

# FY 2023 1Q Financial Material

**Daitron Co., Ltd.**

Securities Code: 7609

# Outline of Consolidated Settlement of Accounts (performance results and earnings forecasts)

# Quarterly Performance Change



## ■ 1Q cumulative performance

**Net Sales**      **¥24,446 mil.**  
(115.3% y/y)

■ Operating income      **¥ 2,142 mil.**  
(126.3% y/y)

■ Ordinary income      **¥ 2,141 mil.**  
(123.4% y/y)

■ Net income      **¥ 1,433 mil.**  
(121.5% y/y)

Graph of quarterly performance change

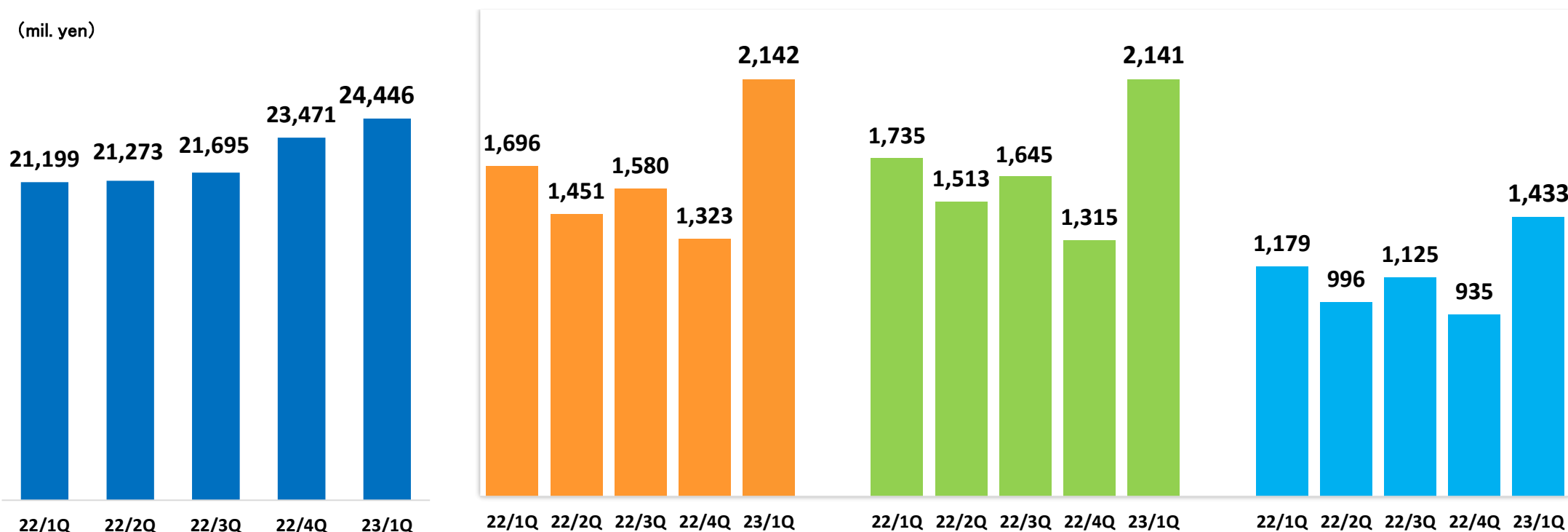
Net Sales

Operating income

Ordinary income

Net income \*

(mil. yen)

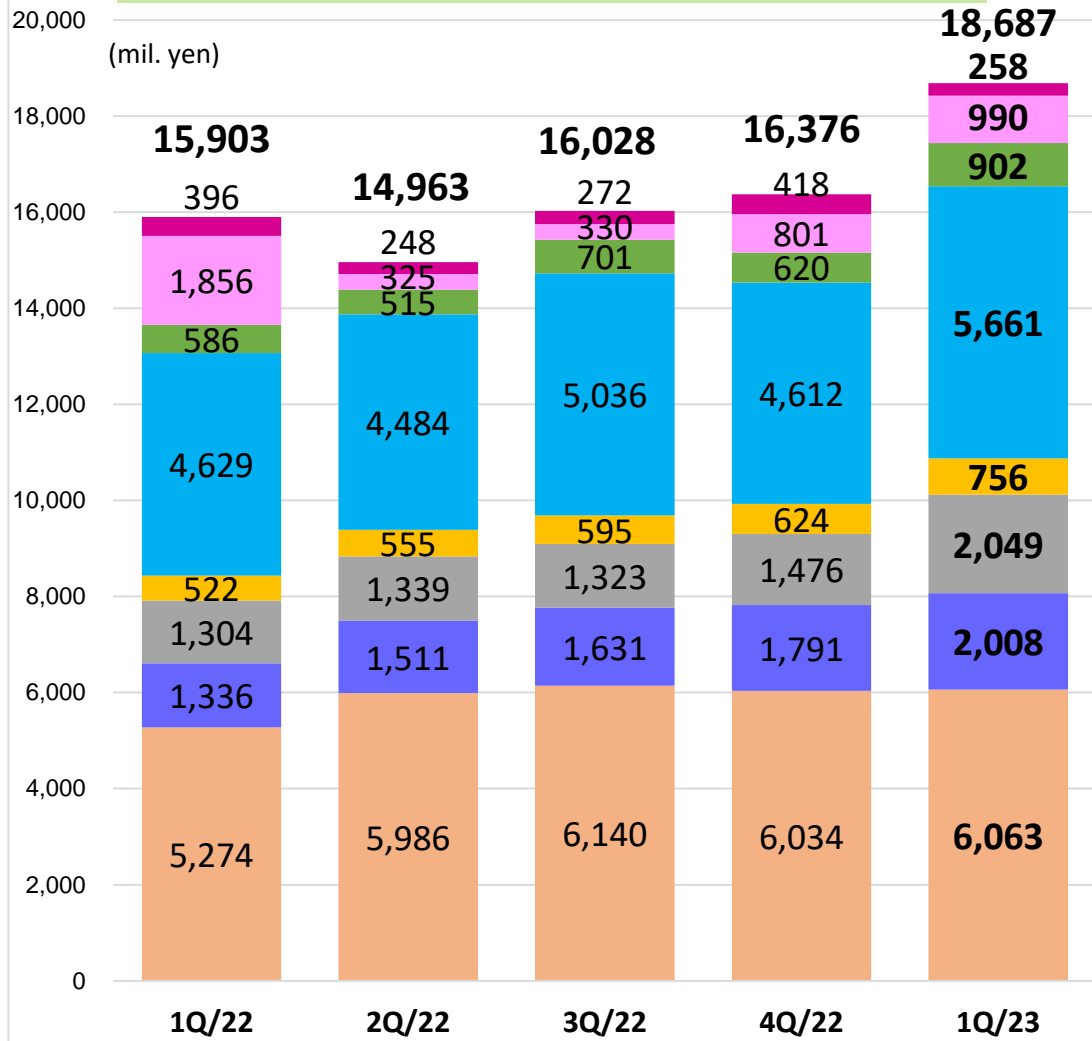


\* Net income attributable to owners of parent

# Product Segment Quarterly Performance Change

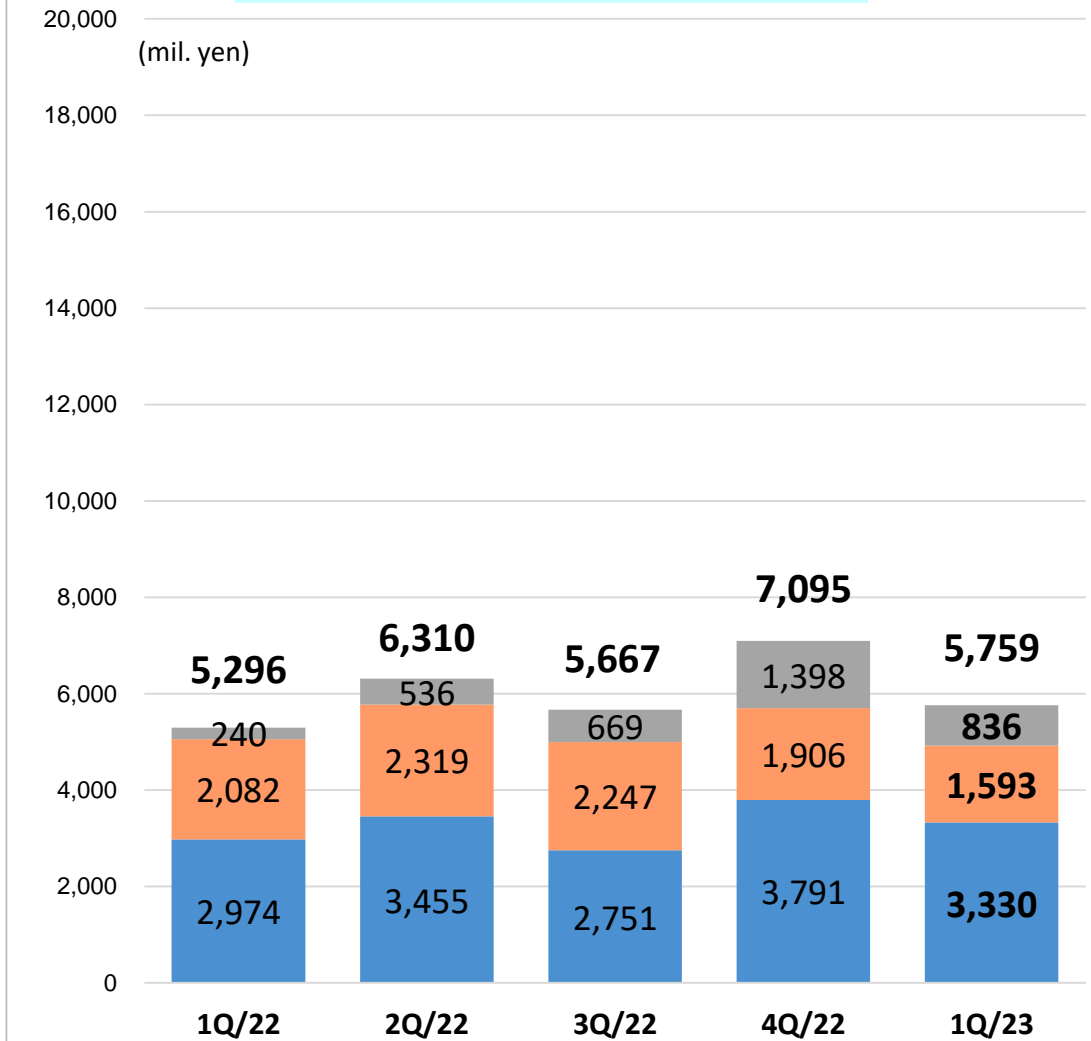


## Electronic Equipment & Components



■ Electronic Components & Assembly Products 
 ■ Semiconductors 
 ■ Embedded System 
 ■ Power Supply Equipment 
 ■ Image-Related Equipment & Components 
 ■ Information System 
 ■ Green Facility 
 ■ Other Electronic Equipment and Components

## Manufacturing Equipment



■ Semiconductor/FPD Manufacturing Equipment 
 ■ Electronic Component Manufacturing Equipment 
 ■ Other Manufacturing Equipment

# Consolidated Financial Position Comparison (y/y)

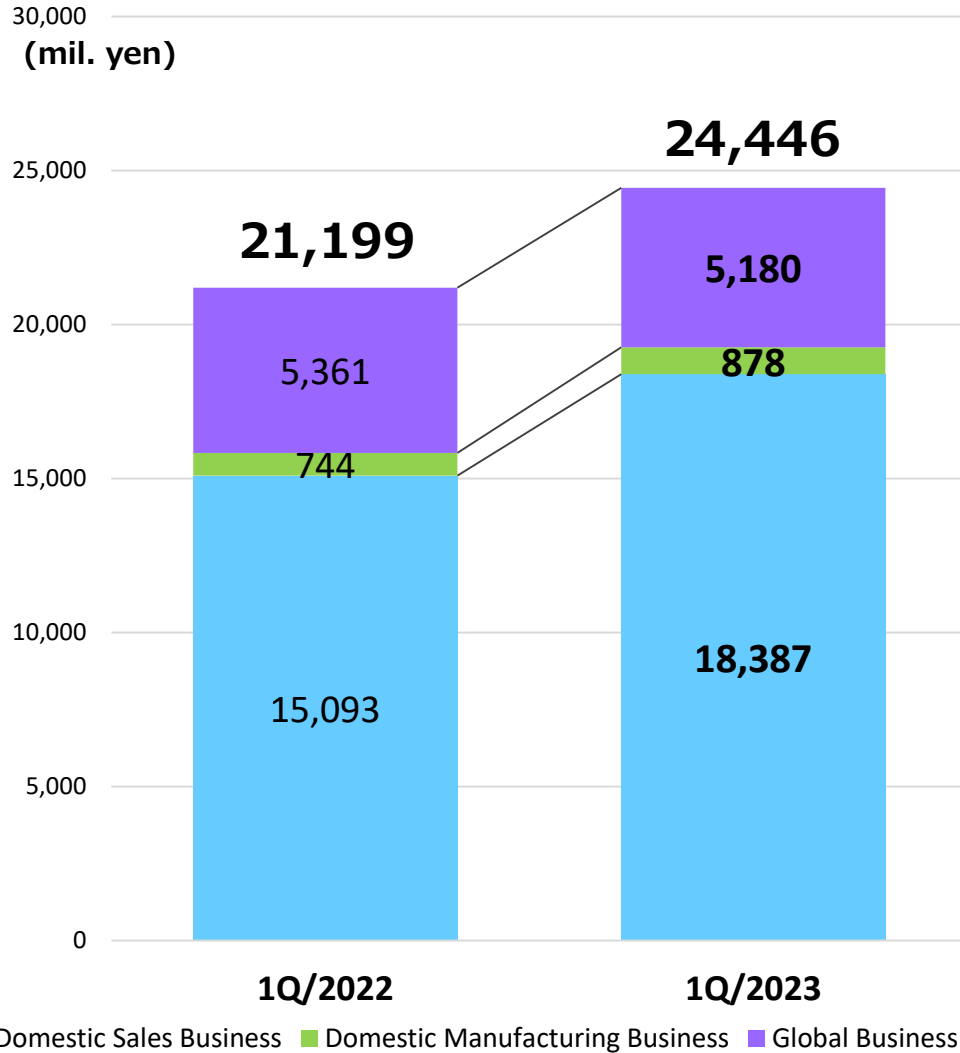


(mil. yen)	FY 2022	1Q/2023	Difference
Total assets	<b>63,202</b>	<b>61,700</b>	<b>△1,502</b>
Total liabilities	<b>37,189</b>	<b>34,849</b>	<b>△2,340</b>
Shareholders' equity	<b>26,006</b>	<b>26,830</b>	<b>824</b>
Net assets	<b>26,012</b>	<b>26,851</b>	<b>839</b>
Equity ratio	<b>41.1%</b>	<b>43.5%</b>	<b>2.4Pt</b>
Net asset per share (yen)	<b>2,342.79</b>	<b>2,417.11</b>	<b>74.32</b>

# Performance Change by Report Segment



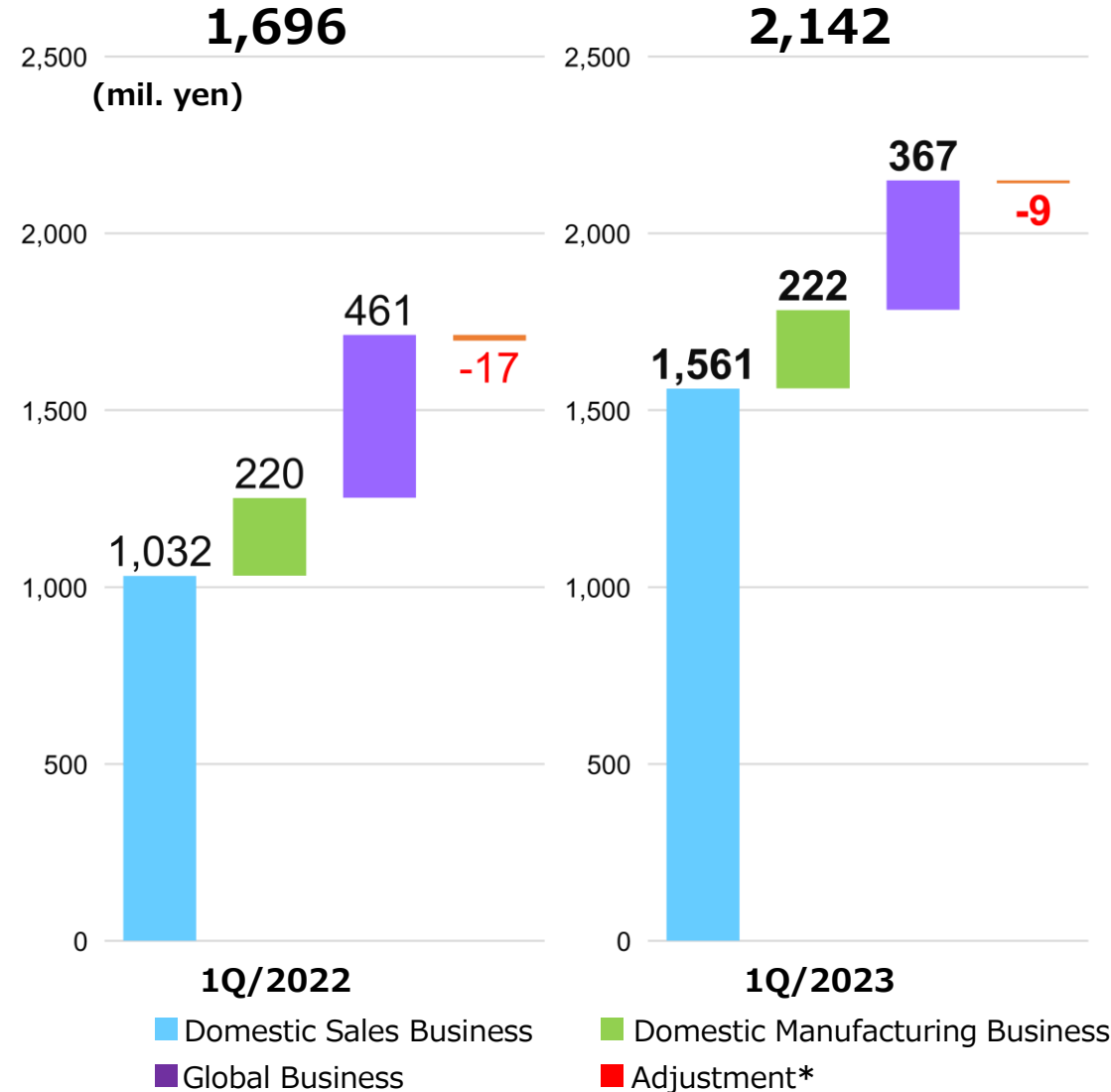
## Net Sales from External Customers



(Reference) Domestic Manufacturing Business  
Total net sales including inter-segment sales

1Q/2023 2,559 mil. yen  
(1Q/2022 2,183 mil. yen)

## Operating Income



\* Adjustment includes inter-segment eliminations and corporate expenses that are not allocated to individual reportable segment

# Business Structure of the Company 1Q/2023 performance



Business	By product segment	Sales composition ratio	Gross profit margin	Original product ratio	Overseas sales ratio			
Electronic Equipment & Components	Electronic Components & Assembly Products	<b>24.8%</b> (24.9% 1Q/2022)	<b>23.0%</b> (21.6% 1Q/2022)	<b>14.0%</b> (13.3% 1Q/2022)	<b>North America</b> <b>2.4%</b> (1.8% 1Q/2022)			
	Semiconductors	<b>8.2%</b> (6.3% 1Q/2022)	<b>22.0%</b> (24.2% 1Q/2022)					
	Embedded System	<b>8.4%</b> (6.2% 1Q/2022)	<b>16.1%</b> (16.1% 1Q/2022)					
	Power Supply Equipment	<b>3.1%</b> (2.5% 1Q/2022)	<b>19.6%</b> (19.1% 1Q/2022)					
	Image-Related Equipment & Components	<b>23.1%</b> (21.8% 1Q/2022)	<b>14.5%</b> (15.0% 1Q/2022)					
	Information System	<b>3.7%</b> (2.8% 1Q/2022)	<b>22.2%</b> (21.6% 1Q/2022)					
	Other Electronic Equipment and Components	<b>1.1%</b> (1.9% 1Q/2022)	<b>△12.5%</b> (9.0% 1Q/2022)					
Manufacturing Equipment	Semiconductor/FPD Manufacturing Equipment	<b>13.6%</b> (14.0% 1Q/2022)	<b>19.7%</b> (19.2% 1Q/2022)		<b>14.0%</b> (13.3% 1Q/2022)	<b>Europe</b> <b>0.4%</b> (0.4% 1Q/2022)		
	Electronic Component Manufacturing Equipment	<b>6.5%</b> (9.8% 1Q/2022)	<b>27.9%</b> (24.8% 1Q/2022)					
	Other Manufacturing Equipment	<b>3.4%</b> (1.1% 1Q/2022)	<b>16.2%</b> (17.3% 1Q/2022)					
New Business	Green Facility	<b>4.1%</b> (8.7% 1Q/2022)	<b>43.5%</b> (23.9% 1Q/2022)		<b>14.0%</b> (13.3% 1Q/2022)	<b>Asia</b> <b>18.5%</b> (23.2% 1Q/2022)		
<b>Total</b>		<b>100.0%</b>	<b>20.3%</b> (19.8% 1Q/2022)				<b>14.0%</b> (13.3% 1Q/2022)	<b>21.4%</b> (25.4% 1Q/2022)

■ shows the product segments including Daitron's original products.

# Year-on-year net sales by area



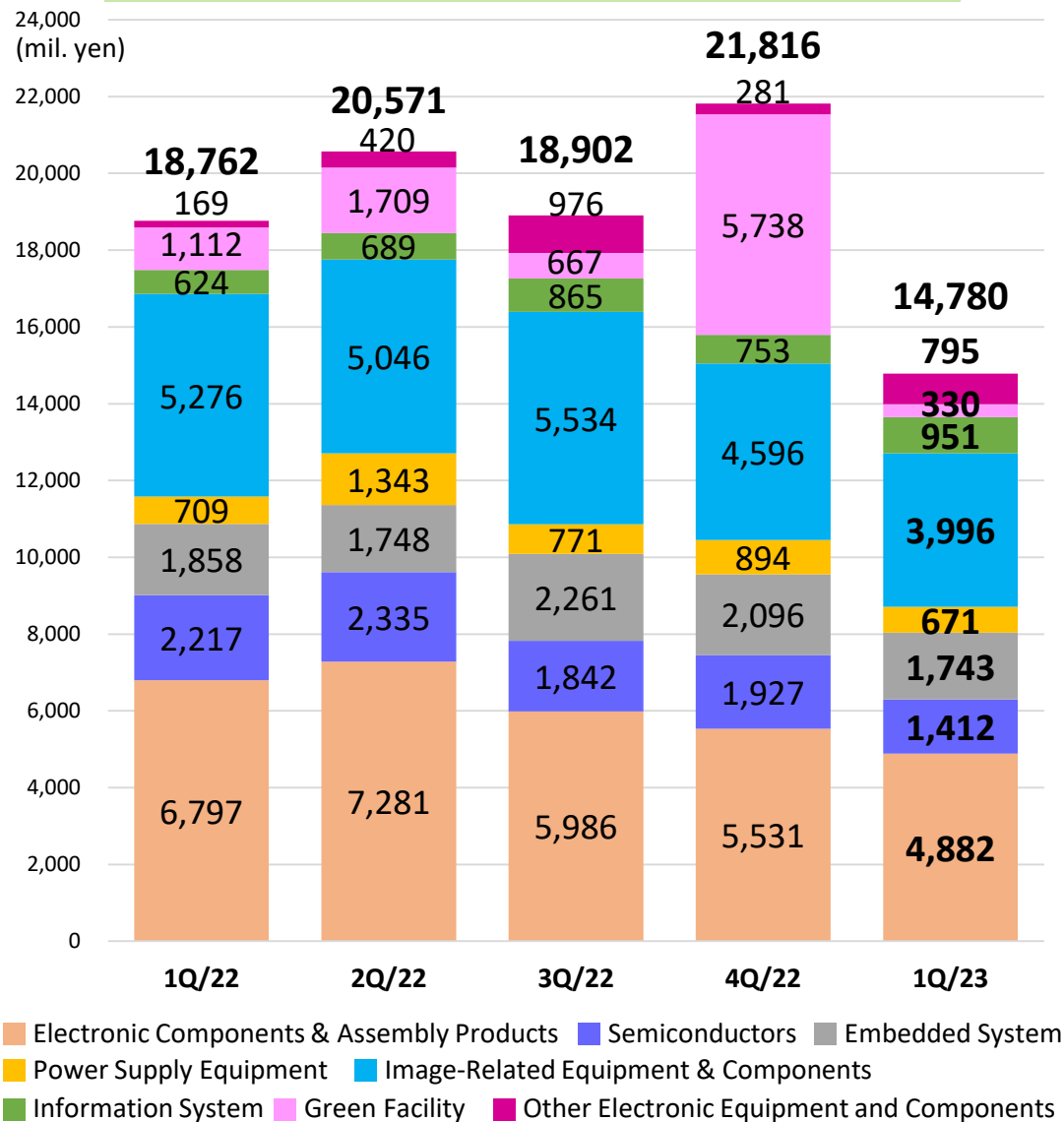
(mil. yen)	1Q/2022	1Q/2023	Difference
<b>Domestic</b>	<b>15,818</b>	<b>19,225</b>	<b>3,407</b>
<b>Overseas</b> The figures in parentheses are sales ratio	<b>5,381</b> (25.4%)	<b>5,220</b> (21.4%)	<b>△161</b> (△4.0pt)
<b>North America</b>	<b>379</b>	<b>597</b>	<b>218</b>
<b>Europe</b>	<b>92</b>	<b>102</b>	<b>10</b>
<b>Asia</b>	<b>4,909</b>	<b>4,521</b>	<b>△388</b>
<b>Total</b>	<b>21,199</b>	<b>24,446</b>	<b>3,427</b>



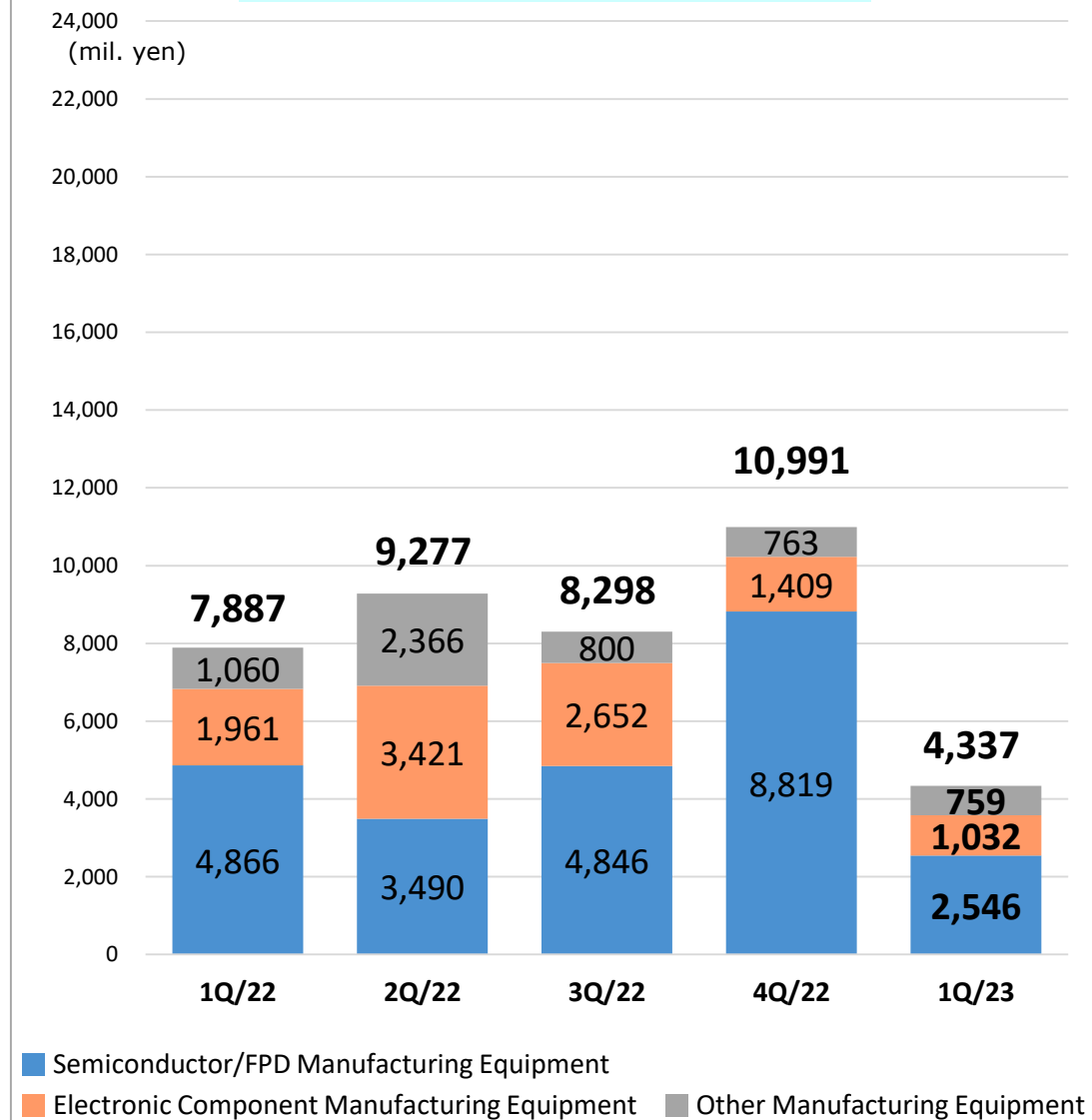
# Quarterly Order Change (by product segment)



## Electronic Equipment & Components



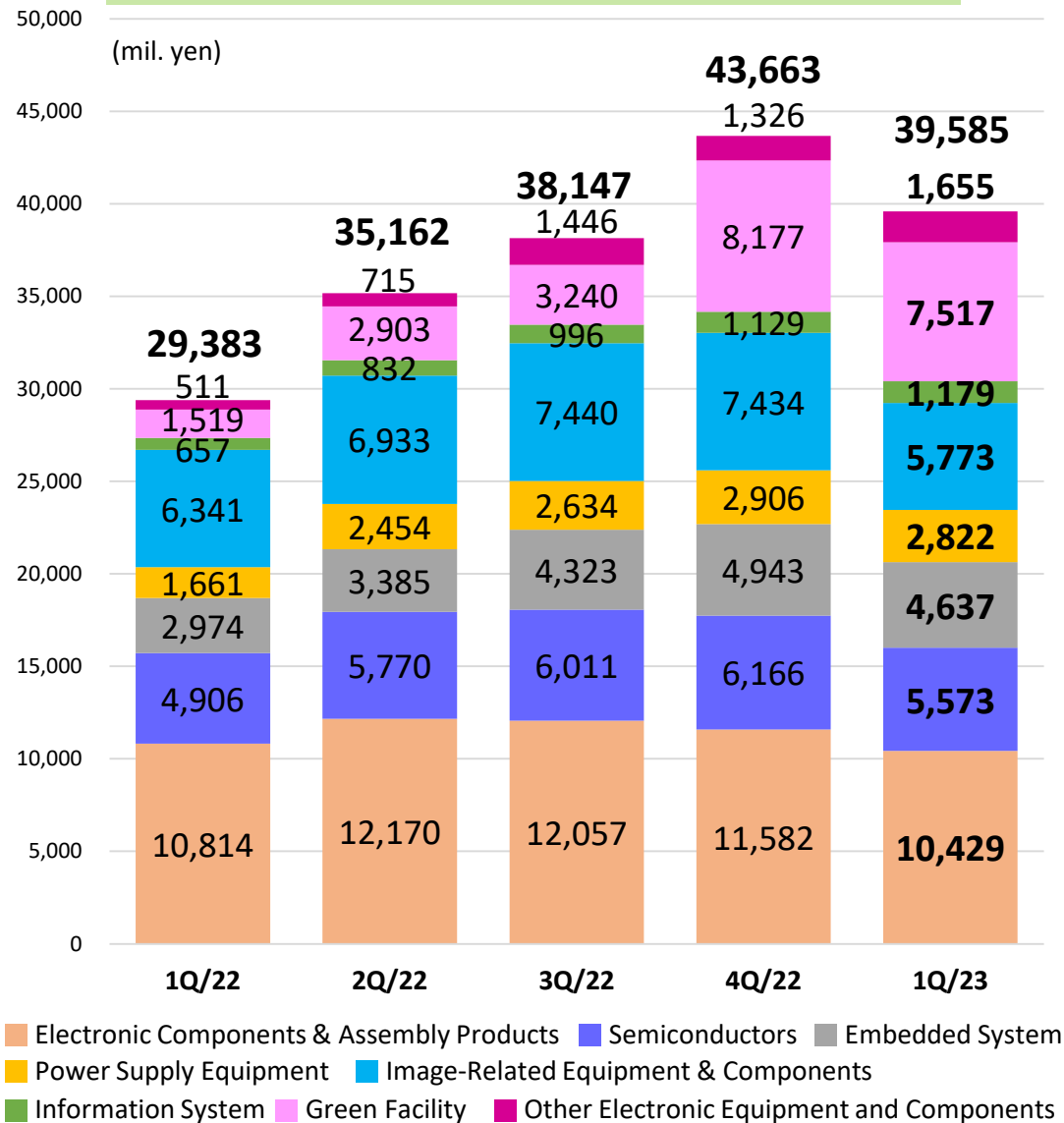
## Manufacturing Equipment



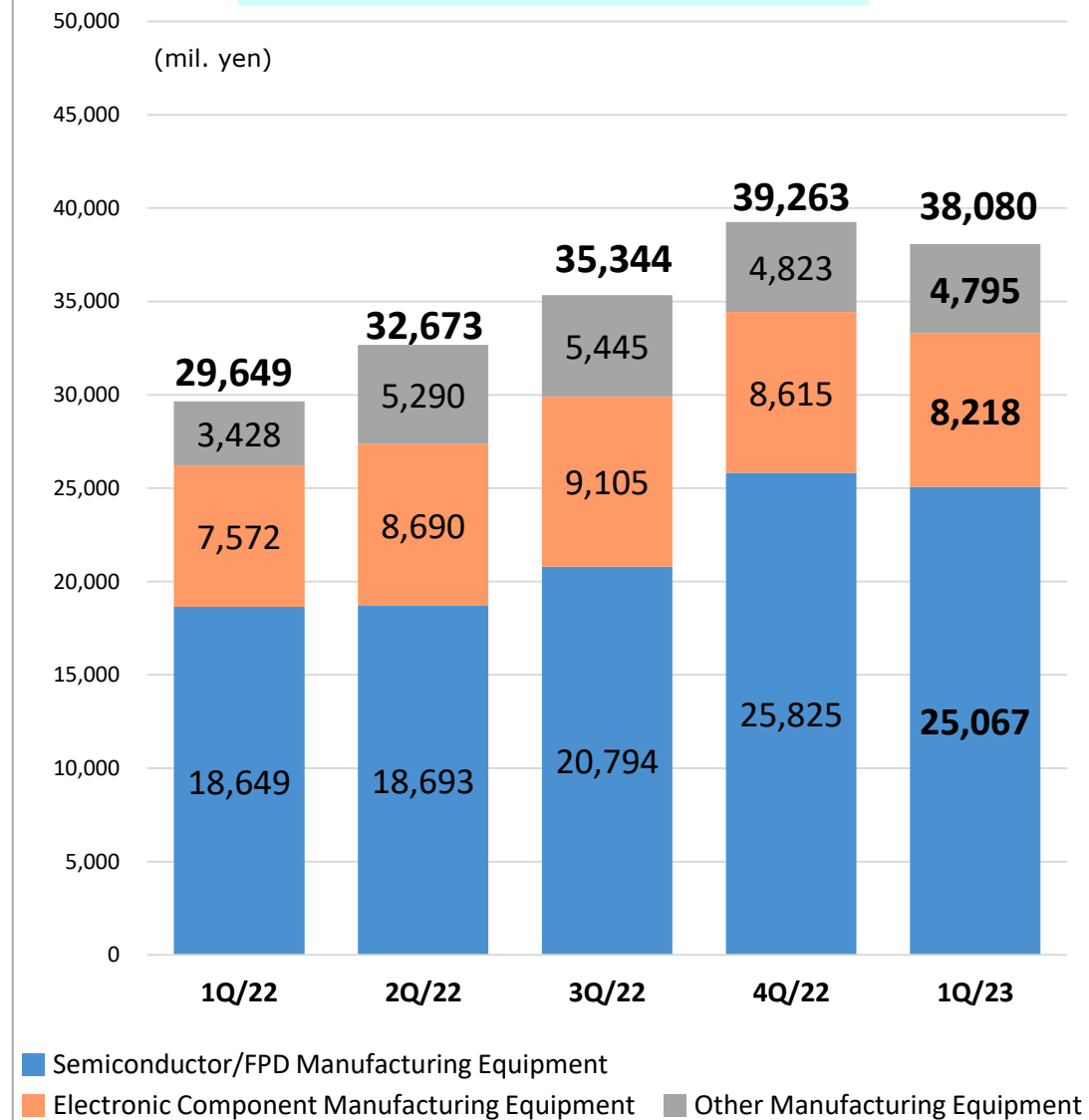
# Quarterly Order Backlog Change (by product segment)



## Electronic Equipment & Components



## Manufacturing Equipment



### Order Backlog for sales from next year onwards

•Electronic Equipment and Components	8,897 mil.yen
•Manufacturing Equipment	24,147 mil.yen
•total	33,044 mil.yen



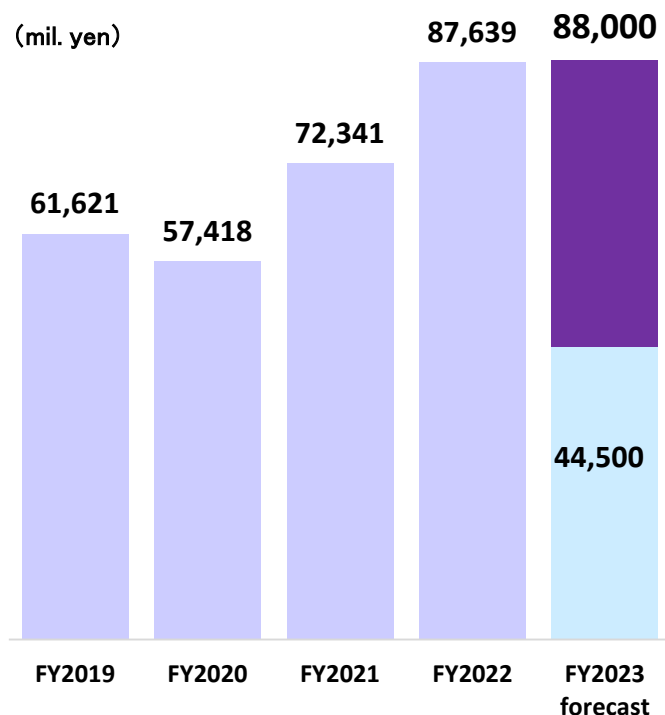
# Consolidated Performance Forecast (full-year)



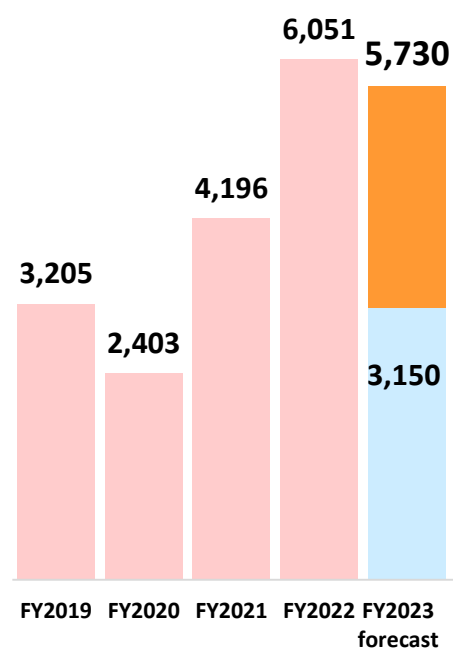
■ **Net Sales** **¥88,000 mil.**  
(100.4% y/y)

- **Operating income** **¥5,730 mil.**  
(94.7% y/y)
- **Ordinary income** **¥5,730 mil.**  
(92.3% y/y)
- **Net income\*** **¥3,900 mil.**  
(92.0% y/y)

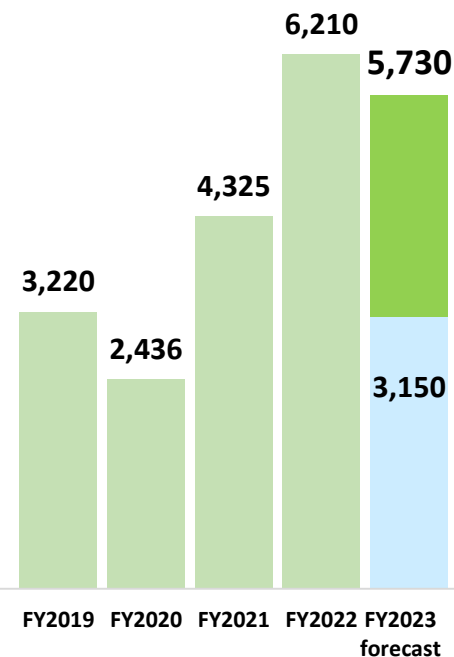
Net Sales



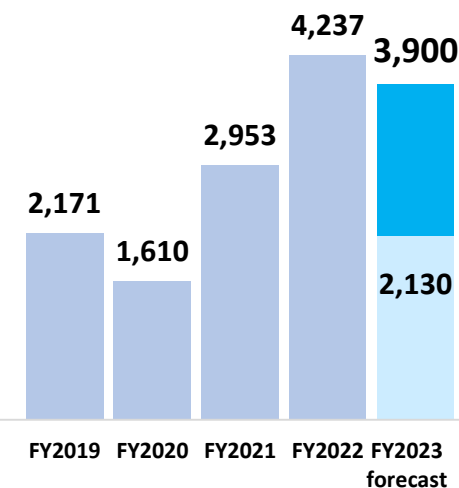
Operating income



Ordinary income



Net income\*

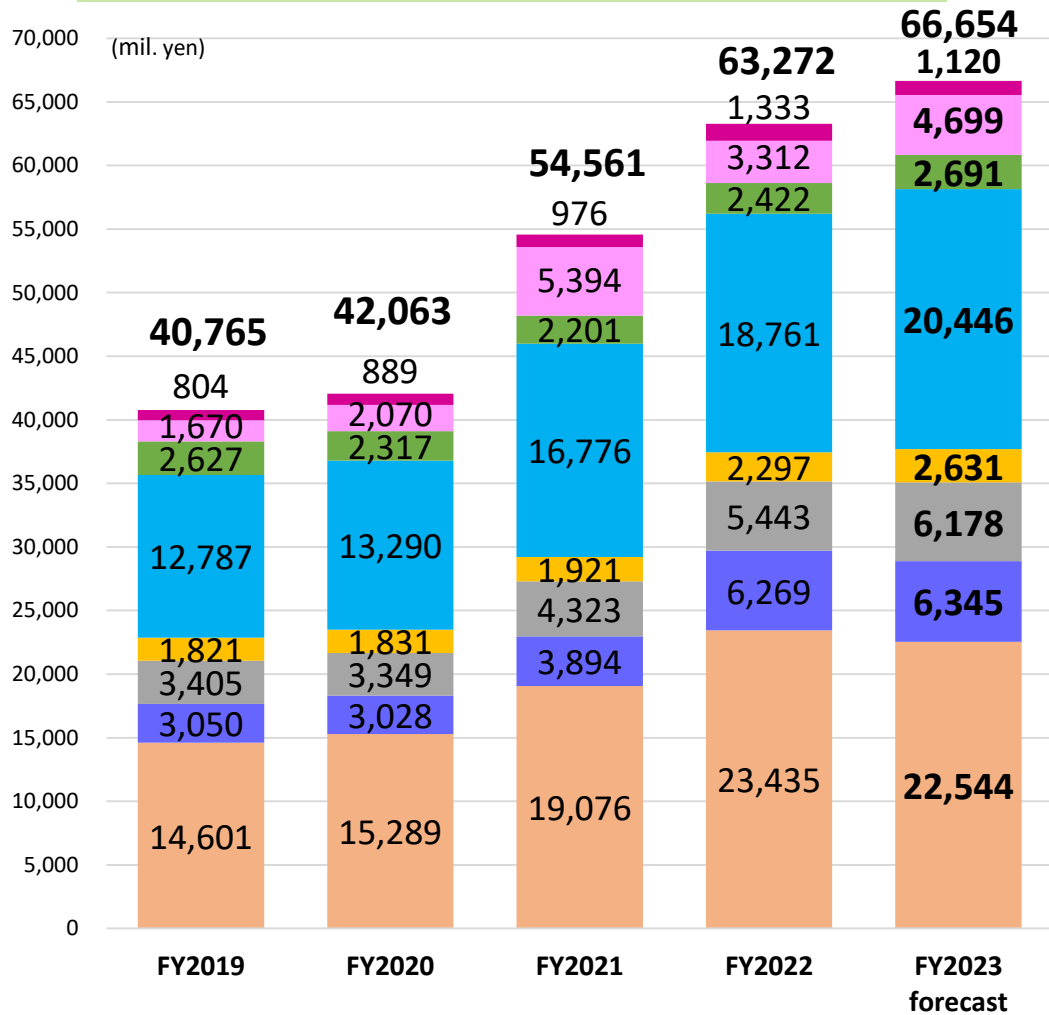


\* Net income attributable to owners of parent  
Figures shown as □ represent the forecast for the second quarter.

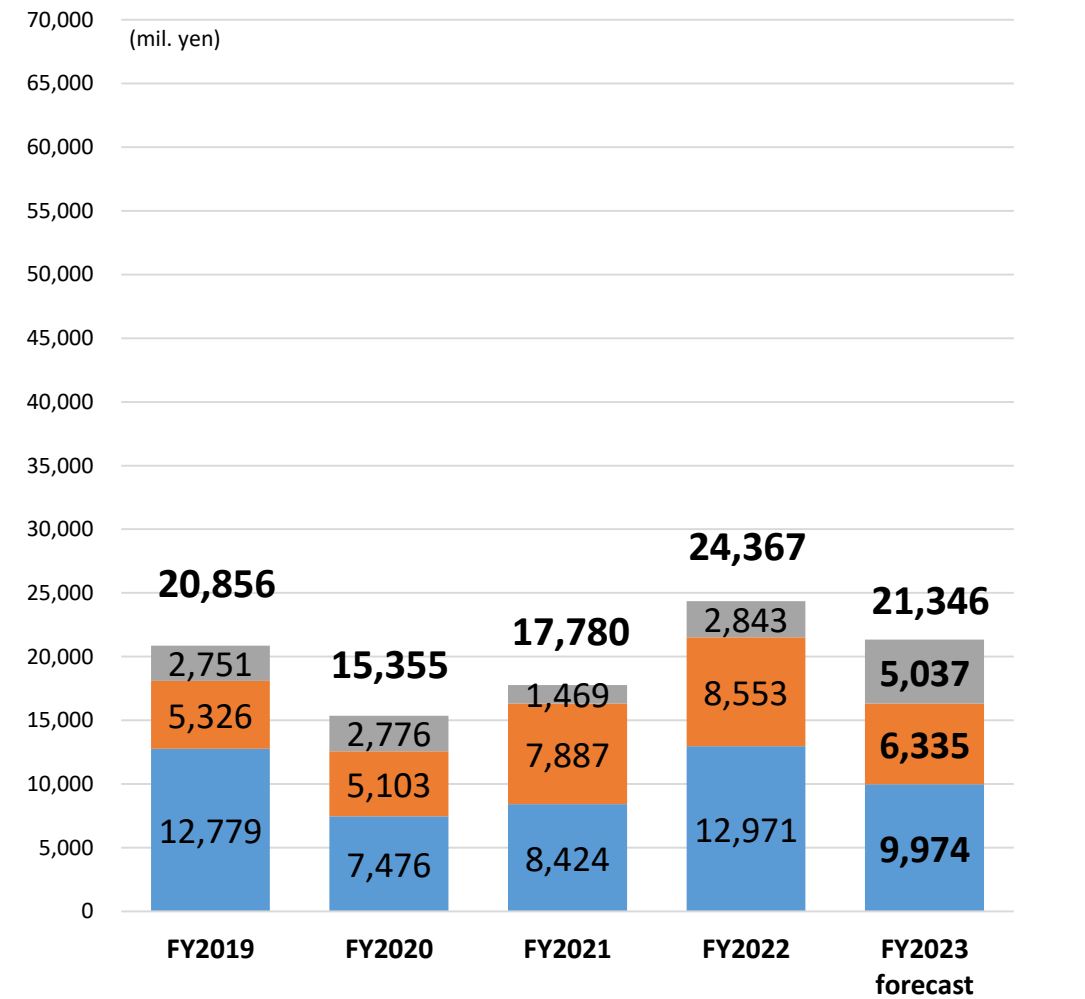
# Performance Change and Forecast by Product Segment



## Electronic Equipment & Components



## Manufacturing Equipment



# Dividend



(yen)	2Q end (interim)	Period-end	Annual dividend (interim + period-end)	Initial forecast	Payout ratio
FY 2019	<b>25</b>	<b>35</b>	<b>60</b>	<b>60</b>	<b>30.6%</b>
FY 2020	<b>20</b>	<b>30</b>	<b>50</b>	<b>50</b>	<b>34.4%</b>
FY 2021	<b>35</b>	<b>*45</b>	<b>*80</b>	<b>55</b>	<b>30.1%</b>
FY 2022	<b>45</b>	<b>70</b>	<b>115</b>	<b>80</b>	<b>30.1%</b>
FY 2023 forecast	<b>50</b>	<b>65</b>	<b>115</b>		<b>32.7%</b>

\*Notes Period-end dividend detail : ordinary dividends 35.00 yen, commemorative dividends 10.00 yen  
Annual dividend detail : ordinary dividends 70.00 yen, commemorative dividends 10.00 yen

# 10th Mid-Term Management Plan

【 FY2021~FY2023 】



## Creator for the **NEXT**

We will create new value making use of the group Network as a Engineering Trading Company leading the electronics industry

**N**ETWORK  
**E**NGINEERING  
**X** (SYNERGY)  
**T**RADING

### 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

## ◆ S l o g a n ◆

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

## ◆ Long-Term Vision ◆

### 1 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

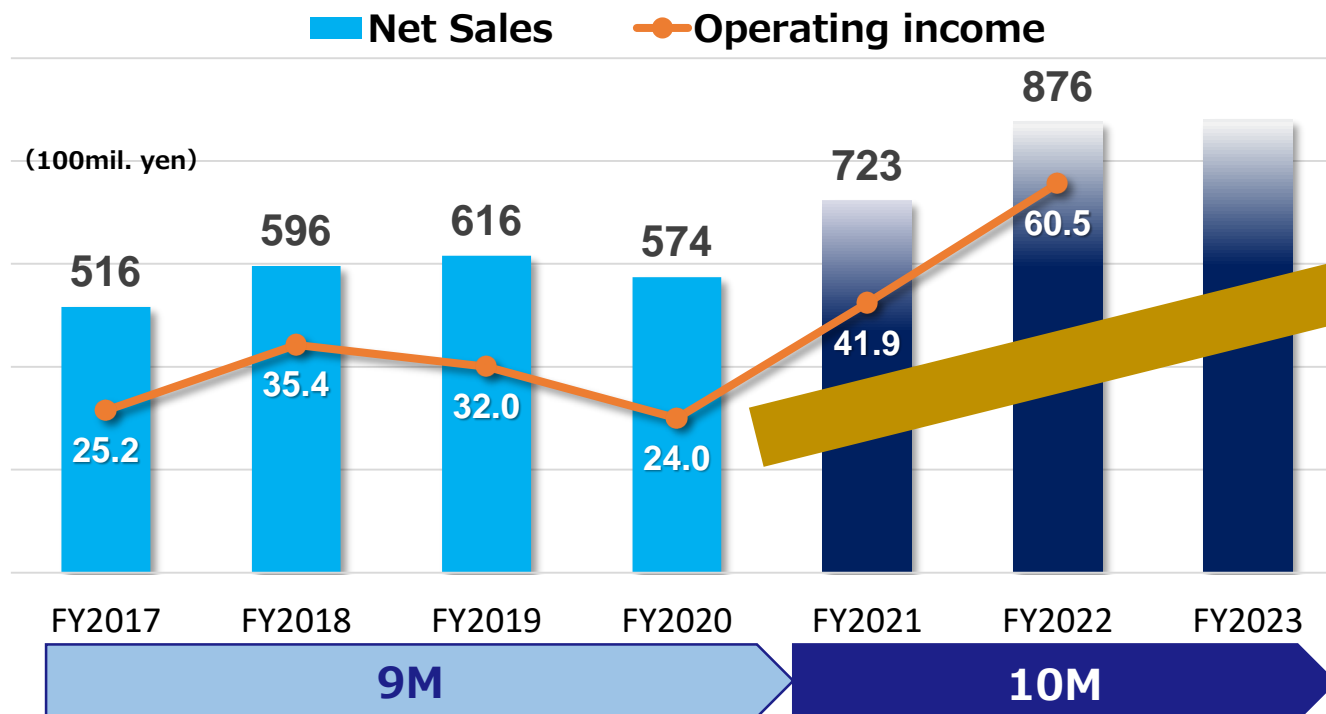
### 2 Long-term goal

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



## ◆ Basic Concept ◆

- Aim at **sustained expansion of net sales & operating income** through management focusing on growth potential
- Seek **gross profit margin of 20%** by continuous business structure reform
- Promote investments forming the foundation of sustained growth  
(**Capital investment in factory-based** → **Shift to in human resources, technology development, etc.**)



**Toward  
sustained  
expansion**

## Equity ratio

Target **50%**  
or more



## Result of 1Q/2023

**43.5%**

## ROA

Target **6%**  
or more



## Result of FY2022

**7.0%**

## ROE

Target **12%**  
or more



## Result of FY2022

**17.5%**

\* For "ROA" and "ROE", the target levels are raised based on the 9M results  
For "Equity ratio", the same target level as in 9M is set

**Basic Strategic Policy ①**

**Promote business structure reform!**

**Basic Strategic Policy ②**

**Maximize the merger synergy !**

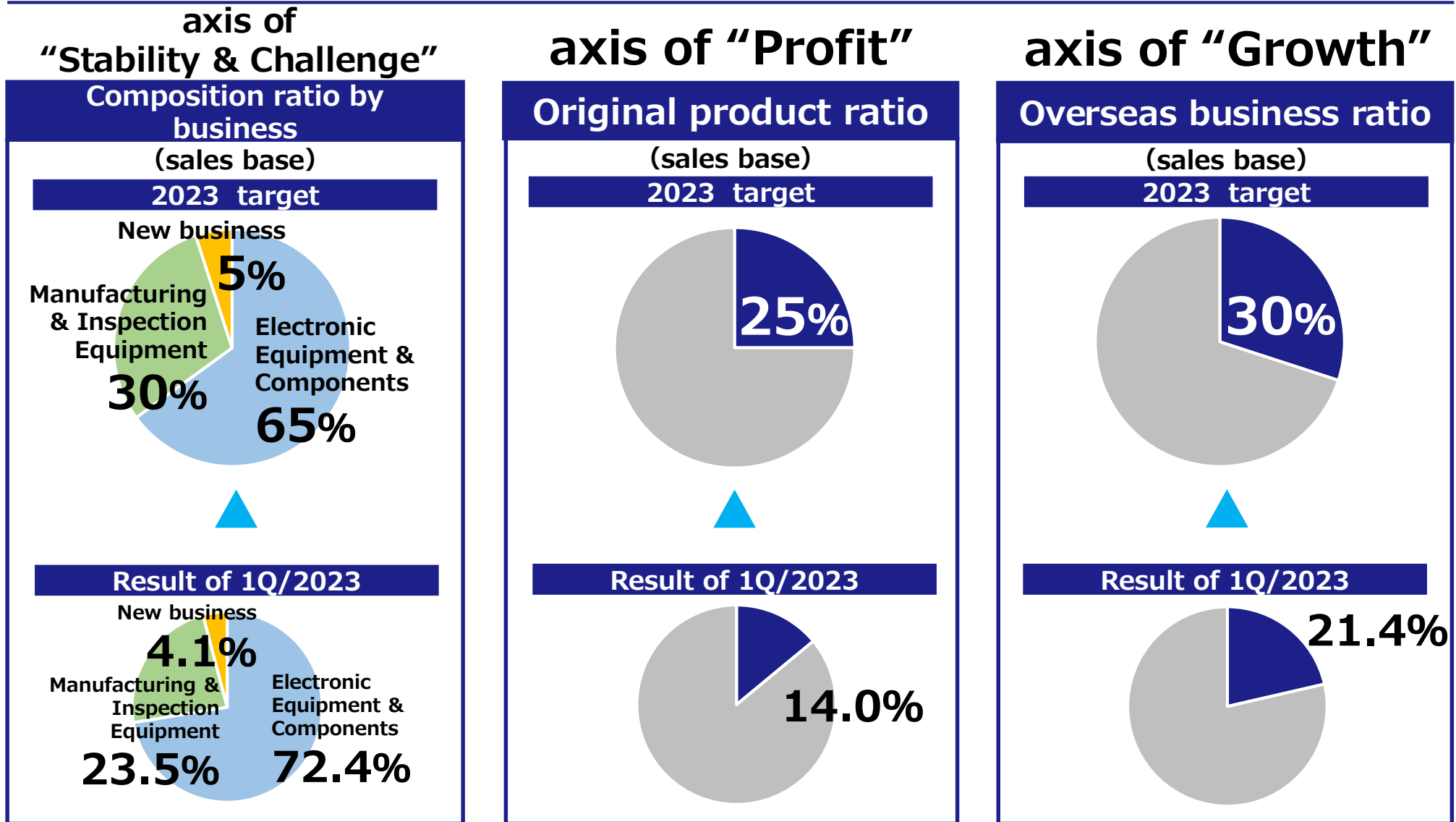
**Basic Strategic Policy ③**

**Define focus areas and markets to accelerate growth !**

**Basic Strategic Policy ④**

**Increase power toward sustained growth !**

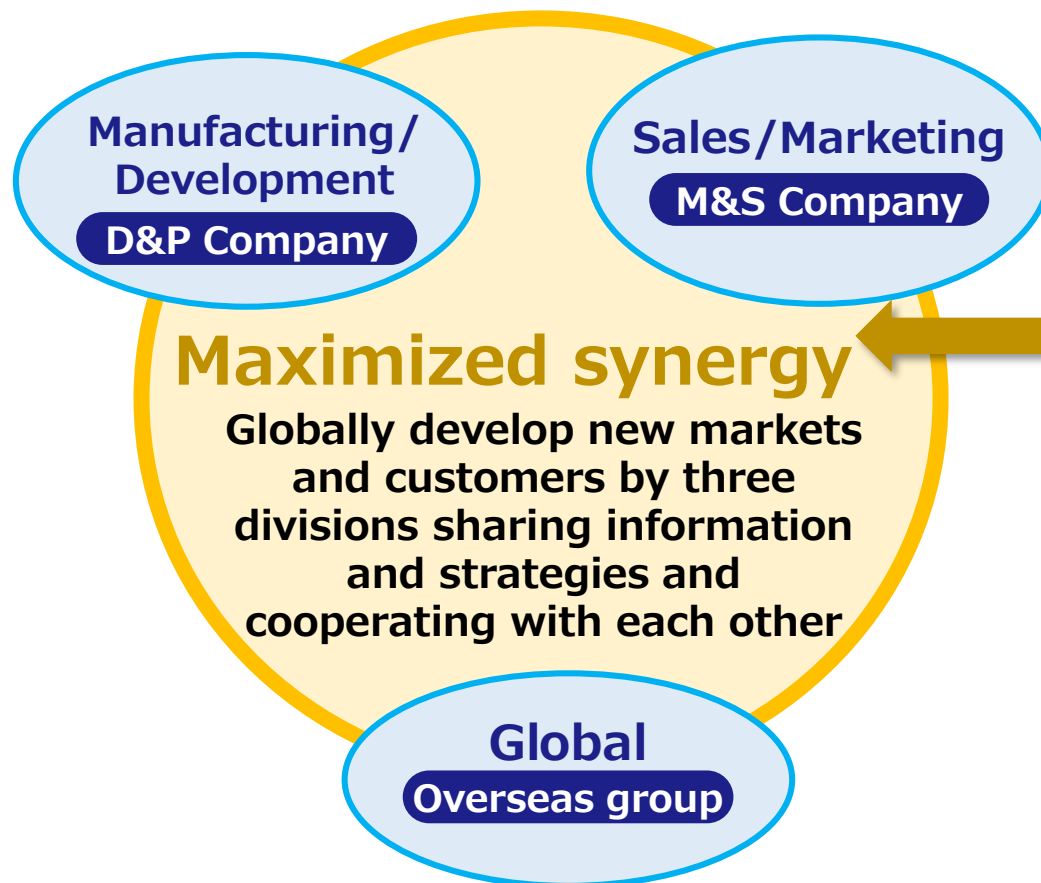
## Three KPIs for business structure reform



◆ Basic Strategic Policy ② ◆

# Maximize the merger synergy!

Build the one and only corporate group globally combining the “manufacturing” and “sales” functions through aggressive efforts to maximize the merger (synergy) continued from 9M!



**Investment strategy for maximized synergy**

**9M**

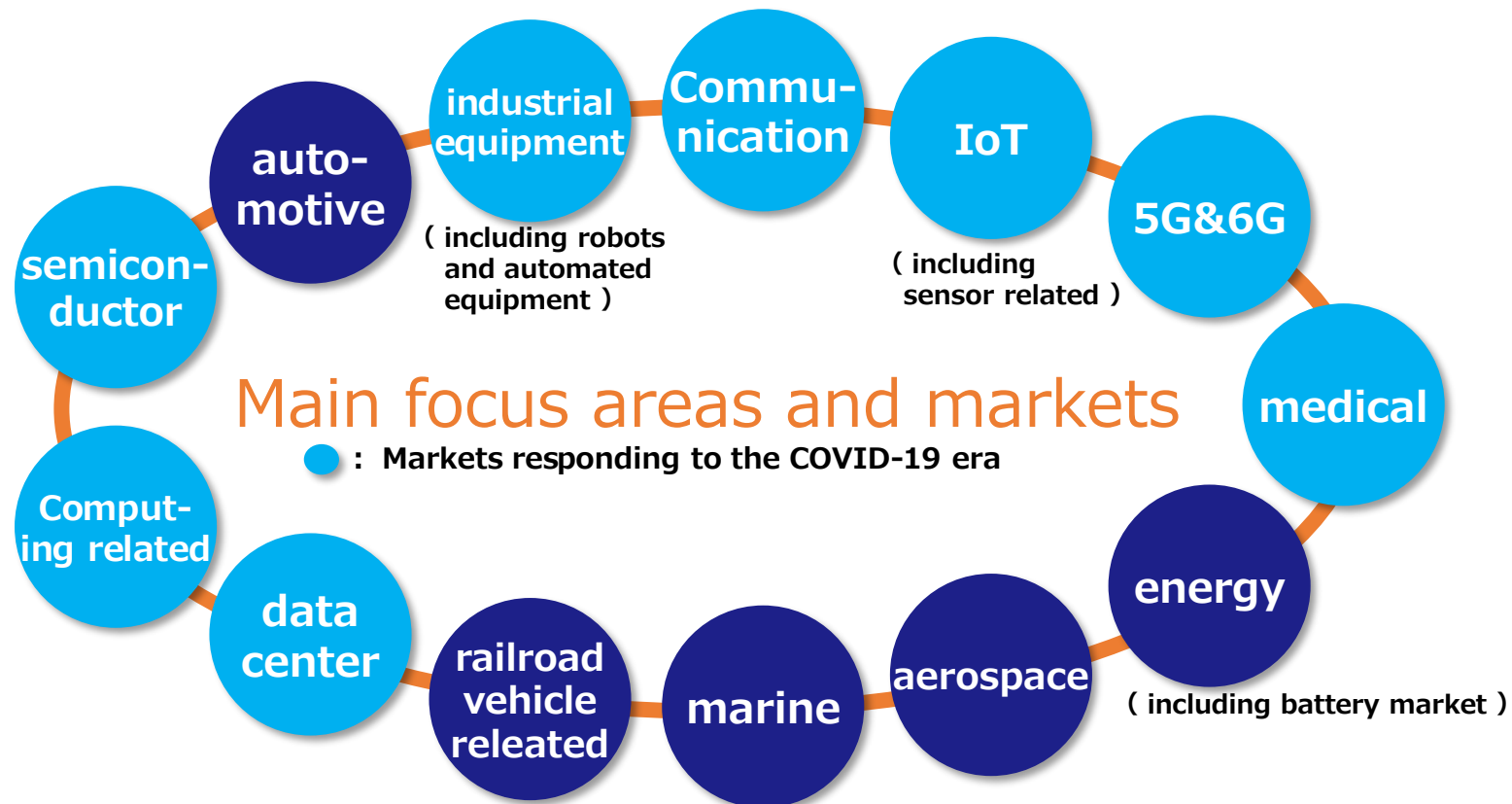
**Priority to capital investments** including maintenance and reinforcement of manufacture and development locations focusing on Chubu Factory as the Group's core manufacturing site

Such investments settled in 9M

**10M**

**Shift to personnel investments** for reinforcement of development, manufacture, and sales organizations and human resources both at home and abroad

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



◆ Basic Strategic Policy ◆

# 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

## 1 Reinforcement and steady growth of domestic business

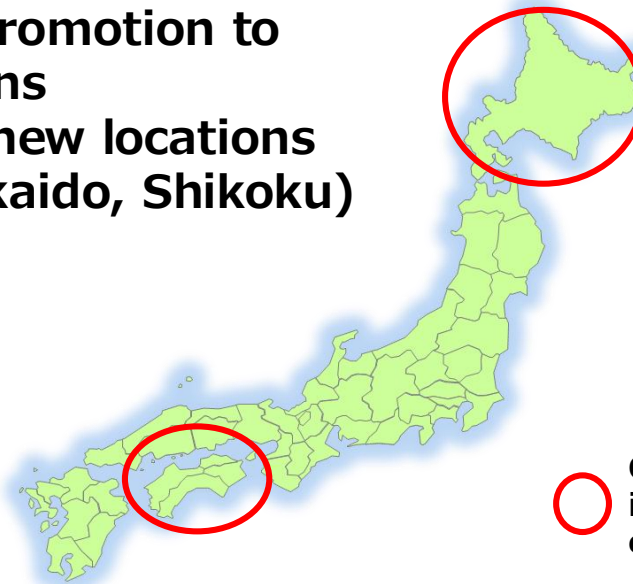
Increase **marketing power** !

### ● 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, Shikoku)



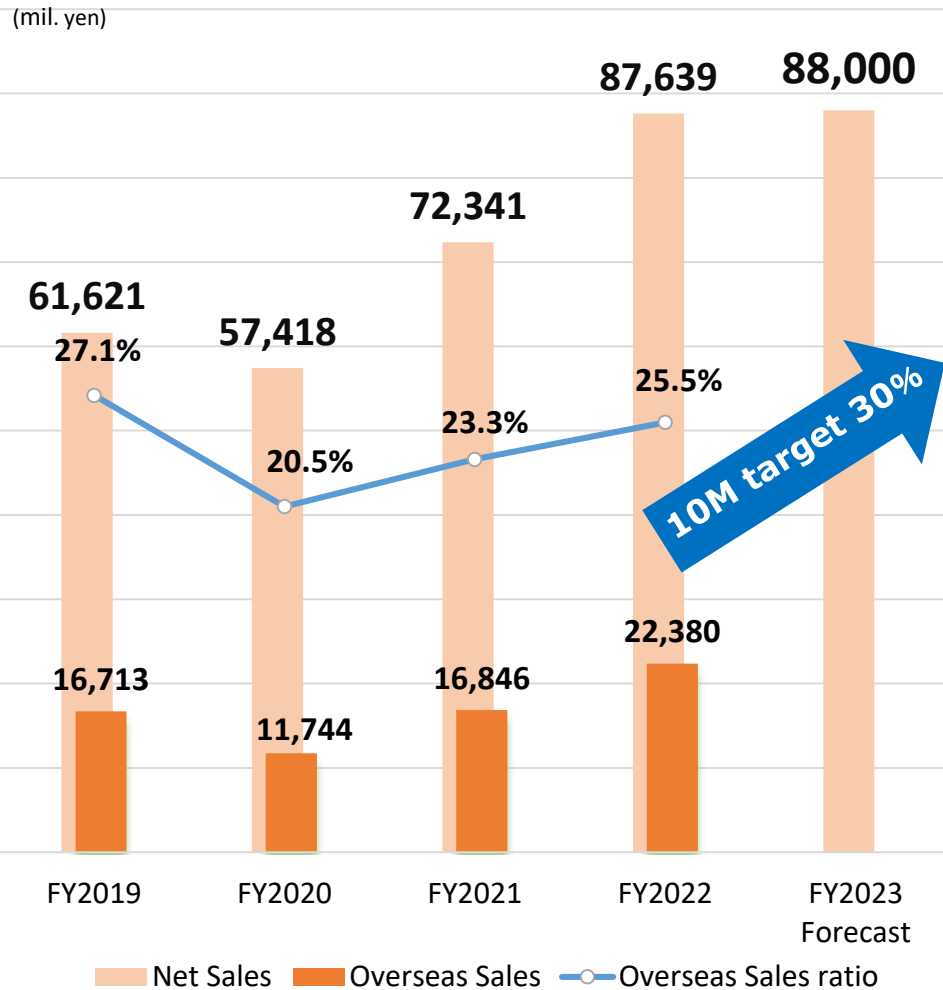
 Circled areas are under investigation for establishing new locations



## 2 Growth of overseas business

Increase **marketing power** !

Changes by overseas sales ratio



### ● Focus customers·market development

- Image business related in Southeast Asia
- Electronic merchandise related in China
- OLED market related in Korea
- Electronic parts business related in Europe and US

### ● Expanding overseas network

#### 【Sales location】

- Investigation of EU location  
⇒ start business in April 2023 : The Netherlands
- Investigation of establishing new satellite offices in US and China
- Making main Southeast Asian locations subsidiaries  
⇒ start business in March 2023 : Singapore

#### 【Manufacturing location】

- Investigation of manufacturing location in Southeast Asia (candidate: Vietnam)  
⇒ toward next Mid-Term Plan

## 3 Strengthening of production system

Increase  
manufacturing power !

### ● 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

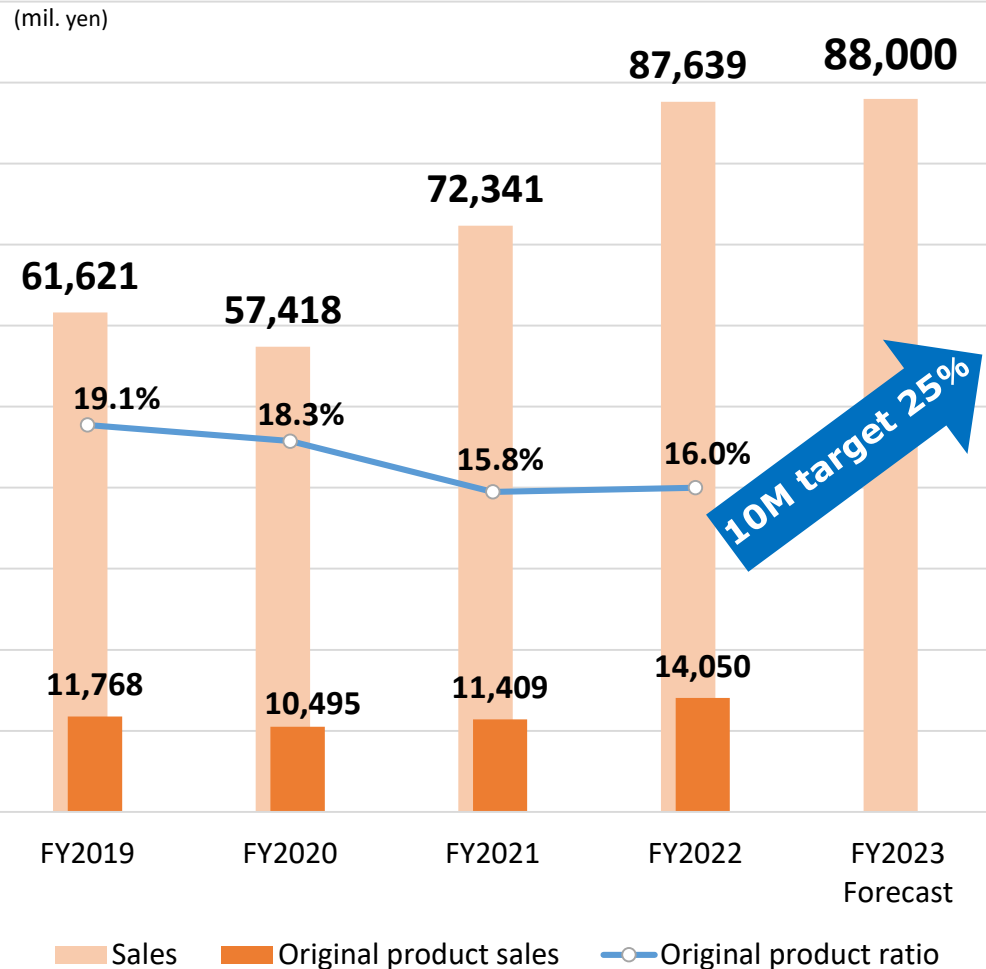
- Expansion of OEM business
- Strengthening of online sales (agency operations)



## 4 Strengthening of original product business

Increase manufacturing power !

Changes by original product ratio



- Strengthening of systems centering on 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 parts business]**
- ⇒ **Component** : underwater connectors
  - ⇒ **Image** : successor of KIRARI-NINJA, IoT sensor
  - ⇒ **Power Supply** : Inverter tranceless UPS, next power supply development
- Expansion of original products in collaboration with partner companies

\* Changed to a tally limited to the Daitron Group's own development and collaboration with partner companies.

## 5 Cultivation of new business Target 5%

Increase **new business creation power** !

### ● Cultivation of and groundwork for new business as new revenue base

#### ➡ Target sales size

- Toward creation of 5 to 10 billion yen business

#### ➡ Target area

- Markets and merchandise not worked on before  
⇒ 【Candidate】
- Software · ECO-related business, etc.

#### ➡ Approach

- To organizationally examine establishment of “new business promotion system”  
⇒ Established new organization in 2023.  
“Group Business Promotion Dept.”

Example of new business cultivated in 9M

Result of “Green Facility Dept. ”

New development activities focusing on “power supply system related market

Sales comparison (yearly average)

[8M] 0.48 bil. **380%up** [9M] 2.27 bil.



## 6 Reform of business support function

Increase the power of corporate divisions !

### ● Strengthening of "human resources power"

Seek revitalization of organization by "diversity"

- ① **Review of personnel evaluation system**
  - Stable operation of merit rating system and penetration of requirement definition document by rank
  - Job performance evaluation, promotion system, etc.
- ② **Promotion of adoption and utilization of diverse human resources**
  - Systematic hiring of new graduates (foreign human resources) and mid-career employees
  - Promotion of utilization of foreign/senior/handicapped human resources
- ③ **Enhancement of human resources development**
  - Systematization of education and training systems for developing human resources with market value
  - Enhancement of development of female managers
  - Enhancement of career path system
- ④ **Response to the COVID-19 era and working practices reform**
  - Institutional design for diverse ways of working eyeing the post COVID-19 era

### ● Strengthening of "corporate division"

Promotion of foundation building eyeing the next era

#### **【IT strategy】**

- ▶ Development of road map toward the next core system

#### **【Financing strategy】**

- ▶ Total assets compression and management cost reduction

#### **【PR strategy】**

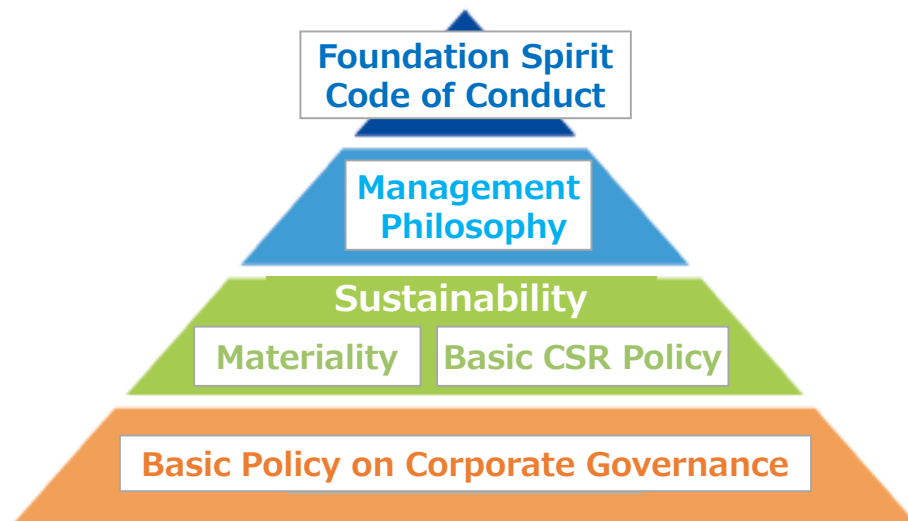
- ▶ Increasing recognition of Daitron brand

#### **【Governance】**

- ▶ Further strengthening of corporate governance

# Sustainability

## ■ 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 our business activities directly connected to sustainability as a public instrument, has recently specified our 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 1. Each Materiality and SDGs

We at Daitron Group believe that the pursuit of the specified five 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



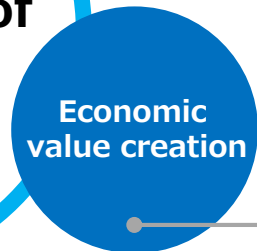
To promote a personnel strategy making much of diversity to contribute to the innovation creation of the industry



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



Materiality (key issues) of Daitron Group



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



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



### \* 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 2. Primary Efforts and Focus Themes (1/2)

In pursuit of the Five Materiality toward further progress, we have clarified the direction of the efforts through “Primary Efforts and Focus Themes”. We established “the Sustainability Committee” as an internal committee in May 2022. In the next step, by setting representative KPIs for each materiality and objectively ascertaining their progress, we will promote our sustainability management.

Category	Materiality	Primary Efforts and Focus Themes
<b>Partner value creation</b>	<b>To work for the creation of diverse partner value as an engineering trading company with the manufacturing function</b>	<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>
<b>Human resource value creation</b>	<b>To promote a personnel strategy making much of diversity to contribute to the innovation creation of the industry</b>	<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>

## ■ Materiality 2. Primary Efforts and Focus Themes (2/2)

Category	Materiality	Primary Efforts and Focus Themes
<b>Social value creation</b> <b>Environmental value creation</b>	<b>To contribute to the creation of social and environmental value, making full use of most-advanced electronics technologies</b>	<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>
<b>Economic value creation</b>	<b>To continually work to create high added value one step ahead for maximized economic value</b>	<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>
<b>Management foundations establishment</b>	<b>To build a healthy and strong management foundations as the bases for creating the Five Values</b>	<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>

## ■ Basic CSR 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.

## Toward a technology-based company

**The Daitron Group is going to evolve with its employees as a technology-based company in the electronics industry to create new value for the global market.**

**The Company's earnings forecasts stated in this material are prepared based on the information currently available to us.**

**In the electronic equipment/parts industry and the manufacturing equipment industry, which the Company belongs to, technologies change very rapidly and competition is intense.**

**In addition, there are various external factors that may affect directly or indirectly the performance of the Company such as the economic conditions of Europe, North America and Asian countries.**

**Please note that, therefore, the Company's earnings may vary from the forecast in this material.**

**<<For inquiry concerning this material and our IR activities>>**

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