Integrated Report 2026

Creator for the NEXT

Daitron

Daitron

DAITRON CO., LTD.

[For inquiry concerning our IR activities]

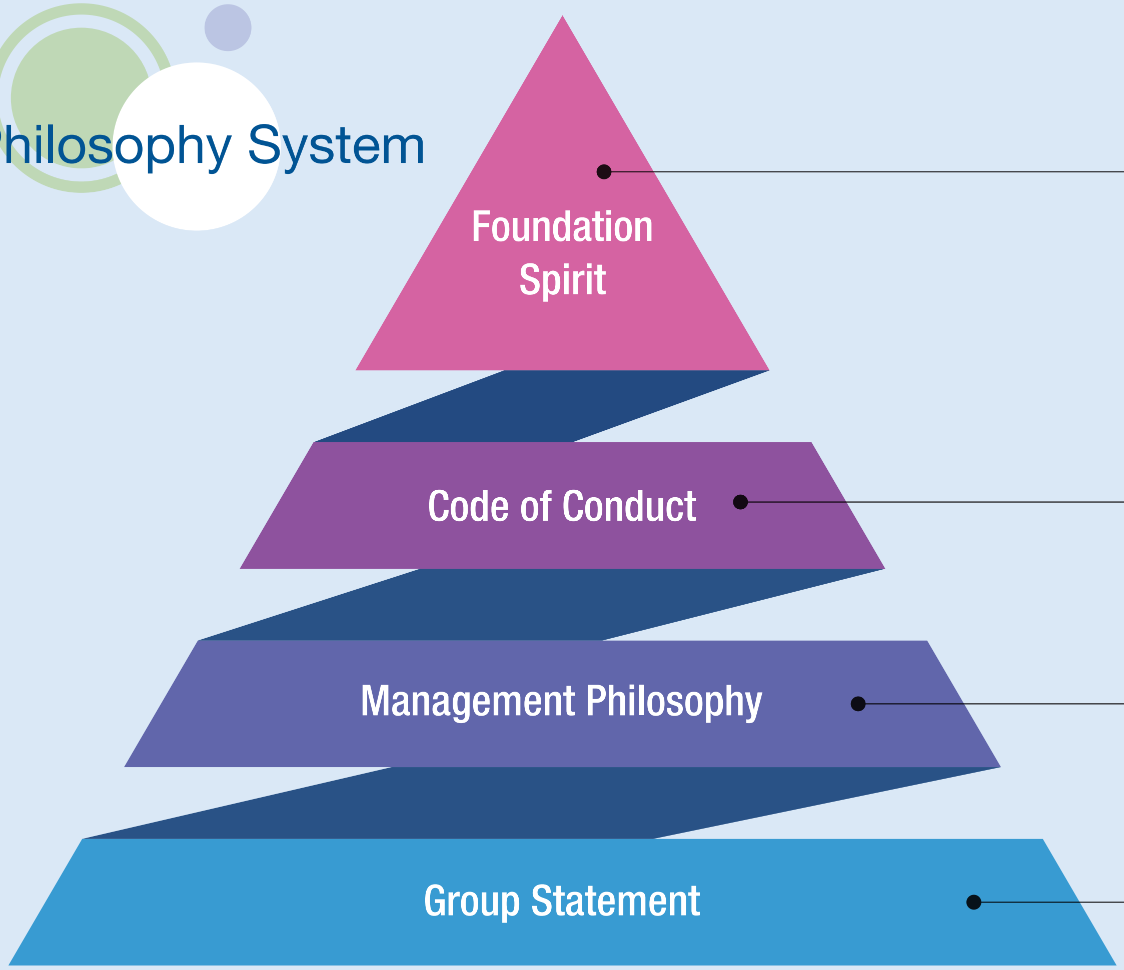
Head Office: 6-11, Miyahara 4-chome, Yodogawa-ku, Osaka 532-0003

T E L : +81-6-6399-5952 FAX: +81-6-6399-5864

U R L : https://www.daitron.co.jp/en/

E-mail : info.ir@daitron.co.jp

Philosophy System

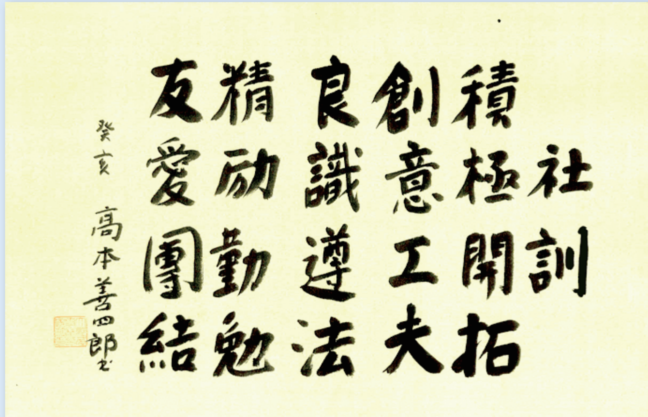


Foundation Spirit

Hard work, prosperous lifestyle

In "hard work," we put our determination to give our all in our work during working hours. "Prosperous lifestyle" suggests that payments be increased and employees and shareholders earn fair returns, as performance improves. We have further strengthened this philosophy in recent years. We are increasing the motivation of our employees by realizing the highest level of compensation in the industry with a performance-based pay system.

Code of Conduct



The writings of founder Zenshiro Takamoto

Management Philosophy

- Our Company will aim to provide a comfortable and safe work environment, respecting our employees' needs for self-esteem and encouraging every individual to achieve their fullest potential.
- Our Company will do its utmost to satisfy its customers, shareholders, and suppliers.
- Our Company will strive to maintain a global outlook and continue to conquer challenges in technological innovations to provide high value-added products for our customers.
- Our Company is committed to being a good corporate citizen and actively participating in those communities where we are represented.

Group Statement

Creator for the *NEXT*

Grasp markets from a global viewpoint to create and provide values one step ahead of customer needs

This Group Statement expresses our idea of what the Daitron Group should be like.
The meaning of "*NEXT*" incorporates the meanings of "NETWORK," "ENGINEERING," "X[SYNERGY]," and "TRADING." This implies creating new value as an engineering trading company leading the electronics industry and capitalizing on the Group' s network.

Table of Contents

• Editorial Policy
The Daitron Group has prepared the Daitron Integrated Report 2026 to help all stakeholders understand our efforts to create sustainable value.
In addition to our most recent business results, this report describes our management policies and strategies, including notable case studies. For detailed financial data and other information, please visit our website.

• Scope of Reporting
Period Fiscal Year Ended December 31, 2025 (January 1, 2025 to December 31, 2025)
* Some information from outside of this period is also included.
Organization Daitron Group

* Caution Regarding Future Outlooks
The forward-looking statements in this integrated report, including future plan figures and measures, are calculated based on judgments and assumptions that the Company has made based on information currently available and that it believes to be reasonable. Accordingly, actual results may differ from these forecasts due to various important factors such as economic conditions in major domestic and overseas markets and fluctuations in foreign exchange rates.

President,
CEO and COO
Shinsuke Tsuchiya

Co-Creating Diverse Values to Realize our Long-Term Vision

We currently live in an era in which it is extremely difficult to predict the future, amid a society where rapid and unpredictable changes continue to occur one after another. The greatest factor driving these changes is the rapid evolution and advancement of electronics technologies, and our Group is playing a part in that development.

Under these business conditions, the Group formulated its long-term vision, "2030 VISION," in 2020 and subsequently conducted a partial review in January 2024 in response to significant changes in the business environment and other factors, establishing targets aimed at achieving higher corporate value. In addition, we have conceived a framework of advancing Medium-Term Business Plans in three steps, the 10M, 11M, and 12M periods, to facilitate the realization of this long-term vision (see figure below).

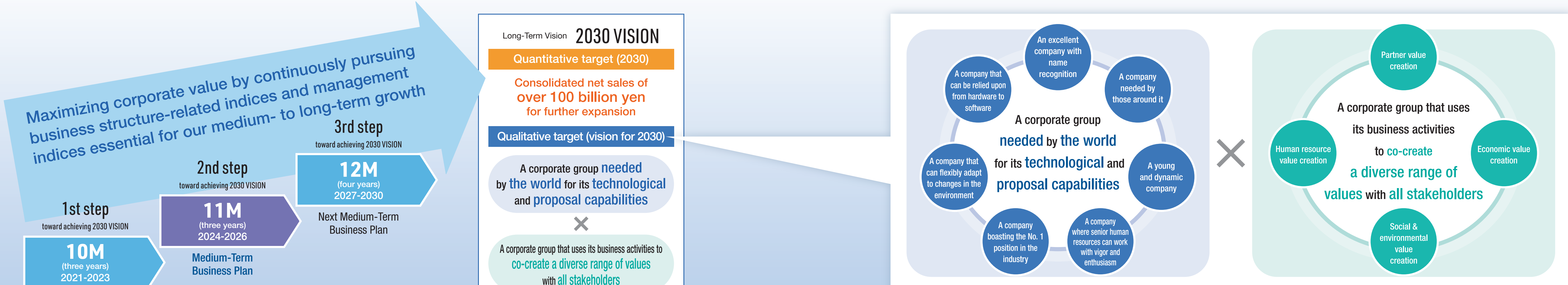
For the quantitative goal of achieving consolidated net sales of over 100 billion yen and pursuing further expansion under our long-term vision, we established a grand design under which we would build a foundation capable of supporting consolidated net sales of 100 billion yen during the 10M period (Previous Medium-Term Business Plan), achieving consolidated net sales of 100 billion yen during the 11M period (Current Medium-Term Business Plan), and aim for further expansion during the 12M period (Next Medium-Term Business Plan). As of the fiscal year under review (Fiscal Year Ended December 31, 2025), we achieved our goal of consolidated net sales of 100 billion yen one year ahead of schedule, without needing to wait for the final year (Fiscal Year Ending December 31, 2026)

Next, with regard to the qualitative targets under our "Long-Term Vision," we have set our desired position for 2030 from the two aspects of our group's sustainability and contributing to social sustainability (contributing to the realization of a sustainable society) (see figure below). By implementing our business activities around the world making full use of our unique technological capabilities and proposal-making capabilities, we aim to become a corporate group that co-creates diverse values together with all stakeholders.

The Daitron Group began its journey as a technology trading company after being founded in 1952. Then, starting in the late 1960s, we embarked on the development and manufacturing of in-house branded products, and have worked to establish and deepen an original business model driven by the two wheels of manufacturing (= manufacturing functions) and sales (= trading company functions). During the 12M period (Fiscal Year Ending December 31, 2027), we will reach a major milestone when we celebrate our 75th anniversary. Having achieved consolidated net sales of 100 billion yen ahead of this major milestone is deeply significant for us, and we plan to use this achievement as an opportunity to formulate new targets and build momentum toward their realization as we look toward our next major milestone - the 100th anniversary of our founding a quarter century from now.

Going forward, the Group will continue to work together in unison to co-create diverse values for the realization of our Long-Term Vision and the maximization of corporate value. We ask for your continued and unwavering support of the Group.

Long-Term Vision Overview



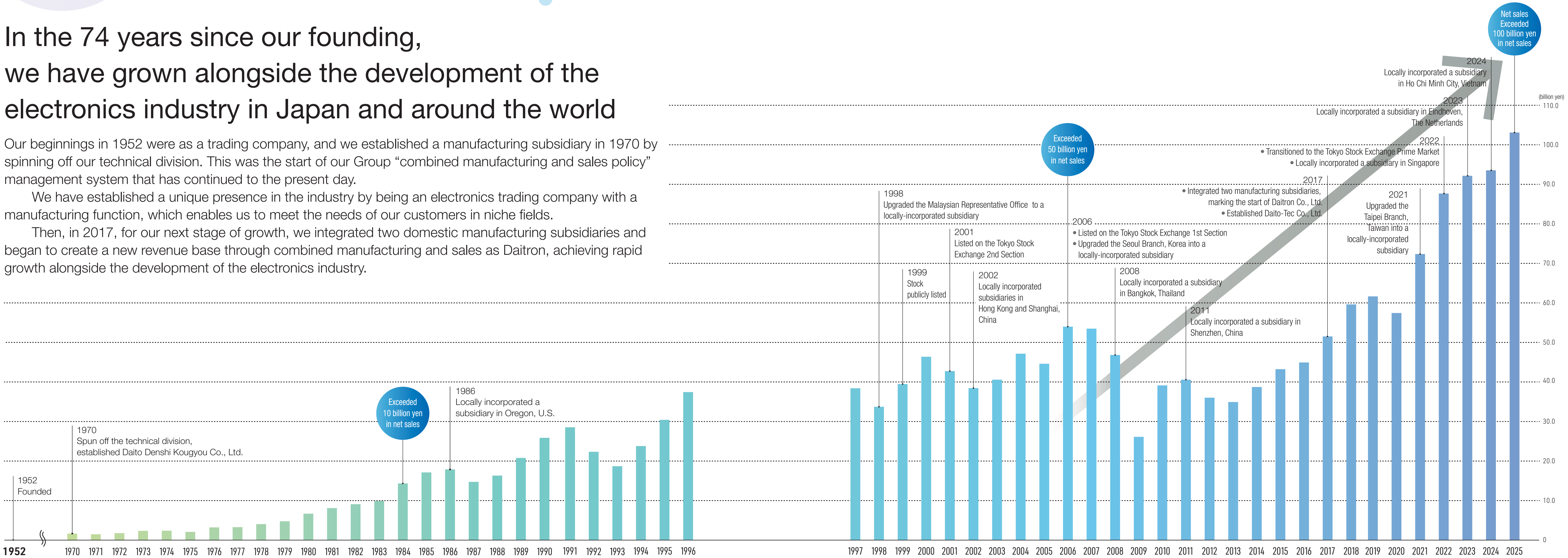
* The above four value creations correspond to our materiality initiatives

In the 74 years since our founding, we have grown alongside the development of the electronics industry in Japan and around the world

Our beginnings in 1952 were as a trading company, and we established a manufacturing subsidiary in 1970 by spinning off our technical division. This was the start of our Group “combined manufacturing and sales policy” management system that has continued to the present day.

We have established a unique presence in the industry by being an electronics trading company with a manufacturing function, which enables us to meet the needs of our customers in niche fields.

Then, in 2017, for our next stage of growth, we integrated two domestic manufacturing subsidiaries and began to create a new revenue base through combined manufacturing and sales as Daitron, achieving rapid growth alongside the development of the electronics industry.



*Bar graph shows net sales over time

1950s

1952
- Established Daito Shoji Co., Ltd. in Kita-ku, Osaka with a capital of 300,000 yen.
- Focused on sales of tape recorders, which was not common in those days, as a distributor of Tokyo Telecommunications Engineering Corporation (now Sony Group Corporation).

1954
- Moved the head office to Doyama-cho, Kita-ku, Osaka to respond to expanded business.
- Enhanced the purchasing division for Sony products and started sales of transformers from TAMURA Corporation and connectors from Hirose Shokai Co., Ltd. (now Hirose Electric Co., Ltd.) and Tajimi Electrics Co., Ltd.

1957
- Moved the head office to Oimatsu-cho, Kita-ku, Osaka to respond to expanded business.

1958
- Established the Tokyo Branch in Hanazono-cho, Shinjuku-ku, Tokyo.

1959
- Started to import and sell wear testing instruments and measuring instruments, etc. of U.S.-based Taber Industries as its Far-Eastern distributor.

1960s

1969
- Registered the Daitron trademark.

1970s

1970
- Spun off the technical division, established Daito Denshi Kougyou Co., Ltd.

1975
- Opened the Product Control Center in Tarumi-cho, Suita-shi, Osaka.

1980s

1980
- The (First) Ritto Factory was completed in Iseochi, Ritto-shi, Shiga. Started the manufacture of cables and harnesses using Bendix connectors.

1986
- Locally incorporated a subsidiary in Oregon, U.S.

1988
- Changed the trade name from Daito Denshi Kougyou Co., Ltd. to Daitron Technology Co., Ltd.

1990s

1991
- The new head office building was completed in Shima-machi, Chuo-ku, Osaka.

1993
- Established the Management Philosophy.

1994
- Spun off the Electrical Wiring Division and established subsidiary Daito Denso Co., Ltd.

1998
- Changed the trade name to Daito Electron Co., Ltd., updating the Daitron trademark logo design at the same time
- Upgraded the Malaysian Representative Office to a locally-incorporated subsidiary


Our offices at our founding

The newly-opened Tokyo Branch


The Product Control Center


Production of Bendix connectors

1999
- Shares made publicly available on the over-the-counter market at the Japan Securities Dealers Association (securities code: 7609)

2000s

2001
- Listed on the 2nd Section of the Tokyo Stock Exchange and the Osaka Securities Exchange, and increased capital to 2.186 billion yen through a public offering

2002
- Locally incorporated subsidiaries in Hong Kong and Shanghai, China

2004
- The new head office building was completed in Miyahara, Yodogawa-ku, Osaka.
This consolidated the head office, sales offices, and logistics centers in Osaka Prefecture.

2006
- Listed on the 1st Sections of both the Tokyo Stock Exchange and the Osaka Securities Exchange
- Upgraded the Seoul Branch, Korea into a locally-incorporated subsidiary

2007
- Daito Denso Co., Ltd. makes Takawa Industry Co., Ltd. a subsidiary.

2008
- Locally incorporated a subsidiary in Bangkok, Thailand

2009
- Took over the business for semiconductor manufacturing equipment from Emtec Co., Ltd.

2010s

2011
- Locally incorporated a subsidiary in Shenzhen, China

2016
- Completed Chubu Factory as a core Group factory in Ichinomiya-shi, Aichi

2017
- Integrated domestic subsidiaries Daito Denso Co., Ltd. and Daitron Technology Co., Ltd. and changed the trade name to Daitron Co., Ltd.
- Made Tanimoto Denso Co., Ltd a wholly-owned subsidiary and established Daito-Tec Co., Ltd.

2018
- Completed Chubu Second Factory on the premises of Chubu Factory

2020s

2021
- Daito-Tec Co., Ltd. completed a new factory in Hiroshima-shi, Hiroshima
- Upgraded the Taipei Branch, Taiwan into a locally-incorporated subsidiary

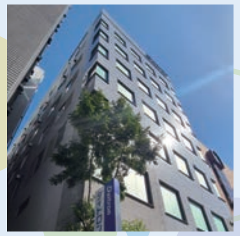
2022
- Transitioned to the Tokyo Stock Exchange Prime Market
- Locally incorporated a subsidiary in Singapore

2023
- Locally incorporated a subsidiary in Eindhoven, The Netherlands

2024
- Locally incorporated a subsidiary in Hanoi, Vietnam


Our first day on the Tokyo Stock Exchange

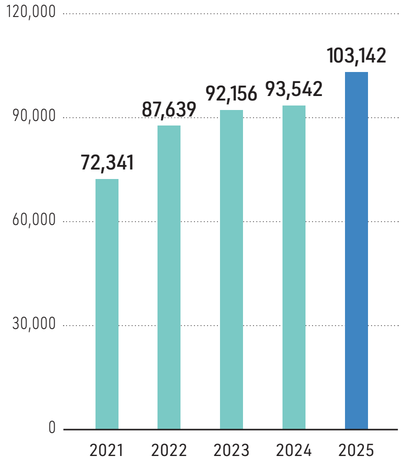
Listing ceremony for the 2nd Section at TSE Arrows


The head office building

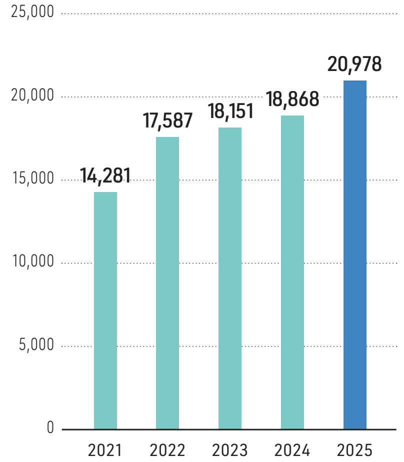

The Chubu Factory

Financial Information (Consolidated)

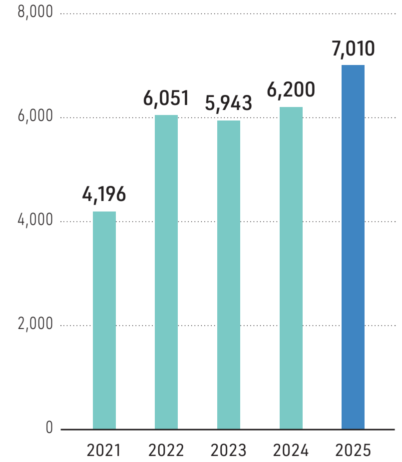
Net sales (million yen)



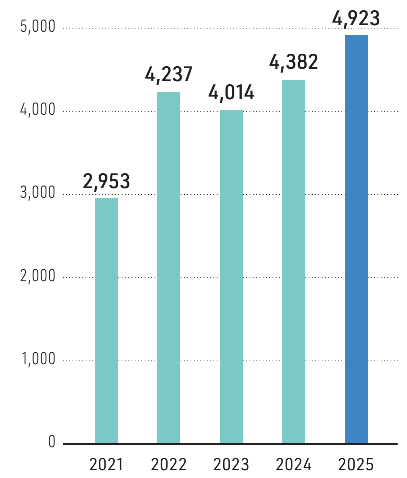
Gross profit (million yen)



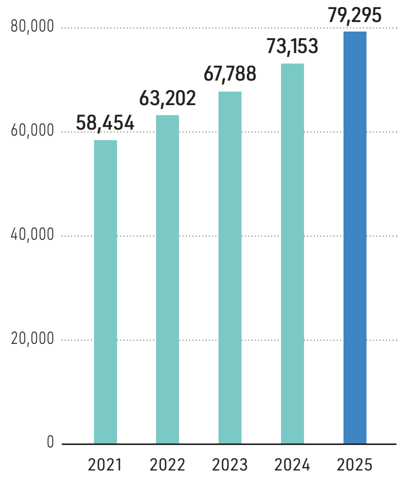
Operating income (million yen)



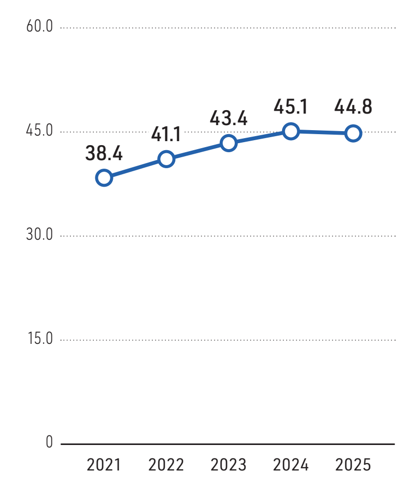
Net income attributable to owners of parent (million yen)



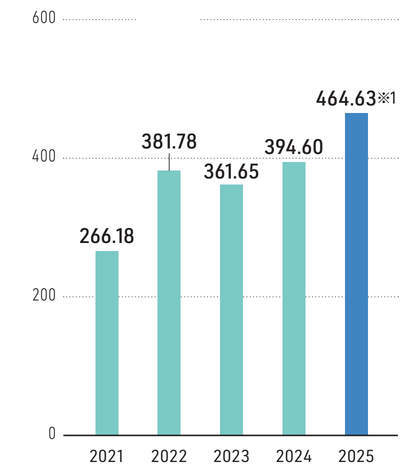
Total assets (million yen)



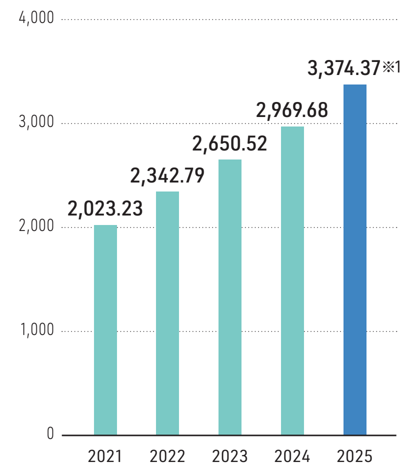
Shareholders' equity/Total assets (%)



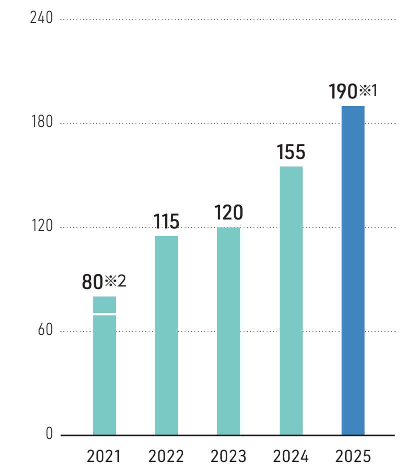
Net income per share (yen)



Net assets per share (yen)



Dividends per share (yen)



* 1 The company conducted a two-for-one stock split of its common shares on January 1, 2026. The dividend figures shown are based on the number of shares before the stock split.
* 2 Includes 70th anniversary dividends of 10 yen

Non-Financial Information

Daitron (Consolidated) Number of employees

1,117

(As of December 31, 2025)

- Japan: 890
- Overseas: 227

Number of Group companies

13

(As of December 31, 2025)

- Japan: 2 (including the Company)
- Overseas: 11

Worldwide Group locations

38 locations

(As of December 31, 2025)

- Sales offices: 29 (Japan: 17; Overseas: 12)
- Manufacturing locations: 7 (Japan: 6, Overseas: 1)
- Representative offices: 1 (Overseas)
- Satellite offices: 1 (Overseas)

Daitron (Non-Consolidated) Partner base

Approx. **7,000** companies

(As of December 31, 2025)

- Customers: Approx. 5,000 companies
- Suppliers: Approx. 2,000 companies

Original product ratio (sales base)

16.9%

(FY2025)

Overseas business ratio (sales base)

26.2%

(FY2025)

Daitron (Non-Consolidated) Ratio of female hires (Women as a share of new hires*)

31.8%

(Fiscal 2025 results)

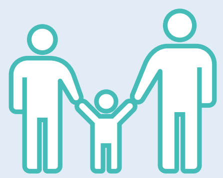
* Data for new regular employees (not including contract and part-time employees)

Daitron (Non-Consolidated) Ratio of childcare leave, etc. taken (including company-specific leave for the purpose of childcare)

85.7%

(Fiscal 2025 results)

- Women: 100%
- Men: 84.2%



Daitron (Non-Consolidated) Ratio of outside officers

66%

(As of March 30, 2026)

- Directors: 5 (including 3 Outside Directors)*
- Directors who are members of the Audit and Supervisory Committee: 4 (including 3 Outside Directors)
- Total officers: 9 (including 6 outside officers)

* Excluding directors who are members of the Audit and Supervisory Committee

We aim to make a leap forward in the global market as a technology-based company and create new value for the world

Surrounding megatrends

- Diversifying technologies (Increasing importance of semiconductor back-end process)
- Spreading EV & automated driving
  - ▶Changing business methods
- Evolving cloud computing
- Spreading local 5G and 6G systems
- Fully spreading automated equipment
  - ▶Further changing manufacturing sites
- 2050 carbon neutrality

* Electronics is one of the key technologies

Management base

Philosophy System

- Foundation Spirit / Code of Conduct
- Management Philosophy
- Group Statement

Management Foundations

- Our Basic Policy on Corporate Governance
- Risk management
- Compliance and corporate ethics
- CSR Basic Policy/Materiality

Utilized capital

Financial Capital

Financial base supporting growth strategy and high profitability

- Equity ratio 44.8%
- Gross profit ratio 20.3%

Human Capital

Sustained cultivation/enhancement of human resources with superior field capabilities

- Number of Group employees 1,117

Manufacturing Capital

Production system supporting combined manufacturing and sales management

- Domestic and global manufacturing locations: 7

Intellectual Capital

A Daitron brand with unique original products

- Original product ratio: 16.9% (net sales base)

Social and Relationship Capital

Rich partner base

- Partner base Approx. 7,000 companies (Customers + suppliers)

Efforts in management

Daitron Group Strengths See pages 11-12

Daitron

1. Combined manufacturing and sales
2. Field capability
3. Business structure
4. Global development
5. Partner base
6. High profitability

Business Operation See pages 35-44

Responding to a global electronics demand for both electronic equipment/parts and manufacturing equipment

Electronic Equipment and Components	Manufacturing Equipment
• Electronic components & assembly products • Semiconductors • Embedded systems • Power supply equipment • Image-related equipment & parts • Information systems etc.	• LSI manufacturing equipment • Electronic materials manufacturing equipment • Optical device manufacturing equipment • FPD manufacturing equipment • Energy device manufacturing equipment etc.

Global business development

Growth Strategy See pages 19-34

Medium-to long-term slogan

Make a leap forward in the global market as a technology-based company

Striving to achieve our Long-Term Vision through three steps

Launched 11M in 2024

- 2021-2023: 10M — 10th Medium-Term Business Plan
- 2024-2026: 11M — 11th Medium-Term Business Plan
- 2027-2030: 12M — 12th Medium-Term Business Plan

Outputs (major results from 11M second year)

- Net sales: 103.1 billion yen
  * Five years of consecutive record highs from 2021 to 2025
- Operating income: 7.0 billion yen
  * Record high reached in 2025
- ROA: 6.5% (target: 6% or more)
- ROE: 14.4% (target: 12% or more)
- Equity ratio: 44.8% (target: 50%)

Note: All figures are consolidated results for 2025

Future vision to aim for

Long-Term Vision

2030 VISION

Qualitative target (2030)

Consolidated net sales of over 100 billion yen for further expansion

Qualitative target (vision for 2030)

A corporate group needed by the world for its technological and proposal capabilities

×

A corporate group that uses its business activities to co-create a diverse range of values with all stakeholders

Materiality (key issues) See pages 49-50

Create the Four Values based on established management foundations!

1. Partner value creation
2. Human resource value creation
3. Social & environmental value creation
4. Economic value creation

Management foundations establishment

As a technology-based company, Daitron Group has built highly competitive, unique strengths

1 Combined manufacturing and sales

Starting out as an electronics trading company, we have always been particular about being responsive to our customers' wide range of needs. In areas that cannot be addressed solely through purchased products, we have engaged in the development and manufacturing of our own products through the establishment of manufacturing subsidiaries and other measures. We are also promoting management based on combined manufacturing and sales, which generates significant synergies by combining manufacturing and trading company functions. As a result, net sales of original products have continued to grow steadily. Although the original product ratio is on a declining trend, partly due to the remarkable growth in sales of purchased products amid recent rapid market expansion, we will continue our efforts to improve this ratio.

Number of sales offices 31 locations (Japan: 17; Overseas: 14)

Number of manufacturing locations 7 (Japan: 6; Overseas: 1)

Original product net sales: 17.4 billion yen

Original product ratio 16.9%

See page 22 for trends in net sales and the composition ratio for original products

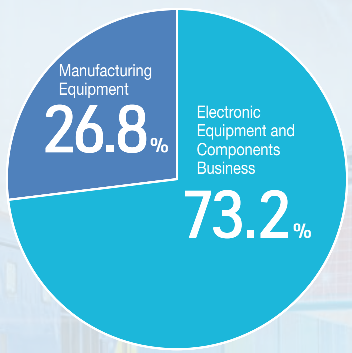
2 Field capability

In the course of promoting combined manufacturing and sales management, we have cultivated thorough customer-oriented sales, advanced marketing capability, and a high level of expertise. We are proud that our field capabilities, which enable us to provide customers with these three functions combined, are one of the major reasons why customers prefer us. By constantly refining our field capabilities, we aim to become the corporate group with the No. 1 customer satisfaction.

3 Business structure

Our business structure is broadly divided into two areas: the Electronic Equipment and Components Business and the Manufacturing Equipment Business. The Electronic Equipment and Components Business includes products installed in and incorporated into various facilities and equipment. Meanwhile, the Manufacturing Equipment Business includes equipment installed on production lines at manufacturers' plants and used to produce semiconductors, electronic materials, optical devices, energy devices, etc. As the electronics market significantly expands its base, our Group's business covers a wide range of fields and domains, from upstream to downstream, offering a wide range of business opportunities for the future.

Component ratio for sales by product segment



4 Global development

Following our successful entry into the U.S. market in 1986, we have steadily expanded global locations across Southeast Asia, China, and Europe, working to strengthen and expand our overseas business. As of December 31, 2025, the number of overseas locations stood at 15. In addition, overseas net sales exceeded 10 billion yen in 2017, exceeded 20 billion yen in 2022, and reached 27 billion yen in 2025. Going forward, we will continue to further enhance one of our strengths, "Global Development," which is a key driver of our Medium- to long-term growth strategy.

Number of overseas locations 15 locations

Overseas net sales 27 billion yen

Overseas net sales ratio 26.2%

See page 22 for trends in net sales and the composition ratio for overseas business

5 Partner base

Our Group's relationships with our business partners are extremely unique and strong due to our longstanding efforts in this area. While many companies have only a single relationship with their business partners, we have many business partners who are customers, suppliers, and development partners. These complex business relationships make up what we call our "partner base." This is one of the major strengths that we have gained by promoting combined manufacturing and sales.

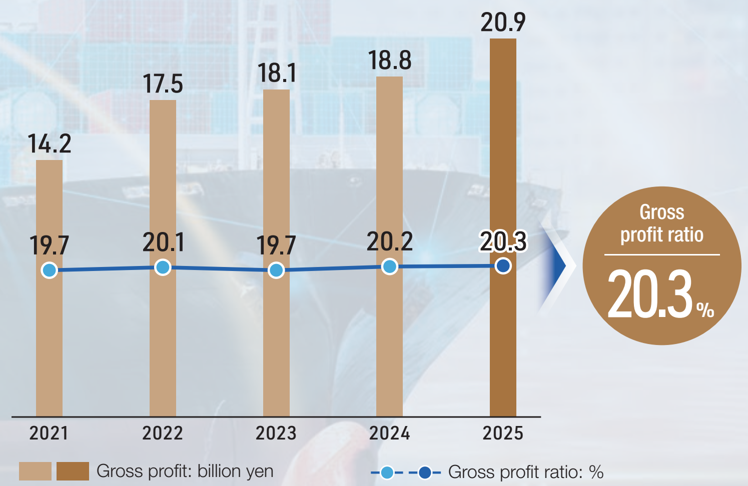
Our "partner base" is a group of companies with which we have established up to three complex business relationships (below) through our combined manufacturing and sales management

Customer × Supplier × Development partner

See page 36 for details

6 High profitability

By driving management through combined manufacturing and sales, we have established a foundation to ensure an overwhelmingly higher profit ratio compared to general electronic traders. From the viewpoint of maintaining and strengthening its high profitability base, we have set a goal of securing a gross profit ratio of 20%, and this has generally trended around 20%.



Gross profit ratio 20.3%

Further pursuing our own unique business method as a technology-based electronics company under the “combined manufacturing and sales” policy

The Daitron Group is a global corporate group with a total of 13 Group companies in Japan and overseas. We are centered on Daitron Co., Ltd., which has both trading company and manufacturer functions.

We offer a broad product lineup in the electronics field through its product lineup in the two segments of Electronic Equipment and Components and Manufacturing Equipment.

In the trading company function, we have discovered around 2,000 suppliers from all over the world, while we have expanded the number of customers to about 5,000 companies both in Japan and overseas. The scale of these two wings of our business forms the partner base that supports our Group’s stable growth.

In the manufacturing function, we develop and manufacture products leveraging our unique marketing capabilities or jointly develop products with suppliers, focusing on niche markets that our suppliers do not address and that we believe we should address.

Through this combined manufacturing and sales management, we continue a unique history as a technology-based company in the electronics industry.

Creates high added-value by combined sales and manufacturing functions as the core of the Group

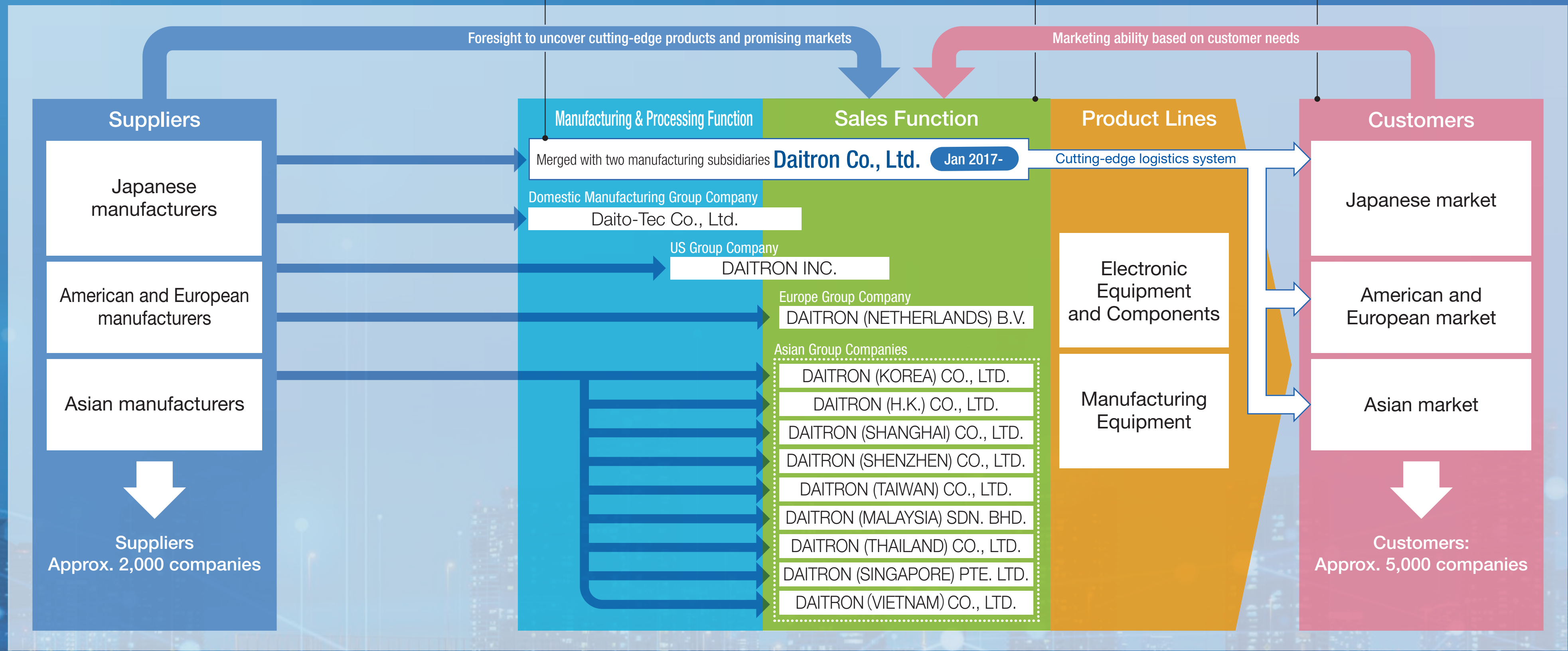
Through the merger of three companies, Daitron Co., Ltd. works to create new value oriented in solutions by integrating the information and expertise of a trading company and technological development capabilities related to electronic equipment and components and manufacturing equipment. At the core of this Group driving combined manufacturing and sales, we also take the lead in all functions, from technology development to manufacturing, sales, and maintenance, both in Japan and overseas.

Provides comprehensive support from “production” to “use” in the electronics industry

We support the electronics industry over a wide range of areas with our electronic equipment and components used in diverse business sites and products as well as various manufacturing equipment required in production.

Trusted customer assets, a large number of accounts

With our approximately 5,000 customers total, mainly customers in Japan, we currently enjoy considerable customer assets. This large number of accounts reflects our deep customer base across many different industries, mitigating the impact of economic cycles on us and helping to secure stable sales.

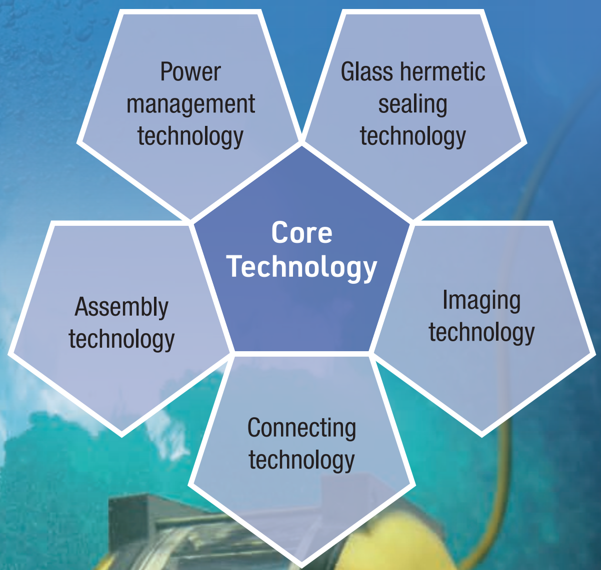


Developing and providing solution technologies that lead to solutions to customer issues in diverse niche markets

In our history of more than 70 years, the Daitron Group, as a group of technology trading companies in the electronics industry, has steadily accumulated and advanced its technological capabilities in the Electronic Equipment and Components segment and the Manufacturing Equipment segment, while refining its manufacturer and trading company functions. As a result, the technical capabilities provided by our Group have earned the trust of many customers in diverse niche markets as solution technologies building solutions to their diverse issues.

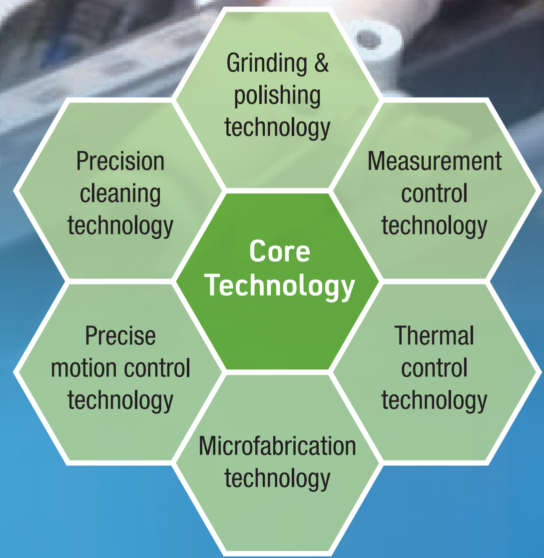
Technical capabilities in the Electronic Equipment and Components segment

In the Electronic Equipment and Components segment, we offer a wide range of electronic components, including switching power supplies and UPS, various connectors and harnesses, customized cameras, and cables. We have accumulated many technical capabilities related to these commercial products and provide total solutions to our customers through our five core technologies in this segment, as shown in the figure to the right.



Technical capabilities in the Manufacturing Equipment segment

In the Manufacturing Equipment segment, we engage in made-to-order manufacturing of manufacturing equipment for semiconductor manufacturing equipment, optoelectronics, and other general industry, through our own development and joint development with partner companies, thereby helping our customers solve various manufacturing issues. Through these efforts, we have established six core technologies for this segment within our Group, as shown in the figure to the left.



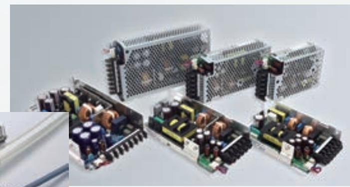
FOCUS!

Among our five core technologies in this area, we have notable superiority in glass hermetic sealing technology to develop and provide connector products that demonstrate high reliability even under severe environments such as vacuums and high pressure.

One of our core technologies in which we have a very high degree of superiority is glass hermetic sealing technology. This is a technology that enables metal to be glass-sealed to obtain excellent airtightness, pressure resistance, and electrical insulation. For example, we provide connectors and hermetic seals that can be used in harsh environments such as deep-sea research, where high pressure resistance is required.

In addition, the high-precision nature of electronic equipment makes low noise power supplies an indispensable technology, and thanks to our expertise in power management technologies, we gain a competitive advantage by providing low-noise switching power supplies.

▼ Hermetic connectors



▲ Switching power supplies

FOCUS!

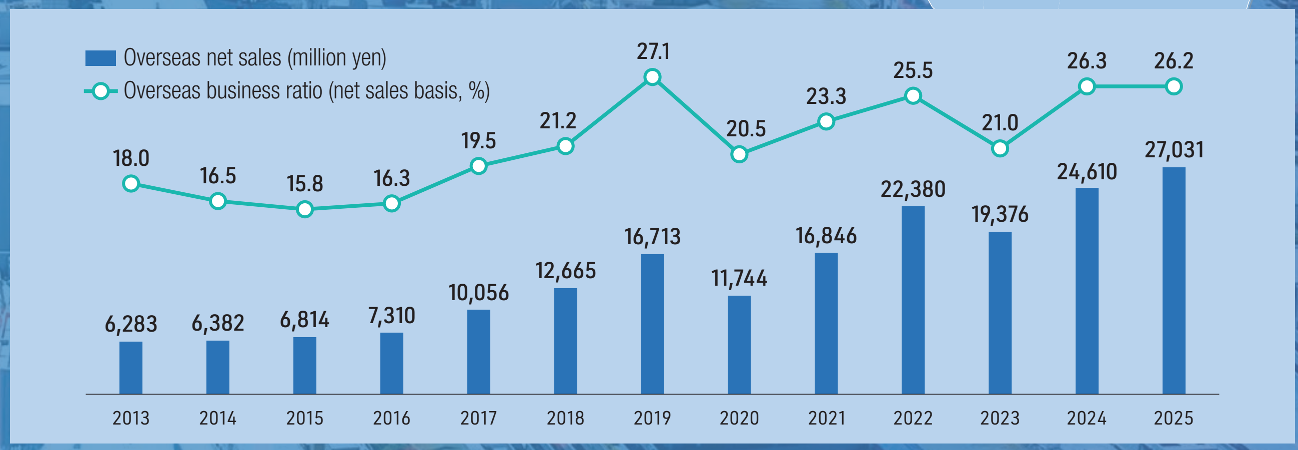
Based on the experience accumulated through the development of the industry's first NC-controlled edge grinding machine, we have come to demonstrate a significant competitive advantage, especially in grinding and polishing technology.

This grinding and polishing technology is one of our core technologies where we have established a very high level of differentiation and superiority. We were the first in the industry to successfully develop an NC-controlled edge grinding machine, and since then we have accumulated an extensive track record and experience. Today, we develop and supply equipment for a wide range of edge grinding processes for silicon wafers, compound semiconductors, sapphire, device wafers, etc. The manufacturing equipment provided by our Group incorporates technologies and functions that solve a wide array of issues faced by our customers. For example, we can handle a wide range of wafer edge grinding processes from small to large diameters, and our proprietary processing technologies (contour machining, etc.) enable high-precision chamfering, demonstrating many differentiating advantages.

▲ Wafer edge grinding machine

▲ Scribing/breaking equipment

We have Overseas Locations mainly in Asia (Indo-Pacific region and Greater China) and spanning across North America and Europe



President,
CEO and COO
Shinsuke Tsuchiya

Looking Beyond 100 Billion Yen in Net Sales

Performance Trend in 2025

While facing the severe situation of long-term inventory adjustments, business opportunities are rapidly expanding, particularly in markets related to AI and data centers

In the electronics industry to which our Group belongs, inventory adjustments have been ongoing since the latter half of 2023, mainly in the semiconductor and industrial equipment markets, and this has already gone on for more than two years. This situation shows just how large the increase in production was in response to demand due to people staying at home during the COVID-19 pandemic, and it is expected that more time will be required before demand is normalized.

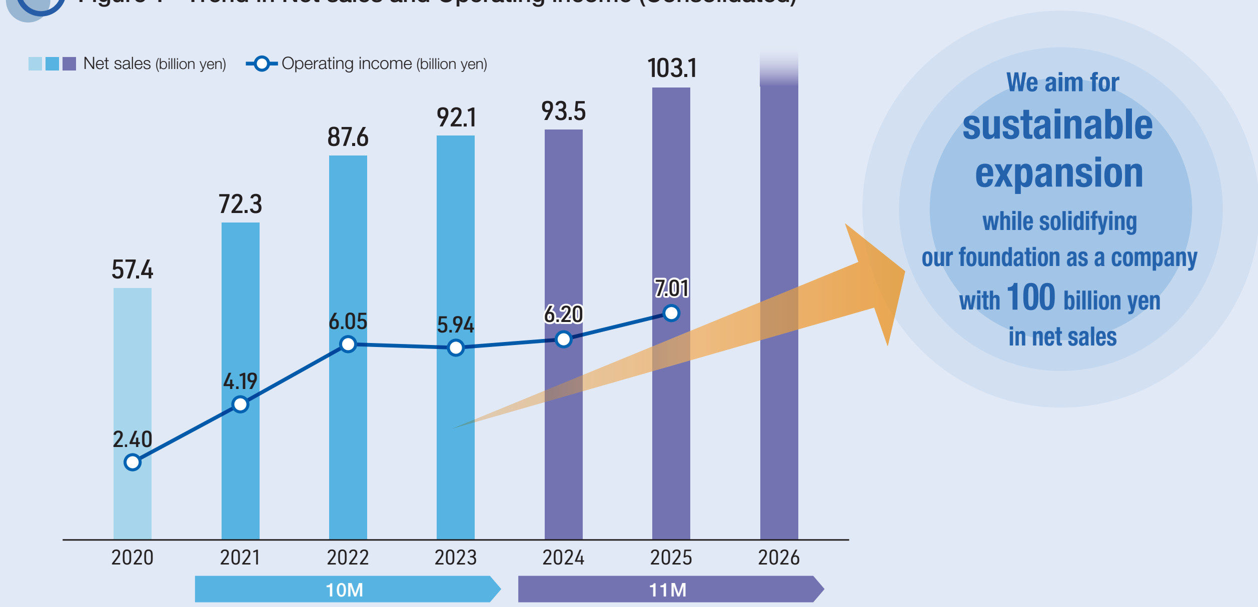
On the other hand, however, major business opportunities are rapidly emerging. In particular, the AI and data center markets are rapidly expanding. Combined with the increasing investment in automation and labor-saving technologies to cope with labor shortages due to the declining workforce, the market for electronics technology is expanding greatly in both scale and scope.

We achieved our 2026 consolidated net sales target of 100 billion yen in 2025, one year ahead of schedule

Even in the severe business environment of dealing with inventory adjustments, our Group steadily seized the expanding business opportunities, resulting in a recovery in sales and profit growth in 2025, after two years of slowdown in 2023 and 2024. As a result, consolidated results for 2025 showed significant increases in both revenue and profit, with net sales increasing by 10.3% YoY to 103.142 billion yen and operating income increasing by 13.1% YoY to 7.01 billion yen.

In particular, I believe that our achievement of the consolidated net sales target of 100 billion yen in 2025, which was originally set to be achieved 2026, is something of which we can be very proud. We see this as an important turning point that marks the start of a new stage for our business. Our Group intends to undertake the development and strengthening of a management foundation that will enable us to continue to grow steadily while stably maintaining consolidated net sales of over 100 billion yen, as our most important management issue at present.

Figure 1　Trend in Net sales and Operating income (Consolidated)



Amid aggressive growth investments, operating income exceeded the previous year's performance, and gross profit ratio, which is a key index for profit management, in excess of 20% was achieved

Also, a steady increase in operating income was achieved. Although profit continuously increased until 2022, there was a slight decline in 2023. However, profit began to increase again from 2024, and in 2025 it showed a significant upward trend with a 13.1% increase YoY. Also, operating income margin has steadily improved from 6.6% in 2024 to 6.8% in 2025. This improvement in the operating income margin despite the recent trend of rising selling, general, and administrative expenses due to increasing personnel costs, points to the competitiveness of our business, so I believe this is commendable.

As we move towards the final year of 11M, we will continue to promote efforts to reduce costs and improve productivity and efficiency, but we have no plan to cut personnel costs. We believe that investment in human capital, which is essential for our medium- to long-term growth strategy, should take priority over achieving the aforementioned target.

However, we are not taking lightly our efforts to ensure profits. Our Group has positioned gross profit ratio as an important indicator in profit management from the perspective of strengthening our profit structure, and we have set a target of 20%. In particular, going forward, we intend to further strengthen the development, sales and marketing of products with higher added value, and in the medium to long term we also aim to raise our gross profit ratio to an even higher level.

Status of Indices Related to Target Business Structure

At 11M, we are pursuing four basic strategic policies, the first of which is to promote "business structure reform." We have set three KPIs based on the four axes of stability, challenge, profit, and growth, and we intend to promote business structure reform through initiatives aimed at achieving these goals (→ see page 35 for details).

Sales growth in new businesses is accelerating amid a rush in construction of AI data centers. Our software business also achieved its first revenue recognition

For our first KPI, we set "Composition ratio by business" as the axis of "stability & challenge," and in 11M, we set an extremely challenging target of 10% of sales composition ratio from new businesses. Net sales from new businesses and their composition ratio have shown an increasing trend, from 5.05 billion yen and 5.5% in the final year of 10M (2023) to 4.67 billion yen and 5.0% in 2024, and 7.3 billion yen and 7.1% in 2025 in 11M. Currently, the core of our new business is the Uninterruptible Power Supply (UPS) business developed by our Green Facility Division. A boom in the construction of data centers continues throughout Japan, against a background of advancements in AI, big data, and IoT. Contrary to previous predictions that the peak would be in 2025, the rapid proliferation of generative AI is expected to produce a boom in the construction of AI data centers that require far greater processing power than before, and this boom is projected to continue until around 2030. Net sales of the Green Facilities Division has grown to become one of the major pillars of our group's revenue. Also, we are promoting the "Software Business Project" and "Battery Project" as another new business. In particular, this started almost from scratch and had no track record until now, but in 2025 we were able to record our first sales of several hundred million yen. In addition, we have been able to combine our group's products (i.e., hardware) in fields where our group excels, such as imaging equipment and embedded systems, with software developed by our group and offer solution-based sales. I consider this to be a very significant first step from the perspective of building new business models in the future.

Sales of original products and overseas net sales are steadily expanding. For the present, we will focus on increasing the sales amount rather than the percentage

For the second KPI, we have set "original product ratio of 25%" as the "profit" axis. However, growth has stagnated, with figures of 16.8% in 2024 and 16.9% in 2025, so there is a gap between the target and actual growth. Also, for the third KPI, we set "overseas business ratio of 30%" as the "growth" axis, and while we have reached levels close to the target, such as 26.3% in 2024 and 26.2% in 2025, this KPI is also not achieving the target. The reason for this is the significant growth in overall net sales, while net sales of original products and overseas net sales are also steadily increasing (see Figure 3 in this document). We anticipate that our net sales for each will continue to increase, and for the present we intend to focus on increasing total net sales amount without being constrained by the ratios.

Progress in Building a New Management Structure

Our group has positioned the three-year period of 11M as a period for building a foundational structure to achieve dramatic growth towards 2030. We are focusing on building a solid structure that will enable us to continuously record consolidated net sales exceed-

Figure 2 The Four Basic Strategic Policies in the Medium-Term Business Plan "11M"

Broadly carrying forward the 10M basic policy and further elevating our efforts

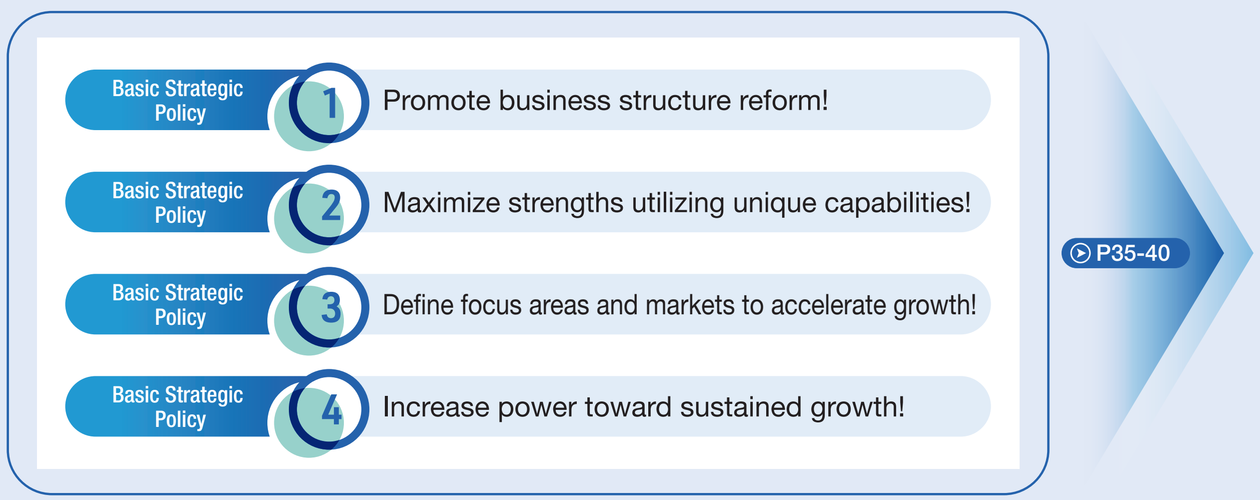
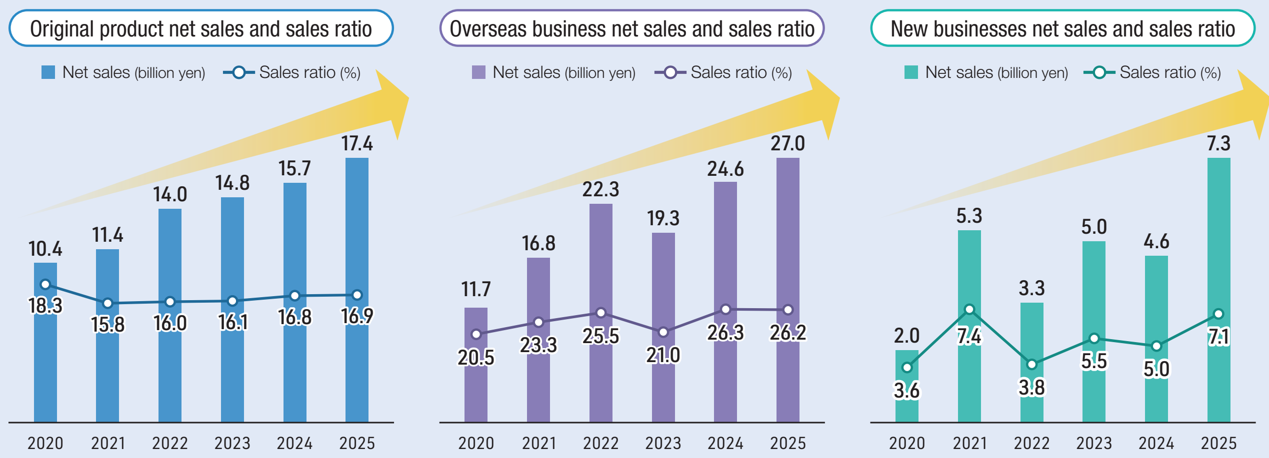


Figure 3 Trends in Net Sales of Original Products, Overseas Business, and New Businesses

Net sales from original products, overseas business, and new businesses all continue to expand steadily



ing 100 billion yen. For this purpose, it is necessary to further strengthen the capabilities of our marketing, manufacturing, and corporate divisions both in Japan and overseas, in order to support a management structure with consolidated net sales exceeding 100 billion yen (→ see related articles pp. 38-40).

We will implement ambitious growth investments to respond to the expanding domestic market demands. We will also take a proactive attitude towards M&A

Currently, our group's domestic business is showing rapid growth, driven by the expanding scope of fields requiring electronics technology. We expect this growth to accelerate further once the semiconductor and industrial equipment markets emerge from the inventory adjustment phase and return to normal. Based on these market trends, we intend to allocate a significant portion of our management resources to expanding our domestic business and accelerating our growth.

For this purpose, we plan to focus our immediate growth investments mainly on the domestic market. As disclosed in our cash allocation policy, we plan to make growth investments totaling approximately 6 billion yen over the two-year period of 2025 and 2026, including approximately 1 billion yen for research and development investments, approximately 3.5 billion yen for capital investments, and approximately 1.5 billion yen for DX promotion investments, and these investments are currently in progress. Our R&D investments will focus on developing original products with greater proposal capabilities and higher competitiveness, which will result in improved profit margins. In terms of capital investment, around summer 2025 we began construction work to strengthen the seismic resistance of the Ritto factory, which supports our existing businesses, and to rebuild the technical base that will provide demonstrations and maintenance for our green facilities business, which will support our new businesses. Regarding investments in promoting digital transformation (DX), we are implementing the development of a medium- to long-term DX environment, including preparations for the launch of the next-generation core system (scheduled for implementation in 12M).

In addition, although we have not yet determined the exact amounts, we will continue to strongly promote human capital investment (investment in securing and developing human resources), and also take an active stance on M&A investments as opportunities arise, particularly in the software-related field, which is a new business we are focusing on.

Figure 4 Target Management Indices in the Medium-Term Business Plan "11M"

Set and pursue targets for four management indices based on the three axes of business profitability, financial soundness, and capital efficiency

Business profitability	Financial soundness	Capital efficiency	
Gross profit ratio	Equity ratio	ROE	ROA
Target 20% or more	Target 50%	Target 12% or more	Target 6% or more
Fiscal 2025 results 20.3%	Fiscal 2025 results 44.8%	Fiscal 2025 results 14.4%	Fiscal 2025 results 6.5%

Overseas, we will promote the expansion of our bases from individual locations to a broader network, and strengthen the sales and marketing capabilities that are essential for our electronic equipment and components business

Regarding our overseas business, we have set a long-term management goal of 50% overseas business ratio, and we are actively pursuing a growth strategy overseas as well. We have been considering new production bases in Southeast Asia, but for the time being we want to focus on expanding our sales bases rather than launching new facilities. In other words, our policy is to prioritize expansion of our electronic equipment and components business overseas, and we recognize that establishing bases is extremely important for that purpose. In major overseas markets such as North America, Europe, and China, we have already completed the establishment of satellite offices. As the next step, we will expand our bases to strengthen our sales and marketing capabilities by expanding our network from individual locations to a broader network.

Status of Target Management Indices

All our indices, namely business profitability, financial soundness, and capital efficiency are progressing smoothly

As I have explained above, our 11M initiatives are progressing smoothly. As a result, we have also achieved a good level of our target management indices.

In the case of the index related to business profitability, 20.3% was achieved in 2025 for the target of "gross profit ratio of 20% or more." For the index related to financial soundness, we have achieved a sufficient level of financial soundness, with an equity ratio of 44.8% in 2025, compared with our target of 50%. Also, in the case of the targets for capital efficiency, namely ROE of 12% or higher and ROA of 6% or higher, the figures for 2025 were 14.4% and 6.5%, respectively.

In the final year of 11M (2026), the employees of the Group will work together to achieve results equal to or higher than those in 2025.

Our Group will work to consistently achieve consolidated net sales exceeding 100 billion yen, and looking beyond that, we will further enhance our presence as a technology-based company and propel our management to the next stage. We ask for your continued support and expectations for the Daitron Group's growth strategy.

Comprehensively Promoting Strategies to Support Increasing the Corporate Value of the Daitron Group

The Business Administration Division plays an important role in supporting the Group's initiatives from various angles, and in the Medium-Term Business Plan (11M) that is in progress, we have established "strengthening management foundations and increasing corporate value" as our basic policy. To achieve this basic policy, we are promoting five strategies: DX strategy, Human resource cultivation and enhancement strategy, ESG management promotion strategy, PR/IR strategy, and Financial Strategy. In particular, we are undertaking DX strategy and human resource cultivation and enhancement strategy as the two main pillars of our policy, and which we recognize as being the keys to improving our corporate value. In the following, the General Manager of the Business Administration Division will now provide an update on the status of progress and future plans, focusing on these two points.

Senior Managing Director,
General Manager of Business Administration Division
Hajimu Mouri

DX Strategy

First, a foothold for promoting DX will be built utilizing DX promotion indices and DX certification

As you know, DX refers to the creation of various transformations that lead to the creation of new value through digitalization. It is one of the essential elements for acquiring and strengthening earning power in these uncertain times. In other words, it is not sufficient to just implement digitalization of operations and products. If digitalization does not result in a significant transformation in the implementation of operations and the development of business models, it will not be possible to create earning power. Therefore, we recognize that promoting DX cannot be achieved in a short period of time, and that the continuous development of very strategic initiatives is indispensable.

DX is a completely new initiative for us as a company-wide management challenge, so we have decided that the Group will utilize the format provided by the Ministry of Economy, Trade and Industry to support the promotion of DX in Japanese companies. We will use this as the starting point to take the first step in our DX strategy from 2025. Specifically, we are developing a system that utilizes DX promotion indices to identify the issues within the Group through self-assessment, which will lead to actions to resolve these issues, and then perform progress management to continuously evaluate the degree to which the issues have been resolved. Also, through our activities to prepare for obtaining "DX certification" in 2026, we are focusing on self-assessment of our present situation and identifying issues. As a result of our efforts over the past year, we believe we have made steady progress in identifying and understanding the issues that will form the foundation for our DX promotion in the future.

We have embarked on initiatives such as developing a digital environment, training DX personnel, and establishing DX as a corporate culture as the foundation for full-scale promotion of DX

Our Group has begun building the foundation from all aspects in preparation for the full-scale promotion of DX.

The first aspect is development of the digital environment. Significant risks are associated with migrating all operations to a new digital environment all at once. Therefore, we will carefully reconstruct the entire value chain of our operations, while determining which areas to automate and which to leave to human judgment, and also accurately determining the changes in our business model. Development of the production management system was completed in 2025, with operation starting from 2026. Also, in the case of core systems such as sales management and procurement management systems, accounting systems, and group management systems, we are preparing to begin development in 2026, with the aim of starting operations in 2028. Regarding the use of generative AI, we conducted a test run in 2025 with a total of 100 young employees selected from each department, and we plan to follow this with a company-wide rollout starting in 2026. Therefore, our initiative to construct a new digital environment is generally progressing according to plan.

The second aspect is cultivation of DX human resources. Even with a well-developed digital environment, the success or failure of the transformation is determined by how well people can be trained to effectively utilize the system, and be deployed on site. Therefore, we launched "DX Strategy Promotion Training" in 2025, and initially conducted training for about 20 selected individuals, with the aim of improving DX literacy. We aim to steadily establish DX as part of our corporate culture by continuing to provide training to a certain number of employees every year from 2026.

The third aspect is to deal with the increasing security risks associated with the promotion of DX. To properly manage valuable information assets, it is of course essential to strengthen security against cyberattacks, but also to enhance the provision of information security education to employees. In addition to our "Information Security Policy" and "Basic Information Security Guidelines," which have already been established, we intend to formulate a new "Global Policy" in 2026 to thoroughly strengthen and implement comprehensive and appropriate security measures as a global company.

Figure 5 Overview of the DX strategy

[Purpose of the DX Strategy]

Use of digital technology and promotion of DX to realize our Long-Term Vision and the Group Statement

Outlook in the Long-Term Vision: "Sustainable Growth of the Group" and "Contributing to the Realization of a Sustainable Society"

Group Statement: Understand markets from a global viewpoint to create and provide values one step ahead of customer needs

[Direction of the DX Strategy]

Promotion of offensive DX and defensive DX for transformation leading to new value creation

Promotion of offensive DX (industry and external)

Megatrends in the Electronics Industry
- Diversifying technologies
- Growth of EVs and autonomous driving
- Evolving cloud computing
- Spreading local 5G and 6G systems
- Full-scale spread of automated equipment
- 2050 carbon neutrality, etc.

Our Group's Initiatives

In addition to combining traditional trading company and manufacturing functions, and a product lineup ranging from electronic devices and parts to manufacturing equipment, we aim to promote the use of digital technology to expand our business opportunities by incorporating hardware and software into new business models.

Promotion of defensive DX (within the company)

Keywords in the company's DX promotion project
- People (human resources, skills)
- Objects (data, equipment, categories)
- Quality (items, frequency, timing, contents)

Medium to long-term steps for promotion of DX in the company

STEP1 : Develop the circumstances that enable more Group employees to understand business data

STEP2 : Develop an environment that enables employees to use various types of data

STEP3 : Improvement of the speed and accuracy of work, such as sales, management, manufacturing, design, etc.

[DX Promotion Infrastructure]

Creation of the essential human resources and organization for DX promotion
- Focus on cultivation of DX human resources
- Execute project activities with an eye towards a future dedicated DX organization

Cybersecurity measures for DX promotion
- Thoroughly strengthen cybersecurity measures in accordance with the Daitron Group's "Information Security Policy" and "Basic Information Security Guidelines"

Human resource cultivation and enhancement strategy

Cultivation and enhancement of human resources, the source of our earning power, and promotion of comprehensive reforms to education and training systems, personnel evaluation systems, and other related areas

Our group has set a gross profit ratio of 20% or more as one of our target management indices, and we are working to improve business profitability. However, we recognize that the source for increasing this earning power is our human resources, and that investment in human capital is one of the main items of growth investment. Therefore, in 11M, we are focusing on a strategy of human resource development and enhancement.

Specifically, we began restructuring our educational system in 2024, the first year of 11M, and we launched a new educational system in 2025, which is based on two themes: “essential/recommended” and “self-development.” In particular, the former is a training system covering a wide range of themes such as hierarchical levels, management/leadership, DE&I, global human resources, career development, and compliance/security.

Also, personnel evaluations are important for ensuring fairness among employees and maintaining high motivation. Therefore, we have introduced a “360-degree evaluation” system that provides multifaceted assessments from various perspectives, such as superiors, subordinates, and colleagues. This change aims to evaluate not only work skills but also overall interpersonal skills, such as trust earned from colleagues. Also, as a complementary initiative, we have also started evaluator training. In order to realize a performance evaluation system that is very fair and acceptable to the employees, it is essential that the appropriate evaluations are made by the evaluators. However, from the employee feedback received in our annual “self-reporting system,” some employees have indicated that they feel their supervisors’ evaluations were unfair. In other words, while some people are lenient in their evaluations, others are very harsh. To resolve this problem, in 2025, we brought about 110 managers from throughout the country to our headquarters for three days of intensive training.

Also, as part of our DE&I initiatives, we are developing a unique program to support women’s career advancement, that includes building networks among female managers and education and training that promotes a change in women’s attitudes. In addition, we introduced a “Specialist System” in 2025 in order to provide career paths that match employees’ abilities and aspirations. We expect this will lead to fairer evaluation of improvement in technical skills and knowledge, contribute to retaining talented engineers, boosting their motivation, and ultimately improving the technical capabilities of our group.

Figure 6 Financial and capital strategy

Pursue optimal balance between investment in growth and shareholder returns while maintaining financial soundness

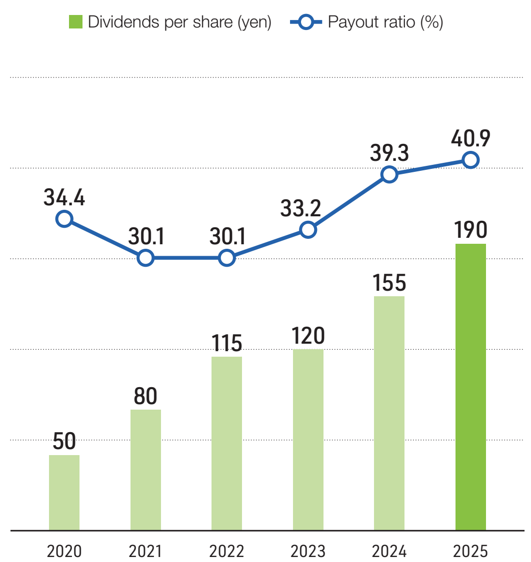
Growth Investment

[Basic idea]
Aggressive growth investments centered on the development of human resources and expansion of overseas locations as the foundation for future growth strategies

Shareholder Returns

[Basic idea]
Raise the target dividend payout ratio from the existing 30% to 40% from the fiscal year ended December 31, 2024, to strengthen shareholder returns

Dividends per share and payout ratio over time



* The company conducted a two-for-one stock split of its common shares on January 1, 2026. The dividend figures shown are based on the number of shares before the stock split.

Financial strategy

Based on our sound financial position, we will continue to pursue active growth investments and enhanced shareholder returns, contributing to increasing our corporate value

Regarding our financial strategy, our basic policy is to pursue the optimal balance between growth investments and shareholder returns based on maintaining financial soundness, and we will disclose our “Cash Allocation Policy” in 2025 (see Figure 6 on the previous page and Figure 7 on this page).

We plan to invest a total of approximately 6 billion yen in growth investments over the two years of 2025 and 2026. In addition to this, we are making active investments in human capital, so in a broad sense, this will be our largest growth investment ever. Of course, with a sound financial structure in place, we intend to take an active stance on strategic M&A investments.

Regarding shareholder returns, we have been increasing dividends since 2021, and the annual dividend per share for 2025 is 190 yen, an increase of 35 yen year on year. Regarding the dividend payout ratio, the target has been raised from the previous 30% to 40% starting from the fiscal year ended December 2024, resulting in a dividend payout ratio of 40.9% in 2025. Also, in February 2025, we repurchased and canceled our own shares with the aim of enhancing shareholder returns, improving capital efficiency, and implementing a flexible capital policy. On the other hand, with the aim of increasing the liquidity of our shares and expanding our investor base, we conducted a stock split (2 shares for every 1 share) with a record date of December 31, 2025.

As explained above, our Group is working to improve management efficiency and continuously enhance corporate value, focusing on promoting DX and developing and strengthening human resources. As we take these actions, we hope to have the understanding and support of all of our stakeholders.

Figure 7 Cash allocation policy (2025 to 2026)

Assuming that a sound financial base is assured, the company’s basic policy is to balance growth investments with stable shareholder returns, and we aim to increase corporate value through sustainable business growth.

[Cash In]	[Cash Out]	[Details]
Self-financing and acquisition of funds (also considering the use of interest-bearing debt) Cash flows from operating activities: About 9 billion yen	Growth Investment	• Research and development investment: About 1 billion yen ►Improvement of profitability by strengthening original products • New business and strengthening production capacity: About 3.5 billion yen ►Expanding investments to improve efficiency and strengthen responsiveness in green facilities operations ►Improving production capacity by installing and updating production facilities • DX promotion investment: About 1.5 billion yen ►Productivity and efficiency improvements • M&A investment ►Investigation with a focus on synergy
	Shareholder Returns	• Change in dividend policy (fiscal year ended December 31, 2024) ►Target dividend payout changed from 30% to 40% • Acquisition of treasury shares ►Agile decision-making and implementation

We are steadily making progress in establishing the infrastructure for data-driven management centered on DX.

Issues regarding full-scale DX implementation

Our group established its current organizational structure through the integration of three manufacturing and sales companies (2017). However, we continue to use core business systems that were built separately for each former company. As a result, our value chain, including sales, production, logistics, and accounting, remains fragmented, and we are unable to utilize business data in an integrated manner. Also, while the expansion of new and growing businesses is leading to a variety of transaction forms, the current system is finding it difficult to respond flexibly to these changes. In addition, tasks that rely on manual data entry and paper forms still persist, which raise issues regarding operational efficiency and information sharing.

Our group aims for continued growth beyond 100 billion yen in net sales, including the expansion of new businesses. In the uncertain market environment ahead, we need to respond to the increasing sophistication of both the quantity and quality of our operations. Therefore, we believe that it is an important management issue to further improve the speed and accuracy of information processing both inside and outside the company (with clients and suppliers, and between departments and employees), while simultaneously transforming data into a source of earning power by promoting its utilization as an important management resource.

Development of a digital environment ❶ Core business systems

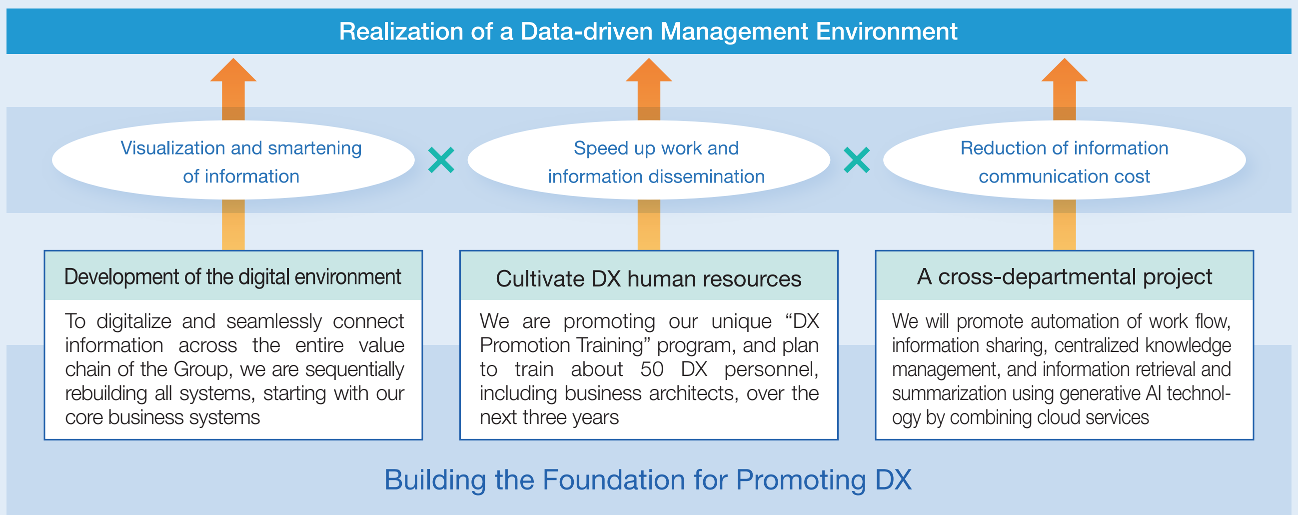
To address these issues, we are first positioning the renewal of our core business systems as a key management strategy to promote our DX strategy. This will involve improving the efficiency of sales and administrative operations, strengthening internal controls, standardizing business processes, and centralizing and visualizing information. Specifically, we will organize and integrate dispersed business and sales data on the core system, create an environment where information (data) can be easily utilized, and enhance the intelligence of the data. Also, by utilizing ERP workflow functions, etc., to digitize approval processes and documents, we will reduce information fragmentation (a non-seamless state) at each business location, thereby improving business speed and reducing communication costs.

These initiatives are positioned as digitalization of work as a prerequisite for DX, and through the full-scale deployment of DX in the future, we aim to strengthen the management foundation that will support sustainable growth and enhance corporate value.

Development of a digital environment ❷ Other systems in the value chain

In addition to renewing our core business systems, we are also proceeding with replacement of our production management system in the Manufacturing Division, and we plan to put the new production management system into full operation in 2026-2027. We are also planning to renew our sales and procurement systems, aiming for them to start operation by 2029. Through these initiatives, we aim to promote the utilization of core business data, improve the efficiency and precision of data deployment to business management information, and create an environment for data-driven management.

Overall Image of Building a DX Platform for Data-driven Management



Cultivate DX human resources

In parallel with the development of the digital environment, we position the cultivation of DX human resources as an important environmental development measure. We are promoting the cultivation of DX human resources in each office and business unit through "DX Strategy Promotion Training." The training does not stop at classroom learning, but undertakes improving operations through IT utilization, starting with business issues on the ground. We plan to train about 50 DX personnel, including business architects, over the next three years.

In addition, we are establishing a system that enables the DX personnel we have trained in each department and office to collaborate and communicate with each other. This system also provides an organizational mechanism to control and promote business reform and business structure transformation measures proposed from the field, while ensuring their alignment with the company-wide DX strategy. This will enable us to spread DX measures throughout the entire company without bias towards any particular department, thereby enhancing our ability to implement the measures on the ground.

A cross-departmental project

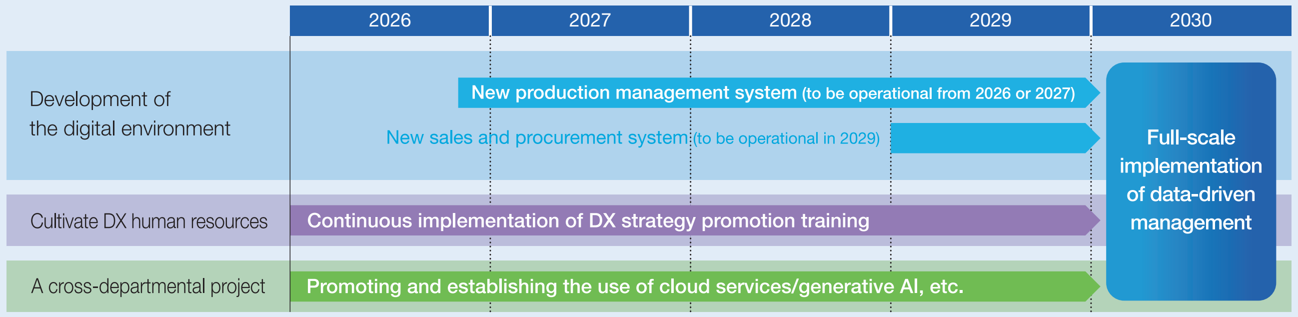
In addition, we are also promoting a cross-departmental DX promotion project. We will utilize a combination of cloud services such as Power Automate, Microsoft Teams, Copilot, and kintone to promote the automation of work flows, information sharing, centralized knowledge management, and information retrieval and summarization using generative AI. These initiatives will result in improved operational efficiency and reduced communication cost, while also creating an environment that enables continuous business improvement.

Note that we are planning to invest approximately 1.5 billion yen between 2025 and 2026 in developing these digital environments and cultivating DX personnel, and we are steadily making progress in creating an environment for data-driven management based on DX.

Organizational development for promoting DX

We recognize that organizational development is indispensable for vigorously promoting DX. We are considering the ideal organizational structure while simultaneously building the foundation for promoting DX as described above. Our aim is to create an organization that aligns with our Group's industry, business model, corporate culture, and vision, is effective in recruiting and developing DX talent, and, above all, is an organization that firmly adheres to digital governance from the perspective of protecting our group's valuable information (data), which can be considered our intellectual property. In addition to the organizational structure, we aim for rapid establishment of the organization while also envisioning the specific personnel to be assigned, such as Chief Digital Officer (CDO), business architect, and data scientist.

Roadmap for Building a DX Platform for Data-driven Management



TOPICS

Held a seminar to introduce Daitron original products developed as part of our "Offensive DX" initiative

Our group's DX promotion platform is currently under construction, but in parallel, we are also focusing on "Offensive DX," that is, the development and expansion of sales of new technological solutions that utilize DX. As part of this initiative, in 2025, as a new challenge, we held a seminar titled "Visualizing Environmental Anomalies! Responding Immediately to Risks" at an exhibition venue, where we introduced the Daitron original product, "DFaVi." As a result, it became a good opportunity for many visitors to become interested in our products.

This feature presents messages from by three outside directors regarding the Daitron Group's medium- to long-term growth strategy, from the perspectives of the business environment, progress on the Medium-Term Business Plan, and continuous improvement of corporate value.

Outside Director Toru Wada | Outside Director Akihiko Imaya | Outside Director Kazutoshi Hosoya

Theme of this Message

"Towards the next growth stage after achieving consolidated net sales of 100 billion yen …"

Achieving further growth by putting the Code of Conduct of our company into practice

In fiscal year 2025, we achieved consolidated net sales of 100 billion yen and consolidated operating income of 7 billion yen, one year ahead of the targets set in our 11th Medium-Term Business Plan. I would like to express my sincere respect for the efforts of all executive officers and employees. However, while becoming a 100 billion yen company was difficult, maintaining that level and achieving further growth may be even more difficult. As we face this difficult task, I would like to draw your attention once again to the Code of Conduct of our company, established by our founder, Zenshiro Takamoto. The five principles are: aggressively pursue all opportunities, be inventive and innovative in all planning, always obey the law and use common sense, always be diligent and industrious, and work in a cooperative and team spirited manner.

As net sales increase, acquiring new products and clients becomes increasingly difficult, making it necessary to proactively develop new business divisions more than ever before. We need to develop new technologies and products through creativity and ingenuity, and we also need to constantly refine our organization and systems, etc. On the other hand, it is also important to have common sense, adhere to the law, be diligent, and to keep a firm grasp on reality. If you sacrifice fairness in pursuit of profit, you'll end up losing everything. Regarding transaction risks, it is important to share information early, gather collective wisdom, and resolve them in a lawful and appropriate manner. Also, we must eliminate quality defects and accidents by diligently and accurately repeating tasks in accordance with appropriate manuals. The combination of common sense, adherence to the law, and diligent work will build a company's social credibility, which in turn will lead to improved performance. And finally, we must work in a cooperative and team spirited manner. It is important to have a friendly and harmonious atmosphere, but also where serious discussions about work can be held freely and openly. Needless to say, power harassment, sexual harassment, and other forms of harassment that exploit hierarchical relationships are completely unacceptable. If we create a workplace where every employee feels a sense of participation in the company's business, I believe that strong performance will naturally follow.

As an outside director with a background as a lawyer, I will do my best to ensure that the following company principles are put into practice more, mainly "always obey the law and use common sense."

Outside Director | Toru Wada

To strengthen global value chain management

As an electronics trading company, we have grown based on our foundations in marketing and supply chain management. Recently, despite the global supply chain disruptions caused by the COVID-19 pandemic that began in 2020, and more recently, the rapid fluctuations in demand for electronic components and equipment due to advancements in AI technology, we have maintained stable performance growth through flexible decision-making based on careful marketing, and have achieved our Medium-Term Business Plan target of 100 billion yen in net sales ahead of schedule.

The next stage that the Daitron Group aims for, as reflected in its slogan, "Make a leap forward in the global market as a technology-based company," will involve strengthening its marketing capabilities in addition to its existing strengths in supply chain management. This will allow it to actively participate in the construction of engineering chains, build a total value chain in collaboration with customers and partner companies, and further expand that value chain globally, thereby aiming for stable business growth.

To achieve this, we are reallocating our accumulated internal resources and making new investments.

To strengthen our marketing capabilities, we will form a new overseas marketing team and aim to develop products and distribution channels from a global perspective.

To strengthen our engineering chain management, in addition to the existing product design technology, production technology, and quality control technology within the Manufacturing Division, we will establish a system for developing elemental technologies in collaboration with the marketing team.

Within this context, as an outside director, I intend to contribute by actively participating in discussions and utilizing my experience and knowledge to build and strengthen the global marketing and engineering chain as part of the aforementioned growth strategy, and to ensure appropriate governance.

Outside Director | Akihiko Imaya

Taking the pursuit of customer value and corporate value enhancement to the next level

Since 2020, the COVID-19 pandemic and the invasion of Ukraine have disrupted global supply chains in manufacturing, causing turmoil in the world economy. Three years after the COVID-19 pandemic subsided, uncertainty surrounding economic activity is likely to continue, given the ongoing geopolitical risks. That said, the electronics industry has seen significant changes in recent years following the boom in generative AI, and it can be said that a wide range of business opportunities are expanding. This also applies to market conditions, and our company, which is pursuing strategies to expand and deepen existing businesses in addition to developing new businesses, achieved its target of 100 billion yen in net sales over the three years from 2024 (11M), one year ahead of schedule last year. Furthermore, the company has sustained year-over-year growth in net sales for five consecutive years since 2021 (1.8-fold increase over five years), while ordinary income has tripled over the same timeframe. It can be said that the desire for growth among the employees, organization, and company is leading to positive results.

In 2026, we will achieve our annual plan and formulate the final 12M (2027 to 2030) plan of our 2030 VISION, which will lead to exciting developments for the next step.

While initially focused on domestic sales, the company possesses specialist knowledge and proposal capabilities in electronics, devices, information technology, and machinery, and is expanding its customer base and product offerings. Continued growth is expected in the future. In the data center business, which is growing due to AI demand, we have a high level of reliability in terms of proposal and implementation capabilities, but improving the ability to respond to the expanding market will be key to future growth. Also, we expect that the creation of new businesses (in infrastructure, energy, environment, etc.) will lead to expanded social contributions. Next, regarding our manufacturing capabilities, we believe there is significant room for growth by actively promoting growth investments that focus on developing high-value-added product development through manufacturing based on advanced skills. Next, regarding overseas business, we expect to acquire excellent products and develop original products, but we also expect to expand our customer base through a business model that provides high added value to customers. Also, strengthening the company-wide backup system is an urgent priority.

Finally, I would like to contribute to creating the growth process while taking risk hedging into consideration.

Outside Director | Kazutoshi Hosoya

The Company transitioned to a company with an Audit and Supervisory Committee in 2025, in order to enhance corporate governance by strengthening the auditing function of the Board of Directors, and one year has now passed since then. This time, we present a roundtable discussion with four Audit & Supervisory Committee members.

Roundtable Discussion Theme

"Looking back on the first year since transitioning to a company with an Audit & Supervisory Committee"

The merits of transitioning to a company with an Audit & Supervisory Committee

Ujihara By having former corporate auditors become directors and audit committee members, and by enabling them to participate in Board of Directors resolutions, they now have a direct oversight and supervisory function over management, so the effectiveness of corporate governance is further enhanced. Unlike corporate auditors, audit and supervisory committee members audit not only "legality," but also the "appropriateness" of management, which has enabled more substantive oversight. Also, they can now express their opinions at the shareholders' meeting regarding the appointment and compensation of directors other than audit and supervisory committee members, which is expected to increase the transparency of proposals and other matters.

Kitajima With the transition to a company with an audit and supervisory committee, the number of independent outside directors on the Board of Directors has increased to 6 out of 9, representing two-thirds of the total, and I feel that the supervisory function over business execution has been further strengthened. As a result, we now have more time for strategic discussions. Also, by changing the reporting frequency from the Audit Office, which is responsible for internal audits, from quarterly to monthly, I believe we can now oversee internal controls in a more timely manner.

Nakayama Having more opportunities to participate in meetings and other events closer to the executive side has led to a deeper understanding of the background and root causes of various issues. As a result, I believe we are now able to propose more specific and effective measures when making suggestions that contribute to solving or improving these issues. In addition, I make sure to utilize my position as an outside director to broaden the perspective by taking into consideration the realities of other companies.

Minami I became involved as a director at roughly the same time as we transitioned to a company with an audit and supervisory committee, so I cannot make a direct comparison with the system before the change. However, even with that in mind, I feel that the current system, in which we can participate as directors in the decision-making process while also fulfilling auditing duties, is of great significance from the perspective of improving corporate value. What has made a particular impression on me is the ability to discuss the risks and human resource issues underlying management decisions at an early stage. I believe that being able to discuss the future between management and auditors at the same table, and not just going through a formality check, enhances the effectiveness of governance.

What I have focused on particularly this past year in my capacity as a Director

Ujihara Over the past year, in addition to participating in decision-making regarding the company's management as a director, I have been particularly conscious of the perspective of supervision from the standpoint of appropriateness, which was not present in the role of a traditional auditor.

Kitajima Because as directors we have voting rights, I have become strongly aware that I am in a position to bear the same responsibility as directors who are not audit and supervisory committee members. As an outside director with a legal background, I have made it a point to be particularly mindful of overseeing governance from a compliance perspective. Having also served on the Nominating Committee, I became more conscious of overseeing things from the perspective of human capital management, as well as from the perspective of generational and gender diversity.

Minami We view governance not as monitoring or control, but rather as creating a foundation that enables management to undertake challenges with confidence. Therefore, we have focused on ensuring that the organization is functioning properly, and that there is an environment in place where employees can perform to their full potential. What I realized during my first year was the strength of the business foundation that the Daitron Group possesses. On the other hand, I believe that in order to achieve sustainable growth in the future, it is important to evolve into an organization where diverse human resources can thrive naturally. Regarding women's empowerment, I believe that instead of treating it as a separate, special topic, creating an environment where people with diverse values and backgrounds can naturally thrive will ultimately lead to the overall strength of the organization.

Nakayama I believe the role of an auditor is to check whether the strategies and measures adopted by the executive side are free from risks and defects. In contrast, as a director, opportunities and risks in business are two sides of the same coin, so this past year I consciously shifted my stance to one of considering how to seize business opportunities by controlling risks.

Towards sustainable growth of the Daitron Group

Nakayama In the electronics industry to which our group belongs, technological innovation, symbolized by generative AI, and global competition are directly linked to the success or failure of companies. Our group has grown as a result of being able to skillfully adapt to these challenges, and we expect to continue this growth in the future. In my area of expertise, finance and accounting, there is a continuing trend towards a stronger correlation between financial figures that reflect business performance and future business plans and management estimates. Therefore, I intend to work in cooperation with accounting auditors to ensure consistency between the two and to fulfill a sound checking function. Also, not only does my past experience come into play, but my other work area also involves frequent contact with startups and venture companies, so I hope to explore the potential of new technologies and business models to contribute to the sustainable growth of our group's business activities.

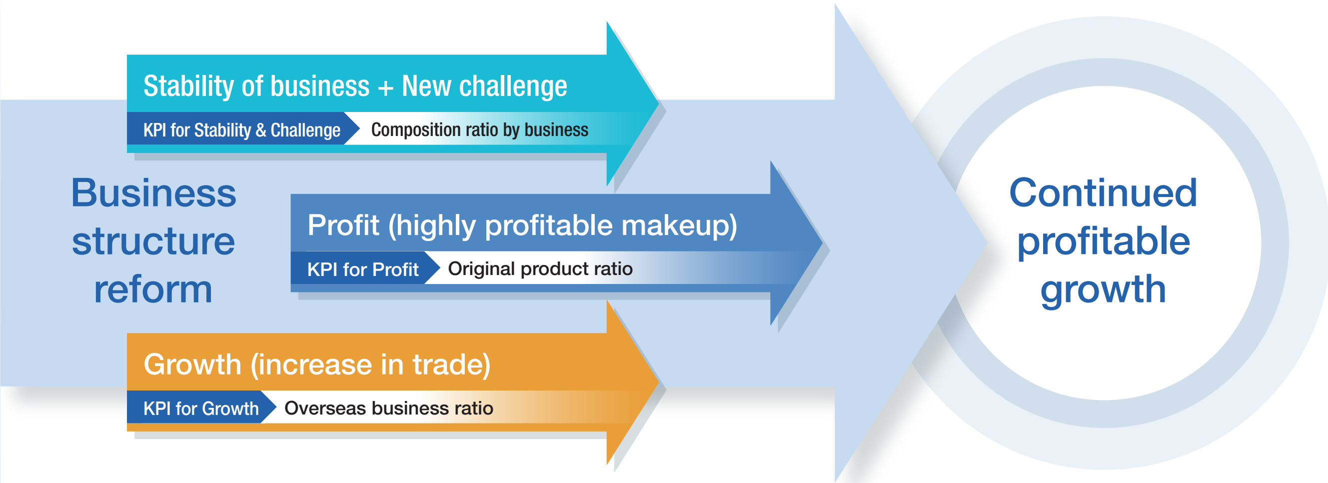
Minami I believe our group has a great strength: the trust we have built up over many years. In addition, I strongly felt that the atmosphere at the workplace and the serious attitude towards work form the foundation of the organization. Personally, I believe that for a company to grow in the long term, especially now with changing work styles, creating a workplace where each individual can feel secure and utilize their abilities to the fullest will ultimately contribute to the company's strength. While valuing my on-the-ground experience, for the future I want to continue to be involved, constantly asking myself what kind of organization our group should be in order to remain the employer of choice in the future.

Ujihara With the group's net sales exceeding 100 billion yen, we are seeing progress in expanding our business areas, product range, individual transaction values, and organization. I expect our performance to continue to grow steadily in the future. However, many of our business locations are operated by a small number of personnel, so strengthening and enhancing our management system remains an ongoing issue, and we must strive to make improvements. Also, we intend to focus on educating managers to help prevent risks from materializing.

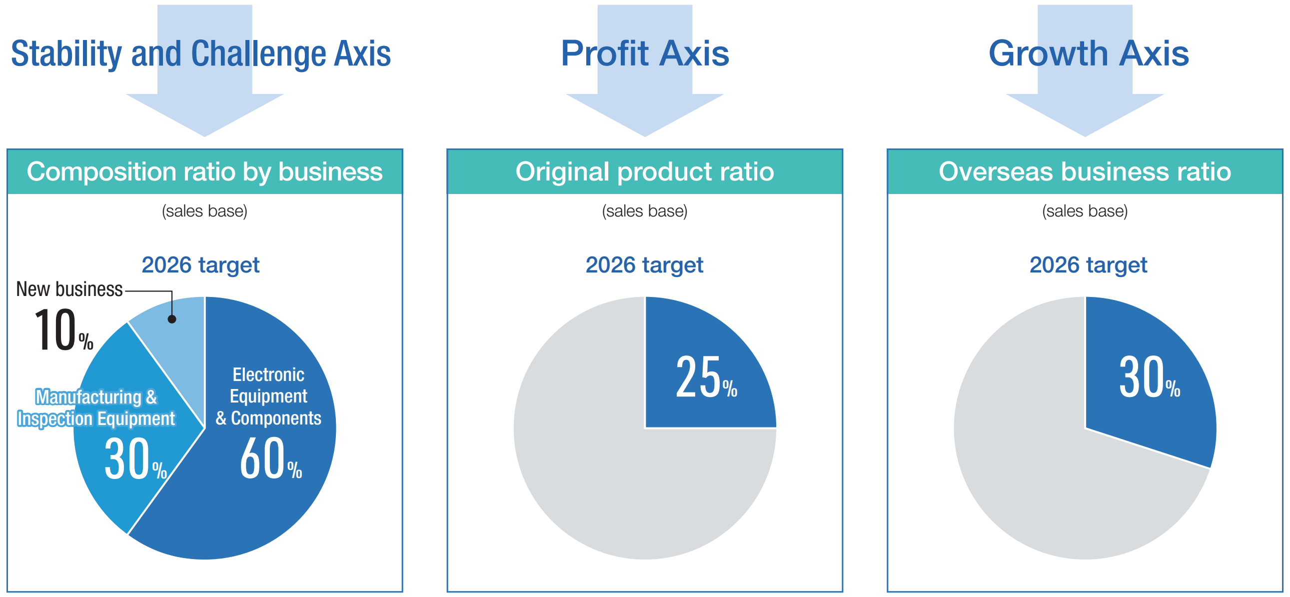
Kitajima I agree. As our organization and business activities expand rapidly, and the external environment changes dramatically, we must consider that the risk of governance flaws is also increasing. To prevent such risky events from occurring, I intend to provide supervision and necessary advice on all business activities from a risk prevention perspective. Also, as an outside officer representing a different generation and gender, I hope to generously share my knowledge and expertise in areas such as human resource development and utilization, whenever necessary.

Basic Strategic Policy 1 Promote business structure reform!

- Pursue the four axes of Stability, Challenge, Profit, and Growth, aiming for a reform into a business structure that enables stable and sustained growth not affected by the business cycle or demand in the electronics industry including the silicon cycle
- Establish three KPIs (key performance indicators), or business structure related indices, to measure progress in the pursuit of these four axes, and aim to achieve targets through sustained progress management



Three KPIs for business structure reform



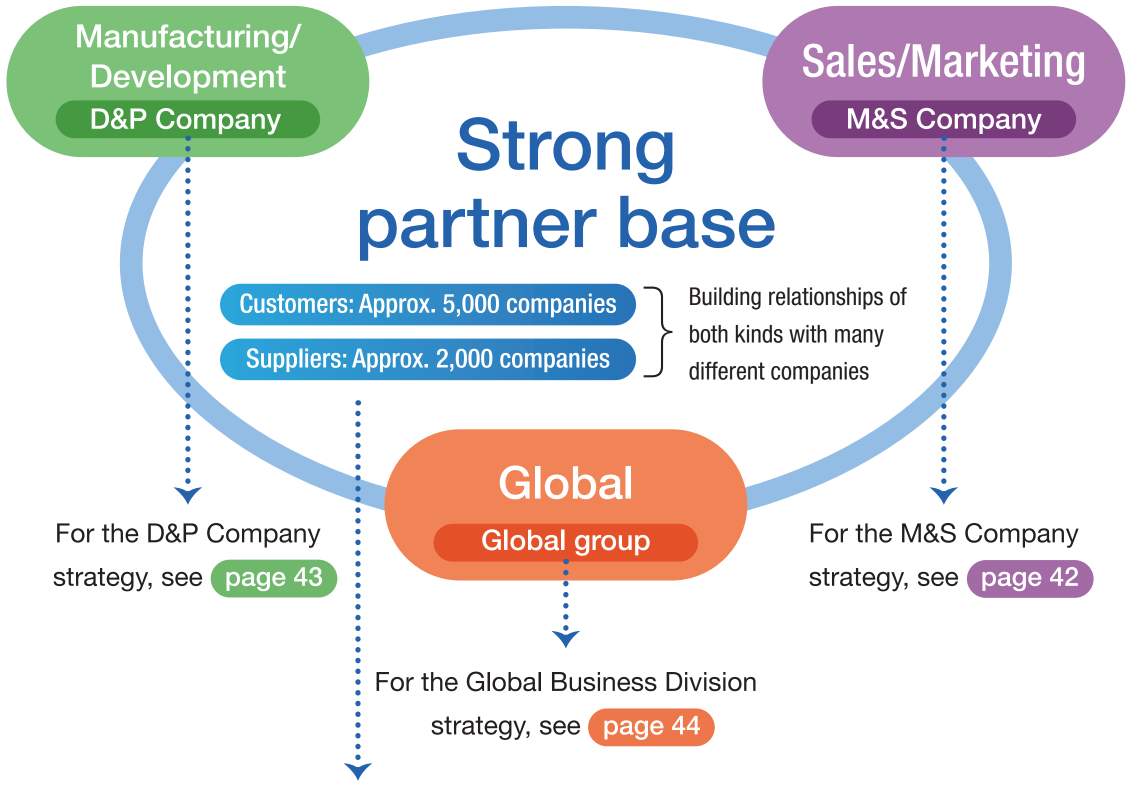
Composition ratio by business …… Sales composition ratio of 10% is set as a new KPI target measuring new business creation
(Accelerate efforts to create new business in response to the achievement of 5% in the previous Medium-Term Business Plan 10M))

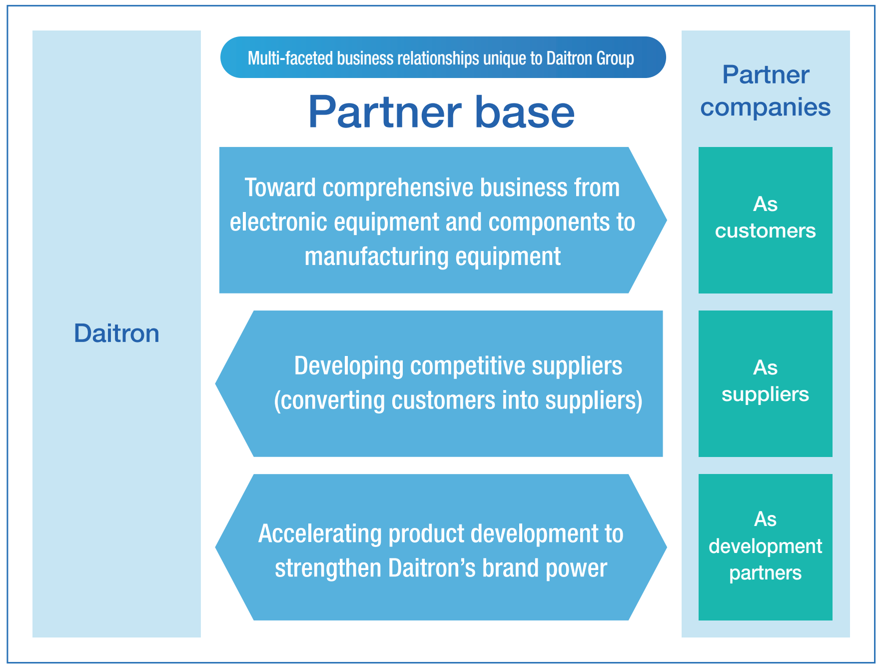
Original product ratio …… Maintaining the 25% target from the previous Medium-Term Business Plan (10M)
(Original products = limited to our own Group products and those developed in collaboration with partner companies)

Overseas business ratio …… The sum of exports from Japan to overseas and sales of overseas subsidiaries. Maintaining the 30% target from 10M

Basic Strategic Policy 2 Maximize strengths utilizing unique capabilities!

- We have strengths such as possessing both trading company and manufacturer functions and building a strong partner base in Japan and overseas
- We will leverage this uniqueness to build a unique corporate group that integrates manufacturing and sales on a global level, and maximize our strengths to further enhance our differentiated advantage in the industry





Our strong partner base is the result of its uniquely multi-faceted business relationships. Many of our business partners have multiple rather than single relationships with us, as supplier, customer, and/or development partner. Building on this solid foundation of connections, we are pushing forward with the expansion of its differentiated advantage in the industry.

Basic Strategic Policy 3 Define focus areas and markets to accelerate growth!

- Analyze domestic and overseas market trends and business opportunities for us, and continue to develop and expand in a proactive and aggressive manner in the clearly identified focus areas and markets
- Use the following three measures to advance strategic initiatives in response to each situation

Main focus areas and markets

Semiconductors / Automotive / Industrial equipment (including robots and automated equipment) / Communication / IoT (including sensor related) / AI / 5G & 6G / Computing related / Data center / Railroad vehicle related / Marine / Aerospace / Energy (including battery market) / Medical

Three measures

1 Existing

Promote business expansion in focus areas and markets for existing organizations

- **Semiconductor related business**
  (Power devices, analog devices, semiconductor manufacturing equipment manufacturers)
- **Data center related business**
  (UPS systems, storage cells, peripheral equipment)
- **Industrial/consumer equipment related business**
  (Robotics, automation, manpower saving)
- **Aerospace and defense related business**
- **Automated visual inspection related business**
  (Lenses, cars, medical, welding)

2 Projects

Promote commercialization and monetization incross-sectional projects (PJs)

- **Automotive PJ**
  - Focus on EV/CASE fields
  - Develop construction/agricultural machinery manufacturers
  - Expand global business
  - Develop battery market (production materials/equipment)
- **Medical PJ**
  - Expand overseas medical-related sales
  - Develop medical devices on contract
  - Expand D&P Company medical-related sales
  - Promote sales strategies by product segment
- **IoT PJ**
  - Examine original product development based on market needs
  - Enhance solution proposals (collaborate with the Information System Sales Dept. and SIers)
  - Work on the sensor business

3 New

Promote business creation and development from the stage of a new business

- **Software PJ**
  - Realize alliances/M&As
  - Develop software for sensor device field
  - Develop original software
- **ECO/SDGs related**
  - Develop renewable energy related business
  - Expand sales of environment-related products (Pacific, India)
  - Develop the lithium-ion battery recycling business
- **Other**
  - R&D acceleration tools (computer simulation, AI)
  - MI (materials informatics)
  - Manufacturing DX field

Basic Strategic Policy 4 Increase power toward sustained growth!

- We will enhance its power in three areas as the basis for sustainable growth: marketing, manufacturing, and corporate divisions

Increase marketing power!

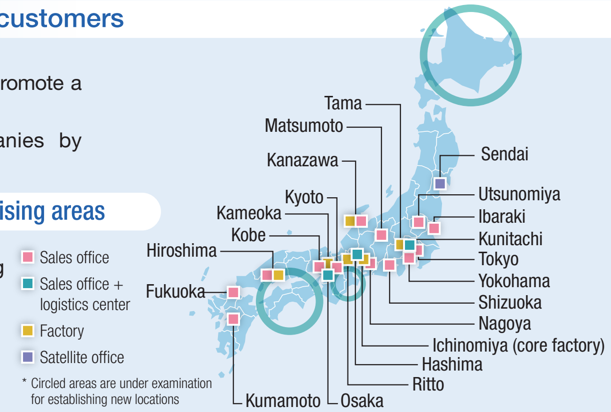
1 Reinforce domestic business as a foundation for stable growth

Further deepen relations with focus customers

- Continue "All Daitron" product development (M&S Company, overseas group, D&P Company, promote a tripartite collaboration)
- Expand business with local blue-chip companies by strengthening sales focused on local areas

Proactively promote new deployment in promising areas

- Examine establishing new locations (including satellite offices) in promising areas [Candidate areas] Hokkaido, Shikoku, Mie, etc.
- Promotion of satellite office to sales office: Sendai



2 Reinforce global business as the core of our growth strategy

Continue to promote expansion focused on the electronic equipment & components business

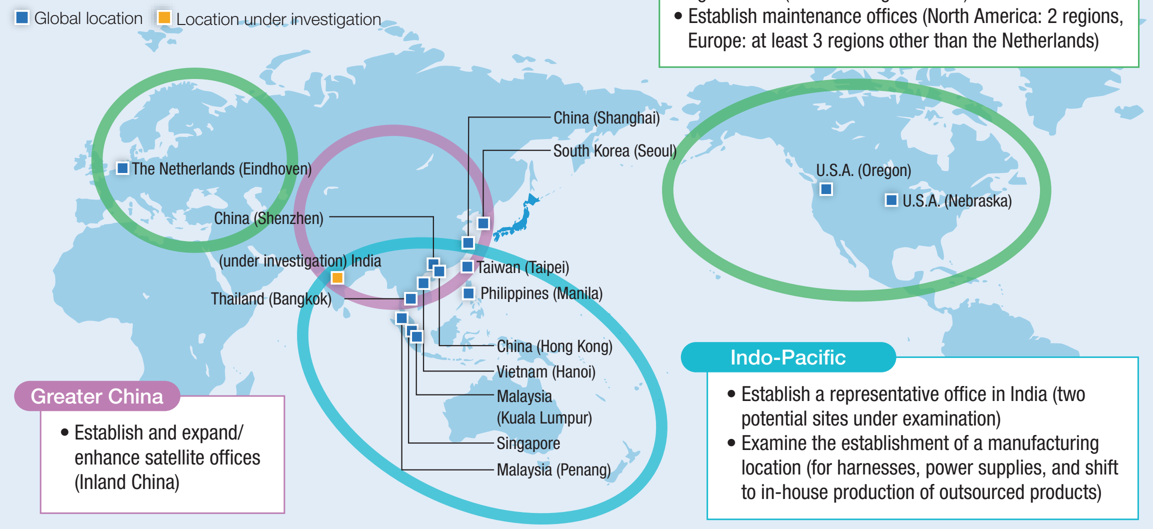
* Ensure controlled, stable expansion of the manufacturing equipment business, where demand fluctuates significantly (planned launch/acceptance inspection of orders, selection and concentration of customers, risk hedging)

Expand and enhance global sales locations

- Establish regional manager companies (Greater China and Indo-Pacific regions)
- Expand sales locations by region

North America & Europe

- Establish satellite offices or make distributorship agreements (at least 3 regions each)
- Establish maintenance offices (North America: 2 regions, Europe: at least 3 regions other than the Netherlands)



Greater China

- Establish and expand/enhance satellite offices (Inland China)

Indo-Pacific

- Establish a representative office in India (two potential sites under examination)
- Examine the establishment of a manufacturing location (for harnesses, power supplies, and shift to in-house production of outsourced products)

Basic Strategic Policy 4 Increase power toward sustained growth!

Increase manufacturing power!

3 Reinforce global production system

Enhance domestic and overseas production capacities

Continuously enhance domestic and overseas production systems centered on the Chubu Factory, the mother plant for our global production system

Chubu Factory

Lincoln Factory

Domestic
- Develop new partner companies (harness, assembly and wiring, substrate, sheet metal, painting, software design, mechanical design)
- Promote alliances and M&As with software companies
  ▶ Secure human resources and reinforce technical capabilities

Global
- Personnel reinforcement at the Lincoln Factory
- Develop partner companies for the Lincoln Factory (Mexico, U.S., Japan)

Continuously promote production cost reduction measures

- Formulate and execute permanent person-hour reduction plan for the Lincoln Factory
- Establish new production location in the Southeast Asian region

4 Enhance technology/product development and intellectual property strategies for higher value-added products

Strengthening of systems centering on Chubu Factory technical divisions

More emphasis on technology/product development

- Enhance the value added to mass-produced products (with upgraded performance, additional functions, etc.)
- Enhance software related technologies that are essential for future higher value-added technologies/products
  ▶ Employ more software engineers and examine alliances with software companies, etc.
- Strengthen customer information collection in Japan and overseas, and continuously pursue original product development

Enhance intellectual property strategies

- Improve the foundations for intellectual property management by defining core technologies and taking inventory of our held technologies
- Establish a new qualification system based on a medium- to long-term intellectual property strategy
  ▶ Increase employees' motivation by establishing a comprehensive personnel system linked to the evaluation system
- Expand the number of patents applied for and held over the medium to long term

Increase the power of corporate divisions!

5 Enhance business support function

DX (digital transformation) strategy

Advancing DX to enhance productivity and work quality

1 Reforming work processes and systems
- Start upgrading/replacing systems for estimation, sales, purchasing, production management, accounting, business management, etc.
- Strengthen information security

2 Upgrade DX promotion infrastructure
- Identify issues using DX promotion indices and take measures ▶ Obtain DX certification
- Cultivate DX and human resources

Cultivate global human resources

Develop global human resources and exchange personnel in and outside Japan
- Formulating and establishing global human resources development strategies
- Continue hiring Vietnamese technical intern trainees at D&P Company and expand it to other factories

Human capital management

Increase the value of human resources through human capital management

1 Improve labor productivity through training and education investment
- Improve and investing in training and education systems to improve individual skills
- Recruit mid-career specialized human resources

2 Promote diversity, equity, and inclusion
- Empower women (increase the ratios of female employees in management track and management positions)
- Empower seniors (increase satisfaction)
- Recruit persons with disabilities (comply with legal employment rate)
- Review personnel systems (develop systems such as for expert, seniors, various allowances, etc.)
- Become a Certified Health & Productivity Management Outstanding Organization

PR/IR strategy

- Establish a department specialized in PR/IR
- Increase recognition of the Daitron brand

6 Promote ESG management (sustainability initiatives)

Contribute to the realization of a sustainable society through ESG management promotion

1 Promote activities of the Sustainability Committee
- Establish materiality-related KPIs and take specific actions (promote the Sustainability Committee's subcommittee activities)
- Disclose KPI progress in Integrated Reports

2 Response to the Corporate Governance Code
- Consider measures for explaining the Code

3 Strengthen corporate governance

(1) Strengthen committee activities

Compliance Committee	Prevent occurrence/spread of scandals in the company
Risk Management Committee	Prevent management risks to preserve management resources
Internal Control Committee	Ensure the effectiveness of internal control over financial reporting

(2) Transition from being a company with a Board of Auditors to a company with an Audit and Supervisory Committee
By making Audit and Supervisory Committee members, who are responsible for auditing the execution of duties by directors, members of the Board of Directors, the supervisory function of the Board of Directors will be strengthened and corporate governance will be further enhanced.

Operating our two product segments through three organizations: two companies and one division

We operate two product segments: the Electronic Equipment and Components Business and the Manufacturing Equipment Business. Business operation is comprised of three organizations: the M&S Company, which handles domestic sales and marketing, the D&P Company, which handles domestic manufacturing, and the Global Business Division. All three of these organizations provide comprehensive support across the two product segments mentioned above. By taking a comprehensive approach, we are able to provide our clients with marketing, technology, and global development capabilities, bringing them comprehensive solutions.

Sales/marketing	Manufacturing	Global
M&S Company	D&P Company	Global Business Division

Products in the Electronic Equipment and Components Segment

From cutting-edge systems and equipment to core components, we source superior products from both domestic and international sources utilizing our unique network, and quickly deliver them to our customers. We provide solutions that satisfy our customers not only by offering individual products, but also by combining products and diverse support services according to their needs.

Products of the Manufacturing Equipment Segment

We provide advanced manufacturing systems that support the production processes of the high-tech industry that is rapidly evolving. From our own diverse uniquely developed products, including production and inspection equipment for silicon wafers, ICs, LSIs, flat panels, and optical devices, to OEM products and procured goods, we respond promptly and accurately to the needs of customers seeking solutions to their problems.

As the M&S Company, we operate with 17 locations nationwide, providing swift and thorough localized sales with a customer-centric approach. For fields where providing comprehensive technical solutions is essential, we have established a system that enables us to handle not only sales but also everything from product acceptance testing and on-site setup to after-sales service, including specialized sales and technical teams.

The D&P Company was established in 2017 by integrating its manufacturing subsidiaries to further strengthen its combined manufacturing and sales lines. The company is broadly composed of three departments: the Equipment Business Operation, the Parts Business Operation, and the Product Development Department. By integrating the wide range of technologies and know-how possessed by each department, we develop and manufacture high value-added products and equipment that meet customer demands.

The Global Business Division is responsible for comprehensively overseeing sales functions overseas. With a global group network spanning 11 countries and 15 locations, employees representing diverse nationalities from over 20 countries, and sales resources with sales and maintenance bases rooted in various countries and regions, we utilize our strong information-gathering capabilities to provide development sales and technical support for machinery and equipment, demonstrating a wide range of strengths as a technology trading company.

M&S Company

Amidst rapid change, we will always keep an eye out for unforeseen scenarios, and work towards timely and speedy strategic development.

Senior Managing Corporate Officer
President, M&S Company | Shinji Ikutani

The first two years of our three-year Medium-Term Business Plan, 11M, 2024 and 2025, have been completed. During this period, the business environment surrounding the M&S Company was generally challenging. In the semiconductor-related market, which is our main market, investment in AI and data centers continued to expand, but investment in memory-related products, mainly for smartphones and PCs, remained sluggish. Also, the rapid slowdown in EVs in the automotive industry has led to a slowdown in growth in power devices and next-generation batteries. In addition, while inventory adjustments are nearing completion in the industrial machinery market, they are still ongoing in some industries, such as the machine tool market.

However, from a medium- to long-term perspective, the overall market trend is expected to expand. This is driven by factors such as the continued robust investment in data centers due to the spread of AI and the expansion of the internet market, the progress of the shift to EVs and autonomous driving in the automotive sector, and the advancement of automation and labor-saving measures across all industries due to rising labor costs and labor shortages.

In this environment, M&S Company has adopted two slogans for its Medium-Term Business Plan 11M: “Elevate stable foundations and strengthen new business development,” and “Adapt to various changes with new ideas.” While further strengthening its stable foundations to survive in a rapidly changing business environment, the company is constantly challenging itself with flexible thinking that is not bound by conventional ideas, and working to expand into new markets, customers, and suppliers. The company continues to promote five strategic basic policies: customer development, community-based sales, new business development, overseas business collaboration, and next-generation talent development (details are as shown on the right).

Over the two-year period of 11M, we have achieved solid results. Overall, the market environment was challenging, but by further deepening our relationships with key customers and strengthening our ties with local communities, we were able to expand our business and further enhance our stable foundation (through increased sales of existing products and securing adoption of new products, etc.). Also, by strongly promoting various project activities in areas such as automotive (including batteries), medical, and IoT (including software), we significantly increased transactions with new customers and business with new suppliers (products). In addition, our Green Facilities Department (GFD) business for data centers has continued to make significant progress, partly due to the further strengthening of our workforce following its upgrade to a business unit in 2025. In 2026, the final year of the 11M, we will continue to pursue our five Basic Strategic Policies.

While the market environment is expected to see medium- to long-term growth, this also means that many companies will enter the market, making it highly competitive and rapidly changing, so even a small delay in decision-making can be fatal. We will always strive for timely and speedy strategic deployment while possessing the ability to correct and adapt to unexpected scenarios.

Basic Strategic Policies for 2026

1 Cultivating customers

- Further cultivation of key customers by continuing to deploy “All-Daitron” products

“What is “All-Daitron?”

Offering a wide range of products from the Daitron Group through cooperation across sales departments

2 Community-based sales

- Strengthen community-based area sales
- Expand business with local blue-chip companies regardless of industry
- Strengthen sales of original products through community collaboration
- Strengthen cultivation of new markets and customers by full utilization of trade shows

3 New business cultivation

- Promoting cross-divisional projects
  - ▶ Automotive (including batteries)
  - ▶ Medical
  - ▶ IoT (including software), etc.

4 Global business collaboration

- Continuing support for the Global Business Division and overseas bases

5 Next generation human resource development

- Cultivation of next candidates for upper management
- Cultivation of mid-career and young employees

D&P Company

We aim to become a technology-based company that handles the Group's development and manufacturing functions and that can demonstrate the ability to propose solutions that exceed customer expectations.

Managing Corporate Officer
President, D&P Company | Tsuneto Chihara

In our Medium-Term Business Plan 11M, we will implement the following based on our two slogans: "Create new value through unity" and "Focus on the basics of a manufacturer." We will create new value (i.e., new products) by combining the Group's technologies and expertise concentrated in the D&P Company, and will work to strengthen capabilities such as technologies, development, quality, cost adaptation, and others that will allow us to firmly meet the trust our customers have placed in us as a manufacturer.

Looking back at the two-year period of 11M (2024 and 2025), the business environment varied, with clear differences in performance across industries. The key to success or failure during these two years was accurately and quickly identifying which industries would grow and expand. Under this environment, the D&P Company promoted research, analysis, and identification of areas that we should focus on in each department. For example, in the Equipment Business Operation, we aimed to strengthen our ability to propose solutions to users involved in the development of high-performance devices, and thereby promoted the strengthening of the development and manufacturing of various types of manufacturing and inspection equipment. In the Parts Business Operation, we strengthened the development and manufacturing of specialized equipment and parts for the aerospace and defense sectors, aiming to expand orders by both deepening existing relationships and acquiring new ones. Also, the Product Development Department focused on developing new original products, and successfully launched a newly completed product, steadily bringing a new revenue stream to market.

In the final year of 11M (2026), we will continue to push forward with our strategy from four perspectives: technology development, manufacturing, sales, and human resources (details are as shown on the right). In technology development, as this is the final year of 11M, we will aim to bring more new products to market, and in preparation for the next Medium-Term Business Plan we will analyze and scrutinize market needs to explore and create new product development themes. In particular, in manufacturing, we will expand our manufacturing space, increase our manufacturing workforce, and expand our range of contract manufacturing partners, in order to increase the Group's overall manufacturing capacity. In sales, we will continue to prioritize collaboration with the M&S Company and the Global Business Division. In human resources, we will particularly focus on securing software-related engineers, which we consider a key area, and acquiring related alliance partners.

Also, in the business environment, which is always changing rapidly, market needs for each piece of equipment and device are becoming increasingly sophisticated and complex, making flexible and swift responses essential. To respond to these changes, we will strive to create a system that enables seamless sharing and integration of technologies possessed by engineers at each factory, and directly link them to new product development. In addition, in the short term, we aim to maintain and strengthen our competitiveness by continuously renewing and improving the functionality of existing products. At the same time, in the medium to long term, we will promote the strengthening of our ability to propose solutions that exceed customer demands, and aim to become a technology-based company that can respond to demands that cannot be met by trading company functions alone.

Basic Strategic Policies for 2026

1 Technology development

To "create new value:"

- **Continuous increase in the number of patent applications by steadily promoting research and development**
- **Promotion of the development of original products focused on the four themes**
  - ▶ IoT, DX-related
  - ▶ AI software, imaging inspection
  - ▶ Next-generation measurement technology
  - ▶ Environmental energy, renewable energy

2 Manufacturing

To "solidify basic manufacturer operations:"

- **Production outsourcing / collaboration between factories**
- **Promotion of standardization at all factories**
- **Strengthening quality control**

3 Sales

To "expand new projects:"

- **Strengthening collaboration with M&S Company**
  - ▶ Cultivating key customers in the domestic market
- **Strengthening collaboration with the Global Business Division**
  - ▶ Expanding sales ratio in global markets

4 Human resources

To "cultivate the next generation of human resources:"

- **Cultivating next candidates for upper management**
- **Continuing to recruit personnel from overseas**
- **Continuing to secure personnel in response to business expansion**
  (including responding to increased production capacity)
- **Strengthening recruitment of software engineers**

Global Business Division

The Global Business Division plays a central role in accelerating the growth of our global business and promoting challenging management strategies.

Corporate Officer
Division Manager - Global Business Division | Akio Tanaka

The Group's global business has adopted the slogan "Fostering mutual trust amid diversity and improving teamwork and work quality." We are continuing to work to unerringly capture strong overseas demand in close cooperation with both the M&S and D&P Companies and with the Global Business Division playing a central role, with the aim of evolving and developing our Group into a global technology-based company.

The business environment in recent years has become increasingly uncertain, and we are beginning to see significant shifts in trends. For example, the acceleration of in-house production by Chinese companies, stemming from U.S.A.-China trade friction, has led to a shrinking trend in business opportunities for foreign companies, including Japanese companies, in China's semiconductor-related market. Also, the impact of the U.S. government's tariff policies is making it increasingly difficult to predict market changes. Under these circumstances, our Group recognizes that it is urgent to expand our bases in various countries and regions to cultivate new markets and new customers, thereby enhancing our group's presence, while simultaneously discovering and developing new products that offer advantages in both technology and price.

Under this environment, the Global Business Division, aiming for an overseas business ratio of 30% or more as a key KPI in the Medium-Term Business Plan 11M, is working to build a global management foundation that will enable sustainable sales growth in the future. Specifically, this involves product portfolio reform and organizational improvement (details are as shown on the right).

Regarding the product portfolio reform, we continue to focus on reforming profit structure, which aims to improve the net sales composition where manufacturing equipment accounts for the majority by increasing sales of electronic equipment and components, as well as adjusting the global balance of our sales composition to reduce China risk. Regarding the latter, looking at overseas net sales over the past three years, we have successfully increased overall overseas net sales while steadily reducing our dependence on Greater China, with sales of 18.9 billion yen in 2023 (47% of which came from China), 24.5 billion yen in 2024 (43% from China), and 26.9 billion yen in 2025 (37% from China). Also, in order to more vigorously promote the development of new markets, new customers, and new sales channels, we have upgraded two organizations established in 2025, the "Global Strategy Team" and the "Global Electronics Team," to the equivalent of a Group starting in 2026, thereby strengthening our organizational capabilities.

The Global Business Division has also begun formulating a new overseas business expansion strategy with an eye on the next Medium-Term Business Plan, 12M. In 2026, as a stepping stone towards that goal, we plan to conduct large-scale market research and analysis in sectors and regions with promising growth, such as the North American market (railway vehicle and marine harness business, in-vehicle image-related components business, semiconductor, electrical and electronics-related business, etc.), the ASEAN market, and the Indian market, utilizing external consulting firms. To accelerate the medium- to long-term growth of our global business, we will continue to pursue challenging management strategies while strengthening our human capital.

Basic Strategic Policies for 2026

1 Product portfolio reform

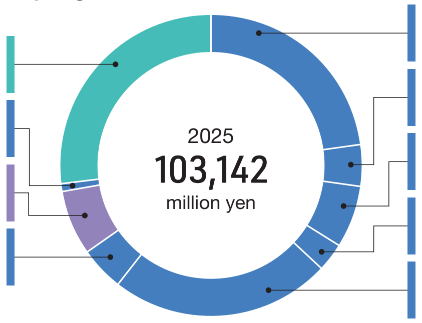
- **Reforming profit structure**
  Growing net sales of the Electronic Equipment and Components Business to rectify a sales composition where the majority is held by the Manufacturing Equipment Business
- **Promoting global marketing**
  (Cultivating new markets, new customers, and new sales channels)
  - ▶ Strengthening our presence in Europe, North America, Indo-Pacific and Asia
  - ▶ Leveling sales ratios by country and region
- **Enhancing the lineup of original products for overseas**
  (collaboration with the D&P Company)
- **Expanding exports of products from major domestic suppliers**
  (Collaboration with M&S Company)
- **Expanding Out to Out business**

2 System improvement

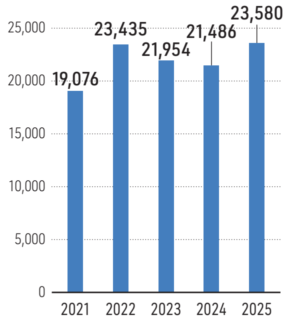
- **Enhancement of global locations (including achievements in 2024)**
  - ▶ Incorporated an office in Hanoi, Vietnam (June 2024)
  - ▶ Opened a maintenance office in Dallas, Texas, USA (October 2024)
  - ▶ Opened a satellite office of the Netherlands corporation in Germany (April 2025)
  - ▶ Survey and study for establishment of a manufacturing base in Vietnam
  - ▶ Survey and study for establishment of a representative office in India
- **Recruiting and cultivating global human resources**
  - ▶ Considering the formulation and establishment of a global human resources development strategy (in collaboration with the Management Division)
  - ▶ Cultivation of overseas base management controllers
  - ▶ Cultivation of import/export business generalists
  - ▶ Cultivation of human resources for strengthening technical services
- **Strengthening organizational power**
  - ▶ Strengthening the Global Strategy Team into the Global Strategy Group (equivalent to a department)
  - ▶ Strengthening the Global Electronics Team into the Global Electronics Group (equivalent to a department)
  - ▶ An administrative controller will be stationed at the Hong Kong subsidiary (July 2025)

Segment Information ① Status by Product Segment

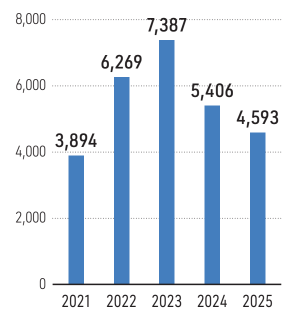
Component ratio for sales by segment



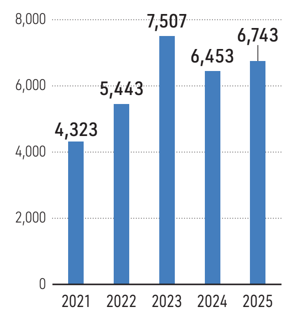
Electronic Components & Assembly Products (million yen)



Semiconductors (million yen)



Embedded Systems (million yen)



Power Supply Equipment (million yen)

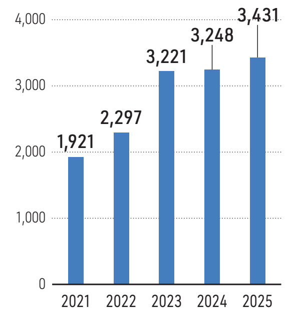
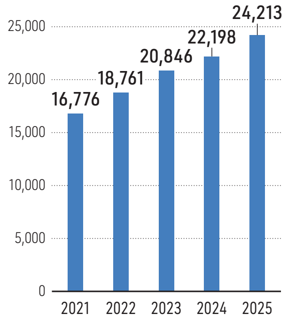
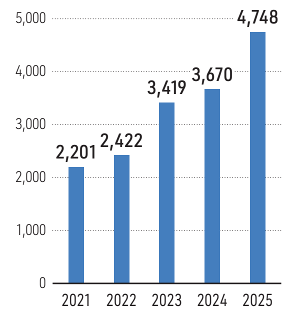


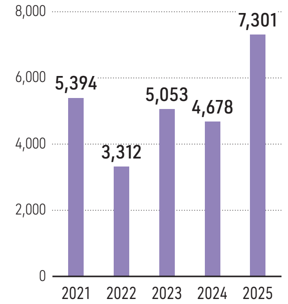
Image-Related Equipment & Parts (million yen)



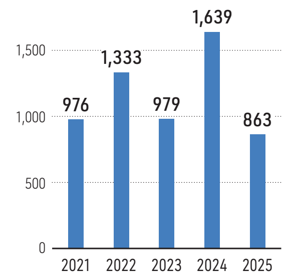
Information Systems (million yen)



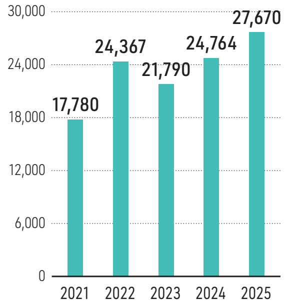
Green Facilities (million yen)

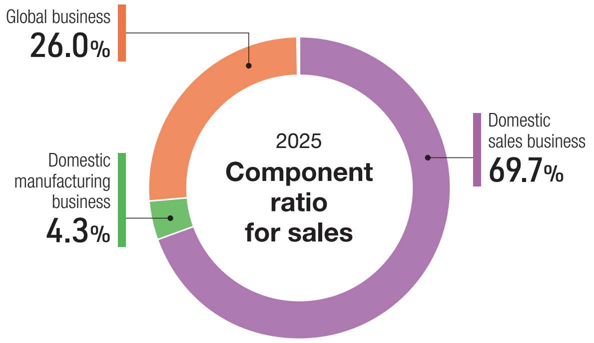


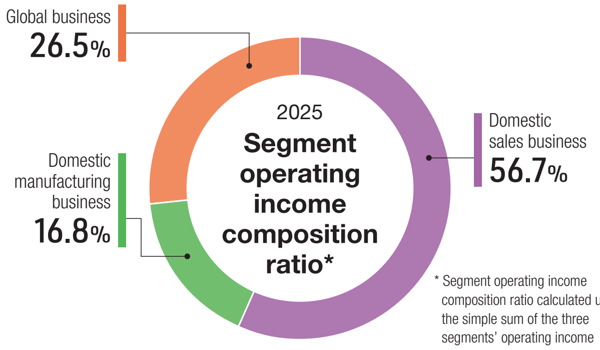
Other Electronic Equipment and Components (million yen)



Manufacturing Equipment Business (million yen)



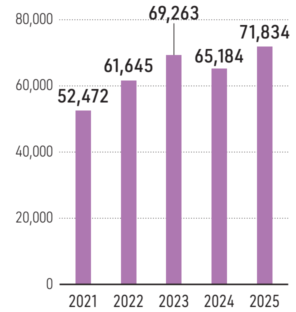




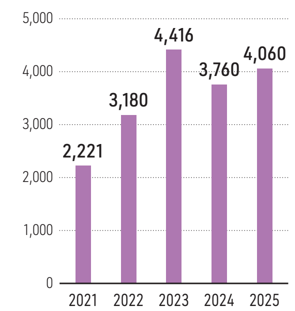
* Segment operating income composition ratio calculated using the simple sum of the three segments' operating income (7,162 million yen)

Domestic sales business

Net sales (million yen)

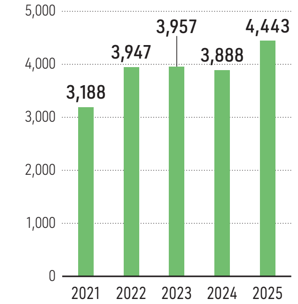


Segment operating income (million yen)

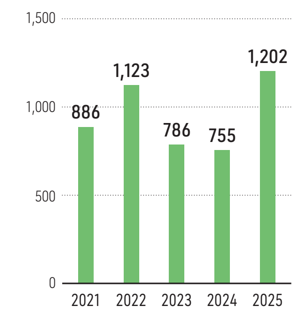


Domestic manufacturing business

Net sales (million yen)

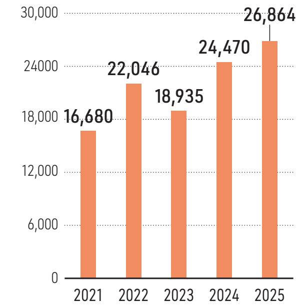


Segment operating income (million yen)

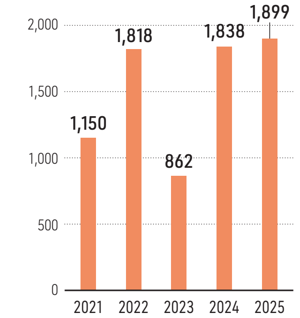


Global business

Net sales (million yen)



Segment operating income (million yen)



Market trends in the Electronics Industry to which our Group Belongs

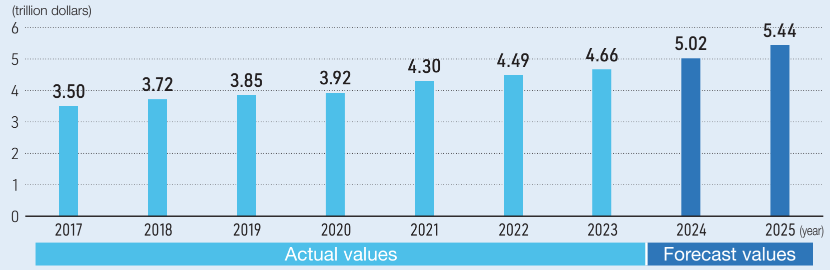
The electronics industry, to which our Group belongs, is a medium- to long-term growth market, expected to see increased demand for equipment and facilities related to automation in automobiles and robots, in addition to the expansion of the ICT market, which includes AI and IoT.

ICT Market

The core market targeted by our Group, the ICT market, includes electronic devices and components, IoT-related products, networks provided by telecommunications carriers and broadcasters, cloud and data centers, content and services such as video and music distribution, security, and AI, etc. According to the "2025 White Paper on Information and Communications in Japan" published by the Ministry of Internal Affairs and Communications, the global ICT market (spending) has been on an upward trend and is projected to expand from $3.5 trillion in 2017 to $5.44 trillion in 2025 (roughly 1.6-fold increase over eight years).

The following is an overview of market trends in robotics, data centers, and AI, which are representative growth markets that our Group is developing as strategic focus areas (all graphs and figures on the right are from the "2025 White Paper on Information and Communications in Japan").

Trend in the scale of the global ICT market (spending)



Scale of the global ICT market (spending)	2017 actual result		2025 forecast value
	3.5 trillion dollars	Roughly 1.6-fold increase over eight years	5.44 trillion dollars

Robotics market

Robots are increasingly being used across diverse fields, such as industry and services (including home, medical, and entertainment applications). In recent years, the application of AI technology, in particular, has raised expectations for the emergence of even more advanced robots. Also, service robots are expected to drive the market in the future. The scale of the global robotics market was $24.6 billion in 2018, and is forecast to grow to $45.1 billion by 2028 (roughly 1.8-fold increase over ten years).

Global robot market scale (service + industrial)

2018 actual result		2028 forecast value
24.6 billion dollars	Roughly 1.8-fold increase over ten years	45.1 billion dollars

Data center market

The global data center market (by net sales) is forecast to expand from $301.4 billion in 2019 to $624.1 billion in 2029 (roughly 2-fold increase over ten years). About half of that consists of equipment and services related to network infrastructure. Also, the market scale (by net sales) for data center services in Japan is expanding rapidly, and is forecast to grow from 2.7 trillion yen in 2023 to 5.8 trillion yen in 2028. In recent years, the rapid expansion of the generative AI market has also played a role in the growth of the data center market.

Global data center market scale (net sales)

2019 actual result		2029 forecast value
301.4 billion dollars	Roughly 2-fold increase over ten years	624.1 billion dollars

AI market

The global AI market scale (by net sales) is forecast to expand from $124.8 billion in 2022 to $826.7 billion by 2030 (roughly 6.6-fold increase over eight years). Also, the scale of the market for AI systems in Japan (spending) was 1.3 trillion yen in 2024 (a 56.5% increase year-on-year), and is forecast to continue growing, expanding to 4.1 trillion yen by 2029. In recent years, as the social implementation of AI advances, the generative AI market is expanding rapidly. The global generative AI market is forecast to grow to account for more than 40% of the entire AI market by 2030.

Global data center market scale (net sales)

2022 actual result		2030 forecast value
124.8 billion dollars	Roughly 6.6-fold increase over eight years	826.7 billion dollars

Electronic Equipment & Components Market

Daitron original products

Electronic Components & Assembly Products

[Major Products]
Connector, harness, PCB assembly, wiring

- General industrial equipment
- Semiconductor manufacturing equipment
- Medical-related equipment
- Automotive equipment • Measuring equipment
- Information communication equipment
- Image-related equipment
- IoT-related equipment etc.


Underwater connectors


Wires & harnesses


Connectors

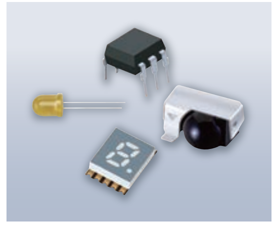
Semiconductors

[Major Products]
Analog IC, high-frequency IC, power discrete devices, image IC, optical devices

- General industrial equipment • Semiconductor manufacturing equipment
- Measuring equipment • OA equipment & household appliances
- Image-related equipment • Medical-related equipment
- Information communication equipment
- IoT-related equipment (infrastructure, production sites)
- Automobile-related equipment etc.

Analog ICs


Video ICs


LED, optical elements

Embedded Systems

[Major Products]
Embedded Systems

- Measuring equipment • Image processing equipment
- Semiconductor-related equipment
- Machine control equipment
- IoT (infrastructure, production site, deep learning)
- Medical-related equipment
- Information communication equipment
- Automotive equipment • Robot control related etc.


Industrial custom PCs


Display systems

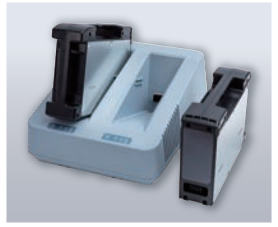

Embedded single-board computers

Power Supply Equipment

[Major Products]
Switching power supply, uninterruptible power supply (UPS), transformer, battery pack

- Measuring equipment • Semiconductor-related equipment
- Medical-related equipment • Automotive equipment
- IoT-related equipment • Audiovisual equipment
- Information communication equipment
- Server-related • Analyses-related equipment
- Other FA equipment etc.


Switching power supplies


Lithium-ion batteries

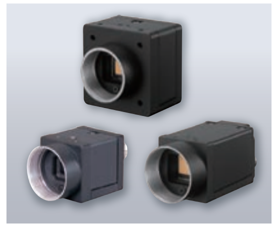

Uninterruptible power supply (UPS)

Image-Related Equipment & Parts

[Major Products]
CMOS camera, lens, light, image processing equipment, software

- Semiconductor-related equipment • Robots
- Electronic parts production facilities
- Medical-related equipment • Automotive equipment
- Automated logistics, carrier devices
- IoT-related equipment • Other FA equipment etc.


Image-related equipment


CMOS cameras


Vessel engine interior automatic photographing equipment "Kirari NINJA®-DSR"

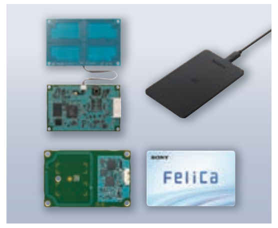
Information Systems

[Major Products]
Video transmission systems, authentication devices (RFID, IC card, vein authentication, face authentication)

- Settlement terminal market
- Security market
- Authentication system market
- Network equipment
- Image information systems
- Medical-related equipment etc.


Video/audio conferencing systems


Web conferencing devices



Contactless IC card systems

Manufacturing Equipment Market

Daitron original products

LSI Manufacturing Equipment

[Major Applications]

- LSI, masks, oxide devices
- Ceramic devices
- Compound communication devices
- Power devices
- Sensor devices

etc.


Spin cleaners


Chip sorting machines


Fully automatic wafer tape mounters

Electronic Materials Manufacturing Equipment

[Major Applications]

- Silicon wafers
- Quartz wafers
- Compound wafers
- Optical fiber/optical lenses
- Oxide wafers • Hard disk negatives
- SiC wafers
- Sapphire wafers etc.


Single wafer washing systems


Wafer edge grinding machines


One surface wafer polishing machines

Optical Device Manufacturing Equipment

[Major Applications]

- LD (red, green, blue, short-wave length, long-wave length)
- LED (red, blue, purple)

etc.


Aging equipment


Scribing/breaking equipment


Automatic visual inspection system DAVI Series

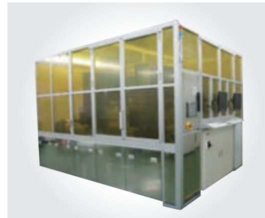
FPD Manufacturing Equipment

[Major Applications]

- LCD panels
- LCD panel color filters
- Touch panels
- Organic ELs
- EL backlights
- Cover glass
- Optical film etc.


Roll to roll washing systems


Cover glass processing equipment


Imaging inspection equipment

Energy Device Manufacturing Equipment

[Major Applications]

- Lithium ion batteries
- Solar batteries
- All-solid-state batteries
- Fuel cells

etc.


Electrode sheet inspection equipment


Wire bonders for batteries


Spray coater

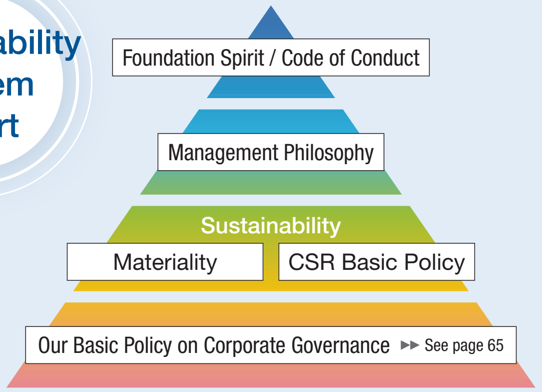
Other Manufacturing Equipment

[Major Applications]

- Medical
- Automotive
- Automation, labor saving
- Communication device
- MEMS devices
- Environmental, clean products

etc.

Sustainability System Chart



We established the Management Philosophy in 1993, which spells out our responsibilities for corporate ethics, global environment and social contribution, not to mention compliance with laws and regulations. Our sustainability is organized in this management philosophy and its origins, the Founding Spirit and Code of Conduct at the top. In addition, we decided to continuingly pursue the Basic CSR Policy established in 2011, and specified Materiality in February 2022.

As the basis of the sustainability system, we positioned the corporate governance system that governs all our activities and have established the "Basic Policy on Corporate Governance."

Daitron's Idea of Sustainability

We work to improve our own corporate value to provide a variety of value for the electronics and other industries as well as the entire society beyond by promoting management putting emphasis on a long-term perspective, starting with the Management Philosophy, Group Statement, and the 2030 VISION, our Long-Term Vision, which sets out the corporate image we aim for.

The Daitron Group, seeking to continuously promote its business activities directly connected to sustainability as a public instrument, has recently identified our key issues as materiality (sustainability key issues), in addition to the Basic CSR Policy. Through aggressive business activities based on healthy and strong management foundations, we are working towards creation of our "four values:" partner value, human resource value, social and environmental value, and economic value. Also, through such initiatives we will contribute toward the accomplishment of Sustainable Development Goals (SDGs).

In May 2022, we established the Sustainability Committee to pursue action on materiality issues and other sustainability initiatives.

Materiality (sustainability key issues) 1 Each Material Issue and Connection to the SDGs

We believe that the pursuit of the five material issues identified as its Materiality will lead us to contribute to the accomplishment of many goals included in the SDGs. By more deeply involving ourselves in the accomplishment of more goals in the course of promoting the sustainability management, we will multilaterally contribute to the realization of a sustainable society.

* What is a "Partner?"
The term "partner" refers to both "customer" and "supplier." The Group is promoting the building of deeper and more multiple relationships of trust with its partners and the strengthening of its partner base, with its best customers becoming its most important suppliers (and vice versa).

Materiality (sustainability key issues) 2 Primary Efforts and Focus Themes

In pursuit of the five materiality issues toward further progress, the directions of the efforts are clarified based on the Primary Efforts and Focus Themes. By setting representative KPIs for each materiality issue in the following step, progress of the efforts at materiality is objectively assessed, which will lead us on to the next step, and so on.

Category	Materiality	Primary efforts and focus themes
Partner value creation	To work for the creation of diverse partner value as an engineering trading company with a manufacturing function	• Reinforcement of manufacturing function (= enhancement of technological, developmental, and manufacturing technological capabilities) • Reinforcement of trading function (= enhancement of marketing power, partner base, and sales capabilities) • Development of new markets and new customers (= creation of sustainable new partner value) • Contribution to the introduction of ICT and automation across industry to support improvements in productivity and efficiency
Human resource value creation	To promote a human resource strategy making much of diversity to contribute to the innovation creation of the industry	• Diversity-minded recruitment and utilization of human resources • Establishment of personnel and education/training systems which lead diversity to innovation • Respect for human rights of all employees, and support for the realization of society respectful of human rights • Creation of a satisfying workplace (safe work environment, work-style reform, and career-path system)
Social & environmental value creation	To contribute to the creation of social and environ-mental value, making full use of most-advanced electronics technologies	• Contribution to ICT infrastructure, air, sea and land infrastructure, and the energy industry to support the convenient, safe and secure lives of people • Contribution to environmental load reduction through provision of electronics technologies to a wide area of industry
Economic value creation	To continuously work to create high added value one step ahead for maximized economic value	• Continuous devotion to the development of high added value products and services toward creation of value one step ahead • Promotion of business offering more comprehensive solution as the basics for the above purpose • Contribution to not only the Group's own improved earnings but also industry-wide maximized economic value through the development and distribution of high added value products and services
Management foundations establishment	To build healthy and strong management foundations as the bases for creating the Four Values	• Reinforcement of corporate governance, compliance, and risk management systems • Securing of sound financial bases (improved equity ratio and reduced management costs) • Enhancement of the business continuity plan (BCP) and supply chain management • Thorough reinforcement of environmental management systems and quality management systems

CSR Basic Policy

Environmental Policy
Based on our Environmental Philosophy, we will promote, and continuously improve, environmental management system activities in accordance with the Action Guidelines to reduce environmental impacts of our business operations ranging from design, manufacture, and sales of products to related services and achieve harmony with the global environment.

Quality Policy
We will establish an effective quality management system for the purpose of providing products and services meeting the expectations and needs of customers.

Human Rights Policy
By contributing to society through our business, we will support the realization of a society where human rights are respected. Accordingly, we work to fulfill our responsibility to respect human rights.

Labor Policy
We will respect the human rights of all employees and treat them with respect and dignity in a manner to win international understanding.

Safety and Health Policy
We will seek to provide employees with safe and sanitary working environments for the purpose of minimizing occupational injuries and diseases, and improving the retention rate and morale of employees in addition to the quality of products and services.

Business Ethics
We will observe the highest level of business ethics to fulfill its social responsibility and achieve success in the market.

Social Contribution
In 2001, the late Mr. Zenshiro Takamoto, the Company's founder, established the Daitron Welfare Foundation to sponsor handicapped employment supporting institutions, etc. as well as research organizations studying how to help the handicapped participate in society and improve their lives. We concur with these social contribution activities and actively support them.

Human Rights Policy / Labor Policy

Human Rights Policy	We will assist in the realization of a society in which respect is given to human rights. Accordingly, we work to fulfill our responsibility to respect human rights.
Labor Policy	We respect the human rights of all employees and treat them with respect and dignity in a manner to win international understanding.
Human Resource Development Policy	We aim to be a company with the strength of unity and an autonomous, proactive organizational culture. To this end, it is essential to strengthen our human resources power and we are promoting skill development to realize one element of our Management Philosophy, to respect our employees' needs for self-esteem and encourage every individual to achieve their fullest potential.
Internal Environment Improvement Policy	We recognize that maintaining a workplace environment in which employees can maintain their health and work safely and with peace of mind is a prerequisite for maintaining our business foundation.

Status of major KPIs related to human resource initiatives

Action plans based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace
(5 years from April 1, 2021 to March 31, 2026)

▶ Toward the development of an environment and organizational culture in which all employees can play an active role, regardless of gender or the presence or absence of childcare or family care responsibilities

Ratio of female employees in career-track positions

- Fiscal 2024 results 25.4%
- Fiscal 2025 results 32.1%

Plan for the Future

We have already exceeded our target of 15% or more by the end of March 2026, but we will continue to aim to increase the ratio of female full-time employees in career-track positions, expand the fields in which female employees are deployed, and become an even more rewarding company to work for. Specifically, we will continue to implement initiatives such as (1) continuing to operate the system for changing course from general employee to career track employee to provide opportunities for women to advance their careers, and (2) increasing the ratio of new graduates hired for career track positions (especially sales and technical positions).

Ratio of women in management positions
(Section Head equivalent)

- Fiscal 2024 results 7.1%
- Fiscal 2025 results 6.8%

Plan for the Future

We have set a target of reaching 10% or more by the end of March 2026, but current progress is still only about 70% of the target.To achieve this target, we will actively implement support measures such as the "Daitron Career Up Ladies (DCL) Program," a training program for women's career development, to encourage independent career development.

New personnel system* utilization rate

	Working from home	Staggered work hours
Fiscal 2024 results	33.7%	9.3%
Fiscal 2025 results	30.9%	8.2%

Plan for the Future

We have decided that the working from home system will continue after transitioning from the "with-COVID" era to the "after-COVID" era. We will continue to evaluate the effectiveness of the use of the staggered work hours system.

* A new personnel system initiated in 2023 that introduced a working from home and a staggered work hours system in accordance with job type, work content, and lifestyle

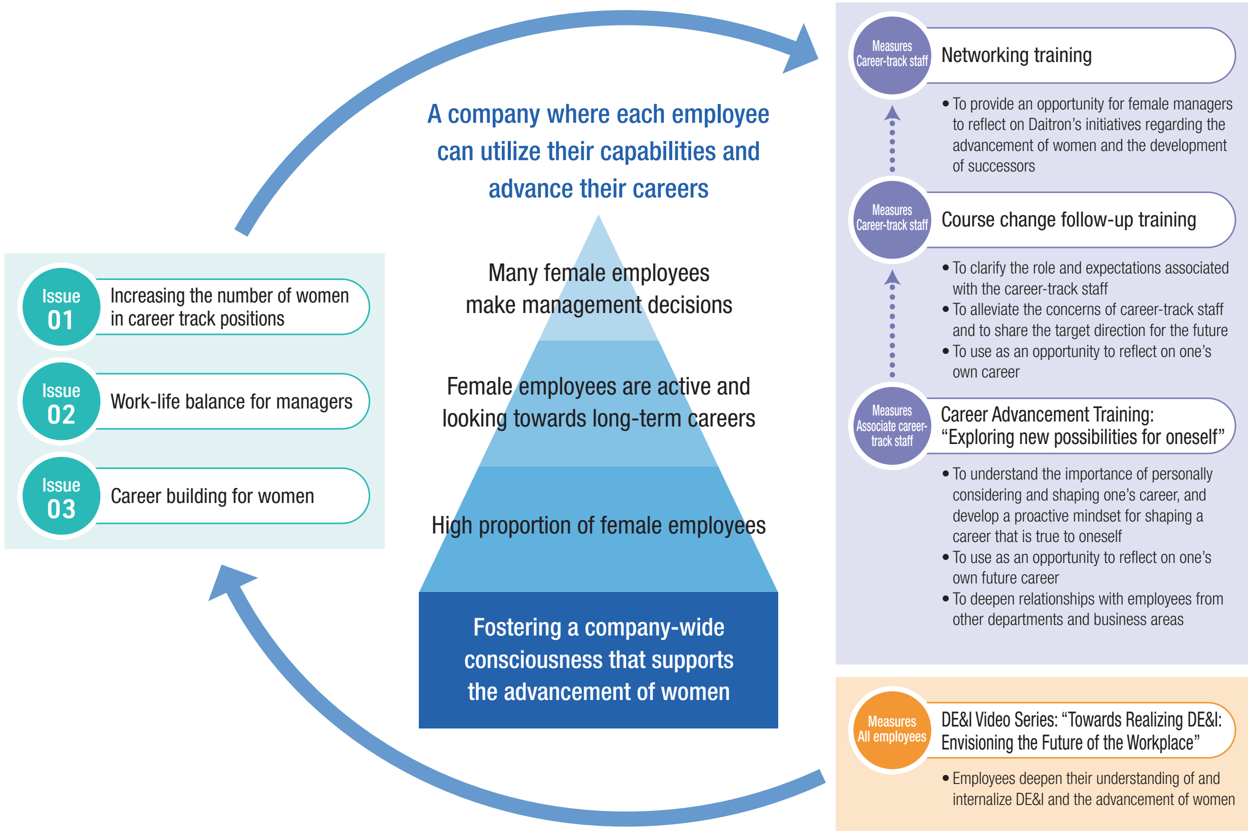
Diversity, Equity, and Inclusion

Based on our Human Rights Policy and Labor Policy, and in the interest of strengthening our competitiveness as an organization, we are advancing a human resources strategy that emphasizes diversity.

1 Empowering women

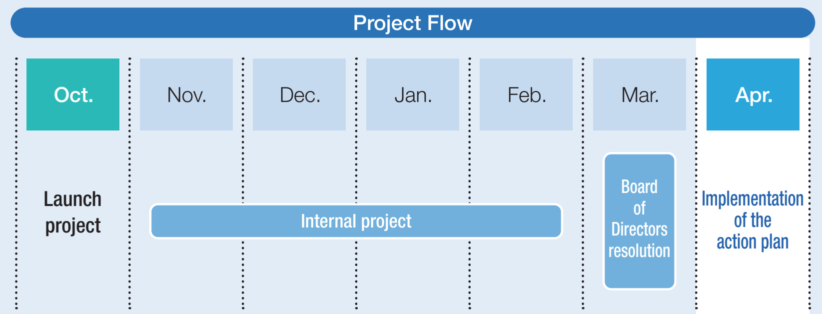
Our goal is to create an environment that empowers all employees, regardless of gender and whether or not they are raising children or caring for family members, and to create an environment in which employees can balance work and childcare or family care. To this end, we have identified issues we are facing, formulated targets and concrete action plans, and are taking actions accordingly. With regard to balancing work and childcare, we have been working to create an environment in which employees can fully utilize their abilities (as mentioned above). Additionally, to promote the participation of women in the workplace, we are focusing on the "Daitron Career Up Ladies (DCL) Program," which supports the career advancement of women. In fiscal year 2025, as part of our DCL initiatives, we designated a total of four courses, tailored to all employees, associate career-track staff, and career-track staff, as priority training programs and implemented them.

▶ Overview of the "Daitron Career Up Ladies (DCL) Program"



Project to Formulate an Action Plan Based on the Act on the Promotion of Women's Active Engagement in Professional Life

In preparation for the enforcement of the Act on the Promotion of Women's Active Engagement in Professional Life in April 2026, we launched a project in October 2025, consisting mainly of women in career-track positions, and spent about four months formulating the action plan. This action plan was launched in April 2026, following a resolution by the Board of Directors in March of the same year.



2 Promotion of employment and empowerment of diverse human resources

We recognize that a strong management foundation is essential for sustainable growth, and that the core of this foundation is our human resource base. With this in mind, we are taking actions to revitalize the organization by securing diversity in our human resources. Specifically, we are encouraging the employment of foreign human resources and experienced workers, and focusing on empowering senior and handicapped human resources. As a specific result of this initiative, we have organized a team in which people with disabilities are mainly responsible for providing administrative support to the sales and management departments at our Osaka Head Office. By delegating this work, the workload in each department has been reduced, and by reviewing operations productivity has also been improved.

▶ Main training and education programs

Based on our Human Resource Development Policy, we provide training and development programs by position and job classification, as well as programs tailored to individual employee situations, such as career design and self-development, in an effort to develop self-motivated and proactive human resources.

Employment data (most recent 3 years)	Year	
	2023	30 (new graduates), 38 (mid-career hires)
	2024	27 (new graduates), 40 (mid-career hires)
	2025	31 (new graduates), 35 (mid-career hires)

Mid-career employee training (FY2025)

3 Support for balancing work and child-rearing

As a result of our efforts to enhance support systems for balancing work and child-rearing, implemented under the action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children for the period from January 1, 2023, to December 31, 2024, we obtained “Kurumin Certification” as a company that supports child-rearing during the current fiscal year.

2025年認定 くるみん☆ 子育てサポートしています

Health Management

We aim to maximize the vitality of the organization and ultimately maximize corporate value by working to maintain and improve the health of all officers and employees in accordance with our Management Philosophy.

In September 2023, we proclaimed our “Health Management Declaration,” which established a health management promotion system. In September 2024, we created a “Health Management Strategy Map” and are working to promote “collaborative health” to efficiently and effectively promote the health of all officers and employees, and their families. Specifically, we are implementing three measures: enhancing health management, creating a safe and secure work environment, and maintaining and improving health.

As a basis for this, we are striving to understand health issues in terms of both mental and physical health (by accumulating health-related data on all employees), aiming for a 100% regular health checkup rate and a 100% stress checkup rate.

Reporting sessions are held by external specialists such as clinical psychologists to report the results of stress tests to managers at department head level or higher, and we are working to create a comfortable working environment.

In addition, in order to promote effective health management projects and improve health literacy, we have deployed industrial physicians and industrial nurses specializing in mental health. Also, the Personnel and General Affairs Department, which is the department in charge of health management and safety and hygiene management, works in cooperation with medical professionals to provide more detailed preventive mental and physical health care.

Also, as a countermeasure against harassment, we have set up a dedicated consultation hotline (a third-party organization whose privacy is protected).

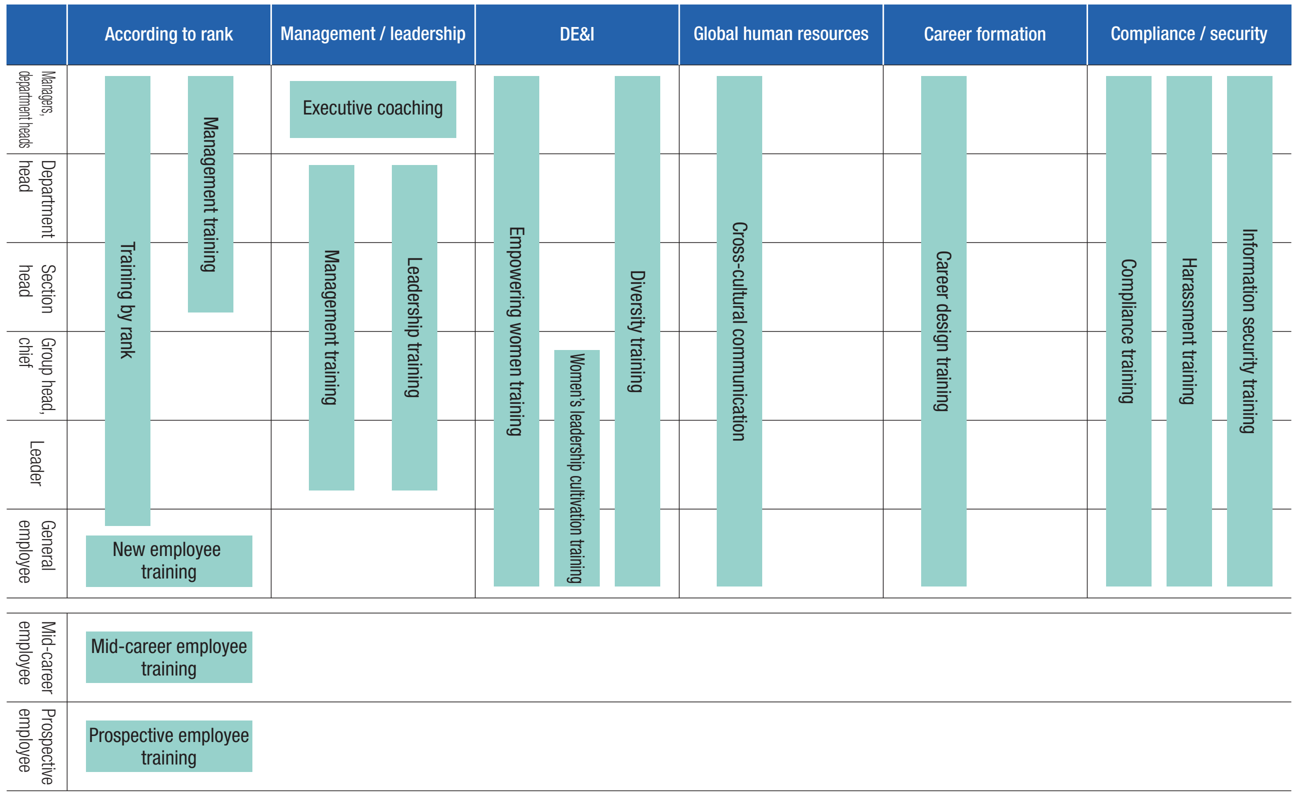
Note that we have been certified as a Certified Health & Productivity Management Outstanding Organization 2026 (Large Corporation Category), jointly selected by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi. This is our third consecutive year of this certification.

2026 健康経営優良法人 KENKO Investment for Health 大規模法人部門

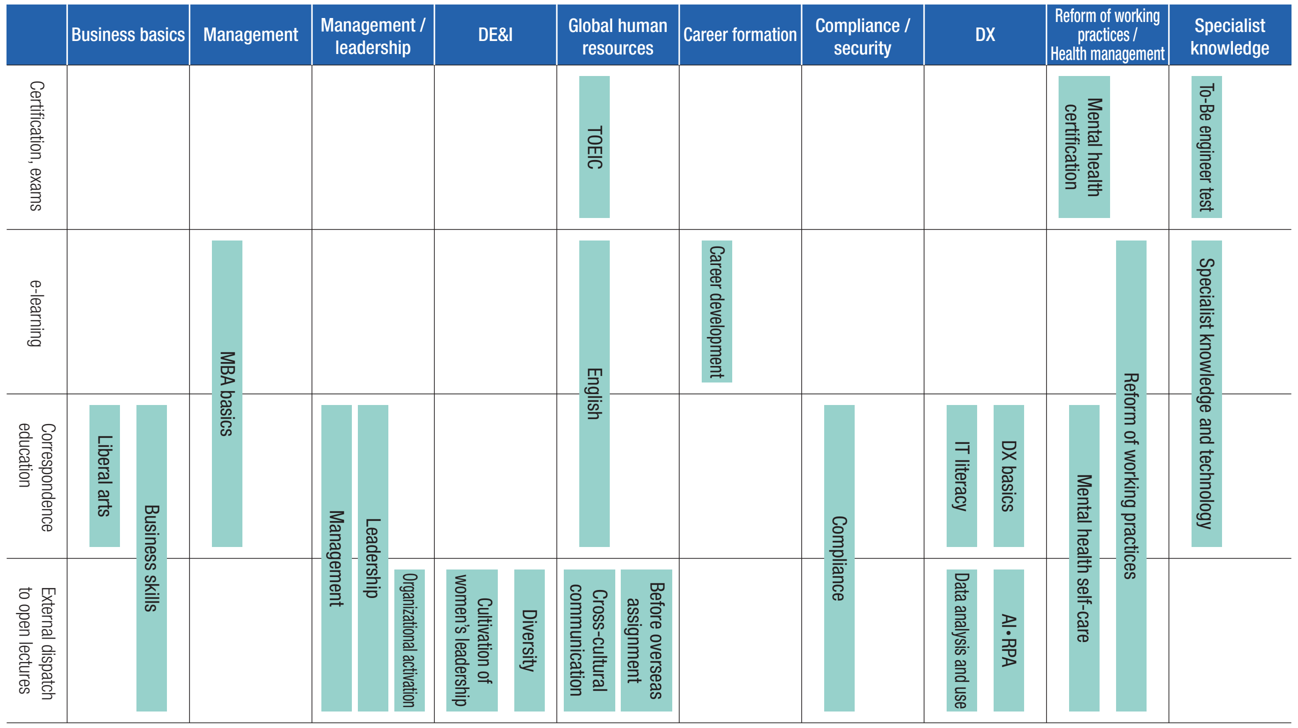
Overview of the education system

We have restructured our education system, and from 2025 we will develop the education system and provide education and training based on two new themes: “Required/recommended” and “Self-development.”

[Required/recommended education system]



[Self-development education system]



Roundtable Discussion

Promoting Women's Empowerment in Daitron

Our Group recognizes "human capital management" as one of the most important initiatives for driving the enhancement of corporate value over the medium to long term, and as part of this effort, we are actively promoting the empowerment of women. For this feature, we held a roundtable discussion bringing together Ms. Kitajima, an outside director who has championed the advancement of women at the company, and five female employees from various roles and departments. They engaged in a frank conversation about the appeal and rewards of working at Daitron, their thoughts on the workplace environment and systems for women, the issues they see, and their visions of leadership.

Reasons for Joining the Company and Current Work

Kitajima When I assumed the role of Outside Director at the company in 2017, there were no women in management positions. Since assuming my position, I have taken every opportunity to emphasize that this situation is one of our major challenges, and to speak about the need to recruit, develop, and promote women so that they can play active roles at all levels of the organization. Over the past eight years, the number of female managers has risen from zero to seven, and an increasing number of women are transitioning from general roles to career-track positions through the job-track change system. Also, since 2025 women have been given overseas assignments. Our steady and continuous efforts to promote the active participation of women are gradually yielding results, but I think there is still more to be done. Today, we have gathered female employees with a variety of job roles. Please feel free to speak openly if there are any issues you face in your daily work or if you have any requests for the company. I hope this will help to bring about future transformation. First, please tell us about your reasons for joining the company and current work.

Yoshida I decided to join the company because I felt a connection after receiving my first job offer from them during my job search. I joined the company as a new graduate in 1997, so I have been with the firm for nearly 30 years. At present I am a manager in the Administration section at the Osaka Electronics Sales Office. I also interact directly with customers as part of my role supporting the sales personnel. Whenever I receive words of praise, I always feel that such moments are precisely what have enabled me to continue working in this department for so long.

Uenishi During my job-hunting activities, my aim was to secure a sales position at a trading company, so I joined the firm as a new graduate in 2020. I am currently involved in the sale of electronic components at the Osaka Electronics Sales Office, where Ms. Yoshida is also working. I joined the company during the COVID-19 pandemic, and initially conducted sales almost exclusively remotely. However, as we moved into the post-COVID era, opportunities to meet clients in person have increased. I have come to strongly appreciate the importance and enjoyment of face-to-face sales, recognizing that there is information accessible only through direct interaction and that such meetings allow for a deeper level of mutual understanding.

Chikiri I joined the company as a new graduate in 2015. Following my marriage, I transferred from the Ritto factory to the Tama factory, and I currently work in the Administration Section, where I handle the aggregation of product manufacturing costs. Our role goes beyond merely compiling figures, and we aim to improve operational quality across the entire factory. Recognizing that having a bird's-eye view of the overall workflow, including manufacturing processes and operations in each department, is important for this goal, we make a concerted effort to communicate with the relevant departments on a daily basis.

Kusano I was interested in international business, and the deciding factor for joining the company as a new graduate in 2023 was learning during the interview that I would be able to work on import and export operations. At present I undertake import and export operations in the Global Administration Management Department. The interests I had when I joined the company have taken shape as concrete work, and I am leading a very fulfilling daily life.

Ishimori In my previous role at a financial institution, I worked in sales, supporting corporate growth from the outside. Drawing on that experience I decided that I wanted to contribute to corporate growth from within, so I joined the company mid-career in 2025, and I am currently handling budgeting and IR-related tasks in the Public and Investor Relations Section.

What you learned and the sense of fulfillment gained through your work

Kitajima Next, please tell us about what you have learned and the sense of fulfillment you have gained through your work.

Yoshida In recognition of the experience and know-how I cultivated at the sales office, I am currently involved in a project to rebuild our core system, and I find the work deeply rewarding every day.

Kitajima When the 11th Medium-Term Management Plan was being formulated, there were no women included among the project members. Reflecting on that experience, approximately one-quarter of the 20 members of the project team formulating the 12th Medium-Term Management Plan are women. This is a major step. I believe the management team recognizes that the company cannot grow in the future without incorporating the female perspective.

Uenishi I am working in the sales role I had hoped for, so the true source of my job satisfaction lies in having customers adopt the products I propose. I feel a sense of happiness whenever I receive positive feedback from them.

Chikiri I find great fulfillment in carefully listening to the opinions of those around me and successfully synthesizing them into a cohesive unit. For example, when reviewing the operational rules for administrative processes related to manufacturing and production instructions, coordination with all relevant departments, including sales, management, technology, and manufacturing, was essential. We had numerous discussions with people from diverse backgrounds in each department, and after spending considerable time finding a solution that was acceptable to all departments, we were able to finalize the new operational rules. I felt a great sense of accomplishment upon receiving words of gratitude and appreciation from the production staff. Whenever I have experiences like this, I reaffirm the importance of persistently continuing the dialogue.

Kusano I have learned a great deal from the work ethic of a senior colleague I respect. I am inspired daily by their approach of looking beyond their immediate area of responsibility to consider the subsequent stages of the business process while carrying out their work. There are times when I feel disheartened after making a mistake, but whenever that happens, I always return to the fundamentals, reminding myself of the importance of acting with a broad perspective on the entire workflow and viewing things from various angles. Amidst this, when colleagues from my section consult me or express their gratitude, I feel a real sense of accomplishment, realizing that I am gradually contributing as a member of the team.

Ishimori In my work related to investor relations, I handle performance and financial figures that the company discloses to shareholders, investors, and other stakeholders, so I always approach my tasks with a sense of serious responsibility. Whenever I have an opportunity to perceive investor reactions, whether directly or indirectly such as through earnings briefings or stock market movements, I not only reaffirm the importance of our IR-related work but also find a deep sense of fulfillment in it.

Kitajima I have been involved in initiatives such as career track changes, follow-up training, workshops for female managers, and career advancement training for women, serving in roles ranging from observer to instructor, and what consistently strikes me is the immense potential of our female employees. I get the impression that many employees hold firm opinions and approach their work with sincerity, while also possessing a strong sense of commitment to contributing to the company. On the other hand, they also feel that they have not yet been able to fully demonstrate their true capabilities, as they have not been granted a position or authority commensurate with their abilities. I believe that reforms to better utilize our sense of fulfillment are essential for our company's future growth. I recognize this as an important issue requiring attention, and I will continue discussing it at the Board of Directors and other forums.

Thoughts and perceptions on issues regarding the workplace environment and systems

Kitajima Next, please share any issues you encounter from day to day or wishes you have regarding your current work environment or the various work arrangements available to you. Although I am an external officer, I intend to convey my views to the management team and drive further transformation.

Yoshida We are steadily creating a more employee-friendly environment by implementing various systems that support work-style reform, such as expanding paid leave options, including maternity and childcare leave, enabling remote work, and enhancing our benefits package. However, I believe there are still many areas that we need to work on. For example, regarding our systems, I must say that the present support system for employees to feel at ease when taking maternity or childcare leave is insufficient. Also, I feel we still have a culture that is resistant to working from home. This is one of the obstacles hindering women's career advancement, so I believe it is an urgent issue to be addressed.

Uenishi I also feel that there are still significant obstacles for women in sales roles who aspire to advance their careers. I am currently single, so I do not need to reduce my working hours, but I do feel a bit anxious when I consider future life stage changes, such as marriage or childbirth. There are still remnants of a male-dominated culture here and there, and at times, one may be unsure of whom to consult when feeling anxious.

Kitajima I think there is an urgent need to improve the situation where no system is in place for female employees to seek advice when they encounter difficulties or feel anxious. As I continue to work while raising three children, I have experienced firsthand just how reassuring it is to have someone to confide in about my worries. I would like to propose to the Board of Directors, etc., that we conduct an internal survey and take immediate action if there is sufficient demand.

Chikiri At my workplace, the factory manager leads by example in utilizing various work-style reform policies, such as taking half-days to care for a sick child or to fulfill duties like supervising elementary school students crossing the road, and there is a culture where supervisors and colleagues naturally look out for one another. I believe it is an environment where anyone, regardless of gender, can avoid having to shoulder the burden alone when facing various life events. When I returned from childcare leave and encountered the challenges of raising my child, my supervisors and colleagues repeatedly offered thoughtful support, suggesting I make use of the available programs. Knowing they were there to think things through with me gave me great reassurance. Thanks to such a supportive environment, I have been able to freely utilize various systems throughout my time here, such as reduced working hours, remote work, and staggered work schedules.

Kusano There are several women in my department who are working while raising children. My female section manager is also working in a management role while raising children. Having such a role model close at hand gives me great reassurance. I also feel that there is an atmosphere of mutual understanding and natural support, as well as a corporate culture that values work-life balance. I hope that such environments conducive to working will spread further, and look forward to the time when diverse working styles will become the norm across the entire company. However, looking at the Global Business Division as a whole, there are significant disparities between departments, and the sales team still has only two women. I think it would be good to see a more balanced increase in the proportion of women across all departments.

Uenishi At the sales office where I work, I used to be the only woman in a sales role, but a female new graduate joined this year, so there are finally two of us. I really appreciate the approachability and ease of discussion from having a colleague of the same gender, and I think it is important to have someone of the same gender in the same department handling the same tasks.

Ishimori I also worked in sales at my previous job, so I fully understand the situation where it is difficult to utilize certain systems even when they are in place. Out in the field, the tendency is to prioritize dealing with customers. My workplace at our Company mainly involves administrative tasks. Much like the departments where Ms. Chikiri and Ms. Kusano work, there is an atmosphere of mutual support that makes it easy for us to utilize various work arrangements.

Kitajima Hearing everyone's stories makes me realize that, even within a single company, the ease with which women can work varies significantly from one workplace to another. One of the issues facing our company is the persistence of workplaces where gender-based role perceptions remain, such as the low number of women in sales positions. Also, I felt that determining the status of overtime work and resolving associated issues need to be addressed. Recognizing this issue, the company has outlined goals and specific measures to deal with it in the General Employer Action Plan announced on April 1, 2026, based on the Act on the Promotion of Women's Active Engagement in Professional Life. Implementing these measures is expected to significantly improve the working environment for women in their departments by increasing the proportion of women, alleviating any sense of being in the minority, and making more role models readily accessible.

Leadership image

Kitajima Finally, as women aiming to become leaders in the future, please share what you expect from the company or what you want to do yourselves.

Yoshida In the Sales Department there is still the notion that "assistant" equals "woman," and I feel that an unconscious bias is at play. To break out of this situation, I believe that in addition to the enhancement of support systems and frameworks to promote women's advancement, fundamental measures are necessary. These include more positively communicating the company's commitment to empowerment of women, and working toward achieving a gender balance across all job categories and workplaces. On a personal level, I also intend to maintain a sincere attitude toward my work and avoid getting too caught up in "diversity." I recognize that it is important to place the right person in the right job, regardless of gender.

Uenishi I also hope for an environment where there is no need to be concerned about whether someone is a man or a woman. If we eliminate the gender-based division of labor, create an environment where everyone can take on challenges on equal footing, and ensure that individuals are placed in roles that best suit their unique talents, I believe we will no longer need to distinguish between "male leaders" and "female leaders," but will instead be able to envision a leadership image shared by both men and women.

Kitajima In the past, our company took a cautious approach to the advancement of women, viewing them as individuals who needed to be protected. We tended to avoid assigning them to roles involving relocation or overseas postings, or hiring them for sales or technical positions. I feel that this led to unconscious bias, resulting in women not being given opportunities to play an active role or to grow. The fact that our company operates in a sector requiring knowledge of science and engineering may also be a factor. While a significant transformation has occurred in recent years, I recognize that it is still a work in progress.

Chikiri I also believe that what is required of a leader is not a specific gender, but the ability to move the organization forward while utilizing their own unique strengths. I have personally valued the ability to listen carefully to others' opinions and coordinate matters while taking a comprehensive view of the situation. I intend to continue upholding this attitude as I aim to become a leader in the future. As I grow personally, I also want to contribute to creating an environment where those around me find it easier to work.

Kusano I agree with you all. Regardless of gender, I believe the basic condition required of a leader is the ability to view the team as a whole, grasp the situation, and bring out the best in each individual's capabilities. To begin with, I want to diligently handle my immediate tasks one by one and establish myself as someone who is trusted. Looking ahead, I aim to take on new challenges and become a reliable figure who can pass on my experience to junior colleagues. At the same time, I want to build a career that allows me to work with peace of mind over the long term, while valuing the balance between my personal and professional life.

Ishimori My image of the ideal leader is someone who respects individuals from diverse backgrounds and utilizes each person's strengths. I believe the company should be one where such individuals have fair access to opportunities, regardless of gender. In keeping with our founding spirit of "Hard work, prosperous lifestyle," I aim to design a career where I can give my all to the tasks before me, earn commensurate compensation, and successfully balance my professional and personal life.

Kitajima As you have all said, I also believe that gender distinctions are unnecessary for leaders. However, we may need to re-examine our company's ideal image of a leader. In an era of placing the right people in the right roles, there is no single model for a leader. While the strong leadership that leads from the front is important and has sustained our company to date, leaders who possess the ability to connect diverse perspectives and foster empathy are essential to accelerating our future growth. To generate the "Network" and "Synergy" outlined in our Group Statement, we require flexible communication skills that foster collaboration across organizational silos. The qualities you have all discussed, such as the ability to listen and the ability to coordinate, are exactly the attributes of the new leaders our company needs for the future. I want you to be confident that utilizing your individual strengths is exactly what constitutes placing the right person in the right role in terms of leadership at our company. We look forward to seeing you become leaders in our company in the future. Finally, we recognize that it is the management team's mission to enable all employees, both men and women, to realize their fundamental desire to continue working with peace of mind over the long term. We, as executives, intend to take the initiative in shaping the systems and organizational culture that make this possible. Thank you for sharing your valuable opinions today.

Safety and Health Policy

We will seek to provide employees with safe and sanitary working environments for the purpose of minimizing occupational injuries and diseases, and improving the retention rate and morale of employees in addition to the quality of products and services.

Safety and Health Management System

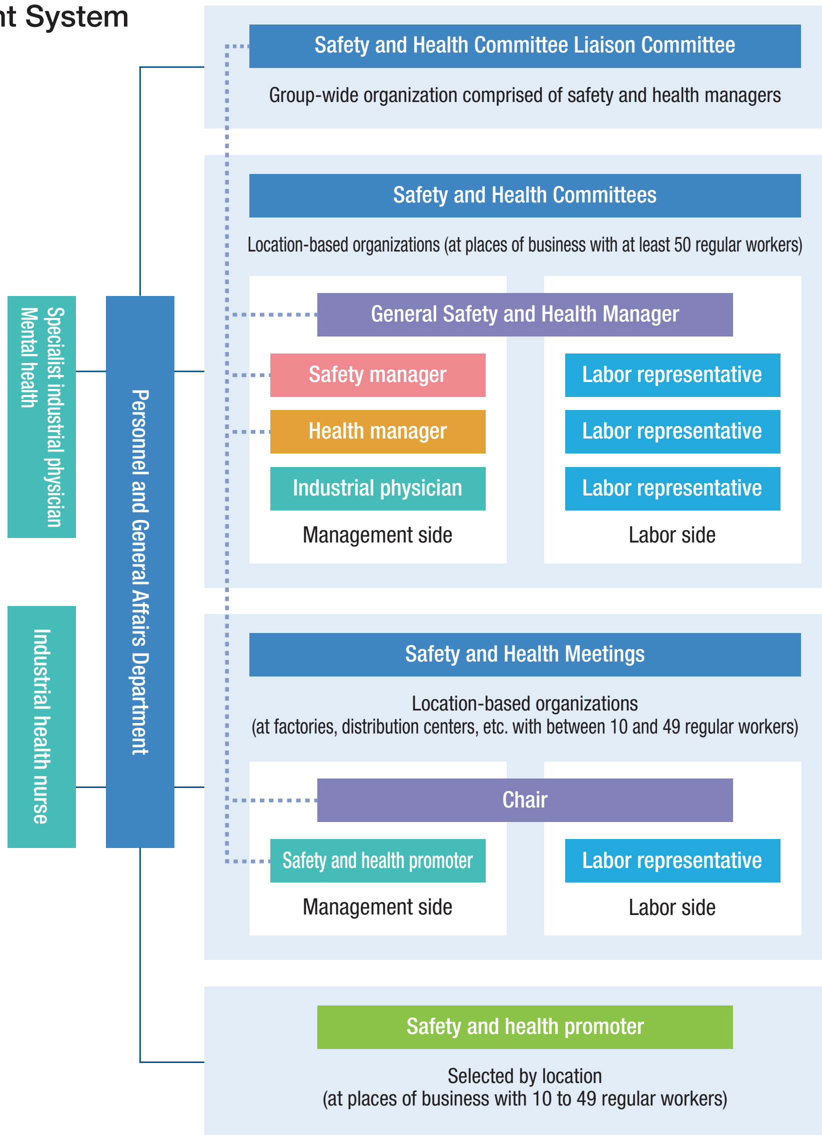
We recognize that providing our employees with a safe and sanitary work environment is our responsibility as a company and one of the most important issues in management.

From this perspective, under the Safety and Health Policy, Safety and Health Committees play a central role in studying and implementing measures to prevent occupational accidents, as well as conducting surveys and deliberations on important matters to this end.

These Safety and Health Committees are set up at all of our places of business with at least 50 workers, holding regular monthly meetings. Committees consist of equal numbers of members from the management and labor side.

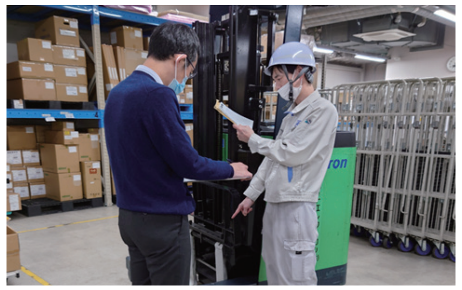
Safety and Health Meetings are set up at factories and distribution centers with between 10 and 50 workers that do not have a Safety and Health Committee. These meetings conduct activities similar to those of their committee counterparts, including holding regular meetings once a month.

In addition, we have established the Safety and Health Committee Liaison Committee as a Group-wide organization to identify management items related to occupational safety and health. This liaison committee encourages actions to ensure compliance with laws and regulations and to improve the working environment.



Implementation of site patrols

Each location's Safety and Health Committee (sites with 50 or more employees) or its Safety and Health Promoter (sites with less than 50 employees) conducts site patrols to ensure safety and health at each location. These patrols simultaneously serve to identify and report challenges toward minimizing future occupational accident risk to head office divisions.



A site patrol

Quality Policy

We will establish an effective quality management system for the purpose of providing products and services meeting the expectations and needs of customers.

Quality Management System

We recognize that one of our major missions is to contribute to society and our customers through relentless efforts to improve the quality of our products. To this end, we are working on our quality management system to ensure our quality standards always exceed our customers' expectations.

As with our environmental management system, we conduct internal audits every year to ensure that the quality management system is operated appropriately and efficiently based on the PDCA cycle, and that continuous improvements are made.

We also focus on activities to familiarize all employees with our Quality Policy and to raise awareness about being proactive with regard to our quality management system.

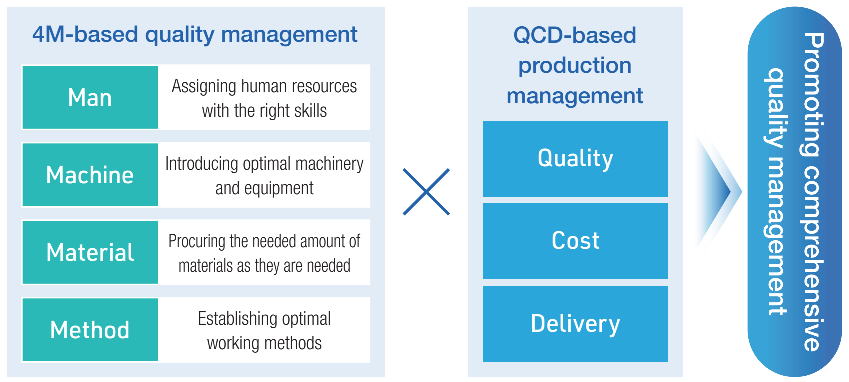
Acquisition of ISO 9001 and JISQ 9100

In order to establish an effective quality management system, comply with laws and regulations, and ensure the achievement of quality standards, we obtained ISO 9001 certification, the international standard for quality management systems, in April 1998, and have been periodically audited by an external assessment organization since then. In addition, the Specialized Equipment Factory and the Equipment Factory within the Parts Business Operation have acquired certification under JISQ 9100 (for aerospace), a quality management system standard with additional requirements specific to aviation, space, and defense.

Scope of application of ISO 9001 certification (as of December 2025)	• **M&S Company:** • Quality and Environment Promotion Office • Tama Sales Office, Tokyo Electronics Sales Office, Nagoya Electronics Sales Office, Osaka Electronics Sales Office, Tokyo Machinery Sales Office, Osaka Machinery Sales Office • Purchasing Section: Tokyo Center, Osaka Center • **D&P Company:** • Equipment Business Operation • Parts Business Operation • Specialized Equipment Factory • Equipment Factory *The Specialized Equipment Factory and the Equipment Factory have also acquired JISQ 9100 certification (for aerospace)

Promoting Comprehensive Quality Management Based on the 4Ms and QCD

In order to ensure the optimum level of quality demanded by our customers, we must ensure that the various quality control tasks occurring at production sites are properly executed. At our production sites, we promote comprehensive quality management through a combination of quality management based on the 4Ms and production management based on QCD, as shown in the figure on the right.



Environmental Policy

Environmental Philosophy

Based on the recognition that creating a people-friendly and earth-friendly environment is one of our top priority issues, we will contribute to global environment protection by reducing environmental burdens through development, production, and sales of every product and related service.

Environmental Policy

Based on our Environmental Philosophy, we will promote, and continuously improve, environmental management system activities in accordance with our Action Guidelines to reduce environmental impacts of our business operations ranging from design, manufacture, and sales of products to related services and achieve harmony with the global environment.

Environmental Protection

In accordance with our basic environmental policy, we have acquired ISO 14001 certification and established an environmental management system to prevent environmental pollution, promote energy conservation, reduce waste, implement recycling, conduct green procurement, and promote the management of chemical substances found in products.

Climate Change Initiatives

We have identified social and environmental value creation as material issues, and have joined the TCFD Consortium as of December 2023 as part of its efforts to achieve a decarbonized society.

We aim to bring about a sustainable society and achieve corporate growth by identifying risks and opportunities related to climate change, assessing business and financial impacts through scenario analysis, and implementing countermeasures.

By contributing to environmental load reduction through provision of electronics technologies to a wide area of industry, including information and telecommunications infrastructure, land, sea, and air infrastructure, and the energy industry, we will also support people's daily lives, safety, security, and convenience.

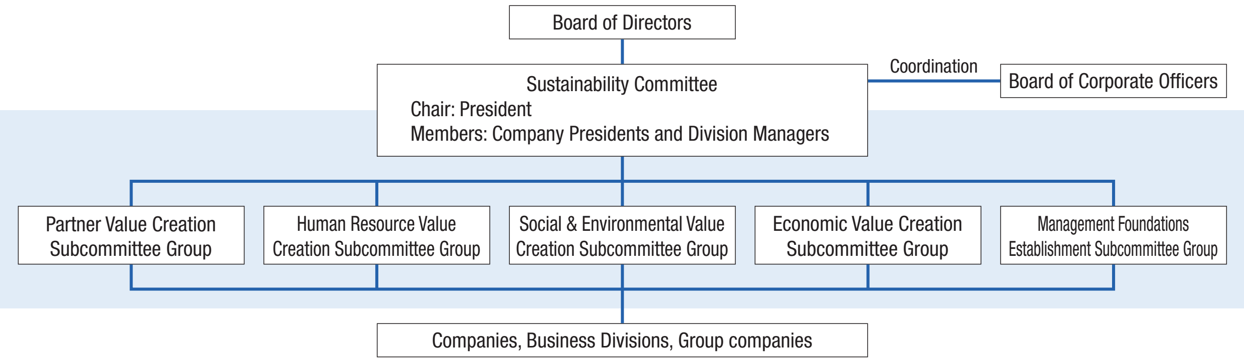
1 Governance

We are working to improve corporate value and provide diverse value to the electronics industry and other industries, as well as to society as a whole. Going forward, as a public instrument, we will continue to promote sustainability management with the aim of ensuring that our business activities are directly linked to sustainability.

The Board of Directors oversees the content of policies, targets, and plans related to sustainability issues, including climate change-related issues, as well as the progress of each measure, as reviewed and discussed by the Sustainability Committee.

The Sustainability Committee is chaired by the President and consists of the President of each Company and General Managers of each Division. This committee approves specific measures and KPIs for materiality initiatives via its subcommittees, manages their progress, and reports to the Board of Directors. Then, opinions and directions received from the Board of Directors are reflected in these initiatives. In addition, in cooperation with the Board of Corporate Officers, the committee disseminates information to each Company and Group company, working to ensure greater internal penetration of the Group's initiatives, and advancing Group-wide initiatives and dialogue with each stakeholder to evolve and enhance our initiatives.

The Sustainability Committee's subcommittee structure consists of five subcommittee groups, each responsible for formulating specific measures and KPIs for its specific issues, and for advancing activities to achieve these measures and KPIs.



2 Strategy, risks, and opportunities

Based on the TCFD recommendations, we analyzed and identified climate change risks and opportunities for us, and conducted scenario analysis over short-, medium-, and long-term timelines in order to understand their impact on our business. Based on the following major scenarios, we identified a wide range of possible future risks and opportunities. Furthermore, through discussions and examinations led by upper management and business units, we concluded with an assessment of events with a high likelihood of occurring in us and their degree of impact, and studied and formulated countermeasures based on such evaluation.

Scenario Analysis Results (1) 1.5°C/2.0°C Scenario

(Major risk) Risk of increased operating costs due to introduction of carbon tax	Work to reduce both greenhouse gas (GHG) emissions and energy use throughout us, including the use of LEDs and the introduction of renewable energy sources
(Major opportunity) Expand business by capturing new customer demand that contributes to reducing environmental impact	Work to develop and propose new products and comprehensive solutions in response to growing semiconductor demand alongside the popularization of EVs

Scenario Analysis Results (2) 4.0°C Scenario

(Major risk) Physical risk of intensifying natural disasters	Minimize risk through advanced risk analysis, information gathering, disaster prevention measures, and disaster response measures, not only at locations with high hazard ranks but also at other locations

Based on scenario analysis results, we will regularly and continuously update its scenario analysis to enhance accuracy, flexibly respond to anticipated risks, and increase its resilience to withstand any scenario and timeline. For opportunities, we will flexibly and strategically consider and develop measures that will lead to sustainable corporate value enhancement, while focusing on the situation regarding climate change, market trends, and dialogue with our customers.

3 Risk management

In addressing climate change risk within the Group, the Sustainability Committee takes the lead in handling risks that may have a significant impact on management. Climate change-related risks identified by the risk management organizations of each division and reported to the committee are evaluated and prioritized in terms of degree of impact and likelihood of occurrence. Results of these studies are reported to the Board of Directors as necessary to ensure appropriate management and oversight. In addition, we are considering reflecting climate change-related risk management (identification and management of particularly important matters and formulation of countermeasures) into our Group-wide risk management process as part of efforts to upgrade existing risk management.

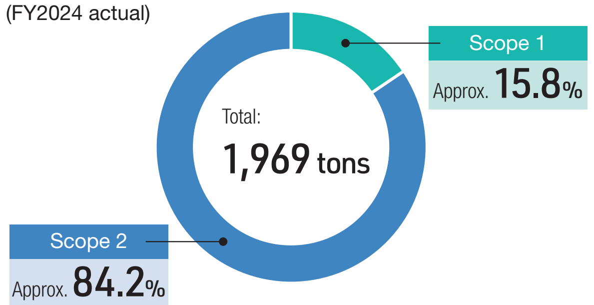
4 Metrics and targets

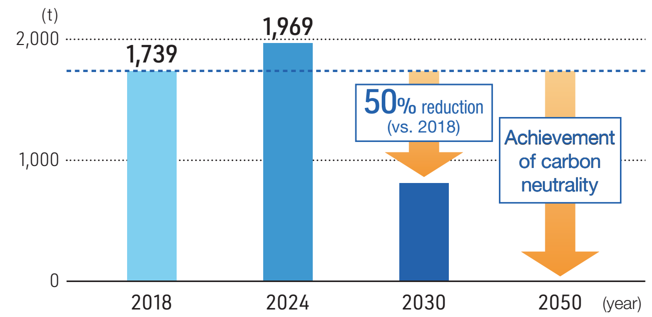
As part of our efforts to reduce GHG emissions toward achieving carbon neutrality by 2050, we have set a target to reduce GHG emissions from our business activities (Scope 1 and 2) by 50% by 2030 compared with the 2018 level. Our measures to achieve this include working to save energy by replacing conventional lighting with LEDs and updating air conditioning equipment, installing solar power generation equipment (Tama factory), and utilizing electricity derived from renewable energy sources (Tokyo/Kojimachi). We also intend to act to reduce emissions in Scope 3, and will begin by calculating these emissions at our Group locations in Japan and overseas. Meanwhile, we are aware that our Group is connected to a large amount of Scope 3 emissions due to the nature of our industry, and we will seek to reduce these in cooperation with our partners in the supply chain.

GHG Emissions KPIs

Scope	Base year	CO_2 emissions in the base year	Reduction targets		
			2030	2035	2050
1·2	2018	1,739 tons	50%	Over 90%	CN
3	2024	211,552 tons			

Scope 1 and 2 emissions (FY2024 actual)





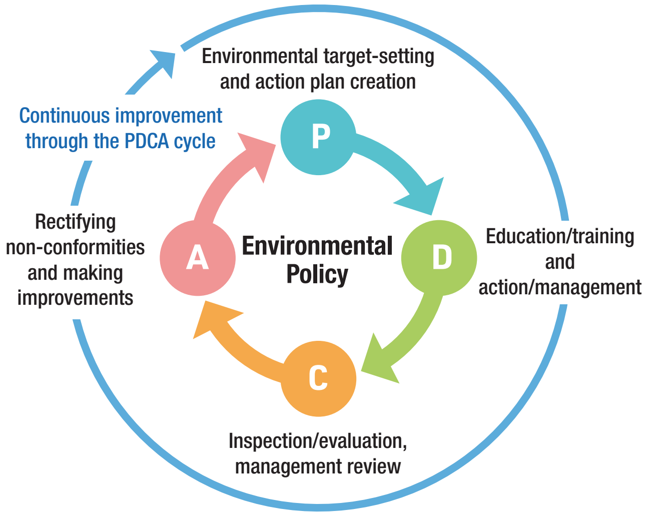
* CO_2 emissions for the base year (2018) have been revised due to more precise calculation methods.

Environmental Management System

With the aim of resolving environmental issues through our business activities, we have established, maintain, and operate an environmental management system with our Environmental Policy at its core, while adding fair and objective inspections and evaluations by an external inspection organization.

We conduct internal audits every year to ensure that the environmental management system is operated appropriately and efficiently based on the PDCA cycle, and that continuous improvements are made.

In addition, to ensure that all employees always act in an environmentally conscious manner, we have established and rigorously enforce the Action Guidelines. These guidelines establish a number of important actions, including compliance with environmental laws and regulations in all processes from design and manufacturing to procurement and sales of materials, as well as promotion of educational activities including those related to the environment. We believe that it is our social responsibility to proactively address environmental issues, protect the environment while balancing socio-economic needs, and contribute to the creation of a sustainable society.



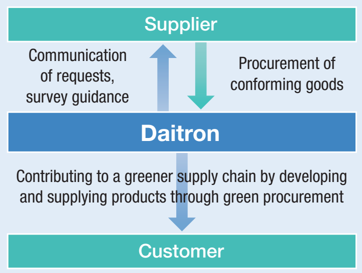
Acquisition of ISO14001 Certification

As shown in the table to the right, we have obtained ISO 14001 certification, the international standard for environmental management systems, at our major locations since around 20 years ago. These locations are regularly audited by an external assessment organization to ensure these systems' effectiveness is maintained.

Scope of ISO 14001 certification applicability (As of December 2025)	All domestic locations • Shin-Osaka Office (Administration Headquarters, Audit Office) • Kunitachi Office • Kojimachi Office (Group Business Promotion Department) • Overseas Business Headquarters (Kunitachi Office, Kojimachi Office) • M&S Company all domestic locations (All business places) • D&P Company all domestic locations (Equipment Business Operation, Parts Business Operation)

Sustainable Procurement

1 Green procurement



Based on our Environmental Philosophy and Environmental Policy, we have prepared the Green Procurement Guidelines and are promoting green procurement activities for all materials and equipment we procure. The purpose of this policy is to provide customers with environmentally-friendly products and goods and to contribute to global environmental protection based on a recycling society. It does this by setting forth standards for procurement from our suppliers, ensuring compliance with laws, regulations, and other requests agreed upon by the Company, and making them aware of the need to reduce their environmental burden. Our requests for suppliers cover all processes, from material procurement to manufacturing and delivery, such as indicating prohibited substances and preventing their attachment, mixing, or misuse; minimizing packaging, wrapping materials, cushioning materials, etc. during shipment; and ensuring traceability management.

These guidelines were first published on January 1, 2017, and have been revised periodically since then.

2 Responsible procurement of minerals

In material procurement, we strive to select suppliers that are appropriate not only in terms of the environment but also in terms of human rights and other aspects. For example, there is a global concern that the mineral resources mined in the Democratic Republic of the Congo and its neighboring countries are providing a source of funds to armed groups causing human rights abuses and environmental destruction. Global supply chain traceability investigations have been conducted by U.S. listed companies and others since 2013 to confirm whether or not their supply chains contain such conflict minerals. We are actively cooperating with these investigations as a member of supply chains.

Status of Environmental Education and Training Programs

To promote efforts for global environmental protection through all of our business activities, including product development, production, sales, and service provision, we conduct environmental education and training to ensure that all employees understand our Environmental Policy and act based on this policy in the performance of their duties.

For example, twice a year, M&S Company provides training on matters such as the environment, quality, and related regulations in its training programs for new and mid-career employees, as well as for employees who have been transferred.

Our Approach to Social Contribution Activities

The Group positions social contribution activities as part of our commitment to sustainability (social sustainability). We carry out community-based activities prioritizing dialogue and interaction with the local community and collaborating with various local specialist organizations. The "Management Foundations Subcommittee," one of the subcommittees under the Sustainability Committee, serves as the operational base for our Group's activities. Through this structure, we are committed to carrying out social contribution initiatives that align with our Group's approach to sustainability.

Daitron Welfare Foundation

In 2001, our late founder, Zenshiro Takamoto, used his personal wealth to establish the Daitron Welfare Foundation, marking the 50th anniversary of our company's founding. It was established in Shiga Prefecture with the support of the companies within our Group, for the purpose of providing assistance (grants) to welfare facilities for people with disabilities who have difficulty participating in society solely due to their disabilities.

Its main activities include providing grants to facilities that support employment for people with disabilities, as well as to research organizations studying ways to enhance their social participation and quality of life.

Also, it publishes the "Daitron Welfare Newsletter" every year to report on its activities, etc.

For more details, refer to the Daitron Welfare Foundation homepage (available only in Japanese). (https://daitron-fukushi.org)

Report on the Main Volunteer Activities in 2025

Creating Christmas Cards for Hospitalized Children

On September 26, 2025, we held an event at Osaka headquarters to create Christmas cards for hospitalized children, in collaboration with Osaka Voluntary Action Center and Japan CliniClowns Association. With Ms. Eriko Kumagai serving as the instructor providing fun guidance, approximately 200 unique cards were completed, including those made for participants to take home. Before shipment, the cards were displayed at Osaka headquarters, and details of the initiative were shared internally. Through such activities, we will continue to be involved in initiatives that bring smiles to many faces.

What is Japan CliniClowns Association?

This is a specialist organization that dispatches "Clinic Clowns" to hospitals, with the motto "Children's time for all children."

Following on from the Previous Year, a Seminar on Volunteer Activities was Held

We held a seminar on volunteer activities at Osaka headquarters on November 12, 2025, following the event held in 2024. We received cooperation from Osaka Voluntary Action Center, a long-standing organization that has marked its 60th anniversary. We welcomed Ms. Orie Aoyama as the guest speaker. She shared the insight that volunteering is a relationship of "helping and being helped" and that simply feeling that it looks interesting is a perfectly valid reason to get started. Her talk was an excellent catalyst for the participating members to take that first step toward getting involved in volunteer activities. Also, we announced a volunteer leave program in collaboration with the Personnel section.

Our Basic Policy on Corporate Governance

Amid this rapidly changing business environment surrounding corporations with the increasing globalization of the world economy, for corporate sustainable growth we are aware that improving the management system and enhancing corporate governance from the shareholders-oriented standpoint are among the most important challenges for us.

The basic concepts of our corporate governance principles include building good relationships of trust with all the stakeholders, ensuring timely and proper information disclosure and management transparency, and following effective and healthy operating procedures, all of which are based on the Management Philosophy.

Compliance and corporate ethics

We established the Compliance Committee to formulate basic compliance policies and manuals that provide for the codes of ethics focusing on compliance with external relevant laws and regulations as well as internal rules of the Company. With this system implemented we are strengthening internal governance and promoting compliance activities for sound and smooth operation of the whole Group.

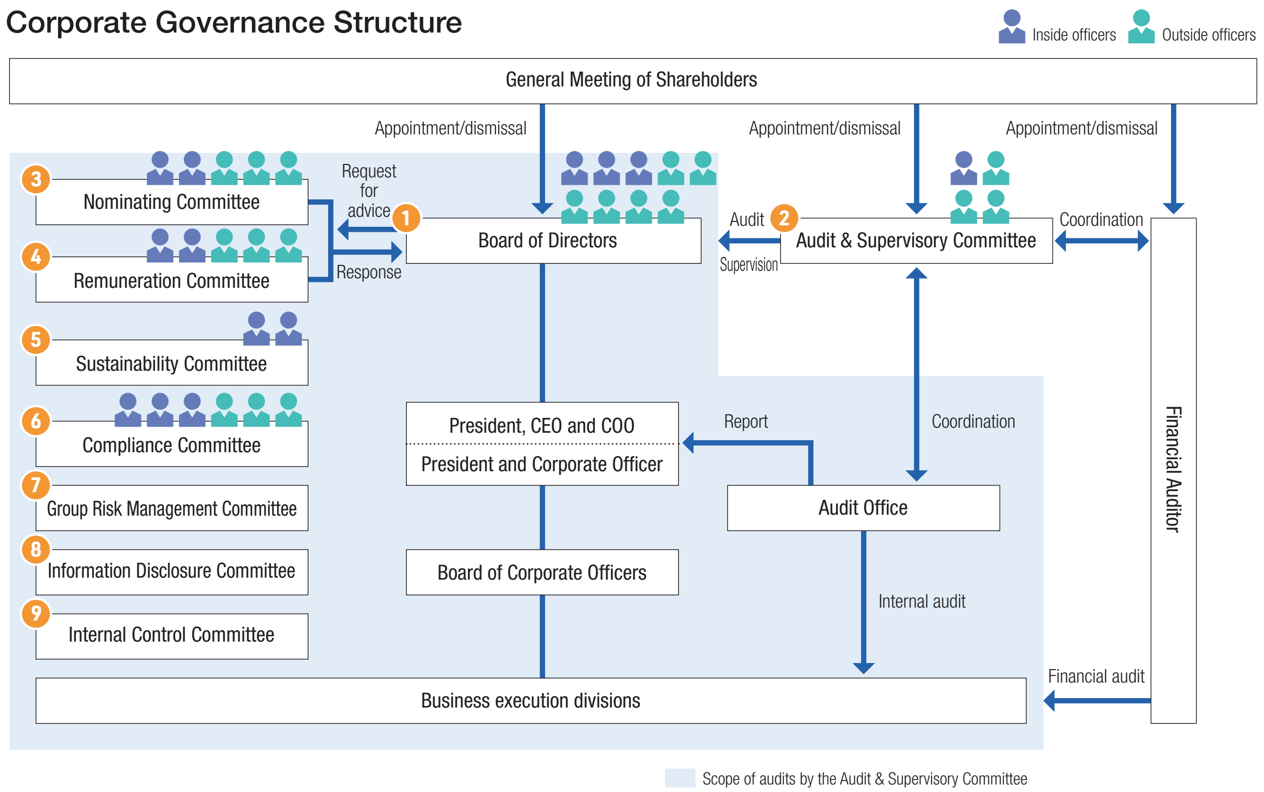
Timely disclosure and information management

We have created the Information Disclosure Committee to ensure timely and appropriate disclosure of important corporate information while keeping it true, complete, and accurate. This allows us to make fair and quick decisions on when and what information should be disclosed. We also have set up information security rules and personal information protection rules for thoroughgoing information management.

Risk management

We recognize that risk management is an extremely important management activity, and have established a Risk Management Committee with the aim of improving our corporate value and credibility. Accordingly we work to prevent various risks that could have a significant impact on management, take action promptly and appropriately so as not to harm our stakeholders, and preserve our management resources. Also, risk management activities are integrated with the Compliance Committee. A manager is appointed in each business operation to carry out risk management activities, and there is a system in place to promptly report important matters regarding risk management.

Corporate Governance Structure



Outline of Important Organizations in the Corporate Governance Structure

1 Board of Directors

In principle, the Board of Directors meets once a month on a regular basis, and extraordinary meetings are held as necessary when important matters arise. Participants of Board meetings are fully informed and act in good faith and with due diligence in the best interests of the Company and its shareholders. In addition, the Company's Board of Directors always keeps abreast of business conditions at the group level and makes prompt decisions on medium- and long-term management issues and important matters to maximize the Group's corporate value, including to strengthen the Group's comprehensive capabilities and further reinforce the entire Group's corporate governance.

2 Audit & Supervisory Committee

The Company's Audit and Supervisory Committee currently consists of four members (one full-time member and three Outside Directors), and in principle meets once a month to receive reports on important matters related to auditing, and to discuss and make resolutions on the same. In addition, the Audit and Supervisory Committee attends meetings of the Board of Directors and other important meetings to audit and supervise the status of Directors' performance of their duties, and exchange opinions with the internal audit department and financial auditor to improve audit functions.

▶ Group Corporate Auditor Liaison Committee

The Group Corporate Auditor Liaison Committee consists of corporate auditors (Audit and Supervisory Committee: includes outside officers) of the Company and its subsidiaries. It meets regularly to exchange information and opinions on audits of Group companies in accordance with the Audit Policy, thereby establishing a system handling corporate governance of the entire Group.

3 Nominating Committee

We established the Nominating Committee as a voluntary advisory body to the Board of Directors for the purpose of deliberating and proposing to the Board of Directors related to the nomination and dismissal of officer candidates.

4 Remuneration Committee

We established the Remuneration Committee as a voluntary advisory body to the Board of Directors for the purpose of deliberating and proposing to the Board of Directors on matters related to remuneration structure and system policies for officers.

5 Sustainability Committee

We established the Sustainability Committee to address materiality (key issues) surrounding the Group's sustainability and to promote and oversee activities aimed at the sustainable growth of society and the Group's business activities and the enhancement of corporate value over the medium to long term. This committee examines specific measures to address materiality, sets target indicators, supports and monitors activities to achieve targets, and reports and makes recommendations to the Board of Directors on the results of these examinations and the progress of activities.

6 Compliance Committee

We established the Compliance Committee to build a compliance system rooted in high ethical standards, centered on compliance with relevant external laws and regulations as well as internal rules of the Company, and to strengthen internal governance and promote compliance activities for the sound and smooth corporate management of the Group. In addition, for the purpose of preventing the occurrence and expansion of internal misconduct, we have established the Daitron Group Compliance Hotline, an internal reporting and consultation service. We have assigned a third-party organization as the information provider for this service in an effort to detect violations of laws and regulations and to uncover potential violations before they occur.

7 Group Risk Management Committee

We regard risk management as a matter of extremely high priority in business administration and have established the Risk Management Committee for the purpose of improved corporate value and reliability. Its mission is to prevent diverse possible risks that could seriously affect our business administration, to quickly and properly cope with each situation so that it would not damage the stakeholders' interests, and consequently to conserve management resources. Under this system administrators in charge of carrying out these activities are designated from each section, and are required to report promptly on the occurrence of any important issue concerning risk management.

8 Information Disclosure Committee

We have created the Information Disclosure Committee for securing timely and appropriate disclosure of important corporate information while keeping it true, complete, and accurate. This system has made possible a fair and quick decision on when and what information should be disclosed. We also perform practical inspections to ensure that there are no omissions in disclosure content.

9 Internal Control Committee

The Internal Control Committee operates, maintains, and evaluates internal control over financial reporting, and reports the results of internal control evaluations and other information to the President, CEO and COO in a timely manner, including when financial results are announced.

Organizational Memberships

(◎ indicates the chairperson, while ○ indicates members)

Position	Name	Board of Directors	Audit & Supervisory Committee	Group Corporate Auditor Liaison Committee	Nominating Committee	Remuneration Committee	Sustainability Committee	Compliance Committee
President, CEO and COO	Shinsuke Tsuchiya	◎			○	○	◎	◎
Senior Managing Director	Hajimu Mouri	○		○	○	○	○	○
Outside Director	Toru Wada	○			○	◎		
Outside Director	Akihiko Imaya	○			◎			
Outside Director	Kazutoshi Hosoya	○				○		
Director and Full-time Audit & Supervisory Committee Member	Minoru Ujihara	○	◎	◎				○
Outside Director and Audit & Supervisory Committee Member	Noriko Kitajima	○	○	○	○			○
Outside Director and Audit & Supervisory Committee Member	Satoshi Nakayama	○	○	○		○		○
Outside Director and Audit & Supervisory Committee Member	Yoko Minami	○	○	○				○

Director Skill Matrix

Position	Name	Specialization/Experience						
		Corporate management	Finance/ Accounting	Global business	Legal affairs/ Risk management	Personnel, Labor, and HR development	R&D	Sales
President, CEO and COO	Shinsuke Tsuchiya	●		●				●
Senior Managing Director	Hajimu Mouri	●	●		●	●		
Outside Director	Toru Wada				●	●		
Outside Director	Akihiko Imaya	●		●			●	●
Outside Director	Kazutoshi Hosoya	●					●	●
Directors	Minoru Ujihara		●	●				
Outside Director	Noriko Kitajima				●	●		
Outside Director	Satoshi Nakayama		●					
Outside Director	Yoko Minami					●		

*The above table does not show all skills possessed by each individual.

Outside Officers

The Company has six Outside Directors. The Outside Directors meet the criteria for independence set forth by the Tokyo Stock Exchange, and the Company designates all of its Outside Directors as independent directors.

Outside Director Toru Wada	Toru Wada has extensive experience and highly professional knowledge about corporate legal affairs, etc., as an attorney-at-law, and the Company believes that he will be able to provide beneficial opinions for the management of the Company, and has therefore appointed him as an Outside Director. Note that as of December 31, 2024, he holds 1,000 shares of Company stock. However, the Company has judged that there are no concerns of conflict of interest with him. Also, he is Joint Partner of Phoenix Law Offices, but there is no special relationship between our company and Phoenix Law Offices.
Outside Director Akihiko Imaya	Akihiko Imaya has extensive experience and advanced knowledge in corporate management from his past experience as a manager of a group of companies operating globally, and the Company believes that he will be able to provide beneficial opinions about the Company's management, and has therefore appointed him as an Outside Director.
Outside Director Kazutoshi Hosoya	Kazutoshi Hosoya has advanced professional knowledge in manufacturing from his many years as a manager of a global manufacturer in a business field similar to that of the Company's. The Company believes that he will be able to accurately assess the management environment and industry trends of the Group and provide useful opinions and suggestions, and has therefore appointed him as an Outside Director.
Outside Director Noriko Kitajima	Noriko Kitajima has extensive experience and professional knowledge about corporate legal affairs and other topics as an attorney at law, and the Company has determined she has the ability to provide meaningful checks and balances on the Company's decision-making, and has therefore appointed her as an Outside Director. She also serves as Joint Partner of Phoenix Law Offices, Outside Director (Audit & Supervisory Board Member) of Daiei Kankyo Co., Ltd., and Outside Director (Audit and Supervisory Committee member) of Taki Chemical Co., Ltd. However, there are no particular relationships between the Company and Phoenix Law Offices, Daiei Kankyo Co., Ltd., and Taki Chemical Co., Ltd.
Outside Director Satoshi Nakayama	Satoshi Nakayama has extensive experience and professional knowledge about finance and accounting as a certified public accountant, and the Company has determined that he has the ability to provide meaningful checks and balances on the Company's decision-making, and has therefore appointed him as an Outside Director. He also serves as Director of Satoshi Nakayama Certified Public Accountant Office, Senior Partner of Kyorisshi Audit Corporation, and Outside Director of Fujicco Co., Ltd. (Audit & Supervisory Committee member). However, there are no particular relationships between the Company and Satoshi Nakayama Certified Public Accountant Office, Kyorisshi Audit Corporation, and Fujicco Co., Ltd.
Outside Director Yoko Minami	Yoko Minami has extensive experience and professional knowledge regarding labor as a certified social insurance and labor consultant. We believe that she can provide meaningful checks on the Company's decision-making and have therefore appointed her as an Outside Director.

Attendance at Fiscal 2025 Meetings of the Board of Directors, Nominating Committee, Remuneration Committee, Board of Corporate Auditors and Audit & Supervisory Committee

Title	Name	Board of Directors meetings attendance rate	Nominating Committee meetings attendance rate	Remuneration Committee meetings attendance rate	Board of Corporate Auditors meetings attendance rate	Audit & Supervisory Committee meetings attendance rate
Chairman and Director	Isayuki Mae	100% (4/4)	—	100% (1/1)	—	—
President, CEO and COO	Shinsuke Tsuchiya	100% (18/18)	100% (2/2)	100% (3/3)	—	—
Senior Managing Director	Hajimu Mouri	100% (18/18)	100% (2/2)	100% (4/4)	—	—
Outside Director	Yasutoshi Kimura	100% (4/4)	—	100% (1/1)	—	—
Outside Director	Toru Wada	100% (18/18)	100% (2/2)	100% (4/4)	—	—
Outside Director	Akihiko Imaya	100% (18/18)	100% (2/2)	—	—	—
Outside Director	Kazutoshi Hosoya	100% (18/18)	—	100% (3/3)	—	—
Director and Full-time Audit & Supervisory Committee Member	Minoru Ujihara	100% (18/18)	—	—	100% (4/4)	100% (10/10)
Outside Director and Audit & Supervisory Committee Member	Noriko Kitajima	100% (18/18)	100% (2/2)	100% (1/1)	100% (4/4)	100% (10/10)
Outside Director and Audit & Supervisory Committee Member	Satoshi Nakayama	100% (18/18)	—	100% (3/3)	100% (4/4)	100% (10/10)
Outside Director and Audit & Supervisory Committee Member	Yoko Minami	100% (14/14)	—	—	—	100% (10/10)

*1 Mr. Isayuki Mae and Mr. Yasutoshi Kimura retired as Directors upon the conclusion of the Ordinary General Meeting of Shareholders held on March 28, 2025. Therefore, the figures shown represent the number of Board of Directors meetings held and the number of times they attended during their tenure.
*2 Ms. Yoko Minami was elected at the Ordinary General Meeting of Shareholders held on March 28, 2025, so the attendance count reflects her attendance following her appointment.

Effectiveness Evaluation of the Board of Directors

As part of its efforts to strengthen corporate governance, the Company conducts evaluations of the effectiveness of its Board of Directors.

Overview of Effectiveness Evaluation

In December 2025, the Company's Board of Directors conducted a self-evaluation using the Board of Directors Effectiveness Evaluation Questionnaire for all directors, including outside directors and directors who are Audit and Supervisory Committee Members (9 in total). Based on the aggregated results, an analysis was conducted and awareness was shared about the current status of the Company's Board of Directors, and future initiatives to enhance the Board's effectiveness were discussed.

Overview of Evaluation Results and Future Initiatives

Based on the aggregated results and analysis of the responses to the Board of Directors Effectiveness Evaluation Questionnaire (37 items in total), it was determined that the effectiveness of the Company's Board of Directors has been adequately secured. Also, regarding the initiative identified in the previous year's effectiveness evaluation, namely enhancing discussions aimed at ensuring diversity in the composition of the Board of Directors, including with respect to gender and international background, we have confirmed that the situation has improved due to changes in the Board's composition.

In addition, recognizing the enhancement of discussions regarding succession planning for the Representative Director as a new issue, we have decided to make deepening of discussions on the selection and development of a successor a key initiative for further enhancing the effectiveness of the Board of Directors.

Future Action

In light of the results of the recent effectiveness evaluation, the Board of Directors has engaged in repeated discussions and deliberations regarding enhancing discussions aimed at ensuring diversity, such as gender and international background, among Board members, and will proceed with initiatives to further improve the Board's effectiveness. We will continue to evaluate the effectiveness of the Board of Directors and analyze the results annually to continue said effectiveness and strengthen corporate governance.

Director and Corporate Auditor Training

The Company encourages Directors to participate in external seminars for the purpose of self-development, etc. and to build personal networks outside our organization. The Company bears the costs of such seminars in accordance with internal regulations. In addition, for the purpose of training Directors, Corporate Auditors, and senior management, the Company has a policy of inviting outside lecturers to address the annual Group Joint Board of Officers and Group Corporate Auditor Liaison Meeting.

Officer Remuneration

The Company's Board of Directors, at a meeting held on March 28, 2025, revised the policy regarding the determination of the details of individual Director remuneration. The Remuneration Committee was consulted in advance on the details of the resolution to be adopted by the Board of Directors and delivered its report to the Board of Directors.

The Board of Directors has also confirmed that the method of determining the details of remuneration for individual Directors and the details of remuneration determined are consistent with the determination policy before the aforementioned revision and that the report from the Remuneration Committee has been respected. Therefore, it has determined that the remuneration for individual directors for the current fiscal year is consistent with the determination policy before the aforementioned revision.

The Company's basic policy is to set an appropriate level of remuneration for each Director (excluding Directors who are Audit & Supervisory Committee member) based on his or her duties in a compensation linked to shareholder benefit so as to sufficiently function as an incentive for the sustainable improvement of corporate value. Here, the Board of Directors is given the authority to determine the amount of remuneration for the Company's officers and the policy regarding the determination of the method of calculation thereof.

Remuneration for Directors who are Audit & Supervisory Committee members is determined through discussion among the Directors who are Audit & Supervisory Committee members, within the scope of the remuneration limits.

The remuneration of officers consists of base remuneration (financial remuneration) as fixed remuneration, bonuses as performance-linked remuneration (financial remuneration), and share-based remuneration (non-financial remuneration), taking into consideration that they are responsible for improving business performance in each fiscal year and for improving corporate value over the medium to long term. For Directors who are not Executive Directors, remuneration consists of base remuneration (financial remuneration) as fixed remuneration and bonuses as performance-linked remuneration (financial remuneration).

Details of General Shareholders Resolutions on Officer Remuneration

At the General Meeting of Shareholders held on March 28, 2025, a resolution was passed setting the maximum amount of remuneration for Directors (excluding Directors who are Audit & Supervisory Committee members) at 500,000,000 yen per year (of which the portion for Outside Directors is 80,000,000 yen). At the time of conclusion of this General Meeting of Shareholders, the number of Directors (excluding Directors who are Audit & Supervisory Committee members) is five (including three Outside Directors). Also, separate from the maximum amount of remuneration above, a resolution was passed to set performance-linked remuneration for Executive Directors at a maximum of 35,000,000 yen per year and 10,000 shares per year. The number of Executive Directors at the time of conclusion of this General Meeting of Shareholders was two.

The maximum amount of remuneration for Directors who are Audit & Supervisory Committee members is 100,000,000 yen per year as resolved at this General Meeting of Shareholders. At the time of conclusion of this General Meeting of Shareholders, the number of Directors who are Audit & Supervisory Committee members is four. The Company resolved to abolish the retirement benefit system for officers as of the conclusion of the 56th Annual General Meeting of Shareholders held on March 28, 2008, and to pay retirement benefits to Directors who continue to hold office after the conclusion of this meeting at the time of their respective retirements, corresponding to the lengths of their periods of service until the system's abolishment.

Total Remuneration by Officer Category, Total Remuneration by Type, and Number of Eligible Officers

Officer Category	Total Remuneration (thousand yen)	Total Remuneration by Type (thousand yen)				Number of Eligible Officers
		Fixed Remuneration	Performance-Linked Remuneration, etc.		Retirement Benefits	
			Financial Remuneration	Non-Financial Remuneration		
Directors (excluding Audit & Supervisory Committee members and Outside Directors)	147,195	87,240	55,338	4,617	—	3
Audit & Supervisory Committee members (excluding Outside Directors)	25,300	13,500	11,800	—	—	1
Corporate Auditors (excluding Outside Corporate Auditors)	2,670	2,670	—	—	—	1
Outside officers	65,400	48,600	16,800	—	—	9

Note 1: The Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) include one Director who retired upon the conclusion of the 73rd Ordinary General Meeting of Shareholders held on March 28, 2025. Note that, pursuant to the 73rd Ordinary General Meeting of Shareholders held on March 28, 2025, the Company transitioned from a company with a Board of Corporate Auditors to a company with an Audit and Supervisory Committee on the same date.

Note 2: The Corporate Auditors (excluding Outside Corporate Auditors) include one member who retired at the conclusion of the 73rd Ordinary General Meeting of Shareholders held on March 28, 2025. That one Corporate Auditor has assumed the position of Director (Audit & Supervisory Committee Member) upon retiring as a Corporate Auditor at the conclusion of the General Meeting of Shareholders. Therefore, the payment amount and number of persons are reported by including the portion corresponding to his tenure as a Corporate Auditor under Corporate Auditors, and the portion corresponding to his tenure as a Director (Audit & Supervisory Committee Member) under Directors (Audit & Supervisory Committee Members).

Note 3: The Outside officers include one director who retired upon the conclusion of the 73rd Ordinary General Meeting of Shareholders held on March 28, 2025.

Note 4: In addition to the remuneration amounts mentioned above, a retirement allowance of ¥10,700,000 was paid to one director who retired during the fiscal year.

Cross-Shareholdings

It is the Company's policy to hold shares of partner companies when it is judged that said holdings assist the Company in achieving objectives such as maintaining and strengthening business relationships and creating synergies in order to improve its corporate value over the medium to long term, and to sell shares that fall out of the scope of this policy.

In addition, the Company shall provide specific explanations regarding such information as the purpose of cross-shareholdings.

The Board of Directors regularly reviews the status of transactions, risk/return assessments, and eligibility of major cross-shareholdings, and examines whether to maintain or sell said holdings.

With respect to the exercise of voting rights for cross-shareholdings, the Company does not provide unconditional agreement to all proposals by the company in question, but decides whether to exercise its voting rights in approval or disapproval based on whether or not it is deemed to contribute to the improvement of the Company's corporate value.

Basic Approach to and Status of Internal Control System

Basic Policy on Internal Control Systems

The Group's basic policy for strengthening corporate governance is as follows.

- Building good relationships of trust with all the stakeholders
- Ensuring transparent and sound management
- Appropriate risk management
- Timely and proper information disclosure

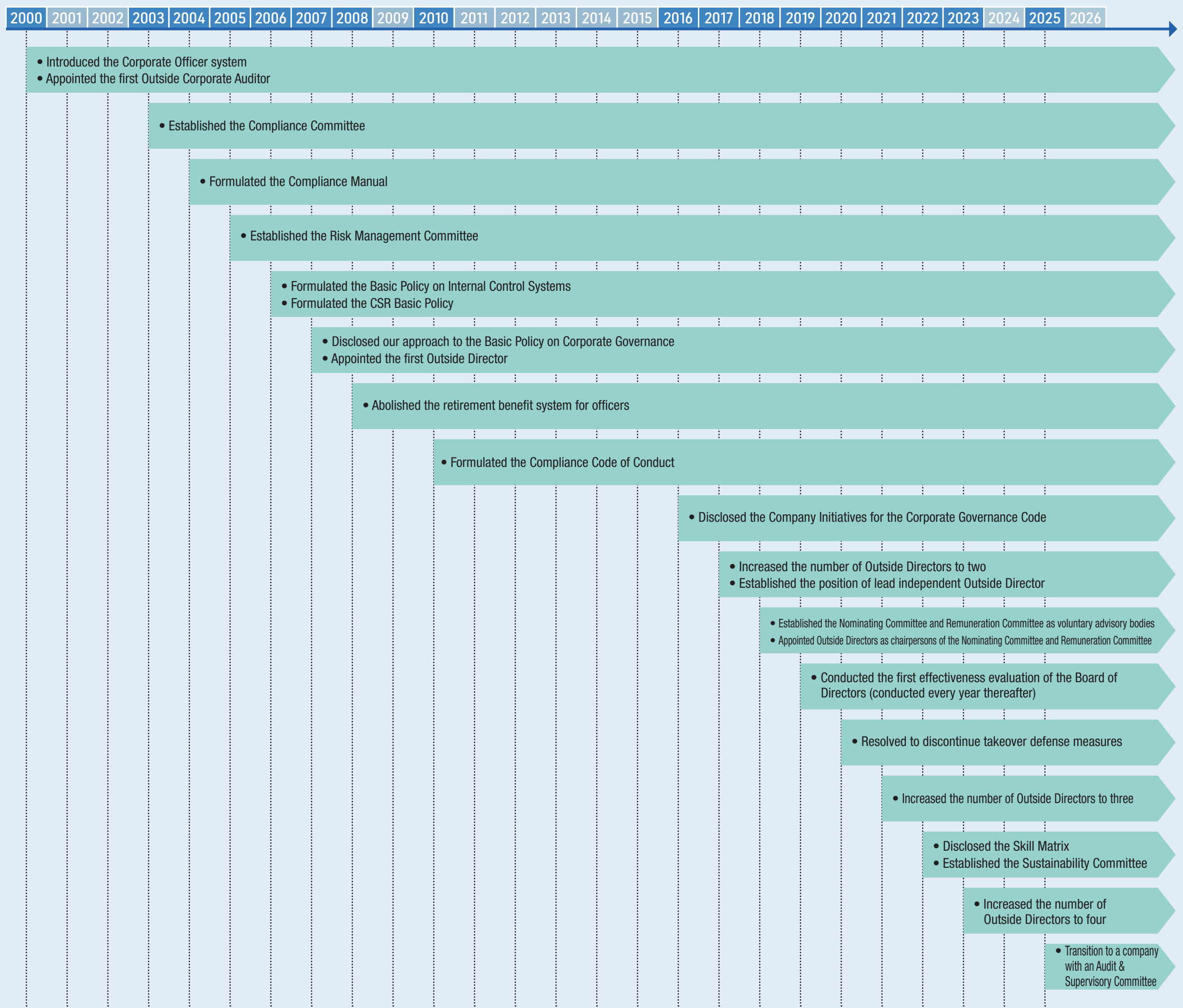
Status of Internal Control System

We have established and are operating an internal control system as a framework and process for the control of business operations in order to ensure sound and efficient corporate management based on the above basic policy, and in particular, we recognize the following items as our top priorities and are working to address these.

- Formation of an organization and culture for the prevention of misconduct and for compliance with laws and regulations, and the maintenance of their effectiveness
- Establishment of a system to reasonably identify, evaluate, and appropriately manage foreseeable risks in corporate management
- Establishing an organization and corporate culture to ensure the reliability of business reports and disclosed information, and maintaining their effectiveness

Through these efforts, we have established and are operating an internal control system in order to fulfill the responsibility and trust we have toward our stakeholders with regard to social responsibility for corporate behavior and social requirements on corporate ethics.

Initiatives to Strengthen Governance



Directors

President, CEO and COO

Shinsuke Tsuchiya

Apr. 1984 Joined the Company
Apr. 2006 President, Daitron Inc.
Mar. 2013 Corporate Officer
Deputy General Manager of Marketing & Sales Division
General Manager of Global Business Development Dept.
Jan. 2014 General Manager of Machinery Operation
Head of Machinery Business Promotion Office
Mar. 2015 General Manager of Global Business Operation, Marketing & Sales Division
Jan. 2017 General Manager of Global Business Operation, M&S Company
Jan. 2018 General Manager of Global Business Division
Mar. 2019 Director
Apr. 2019 Senior Corporate Officer
Mar. 2021 President and COO (to present)
Apr. 2021 President and Corporate Officer (to present)
Chief Operating Officer (to present)
Apr. 2023 Chief Executive Officer (to present)

Senior Managing Director

Hajimu Mouri

Apr. 1983 Joined the Company
Dec. 2003 General Manager of System Administration Dept.
July 2009 General Manager of Audit Office
Apr. 2011 General Manager of Finance Dept., Business Administration Division
Mar. 2013 Corporate Officer
Deputy General Manager of Business Administration Division
Mar. 2015 Senior Corporate Officer
General Manager of Business Administration Division (to present)
Jan. 2017 Corporate Officer
Jan. 2019 Business Administration Division General Manager of Personnel and General Affairs Dept.
Mar. 2019 Director
Apr. 2019 Senior Corporate Officer
Apr. 2021 Senior Managing Executive Officer (to present)
Mar. 2023 Senior Managing Director (to present)

Outside Director

Toru Wada

Apr. 1985 Registered as attorney-at-law (to present)
Mar. 1989 Established Toru Wada Law Firm, Director
Feb. 2003 Established Phoenix Law Offices, Joint Partner (to present)
Mar. 2003 Outside Corporate Auditor of the Company
Mar. 2017 Outside Director of the Company (to present)

Outside Director

Akihiko Imaya

Apr. 1981 Joined Sharp Corporation
Jan. 2002 General Manager of System LCD Division, System LCD Business Dept. Department head
May 2005 General Manager of System LCD Division, Division Manager
Sep. 2008 Mobile Business Development Dept. Division Manager
Apr. 2009 General Manager of Personal Solution Business Development Dept.
Apr. 2013 Executive Officer
Oct. 2016 Display Device Company Structural Reform Division Division Manager
Feb. 2018 Display Device Company Vice President
Mar. 2021 Outside Director of the Company (to present)

Outside Director

Kazutoshi Hosoya

Apr. 1979 Joined Hioki E.E. Corporation
Mar. 2005 Executive Officer, Director of ATE Dept.
Dec. 2006 Executive Officer, Director of R&D Dept.
Feb. 2011 Director, Executive Officer, Director of R&D Dept.
Jan. 2013 Director, Senior Managing Executive Officer
Director of R&D Dept.
May 2013 Director, Senior Managing Executive Officer
Director of R&D Dept. and Head of Corporate Planning Office
Jan. 2017 Appointed to President
Jan. 2021 Director
Feb. 2021 Special Advisor to the Company
Mar. 2023 Outside Director of the Company (to present)

Directors Audit & Supervisory Committee member

(as of April 1, 2026)

Director and Full-time Audit & Supervisory Committee Member

Minoru Ujihara

Apr. 1981 Joined the Company
Dec. 2004 General Manager of Accounting Dept.
Apr. 2007 General Manager of Audit Office
Apr. 2012 General Manager of Business Administration Dept., Marketing & Sales Division
Jan. 2013 Business Administration Division Business Management Division
July 2014 Business Administration Division General Manager, Corporate System Division
Mar. 2015 Deputy General Manager of Business Administration Division
Mar. 2019 Standing Corporate Auditor
Mar. 2025 Director (to present)

Outside Director and Audit & Supervisory Committee Member

Noriko Kitajima

Oct. 2000 Registered as attorney-at-law (to present)
Joined Takahiko Inoue Law Office
Jan. 2012 Phoenix Law Offices Joint Partner (to present)
Mar. 2017 Outside Corporate Auditor of the Company
Mar. 2025 Director (to present)

Outside Director and Audit & Supervisory Committee Member

Satoshi Nakayama

Oct. 1987 Joined Tohmatsu Awoki & Sanwa (currently Deloitte Touche Tohmatsu LLC)
Aug. 1991 Registered as a certified public accountant (to present)
June 2007 Senior Partner of Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC) Partner
July 2020 Established Satoshi Nakayama Certified Public Accountant Office, Director (to present)
Established Kyorisshi Audit Corporation, Senior Partner (to present)
Mar. 2023 Outside Corporate Auditor of the Company
Mar. 2025 Director (to present)

Outside Director and Audit & Supervisory Committee Member

Yoko Minami

Apr. 1986 Joined Fujitec Co., Ltd.
July 1989 Joined Tohmatsu Awoki & Sanwa (currently Deloitte Tohmatsu Tax Co.)
July 2016 Joined Semikawa Tax Adviser Co., Ltd.
Established Yoko Minami Social Insurance and Labor Consultant Office Director (to present)
Mar. 2025 Outside Director of the Company (to present)

Corporate Officer System

The Company has introduced a corporate officer system to vitalize the Board of Directors by separating decision-making and supervisory functions from business execution. The following are our 11 corporate officers.

Position	Name	Responsibility
President and Corporate Officer	Shinsuke Tsuchiya	Chief Executive Officer and Chief Operating Officer
Senior Managing Executive Officer	Shinji Ikutani	President, M&S Company
Senior Managing Executive Officer	Hajimu Mouri	General Manager of Business Administration Division
Managing Corporate Officer	Tsuneto Chihara	President, D&P Company
Corporate Officer	Takayuki Mio	General Manager of Parts Business Operation, D&P Company
Corporate Officer	Akio Tanaka	Division Manager - Global Business Division
Corporate Officer	Takahiro Yamamoto	General Manager of Electronics Business Department and General Manager of East Japan Business Dept., M&S Company
Corporate Officer	Masaharu Kato	General Manager of Green Facility Dept. and General Manager of Sales Dept., M&S Company
Corporate Officer	Yoshikazu Inoue	Deputy General Manager of Business Administration Division and General Manager of Personnel and General Affairs Dept.
Corporate Officer	Tomonori Kawate	General Manager of Group Business Development Dept.
Corporate Officer	Mitsuharu Nakashima	Deputy General Manager of Parts Business Operation, D&P Company

Financial Summary

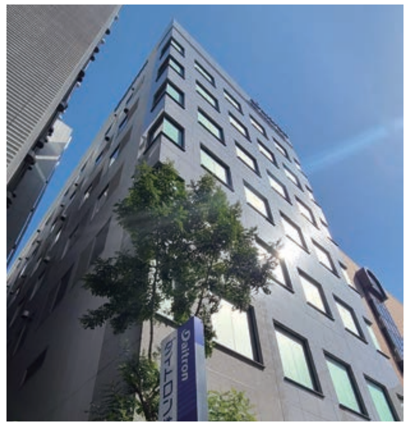
(Unit: Million yen)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Consolidated management performance*1											
Net sales	43,214	44,932	51,684	59,662	61,621	57,418	72,341	87,639	92,156	93,542	103,142
Cost of sales	33,744	34,879	40,193	46,843	49,138	45,941	58,060	70,052	74,004	74,674	82,163
Gross profit	9,469	10,052	11,490	12,818	12,482	11,476	14,281	17,587	18,151	18,868	20,978
Gross profit ratio (%)	21.9	22.4	22.2	21.5	20.3	20.0	19.7	20.1	19.7	20.2%	20.3
Selling, general and administrative expenses	7,927	8,141	8,968	9,272	9,276	9,072	10,084	11,535	12,208	12,668	13,967
SG&A to net sales ratio (%)	18.3	18.1	17.4	15.5	15.1	15.8	13.9	13.2	13.2	13.5	13.5
Operating income	1,542	1,910	2,522	3,546	3,205	2,403	4,196	6,051	5,943	6,200	7,010
Ordinary income	1,537	1,863	2,583	3,592	3,220	2,436	4,325	6,210	6,015	6,335	7,156
Net income attributable to owners of parent	1,131	1,217	1,867	2,274	2,171	1,610	2,953	4,237	4,014	4,382	4,923
Depreciation expense	233	231	278	272	348	337	322	327	391	454	470
Capital investment	180	1,163	339	907	227	140	428	412	743	303	413
Research and development expense	139	167	150	166	150	146	93	150	123	177	213
Consolidated financial position											
Total assets	28,681	32,068	35,383	43,114	45,757	46,247	58,454	63,202	67,788	73,153	79,295
Net assets	13,179	13,914	15,492	16,977	18,765	19,798	22,455	26,012	29,451	33,003	35,586
Total interest-bearing debt	1,122	1,609	902	697	544	374	467	583	761	619	478
Per-share information (consolidated)											
Net income per share (yen)	101.91	109.62	169.15	205.25	195.86	145.24	266.18	381.78	361.65	394.60	464.63
Net assets per share (yen)	1,186.64	1,252.94	1,397.97	1,530.94	1,691.87	1,784.66	2,023.23	2,342.79	2,650.52	2,969.68	3,374.37
Consolidated cash flows											
Cash flows from operating activities	447	1,472	-53	5,502	2,377	3,065	2,796	-275	315	10,013	6,048
Cash flows from investing activities	15	-1,171	-292	-876	-313	-156	-371	-237	-627	-353	-1,465
Cash flows from financing activities	-278	201	-1,286	-758	-816	-762	-672	-1,004	-1,501	-1,603	-3,593
Period-end cash and cash equivalents	6,251	6,727	5,094	8,923	10,150	12,260	14,183	12,882	11,224	19,541	20,644
Dividends											
Payout ratio (consolidated, %)	24.5	27.4	26.6	26.8	30.6	34.4	30.1	30.1	33.2	39.3	40.9
Annual dividends (yen)	25	30	45	55	60	50	80	115	120	155	190
Main management indices											
Return on equity (ROE)*2 (%)	8.9	9.0	12.7	14.0	12.2	8.4	14.0	17.5	14.5	14.0	14.4
Return on assets (ROA)*2 (%)	4.0	4.0	5.5	5.8	4.9	3.5	5.6	7.0	6.1	6.2	6.5
Debt-to-equity (D/E) ratio (times)	0.09	0.12	0.06	0.04	0.03	0.02	0.02	0.02	0.03	0.02	0.01
Shareholders' equity/Total assets (%)	45.9	43.4	43.8	39.4	41.0	42.8	38.4	41.1	43.4	45.1	44.8
Other											
Period-end share price (yen)	793	936	2,335	1,227	1,906	1,576	2,146	2,282	2,801	2,745	4,854
Number of consolidated employees	644	666	763	795	823	855	893	942	1,003	1,061	1,117
Number of consolidated subsidiaries	11	11	9	9	9	8	9	10	11	12	12
Composition ratio by business											
Electronic Equipment and Components Business (%)	73.6	75.6	74.3	69.0	63.5	69.7	68.1	68.4	70.8	68.5	66.1
Manufacturing Equipment Business (%)	26.4	24.4	21.8	25.4	33.8	26.7	24.5	27.8	23.7	26.5	26.8
New business (%)	–	–	3.9	5.6	2.7	3.6	7.4	3.8	5.5	5.0	7.1
Original product ratio*3 (%)	24.8	24.0	24.2	26.0	21.9	18.3	15.8	16.0	16.1	16.8	16.9
Overseas sales ratio (%)	15.8	16.3	19.5	21.2	27.1	20.5	23.3	25.5	21.0	26.3	26.2

*1 From fiscal 2022, figures are calculated based on application of the Accounting Standard for Revenue Recognition
*2 Shareholders' equity and total assets are calculated using the averages of those at the beginning and at the end of the period, respectively
*3 From fiscal 2021, the definition of original products has been changed
*4 We implemented a 2-for-1 stock split of our common stock, effective January 1, 2026. The figures listed on this page are those prior to taking the stock split into account

Company Information (as of December 31, 2025)

Trade Name	Daitron Co., Ltd.
Established	June 24, 1952
Representative	Shinsuke Tsuchiya, President
Capital	2,200,708,560 Yen
Number of Employees	1,117 (consolidated)
Business Place	Head Office: Osaka Headquarters: Tokyo Sales Offices: Sendai, Utsunomiya, Ibaraki, Tokyo, Kunitachi, Yokohama, Matsumoto, Shizuoka, Nagoya, Hashima, Kanazawa, Kyoto, Osaka, Kobe, Hiroshima, Fukuoka, Kumamoto Representative Offices: Manila (Philippines) Logistics Centers: Kunitachi, Hashima, Osaka Factories: Tama, Ichinomiya, Kanazawa, Ritto, and Kameoka
Business Lines	Manufacturing and sales of electronic components & assembly goods, semiconductors, embedded systems, power supply equipment, image-related equipment & components, information systems, semiconductors & FPD manufacturing equipment, electronic components manufacturing equipment, etc. Import/export of the above products
Number of Group Companies	Consolidated subsidiaries: 12 (of which, 11 are overseas)



▲Head Office

Stock Information (as of December 31, 2025)

Stock Information

Total number of authorized shares	40,000,000
Total number of issued shares	10,633,349
Number of shareholders	6,927

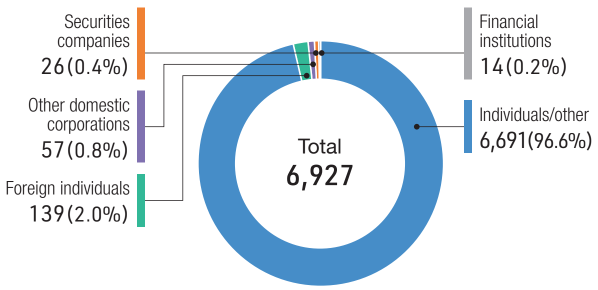
* Following the 2-for-1 stock split effective January 1, 2026, the total number of authorized shares increased by 40,000,000 to 80,000,000 shares, and the total number of issued shares increased by 10,633,349 to 21,266,698 shares.

Major shareholders

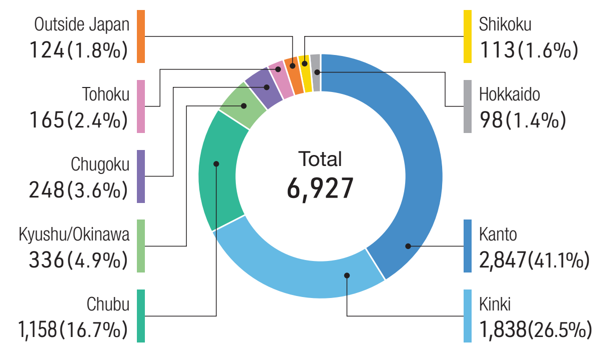
Shareholder name	Number of shares held (thousands of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	1,100	10.4
Public Interest Incorporated Foundation Daitron Welfare Foundation	1,000	9.4
HIKARI TSUSHIN K.K. Investment Limited Partnership	443	4.2
Yasuyuki Ohmori	400	3.7
Custody Bank of Japan, Ltd. (Trust Account)	395	3.7
Daitron Employee Shareholding Association	279	2.6
Daitron Partner Shareholding Association	188	1.7
Nippon Life Insurance Company	181	1.7
The Nomura Trust and Banking Co., Ltd. (investment trust account)	172	1.6
Mizuho Bank, Ltd.	139	1.3

*Shareholding ratios are calculated excluding treasury shares (100,716)

Shareholder distribution by type



Shareholder distribution by region



Group Companies Information (as of December 31, 2025)

Company Name	Country	Capital	Investment Ratio	Business Lines
Daito-Tec Co., Ltd.	Japan	10,000,000 JPY	Daitron Co., Ltd. 100%	Manufacture and sales of electronic equipment/components
DAITRON INC.	USA	4,000,000 USD	Daitron Co., Ltd. 100%	Manufacture, sales, and import/export of electronic equipment/components for North American markets, sales and import/export of semiconductor manufacturing equipment for North American markets
DAITRON (NETHERLANDS) B. V.	Netherlands	700,000 EUR	Daitron Co., Ltd. 100%	Sales and import/export of electronic equipment/components and manufacturing equipment for European markets
DAITRON (KOREA) CO., LTD.	South Korea	1,500,000,00 KRW	Daitron Co., Ltd. 100%	Sales, procurement, and import/export of electronic equipment/components for South Korean and East Asian markets
DAITRON (SHANGHAI) CO., LTD.	China	550,000 USD	Daitron Co., Ltd. 100%	Sales and import/export of electronic equipment/components and manufacturing equipment for Chinese markets
DAITRON (H.K.) CO., LTD.	China	3,800,000 HKD	Daitron Co., Ltd. 100%	Sales, procurement, and import/export of electronic equipment/components for Hong Kong and South Chinese markets
DAITRON (SHENZHEN) CO., LTD.	China	500,000 RMB	DAITRON (H.K.) CO., LTD. 100%	Sales and import/export of electronic equipment/components for South Chinese markets
DAITRON (TAIWAN) CO., LTD.	Taiwan	20,000,000 TWD	Daitron Co., Ltd. 100%	Sales and import/export of electronic equipment/components and manufacturing equipment for Taiwanese markets
DAITRON (MALAYSIA) SDN. BHD.	Malaysia	2,500,000 MYR	Daitron Co., Ltd. 100%	Sales and import/export of electronic equipment/components and manufacturing equipment for Malaysian and South-East Asian markets
DAITRON (THAILAND) CO., LTD.	Thailand	2,000,000 THB	DAITRON (MALAYSIA) SDN. BHD. 49% Thai local companies (Japanese-owned financial institutions) 51%	Sales and import/export of electronic equipment/components and manufacturing equipment for Thai and South-East Asian markets
DAITRON (SINGAPORE) PTE. LTD.	Singapore	500,000 SGD	Daitron Co., Ltd. 100%	Sales and import/export of electronic equipment/components and manufacturing equipment for Singaporean and South-East Asian markets
DAITRON VIETNAM CO., LTD.	Vietnam	300,000 USD	Daitron Co., Ltd. 100%	Sales and import/export of electronic equipment/components and manufacturing equipment for Vietnam and South-East Asian markets

For an updated list of Group companies, please visit our website.
https://www.daitron.co.jp/en/company/network/group.html