

## Daitron Corporate Data (at Dec 31, 2021)

Trade Name	Daitron Co., Ltd.
Established	June 24, 1952
Representative	Shinsuke Tsuchiya, President
Capital	2,200,708,560 Yen
Number of Employees	893 (consolidated)
Business Place	Head Office: Osaka Headquarters: Tokyo Sales Offices: Sendai, Utsunomiya, Ibaraki, Tokyo, Kunitachi, Yokohama, Matsumoto, Shizuoka, Nagoya, Kanazawa, Kyoto, Osaka, Kobe, Hiroshima, Fukuoka, Kumamoto, Taipei (Taiwan), Manila (Philippines), and Hanoi (Vietnam) Logistics Center: Osaka, Kunitachi, and Hashima Factories: Tama, Ichinomiya, Kanazawa, Ritto, and Kameoka
Business Line	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. Export and import of the aforementioned products.
Number of Group Companies	consolidated 9 (overseas 8)



▲ Head Office

# 2022

## Investors Guide

## Group Companies Information (at Dec 31, 2021)

Daito-Tec Co., Ltd.	Design and manufacturing of industrial cable harnesses and unit assembly and wiring
DAITRON INC.	Manufacture and sales of electronic equipment/components and semiconductor manufacturing equipment for North American markets
DAITRON (KOREA) CO., LTD.	Sales and import/export of electronic equipment/components and semiconductor manufacturing equipment for Korean and East Asian markets
DAITRON (H.K.) CO., LTD.	Sales and import/export of electronic equipment/components for Hong Kong and South Chinese markets
DAITRON (SHANGHAI) CO., LTD.	Sales and import/export of electronic equipment/components and semiconductor manufacturing equipment for Chinese markets
DAITRON (SHENZHEN) CO., LTD.	Sales and import/export of electronic equipment/components
DAITRON (MALAYSIA) SDN. BHD.	Sales and import/export of electronic equipment/components and semiconductor manufacturing equipment for Malaysian and South-East Asian markets
DAITRON (THAILAND) CO., LTD.	Sales and import/export of electronic equipment/components and semiconductor manufacturing equipment for Thailand and South-East Asian markets
Daitron (TAIWAN) Co. Ltd.*	Sales and import/export of electronic equipment/components and semiconductor manufacturing equipment for Taiwan market

\*Start business in January 2022

**Daitron**  
DAITRON CO., LTD.

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# Creator for the *NEXT*



**Daitron**  
DAITRON CO., LTD.



# Our Value Creation Process

At this major turning point of the times, we at Daitron Group are determined to promote the Five Values creation through contribution to the development of the electronics industry by further defining the vision of the future to aim for, including newly specifying the material issues as our Materiality.

## Surrounding megatrends

- Diversifying technologies  
(Increasing importance of semiconductor back-end process)
- Spreading EV & automated driving  
▶ Changing business methods
- Evolving cloud computing
- local 5G system (Private 5G system)
- Fully spreading automated equipment  
▶ Further changing manufacturing sites
- 2050 carbon neutrality  
\*Electronics is one of the key technologies

## Efforts in management

Strengths and superiority of our business method  
**Combined strengths and superiority only a trading company with the manufacturing function can have**

### Combined manufacturing and sales strengths

- Technology × Sales power (marketing power)
- Manufacturing power × Product range (broad product portfolio)

### Overwhelming channel power

- Supplier channel × Customer channel

Business operation  
**Responding to a wide range of electronics demand of the industry for both electronic equipment/parts and manufacturing equipment**

### Electronic Equipment & Components

- Electronic components and assemblies
- Semiconductors
- Embedded systems
- Power supply equipment
- Image-related equipment and parts
- Information systems etc.

### Manufacturing Equipment

- LSI manufacturing equipment
- Electronic materials manufacturing equipment
- Optical device manufacturing equipment
- FPD manufacturing equipment
- Energy device manufacturing equipment etc.

### Future growth strategy

**Push forward 10M aim at sustained expansion of sales & operating income**

### Promote four basic strategic policies

- Promote business structure reform
- Maximize the merger synergy
- Define focus areas and markets to accelerate growth
- Increase power toward sustained growth

## Future vision to aim for

Long-Term Management Slogan  
**Make a leap forward in the global market as a technology-based company**

See pp.21-22 ▶▶

### Materiality (Sustainability key issues)

**Create the Five Values based on enhanced management foundations!**



- 1 Partner value creation
- 2 Human resource value creation
- 3 Social value creation
- 4 Environmental value creation
- 5 Economic value creation

Management foundations establishment

## Management bases

### Philosophy system

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

### Management foundations

- Corporate governance
- Compliance / Corporate ethics
- Risk management
- CSR Basic Policy



President Message

Accurately grasp the megatrends of the electronics industry to further renew the sales and profit records.



President and COO  
**Shinsuke Tsuchiya**

**Rapidly recovered from the COVID-19 impacts and renewed the sales and operating income records in 2021.**

In 2020, with the COVID-19 pandemic impacts putting a crimp on our business performance which had remained steady until then, the sales and profit decreased, but we achieved growth greater than the impacts of the pandemic and renewed both sales and operating income records.

As a profit distribution measure to shareholders based on this result, we paid an annual dividend of 80 yen (2Q-end 35 yen + period-end 45 yen, including the 70th anniversary commemorative dividend of 10 yen) in 2021, increased from the 2020 result of 50 yen.

**The Group largely increasing orders received amid the medium-to-long expansionary phase of the electronics industry.**

As for the business environment surrounding the Group, it is still hard to shake the uncertainty in the short term with the recovery and stagnation phases coexisting. While the economy of developed countries has been getting activated as COVID-19 vaccinations advance, production adjustments

are seen in the auto and other industries affected by the global shortage of semiconductor supplies and soaring prices of raw materials.

In the medium to long term, however, our electronics industry is entering a period of extremely large expansion and growth, and this trend is expected to continue for a while. The year 2020, when growth slowed down as many cities were placed under a lockdown and economic activities were otherwise largely limited worldwide, can be said to have been an exceptional year, in the long run. In addition, though inventory adjustments are anticipated somewhere in or after 2022, this is also a temporary phenomenon.

In the electronics industry, huge capital spending demands in the ICT related fields such as 5G, AI, and IoT continued throughout the year. Consequently, the Group received expanded orders in both the electronic equipment & parts segment and the manufacturing equipment segment. The amounts of orders received by the respective segments in 2021 largely exceeded the results of 2020: 61.8% up in the former and 69.7% up in the latter.

**Rapidly broadening "base of demand" in the electronics related markets.**

One of the megatrends seen from the order trend in 2021 is the fully broadening "base of demand." For example,

automation (robotics), conventionally introduced and advanced mainly in the auto and electrical industries, is now popular in a variety of fields not only the food, medical, and cosmetics, but also construction, logistics, and e-commerce industries, and the Group has also been receiving rapidly expanding orders from a wide range of industries as above.

Automation is an important key technology to solve social challenges such as "non-contacting" to respond to the COVID-19 era and the labor shortage faced by not a few industries including construction, logistics, and manufacture.

The innovation will further evolve, combined with advanced technologies such as 5G, AI, and IoT.

A wave of big changes as seen in this trend of automation is now arriving in many different electronics related areas. It is expected, as a result, the future "base of demand" will further broaden with a greater speed.

**Pursue profitable growth with improved original product ratio and overseas business ratio.**

Looking at the progress of the 10th Mid-Term Management Plan (10M) from the trends of the key KPIs, the original product ratio (on sales base), the improvement in which is

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**

We will create new value making use of the group network as a company leading the electronics industry



External message

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

Internal message

Always create a next business and seek a stage for further growth

Long-Term Vision

Corporate image to pursue

- ▣ A company that contributes to society as a technology-based company with technical and sales capabilities developed from a global point of view
- ▣ A company that introduces innovations and realizes high productivity based on diversity
- ▣ A company that its employees feel happy to work for and proud of
- ▣ A company that has the strength of solidarity with an organizational culture of working autonomously and actively

Long-term goal

Aim at a consolidated sales **100 billion yen** company

# President Message

## Accelerating the pursuit of electronics as a key technology for "2050 carbon neutral."

indispensable for an increased profit ratio, resulted in 15.8% in 2021, lower than the 2023 target of 25%. This is a result of two factors -- the purchased products (general merchandise) greatly increased, in other words, the denominator became bigger, while the development and production of original products delayed, in other words, the numerator became smaller, due to the raw materials procurement difficulty including the semiconductor shortage influenced by the COVID-19 pandemic. As demand remains on an expanding trend, we are going to seek sustained expansion in both sales and profits by continuously working to improve the original product ratio.

In addition, expansion of overseas business ratio (on sales base) is the key to our future growth strategy. It was 20.5% in 2020, which we managed to increase to 23.3% in 2021, targeted for 30% in 2023. This is the result of global support system utilizing DX (digital transformation) getting in place. For example, to deliver and install equipment sold to customers outside Japan, we used to send our engineers from Japan. However, with the COVID-19 pandemic disabling us from going on overseas trips for a long time and causing a number of late deliveries, we have introduced as a countermeasure a new system of supporting local personnel online in real time using a wearable camera connecting them with engineers in Japan.

The global support system utilizing DX is expected to

bring about effects toward the future in many ways. To matters for which no one was sent from Japan before, engineers are now able to easily respond online as necessary, which has widened the scope of our customer response. In addition, it is improving the technical and mental abilities of local personnel at a speed much faster than before as they build up experience of responding to customers themselves under online guidance. The development of overseas personnel as business resources is critical for our future expansion of overseas operations.

### Optimize business portfolio through overseas business expansion and new business creation.

We are now facing a major turning point. In the electronics industry, winners and losers are becoming clearer according to their abilities to respond to innovations with technical discontinuity taking place.

Under such circumstances, the Group has constantly focused on optimizing its business portfolio, which is indispensable for future growth.

The biggest effort is on the radical change in overseas business ratio. We are now striving toward the achievement of the target of 30% by 2023, but this is only a transitional step. Seeking to realize the long-term

management slogan "Make a leap forward in the global market as a technology-based company," our focus is on achieving the overseas business ratio target of 50% in 10 years. To pave the way for it, we have started developing and enhancing "standard products." With all its original technologies in fields such as power supply and underwater connectors, the Company used to respond to only a limited range of markets and customers before. We are working to accelerate the expansion of overseas operations by developing high value added standard products meeting the global-scale needs of a wider range of fields capitalizing on these original technologies.

The next step is to create new business to bring about a change to the business portfolio. The transformation of the Green Facility Department from a cultivated operation into a growing operation under the efforts up to the previous Mid-Term Plan started with a project organized across the organization. For the next operations to be cultivated, the Company launched new projects on automotive, medical, battery, and software business. Among them, the software business project, in particular, is intended to develop software related to hardware products provided by the Group such as parts, devices, and systems. It is expected that, when it is realized, the manufacturing of the Group will evolve to the next phase.

### Identified its Materiality as part of re-examination of the sustainability system.

The Group has set its corporate images to pursue as a Long-Term Vision ahead of 10M. The first one is a "technology-based company that contributes to society with its technical and sales capabilities developed from a global point of view."

With a number of social and environmental challenges standing in our way, the Group needs to be well aware that it is a corporate citizen and take actions as such.

The Group newly identified its Materiality (sustainability key issues) as part of re-examination of the sustainability system toward the realization of sustainable society. Starting with this, we are taking next steps such as formulation of representative KPIs and objective progress management.

In addition, we at Daitron Group will create diverse value for the whole of global society by continuously pursuing electronics as a key technology toward "2050 carbon neutral," looking further ahead.

Your continued support and expectations to/of the Group would be greatly appreciated.

### Business Environment And Issue Recognition

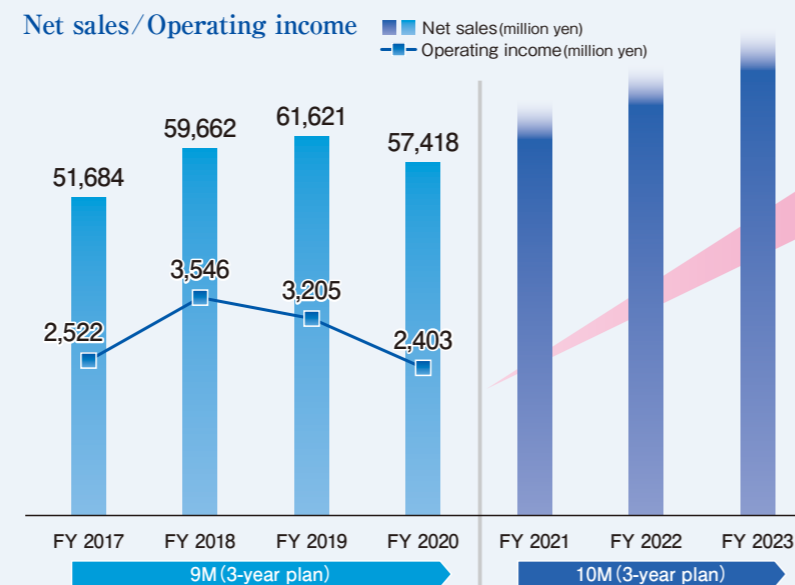
#### Future business environment and demand trends

- Contactless trends and advance in other ICT-related fields will be accelerated in the COVID-19 pandemic
- Decreasing labor population, declining birthrate, and aging population will accelerate robotization and automation
- Demand will expand for semiconductors, datacenters, sensors, and other electronic devices and manufacturing equipment

#### Recognition of issues toward future growth

- Reinforcement of competitiveness in the "focus markets," where future demand is expected to expand
  - Increase in the original product ratio and the overseas business ratio (continuously from 9M)
- \*Development to be strengthened particularly in the "focus markets" as original product development fields

### Performance Target of 10M and basic Idea



#### Basic policy

- Aim at sustained expansion of net sales & operating income through management focusing on growth potential
- Continue to push forward with business structure reform to secure 20% gross profit ratio
- Estimate an annual SGA increase by around 3-5% to promote investments forming the foundation of sustained growth (in human resources, technology development, etc.)

### Target Management Indices of 10M

The ROA and ROE target levels upped based on the previous Mid-Term Plan results. The Equity Ratio targeted for the same level as in the previous Mid-Term Plan

Equity ratio	ROA	ROE
Target	Target	Target
50% or above	6% or above	12% or above
2021 Result	2021 Result	2021 Result
38.4%	5.6%	14.0%



# Four Basic Strategic Policies

## Basic Strategic Policy 1 Promote business structure reform!

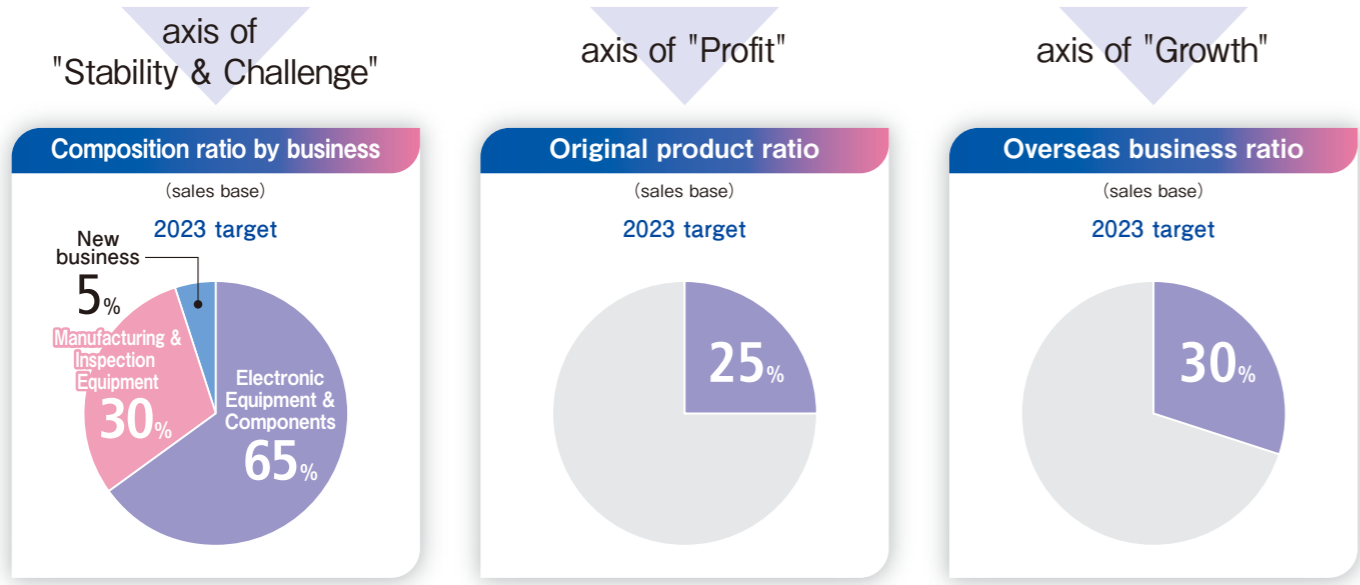


**History of past 10 years**  
Pursued the three axes of "Stability," "Profit," and "Growth" based on the three KPIs (key performance indicators), or business structure related indices, aiming for a reform into a business structure that enables stable and sustained growth not affected by the business cycle or demand in the electronics industry including the silicon cycle

**Future effort**

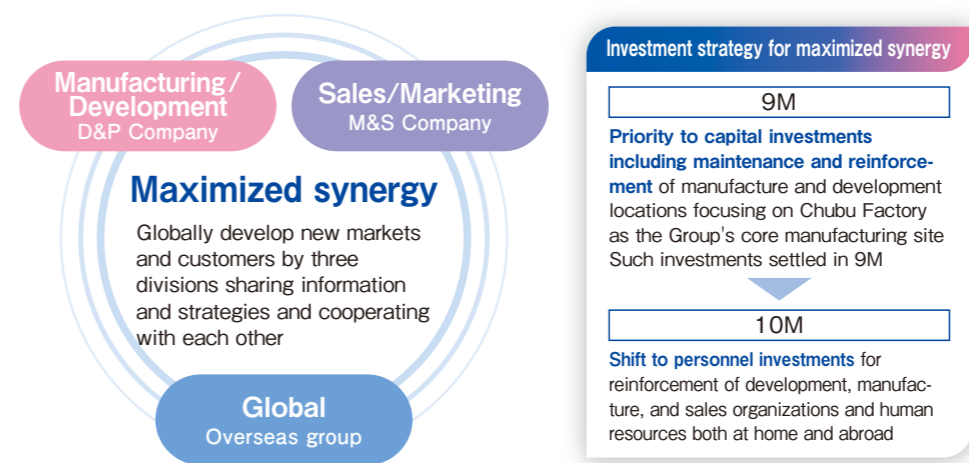
- To promote business structure reform continuously pursuing the three KPIs
- To establish an axis of "Challenge" as a "new target to further new business creation"

### Three KPIs for business structure reform



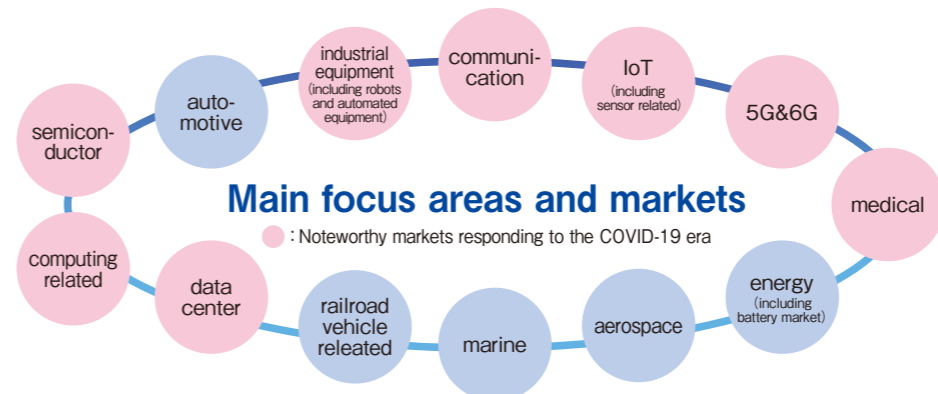
- Composition ratio by business** ..... A new target of "Sales composition ratio of 5%" set as a KPI to measure the results of "new business creation" (at present the principal part of the sales of the "New business" category is of the Green Facility Dept., which was expanded through the efforts up to the previous Mid-Term Plan)
- Original product ratio** ..... "Changed the counting method into the one which includes only the Group's original products and products developed collaboratively with partner companies (Part of the imported product were conventionally classified into "Original Products," which are to be excluded from the current period on)"
- Overseas business ratio** ..... Sales made overseas are counted, as in the conventional way. The target value is continuously 30%

## Basic Strategic Policy 2 Maximize the merger synergy!



As a result of the three-company merger of the Company and its two domestic manufacturing subsidiaries in January 2017, New Daitron Co., Ltd. started seeking to be a combined manufacturing and sales unit on the global level at home and abroad. As this effort to be a combined manufacturing and sales unit is only half complete, the Company is going to continuously seek to maximize the merger synergyn in the 10th Mid-Term Management Plan (10M), too. For this purpose, investment strategy focusing on the human resources development will be promoted in 10M.

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



In 10M, also increase in before, we will define the focus fields and markets more clearly than before, and concentrate our management resources on them. While DX (digital transformation) is accelerated by the COVID-19 pandemic, in more and more fields the markets are expected to expand at a stage earlier than anticipated. We will accurately assess such circumstances, and realize growth acceleration.

## Basic Strategic Policy 4 Increase power toward sustained growth!

- Increase marketing power!**
  - 1 Reinforcement and steady growth of domestic business
  - 2 Growth of overseas business
- Increase manufacturing power!**
  - 3 Reinforcement of production system
  - 4 Reinforcement of original product business
- Increase new business creation power!**
  - 5 Development of new business
- Increase the power of corporate divisions!**
  - 6 Reform of business support function



# Specific Strategy

## Increase marketing power!

One of the strengths of the Daitron Group having developed as an engineering trading company is the marketing power since its formation. We are going to further increase the proposal power by newly capitalizing on DX (digital transformation) in business support and technical support for customers, continuingly placing importance on community-based sales, which is our forte.

### 1 Reinforcement and steady growth of domestic business

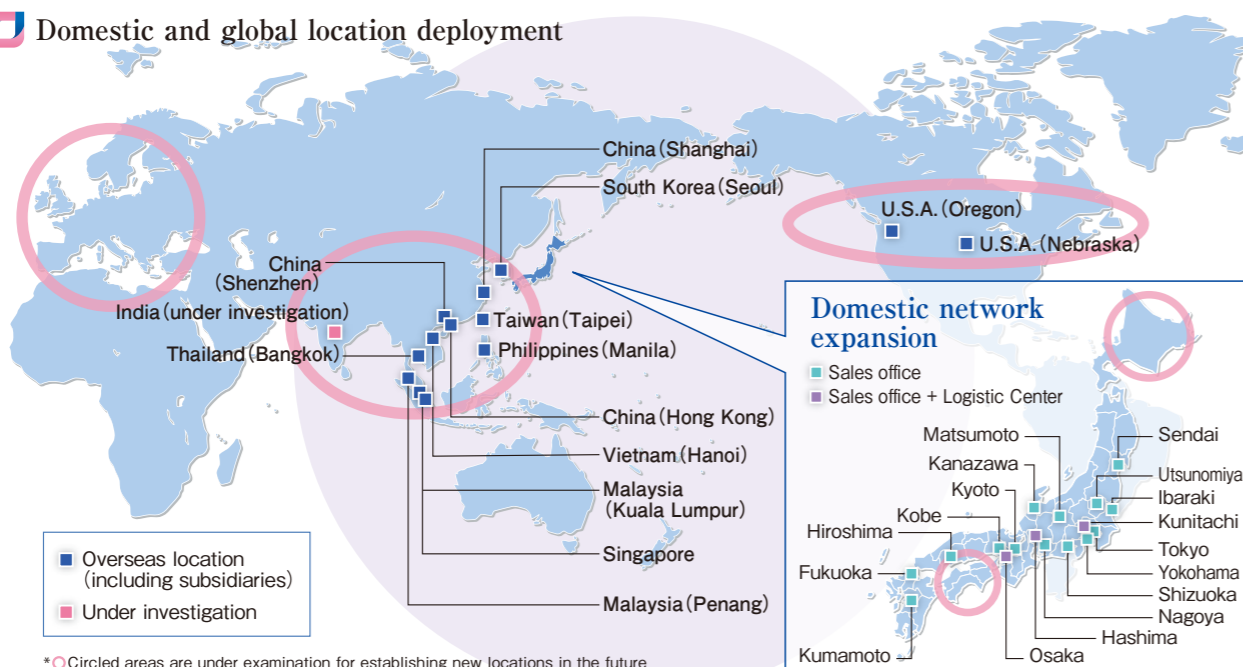
- Further strengthening and deepening of relations with focus customers**
  - Strengthening of customer base: Response focusing on customers expected to grow and expand
  - Deepening of relations with customers: By deployment of "All-Daitron" products
- Further strengthening of "locally based sales activities" and new development in promising areas**
  - Personnel reinforcement at and promotion to sales offices of promising locations
  - Examination of establishment of new locations in promising areas (such as Hokkaido and Shikoku)

### 2 Growth of overseas business

- Selection of focus customers/markets to deepen/develop, and working more actively on them**
  - Image business related in Southeast Asia
  - Electronic merchandise related in China
  - OLED market related in Korea
  - Electronic parts business related in Europe and U.S.A.
- Expanding overseas network**

Sales location	Manufacturing location
<ul style="list-style-type: none"> <li>Examination of EU location (candidate: Germany)</li> <li>Examination of establishing new satellite offices in U.S.A. and China</li> <li>Making main Southeast Asian locations subsidiaries</li> <li>▶ for strengthened sales in Southeast Asia</li> </ul>	<ul style="list-style-type: none"> <li>Examination of manufacturing location in Southeast Asia (candidate: Vietnam)</li> <li>▶ toward next Mid-Term Plan</li> </ul>

### Domestic and global location deployment



## Increase manufacturing power!

Our original product business enhancement is actively promoted on the foundation of the production system and technology development system centering on Chubu Factory. In terms of production, efforts toward the OEM business expansion have started off smoothly in the pursuit of efficiency and profitability under the slogan of "black-ink operation of all factories." Meanwhile, in respect of development, preparations for "standard products" in anticipation of global marketing are steadily advanced.

### 3 Reinforcement of production system

- System strengthening focusing on Chubu Factory**
  - Concentrate production mainly of products requiring advanced technologies and high quality (continuously from 9M)
  - Construction of cooperation system with Daito-Tec
- Promotion of multifaceted cost-reduction measures**
  - Pursuit of profitability by factory/product/business
  - Continuous cost-reduction activities through promotion of "standardization"
- Strengthening of earnings structure**
  - Expansion of OEM business
  - Strengthening of online sales (agency operations)

### 4 Reinforcement of original product business

- Strengthening of systems centering on Chubu Factory technical divisions**
  - More emphasis on product/technology development**
    - Strengthening of development of standard products suitable for "mass production"/planned production
    - Promotion of development for achieving issues by segment
- Electronic Components business**
- Component: underwater connector
  - Image: successor of Kirari-NINJA, IoT sensor
  - Inverter traneless UPS, next power supply development
  - Expansion of original products in collaboration with partner companies

#### Development and production systems in Chubu Factory



Electronic equipment & components production site (in First Factory) | Manufacturing equipment production site (in Second Factory)

#### Example of electronic components business original product



underwater connector | Kirari-NINJA-DS



IoT sensor | Inverter traneless UPS



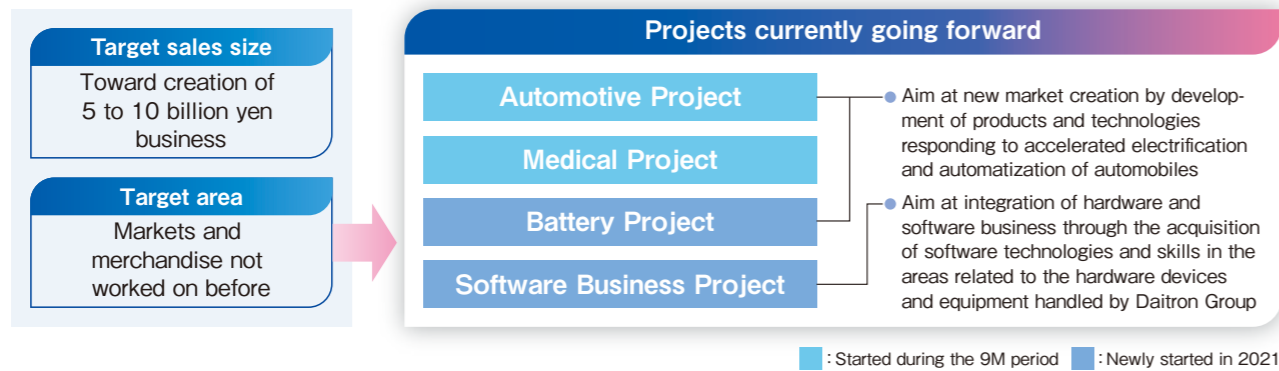
# Specific Strategy

## Increase new business creation power!

Based on the successful cases in 9M, we are going to put more focus on the creation of new business that will form a new revenue base. Appropriately assessing the areas expected to grow, defining our focus areas and markets (refer to p.8), and concentrating management resources on them will lead to new business. The battery and software projects newly launched in 2021 have accelerated the Group's new business creation.

### 5 Development of new business

Promote cultivation of and groundwork for new business which is expected to provide a new revenue base



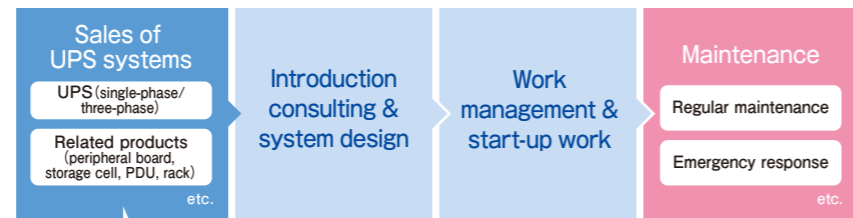
### Example of new business cultivated in previous Mid-Term Plan 9M: Result of Green Facility Dept.(GFD)

The Group, having noticed the growth potential of the power equipment related market, launched the Green Facility Department (GFD) in January 2015 and established a "one-stop solution" system for not only selling UPS as a single item but also providing consistent services for UPS systems from system design to work management, startup work, and maintenance after introduction.

As a result, it has been successfully transformed into growth business demonstrating a steadily expanding in both sales and profit, with all changes affected by orders for large projects.

#### GFD one-stop solution system

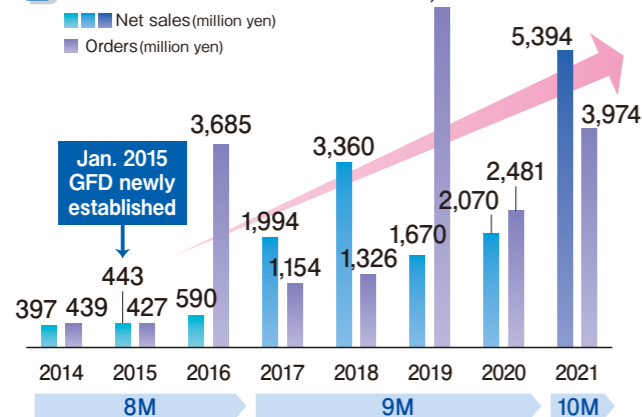
Establishment of "one-stop solution" system in power supply system related market



#### Features of UPS system

- High reliability as adopted by world's data centers, etc.
- Playing active parts in power protection of important IT devices
- Greatly useful in HPC (high performance computing) protection
- Playing active parts in industrial machinery assembly and marine use

#### GFD Net sales/Orders change



Eaton UPS

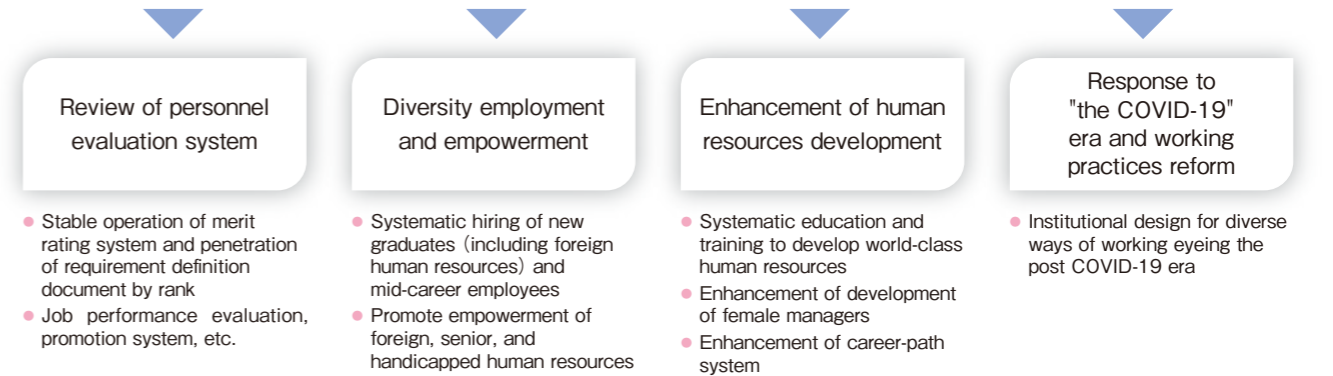
## Increase the power of corporate divisions!

Sustained growth absolutely requires strong management foundations to support it. The Group will push forward the enhancement of corporate divisions with a focus on the reform of business support functions.

For strengthening of human resources power, which is the most important theme, a systematized education and training system was established in 2021, aiming to be a corporate group where diverse human resources actively demonstrate their abilities. In addition, the risk management system was strengthened for enhancing corporate divisions.

### 6 Reform of business support function

Strengthening of human resources power — Seek revitalization of organization by "diversity"



#### Main training and education programs

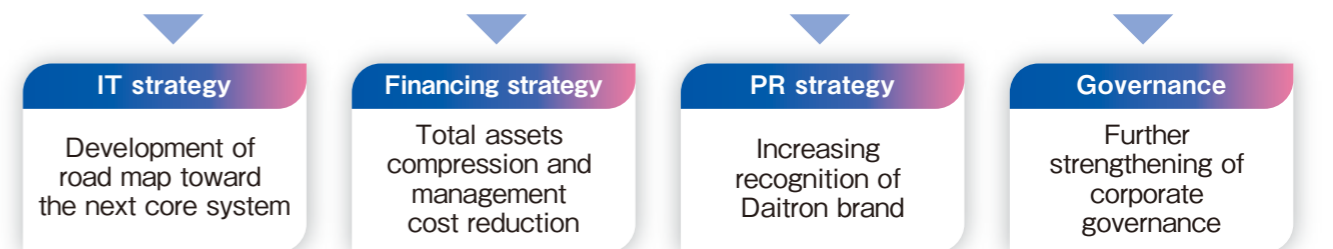
- New employee training (at employment, 3-month intermediate follow-up, 6-month follow-up)
- Young employee training (at their 3rd to 4th years)
- Training by rank (General Manager class, Section Manager class, and Assistant Manager class)
- New manager training
- Female manager training
- Management course change follow-up training
- Career design training
- Business Administration Division educational program (internal e-learning)
- Personal development (such as correspondence course, e-learning, TOEIC internal test)



New employees training (2019)

Employment data (most recent 3 years)	2019	29 (New graduate), 11 (Mid-career)
	2020	16 (New graduate), 25 (Mid-career)
	2021	25 (New graduate), 30 (Mid-career)

Strengthening of "corporate division" — Promotion of foundation building eyeing the next era



# Our Business Model

Further developing our own unique business model as a technology-based electronics company under the combined manufacturing and sales policy.

## Basic Feature

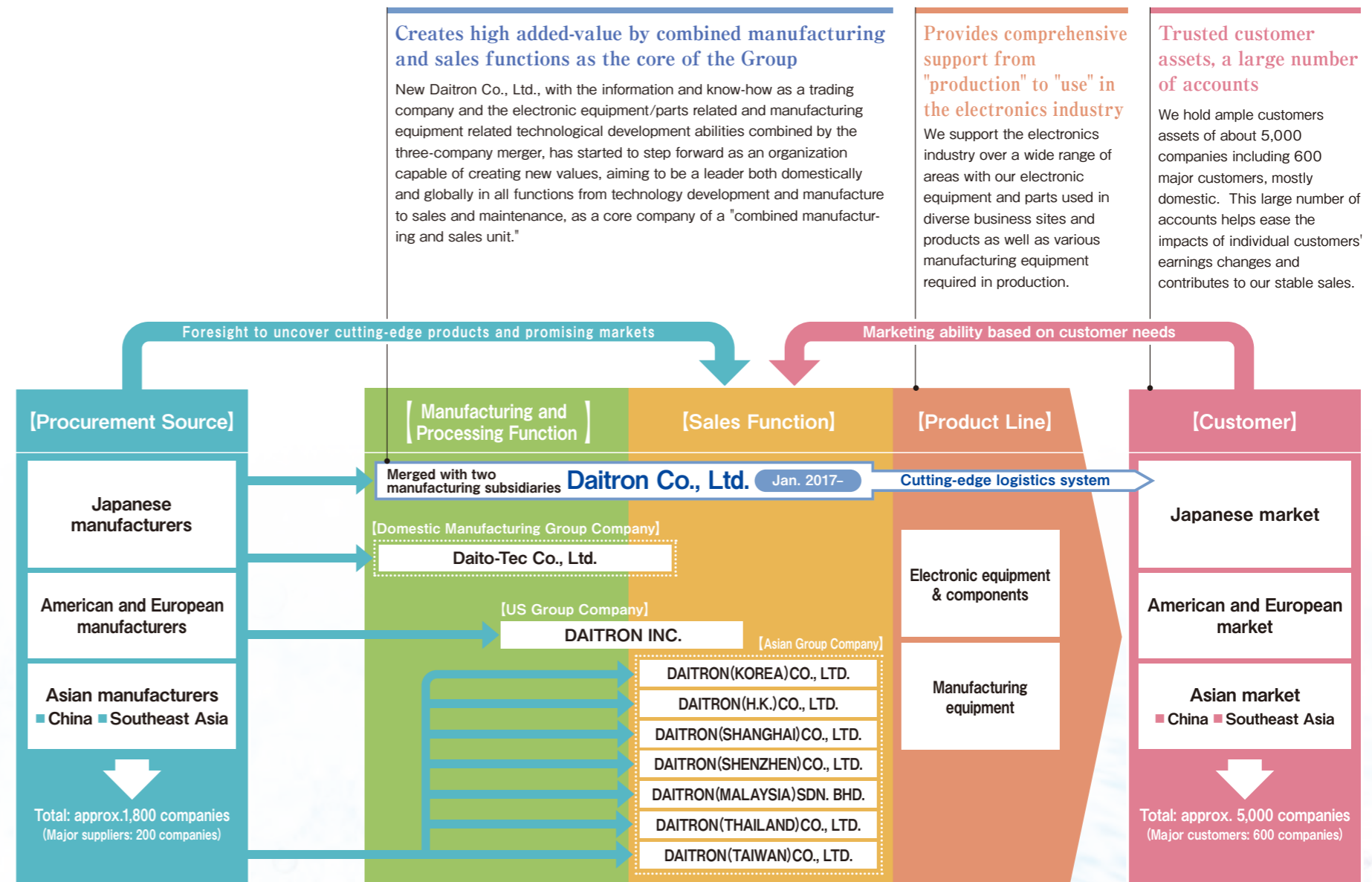
### 1 Technology-based company

Since starting business as an electronics trading company, we have enhanced the manufacturing function step by step by establishing manufacturing subsidiaries and other means, and are now working to further improve its uniqueness as a technology-based company.

## Basic Feature

### 2 High profitability


By continuously strengthening its own developing and manufacturing functions, the Company has established a foundation to ensure an overwhelmingly higher profit margin compared to general electronic parts traders.





# Main Product Line

## Electronic Equipment & Components Market

 Daitron original products

### Electronic Components and Assemblies

- [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

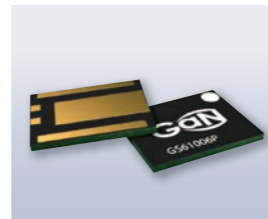
### Semiconductors

- [Major products]**  
analog IC, high-frequency IC, power discrete, 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

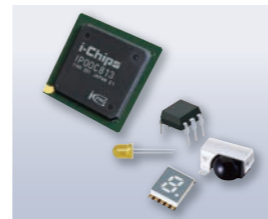
etc.



▲ analog/high frequency IC



▲ gallium nitride (GaN) silicon carbide (SiC)



▲ imaging IC/LED, optical elements

### Embedded System

- [Major Products]**  
embedded system
- measuring equipment
  - image processing equipment
  - semiconductor manufacturing equipment
  - machine control equipment
  - IoT (infrastructure, production site, deep learning)
  - medical-related equipment
  - information communication equipment
  - automotive equipment
  - robot control related

etc.



▲ industrial custom PC



▲ display system



▲ embedded single-board computer

### 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.



▲ AC-to-DC converters



▲ DC-to-DC converters



▲ Uninterruptible power supply (UPS)

### Image-related Equipment and Parts

- [Major Products]**  
CMOS camera, lens, light, image processing equipment, software
- semiconductor-related equipment
  - robot
  - electronic parts production facility
  - medical-related equipment
  - automotive equipment
  - automated logistics, carrier device
  - IoT-related equipment
  - other FA equipment

etc.



▲ image-related equipment



▲ CMOS camera



▲ vessel engine interior automatic photographing equipment "Kirari NINJA-DS"

### Information Systems

- [Major Products]**  
video transmission system, authentication device (RFID, IC card, vein authentication)
- settlement terminal market
  - security market
  - authentication system market
  - network equipment
  - image information system
  - medical-related equipment

etc.



▲ video/audio conferencing systems






▲ multipoint connection server



▲ contactless IC card systems

## Manufacturing Equipment Market

 Semiconductor/FPD manufacturing equipment  Daitron original products  Electronic components manufacturing equipment

### LSI Manufacturing Equipment

- [Major application]**
- LSI, mask, oxide device
  - ceramic device
  - compound communication device
  - power device
  - sensor device

etc.



▲ spin cleaner



▲ chip sorting machine



▲ fully automatic wafer tape mounter

### Electronic Materials Manufacturing Equipment

- [Major application]**
- silicon wafer
  - quartz wafer
  - compound wafer
  - optical fiber/optical lens
  - oxide wafer
  - hard disk negative
  - SiC wafer
  - sapphire wafer

etc.



▲ single wafer washing system



▲ wafer edge grinding machine



▲ one surface wafer polishing machine

### Optical Device Manufacturing Equipment

- [Major application]**
- LD (red, green, short-wave length, long-wave length)
  - LED (red, blue, purple)

etc.



▲ aging equipment



▲ scribing/breaking equipment



▲ automatic visual inspection system DAVI Series



▲ tester (LD/LED)



▲ high-accuracy die bonder



▲ cap sealer

### FPD Manufacturing Equipment

- [Major application]**
- LCD panel
  - LCD panel color filter
  - touch panel
  - organic EL
  - EL backlight
  - cover glass
  - optical film

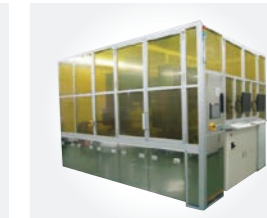
etc.



▲ organic EL evaluation system



▲ cover glass processing equipment



▲ imaging inspection equipment

### Energy Device Manufacturing Equipment

- [Major application]**
- lithium ion battery
  - solar battery
  - all-solid-state battery
  - fuel cell

etc.



▲ Electrode sheet inspection equipment



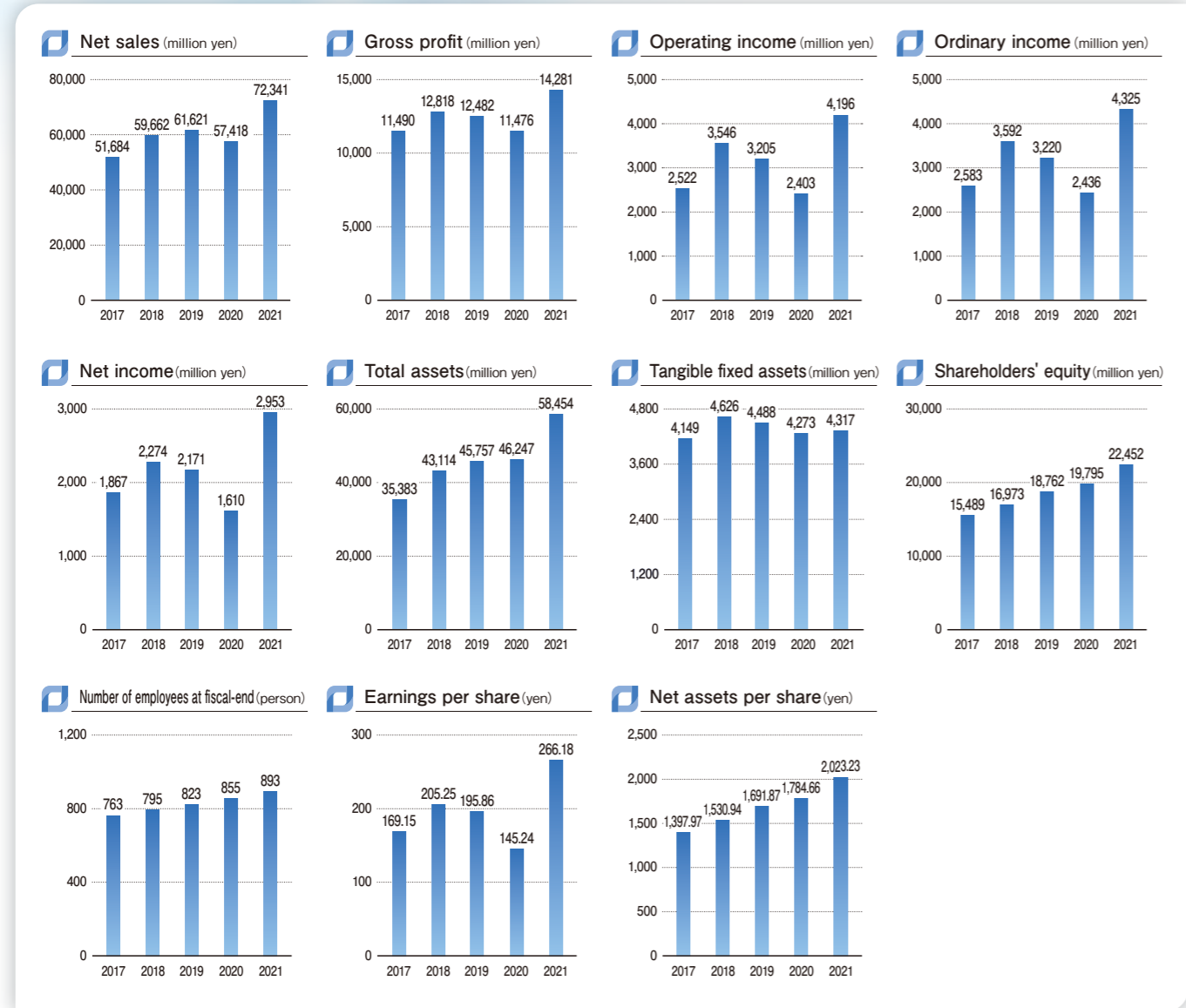
▲ electrode coating & drying furnace



▲ electrolyte leak inspection equipment

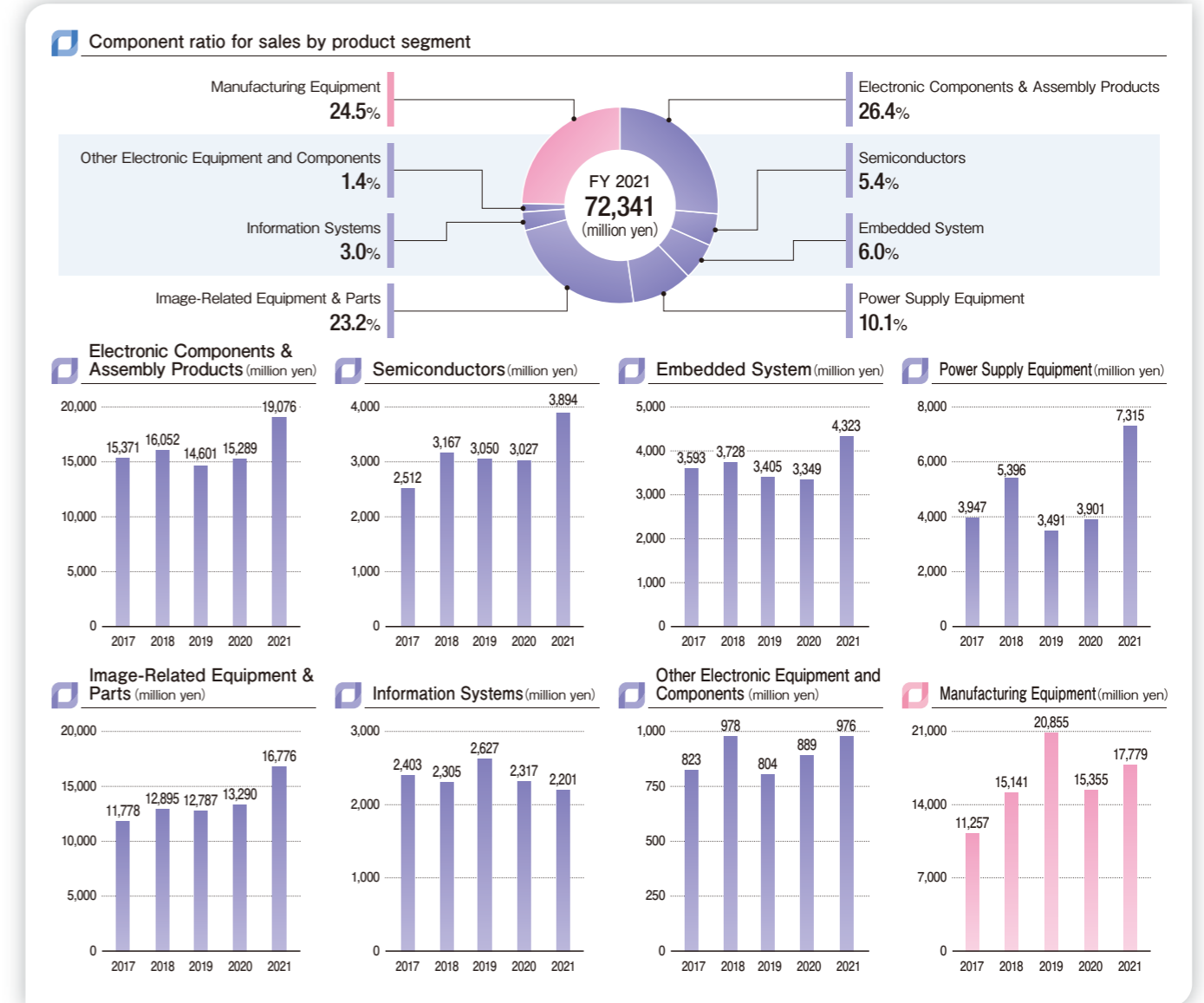
# Consolidated Financial Highlights & Product Segment Information

## Consolidated Financial Highlights



(million yen)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Net sales	51,684	59,662	61,621	57,418	72,341
Gross profit	11,490	12,818	12,482	11,476	14,281
Operating income	2,522	3,546	3,205	2,403	4,196
Ordinary income	2,583	3,592	3,220	2,436	4,325
Net income	1,867	2,274	2,171	1,610	2,953
Total assets	35,383	43,114	45,757	46,247	58,454
Tangible fixed assets	4,149	4,626	4,488	4,273	4,317
Shareholders' equity	15,489	16,973	18,762	19,795	22,452
Number of employees at fiscal-end (person)	763	795	823	855	893
Investment Indices					
Earnings per share (yen) [EPS]	169.15	205.25	195.86	145.24	266.18
Net assets per share (yen)	1,397.97	1,530.94	1,691.87	1,784.66	2,023.23

## Product Segment Information



Net sales by product segment (million yen)		FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Electronic Equipment and Components Business	Electronic Components & Assembly Products	15,371	16,052	14,601	15,289	19,076
	Semiconductors	2,512	3,167	3,050	3,027	3,894
	Embedded System	3,593	3,728	3,405	3,349	4,323
	Power Supply Equipment	3,947	5,396	3,491	3,901	7,315
	Image-Related Equipment & Parts	11,778	12,895	12,787	13,290	16,776
	Information Systems	2,403	2,305	2,627	2,317	2,201
	Other Electronic Equipment and Components	823	978	804	889	976
	Manufacturing Equipment	11,257	15,141	20,855	15,355	17,779
Total	51,684	59,662	61,621	57,418	72,341	

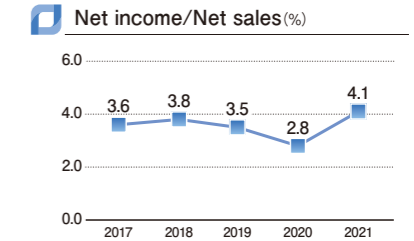
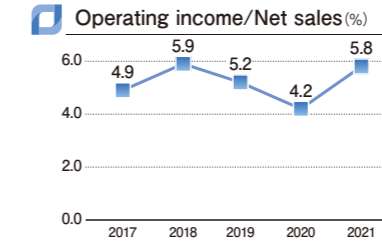
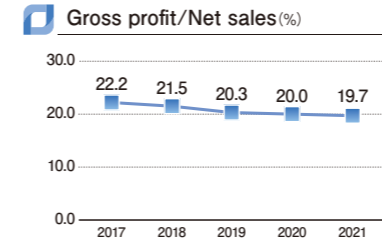


# Main Management Indices (Consolidated)

## Consolidated

### Profitability

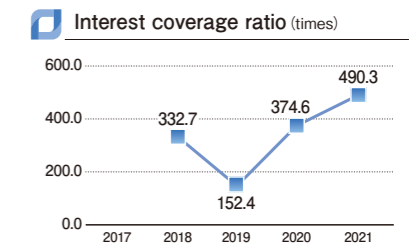
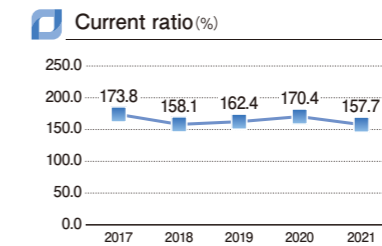
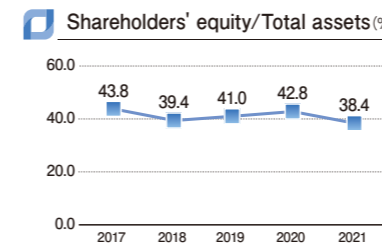
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Gross profit/Net sales (%)	22.2	21.5	20.3	20.0	19.7
Operating income/Net sales (%)	4.9	5.9	5.2	4.2	5.8
Net income/Net sales (%)	3.6	3.8	3.5	2.8	4.1



### Safety

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Shareholders' equity/Total assets (%)	43.8	39.4	41.0	42.8	38.4
Current ratio (%)	173.8	158.1	162.4	170.4	157.7
Interest coverage ratio (times)	—	332.7	152.4	374.6	490.3

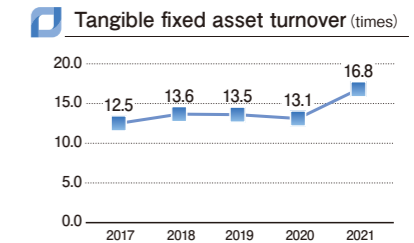
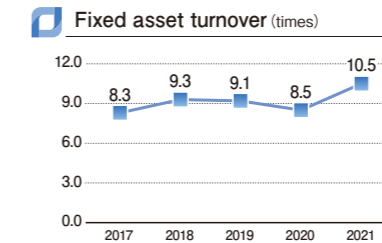
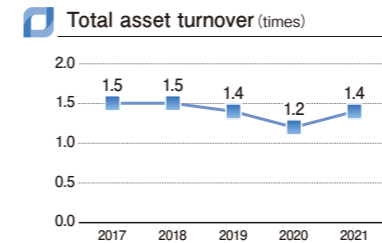
Note: Interest coverage ratio = cash flow/interest payments (Cash flows from operating income for FY 2017 are not shown because they are negative.)



### Efficiency

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Total asset turnover (times)	1.5	1.5	1.4	1.2	1.4
Fixed asset turnover (times)	8.3	9.3	9.1	8.5	10.5
Tangible fixed asset turnover (times)	12.5	13.6	13.5	13.1	16.8

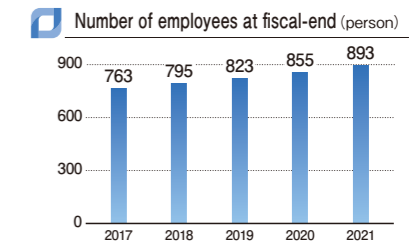
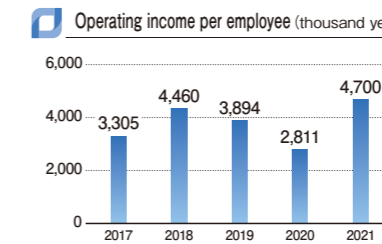
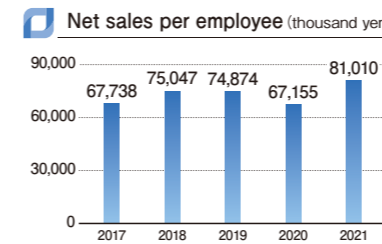
Note: The above figures are calculated using the averages of those at the beginning and at the end of the period, respectively.



### Productivity

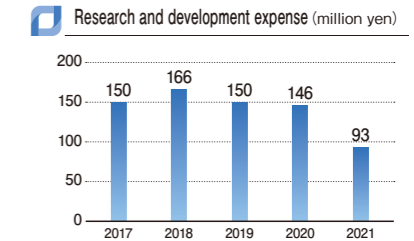
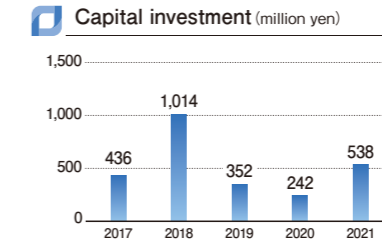
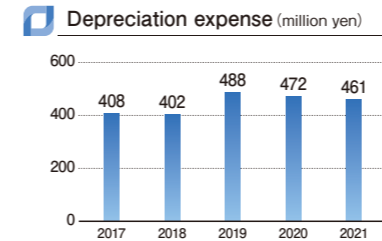
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Net sales per employee (thousand yen)	67,738	75,047	74,874	67,155	81,010
Operating income per employee (thousand yen)	3,305	4,460	3,894	2,811	4,700
Number of employees at fiscal-end (person)	763	795	823	855	893

Note: Net sales per employee and operating income per employee are calculated using the number of employees at fiscal-end.



### Capital Investment and Others

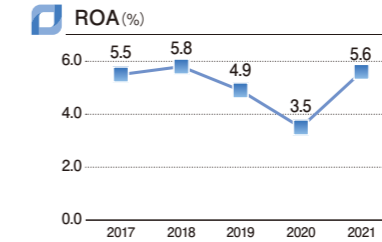
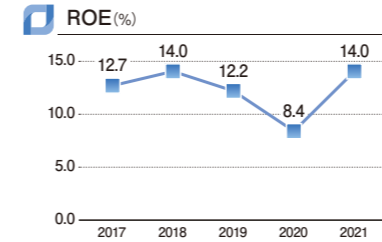
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Depreciation expense (million yen)	408	402	488	472	461
Capital investment (million yen)	436	1,014	352	242	538
Research and development expense (million yen)	150	166	150	146	93



### Investment Indices

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
ROE (%)	12.7	14.0	12.2	8.4	14.0
ROA (%)	5.5	5.8	4.9	3.5	5.6

Note: Shareholders' equity and total assets are calculated using the averages of those at the beginning and at the end of the period, respectively.



# Sustainability of Daitron Group

## 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 continually pursue the "Basic CSR Policy established in 2011, and specified our key issues toward sustainability in the name of "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 at Daitron Group 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 Long-Term Vision, which sets out the corporate image we aim for.

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, in addition to the Basic CSR Policy. Through aggressive business activities based on the healthy and strong management foundations, we are working toward creation of the five items of value ("Five Values"): partner value, human value, social value, environmental value, and economic value, determined to contribute toward the accomplishment of the SDGs (sustainable development goals).

## Materiality (sustainability key issues) 1 Each material issue and SDGs

We at Daitron Group 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.

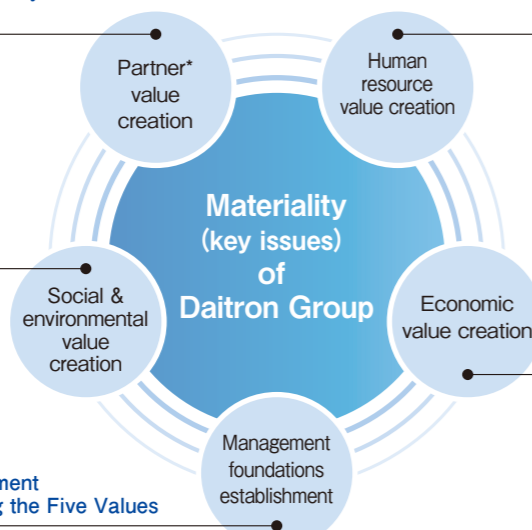
To work for the creation of diverse partner value as an engineering trading company with the manufacturing function



To contribute to the creation of social and environmental value, making full use of most-advanced electronics technologies



To build healthy and strong management foundations as the bases for creating the Five Values



To promote a personnel strategy making much of diversity to contribute to the innovation creation of the industry



To continually work to create high added value one step ahead for maximized economic value



\* About "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 material issues toward further progress, the directions of the efforts are defined based on the Primary Efforts and Focus Themes, and by setting representative KPIs in each issue in the following step to objectively assess the progress of the efforts at Materiality which will lead us to the next step.

Category	Materiality	Primary efforts and Focus theme
Partner value creation	To work for the creation of diverse partner value as an engineering trading company with the manufacturing function	<ul style="list-style-type: none"> <li>Reinforcement of manufacturing function (= enhancement of technological, developmental, and manufacturing technological capabilities)</li> <li>Reinforcement of trading function (= enhancement of marketing power, partner base, and sales capabilities)</li> <li>Development of new markets and new customers (= creation of sustainable new partner value)</li> <li>Contribution to the introduction of ICT and automation across industry to support improvements in productivity and efficiency</li> </ul>
Human resource value creation	To promote a personnel strategy making much of diversity to contribute to the innovation creation of the industry	<ul style="list-style-type: none"> <li>Diversity-minded adoption and utilization of human resources</li> <li>Establishment of personnel and education/training systems which lead diversity to innovation</li> <li>Respect for human rights of all employees, and support for the realization of society respectful of human rights</li> <li>Creation of a satisfying workplace (safe work environment, work-style reform, and career-path system)</li> </ul>
Social & environmental value creation	To contribute to the creation of social and environmental value, making full use of most-advanced electronics technologies	<ul style="list-style-type: none"> <li>Contribution to ICT infrastructure, air, sea and land infrastructure, and the energy industry to support the convenient, safe and secure lives of people</li> <li>Contribution to environmental load reduction through provision of electronics technologies to a wide area of industry</li> </ul>
Economic value creation	To continually work to create high added value one step ahead for maximized economic value	<ul style="list-style-type: none"> <li>Continuous devotion to the development of high added value products and services toward creation of value one step ahead</li> <li>Promotion of business offering more comprehensive solution as the basics for the above purpose</li> <li>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</li> </ul>
Management foundations establishment	To build healthy and strong management foundations as the bases for creating the Five Values	<ul style="list-style-type: none"> <li>Reinforcement of corporate governance, compliance, and risk management systems</li> <li>Securing of sound financial bases (improved equity ratio and reduced management costs)</li> <li>Enhancement of the BCP (business continuity plan) and supply chain management</li> <li>Thorough reinforcement of environmental management systems and quality management systems</li> </ul>

## CSR Basic Policy

### Environmental Policy

We will promote, and continuously improve, environmental management system activities 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

We will assist in the realization of a society in which respect is given to human rights. In order for that, we are determined to exert efforts to fulfill the responsibility for respecting human rights while making contributions to society through business activities.

### Labor Policy

We will respect the human rights of all employees and treat them with respect of their 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. The Company is actively supporting these social action activities in sympathy with them including contributions to this Foundation.

## Our Basic Policy on Corporate Governance

Amid this rapidly changing business environment surrounding corporations with the increasing globalization of the world economy, for corporate health and 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 key elements of our corporate governance principles include building good relationships of trust with all the stakeholders, ensuring timely and proper information disclosure and management transparency for shareholders, 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 for securing timely and appropriate disclosure of important corporate information while keeping it true, complete and accurate, which system has made possible a fair and quick decision on when and what information should be disclosed. We also have set up the information security rules and personal information protection rules for thoroughgoing information management.

### Risk Management

We regard risk management as a matter of extremely high priority in business administration and have established the Risk Management Committee, which is designed to work together with the Compliance Committee for the purpose of improved corporate value and reliability. Their 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, who are required to report promptly on the occurrence of any important issue concerning risk management.