

Daitron
DAITRON CO., LTD.

Creator for the *NEXT*

Investors Guide 2019

Aim to be a "100-billion yen company"

The new Daitron Co., Ltd., in setting sail on January 1, 2017, established a Long-Term Vision as well as its new Group Statement and Ideal as the bases to realize them.

January 2017
Daitron
Co., Ltd.
launched!

Daitron

November 2016
Chubu First
Factory
completed &
started
operations!

9M

FY 2017-2020
9th Mid-Term Management Plan

NEW DAITRON 2020

– Make a new first step! –

9M slogan

Toward further growth under the
"combined manufacturing and sales policy."

- Maximization of three-company merger synergy
- Pursuit of combined manufacturing and sales policy
- Promotion of growth-focused strategies

Going to evolve in its
own style as a
technology-based company
in electronics

Group Statement

Creator for the **NEXT**

An expression of determination to
create new values capitalizing
on the Group network as a company
leading the electronics industry

N Network
E Engineering
X (Synergy)
T Trading

This Statement implies external and internal messages, too.

Externally, it is an expression of the Group will to "grasp markets from a global viewpoint to create and provide values one step ahead of customer needs."

Internally, it is an expression of a spirit of "always creating next business and seeking a stage for further growth."

by full-scale growth in sales and profits

Mid and long-term goals

- ① Aim at further growth beyond record performance in both sales and profits
 - ② Toward an excellent company which meets all stakeholders' expectations
- Long-Term Vision **To be a 100-billion yen company**

Ideal

- **Unique company with manufacturing and sales functions combined**
 - Being "reliable" for customers and offering a "sense of security" to suppliers
 - Having "dynamism" of a trader and "potentiality and soundness" of a manufacturer
- **Company with distinctive technologies and products indispensable to the industry**
- **Company whose employees feel job satisfaction and are proud of working for it**
- **Organization which has united strength and moves autonomously and actively**

To be a unique existence always outstanding in the industry, and to be an organization that always respects each employee -- it has been, and will continually be, Daitron's business attitude. In addition, the Group is going to establish a new culture as a "combined manufacturing and sales unit" and further increase its "united" power.

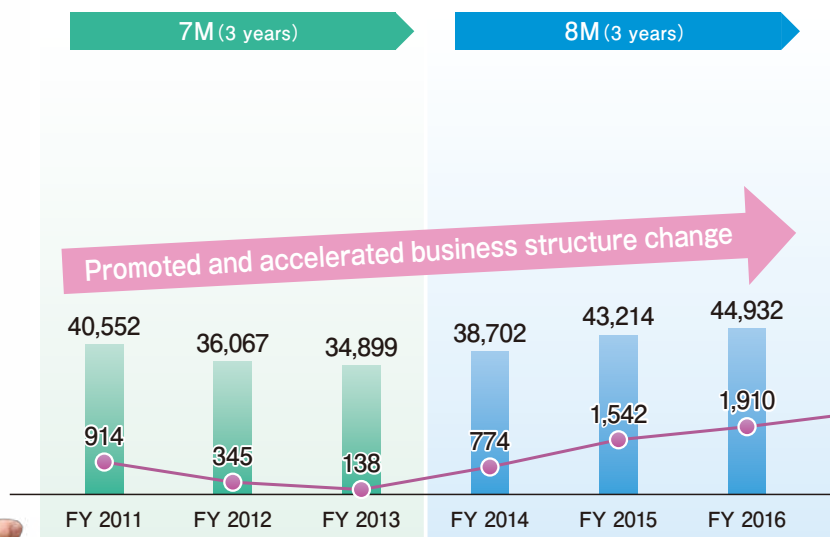
We at new Daitron Group are going to pursue these Company ideals as a single body.

To Our Investors



President and COO
Isayuki Mae

Net sales/Operating income



Push on toward a new growth both in sales and profits.

Posted increases both in sales and profits for five consecutive periods and hit record highs in the second year of 9M.

The Group, positioning the 9th Mid-Term Management Plan (9M) starting 2017 as the "period for full-scale growth" based on the foundations built by efforts up to the 8th Mid-Term Management Plan (8M), has continuously been making steady steps to fulfill the Long-Term Vision of "100-billion yen company" looking ahead.

In performance, as a result of having worked to exceed the records in both sales and profits as soon as possible, we posted increases both in sales and profits for five consecutive periods and finally hit records high in 2018.

We are currently working actively on expansion of the business related to the three focus areas of semiconductors, automation, and IoT, which is a main driving force of our recent business growth.

In particular, our efforts to "make a profitable structure" from the 7th Mid-Term Management Plan (7M) with the goal of "Aim at a profitable company" have been enhanced rapidly for these several years. The operating income has continued making double-digit growth for five consecutive periods, and in 2018, it grew to as much as 40.6%. As a result, the operating profits to sales rose to 5.9%, as much as 5.5 points, from 0.4% in 2012.

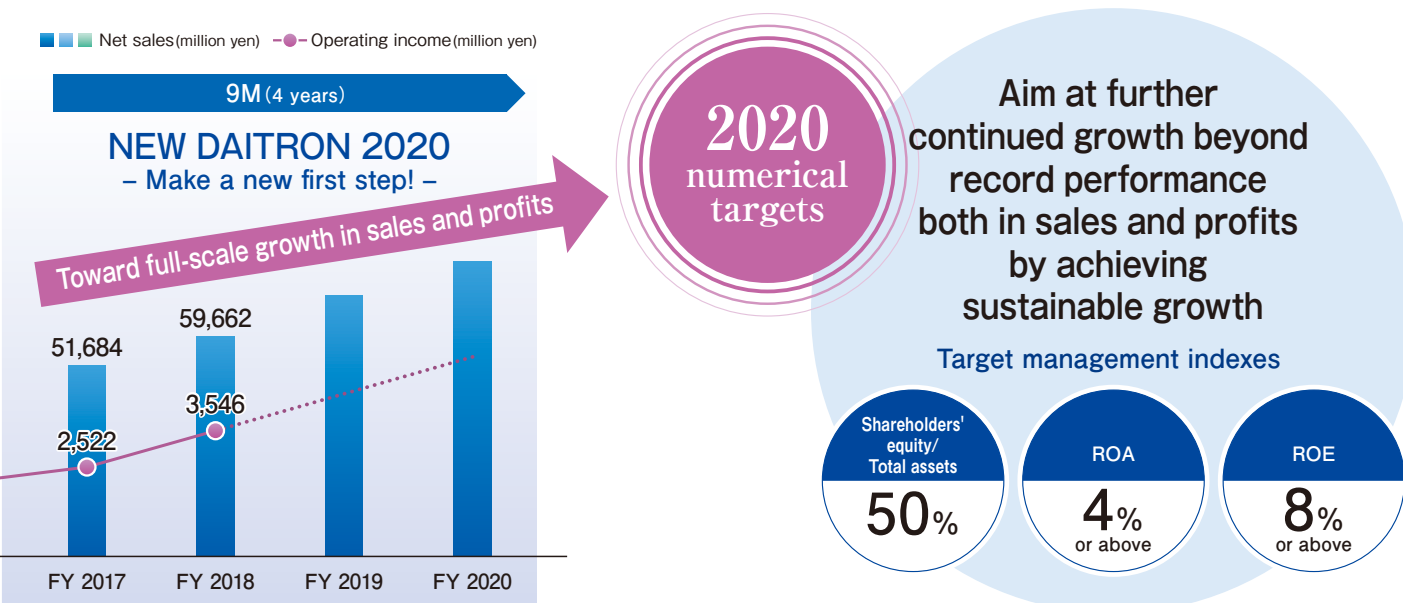
The biggest factor behind such a profit constitution

beginning to take root is a higher degree of product perfection, in other words, higher value-added products. For example, special hermetic connectors for underwater use (high-sealed, waterproof, and pressure-tight) in the electronic equipment and components business, and optical device manufacture related equipment, etc. in the manufacturing equipment business are evolving into higher value-added products both to customers and the Company with their very high degree of perfection based on the technologies and know-how accumulated over 30-40 years.

The realization of a "100 billion-yen company" is just a stepping stone.

Importance is to be set on maintenance and reinforcement of high profitability.

In 2019, the Company is expected to renew the consolidated records both in sales and profits for two consecutive periods, and is going to continue working to realize the Long-Term Vision of a "100-billion yen company" looking for growth further ahead. However, we think that this is just a stepping stone and are convinced that we should place the most importance on maintaining the 20% levels of gross profit margin and preventing a decline in added value, that is, deteriorated profit ratio, with expansion of scale. The target of "highly profitable company," which we have set since 7M, will always be the first priority of ours.



stage from next period with the record performance

Strengthen development of original products aiming at growth centering on the three focus areas.

Our six basic strategies (see pp.5-6) set in the Mid-Term Management Plan are progressing smoothly.

Regarding the business reconstruction focusing on growth potential, it is likely to take a certain amount of time to develop medical fields because of the high barriers to entry in the pharmaceutical industry, while in the fields of automotive and robotics, various electronic parts, sensors, and manufacturing equipment are showing active movements centering on the above-mentioned three focus areas (semiconductors, automation, and IoT).

Regarding the original products, now that the product development utilizing unique technologies of the Group is starting to get on track, we are going on to the next step of extending the development and mass production of "quasi-original products" by strengthening the coordination with suppliers and start-ups, etc. to reinforce the "Daitron" brand lines. We will consistently maintain the basic attitude of setting the "fields of products and technologies not handled by suppliers but demanded by customers" as our primary strategic domain.

In the Group, which is characterized by the "combined manufacturing and sales policy" and has both the trader's and manufacturer's functions, quite a few number

of companies have mutual business within the Group. Their relationships are not unilateral but more and more companies are connected with each other in multiple manners as suppliers, sales destinations (customers), OEMs, and OEM suppliers, which has strengthened the Group's original firm partnership system. Convinced that such a partnership system is essential to survive global competition, we will work for further expansion of it.

Expand business within and outside Japan by broad solution proposals.

Expansion of overseas business networks will continuously be sought to improve its propelling power. In China, the Company established Tianjin Satellite Office in 2018 toward the inland network expansion, and is planning to have a new location in Chengdu, too. In addition, in other Asian areas, it is decided to establish a new location in Hanoi, Vietnam in 2019, and investigations of India are also continued. Furthermore, we are conducting investigations eyeing advance into Europe from 2019.

As for the marketing and sales capabilities, having accumulating achievements in the three abovementioned focus areas (semiconductors, automation, and IoT) related fields in late years, inquiries from customers have started to change from single electronic parts to those covering entire systems. The Group desires to keep proposing a variety of solutions that can meet the needs of

To Our Investors

Basic strategies in the Mid-Term Management Plan (9M) and focus measures in 2019

1 Promotion of growth-focused business reconstruction

- **Automotive** » ADAS & EV related business expansion
- **Medical** » Pharmaceutical industry & consumables related business expansion
- **Robotics** » Response to expanding globalized market

3 Enhancement of overseas operations

- Expansion of networks
- Enhancement of product lines

2 Reinforcement of original product development

- Brush-up on original technologies and existing product lines
- Reinforcement of new product development (new fields)
- Enhancement of quasi original lines by strengthened cooperation with suppliers

4 Improvement in marketing and sales capabilities

- Expansion of sales networks
- Improve added value by multiple (systematic) sales

Six basic policies set in the 9th Mid-Term Management expanding steadily.

broader groups of customers and consequently evolve into a "technology-based company" which is capable of offering one-stop solutions from technology development to installation and maintenance of equipment/systems.

Introduction of equipment exceeding conventional specifications such as large cranes and clean rooms of higher grades will enable us to deal with products which we could not respond to including heavier or more precise products.

Toward the group optimum production system with Chubu Factories positioned as core factories.

The Chubu First Factory (for electronic equipment and components), which was completed in November 2016, and the Second Factory (for manufacturing equipment), which was completed in December 2018, have finally started full-scale operations as "key factories" of the Group.

The most important function expected of us in the future will be to serve as a "receptacle" to minimize lost opportunities. With our business expanded, there are more and more cases where we receive more orders beyond our existing production capacity. To respond flexibly to such the situation, the Chubu Factories have wide and spacious ground areas and total floor areas. Placing the Chubu Factories in the core of the "production flexibility," we are going to ensure control of the Group's most suitable production including the outside partner factories (suppliers in cooperation).

Another important role is to "develop new fields."

Pushing forward the "Technology Division" plan toward more value added technology development.

Regarding the organizational/human resource capacities, with "new Daitron" born by the merger of the Company as a trader and its two subsidiaries as manufacturers on January 1, 2017, our present most important issue is integration in various respects and pursuit of synergies.

First of all, regarding "human resources," the most important management resource, we unified the personnel systems of the three companies before merger and introduced a 65-year old retirement system in January 2019. In addition, while focusing on creating work environments where employees can feel more job satisfaction, we started in 2017 granting Restricted Stock (100 shares/unit) to employees with a prescribed length of service to improve employees' desire to contribute to the corporate sustainable growth.

In terms of "organizations," the Company is promoting information sharing for the three organizations of M&S Company, which plays a trader's function, D&P Company,

5 Strengthened integration of production divisions

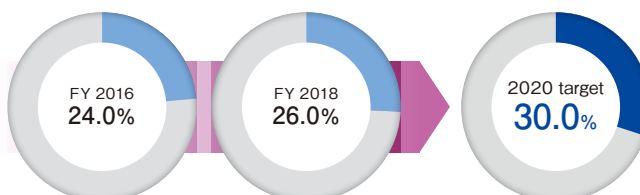
- Improve earning power of Equipment Factory and Specialized Equipment Factory
- Reinforcement of the manufacturing function of group companies
- Operation of Chubu Second Factory

6 Reinforcement of organizational and personnel strengths

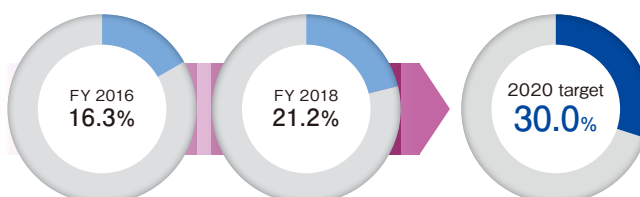
- Seek personnel development and revitalization through job rotation and career path system
- Reinforcement of risk management
- Operation of new personnel system

Business structure related indexes toward the next management stage

● Original products sales percentage to total sales



● Overseas sales percentage to total sales



Plan progressing smoothly, and the achievements

which plays a manufacturer's function, and the Global Business Division, which was newly established in January 2018 to reinforce overseas operations, to demonstrate the "synergy by the trinity." In addition, we unified the technology development departments of the three companies before merger and are pushing forward a "technology division" plan to seek more value added technology development. As the first step, the Company will establish the Product Development Dept. in D&P Company, carry out "inventory" of the technologies held by the Equipment Business Operation and the Parts Business Operation, and overlook the elemental technologies of the Group, and define what kind of integration would be possible and what kind of new technologies could be created, and based on the result, desires to launch the Technology Division (provisional name) soon.

To develop a vision focusing on the management from a long-term view and looking ahead into the next 10 years.

The global business environment has remained in an unpredictable situation, and there are various issues which may affect the business performance in the short run. However, business strategies should be developed and carried out from the long-term perspective. Technological innovations such as IoT and 5G (fifth-generation mobile

communication system) will have biggest influences on business. In the world of electronics, companies that succeeded in catching and responding properly to the points of such technological changes will win growth. On the other hand, companies that failed to respond in such a manner will not be able to survive.

To push business from such a long-term perspective, the Company is planning to develop the "2030 Vision" looking ahead into the next 10 years from 2019 to 2020. It is going to be developed mainly by the project members selected from among the generation that will be in managerial positions in 10 years, like the "2020 Vision" established 10 years ago. This should be a plan focused not just on numeric targets, but on creating a vector, or a direction the Group is to be going in with all employees united as one.

Under these severe business environments where mergers and tie-ups are repeated, the Group is executing its own growth strategies. Your continued support, understanding, and expectations would be greatly appreciated.

Outline of Basic Strategies



Promotion of growth-focused business reconstruction

To seek "full-scale growth in sales and profits," the Company is going to further ensure the selection and concentration focusing on growth potential concerning the business areas it will cover in the future.

Based on this policy, we will promote the "investment balance optimization," where (i) all businesses, including

Promotion of development of new market with high growth potential

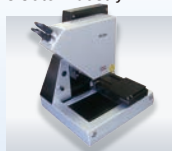
We will aggressively promote developing, as new markets, areas with high growth potential such as Automotive, Medical, Infrastructure, Robotics, and Aerospace, and continuously work on reconstruction of the business portfolio to contribute to establishing the foundations for stable growth.

Automotive

Seeking to handle a large product line ranging from in-car products to equipment related ones to expand business with domestic and overseas auto manufacturers and auto parts manufacturers based on our past achievements in the auto industry.



paint color inspection equipment (image)



3D profile measuring equipment

Medical

Seeking to develop the disposable product market which is expected to grow in terms of medical safety (healthcare infection prevention) based on our past achievements in switching power supplies and other high quality and high functional products.



medical cart



switching power supplies

Infrastructure

Seeking to create business in both infrastructure and microgrids focusing on the potentiality of the smartgrid market as represented by BEMS and HEMS, considering electric power companies, general contractors, and home builders, etc. as future major customers.



PC board



industrial custom PC

Robotics

Seeking to expand business in the robot industry which is expected to enter various fields and evolve and develop in the future by handling a wide variety of products ranging from conventional existing ones to equipment related ones.



Robo-Bauer (optical fiber for movable parts)



custom power supply

Aerospace

Seeking to further expand the high-performance aerospace harness business mainly at the Chubu First Factory, which started operations in November 2016, in the Aichi and Gifu area, which is expected to be one of the three major aerospace sites in the world.



3D scanner



cables/wires & harnesses

Strengthening of "power equipment related business"

As a result of aggressive sales expansion efforts from the previous Mid-Term Management Plan, the business of Green Facility Dept. focused on the power equipment related market as new business is starting to gain momentum.

With the maintenance related business added to create new added values (= generate stock earnings), this Dept. is accelerating its action and increasing delivery achievements for data centers, etc., and is expected to develop its operations as a profitable department.



EATON UPS

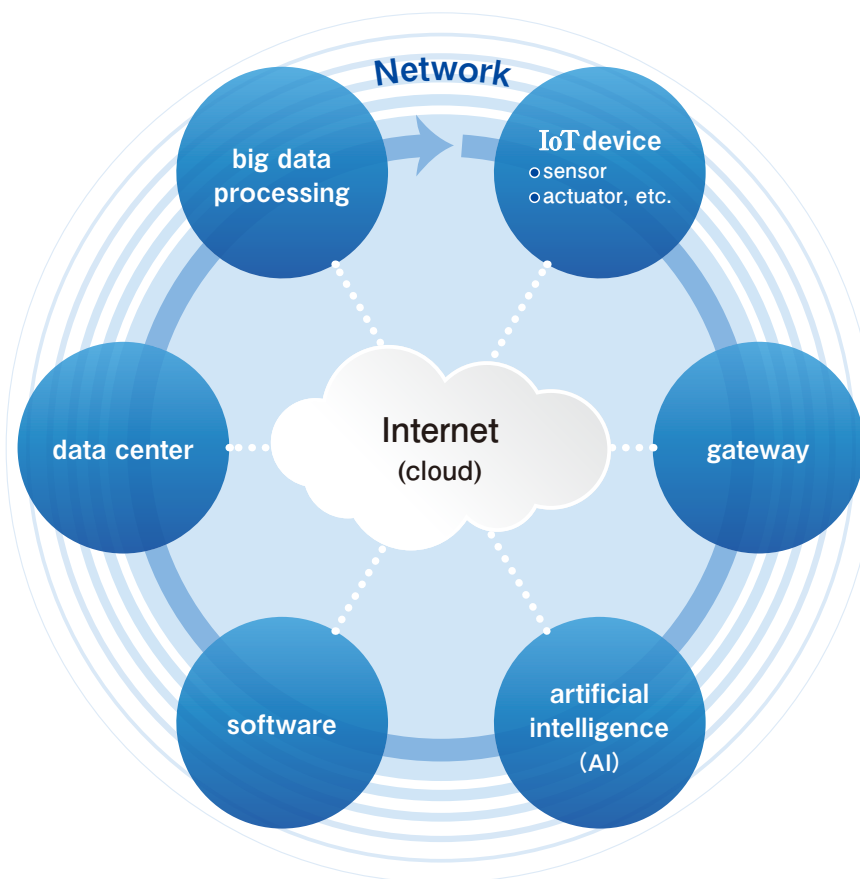
new markets under development with existing customers and new business areas the Company is venturing into, are to be classified into "highly growing," "stably growing," or "improving earnings," and (ii) investments are to be made mainly in businesses having more growth potential.

Strengthening of new business advancing into IoT related areas

IoT is expanding rapidly as a key technology in both the existing business areas of the Company and the newly developing markets. The Group is going to strongly promote the IoT related business, clearly defining it as a new business field.

Major target fields in IoT related areas

- network
- data center
- big data processing
- sensor
- gateway
- software, etc.



Establishing "one-stop solution" system in power supply system related market

sales of UPS systems → **introduction consulting & technical support** → **design & engineering (including product customization)** → **maintenance**

Features of UPS system

- Single-phase (small) UPS**
 - High reliability as adopted by world's major 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
- Three-phase (medium and large) UPS**
- Related products**
 - peripheral board
 - PDU
 - storage cell
 - rack

Major maintenance-related service

- Field service
- Sales support
- Quality control & assurance, etc.

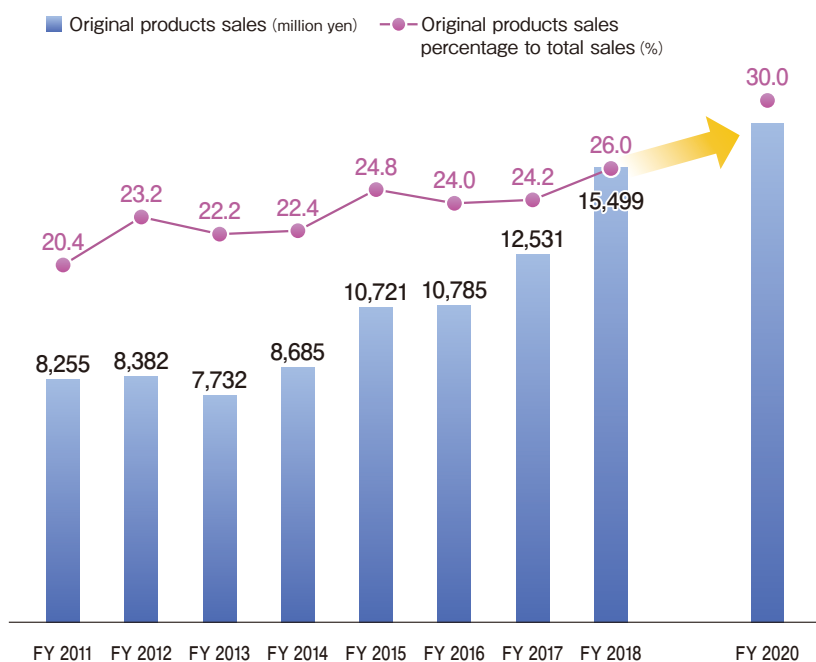
Outline of Basic Strategies

Basic Strategy
2

Reinforcement of original product development

With the merger of two domestic manufacturing subsidiaries and the integration of production divisions (establishment of new Chubu Factories as new key factories), a structure to reinforce original product development are being established steadily. Based on these foundations, we are going to gradually increase business units targeting rich niche markets, where we can take advantage of our strengths, aiming to accomplish the original products sales percentage 30% as soon as possible.

Change in original products sales and their percentages



Original products sales percentage to total sales

Aiming at 30% in 2020

Strategic Point

Strengthening and expanding strategy based on "business units"

Increase in business units

Expansion of the scale of each business unit (toward ¥1-2 billion/unit)

Enhancement of product lines in cooperation with suppliers

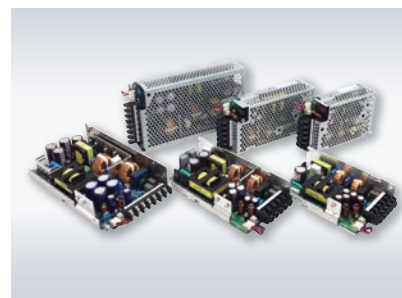
Main original products



underwater connector



cable/wire & harness



switching power supply



chip sorting machine (LSI)



wafer edge grinding machine



scribing/breaking equipment (LD/LED)



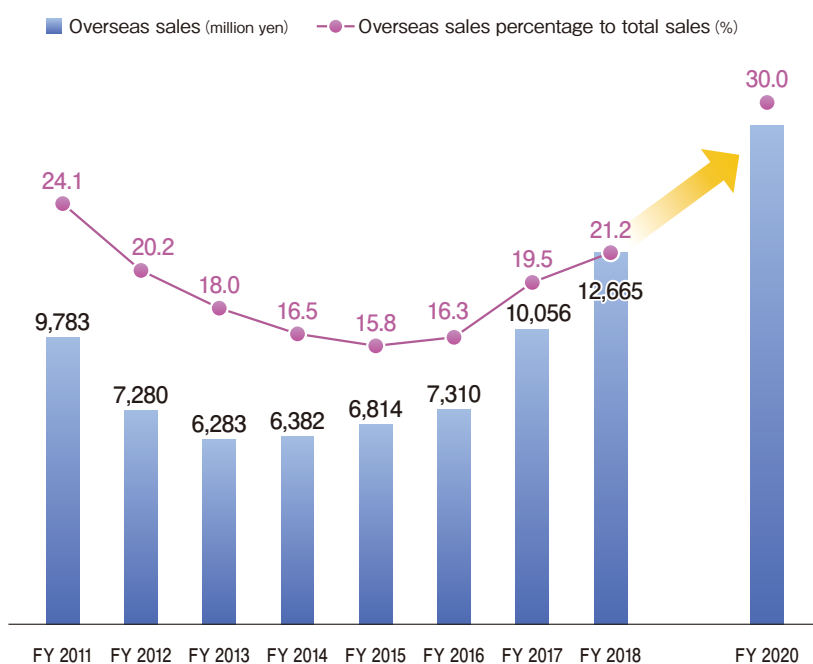
aging equipment (LD/LED)

Basic Strategy
3

Enhancement of overseas operations

The operations of the Group used to depend greatly on the semiconductor equipment industry and this was a major factor behind the unstable earnings, and this was true of the overseas operations. In recent years the Group has been shifting its business structure to electronic equipment and parts, which efforts have led to the steady increase in overseas sales after hitting bottom in 2013. We will seek to expand business by further promoting a community-based approach.

Change in overseas sales and their percentages



Overseas sales percentage to total sales
Aiming at **30%** in 2020

- Strategic Point**
- Aiming at community-based operations
 - Expansion of business with local companies
 - Expansion of electronic parts business
 - Expansion of business of selling products by overseas manufacturer to overseas customers
 - Promotion of business unique to respective localities
 - Enhancement of network

Major products increasing in overseas business



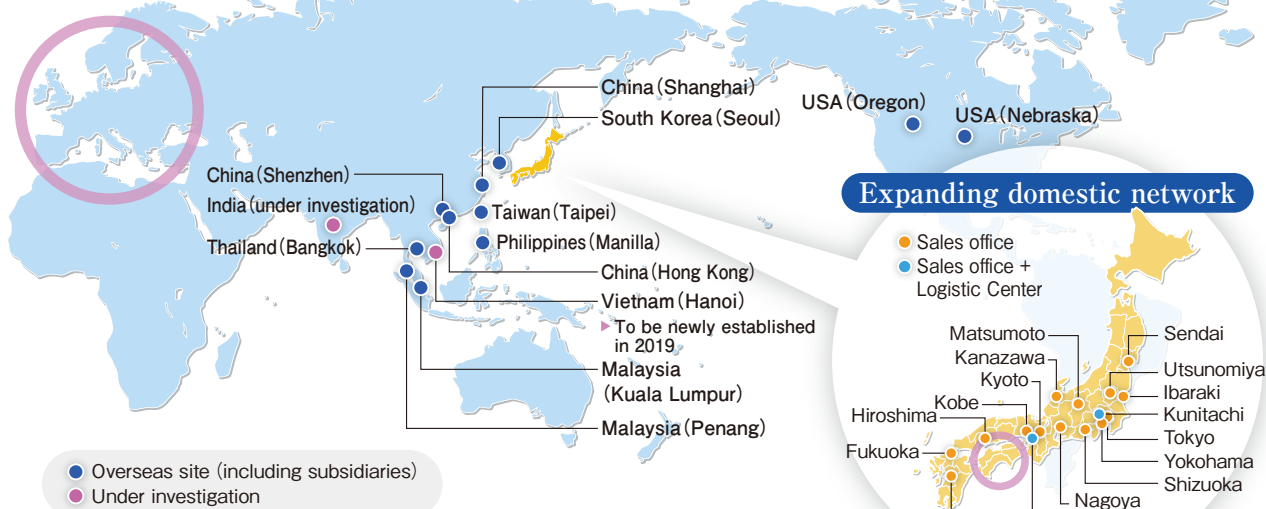
Outline of Basic Strategies

Basic Strategy
4

Improvement in marketing and sales capabilities

The birth of new Daitron Co., Ltd. is expected to further enhance the Group's technology development capability and new product development capability, improve added values to products, and lead to the introduction of more product lines. In response to these, the Group is going to further strengthen its market presence in the existing markets by such means as expanding its domestic and overseas sales network and participating in more exhibitions, while seeking to create new business by expanding proposal opportunities.

Expanding overseas network



*Circled areas are under examination for establishing new locations in the future

Reinforcement of domestic and overseas exhibitions

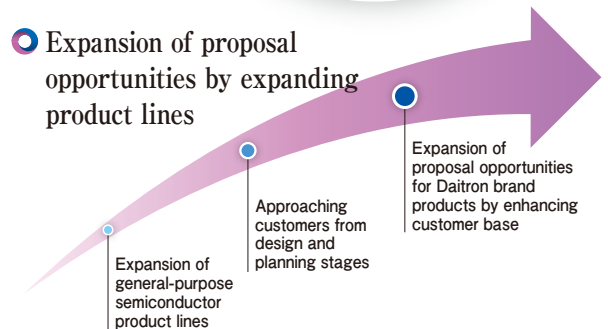


IoT
IoT/M2M exhibitions

Medical
Interphex Japan

Aerospace
International Aerospace Exhibition

Expansion of proposal opportunities by expanding product lines



Basic Strategy
6

Enhancement of organizational and personnel strengths

Enhancement of organizational strengths

Toward the maximized synergy by trinity organization management

The Company's business operation system centers around the "internal company system" aiming at the maximized effect of the trader's function and the manufacturer's function (M&S Company and D&P Company), plus the Global Business Division, which supervises overseas subsidiaries. The Company is going to seek the maximized synergy by the trinity-organization management as an organization toward further development.



Basic Strategy
5

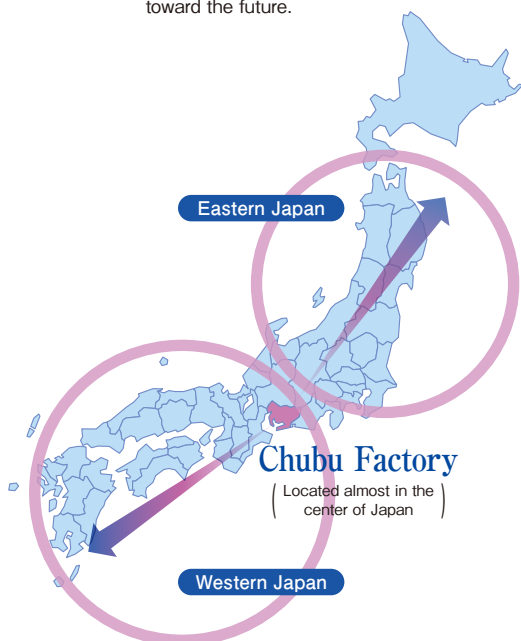
Strengthened integration of production divisions

In addition to the Chubu First Factory (for electronic equipment and components), which had started operations in November 2016, the Second Factory (for manufacturing equipment) was completed in December 2018, which are positioned as "key factories" of the Group. With these, it is expected that the integration of the two production divisions of the Electronic Equipment and Components and the Manufacturing Equipment will be advanced step by step, and the combined technologies and unified manufacturing process controls will generate new synergies such as creation of new technologies/products and improved production efficiency.

Situation of Chubu Factories

Best location as key factory

The Chubu Factories are located in Ichinomiya City, Aichi Prefecture. Being almost in the center of Japan and having very good access to transportation, this is the best location for them to function as "key factories" toward the future.



As core manufacturing site

The Group is working on production concentration on the Chubu Factories step by step mainly for products which require high technology and quality including products of a high level of completion, mass-produced products, and aircraft or automobile-related products.

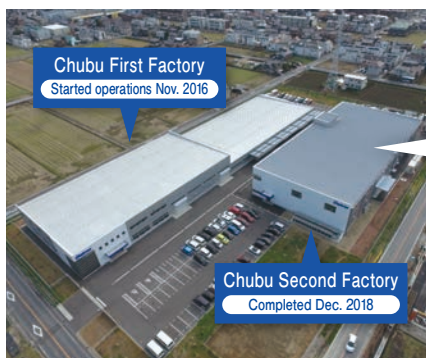
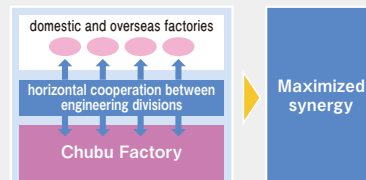
Toward core development site

The Chubu Factories will be the core site in development, too. By promoting horizontal cooperation and information sharing with domestic and overseas engineering divisions, the Company will seek the maximized synergy in technology development.

Flow of production concentration

- Period 1**
 Electronic Equipment and Components related production system
 > Nov. 2016 Start of operation
- Period 2**
 Equipment related production system
 > Completed in Dec. 2018

Technological synergy

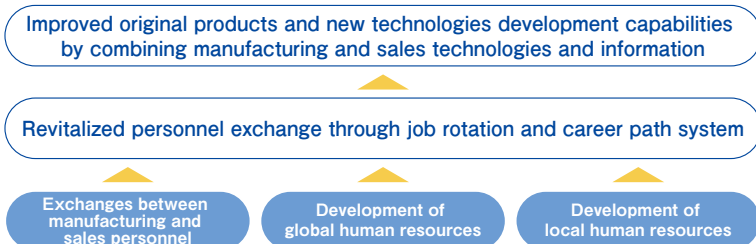


Completed Second Factory

Enhancement of personnel strengths

Maximization of organizational strength by personnel and information exchanges

Under the new "combined manufacturing and sales policy," new Daitron Co., Ltd. seeks to enhance human resources capitalizing literally on the combination of the strengths of both "Manufacturing" (manufacturer's function) and "Sales" (trader's function). Specifically, it is aimed at revitalizing personnel through exchanges between manufacturing and sales personnel and the development of both global human resources and local human resources and leading it to improved development capabilities for original products and new technologies.



Further developing our own unique business model electronics company

Basic Feature

1

Technology-based company

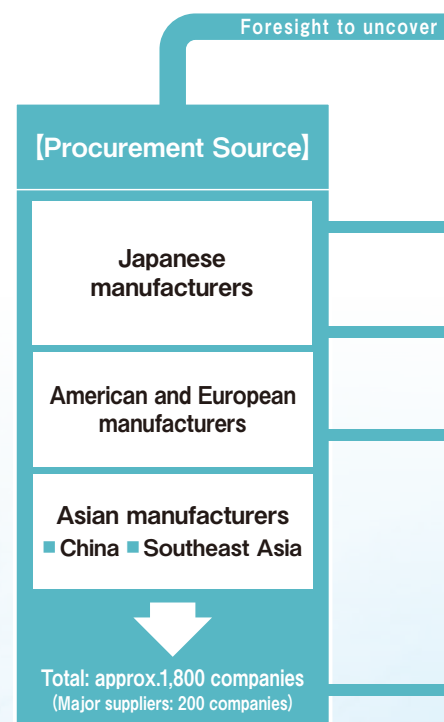
Since starting business as an electronics trading company, we have enhanced the manufacturing function step by step by establishing manufacturing subsidiaries and other means, and are now working to further improve its uniqueness as a technology-based company.

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.



as a technology-based under the combined manufacturing and sales policy.

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

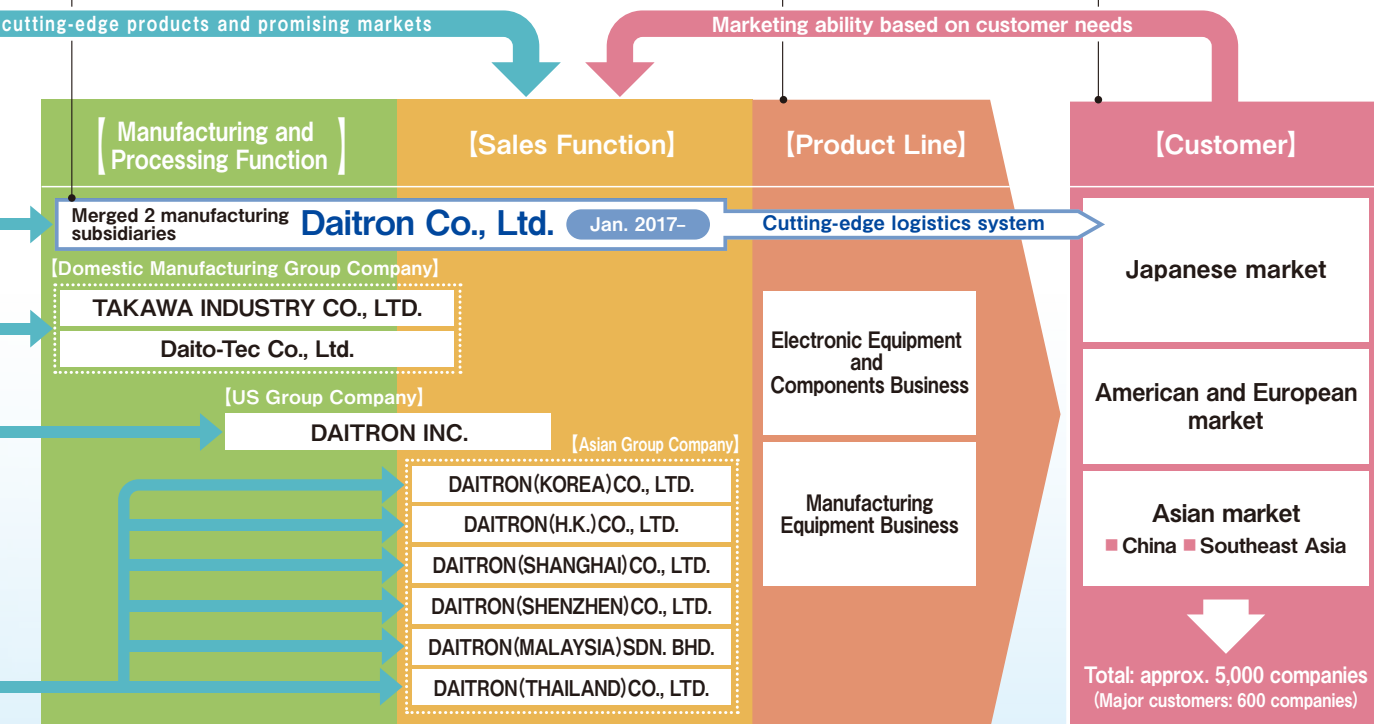
With the three-company merger, Daitron Co., Ltd. has newly started to walk as an organization capable of creating new value with its information and know-how as a trader combined with the technological and developmental capabilities related to electronic equipment and parts and those related to manufacturing equipment. As the core of the Group, it is going to demonstrate both at home and abroad the controlling ability in all functions from technological development to manufacturing, sales, and maintenance service.

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 parts used in diverse business sites and products as well as various manufacturing equipment required in production.

Trusted customer assets, a large number of accounts

We hold ample customer assets of about 5,000 companies including 600 major clients, mostly domestic. This large number of accounts helps ease the impacts of individual customers' earnings changes and contributes to our stable sales.



Main Product Line

Electronic equipment and components market

 Daitron original products

Components and ASSY

[Major Products]

connector, harness, PCB assembly, wiring
 ● information communication equipment
 ● FA equipment ● digital home appliances
 ● vacuum equipment
 ● automatic ticket gate ● cellular phone
 ● general industrial equipment
 ● semiconductor manufacturing equipment
 ● automotive equipment
 ● image-related equipment
 ● medical-related equipment

etc.



▲ underwater connector



▲ cable/wire & harness



▲ connector

Semiconductors

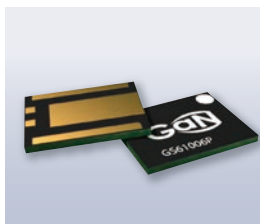
[Major products]

analog IC, high-frequency IC, power discrete, image IC, optical devices
 ● information communication equipment
 ● image-related equipment
 ● medical electronic equipment
 ● digital home appliances
 ● amusement
 ● environment and energy equipment
 ● high frequency measuring equipment
 ● automobile related equipment

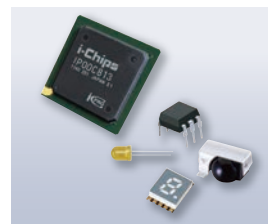
etc.



▲ analog/high frequency IC



▲ gallium nitride power transistor



▲ image IC LED/optical element

Embedded system

[Major Products]

embedded system
 ● measuring equipment
 ● medical-related equipment
 ● image processing equipment
 ● information communication equipment
 ● semiconductor-related equipment
 ● automotive equipment
 ● machine control equipment
 ● IoT (infrastructure, production site, deep learning)

etc.



▲ industrial custom PC



▲ display system



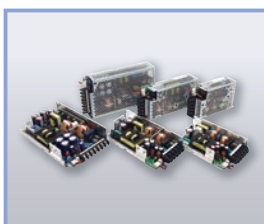
▲ embedded single-board computer

Power Supply Equipment

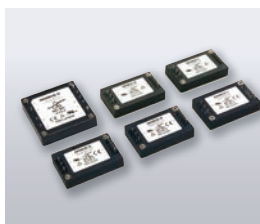
[Major Products]

switching power supply, DC-to-DC converter, uninterruptible power supply (UPS), transformer
 ● measuring equipment ● audiovisual equipment
 ● semiconductor-related equipment
 ● information communication equipment
 ● medical-related equipment
 ● server related ● automotive equipment
 ● analyses-related equipment
 ● digital home appliances

etc.



▲ switching power supply



▲ DC-to-DC converter



▲ Uninterruptible power supply (UPS)

Image-Related Equipment and Parts

[Major Products]

CMOS camera, lens, light, image processing equipment
 ● general industrial equipment
 ● semiconductor manufacturing equipment
 ● electronics part-related equipment
 ● FA equipment
 ● medical-related equipment
 ● automotive equipment

etc.



▲ image-related equipment



▲ CMOS camera



▲ lighting

Information Systems

[Major Products]

video transmission system, authentication device (IC card, vein authentication)
 ● settlement terminal market
 ● network equipment
 ● security market
 ● image information system
 ● Authentication system market
 ● medical electronic equipment

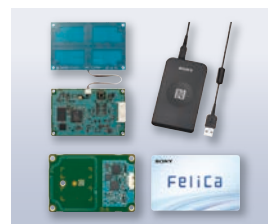
etc.



▲ video/audio conferencing system



▲ multipoint connection server



▲ contactless IC card systems

Manufacturing Equipment Market

■ Semiconductors and FPD Manufacturing Equipment
 ■ Daitron original products
■ Electronic Components & Assembly Products Manufacturing Equipment

FPD Manufacturing Equipment

[Major application]

- LCD panel
- organic EL
- LCD panel color filter
- EL backlight
- cover glass
- touch panel

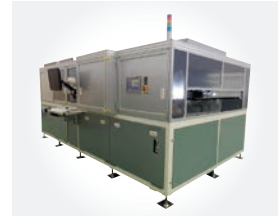
etc.



▲ organic EL evaluation system



▲ cover glass processing equipment



▲ FPD automatic inspection system

LSI Manufacturing Equipment

[Major application]

- LSI, mask, oxide device
- ceramic device
- compound communication device
- power device

etc.



▲ lift-off equipment



▲ chip sorting machine



▲ fully automatic wafer tape mounter

Electronic Materials Manufacturing Equipment

[Major application]

- silicon wafer
- oxide wafer
- quartz wafer
- hard disk negative
- compound wafer
- SiC
- optical fiber/optical lens
- sapphire wafer

etc.



▲ single wafer washing system



▲ wafer edge grinding machine



▲ one surface wafer polishing machine

Optical Device Manufacturing Equipment

[Major application]

- LD (red, blue, long-wave length) market
- LED market

etc.



▲ aging equipment



▲ scribing/breaking equipment



▲ fluorescent coating equipment



▲ tester (LD/LED)



▲ high-accuracy die bonder



▲ cap sealer

Energy Device Manufacturing Equipment

[Major application]

- lithium ion battery
- solar battery

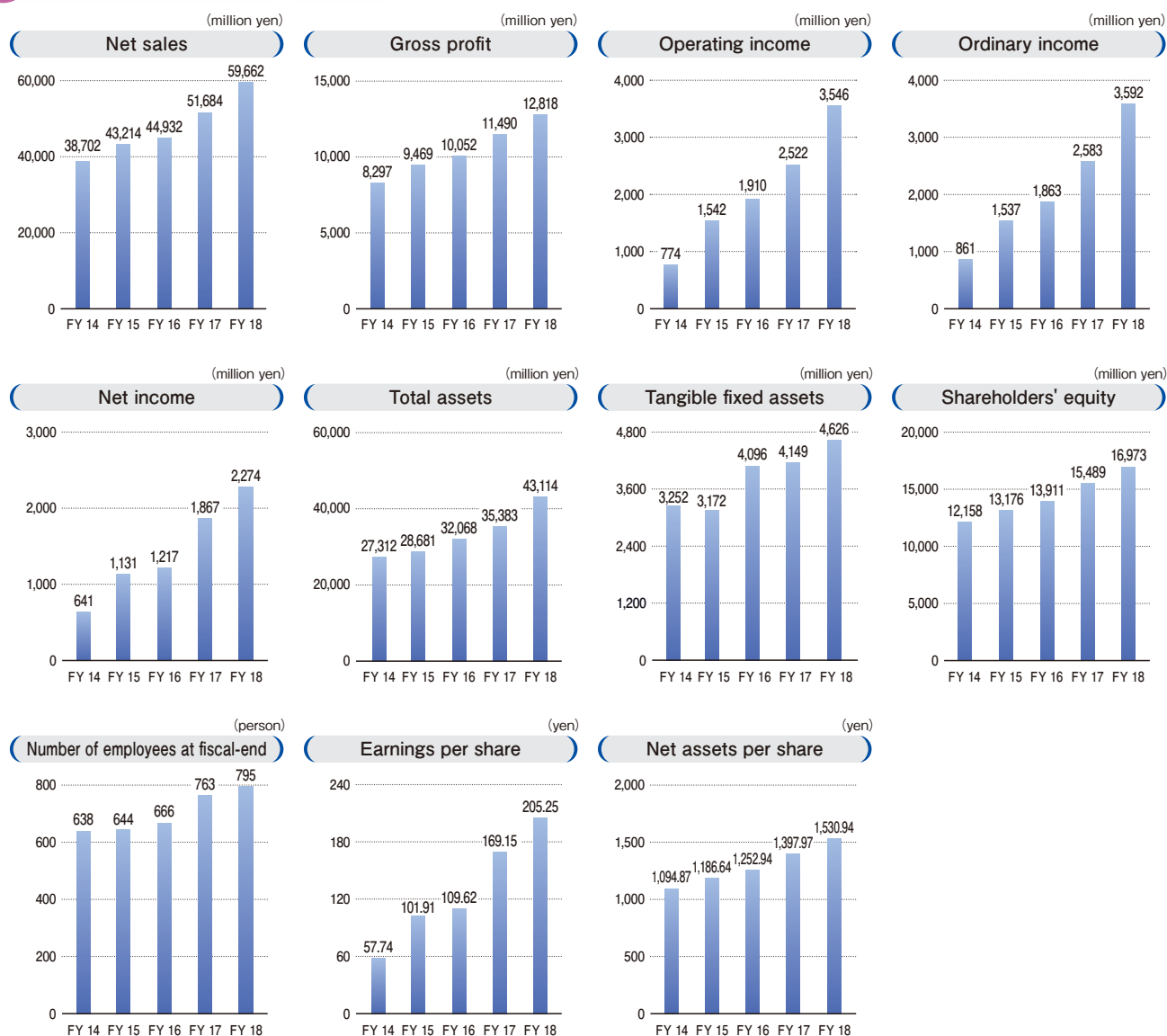
etc.



▲ Electrode sheet inspection equipment

Consolidated Financial Highlights & Product Segment Information

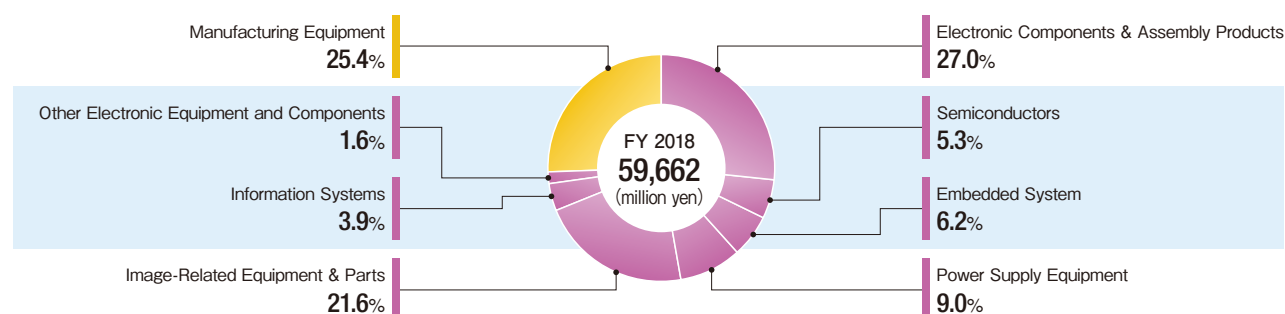
Consolidated Financial Highlights



(million yen)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Net sales	38,702	43,214	44,932	51,684	59,662
Gross profit	8,297	9,469	10,052	11,490	12,818
Operating income	774	1,542	1,910	2,522	3,546
Ordinary income	861	1,537	1,863	2,583	3,592
Net income	641	1,131	1,217	1,867	2,274
Total assets	27,312	28,681	32,068	35,383	43,114
Tangible fixed assets	3,252	3,172	4,096	4,149	4,626
Shareholders' equity	12,158	13,176	13,911	15,489	16,973
Number of employees at fiscal-end (person)	638	644	666	763	795
Investment Indices					
Earnings per share (yen) [EPS]	57.74	101.91	109.62	169.15	205.25
Net assets per share (yen)	1,094.87	1,186.64	1,252.94	1,397.97	1,530.94

Product Segment Information

Component ratio for sales by product segment



Component ratio for sales by product segment (million yen)

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Electronic Equipment and Components Business	Electronic Components & Assembly Products	12,968	13,387	13,785	15,371	16,052
	Semiconductors	1,969	1,797	1,831	2,512	3,167
	Embedded System	2,471	2,820	3,058	3,593	3,728
	Power Supply Equipment	2,705	2,631	2,335	3,947	5,395
	Image-Related Equipment & Parts	7,202	7,872	9,662	11,778	12,895
	Information Systems	2,611	2,381	2,406	2,403	2,305
	Other Electronic Equipment and Components	785	916	883	824	978
	Manufacturing Equipment	7,991	11,410	10,972	11,256	15,141
Total		38,702	43,214	44,932	51,684	59,662

Main Management Indices (Consolidated)

Consolidated

Profitability

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Gross profit/Net sales (%)	21.4	21.9	22.4	22.2	21.5
Operating income/Net sales (%)	2.0	3.6	4.3	4.9	5.9
Net income/Net sales (%)	1.7	2.6	2.7	3.6	3.8

Safety

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Shareholders' equity/Total assets (%)	44.5	45.9	43.4	43.8	39.4
Current ratio (%)	185.9	192.3	173.9	173.8	158.1
Interest coverage ratio (times)	26.2	24.2	69.6	—	332.7

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 2014	FY 2015	FY 2016	FY 2017	FY 2018
Total asset turnover (times)	1.4	1.5	1.5	1.5	1.5
Fixed asset turnover (times)	7.5	8.5	8.1	8.3	9.3
Tangible fixed asset turnover (times)	11.8	13.5	12.4	12.5	13.6

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

Productivity

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Net sales per employee (thousand yen)	60,662	67,102	67,466	67,738	75,047
Operating income per employee (thousand yen)	1,214	2,395	2,869	3,305	4,460
Number of employees at fiscal-end (person)	638	644	666	763	795

Note: Net sales per employee and operating income per employee are calculated using the average number of employees during the year.

Capital Investment and Others

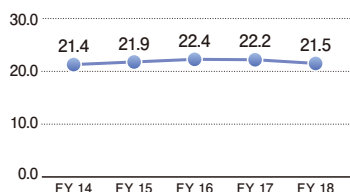
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Depreciation expense (million yen)	385	353	356	408	402
Capital investment (million yen)	218	332	1,244	436	1,014
Research and development expense (million yen)	141	139	167	150	166

Investment Indices

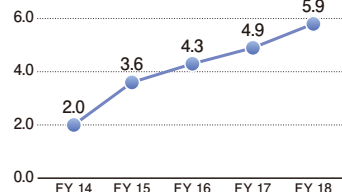
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
ROE (%)	5.4	8.9	9.0	12.7	14.0
ROA (%)	2.5	4.0	4.0	5.5	5.8

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

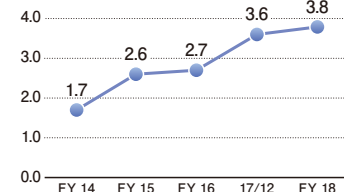
Gross profit/Net sales (%)



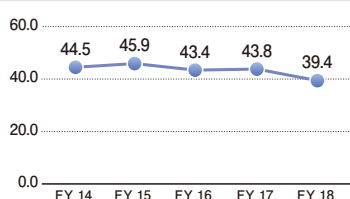
Operating income/Net sales (%)



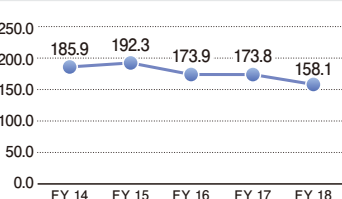
Net income/Net sales (%)



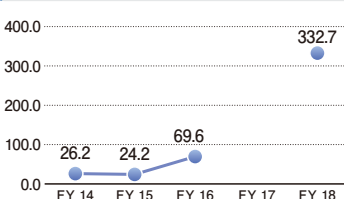
Shareholders' equity/Total assets (%)



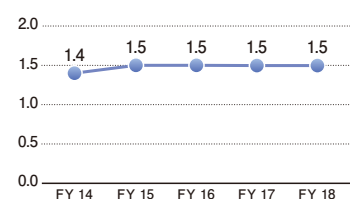
Current ratio (%)



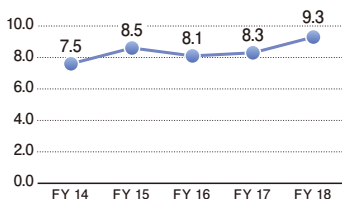
Interest coverage ratio (times)



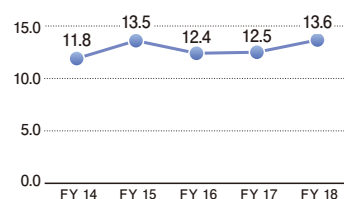
Total asset turnover (times)



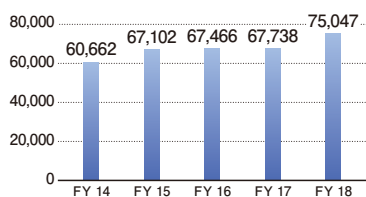
Fixed asset turnover (times)



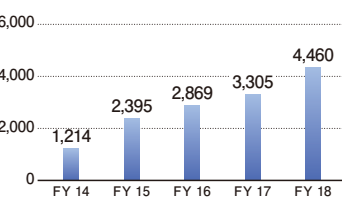
Tangible fixed asset turnover (times)



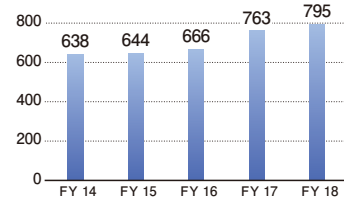
Net sales per employee (thousand yen)



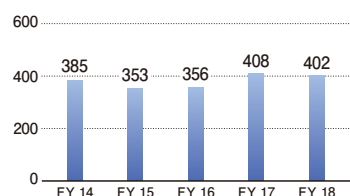
Operating income per employee (thousand yen)



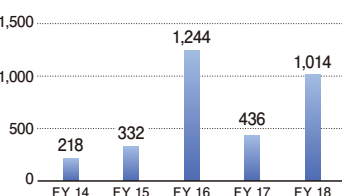
Number of employees at fiscal-end (person)



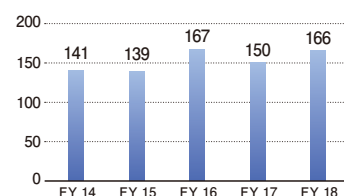
Depreciation expense (million yen)



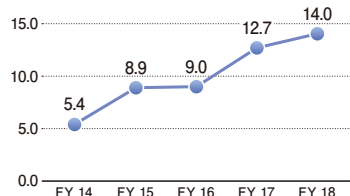
Capital investment (million yen)



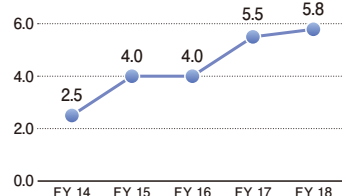
Research and development expense (million yen)



ROE (%)



ROA (%)

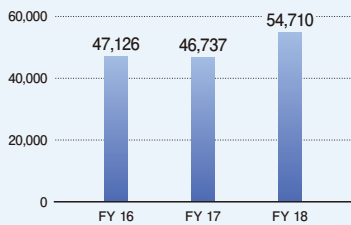


Principal Group Companies' Financial Highlights

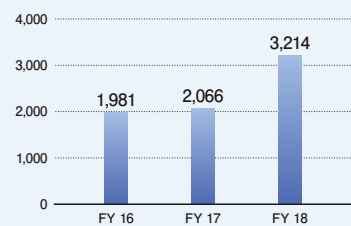
*Daito Electron Co., Ltd., Daitron Technology Co., Ltd., and Daito Denso Co., Ltd. merged into Daitron Co., Ltd. on January 1, 2017. The figures for fiscal 2016 in this material are rough calculations based on the performance of each company before the merger.

DAITRON CO., LTD.*

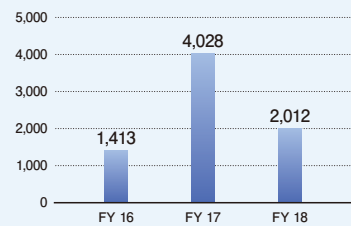
Net sales (million yen)



Ordinary income (million yen)

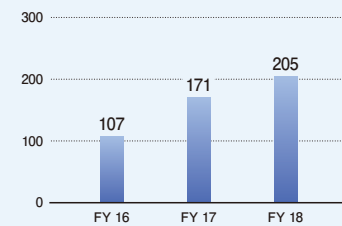
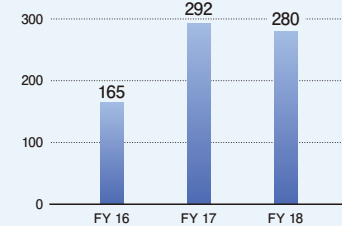
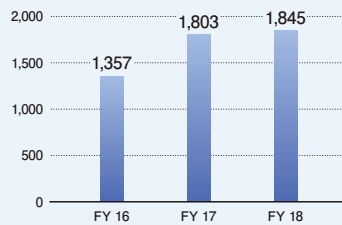


Net income (million yen)

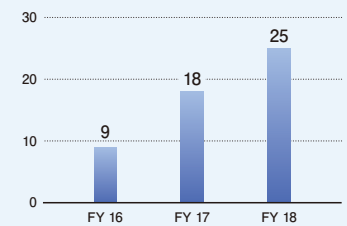
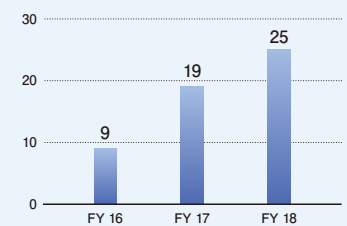
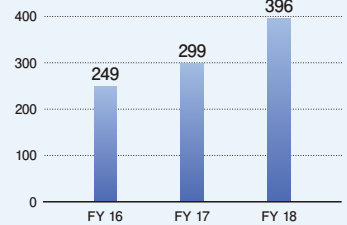


Note: Net income for fiscal 2017 includes a gain on extinguishment of tie-in shares of 2,593 million yen associated with the above merger.

DAITRON INC.

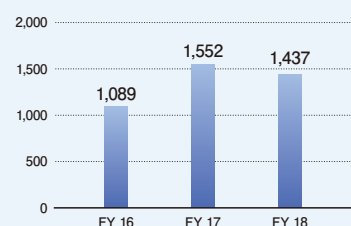


DAITRON(MALAYSIA)SDN.BHD.

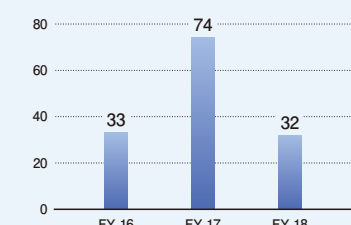


DAITRON(H.K.)CO., LTD.

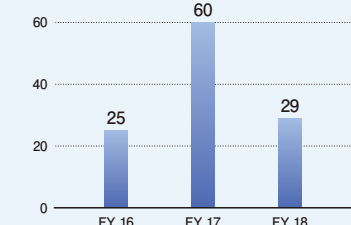
Net sales (million yen)



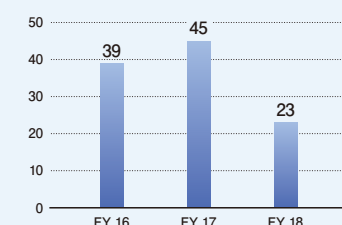
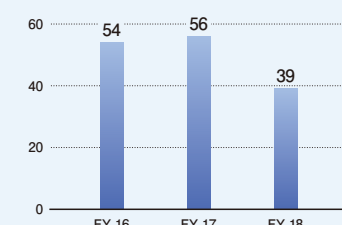
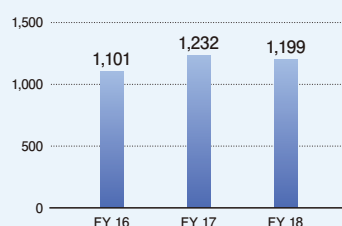
Ordinary income (million yen)



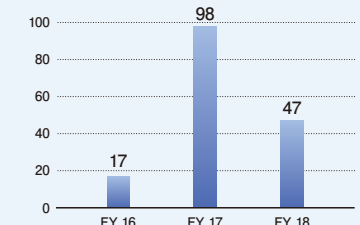
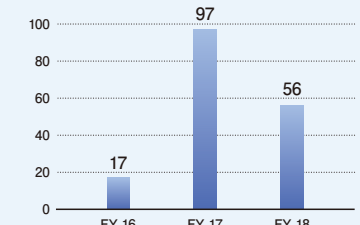
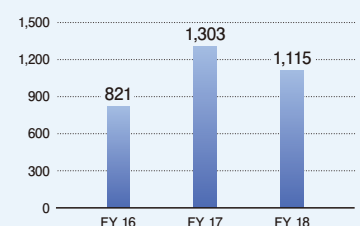
Net income (million yen)



DAITRON(SHANGHAI)CO., LTD.



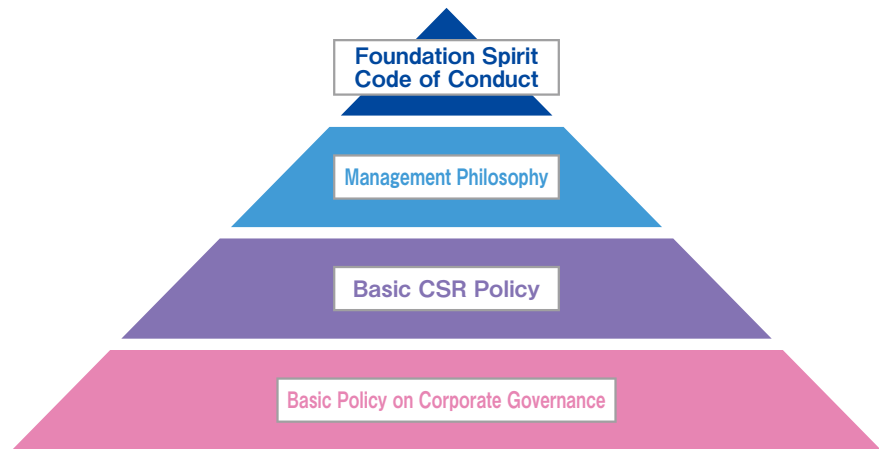
DAITRON(KOREA)CO., LTD.



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.

Under this Philosophy, we hold that we can contribute to the sound development of society and our CSR can thereby be fulfilled when our own sustainable growth is more consolidated through positive interaction with the stakeholders and by extending the fruits resulting from it.

In addition, we regard building good relationships of trust with all the stakeholders and ensuring timely and proper information disclosure and management transparency for effective and healthy corporate management as the fundamentals of our corporate governance policy based on this Philosophy.



Our CSR Conceptual Diagram

Our 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.

Our Basic Attitude toward Internal Control System

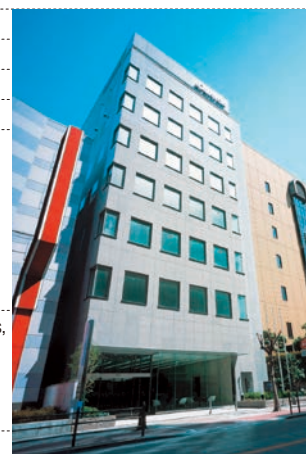
The Company has established and is operating its internal control system for the purpose of sounder and more efficient business management under the Basic Policy on Corporate Governance, recognizing the following issues as first priorities:

- 1 forming of an organization/corporate culture helpful to prevent scandals and comply with laws and regulations as well as maintenance of its effectiveness
- 2 implementation of a system to identify and assess reasonably and manage properly foreseeable risks in business management
- 3 forming of an organization/corporate culture helpful to secure reliability of financial reporting and disclosed information and maintain the effectiveness thereof

The Company has established and is operating its control environment based on the above matters.

Daitron Corporate Data (as of Dec 31, 2018)

● Trade Name	Daitron Co., Ltd.
● Established	June 24, 1952
● Representative	Isayuki Mae, President and COO
● Capital	2,200,708,560 Yen
● Number of Employees	795 (consolidated)
● Business Place	Head Office: Osaka Headquarters: Tokyo Sales Offices: Utsunomiya, Ibaraki, Tokyo, Kunitachi, Yokohama, Matsumoto, Shizuoka, Nagoya, Kanazawa, Kyoto, Osaka, Kobe, Hiroshima, Fukuoka, Kumamoto, Taipei (Taiwan), and Manila (Philippines) Logistics Center: Osaka and Kunitachi Factories: Tama, Hashima, 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 7)



▲ Head Office

Group Companies' Information (as of Dec 31, 2018)

● TAKAWA INDUSTRY CO., LTD.	Assembly, wiring, processing of cables & harnesses, units, and board mounting primarily in Kyushu area
● 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 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 and semiconductor manufacturing equipment for Hongkong and South Chinese markets
● DAITRON (SHANGHAI) CO., LTD.	Sales and import/export of electronic equipment/components and semiconductor manufacturing equipment for Chinese market
● DAITRON (SHENZHEN) CO., LTD.	Consulting service on sales of electronic equipment/components, etc. and sales of such products
● 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 Thai and South-East Asian markets

Daitron

DAITRON CO.,LTD.

For inquiry concerning our IR activities:

Head Office 6-11, Miyahara 4-chome, Yodogawa-ku, Osaka 532-0003
TEL+81-6-6399-5952 FAX+81-6-6399-5962
URL:<http://www.daitron.co.jp/> E-mail:info.ir@daitron.co.jp