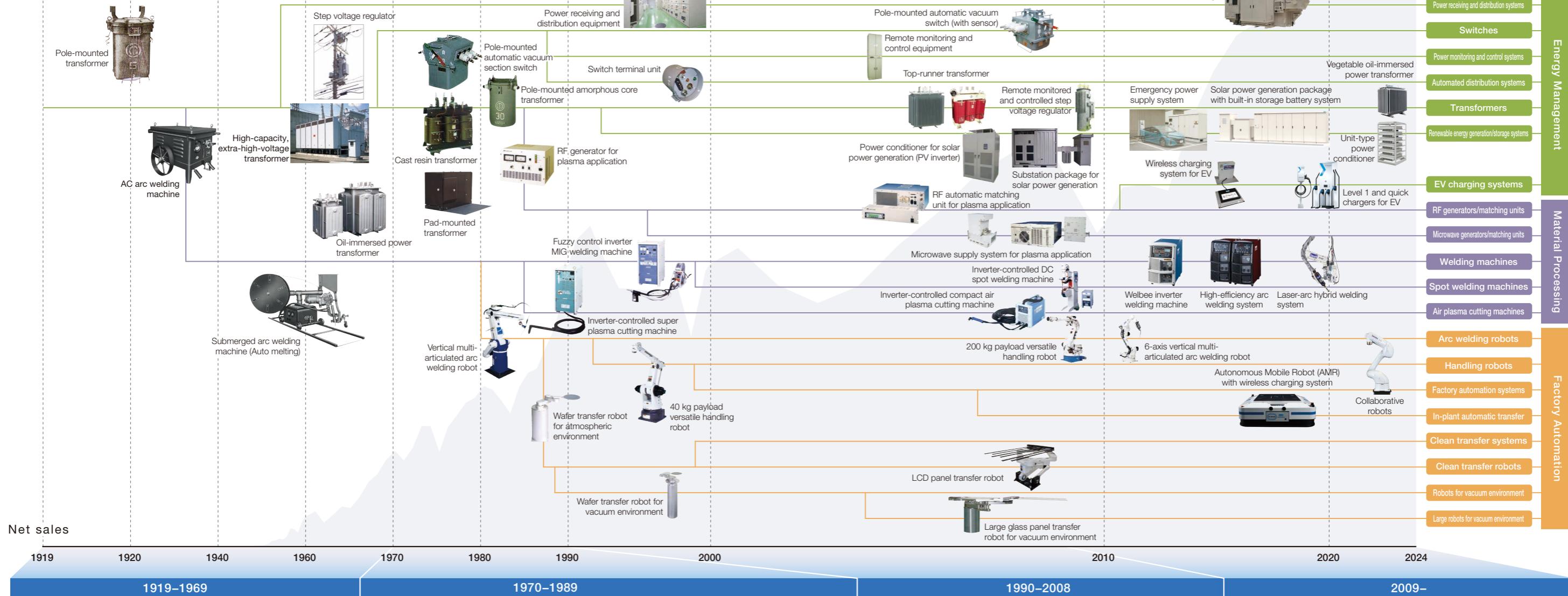
Power Distribution System Division, Power Transformer Division, Industrial Electrical Equipment Division, Energy Management System Division, Charging System Division, FA Robot Division, Clean Robot Division, Welding & Joining Division, Plasma System Division, Applied Plasma Division

Since our founding, we have continuously pursued technological innovation in order to meet the needs of society. Here are some of the big moments of the DAIHEN Group.

## Corporate history

1919	1920	1940	1960	1970	1980	1990	2000
► December 1919 Osaka Transformer Co., Ltd. is established in Nakatsu-cho, Osaka prefecture. ► December 1919 Dedicated mass-production of pole-mounted transformers begins.				► November 1973 The Mie Plant is newly established and begins full-scale production of high-capacity, extra-high-voltage transformers. ► May 1980 Sales of arc welding robots begin.	► November 1982 A robot plant is newly established in the Settsu Plant. ► December 1985 Osaka Transformer Co., Ltd. is renamed DAIHEN Corporation. ► December 1985 Corporate philosophy of "Reliability and Creativity" is established. ► February 1986 Production of radio frequency (RF) generators for semiconductor manufacturing equipment begins. ► November 1987 The Company is awarded the Deming Application Prize. ► April 1989 Delivery of semiconductor wafer transfer robots begins.	► December 1995 Certification of ISO 9001 registration	
► July 1930 The plant is relocated to its current location (Yodogawa-ku, Osaka). ► March 1934 Production of electric welding machines begins.				► July 1961 A welding machine production plant is established in Settsu, Osaka prefecture (the Settsu Plant). ► October 1961 The Company's shares are listed on the 1st Section of the Tokyo Stock Exchange. ► December 1967 A pole-mounted transformer production plant is newly established in Chitose-shi, Hokkaido.			

## Product development history



## From the foundation of the Company to a period of postwar high economic growth

In 1919, Aizo Kobayashi, driven by a mission to contribute to the industrial development of Japan, founded Osaka Transformer Co., Ltd. based on a spirit of "Superior Quality, Reasonable Prices, and On-Time Delivery." We sold high-quality and reasonable pole-mounted transformers by adopting the Ford production system and a distributor system that were innovative at that time. Subsequently, we expanded the scope of our business to include large transformers and welding machines, responding to the demands of the times.

After World War II, when there was a serious shortage of pole-mounted transformers due to air raid damage and a rapid increase in the power load, we repaired pole-mounted transformers of all manufacturers. During the period of high economic growth, we mass-produced transformers and welding machines, and contributed to the development of society by supporting the construction of infrastructure, shipbuilding, and automobile manufacturing.

## Implementation of reforms and establishment of the corporate philosophy

During the 1970s and 1980s, we expanded into new businesses including industrial robots, power supplies for semiconductor manufacturing equipment, and clean transfer robots, while also implementing various reforms including the globalization of businesses and the introduction of TQC.

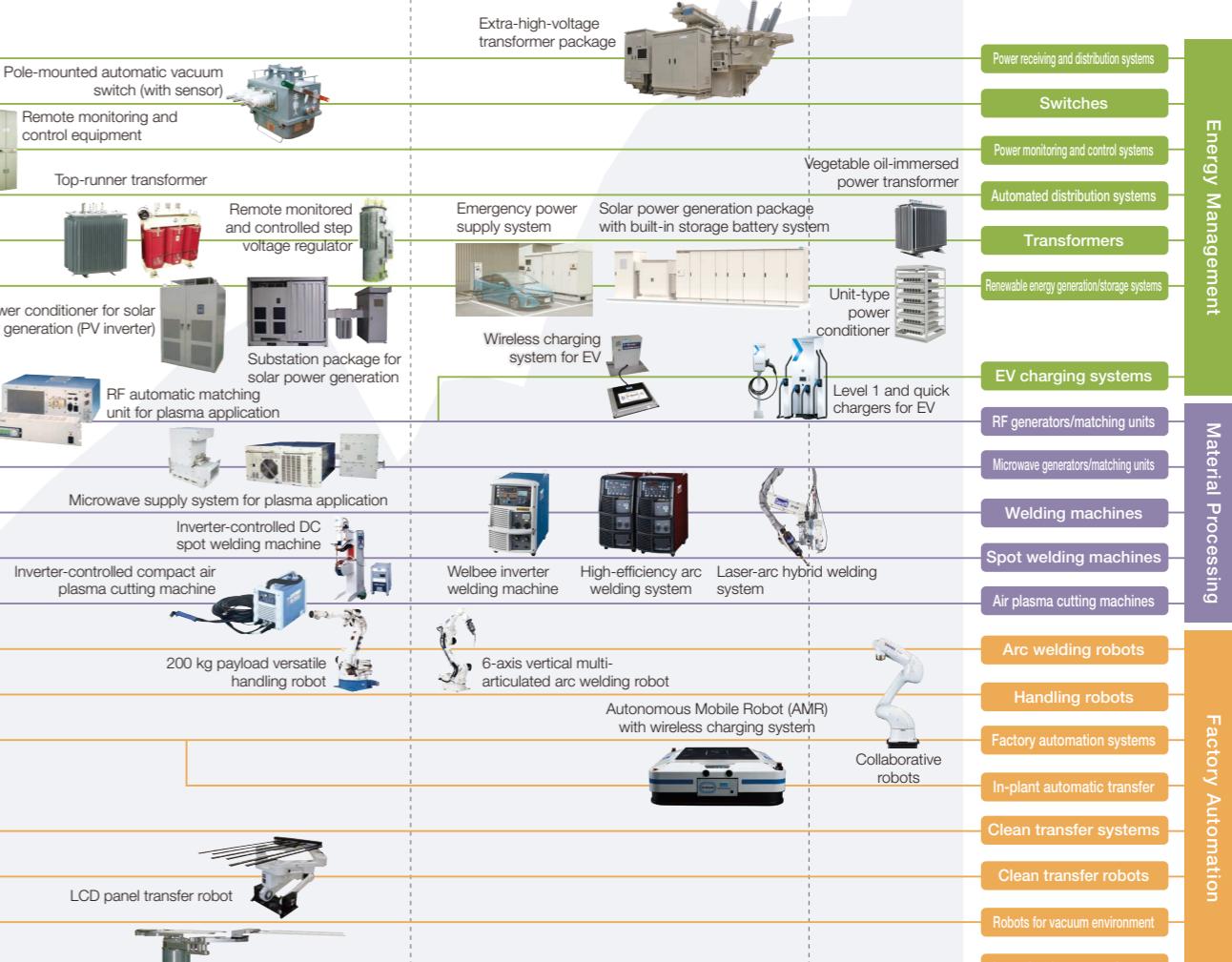
Keijiro Kobayashi, the President at that time, changed the company name from Osaka Transformer to DAIHEN, adopted a new symbol mark (company emblem), and established the corporate philosophy of "Reliability and Creativity."

\*A philosophy aiming for healthy growth and contributing to the development of society by placing importance on trust with stakeholders and by constantly creating new value

Since the Company's founding in 1919, DAIHEN has always sought the latest technologies in order to create values that meet the needs of society — those values manifested in the form of transformers, welding machines, industrial robots, semiconductor manufacturing equipment and a plethora of other products. With diligence and commitment, we have helped to improve the electrical infrastructure that powers modern life and elevate manufacturing around the world to new heights.

Going forward, we want to please our customers and serve society to an even greater degree by building original values that address society's woes into the products and services we provide.

2010	2020
► June 2001 Executive officer system is introduced. ► October 2003 Certification of ISO 14001 registration ► April 2003 100 kW power conditioner for solar power generation is developed ahead of competitors in the industry. ► October 2007 The Rokko Business Office, a base for the welding and mechatronics business, is established at the Rokko Island in Kobe. (The Settsu Plant is closed.) ► November 2010 MECS (wafer transfer robot) business is acquired. ► March 2016 Sales of wireless charging systems are launched.	► October 2024 The Tokyo Head Office is established; shift to a dual-head office system



## The Company expands overseas business and achieves net sales of 100 billion yen

In 1997, we established an overseas production base for welding machines in China (Mudanjiang) where economic growth is remarkable, as the second country where we established an overseas plant following Thailand, and we have expanded into China in various businesses. We developed sales and production bases mainly in Asia, an expanding market, and worked on expanding our overseas business, including the establishment of subsidiaries in Taiwan and South Korea.

In 2007, we established the Rokko Business Office to meet the global demand for welding robots, and in the same year, achieved net sales of 100 billion yen for the first time, with the share of international sales growing to 25%.

## Establishment of our goal of "Achieving Everyone's Happiness - Leaving No One Behind" and promotion of development of "unique products"

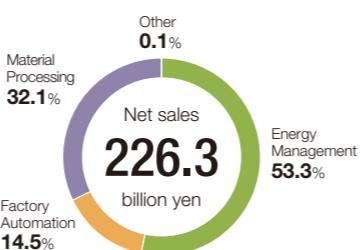
In 2012, as our basic management approach, we defined the Company's purpose as making stakeholders feel happier ("Achieving Everyone's Happiness - Leaving No One Behind") and clarified specific numerical targets for each category of stakeholders as "Metrics for Achieving Everyone's Happiness".

As a priority measure to achieve this goal, we promoted the development of products with our own unique value branded as "unique products" boasting outstanding performance, and also worked on improving the speed of development. As a result, we created many products and technologies that satisfied customers and served the world, leading to the Company's subsequent growth.

## Business Overview

Today, our products are used everywhere in society, supporting people's lives, including power equipment that contributes to the utilization of renewable energy and the advancement of power system management, industrial robots that enable the seamless automation of entire factories, and welding and joining machines and plasma generators that provide new processes necessary for technological innovation in manufacturing.

Going forward, we will continue to help reshape human society for sustainable development by creating products that solve impeding societal issues.



### Energy Management

We develop and provide systems and equipment to control and manage diversifying distributed power sources including smart communities, renewable energy, and storage batteries, and develop technologies that contribute to new uses of electricity, such as advanced power system management and electric vehicles.

#### Power transmission & distribution products



##### Pole-mounted transformer

Our pole-mounted transformers step down the high-voltage electricity carried over the power lines to a practical voltage that people and businesses can use, making them an integral part of stable power supplies.



##### Pad-mounted transformer

Supports effective underground power distribution as well as landscape conservation in urban areas while mitigating disasters and securing space for roads.



##### Step voltage regulator

These units support a stable supply of power through optimal voltage control in order to overcome voltage fluctuations on the transmission lines, such as those resulting from interconnection with dispersed power sources.



##### Extra-high-voltage transformer

Developed for long service-lives, low power loss, low noise emissions and compact sizes, DAIHEN's high-quality power transformers are contributing to stable power supplies wherever they are used.



#### Electric vehicle (EV) charging systems



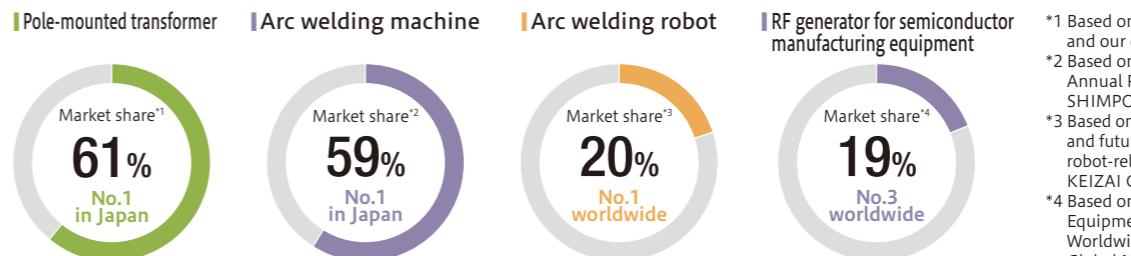
##### Level 1 and quick chargers for EVs

With a product line encompassing both Level 1 and quick chargers, we can meet the charging needs of a variety of customers. As we promote the adoption of EVs, we are contributing to the realization of a decarbonized society.



##### Wireless charging system for EVs

Imagine simply parking your vehicle in a parking lot and having it start charging automatically. Our Magnetic Resonance System now achieves the highest level of charging efficiency in the industry, resulting in greater convenience for users.



\*1 Based on JEMA statistical data and our own research.

\*2 Based on "2025 Welding Market Annual Research & Trend" by SHIMPO CORPORATION.

\*3 Based on "2025 Current status and future outlook of worldwide robot-related markets" by FUJI KEIZAI CO., LTD.

\*4 Based on "Semiconductor Equipment Test/Inspection Worldwide Annual 2024" by Global Net Corp.

### Factory Automation

We achieve seamless automation across entire factories by developing our proprietary robots with high precision and agile movement characteristics, which we developed through our experience with welding robots and clean transfer robots, and providing flexible and easy-to-install systems that combine multiple sensors, monitoring and control software, and peripheral equipment utilizing our proprietary technologies.

#### FA robots and in-plant automatic transport equipment



##### Arc welding robot

Highly articulate and agile, our welding robots are a big contribution to factory automation and the higher quality welding it targets.

##### Handling robot

Robots are increasing productivity by nimbly and correctly performing simple factory jobs such as transferring, assembling and processing parts and materials.

##### Autonomous mobile robot (AMR)

They are guide-less and can accommodate narrow aisles while avoiding obstacles. A wide lineup of models specialized for carrier, towing, and forklift operations accommodates various transportation scenarios. It also comes with a wireless charging system.

##### Wafer transfer robot

These robots speedily and accurately transfer silicon wafers in clean environments where not even a speck of dust is tolerable. They are helping to improve the productivity of semiconductor devices that underscore an energy-saving smart society.

### Material Processing

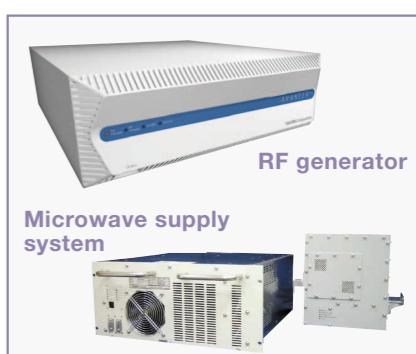
By precisely controlling energy sources such as plasma, laser, ultrasonic waves, and frictional heat, we provide new processes necessary for technological innovation in manufacturing, including precise joining, cutting, film formation, surface treatment, and shaping of metals, semiconductors, insulating materials, and plastic materials.

#### Welding and joining machines



Because our welding products are designed to save power and ensure safety on top of delivering the world's highest level of welding and cutting performance, DAIHEN is helping industries to increase productivity and protect the global environment at the same time.

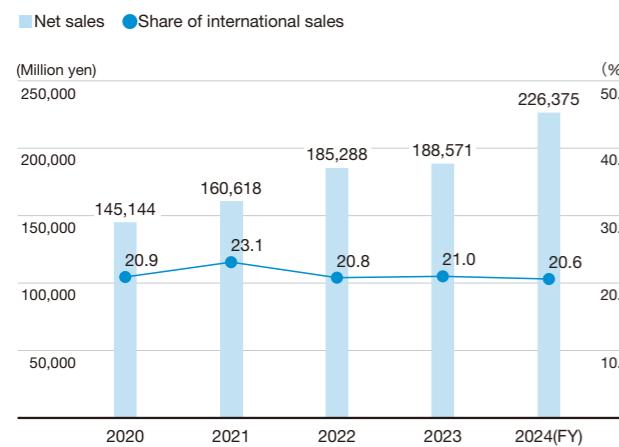
#### Semiconductor-related machines



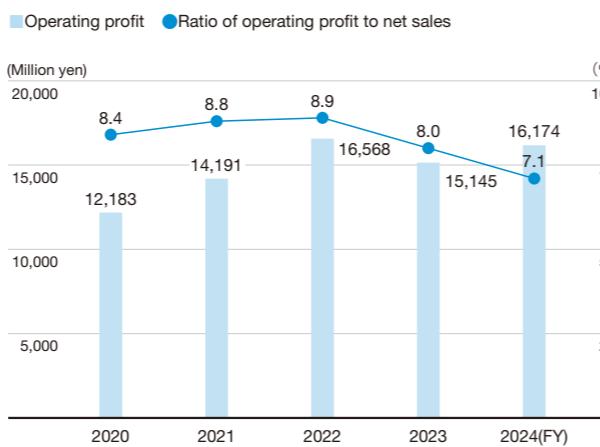
These generators stably produce the high-quality plasma essential for manufacturing semiconductor devices. They contribute to the manufacturing of semiconductors that drive technological advances such as IoT and AI.

## Financial Data

### Net sales / Share of international sales

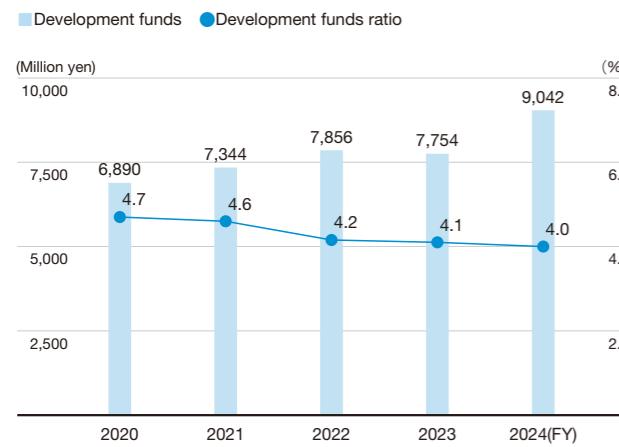


### Operating profit / Ratio of operating profit to net sales

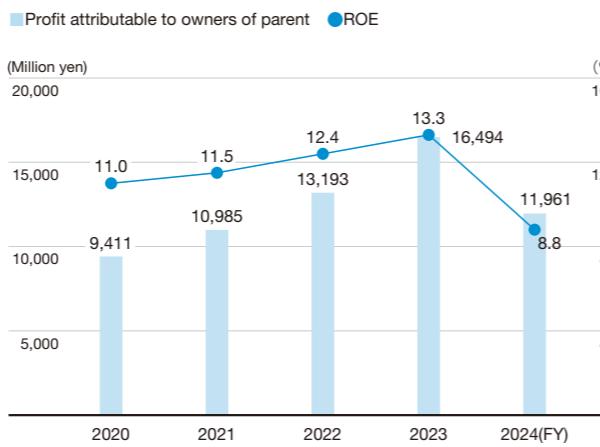


## Non-financial Data

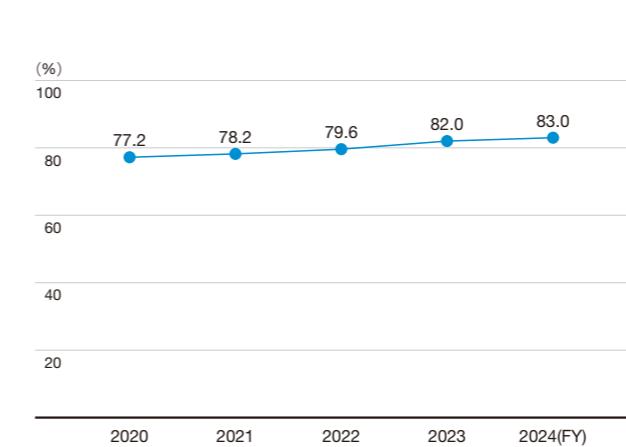
### Development funds / Development funds ratio<sup>1</sup>



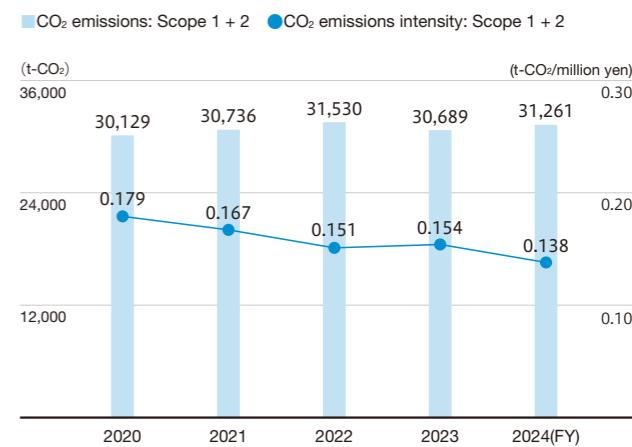
### Profit attributable to owners of parent / ROE



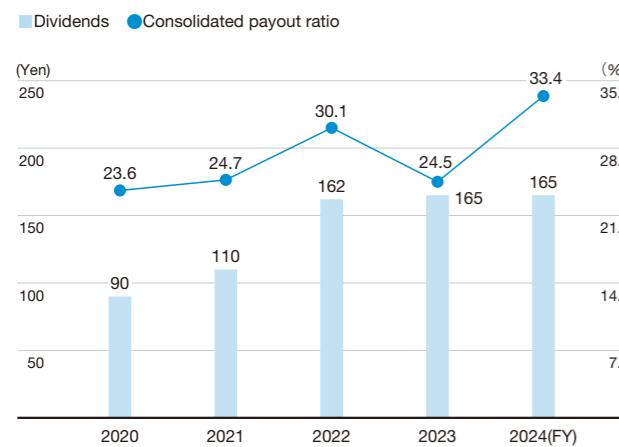
### Ratio of eco-friendly products to net sales<sup>1</sup>



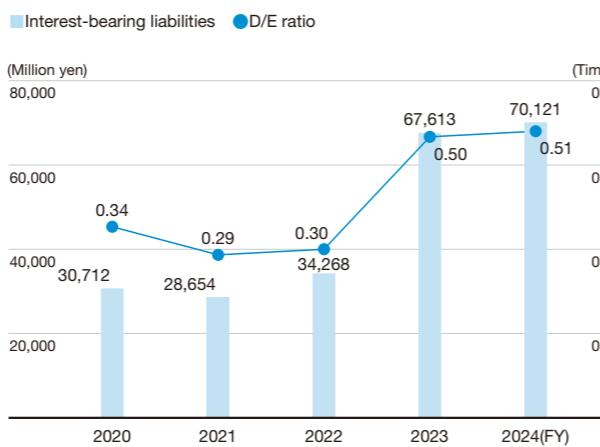
### CO<sub>2</sub> emissions / CO<sub>2</sub> emissions intensity<sup>2</sup>



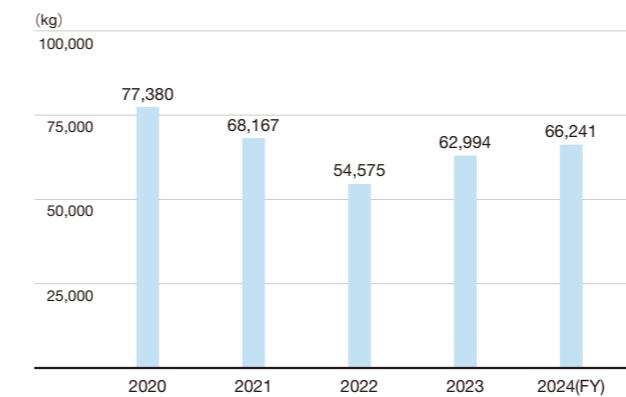
### Dividends / Consolidated payout ratio



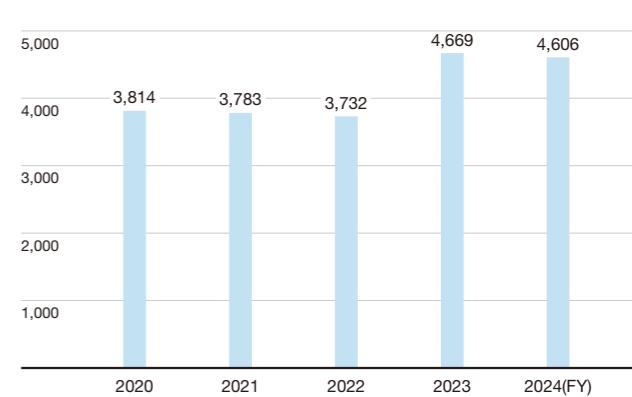
### Interest-bearing liabilities / D/E ratio



### Atmospheric emissions of chemical substances subject to the PRTR<sup>3</sup>



### Number of employees



<sup>1</sup> Development funds include not only research and development expenses but also development-related expenses such as patent fees. The development funds ratio is the ratio of development funds to consolidated net sales.

<sup>1</sup> The ratio of net sales of eco-friendly products to domestic net sales of the products (excluding parts, repair services, etc.) supplied by every division of the Company

<sup>2</sup> Figures are aggregated for consolidated companies, excluding Lorch Schweißtechnik GmbH

<sup>3</sup> The scope of calculation includes DAIHEN Corporation (Juso Business Office, Rokko Business Office, Mie Business Office, Chitose Plant, and Kanehira Plant), production sites of affiliated companies (Tottori Plant, Oita Plant, Matsudo Plant, Eniwa Plant, Hiroaki Plant, and Kagawa Plant), and production sites outside Japan [Mudanjiang OTC Welding Machines Co., Ltd., OTC Industrial (Qingdao) Co., Ltd., OTC DAIHEN Asia Co., Ltd., DAIHEN Electric Co., Ltd., DAIHEN OTC (Beijing) Co., Ltd., and DAIHEN Advanced Machinery (Changshu) Co., Ltd.]

# Message from the Management

## Achieving medium to long term growth (economic value) while contributing to the realization of a sustainable society (social value)

Shoichiro Minomo

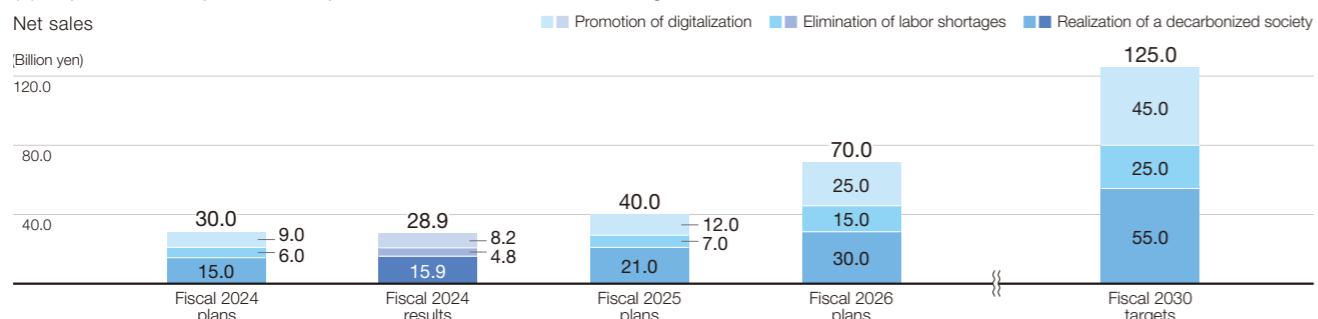
President and Chief Executive Officer



We aim to become a company that actively contributes to solving societal issues in priority areas by integrating our proprietary technologies, such as power conversion technology, high-precision and high-speed control technology, and high-frequency technology with a variety of cutting-edge technologies. In our three-year 2026 Medium-term Business Plan, launched last fiscal year, with an eye to 2030 from the perspective of achieving sustainability for both the Company and society, we have established four basic policies: (1) Expand the scope of development that contributes to solving societal issues; (2) Innovate distributor sales and expand sales in new areas; (3) Pursue automation and build an optimal production system; and (4) Enhance human capital based on a long-term human resource development plan.

With regard to "(1) Expand the scope of development that contributes to solving societal issues," we have redefined the three areas of societal issues to which we will contribute through our business. They are "realization of a decarbonized society," "elimination of labor shortages," and "promotion of digitalization." In these priority areas, we will expand the scope of development beyond the frameworks of existing businesses.

### (1) Expand the scope of development that contributes to solving societal issues



In doing so, we will strive to increase our contributions in these areas.

In fiscal 2024, we actively pursued product development and market launches, including the launch of a "storage battery package" for self-consumption solar power generation that is low cost, saves space, and has low noise emissions, expansion of our lineup of collaborative robots and autonomous mobile robots that help alleviate labor shortages, and the development of plasma sources for cleaning and removing environmentally hazardous substances adhered to semiconductor manufacturing equipment.

"(2) Innovate distributor sales and expand sales in new areas" involves sales initiatives aimed at expanding in new business areas. In addition to revamping the incentive plan to revitalize our domestic sales channels, we will also work to enhance sales tools and training programs that support such activities. Overseas, we position as our priority theme the expansion of our European business by mutually utilizing the products and sales channels of the Group companies we have acquired to date, and are also working to strengthen our system geared toward expanding our business in the United States.

In fiscal 2024, we transitioned to a dual-head office system, establishing a new Tokyo Head Office with the goals of expanding sales of new products by strengthening sales activities targeting the headquarters of major client companies in the Tokyo metropolitan area, promoting the creation of specifications and standards by strengthening our outreach to industry associations and relevant government agencies, and strengthening our public relations, recruitment, and investor relations functions. Furthermore, with a view to the social implementation of wireless power transfer systems for EVs, we and four partner companies established the "Wireless EV Alliance (WEV)" to explore various measures that will contribute to the institutionalization, standardization, and commercialization through industry-academia-government collaboration. The Alliance has grown to over 100 member organizations, including major car manufacturers. We believe it will serve as a major driving force toward swiftly achieving practical application.



Permanent exhibition space at the Tokyo Head Office

To "(3) Pursue automation and build an optimal production system," we are advancing the initiatives undertaken in the previous Medium-term Business Plan as we aim to fully automate the production of major standardized products, thereby significantly reducing costs. We are also exploring ways to build a global optimal production system based on the premise of production automation. Furthermore, in indirect operations, we will thoroughly reduce routine tasks by promoting the use of RPA and BI tools and document generation AI to concentrate our employees' efforts on more challenging tasks with higher added value.

In the previous Medium-term Business Plan, by acquiring three European system integrators and a German midsize welding machine manufacturer, we established a system geared toward expanding our operations in Europe. By adding Tohoku Electric Manufacturing and SHIHEN TECHNICAL to our consolidated subsidiaries, we also solidified our position as a leading manufacturer of power distribution equipment. In the current Medium-term Business Plan, we recognize that increasing asset efficiency by creating synergies with these

Group companies is an important challenge, and are taking measures to achieve this.

To "(4) Enhance human capital based on a long-term human resource development plan," we are establishing a long-term human resource development plan to secure and develop human resources, the source of corporate competitiveness, and working to provide incentives, develop diverse human resources, and more.

The Company has long adopted the goal of "Achieving Everyone's Happiness - Leaving No One Behind", which demonstrates our commitment to the happiness of all our stakeholders – customers, employees and their families, shareholders, suppliers, and our local communities. To that end, we have set specific goals – which we refer to as "Metrics for Achieving Everyone's Happiness" – for each category of stakeholders, and we will continue to achieve them as our management approach.

As a manufacturer, we have a mission "to please our customers and contribute to the world through our valuable products and services," and we will continue to develop and provide unique products that meet the essential needs of society and our customers at a higher level, by eliminating losses in operational processes through "total cost reduction activities" and investing the generated funds in development, and by integrating our proprietary technologies with cutting-edge technology. Satisfying society and our customers will lead to growth in sales and profits, and achieving an enhanced return of profits, in line with the target values of each of our stakeholders.

Based on this approach, in order to continue our development as a company that actively contributes to solving societal issues in the priority areas set forth in the Medium-term Business Plan, we are actively working on enhancing human capital so that our employees can share the DAIHEN WAY, which sets forth the Company's values, in order to generate powerful momentum and continue to create valuable products and services.

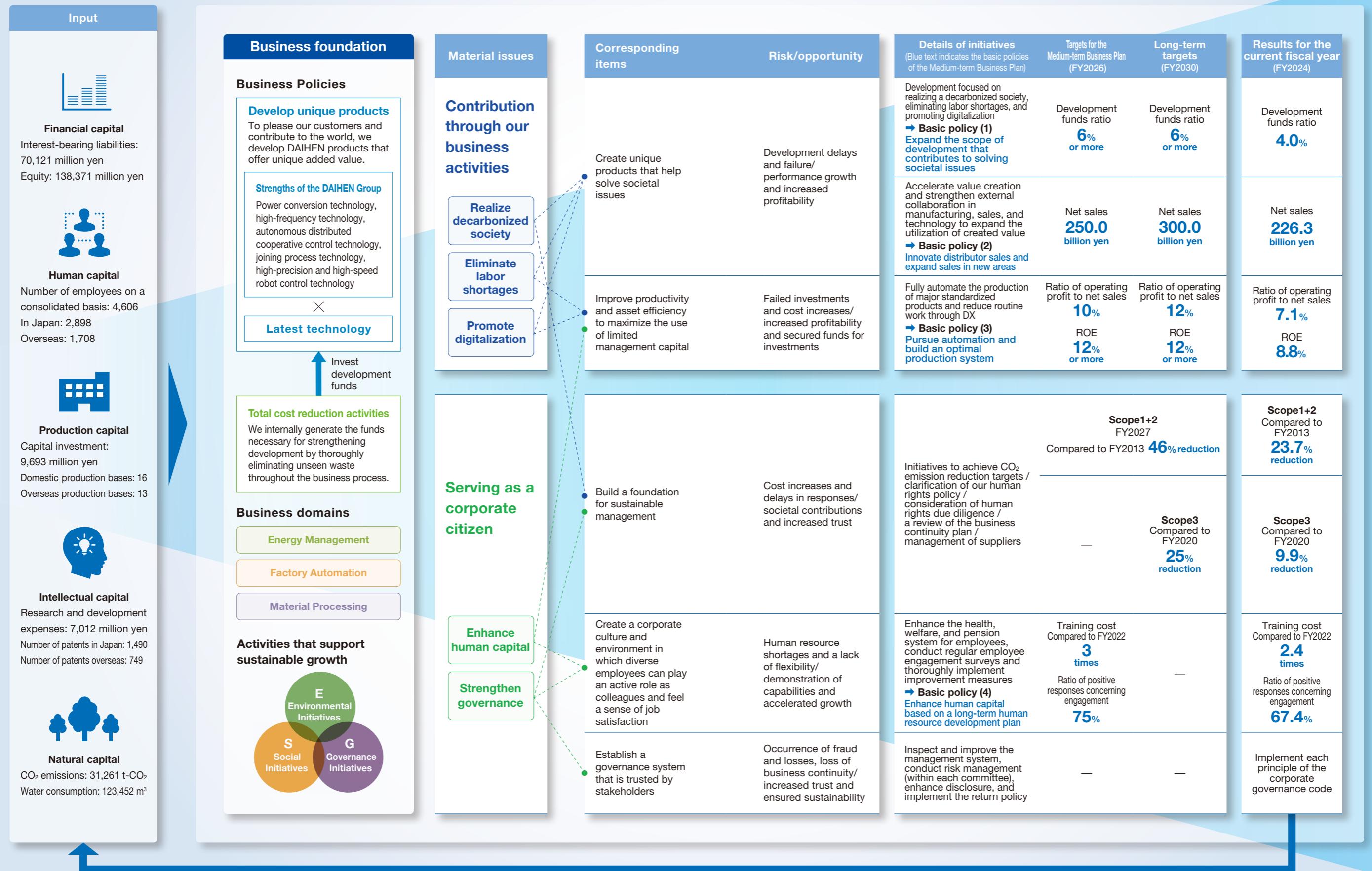
While the outlook for the business environment is uncertain due to impact from the political landscape and other factors, we believe that carrying out the initiatives set forth in this Medium-term Business Plan will enable us to achieve medium to long term growth (economic value) while also contributing to the realization of a sustainable society (social value), thereby leading to the enhancement of our corporate value. We are committed to fulfilling our role toward the realization of a sustainable society, and we look forward to your continued support as we pursue these future objectives.

# Value Creation Processes

From among various societal issues, we have identified the areas in which we can help resolve these issues by leveraging our business foundations, as well as the essential requirements for achieving this, as material issues that we should address from the perspectives of both the Company and our stakeholders. By focusing our activities on these areas, we will contribute to the sustainability of society.

## Our vision

A company that actively contributes to solving societal issues in priority areas by integrating our proprietary technologies, such as power conversion technology, high-precision and high-speed control technology, and high-frequency technology with a variety of cutting-edge technologies



Contribution to the Sustainability of Society

# Financial Information

## Review of fiscal 2024

### Performance overview

The business environment for the DAIHEN Group for the fiscal year under review saw a trend of restraint in production automation-related investment. However, electrical infrastructure-related and semiconductor-related investment remained strong. Additionally, the impact of newly consolidated subsidiaries acquired after the third quarter of the previous fiscal year contributed to net sales of 226.3 billion yen (up 20.0% year-on-year).

In terms of profit, operating profit increased to 16.1 billion yen (up 6.8% year-on-year), and ordinary profit increased to 17.1 billion yen (up 6.8% year-on-year), driven by higher net sales and the effects of cost reduction measures. However, profit attributable to owners of parent decreased to 11.9 billion yen (down 27.5% year-on-year) due to the recording of extraordinary income in the previous fiscal year, including gain on bargain purchase associated with the acquisition of shares of subsidiaries.

### Financial position

Total assets at the end of the fiscal 2024 increased by 13.0 billion yen from the end of the previous fiscal year to 290.2 billion yen. This is primarily attributable to increases in cash and deposits and inventories as well as an increase in property, plant and equipment including buildings and structures. Total liabilities increased by 8.3 billion yen from the end of the previous fiscal year to 136.9 billion yen. This is primarily attributable to increases in notes and accounts payable - trade and provision for bonuses as well as an increase in borrowings. Total net assets increased by 4.6 billion yen from the end of the previous fiscal year to 153.2 billion yen. This is primarily attributable to increases in retained earnings and foreign currency translation adjustment.

The equity ratio decreased by 0.7 percentage points from 48.4% to 47.7%.

### Development funds\*

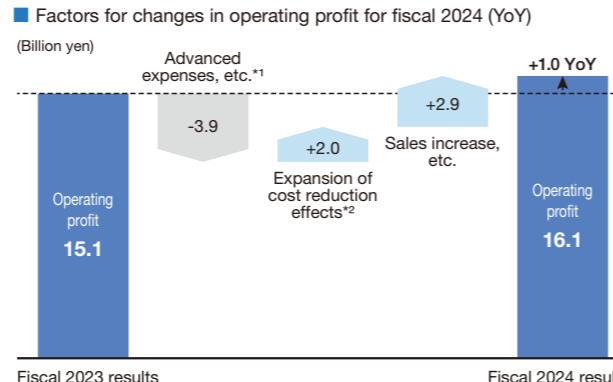
Aiming to create and introduce products that help resolve societal issues to the market, we are actively conducting joint research with our customers, universities, and other research institutions while mutually coordinating with development divisions within the Group to accumulate technological seeds and promote commercialization.

In fiscal 2024, we launched a "storage battery package" for self-consumption solar power generation that is low cost and saves space, expanded our lineup of collaborative robots and autonomous mobile robots, and also developed plasma sources for cleaning and removing excessively adhered films in chemical vapor deposition (CVD) systems used in semiconductor manufacturing.

\*Development funds include not only research and development expenses but also development-related expenses such as patent fees.

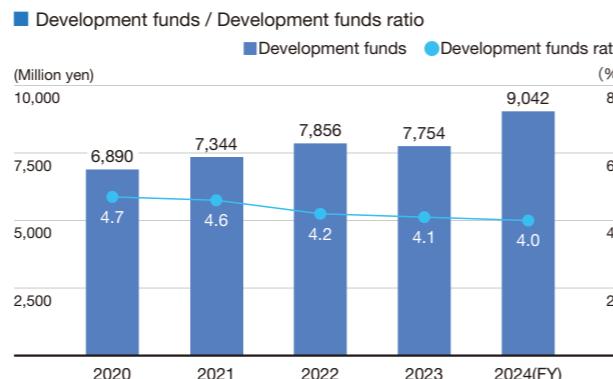
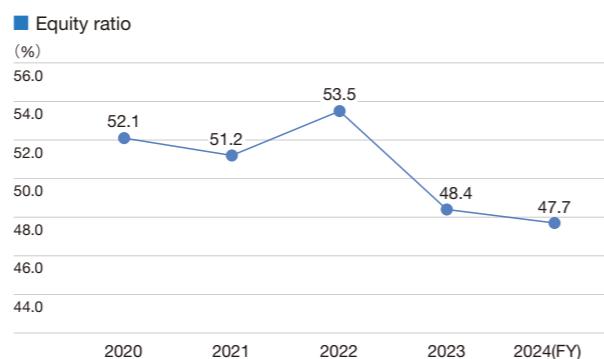
### Shareholder return

The dividends for fiscal 2024 were 165 yen per share (interim dividends of 82.5 yen, year-end dividends of 82.5 yen), the same level as the previous fiscal year despite a decrease in profits. We also acquired 400,000 treasury shares in February to increase shareholder returns and improve capital efficiency with an eye to enhancing shareholder value.



\*1 Advanced expenses, etc.: development funds -0.9, depreciation -0.6, advertising -0.1, wage increases, etc. -2.3

\*2 Cost reduction effects: material cost savings +1.2, increased productivity +0.2, efficiency improvement in indirect operations +0.6



# Medium-term Business Plan

We aim to become a company that actively contributes to solving societal issues in priority areas by integrating our proprietary technologies, such as power conversion technology, high-precision and high-speed control technology, and high-frequency technology with a variety of cutting-edge technologies. To this end, we have formulated and are implementing the 2026 Medium-term Business Plan with the following four basic policies as its pillars, for our activities during the plan's three-year period which started in fiscal 2024.

## Basic policy

### [Basic policy]

- (1) Expand the scope of development that contributes to solving societal issues
- (2) Innovate distributor sales and expand sales in new areas
- (3) Pursue automation and build an optimal production system
- (4) Enhance human capital based on a long-term human resource development plan

### (1) Expand the scope of development that contributes to solving societal issues

By defining the solution of three societal issues, "realization of a decarbonized society," "elimination of labor shortages," and "promotion of digitalization" as our priority areas and expanding the scope of development beyond the frameworks of existing businesses, we will strive to increase our contributions in these areas.

#### Realize decarbonized society

In addition to grid storage battery systems, storage battery systems for self-consumption, and plug-in wireless charging systems that help maximize use of renewable energy, and joining machines that help reduce the body weight of EVs, we will develop EMS for next-generation microgrids, hydrogen-related equipment, and more.

##### ● Main development themes

- Next-generation power distribution-related equipment (DC power distribution, etc.)
- Renewable energy storage battery systems for self-consumption
- Grid storage battery systems
- Charging infrastructure equipment and systems
- Power receiving systems for high-capacity users
- Joining machines for lighter EVs



#### Eliminate labor shortages

In addition to enhancing robot systems suited to high-mix, low-volume production that used to be difficult to be automated and increasing product lineup of collaborative robots, we will also seek de-skilling in joining machines and expand the scope of our contribution to production automation.

##### ● Main development themes

- Robot systems suited to high-mix, low-volume production
- Enhance lineup of collaborative robots
- De-skilling joining machines



#### Promote digitalization

In addition to high-efficiency generator systems that help reduce power consumption in semiconductor manufacturing processes and space-saving robots that contribute to minimizing manufacturing equipment, which are expected to increase at an accelerating pace owing to the spread of EVs and generative AIs, we will cultivate new areas such as plasma sources for chamber cleaning.

##### ● Main development themes

- Energy-saving generators for semiconductor manufacturing equipment
- Space-saving robots for semiconductor manufacturing equipment
- Plasma sources for chamber cleaning



#### [Target net sales]

Societal issues	FY2024		FY2025	FY2026	(Billion yen)
	Targets	Results	Targets	Targets	
Realize decarbonized society	15.0	15.9	21.0	30.0	55.0
Eliminate labor shortages	6.0	4.8	7.0	15.0	25.0
Promote digitalization	9.0	8.2	12.0	25.0	45.0
Total	30.0	28.9	40.0	70.0	125.0

#### (2) Innovate distributor sales and expand sales in new areas

• We will enhance the technical sales, analysis, and market research capabilities of our in-house salespeople in order to expand in new business areas, as well as strengthening our PR activities to facilitate the market penetration of new products.

In addition, we will revamp the incentive plan to revitalize our domestic sales channels and enhance sales tools and training programs that support such activities.

• Overseas, we position as our priority theme the expansion of our European business by mutually utilizing the products and sales channels of the Group companies we have acquired to date. Similarly, we will work to strengthen our system geared toward expanding our business in the United States.

#### (3) Pursue automation and build an optimal production system

• Building up on the modular design promotion we worked on in the previous Medium-term Business Plan, we will achieve significant cost reduction with the aim of fully automating the production of our major standardized products. Furthermore, we will explore ways to build a global optimal production system based on the premise of production automation.

• In indirect operations, we will thoroughly reduce routine tasks by promoting the use of RPA and BI tools and document generation AI to concentrate our employees' efforts on more challenging tasks with higher added value.

#### (4) Enhance human capital based on a long-term human resource development plan

We will create a long-term human resource development plan in order to secure and develop human resources, the source of corporate competitiveness, and work on the following themes.

- Introduce a stock compensation system aimed at improving employees' sense of belonging and participation in management
- Select and develop candidates to become next-generation senior management and female managers
- Promote the use of the PhD Acquisition Support System
- Develop global human resources
- Support for balancing childcare responsibilities and work (establish an in-house nursery school)
- Promote the growth of employees based on their respective career plan (threefold or more increase in training expenses)
- Thoroughly conduct regular employee engagement surveys and implement specific improvement measures

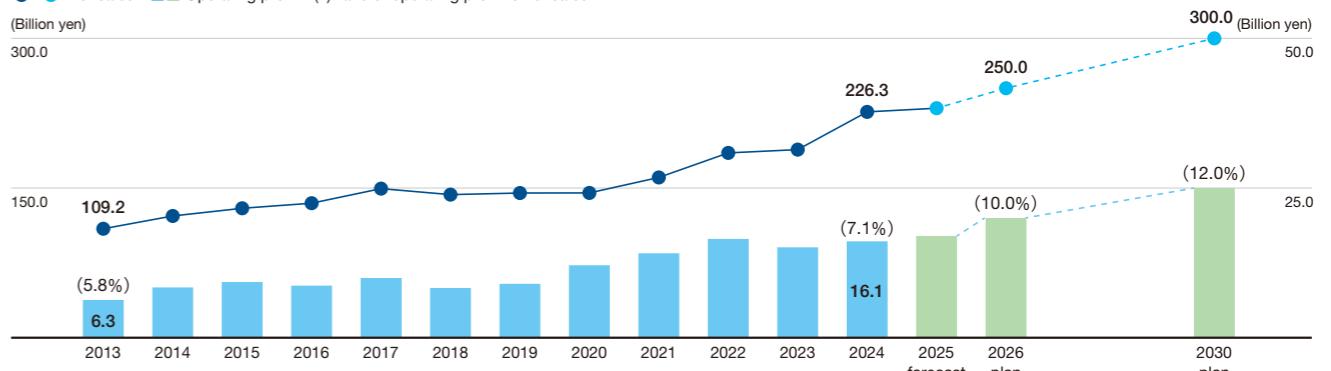
#### Financial targets

Through balanced return of profits to stakeholders and proactive investment in line with "Metrics for Achieving Everyone's Happiness", we will achieve both an improvement in ROE and an enhancement of equity.

	Fiscal 2024 results	Fiscal 2026 targets	Fiscal 2030 targets
	Net sales	226.3 billion yen	250.0 billion yen or more
Ratio of operating profit to net sales		7.1%	10% or more
ROE		8.8%	12% or more
Development funds ratio*		4.0%	6% or more
Payout ratio	33.4%	30% or more	

\*The ratio of development funds to consolidated net sales. Development funds include not only research and development expenses but also development-related expenses such as patent fees.

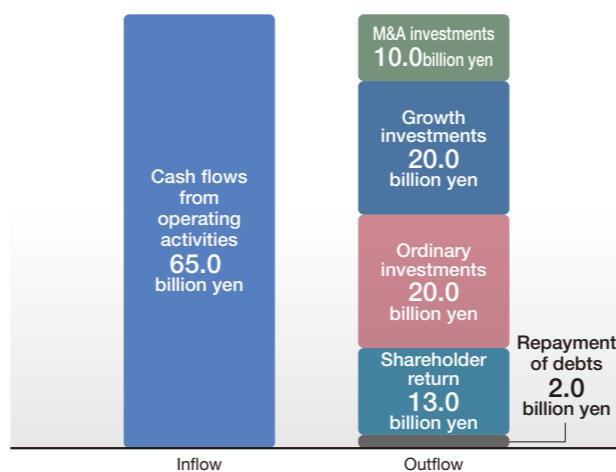
● Net sales ■ Operating profit ( )Ratio of operating profit to net sales



#### Cash flows

In the 2026 Medium-term Business Plan, we plan to create operating cash flows that exceed investments by curbing increases in working capital.

An overview of cash distribution (3-year cumulative total)



#### M&A investments

Continuing from the previous Medium-term Business Plan period, we will continue to look into M&As opportunities such as by acquiring new customers for existing businesses, expanding peripheral businesses, and through capital participation in partner companies.

#### Growth investments

We will apply the production automation know-how we accumulated at the Rokko Business Office to other products, and further expand the scope of production automation by designing a structure that enables automatic assembly, including modularization and wiring work. We will also make active investments, including in renewable energy utilization.

#### Ordinary investments

We will make replacement investment within the scope of depreciation.

#### Shareholder return policy

As part of our policy of returning profits to stakeholders, we continue to make a dividend payout ratio of 30% or more as a basic policy.

#### Overview of fiscal 2024

In addition to cash flows from operating activities of 24.0 billion yen, we recorded a cash inflow of 1.4 billion yen owing to the sale of strategic shareholdings. Meanwhile, as for cash outflows, we recorded total amount of investment of 11.3 billion yen, due to aggressive investments implemented based on our Medium-term Business Plan, including the acquisition of shares in Force Design and the expansion of our RF generator system plant. Additionally, as a result of the acquisition of treasury shares, the total return ratio was approximately 66%.

## Special Feature

## Efforts for Development that Contributes to Solving Societal Issues

## Launch of proprietary “storage battery package” for solar power generation system that can be installed in variety of locations

The adoption of solar power generation is accelerating worldwide amid efforts to realize a decarbonized society. In Japan, the Seventh Strategic Energy Plan, approved by the Cabinet in February of this year, strongly advocates the further expansion of solar power generation use, with plans to increase its share of Japan's total energy supply (from the approximately 10% currently) to up to 29% by 2040, making it the primary power source.

Meanwhile, maximizing the use of renewable energy requires balancing supply and demand to stabilize the power grid. In particular, as solar power generation fluctuates depending on factors such as the season, weather, time of day, output suppression (output control) is used to prevent large volumes of electricity from flowing into the power grid at the same time during periods of low demand. This presents a challenge to its widespread adoption.

Against this backdrop of output suppression, power generation businesses (businesses) that earn revenue through the buying and selling of solar power are being adversely impacted, such as seeing a decrease in revenue from electricity sales. As a result, the Ministry of Economy, Trade and Industry is encouraging businesses to switch from the conventional FIT (feed-in tariff) system to the FIP (feed-in premium) system. The FIP system promotes the introduction of renewable energy by adding a set premium (subsidy amount) to the market selling price of electricity. Businesses can expect to increase their revenue by selling electricity stored in storage batteries during peak electricity demand (when market prices are high). Since the FIT system was introduced in 2012, there has been a sharp increase in demand for the installation of storage batteries alongside the large-scale installations of existing solar power generation facilities. However, because conventional containerized storage batteries have an integrated structure that contains the relative equipment and are large in sizes, they pose challenges such as the inability to transport them to solar power plants in mountainous areas via narrow roads and to secure the necessary space for storage battery installation. These challenges have resulted in the slow adoption of storage batteries at many existing solar power plants.

In response, the Company has developed a packaged product that is compact and can be transported in sections, aimed at businesses switching to the FIP system. This storage battery system, which packages our proprietary compact “unit-type power conditioner” and “cabinet-type storage battery,” features a low-noise design that minimizes the cost of installation in urban areas. Furthermore, because the system can be transported in sections, it can be transported through narrow roads, which can be a challenge when installing it alongside an existing solar power plant in mountainous areas.

Through the launch of this product, we are solving the issues of access routes and installation space, which are major barriers to adoption, in one fell swoop. This will help increase business' revenue from electricity sales and make a significant contribution to the greater use of solar power generation with an eye to the realization of a decarbonized society.

## ● Storage battery system for solar power generation system



## TOPICS

## Enhancing our production capacity for industrial oil-immersed transformers

By integrating the production of industrial oil-immersed transformers (custom-made products) currently manufactured at DAIHEN Electric Machine Corporation (Osaka) with SHIHEN TECHNICAL Corporation (Kagawa), we aim to enhance our production capacity and cost competitiveness.

Constructing a new plant at SHIHEN TECHNICAL and renovating and expanding the existing plant through fiscal 2027 will enable us to produce approximately 3,000 units per year, a 1.7-fold increase from the previous level, leading to increased sales of renewable energy-related systems, for which demand is expected to grow.

We plan to make effective use of the former plant site at DAIHEN Electric Machine, such as by expanding production capacity for cast resin transformers for use in data centers, which have recently been seeing a rise in demand.



The new SHIHEN TECHNICAL plant

## Launch of ultra-quick charger compatible with multiple voltages

Charging infrastructure, essential for the widespread adoption of EVs, is seeing growing demand from transportation and logistics companies, as well as expressways and commercial facilities. This has led to a rise in the replacement and new construction of equipment, particularly high-capacity models. In particular, sales of quick chargers to bus operators that are introducing EV buses to reduce their environmental impact are increasing year by year, accounting for 30% of DAIHEN charger sales in fiscal 2024. However, as bus operators are introducing EV buses compatible with 750V charging made overseas in addition to conventional EV buses compatible with 450V charging, the mix of 450V and 750V buses means that two types of chargers are needed.

To solve the problem faced by bus operators with a mix of buses running on different voltages, we have added a model to our lineup of “D-Rusher” quick chargers that can charge EVs of different voltages simultaneously.



With a maximum output of 750V, enables simultaneous charging of vehicles with different voltages, including high-voltage EVs

- Output can be adjusted from DC 150V to 750V, making it compatible with high-voltage EVs such as imported EV buses
- Enables simultaneous charging of two EVs with different voltages (high voltage/low voltage)
- Compatible model: DQC120H

## Initiatives for our EV wireless charging demonstration project

Since 2021, DAIHEN, The Kansai Electric Power Company, Incorporated, and OBAYASHI CORPORATION have been carrying out a subsidy project for the technical development of a dynamic wireless power transfer for EVs and city-wide energy management systems under the “Program to Develop and Promote the Commercialization of Energy Conservation Technologies to Realize a Decarbonized Society” promoted by the New Energy and Industrial Technology Development Organization (NEDO). The subsidy project completed in 2024. Combining the elemental technologies established through this project, the system development coordinated with relevant government ministries and agencies, and research and development funded by the Green Innovation Fund, we demonstrated the effectiveness of our dynamic wireless power transfer and energy management systems at the Expo 2025 Osaka, Kansai, Japan venue from April 2025.

For this initiative, we received the Best Collaboration Award for the NEDO Energy Conservation Technology Development Award alongside The Kansai Electric Power Company, Incorporated and OBAYASHI CORPORATION. We were recognized for actively collaborating not only with other businesses but also with end users to share our results.

In fiscal 2024, our new social implementation verification project that uses D-Broad EV, our wireless charging system for EVs, was selected for the Ministry of the Environment's “Project to Promote Social Implementation of Advanced Systems Aimed at Decarbonizing the Transportation Sector.”

DAIHEN is leading this project in cooperation with Mitsubishi Research Institute, Inc., responsible for formulating guidelines, and Mitsubishi Fuso Truck and Bus Corporation, responsible for providing vehicles for EV truck-related projects. Using commercial EVs operated by bus, truck, and taxi operators as a use case, we will operate them in approximately ten locations across the country to verify the implementation of our wireless charging system in an actual environment. Through this verification, we will identify issues and solutions for the social implementation of wireless charging systems and formulate implementation guidelines.

Going forward, we will continue to work with partner companies to contribute to the realization of a smart mobility society through initiatives to achieve zero carbon emissions and create new value.



## TOPICS

## Our proprietary energy management system “Synergy Link” received the Best Award at the Japan Resilience Award

Synergy Link, our proprietary energy management system, received the Best Award at the Japan Resilience Award presented by the Association for Resilience Japan. Synergy Link was highly praised for its contribution to maximizing the use of renewable energy and its ideal role in building microgrids\*, which significantly contribute to strengthening the resilience of electrical infrastructure.

We will use this award as an opportunity to further expand our contributions to solving societal issues.

\*A network of small-scale renewable energy-based power generation facilities established in cities and other specific areas to achieve energy self-sufficiency within the area.



The award ceremony

## Special Feature

## Efforts for Development that Contributes to Solving Societal Issues

## Expanding our product lineup to help eliminate labor shortages

## Autonomous mobile robot "AiTran500"

"AiTran500" has been added to our AiTran series of autonomous mobile robots, which boast features such as omnidirectional travel and automatic charging, with an optimized size and shape and significantly improved basic performance, such as travel speed and positioning accuracy (began receiving orders in April 2025).

In addition to being able to handle a wide variety of transported items and transport scenarios in plants and warehouses, we can meet a variety of needs by proposing packages that include transport jigs such as lifting mechanisms, towing mechanisms, and conveyor mounts, utilizing our transport automation expertise cultivated both inside and outside the Company.



Autonomous mobile robot "AiTran500"

## Collaborative robot "FD-VC8"

We developed the "FD-VC8" collaborative robot, which has a payload capacity of 8 kg, a reach of 1,550 mm, the longest in its class\*, and saves space, making it suitable for a variety of applications and scenarios (began receiving orders in May 2025). The addition of a high-speed mode has also enabled significant improvements in productivity. The robot also comes equipped with a "direct teaching function" that allows anyone to easily teach the robot.



\*Based on our research.

Collaborative robot "FD-VC8"

## Launch of definitive welding machine "Welbee The Short Arc"

This high-end welding machine combines superior welding performance with top-quality low spatter and a stable arc, ease of use thanks to a large LCD control panel, and high durability and reliability. By integrating five 350A welding machine models into one, we have achieved a price comparable to that of a mid-range machine. It has been well received by many customers. Going forward, we will also integrate a 500A high-current model for thick plate welding, including steel frame, bridge, and shipbuilding, to contribute to de-skilling and the elimination of labor shortages in a wide range of welding sites, while also striving to further expand sales.



Welding machine "Welbee The Short Arc"

## TOPICS

## Strengthening of our robotics business in the United States

We acquired all shares of Force Design, Inc., a U.S.-based robotics systems integrator (Sler), and turned it into a wholly owned subsidiary.

Through the acquisition of Force Design, Inc., which has advanced technical capabilities and the ability to propose systems for welding jigs and handling applications, we aim to enhance our ability to provide custom systems that meet the needs of major U.S. customers and to enhance our standard robotic welding cell packages for small and medium-sized customers.



By gaining sales opportunities in the U.S. Midwest, a key region for the automobile industry, we aim to expand sales to U.S. automotive-related companies and other customers we have not yet had contact with. We aim to achieve net sales in the U.S. of 10.0 billion yen in fiscal 2026 (double the sales of 5.0 billion yen achieved in fiscal 2023).

## R&amp;D

The Company has developed numerous products that contribute to society centering on the energy transformation and control technologies it has accumulated over the years. Having placed particular emphasis on development in recent years, we vigorously promoted the creation of unique product value under the nine-year "DAIHEN Value Plan" that began in fiscal 2012. Now, by combining our proprietary technologies with a variety of cutting-edge technologies, we aim to become a company that actively contributes to solving societal issues in priority areas.

To achieve this, we aim to invest 6% of net sales in development. In addition to active investment in critical areas, we also plan to enhance and accelerate our development by building a framework for collaboration and cooperation with

outside parties such as universities, research organizations, and partner companies.

Furthermore, to create and nurture new businesses, which will become the pillars of our next-generation business, we have introduced a company-wide development system. In addition to the research and development departments of our individual business divisions, which engage in specialized development for our existing business, we have established a Research & Development Division. This division develops and commercializes new technologies and new products that do not belong to any of our existing business domains. It also helps reinforce and support the Group's overall development functions.



## Environmental Initiatives

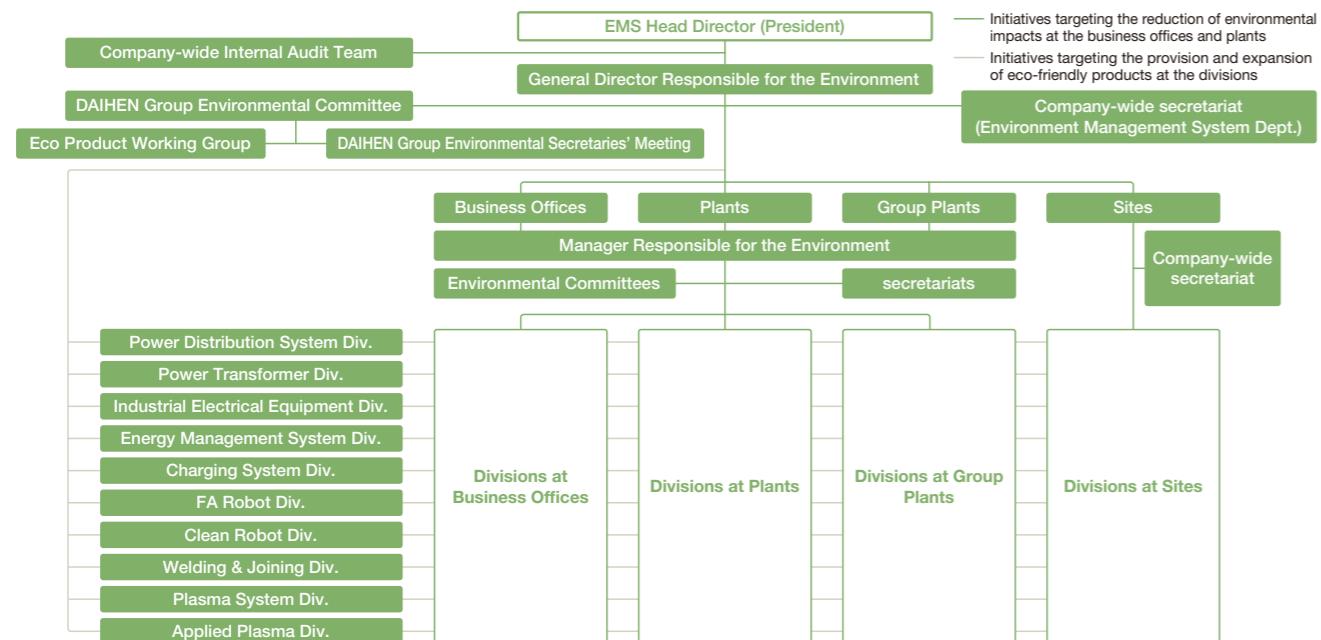
Considering environmental protection to be among the most important management challenges, we are engaged in environmental management. We aim to strengthen relationships with stakeholders and contribute to the emergence of a society committed to decarbonization, recycling, and harmony with nature through our environmental protection initiatives.

### The DAIHEN Group Environmental Policy

Basic Philosophy	The DAIHEN Group considers environmental protection to be among the most important management challenges. Our goal is to actively address societal issues in order to contribute to the emergence of a society committed to sustainability in keeping with our corporate objective of "Achieving Everyone's Happiness - Leaving No One Behind"
Conduct Policy	In line with our corporate basic philosophy, the DAIHEN Group will contribute to the emergence of a society committed to decarbonization, recycling, and harmony with nature by developing its business globally in each industry segment in keeping with the following guidelines.
1 Reduce environmental impacts resulting from business operations	<p>We shall address the following initiatives by considering all steps encompassing product design, development, procurement, manufacturing, and distribution as well as product use and disposal.</p> <ul style="list-style-type: none"> <li>① Promote product development that addresses societal issues.</li> <li>② Promote energy-efficiency initiatives.</li> <li>③ Promote resource conservation, waste reduction, and recycling.</li> <li>④ Reduce the environmental impact of the use of chemical substances.</li> <li>⑤ Promote green procurement.</li> </ul>
2 Comply with laws and other requirements	<p>We shall comply with legal and other requirements related to the environment. We shall also adopt and administer voluntary management standards in order to implement pollution controls intended to protect the environment.</p>
3 Establish environmental objectives and targets and periodically review them	<p>Each division of the DAIHEN Group shall establish environmental targets and promote environmental preservation initiatives. Moreover, each division shall periodically review its targets, and continually seek to improve its environmental management system (EMS) in ways that ultimately enhance its environmental performance.</p>
4 Raise environmental awareness	<p>In order to increase environmental awareness, we shall enhance environmental education and deepen understanding of our environmental policy among all involved in our organization.</p>
5 Strengthen relationships with stakeholders	<p>We shall provide stakeholders with timely environmental information in an easy-to-understand manner, maintain open communication, and strive to increase understanding and trust.</p>

### Environmental management promotion system

We have established an execution system with the President & CEO of DAIHEN Corporation as the EMS<sup>\*1</sup> Head Director and the Environmental Officer as the General Director Responsible for the Environment and established the DAIHEN Group Environmental Committee for deliberation and decision-making on environmental policies and formulation of specific activity plans, enhancing our environmental protection initiatives. Specifically, the Eco Product Working Group<sup>\*2</sup> and the DAIHEN Group Environmental Secretaries' Meeting<sup>\*3</sup> work on Group-wide collaboration, with each business office, plant, and business division focusing on both environmental protection in business activities and planning and development of eco-friendly products and services.



\*1 Environmental Management System refers to a mechanism that allows a company to set environmental policies, to take measures to achieve goals under the policies, and to maintain and improve the policies.

\*2 An organization composed of heads of technical divisions responsible for the Company's product development. It deliberates and decides on applications and certification criteria based on the inhouse certification system for eco-friendly products and manages the progress of development.

\*3 An organization that identifies issues and discusses and implements solutions by sharing plans, results, and external environmental information among Business offices, plants and business divisions. By deploying excellent solutions in a cross-departmental manner, we are improving the performance of the entire Group.

### Environmental plans and results

As part of our commitment to environmental protection, we have established both medium- and long-term environmental objectives and targets according to our Voluntary Environmental Action Plan. Under our 8th Voluntary Environmental Action Plan for fiscal 2024–2026, we place particular focus on achieving a 46% reduction in CO<sub>2</sub> emissions by fiscal 2027 compared to fiscal 2013 with an eye to realizing a society committed to decarbonization, and will work to carry out energy conservation activities and introduce renewable energy.

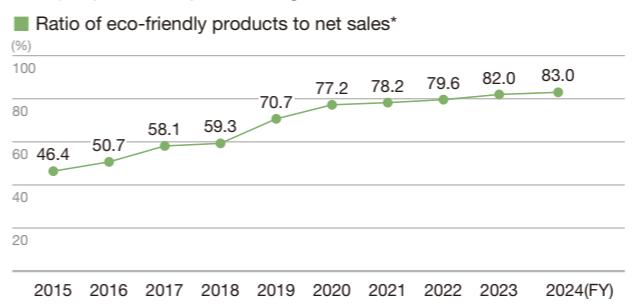
### Fiscal 2024 results in the DAIHEN Group's 8th Voluntary Environmental Action Plan (excerpt)

Corporate objective	Stage	Policies	Targets for fiscal 2024	Results of initiatives in fiscal 2024	Initiatives in fiscal 2024	Evaluated by DAIHEN
"Achieving Everyone's Happiness - Leaving No One Behind"	Products	Expanding sales of eco-friendly products	• Eco-friendly products Achieve an eco-friendly product net sales composition ratio of at least 83%.	83.0% of all net sales accounted for by eco-friendly products	• 28 models of eco-friendly products: 3 power distribution models, 3 power transformer models, 1 EMS model, 1 charging model, 7 FA robot models, 2 clean robot models, 7 welding and joining models, 2 plasma models, and 2 applied plasma models • Net sales of eco-friendly products: 121,099 million yen Total product net sales: 145,979 million yen	○
		Preventing global warming in the supply chain (Scope 3)	• Scope 3 Category 11 CO <sub>2</sub> emissions intensity vs. fiscal 2023 level: Reduce by at least 7%	16.1% reduction	• CO <sub>2</sub> emissions: 5,913,000 t-CO <sub>2</sub> Net sales intensity: 33,700 t-CO <sub>2</sub> /million yen	○
		Focusing on increasing avoided emissions as part of our effort to reduce CO <sub>2</sub> emissions	• Increase avoided CO <sub>2</sub> emissions (accumulated) to at least 44,000 t-CO <sub>2</sub> • Avoided CO <sub>2</sub> emissions (accumulated): 44,152 t-CO <sub>2</sub>	Avoided CO <sub>2</sub> emissions (accumulated): 44,152 t-CO <sub>2</sub>	• Avoided CO <sub>2</sub> emissions in fiscal 2024: 10,239 t-CO <sub>2</sub> (Cumulative total of 33,913 t-CO <sub>2</sub> by fiscal 2023)	○
	Processes	Preventing global warming (Scope 1 + 2)	• CO <sub>2</sub> emissions intensity vs. fiscal 2023 level: Reduce by at least 12%	10.5% reduction	• CO <sub>2</sub> emissions intensity: 0.138 t-CO <sub>2</sub> /million yen (CO <sub>2</sub> emissions: 31,261 t-CO <sub>2</sub> )	△
		Protection of biodiversity	• Water consumption intensity vs. fiscal 2023 level: Reduce by at least 16%	15.8% reduction	• Water consumption intensity: 0.70 m <sup>3</sup> /million yen (Water consumption: 123,452 m <sup>3</sup> )	○
		Waste reduction	• Waste disposal intensity vs. fiscal 2023 level: Reduce by at least 5%	12.5% reduction	• Waste disposal intensity: 5.30 kg/million yen (Waste disposal (excluding reusable resources): 929 t)	○
		Air pollution control	• Keep atmospheric emissions of chemical substances subject to the PRTR at or below fiscal 2023 levels (62,994 kg in fiscal 2023)	5.2% increase	• Atmospheric emissions of chemical substances subject to PRTR: 66,241 (kg)	×

Please refer to our website for more information on the fiscal 2024 activity results of the DAIHEN Group's 8th Voluntary Environmental Action Plan. <https://www.daihen.co.jp/sustainability/environment/vap.html> (Japanese only)

### Expanding sales of eco-friendly products

To visualize products with less environmental impact, we have established our eco-friendly product certification system for certifying and disclosing products that are effective in reducing environmental impacts during production and use as eco-friendly products. The Company is actively working to develop and expand sales of eco-friendly products, and the ratio of net sales of such products to those of all products supplied by the Company is steadily increasing.



\* The ratio of net sales of eco-friendly products to domestic net sales of the products (excluding parts, repair services, etc.) supplied by every division of the Company

### Focusing on increasing avoided emissions as part of our effort to reduce CO<sub>2</sub> emissions

For our products related to expanding the use of renewable energy, energy management systems (EMS), and the adoption of EVs, we define avoided CO<sub>2</sub> emissions as the CO<sub>2</sub> equivalent of the amount of renewable energy generated and the amount of reduction in fossil fuel usage, and we set target values, calculate values to increase the avoided emissions.

In cases which our products are incorporated as part of a system in a package, the ratio of the price of our products to the price of the entire product is multiplied by the overall annual CO<sub>2</sub> emissions reduction. The avoided CO<sub>2</sub> emissions were 44,152 t-CO<sub>2</sub> in fiscal 2024.

### Acquisition of ISO 14001 certification

In order to promote environmental protection initiatives throughout the Group, we have established an environmental management system (EMS) compatible with the ISO 14001 international standard (2015 requirements). We are continuously striving to improve the system. Currently, all domestic production plants, branches, and sales offices sharing our Environmental Policy have acquired certification, and six overseas group companies have also acquired certification.

### Internal audits

We conduct internal audits of all 90 departments of the Group to monitor and verify compliance with the requirements of the environmental management system (EMS). In fiscal 2024, the audit observed 167 audit findings (0 nonconformities, 80 observations, and 87 points of room for improvement), and corrective measures were taken.

#### Priority items

- ① Whether changes in business activities and environmental conditions are responded to in a timely manner
- ② Whether legal requirements are properly understood and proper action has been taken in regards thereto
- ③ Whether environmental targets and environmental management programs according to the situation have been set and continuously implemented
- ④ Whether the measures taken in response to the observations made in external audits are deployed by a cross-departmental manner and are taking root



Internal audits

## Responding to Recommendations Under the TCFD Framework

We endorse TCFD\*1 recommendations and pledge to strengthen our response to climate change and other environmental issues. At the same time, we strive to enhance the disclosure of risks and opportunities associated with climate change in keeping with the framework of TCFD recommendations.

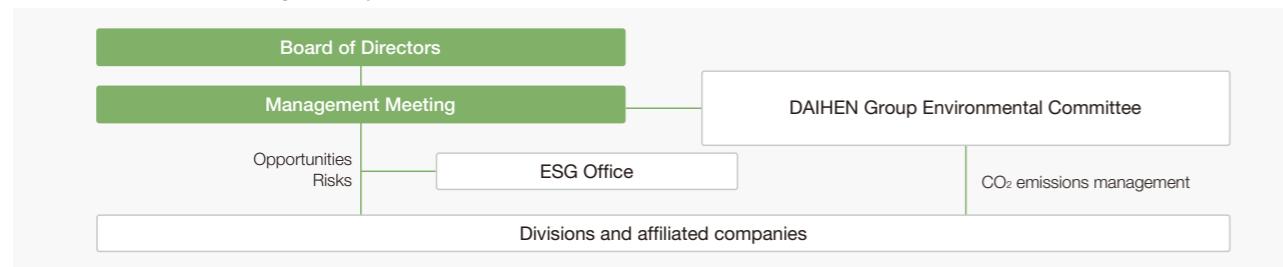
\*1 The Task Force on Climate-related Financial Disclosures established by the Financial Stability Board (FSB)



### [TCFD governance and risk management systems]

Recognizing that devising a response to climate change is an important challenge, we have established an ESG Office while engaging in the activities of the DAIHEN Group Environmental Committee. We analyze company-wide plans and financial impacts based on risks, opportunities, business strategies, and other factors.

■ Climate-related risk management system



### [Strategy] (Key climate-related risks/opportunities and countermeasures)

Regarding the risks and opportunities associated with climate change and appropriate response policies, we assume the impact of the two scenarios proposed by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC): the 2°C scenario and the 4°C scenario\*2. The following table outlines the key climate-related risks and opportunities and countermeasures.

\*2 The 2°C scenario foresees tightened regulations to curb climate change in an effort to cap the increase in global average temperature to no more than 2°C.

The 4°C scenario foresees a lack of progress in climate change countermeasures resulting in the increased occurrence of abnormal weather due to a rise in the global average temperature of about 4°C.

#### Key climate-related risks and opportunities and countermeasures

Type of risk/opportunity		Expected timing*3	Impact*4	Major initiatives
<b>[2°C Scenario]</b>				
Transition risks	Policies & regulations	Short to long term	Moderate	<ul style="list-style-type: none"> <li>• Increase in procurement costs, procurement challenges, and stagnating production due to deterioration in the supply-demand balance arising from a decreased supply of fossil fuels as a result of regulations, concentration of demand for green power, etc., and uneven demand for materials</li> <li>• Increase in procurement costs for fuels and other materials due to the introduction of carbon taxes and emissions trading</li> <li>• Increase in costs from product design changes and production equipment resulting from stricter regulations</li> </ul> <ul style="list-style-type: none"> <li>• Strengthening R&amp;D related to environmental considerations</li> <li>• Promoting eco-friendly products</li> <li>• Strengthening the supply chain and substituting with alternative parts</li> <li>• Considering the introduction of self-consumption power generation facilities providing renewable energy</li> <li>• Adopting targets based on environmental plans and reducing CO2 emissions and electricity consumption to meet the targets</li> </ul>
Technology		Medium to long term	High	<ul style="list-style-type: none"> <li>• Increase in R&amp;D costs for eco-friendly technologies</li> <li>• Decrease in sales due to delays in the development of eco-friendly products</li> </ul>
Markets		Medium to long term	Moderate	<ul style="list-style-type: none"> <li>• Market shrinkage or loss of markets for our products due to innovation</li> <li>• Loss of customer trust due to delays in responding and increased financing costs</li> </ul>
Opportunities	Products & services	Short to long term	High	<ul style="list-style-type: none"> <li>• Expanding business opportunities by leading the development of eco-friendly technologies</li> <li>• Growing demand for eco-friendly products</li> <li>• Growing demand for capital investment for resilience initiatives</li> </ul>
<b>[4°C Scenario]</b>				
Physical risks	Acute	Short to long term	High	<ul style="list-style-type: none"> <li>• Increase in costs of shutdowns and disaster recovery due to intensifying weather disasters and instability of supply chains</li> </ul>
	Chronic	Medium to long term	Low	<ul style="list-style-type: none"> <li>• Spread of disease and damage to employee health</li> <li>• Increase in costs of countermeasures against flood risk at business locations due to rising sea levels</li> </ul>

\*3 Short term of late 2020s; medium term of 2030s; long term of approx. 2050

\*4 Based on deliberations regarding estimated impact on business results, as indicated below, and degree of likelihood (high, middle, or low).

High: Impact such as threat to business continuity, or major expansion of business scale (over 10.0 billion yen)

Moderate: Impact to business results, but no threat to business continuity, or partial expansion of business scale (over 1.0 billion yen)

Low: Limited impact on profit and loss (over 0.1 billion yen)

\*5 The circular economy envisions economic activity adding value through waste-free design and shared services in addition to the "3 Rs."

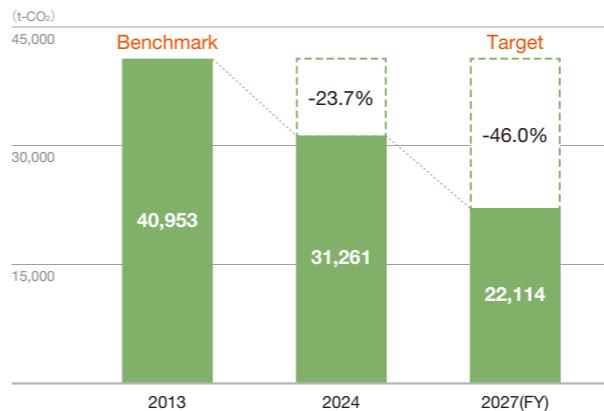
### [Metrics and targets]

CO2 emissions (Scope 1 + 2) : 46% reduction from fiscal 2013 by fiscal 2027

CO2 emissions (Scope 3, Category 11) : 25% reduction from fiscal 2020 by fiscal 2030

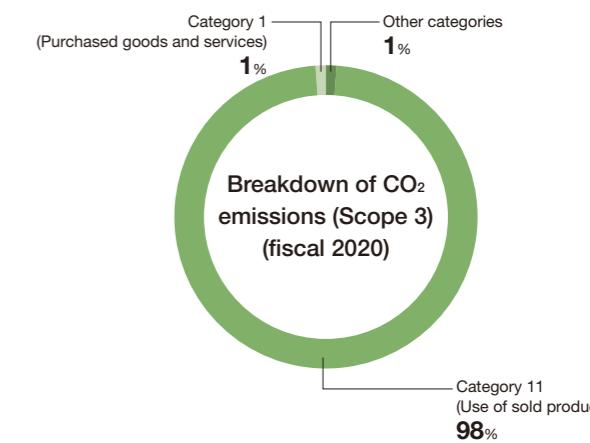
### Our CO2 emissions (Scope 1 + 2)

As part of our activities to reduce CO2 emissions (Scope 1 + 2), we have been working on energy-saving measures at each business office. We prepared plans last year to introduce solar power generation facilities at major sites. In particular, at the Juso Business Office and the Rokko Business Office, we plan to operate entirely on renewable energy. In this way, we are actively advancing efforts towards decarbonization. We have set a target of a 46% reduction in CO2 emissions (Scope 1 + 2) by fiscal 2027, which is ahead of the Japanese government plan, compared to fiscal 2013. Our CO2 emissions (Scope 1 + 2) were 31,261 t-CO2 in fiscal 2024, a 23.7% reduction from fiscal 2013.



### CO2 emissions in the supply chain (Scope 3)

In fiscal 2020, we began calculating CO2 emissions in the supply chain (Scope 3), with Category 11 (Use of sold products) accounting for 98% of the total. Accordingly, for Category 11, we have set a target of a 25% reduction in CO2 emissions (Scope 3, Category 11) by fiscal 2030 compared to fiscal 2020. Our CO2 emissions (Scope 3, Category 11) were 5,913 thousand t-CO2 in fiscal 2024, a 9.9% reduction from fiscal 2020.



### [Future response]

Based on factors including a review of risks and opportunities of climate change and assumptions about future social visions, we will analyze the financial impacts of important issues for the Company, and expand the scope of these analyses beyond climate change risks to also analyze impacts on natural capital, etc.

## Human Resource Strategy

In order to continue to develop as a company that actively contributes to solving societal issues, human resources, the driving force behind such efforts, must share the values and the conduct policy of the Group, and continuously strive to create valuable products and services. To this end, we have set priority issues to tackle as part of our human resource strategy. In addition to securing the necessary human resources to achieve these goals, we are carrying out initiatives to encourage human resource development, promote diversity, and improve well-being (creating workplace environments where people of all nature can enjoy working and promoting health and safety), among others.

### Priority issues of our human resource strategy (fiscal 2023–2026)

#### (1) Enhancement of development capabilities

- Strengthen support for employees studying to earn doctoral degrees
- Step up recruitment of skilled personnel with backgrounds in science who have learned about cutting-edge technology
- Select and develop candidates to become next-generation management
- Change the mindsets of female employees and managers with female subordinates
- Enhance support for balancing work with childcare responsibilities

#### (4) Improvement of employee engagement

- Conduct regular engagement surveys and increase the ratio of positive responses in overall results

#### (5) Promotion of securing safety and health

- Increase visibility of potential hazards in the workplace and enhance risk assessment
- Increase employee health awareness by utilizing ICT

#### (2) Enhancement of management capabilities

- Select and develop candidates to become next-generation management

#### (3) Promotion of women's participation and advancement in the workplace

- Change the mindsets of female employees and managers with female subordinates
- Enhance support for balancing work with childcare responsibilities

## Human Resource Development

### Human resource development policy

DAIHEN has set “development of management personnel,” “promotion of women’s participation and advancement in the workplace,” and “training young employees” as priority issues under our policy for developing human resources indispensable for sustainability management. We will strive to increase corporate value by developing and utilizing human capital.

### Development of management personnel

We select candidates with the potential to become next-generation senior management and prioritize them for special growth opportunities, which are work with high level of difficulty outside their field of expertise and overseas relocation among others. In doing so, we aim to develop employees suitable to be next-generation leaders by providing a wide range of knowledge and experience to help broaden their horizons. By forming connections among selected candidates, they are developing broader perspectives and the ability to make decisions for total optimization at higher levels.

### Financial aid for self-improvement

In order to give employees incentives to learn, we have introduced a financial aid program to encourage them to obtain qualifications that they can apply to their jobs.

Under our Qualification Acquisition Support System, we offer cash rewards to employees who have acquired qualifications recognized by the Company and cover the cost of acquisition of those qualifications. We have also introduced the MBA and PhD Acquisition Support System. The Company bears the entire cost of education for employees who wish to obtain an MBA or PhD, rewards them once they have obtained an MBA or PhD, and provides support for paying back loan-type scholarships.

### Training young employees

We strive to share the values and conduct policy that we have inherited and cherished and should continue to convey to young employees. We also foster an awareness among employees to take the initiative in developing their own careers and proactively develop their skills of their own accord.

#### Outline of our training system

General employees	Leaders and managers
<b>Training young employees</b>	<b>Development of management personnel</b>
<ul style="list-style-type: none"> <li>• New employee training</li> <li>• Career autonomy program</li> <li>• Mentor system (mentor training, follow-up training)</li> <li>• Leadership candidate training</li> </ul>	<ul style="list-style-type: none"> <li>• Next-generation senior management training</li> <li>• Top-level management training</li> <li>• Management training</li> <li>• Lower-level management training</li> <li>• Executive candidate training</li> </ul>
<b>Promotion of women's participation and advancement in the workplace</b>	
<ul style="list-style-type: none"> <li>• Career development training</li> <li>• Women's participation and advancement training</li> </ul>	<ul style="list-style-type: none"> <li>• Female manager training</li> <li>• Women's participation and advancement training</li> <li>• Education to promote women's advancement to managerial positions (for both men and women)</li> </ul>

## Diversity

To expand our business, it is essential that all employees fully demonstrate their skills and play an active role, regardless of gender or nationality. Based on this belief, we promote diversity and strive to create a comfortable work environment and put in place systems that allow people with various backgrounds and values to play an active role unhindered. It is not just a measure to respond to environmental changes such as the decline in the working population caused by the declining birthrate and aging population, and the progress of globalization.

### Promotion of women's participation and advancement in the workplace

To enable female employees to grow and play an active role in their own way, we provide rank-specific training opportunities and are working to enhance our training programs. For example, we create opportunities for female employees who have been with us for less than seven years to establish relationships with colleagues to help each other improve and to meet senior employees who can serve as role models. We also carry out activities to encourage female employees in leadership positions and above to put more consideration into building their career as a leader.



Training for female managers

In addition to improving the work environment and providing various support systems, we are also actively promoting female employees to more responsible positions. We provide approximately three days of training for eligible employees, and through the provision of practical programs such as lectures by upper management, lectures by and dialogue with female directors, and labor management, we are working to enhance the skills and perspectives necessary to become a role model for female employees. Furthermore, we have formulated “General Employer Action Plan” at a review committee consisting of labor and management to ensure that female employees are able to play an active role.

### Action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace

1. Purpose: Create a workplace where women can better demonstrate their skills and play a more active role
2. Period of the plan: June 1, 2024 to May 31, 2027 (three years)
3. Target

#### (1) Increase the percentage of women among new hires (new graduates and mid-career hires) to 10% or more

<Initiatives>

- Female employees that play an active role conduct recruitment activities and expand contact with students, especially women
- Actively promote female employees to more responsible positions and increase the number of role models for female employees
- Work with each business division to formulate and execute

development plans that will lead to the active participation of female employees

- Regularly listen to the opinions of female employees, identify issues, and take measures to address them

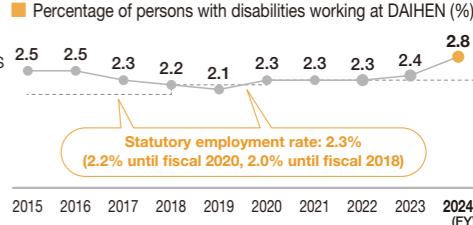
#### (2) Increase the annual paid leave (annual leave) utilization rate to 70% or more.

<Initiatives>

- Utilize the intranet and training programs to create a workplace culture that makes it easy for employees to take annual leave (Hold awareness-raising seminars for supervisors, etc.)
- Encourage workplaces with low annual leave utilization rates to make improvements and take measures

### Employment of persons with disabilities

Acknowledging our social mission to promote the employment of persons with disabilities beyond the statutory employment rate, we continuously employ people with disabilities. In 1982, we established Daiki Corporation, which later gained approval as a special subsidiary, and are now promoting employment of persons with physical and intellectual disabilities while improving the working environment for these individuals.



## Creating Workplace Environments Where People of All Nature Can Enjoy Working

### Introduction of a system for balancing work and family life

We offer a variety of support systems that allow employees to balance work with childcare and nursing care, and to work with peace of mind. We have created an environment that allows employees to work flexibly while focusing on childcare and nursing care, which includes a system allowing leave under certain conditions, reduced working hours, and three/four-day work weeks. To comply with the April 2022 revisions to the Act on Childcare Leave/Caregiver Leave, we introduced a system that confirms employees' intention to take childcare leave if they report a pregnancy or childbirth to the Company and made all our employees aware of this system, thereby fostering workplace culture that allows employees easily make use of these systems.

### Promotion of Support for Balancing Work with Childcare Project

In order to further support employees who balance work with childcare, etc., we have implemented multiple measures as part of the Support for Balancing Work with Childcare Project, such as enhancing our family allowance (for second and subsequent dependents, etc.), providing income compensation for employees that have taken childcare leave, and subsidizing nursery center costs.

In September 2023, we opened the “DAIHEN Aizo Kobayashi Memorial Nursery School,” an in-house daycare center for DAIHEN Group employees,

at our Juso Business Office. The facility can flexibly accommodate sudden changes in plans, work-related circumstances, and more. Users have commented, “I can concentrate on my work without worrying about the time” and “The facilities and equipment are well-equipped, so I feel at ease.”



DAIHEN Group Heart Festival

We hold the DAIHEN Group Heart Festival, a field day event aimed at deepening the bonds between DAIHEN Group employees and their families.

Many employees of the Company, group companies and partner companies in Japan, and their families participated in the festival. They deepened engagement by taking part in inter-division events such as medium- and short-distance relay races and tug-of-war competitions, as well as a lottery for all participants.

### Other major initiatives

- Conducted engagement surveys
- Encouraged employees to consciously manage their work time by setting “No Overtime Days” and other measures
- Introduced a work interval system
- Introduced a shift work system
- Implemented multiple recreational activities

## Health and Safety

Based on the occupational health and safety management system, we have established the Group Health and Safety Policy. We also continuously work to build company-wide systems for occupational health and safety and raise awareness among employees through training programs with the aim of raising the level of our occupational health and safety activities. Moreover, we carry out a variety of initiatives in cooperation with the DAIHEN Health Insurance Society aimed at promoting the health of employees, such as conducting health checks and measures to prevent the spread of infectious diseases.

### Group Health and Safety Policy

- Safety is the fundamental basis of our corporate prime objective of achieving "Achieving Everyone's Happiness - Leaving No One Behind".
- We will work together as a united Group to promote our corporate policy of "placing top priority on health and safety."
- Our managers and supervisors take the initiative in promoting health and safety in the workplace with a commitment to preventing occupational accidents. They achieve this by thoroughly implementing health and safety initiatives with the engagement of all employees, complying with all relevant laws and regulations, and fostering an awareness of the self-management required to protect one's own health and safety, thereby contributing to a secure and healthy work environment.

### Health and safety risk management system

We established the DAIHEN Group Health and Safety Committee to deliberate and decide on the action policy for the entire Group. Based on the group action policy, annual action plans are subsequently drawn up for each business office and subsidiary, and initiatives are carried out.

#### Major initiatives

- Management and promotion of intrinsic safety initiatives for serious risks using risk management logs
- Implementation of risk assessments for non-routine work as well as for daily work
- Safety patrol exchanges between worksites by members of the Group Health and Safety Committee
- Workplace safety patrols involving outside professionals

### Promotion of health and safety training

We continuously provide health and safety training in order to enhance the crisis management capabilities of each employee and improve the safety of the Group as a whole.

#### Main training

• 6S training	• Self-care training
• Risk assessment training	• Training in care by managers and supervisors
• Hazard prediction training	• Company vehicle driver training (traffic hazard prediction training)
• Training for managers/ supervisors	

## Respect for Human Rights

The DAIHEN Group has long adopted the goal of "Achieving Everyone's Happiness - Leaving No One Behind", which demonstrates our commitment to the happiness of all our stakeholders — customers, employees and their families, shareholders, suppliers, and our local communities. To that end, we have established a human rights policy that clearly states our respect for human rights, which is the foundation of that contentment. Based on this policy, we strive to assess human rights risks within the Group as part of our human rights due diligence efforts.

- Human rights policy in the sustainability section of the DAIHEN corporate website (Japanese only)  
<https://www.daihen.co.jp/sustainability/pdf/social/Human-rights-policy.pdf>

## Contribution to Community

As one of our targeted "Metrics for Achieving Everyone's Happiness", we donate 1% of operating profit every year to child welfare in communities that host major business sites of the DAIHEN Group. In consultation with local governments, social welfare councils, and other organizations, the donations are used to support the operation of children's cafeterias, help buy school supplies such as uniforms, and renovate aging facilities in the communities.

We are also implementing multiple initiatives to deepen exchanges and build better relationships with local residents.

### Exchange events with local communities

In August every year, we open part of the Juso Business Office site in Osaka to the public for classic summertime festivals. Our employees man booths, perform the Bon festival dance, and hold lotteries and other events to deepen exchanges between local residents and group employees and their families.



Summertime festival at the Juso Business Office site

In fiscal 2024, despite the rain, over 2,000 members of the community attended.

### Sponsoring local events

We sponsor the Naniwa Yodogawa Fireworks Festival, held in Yodogawa-ku, Osaka, where our Juso Business Office is located, and Eniwa Scenic Night, held in Eniwa City, Hokkaido, where group company DAIHOKU Industry Co., Ltd. is located. In this way, we are contributing to the revitalization of these cities. In addition, on the morning after the Naniwa Yodogawa Fireworks Festival, employees participate in volunteer cleanup activities for the festival, contributing to the beautification of the area.



Volunteer cleanup activities for the fireworks festival

### Providing learning opportunities to neighborhood schools

We give tours of our offices and plants to daycare centers and elementary, junior high, and high school students from the nearby area. We also offer internships to junior high school students. By showing what actually goes on in our plants for manufacturing, we try to convey what working means and how interesting working is.



Students observing our robots

### Exhibit at the OSTEC Exhibition Hall

We have sponsored an exhibit for elementary and junior high school students at the OSTEC Exhibition Hall (Osaka City). We have set up a hands-on corner and simulation games about "Future Society Portrayed by Wireless Charging" for visitors to enjoy learning about our wireless charging systems and business.



DAIHEN exhibit at the OSTEC Exhibition Hall

### Head Office Building serves as a Tsunami Evacuation Building

Our Head Office Building, completed in February 2018, has been designated as a Tsunami Evacuation Building by Osaka City. In addition to having sufficient earthquake resistance performance, the building always contains a stockpile of food so that it can be used as an evacuation site for nearby residents in the event of a tsunami or other natural disasters.

### Food drives

We carry out food drives with the aim of reducing food loss as advocated by the Japanese government. Among food and water (bottled water and instant rice) stockpiled in-house to prepare for an evacuation following a natural disaster, we donate those with expiration dates approaching to the food banks of local social welfare councils, NPOs, and other organizations. We also collect excess food (rice, snacks, canned food, etc.) from employees' homes for donations.



Food donated to a food bank

### Sponsorship of Cerezo OSAKA

We have been supporting the Cerezo Osaka soccer team since fiscal 2015, when we signed a sponsorship agreement and became a



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Platinum Partner. Official matches dubbed "DAIHEN Supporting Matches" are held to increase the recognition of the Company.

### Support for female athletes

As a company that supports women's activities, we signed a sponsorship agreement in fiscal 2022 with Ms. Misaki Miyazawa, a professional female golfer from Chitose City, Hokkaido. Moreover, in addition to being a sponsor for the men's team, in fiscal 2023 we signed an agreement to become a Gold Partner of the Cerezo Osaka YANMAR Ladies soccer team as a show of support for the team.

### Other major initiatives

- Support music groups based in Osaka (the Osaka Symphony Orchestra, the Osaka Philharmonic Orchestra, the Kansai Philharmonic Orchestra, etc.)
- Donate items for the fundraising bazaar for the annual Hakuisha Carnival held by the social welfare service corporation Hakuisha (Osaka City) and invite children to a musical (Shiki Theatre Company)
- Cleanup activities by each business site

## Quality Assurance

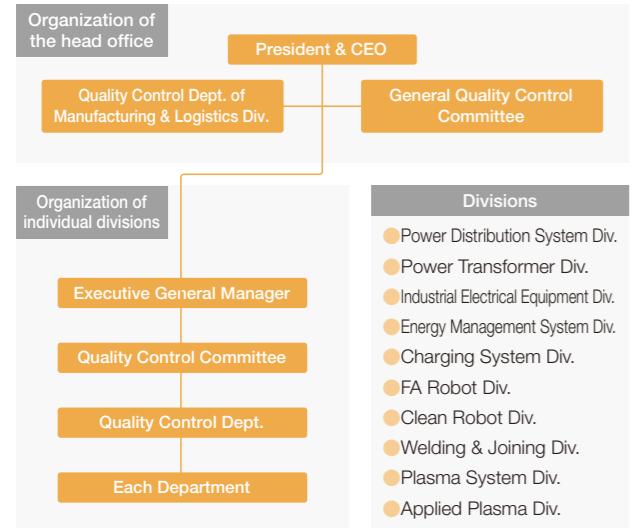
We have a strong determination to, through the provision of our products and services, meet our share of social responsibilities such as helping to improve the electrical infrastructure that powers modern life and elevate manufacturing around the world to new heights. Since our founding, we have constantly strived to provide products and services that satisfy and earn the trust of customers.

### Quality policy

In accordance with our founding spirit and corporate philosophy, we are winning the confidence of our customers by providing outstanding products.

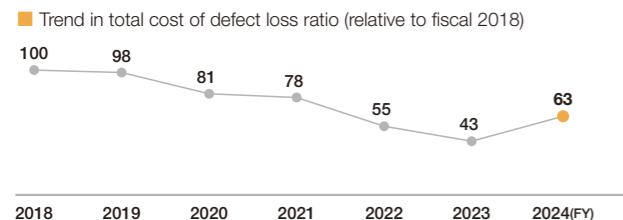
### Quality assurance system

At DAIHEN, there is a separate quality management system for every business segment and a Quality Control Committee that reports and discusses quality issues in every division. The General Quality Control Committee discusses problems common to all divisions, as well as corrective solutions for serious quality issues and its decisions are fed back to individual divisions.



### Improving quality and carrying out activities to prevent quality problems

In addition to formulating plans aimed at improving quality and preventing quality problems, we carry out initiatives in line with these themes to lower the ratio of total defective losses to net sales.



### Promotion of quality-related training

We continuously provide training dedicated to quality control both in Japan and overseas, with the aim of helping individual employees gain awareness, values, knowledge, and skills related to quality, thereby maintaining, enhancing, improving, and innovating the quality of our products and services.

### Acquisition of ISO 9001 certification

Since 1995, the divisions within the Group have acquired ISO 9001 certification of their quality management systems. Currently, all divisions and overseas production sites other than those that were newly established have been certified.

### Refining testing technology related to preventing quality problems

In order to prevent product quality problems and utilize the know-how gained in such efforts to develop more reliable products, we are working to enhance the testing technologies used in quality assurance and improve their functions.

#### Case study

##### Initiatives for our digital production system

At DAIHEN Industrial Machinery Corporation, a main production plant for RF generators for semiconductor manufacturing equipment, we have actively promoted the automation of production and inspection processes. For operations such as screw tightening, we have partially automated the checking process through the use of a system that uses sensors to automatically generate work records. This eliminates human judgment errors and record entry errors to produce more consistent and uniform quality.



### Main training content

- QC method training
- Training for developing internal ISO 9001 auditors/skill improvement seminars
- Lectures on statistical methods

## Materials Procurement

In order to deliver valuable products and services to customers, we make sure to conduct sound transactions that are in accordance with our basic policy for material procurement and Declaration of Partnership Building, which set forth the principles and direction for our material transactions. In particular, we believe that partnerships with suppliers are indispensable for maintaining the quality of our products and strengthening our market competitiveness. We have thus introduced multiple measures to deepen communication with suppliers and strive to build mutually beneficial relationships.

### Basic policy for material procurement

- Offering openness and fairness of opportunities
  - We openly provide opportunities for all our suppliers to participate in trade, regardless of nationality, region, business scale, or business experience.
- Fair evaluation
  - We adhere to principles of competition as the basis on which we select suppliers. We generally take management reliability and technical development capability into consideration and make a fair evaluation in addition to evaluating quality, price, and delivery date.
- Mutual development
  - We maintain sound trade relations based on mutual trust with suppliers and strive to support reciprocal corporate development.
- Compliance with the law
  - We faithfully meet our contractual obligations with our suppliers, negotiate according to laws and regulations, and maintain healthy business practices.

### Declaration of Partnership Building

In keeping with our founding spirit of "Superior Quality, Reasonable Prices, and On-Time Delivery" and our corporate philosophy of "Reliability and Creativity," we released our Declaration of Partnership Building to provide products that meet the trust of customers, and to strengthen collaboration and mutual prosperity with suppliers and other business partners.

### Sustainable Procurement Guidelines

In order to promote initiatives across the entire supply chain, we have released the "DAIHEN Group Sustainable Procurement Guidelines" for suppliers.

We ask that suppliers related to our business cooperate in responsible procurement activities in accordance with these guidelines.

### Briefings to explain our procurement policy and practices to suppliers

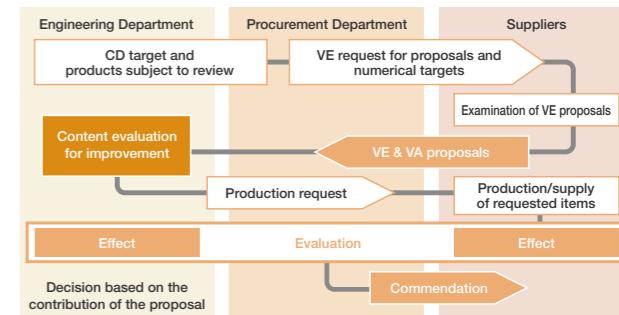
In order to promote mutual understanding between suppliers and us, we invite them to policy briefings every year. In addition to explaining our business policies, procurement policies, and annual plans of each division, we give awards to companies that have achieved outstanding results in business transactions.

### Satisfaction surveys

In order to further strengthen the relationship of trust with our suppliers, we conduct satisfaction surveys every year. Through the surveys, we receive evaluations and opinions on our procurement policy and transactions in general, which helps facilitate smooth business transactions. In fiscal 2024, 140 suppliers responded to the surveys.

### Implementation of VE and VA proposal initiatives

We implement Value Engineering (VE) and Value Analysis (VA) proposal initiatives, in which we receive improvement proposals from suppliers regarding materials and components used in our products, and upon mutual consultation, decide whether to adopt them. We believe that this initiative, through which we incorporate the views of suppliers and hold repeated discussions with them, is an ideal way to conduct transactions that obtain the consent of both parties and generate reasonable profit. By taking this approach to proposals, we aim to maintain the quality of our products while strengthening our market competitiveness.



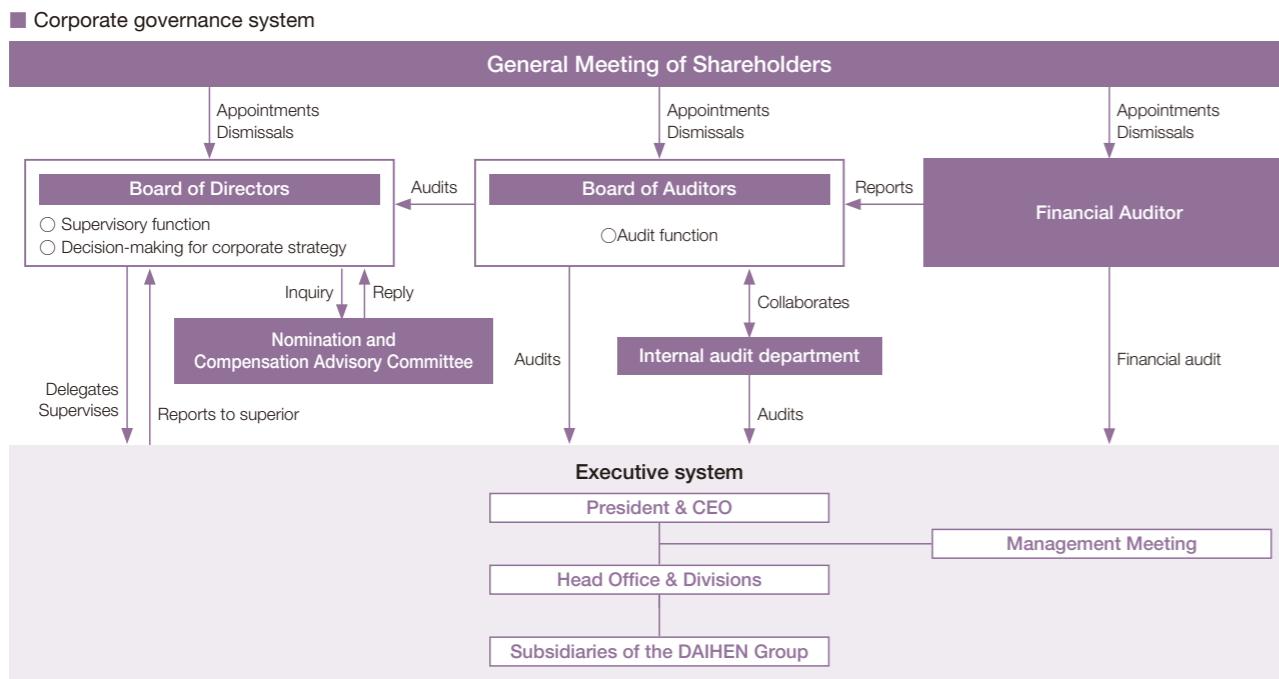
### Promotion of green procurement initiatives

With the aim of contributing to the conservation of the global environment and the establishment of a recycling society by providing eco-friendly products, we conduct green procurement initiatives aimed at procuring parts and materials with low environmental impact and thoroughly managing prohibited and controlled substances. We have established the Green Procurement Guidelines, which outline our policies, and take efforts to achieve thorough understanding of those guidelines both inside and outside the Company. We also revise the guidelines as appropriate in response to changes in the environment. In addition, we established a system to investigate chemical substances that utilizes survey response tool chemSHERPA, and strive to conduct appropriate chemical substance management while also responding to laws and regulations concerning the chemical substances contained in products.

## Corporate Governance System

### Basic approach

The DAIHEN Group has adopted the goal of "Achieving Everyone's Happiness - Leaving No One Behind" which demonstrates our commitment to the happiness of all our stakeholders – customers, employees and their families, shareholders, suppliers, and our local communities. To that end, we have clearly set specific goals – which we refer to as "Metrics for Achieving Everyone's Happiness" – for each category of stakeholder. We remain intensely focused on meeting these goals. Recognizing that the corporate governance system serves as an important foundation for fulfilling our goals, we are working to build and strengthen an effective system for the entire Group.



DAIHEN has adopted the structure of a company with a Board of Auditors as per the provisions of the Companies Act.

### Board of Directors

In accordance with the material matters stipulated by the rules for the Board of Directors and applicable laws and regulations, the Company has designated the Board of Directors as the highest decision-making body and business execution supervisory body for matters requiring resolution of the Board of Directors with the aim of encouraging lively discussion and enhancing supervision with an appropriate number of members of the Board of Directors.

At the 161st Annual General Meeting of Shareholders held on June 26, 2025, it was resolved that the Articles of Incorporation would be amended to set the term of office of Directors to one year.

### Board of Auditors

The Board of Auditors, comprised all of the auditors, formulates the audit plan according to the rules for the Board of Auditors, audit standards for auditors, relevant laws and regulations, and the Articles of Incorporation. Its role is to audit the performance of duties by Directors. In order to strengthen the function of Auditors, the Company appoints suitable personnel with expertise in fields such as management, legal affairs and accounting. The Auditors attend important meetings, such as meetings of the Board of Directors,

collaborate with the internal audit division and Financial Auditor in monitoring the business performance and financial condition of the Company, and regularly exchange opinions with the President & CEO.

### Nomination and Compensation Advisory Committee

In order to ensure transparency and objectivity in the decision-making processes for nominating, appointing, and dismissing Directors, determining succession plans, and setting the composition and level of Director compensation, the Company has established the Nomination and Compensation Advisory Committee, where Outside Directors and Outside Auditors form a majority, as an advisory body to the Board of Directors.

### Business execution system

We have adopted an operating officer system and a division system, through which we strive to make prompt decisions and swiftly execute them. Matters that exceed the scope of authority clarified by the division of duties and criteria for decision-making are determined through deliberation by the Management Meeting, chaired by the President & CEO and consisting of full-time Directors and Auditors.

## Corporate Officers

The composition of corporate officers of the Company and their main expertise and experience are as follows.

### Directors, Operating Officers, and Auditors (As of August 1, 2025)

Title / responsibilities	Name	Management / business strategies	Legal affairs / risk management	Finance / accounting	Human resource management	Technology / R&D	Sales / marketing	International experience / diversity
Chairman	Tetsuya Tajiri	●	●	●	●		●	
President	Shoichiro Minomo	●				●	●	●
Senior Executive Vice President and Member of the Board	In charge of Head Office	Kazuo Kamo	●		●		●	●
Executive Vice President and Member of the Board	In charge of Industrial Electrical Equipment Div., Energy Management System Div., and Charging System Div.	Haruisa Kimura	●		●		●	●
Executive Vice President and Member of the Board	In charge of Welding & Joining Div., FA Robot Div., and Clean Robot Div.	Kentaro Kaneko	●	●	●		●	●
Senior Vice President and Member of the Board	In charge of Power Distribution System Div. and Power Transformer Div., Executive General Manager of Power Products Sales Div., and Executive General Manager of Research & Development Div.	Tadashi Kuriyama	●			●	●	
Member of the Board Independent		Emiko Magoshi	●		●		●	●
Member of the Board Independent		Yasufumi Fujiwara				●	●	●
Member of the Board Independent		Kiyotaka Kawasaki		●				●
Standing Auditor		Keiki Morimoto	●			●	●	●
Standing Auditor		Ichiro Tokai	●	●				
Auditor Independent		Masashi Yoshida			●			
Auditor Independent		Hiroyuki Shime	●	●	●	●	●	●
Auditor Independent		Shuichi Kageyama	●	●	●		●	

### Operating Officers / Fellows (As of August 1, 2025)

Senior Vice President	Tomoyuki Ueyama	Executive General Manager of Welding & Joining Div.
Senior Vice President	Masana Morioka	In charge of legal affairs, Executive General Manager of Planning Div.
Senior Vice President	Hiroaki Oichi	Executive General Manager of Clean Robot Div.
Vice President	Tong Hongjun	Chairman and President of OTC Industrial (Qingdao) Co., Ltd., President (part-time) of OTC Industrial (Shanghai) Co., Ltd., President (part-time) of Mudanjiang OTC Welding Machines Co., Ltd., President (part-time) of DAIHEN Advanced Machinery (Changshu) Co., Ltd.
Vice President	Hideki Imura	Senior General Manager of Research & Development Div., General Manager of Dept. of Advanced Power Grid of Advanced Power Grid Technology Development, Research & Development Div.
Vice President	Kazuki Kondo	Executive General Manager of Industrial Electrical Equipment Div., General Manager of IH Equipment Dept., Industrial Electrical Equipment Div.
Vice President	Shigeo Ozawa	Senior General Manager of Planning Div., General Manager of Finance & Accounting Dept., Planning Div.
Vice President	Nobuyuki Hattori	Executive General Manager of Energy Management System Div.
Vice President	Yuji Yoshizako	Executive General Manager of Applied Plasma Div., General Manager of Engineering Dept., Applied Plasma Div.
Vice President	Akira Ishii	Executive General Manager of Plasma System Div.
Vice President	Matjaz Vnuk	President of DAIHEN VARSTROJ welding cutting and robotics d.d.
Vice President	Shoji Yaku	Executive General Manager of Power Distribution System Div.
Vice President	Kazuhiro Nagai	Executive General Manager of Power Transformer Div.
Vice President	Daisuke Nakagawa	Executive General Manager of FA Robot Div.
Vice President	Akitoshi Higashino	General Manager of Distributor/Dealer Sales Promotion Dept.
Fellow	Yasuhiro Kojina	Senior General Manager of Research & Development Div., General Manager of Dept. of Next-Generation Robot Development, Research & Development Div.
Fellow	Yoshiki Fukumoto	General Manager of Research & Development Dept., Plasma System Div.

## Director Compensation

Based on recommendations issued by the Nomination and Compensation Advisory Committee, where outside officers form a majority, the Board of Directors has established the policy for determining Director compensation.

### Basic policy

The compensation system is designed to raise officers' motivation to contribute to improving earnings performance, not only in the short term but also over the medium to long term, so as to enable sustainable improvement of corporate value

#### Compensation for full-time Directors (basic structure)

① Fixed compensation	75%	Compensation is determined according to position
② Performance-based compensation	20%	Compensation that reflects short-term company-wide performance
③ Stock compensation	5%	Compensation for Directors to share the benefits and risks of stock price fluctuations with shareholders, thus motivating them to contribute to growth in the stock price and the enhancement of corporate value over the medium to long term

#### Compensation for Outside Directors and Auditors

Outside Directors and Auditors only receive fixed compensation, as they are responsible for supervising and auditing management regardless of performance.

#### Method for determining compensation for individual officers

Compensation for individual officers is determined by comprehensively taking into consideration such factors as company earnings, compensation levels of other companies of the same size, past compensation and basic structure, based on the analysis of surveys conducted by external organizations and other data. Furthermore, with the aim of ensuring fairness and transparency in decision-making processes, the Nomination and Compensation Advisory Committee deliberates on the compensation system and the amount of compensation and reports the details to the Board of Directors. Upon establishing that Director compensation is in line with the policy for determining individual compensation and respects said committee's recommendations, the Board of Directors then settles on the amount. Auditor compensation is determined through discussion among Auditors.

#### The amount of Director compensation

At the 158th Annual General Meeting of Shareholders held on June 28, 2022, it was resolved that the maximum amount of annual compensation shall be 470 million yen (including a maximum of 50 million yen for Outside Directors). The number of Directors at the time of resolution was nine (including three Outside Directors); this number is currently nine.

At the 155th Annual General Meeting of Shareholders held on June 26, 2019, it was resolved that the maximum amount of annual monetary compensation claims to be granted to eligible Directors (excluding Outside Directors) as restricted stock compensation, etc. shall be 50 million yen (up to 50,000 shares of restricted stock), within the above limit for Director compensation. (The number of Directors at the time of resolution was eight [including two Outside Directors].)

#### The amount of Auditor compensation

At the 144th Annual General Meeting of Shareholders held on June 27, 2008, it was resolved that the maximum amount of annual compensation shall be 82 million yen. (The number of Auditors at the time of resolution was four; this number is currently five.)

#### Performance-based compensation, etc.

Since emphasis is placed on the ratio of operating profit to net sales, which is set as one of the basic targets of the Medium-term Business Plan, the ratio of consolidated operating profit to net sales is used as a basic indicator to determine performance-based compensation. The amount is determined by taking into account the operating profit level and comparing it with the result for the previous fiscal year. In fiscal 2024, the ratio of consolidated operating profit to net sales fell 0.9 percentage points year-on-year to 7.1%, but operating profit rose 6.8% year-on-year.

#### Non-monetary compensation, etc.

Non-monetary compensation is based on the restricted stock compensation system adopted following approval at the 155th Annual General Meeting of Shareholders held on June 26, 2019. Said stock compensation has been granted as shown in the table below.

Shares delivered to corporate officers during the fiscal year under review as consideration for the execution of duties

Classification	Class and number of shares	Number of recipients
Directors (excluding Outside Directors)	2,200 shares of common stock of the Company	6
Outside Directors	—	—
Auditors	—	—

#### Total amount of compensation, etc.

Classification	Total amount of compensation, etc. (Million yen)	Total amount of compensation, etc. by type (Million yen)			Number of eligible officers
		Fixed compensation	Performance-based compensation, etc.	Non-monetary compensation, etc.	
Directors (of which Outside Directors)	402 (28)	303 (28)	80 (—)	18 (—)	10 (3)
Auditors (of which Outside Auditors)	68 (28)	68 (28)	(—)	(—)	5 (3)

\*Amounts of less than one million yen are rounded down.

## Compliance

### Basic approach

In order to fulfill our social responsibilities as a corporation and earn the trust of society, we are implementing various initiatives aimed at improving compliance awareness among all our employees.

As part of these efforts, we have established the DAIHEN Code of Ethics and the Guide to Compliance with Laws and Regulations, which clearly stipulate the code of conduct and laws and regulations that all employees must follow. We are also working to build systems to prevent misconduct, such as establishing a Compliance Committee and a counselor's hotline and providing training.

#### DAIHEN Code of Ethics

The DAIHEN Code of Ethics spells out exactly how we are to conduct ourselves in business and stay true to the key concepts of our corporate philosophy, "Reliability and Creativity," by laying down the basis of laws and regulations, internal regulations and manuals, and rules with which we must comply as a corporation. A pocket-size version of this publication has been distributed to all employees so that their actions will always be to the highest ethical standards.

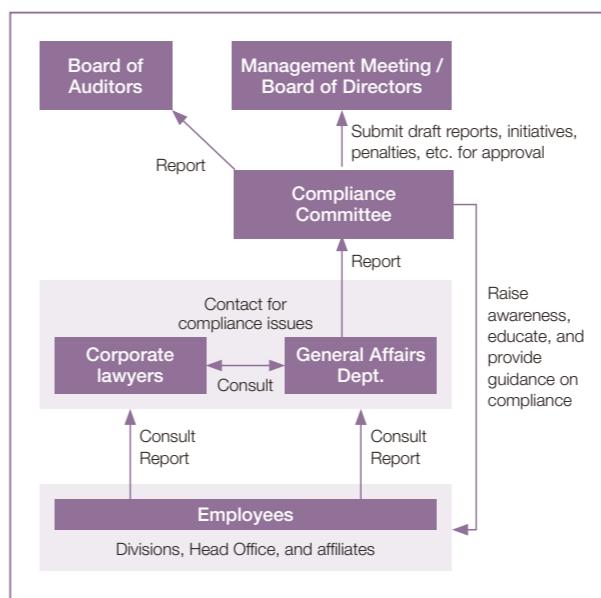


#### Guide to Compliance with Laws and Regulations

As a means of preventing legal violations resulting from a lack of recognition or ignorance of the law, we have developed a compliance guide that summarizes the laws and regulations that all employees must follow, including the Subcontract Act, the Antimonopoly Act, and the Copyright Act. It also presents specific incidents involving violations of the law. This guide is accessible from any computer on the corporate network.

#### Establishment of a Compliance Committee

We created a Compliance Committee in order to smoothly build, put into action, and maintain a compliance management system. It is composed of the Director in charge of compliance and general managers from different divisions, etc. As a committee, they plan and promote compliance activities, identify issues that occur and report and discuss progress of our efforts.



#### Establishment of a counselor's hotline for the compliance, "Helpline"

We established a "Helpline" to prevent, detect and correct potentially illegal acts before they go too far. It gives employees a channel for consulting and reporting on compliance issues or concerns internally to a designated department or, if need be, to a law firm outside the company. We also put the Whistleblower Protection Rules in place to ensure that any persons who report an incident will receive full protection and guarantee them that the matter will be kept strictly confidential and that they will not be treated adversely because they consulted the Helpline.

#### Compliance training

Compliance training is imparted to ensure that the DAIHEN workforce is fully aware of and acts in line with corporate ethics, laws and regulations. Through internal workshops and e-learning, we are helping our workforce to better understand the laws and regulations that govern our business, such as laws regarding concluding contracts, the Subcontract Act, and the Intellectual Property Basic Act, as well as the Guide to Compliance with Laws and Regulations and other internal rules. With these programs, we are trying to establish a proper understanding of compliance and diffuse that amongst the entire workforce so that everyone acts in line with corporate ethics.

## Risk Management

### Risk management system

We established a Risk Management Committee to put a company-wide risk management system into place. For risks related to quality, safety, information security, export trade control, and violations of laws and regulations, etc., the department in charge of each area is responsible for establishing rules, leading committee activities, and providing training. We have also established Crisis Management Regulations that set forth the initiatives to be rolled out, systems to be put in place, and action to be taken, etc., with the aim of minimizing damage in the event of natural disasters, accidents, or other emergencies occurring.

### Major risk factors

The major risks that the Company recognizes as potentially having a significant impact on the financial position of the entire consolidated group, operating results, and cash flows are as follows.

#### 1 Trends in demand

In the Energy Management Business, demand mainly stems from upgrades to/expansion of power transmission and distribution facilities in Japan and Southeast Asia, the construction of new buildings and plants and upgrades to aging facilities, and decarbonization-related investments such as self-consumption solar power generation and EV charging systems in Japan. In the Factory Automation Business, demand is largely related to investments associated with EVs and production automation in Japan and overseas. In the Material Processing Business, demand mainly stems from investments related to semiconductor manufacturing equipment and shipbuilding/construction. Any sudden fluctuations in demand in these business segments may impact our net sales and other operating results.

#### 2 Changes in selling and purchase prices

There are concerns of a fall in selling prices caused by intensifying market competition and a surge in the prices of copper and other raw materials. If these prices move significantly in an unfavorable direction, our net sales and profit margins may be adversely affected.

With regard to exchange rate fluctuation risk associated with export transactions, we are actively working to expand overseas procurement with the aim of purchasing products from overseas production sites and reducing costs, and as such, we aim to mitigate risk by adjusting the position of foreign currency-denominated receivables and payables.

We hedge the risks of foreign currency-denominated receivables and payables through exchange contracts at all times, except those that are offset by sales and purchases. However, our operating results and financial position may be affected in the event of sudden fluctuations in exchange rates.

#### 3 Overseas business environment

In fiscal 2024, overseas net sales accounted for 20.6% of consolidated net sales. As we plan to focus on developing our overseas businesses, which look to continue witnessing sales growth going forward, we expect the weighting of overseas net sales to remain higher. Although we are primarily conducting our overseas businesses through local entities, our operating results and financial position may be affected by problems arising in the execution of these businesses, particularly murkiness surrounding market growth potential or unforeseen circumstances such as changes in the political or legal landscape.

The risks posed by current social conditions are as follows.

The expansion of restrictions on exports to China led by the United States and U.S. tariff policy trends could cause suppressed investments and the stagnation of economic activity, adversely affecting our operating results and financial position.

#### 4 Fluctuations in the market value of assets held

The Group holds a variety of tangible and intangible fixed assets

as business assets. If the profitability of these assets declines significantly due to changes in the business environment, our operating results and financial position may be affected.

In addition to investing in/acquiring the shares of many companies in the course of our business operations, we are also investing a portion of our pension assets in shares. Our operating results and financial position may be adversely affected in the event of impairment losses on investment securities held or deterioration in the investment performance of our pension assets stemming from a slump in the stock market or deterioration in the financial position of investees.

#### 5 Interest rate fluctuation risk

As of March 31, 2025, the balance of consolidated interest-bearing liabilities (total amount of long- and short-term borrowings) was 68,591 million yen. While striving to secure stable long-term funds at fixed interest rates, the entire Group takes various measures to avoid interest rate fluctuation risk as much as possible, such as improving the efficiency of fund management, centralizing fund management, and reducing interest-bearing debt by reducing inventories. Nevertheless, as the interest of borrowings subject to variable interest rates and debt refinancing are impacted by interest rate movements, our operating results and financial position may be affected in the event of sudden fluctuations in interest rates.

#### 6 Information security

The Group possesses various customer information and technical information that it uses in its business activities. If an incident such as a cyberattack caused information to be leaked or service operation to be suspended, etc., this could harm the Group's competitiveness and its technical superiority, result in the suspension of its business activities, cause a loss of societal trust, or result in the need to pay compensation for damages, etc. These may adversely affect our operating results and financial position.

Please refer to the following page for information on our information security enhancement measures.

#### 7 Large-scale disasters and other incidents

As part of efforts to tackle the increase in natural disasters fueled by climate change, we have formulated the Crisis Management Regulations and business continuity plans to be followed depending on the circumstances. However, if a large-scale disaster, such as an earthquake or flood, that exceeds expectations occurs at any of the Group's production or sales bases, this could result in damaged production equipment, suspended procurement of raw materials and parts, and/or the paralysis of logistics and sales functions, which could lead to the suspension of operations at production bases. Any of these occurrences may adversely affect our operating results and financial position. This also applies to cases where business activities are negatively affected by pandemics, disputes, terrorism, and other incidents.

## Intellectual Property

In the area of intellectual property, we are implementing a variety of initiatives to support risk management and legal compliance. In addition to establishing the basic principles, we are working to build an intellectual property system and raise employee awareness through award systems and training courses.

### Basic principles

We comply with applicable laws and regulations relating to intellectual property rights so as to develop, manufacture, or sell a product; in addition, we always confirm that we are not infringing the intellectual property of another company. This approach ensures that customers can use our products in full confidence. We will also protect the fruits of our manufacturing efforts (products, technologies, and services) with intellectual property rights to clearly differentiate our products from those of competitors, and use these legal protections to gain a competitive edge and stabilize our business.

### Intellectual property management system

#### Patents, designs, and utility models

Every year, the Intellectual Property Strategy Meeting is attended by all divisions involved in technology and development to formulate and carry out intellectual property strategies. We have established a system for resolving issues related to intellectual property activities in each division via information exchange meetings and other means, which allows us to implement an effective PDCA cycle.

#### Invention creation

We hold Invention Brainstorming Sessions involving external patent attorneys to ensure we reap the benefits of our inventions in a timely manner and protect our products early on.

#### Trademarks

We improve DAIHEN's brand power by assigning employees in charge of trademarks to each division and conducting training and information exchanges several times a year.

#### Proper stewardship of intellectual property rights

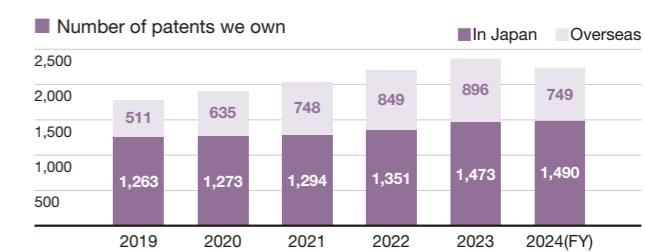
We conduct design reviews and patent clearances when developing new products or modifying designs to make sure we steer clear of rights that belong to others, while regularly reading through public gazettes that report on new patents and the like. In doing so, we thoroughly ensure that we do not infringe upon the intellectual property rights of other companies.

### Promotion of intellectual property training

We provide and regularly upgrade education on intellectual property rights, management and protection via a combination of level/purpose-based internal training that is structured by the number of years of experience an employee has, and outside learning opportunities organized by the Japan Intellectual Property Association. In doing so, we strive to maintain and improve our abilities.

### Situation of intellectual property rights

The number of patents we own has increased as shown below. We will continue to work on our intellectual property and strive to create products and technologies unique to DAIHEN through R&D activities.



## Information Security

As a social responsibility in our corporate activities, we take the protection of information seriously, and strive to handle, manage, and store information appropriately. We are working to strengthen information security throughout the Group. Efforts on this front include creating a systematic information security system, establishing the Basic Policy for Information Security and the Rules on Information Security Measures, and conducting training for all employees.

### Information security system

We have established the Information Security Committee as an organization to deliberate on problems that have arisen and consider reform measures. The committee also formulates an action plan for the upcoming fiscal year, improves the security policy, and deliberates on the introduction of new information security tools.

### Management and protection of information assets

We have established the Rules on the Protection of Personal Information that outline the definition, scope, and handling, etc. of personal information. By complying with these rules, we aim to thoroughly protect and manage the

personal information of everyone involved with the Company. Most of the information assets held by the Company are managed in the data centers of dedicated facilities. In addition to safety measures against earthquakes, tsunamis, and other disasters, data centers are thoroughly monitored 24 hours a day, 365 days a year to prevent unauthorized access to the premises and theft.

### Promotion of information security training

In order to raise employee awareness of information security issues, we conduct training and awareness-raising activities that are up-to-date with the latest global trends. We alert our employees to targeted attack e-mails directed at specific companies and organizations and provide training in the proper protocols to follow when such an email is received.

## 11-Year Data

(Million yen)

Main financial data	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024(FY)
<b>Operating results</b>											
Net sales	122,060	131,197	134,870	149,448	143,457	145,044	145,144	160,618	185,288	188,571	226,375
Operating profit	8,415	9,329	8,705	10,054	8,369	9,065	12,183	14,191	16,568	15,145	16,174
Ordinary profit	8,989	9,231	8,879	10,244	8,717	9,356	13,762	15,790	17,660	16,082	17,182
Profit attributable to owners of parent	5,808	7,220	6,252	6,831	6,166	6,672	9,411	10,985	13,193	16,494	11,961
Research and development expenses	4,845	5,177	5,441	5,696	5,422	5,237	5,397	5,980	6,311	6,152	7,012
Development funds* <sup>1</sup>	—	6,418	6,868	7,350	7,206	6,995	6,890	7,344	7,856	7,754	9,042
Capital investment	3,685	5,820	8,412	9,652	7,615	3,491	3,967	4,420	4,872	8,278	9,693
Depreciation	4,432	4,250	4,503	4,901	5,479	5,538	5,121	5,036	5,069	5,324	6,497
<b>Financial position</b>											
Total assets	132,504	138,784	151,709	167,803	167,575	162,327	175,132	194,801	212,690	277,200	290,234
Net assets	65,402	70,476	75,285	82,107	82,703	85,344	96,921	105,636	119,905	148,595	153,285
Interest-bearing liabilities	25,544	28,639	30,236	34,031	41,356	33,951	30,712	28,654	34,268	67,613	70,121
Equity	63,161	65,525	69,942	76,715	77,358	79,964	91,174	99,693	113,800	134,136	138,371
<b>Cash flows</b>											
Net cash provided by (used in) operating activities	10,247	5,317	10,672	5,943	2,081	17,057	13,937	12,950	(7,233)	(8,993)	24,010
Net cash provided by (used in) investing activities	(3,881)	(5,846)	(6,977)	(8,007)	(7,358)	(4,318)	(3,899)	(3,299)	(4,717)	(10,564)	(9,601)
Net cash provided by (used in) financing activities	(4,020)	1,696	(1,485)	1,678	4,434	(10,702)	(5,576)	(5,308)	1,895	25,954	(5,981)
Free cash flow	6,366	△ 529	3,695	△ 2,064	△ 5,277	12,739	10,038	9,651	△ 11,950	△ 19,557	14,409
Cash and cash equivalents at end of period	11,078	11,957	13,803	13,671	12,403	14,830	19,071	24,409	14,853	22,077	28,855
<b>Stock information</b>											
Dividends (Yen)* <sup>2</sup>	8(40)	12(60)	12(60)	15(75)	48(80)	85	90	110	162	165	165
Consolidated payout ratio (%)	17.6	21.2	24.2	27.6	32.4	31.6	23.6	24.7	30.1	24.5	33.4
EPS (Earnings per share) (Yen)* <sup>2</sup>	45.51(227.55)	56.60(283.00)	49.58(247.90)	54.41(272.04)	246.83	269.06	381.28	445.29	537.67	673.20	493.31
BPS (Book value per share) (Yen)* <sup>2</sup>	494.97(2,474.85)	513.63(2,568.15)	556.99(2,784.95)	611.11(3,055.56)	3,118.84	3,236.50	3,693.68	4,063.09	4,637.52	5,493.67	5,788.62
<b>Management indicators</b>											
Ratio of operating profit to net sales (%)	6.9	7.1	6.5	6.7	5.8	6.3	8.4	8.8	8.9	8.0	7.1
Share of international sales (%)	25.3	21.0	22.4	23.4	22.7	22.0	20.9	23.1	20.8	21.0	20.6
Development funds ratio (%)* <sup>1</sup>	—	4.9	5.1	4.9	5.0	4.8	4.7	4.6	4.2	4.1	4.0
ROE (%)* <sup>3</sup>	9.8	11.2	9.2	9.3	8.0	8.5	11.0	11.5	12.4	13.3	8.8
ROA (%)* <sup>4</sup>	4.6	5.3	8.2	4.3	3.7	4.0	5.6	5.9	6.5	6.7	4.2
Equity ratio (%)	47.7	47.2	46.1	45.7	46.2	49.3	52.1	51.2	53.5	48.4	47.7
D/E ratio (Times)* <sup>5</sup>	0.40	0.44	0.43	0.44	0.53	0.42	0.34	0.29	0.30	0.50	0.51
<b>Main non-financial data</b>											
Main non-financial data	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024(FY)
Number of employees	3,849	4,036	3,943	3,861	3,803	3,876	3,814	3,783	3,732	4,669	4,606
Average years of service* <sup>6</sup>	13.7	14.5	14.9	15.5	15.9	16.2	14.3	17.1	17.5	18.1	19.9
Voluntary turnover rate (%)* <sup>6</sup>	0.8	1.5	0.9	1.3	1.8	1.0	1.0	1.7	1.8	2.2	1.8
Ratio of eco-friendly products to net sales (%)* <sup>7</sup>	—	46.4	50.7	58.1	59.3	70.7	77.2	78.2	79.6	82.0	83.0
CO <sub>2</sub> emissions (Scope 1 + 2) (t-CO <sub>2</sub> )* <sup>8</sup> * <sup>9</sup>	28,287	27,355	24,982	24,732	24,794	22,692	30,129(19,405)	30,736	31,530	30,689	31,261
Water consumption (m <sup>3</sup> )* <sup>9</sup>	169,552	149,418	155,789	152,098	146,112	126,368	118,726	121,372	126,490	126,713	123,452
Waste discharged (t)* <sup>9</sup>	924.0	1,062.0	913.0	911.0	993.8	928.0	900.7	859.7	939.8	916.8	929.0
Atmospheric emissions of chemical substances subject to PRTR (kg)* <sup>9</sup>	50,804	84,659	83,542	101,758	99,949	109,180	77,380	68,167	54,575	62,994	66,241

\*1 Development funds include not only research and development expenses but also development-related expenses such as patent fees. The development funds ratio is the ratio of development funds to consolidated net sales.

\*2 DAIHEN executed a reverse stock split of five common shares into one on October 1, 2018. The figures in parentheses assume that the reverse stock split had been conducted.

\*3 ROE: Profit attributable to owners of parent / equity (average of beginning and end of period)

\*4 ROA: Profit attributable to owners of parent / total assets (average of beginning and end of period)

\*5 D/E ratio: interest-bearing liabilities / equity

\*6 DAIHEN Corporation, non-consolidated basis

\*7 The ratio of net sales of eco-friendly products to domestic net sales of the products (excluding parts, repair services, etc.) supplied by every division of the Company

\*8 The scope of calculation in and after fiscal 2020 includes consolidated companies, excluding Lorch Schweißtechnik GmbH in the financial statements for fiscal 2024 (GHG Protocol financial control approach are applied). The scope of calculation in and before fiscal 2019, and for fiscal 2020 in parentheses is as indicated in \*9.

The method used to tabulate data was to apply the market-based emission method in accordance with the GHG Protocol and to convert energy consumption using the emission factors published by the Ministry of the Environment.

\*9 The scope of calculation includes DAIHEN Corporation (Juso Business Office, Rokko Business Office, Mie Business Office, Chitose Plant, and Kanehira Plant), production sites of domestic affiliated companies (Tottori Plant, Oita Plant, Matsudo Plant, Eniwa Plant, Hiroasaki Plant, and Kagawa Plant), and production sites outside Japan (Mudanjiang OTC Welding Machines Co., Ltd., OTC Industrial (Qingdao) Co., Ltd., OTC DAIHEN Asia Co., Ltd., DAIHEN OTC (Beijing) Co., Ltd., and DAIHEN Advanced Machinery (Changshu) Co., Ltd.)

# Global Network

## The DAIHEN Group provides services tailored to each market.

DAIHEN's businesses, both in Japan and overseas, have established a close cooperation system among production sites, branches, sales offices, and affiliates. We tailor our services to each specific market and use every strength we can muster from the entire Group to help customers solve their issues.

### Network in Japan



#### Main group companies

- SHIHEN TECHNICAL Corporation** (Tadotsu-cho, Kagawa)  
Manufacture and sale of power transformers, electronic devices, etc.
- KYUHEN Co., Inc.** (Fukutsu-shi, Fukuoka)  
Manufacture and sale of power transformers, water heaters, etc.
- The Chugoku Electric Manufacturing Co., Inc.** (Hiroshima-shi, Hiroshima)  
Manufacture and sale of transformers, distribution panels, control panels, power distribution equipment, monitoring and control systems, etc.
- Tohoku Electric Manufacturing Co., Ltd.** (Tagajo-shi, Miyagi)  
Manufacture, repair, sale, and installation of transformers for power distribution, distribution panels, etc.
- DAIHEN Industrial Machinery Corporation** (Tottori-shi, Tottori)  
Manufacture of welding machines, control and telecommunications equipment, RF generators, dispersed power equipment, etc.
- DAIHEN Aomori Corporation** (Hirosaki-shi, Aomori)  
Manufacture of fuses, power distribution equipment/parts and surge protective devices
- DAIHEN Stud Co., Ltd.** (Kobe-shi, Hyogo)  
Sale of welding machines; Manufacture and sales of welding materials; Welding work
- DAIHEN Electric Machine Corporation** (Osaka-shi, Osaka)  
Manufacture of industrial transformers
- Minami Electric Co., Ltd.** (Tadotsu-cho, Kagawa)  
Manufacture and processing of cans, sheet metal and related mechanical fittings
- DAIHEN Technology Institute** (Kitsuki-shi, Oita)  
Manufacture and sale of clean transfer robots, equipment for charging systems, etc.
- DAIHOKU Industry Co., Ltd.** (Eniwa-shi, Hokkaido)  
Manufacture and processing of cans, sheet metal and related mechanical fittings
- DAIHEN Business Service Co., Ltd.** (Osaka-shi, Osaka)  
Support and agency services for the Group's businesses and reemployment of Group retirees
- Daiki Corporation** (Osaka-shi, Osaka)  
Processing of transformer parts; Real-estate leasing
- DAIHEN Engineering Co., Ltd.** (Osaka-shi, Osaka)  
Installation, testing, servicing, and remodeling of transformers and power receiving and distribution equipment
- DAIHEN Welfare Enterprise Co., Ltd.** (Osaka-shi, Osaka)  
Health, welfare, and pension work for employees of DAIHEN and subsidiary companies

#### Head Office (Juso Business Office)



Manufacture and sale of power transmission and distribution products and semiconductor devices

#### Tokyo Head Office



Sale of power transmission and distribution products, welding machines, industrial robots, semiconductor devices, etc.

#### Rokko Business Office



Sale of welding machines; Manufacture and sale of industrial robots, etc.

#### Mie Business Office



Manufacture of large-class power transformers

#### Chitose Plant



Manufacture of power transmission and distribution products

#### DAIHEN Industrial Machinery Corporation



Manufacture of welding machines, control and telecommunications equipment, RF generators, dispersed power equipment, etc.

#### SHIHEN TECHNICAL Corporation



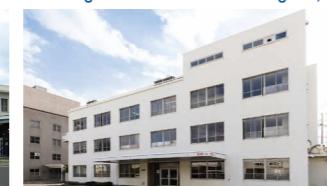
Manufacture and sale of power transformers, electronic devices, etc.

#### KYUHEN Co., Inc.



Manufacture and sale of power transformers, water heaters, etc.

#### The Chugoku Electric Manufacturing Co., Inc.



Manufacture and sale of transformers, distribution panels, control panels, power distribution equipment, monitoring and control systems, etc.

#### Tohoku Electric Manufacturing Co., Ltd.



Manufacture, repair, sale, and installation of transformers for power distribution, distribution panels, etc.

### Network overseas



**Osaka Transformer Co.,Ltd.**  
"OTC" is the brand name DAIHEN uses outside of Japan.

#### 1 DAIHEN, Inc. (USA)



Sale of welding machines, cutting machines, industrial robots, etc. in North, Central and South America

#### 2 DAIHEN Advanced Component, Inc. (USA)



Sale of RF generators, clean transfer robots, etc.

#### 3 Force Design, Inc. (USA)



Design, manufacture, and sale of system products in the United States

#### 4 DAIHEN Mexico S.A. de C.V.



Sale of welding machines, cutting machines, industrial robots, etc.

#### 5 OTC DAIHEN Europe GmbH (Germany)



Sale of welding machines, cutting machines, industrial robots, etc. in Europe

#### 6 DAIHEN VARSTROJ welding cutting and robotics d.d. (Slovenia)



Manufacture and sale of welding machines and system products in Europe

#### 7 Rolan Robotics B.V. (Netherlands)



Design, manufacture, sale, and after-sales service of system products in Europe

#### 8 LASotech Systems GmbH (Germany)



Manufacture and sale of system products in Europe

#### 9 Femitec GmbH (Germany)



Design, manufacture, and sale of system products in Europe

#### 10 Lorch Schweißtechnik GmbH (Germany)



Development, manufacture, and sale of welding machines, etc., and sale of industrial robots

#### 12 OTC DAIHEN Bangkok Co., Ltd. (Thailand)



Sale of welding machines, cutting machines, welding/cutting torches, industrial robots, etc.

#### 11 OTC DAIHEN Asia Co., Ltd. (Thailand)



Manufacture and sale of welding machines, cutting machines and related parts in Southeast Asia and Oceania

#### 13 DAIHEN Electric Co., Ltd. (Thailand)



Manufacture and sale of power transformers, etc.

#### 14 OTC DAIHEN India Pvt. Ltd. (India)



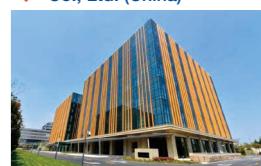
Sale of welding machines, cutting machines, industrial robots, etc.

#### 15 PT. OTC DAIHEN Indonesia (Indonesia)



Sale of welding machines, cutting machines, industrial robots, etc.

#### 16 OTC Industrial (Shanghai) Co., Ltd. (China)



Sale of welding machines, cutting machines, industrial robots, etc.

#### 17 OTC (Taiwan) Co., Ltd.



Sale of welding machines, cutting machines, industrial robots, etc.

#### 18 Mudanjiang OTC Welding Machines Co., Ltd. (China)



Manufacture of welding machines and related parts

#### 19 OTC Industrial (Qingdao) Co., Ltd. (China)



Manufacture of welding machines and related parts. RF generators, etc.

#### 20 DAIHEN OTC (Beijing) Co., Ltd. (China)



Manufacture of transformers, etc.

#### 21 DAIHEN Advanced Machinery (Changshu) Co., Ltd. (China)



Manufacture, sale, maintenance and inspection of clean transfer robots, industrial robots, etc.

#### 22 DAIHEN Korea Co., Ltd.



Manufacture, sale, maintenance and inspection of welding machines, cutting machines, industrial robots, RF generators, clean transfer robots, etc.

## Corporate Data

Company name	<b>DAIHEN Corporation</b>
Date established	December 1, 1919
Share capital	10,596 million yen
Net sales	226,375 million yen (the fiscal year ended March 2025, consolidated)
Employees	4,606 (As of March 2025, consolidated)
Business	Manufacture, sale and servicing of power equipment, welding machines, industrial robots, RF generators for semiconductor manufacturing, EV charging systems, etc.
Head office location	< Head Office > 2-1-11 Tagawa, Yodogawa-ku, Osaka 532-8512 Japan Tel: +81-6-6301-1212 < Tokyo Head Office > 22nd Floor, Otemachi Financial City North Tower, 1-9-5 Otemachi, Chiyoda-ku, Tokyo 100-0004 Japan
Business offices and plants	Juso Business Office (Osaka) Rokko Business Office (Kobe) Mie Business Office (Taki-cho, Mie) Kanehira Plant (Osaka) Chitose Plant (Chitose, Hokkaido)
Branches	Hokkaido Branch, Tohoku Branch, Chubu Branch, Chugoku Branch, Kyushu Branch
Website	<a href="https://www.daihen.co.jp/">https://www.daihen.co.jp/</a>



Head Office (Juso Business Office)

Our Head Office Building is registered with Osaka City as a Tsunami Evacuation Building.



Showrooms (1F Head Office)

## Stock Information (As of March 31, 2025)

### Stock data

Total number of shares authorized to issue	108,000,000 shares
Total number of issued shares	25,203,291 shares
Number of shareholders	9,571

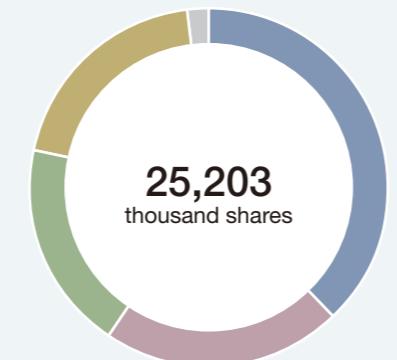
### Shareholder information

Name of shareholder	Number of shares held (Thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	3,398	14.15
Custody Bank of Japan, Ltd. (Trust account)	2,199	9.16
The Kansai Electric Power Company, Incorporated	1,460	6.08
Sumitomo Mitsui Banking Corporation	1,085	4.52
Sumitomo Mitsui Trust Bank, Limited	658	2.74
DAIHEN Business Partner Shareholding Association	579	2.41
DAIHEN Group Employee Shareholding Association	416	1.73
GOVERNMENT OF NORWAY	358	1.49
Iwatani Corporation	349	1.46
BNYM AS AGT/CLTS NON TREATY JASDEC	329	1.37

Note: The Company holds 1,185 thousand treasury shares, and the shareholding ratio is calculated excluding those treasury shares.

The number of treasury shares used when calculating the shareholder ratio does not include the 113 thousand treasury shares held in a trust account for use as share awards for employees.

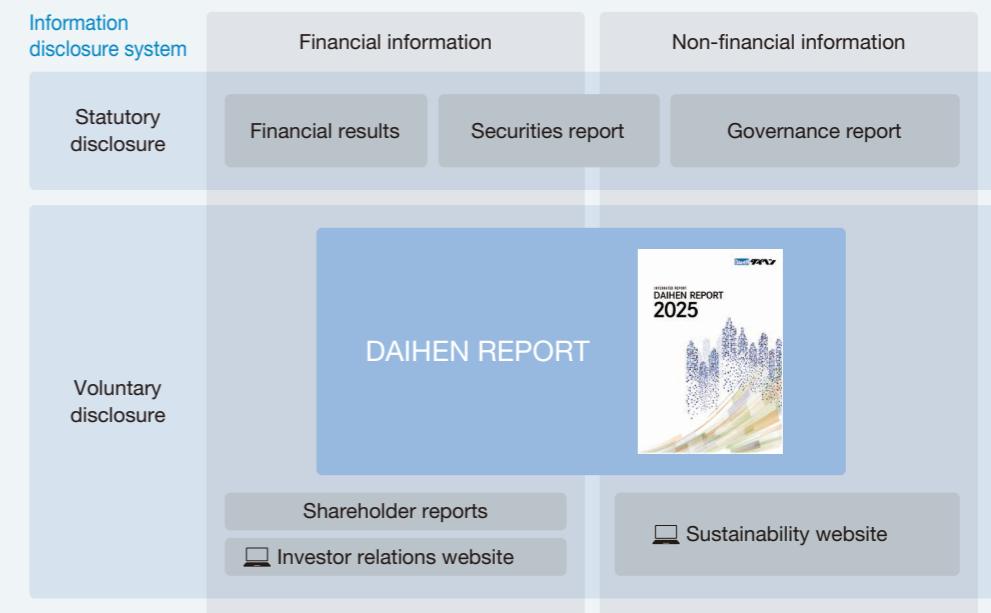
### Shareholding by shareholder category



Financial institutions	9,569 thousand shares / 38.0%
Individuals	5,481 thousand shares / 21.7%
Other corporations	4,764 thousand shares / 18.9%
Offshore corporations	4,922 thousand shares / 19.5%
Brokerage firms	466 thousand shares / 1.9%

## Disclosure System

We disclose all information required by legal disclosure standards. In addition, if we determine that it is necessary to disclose additional information to increase shareholder understanding of our company, we will disclose such information fairly and accurately through various media, even if disclosure of such information is not required by any laws or regulations.



Please see the Sustainability section of the DAIHEN corporate website for more information on ESG information. (Japanese only)

### Structure of the Sustainability section of the DAIHEN corporate website

Environment	Policies and systems	Governance	Corporate governance
	Voluntary action plan		Corporate officers
	Response to climate change		Director compensation
	Eco-friendly products		Compliance
	Reduction of environmental impact during production		Risk management
	ISO 14001 certification		Information security
	Internal audits and incidents/complaints		Intellectual property
	Training and awareness initiatives		Ensuring the appropriateness of operations at group companies
	Environmental account		Governance report
	Human resource strategy		ESG data
Society	Human resource development		
	Diversity / Creating workplace environments where people of all nature can enjoy working		
	Health and safety		
	Quality assurance		
	Materials procurement		
	Contribution to community		
	Human rights policy		

### Sustainability section of the DAIHEN corporate website (Japanese only)

<https://www.daihen.co.jp/sustainability/>



### Contact:

For inquiries, please access the Contact Us section of the DAIHEN corporate website for various inquiries.

<https://www.daihen.co.jp/en/contact/>





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● Please direct all inquiries concerning this report to the ESG Office, Planning Division.