

2021
Investors Guide



Creator for the *NEXT*

Daitron
DAITRON CO., LTD.

» Philosophy and Long-Term Vision

» Daitron Group Long-Term Management Slogan

Make a leap forward in the as a

» System of Daitron Group Value Creation

Management Philosophy

Sustained growth by
Mid-Term Management Plan

Efforts at value creation based
on the Group Statement

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

Creator for

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

global market technology-based company



Long-Term Vision

Daitron Group has started moving toward the next stage to create new value. Our goal is to be a technology-based company which grasps markets from a global viewpoint to create and propose values one step ahead of customer needs. We are going to promote the Mid-Term Management Plan steadily with a view to fulfilling our Vision ahead of sustained growth.

Statement

the **NEXT**

N Network

E Engineering

X (Synergy)

T Trading

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

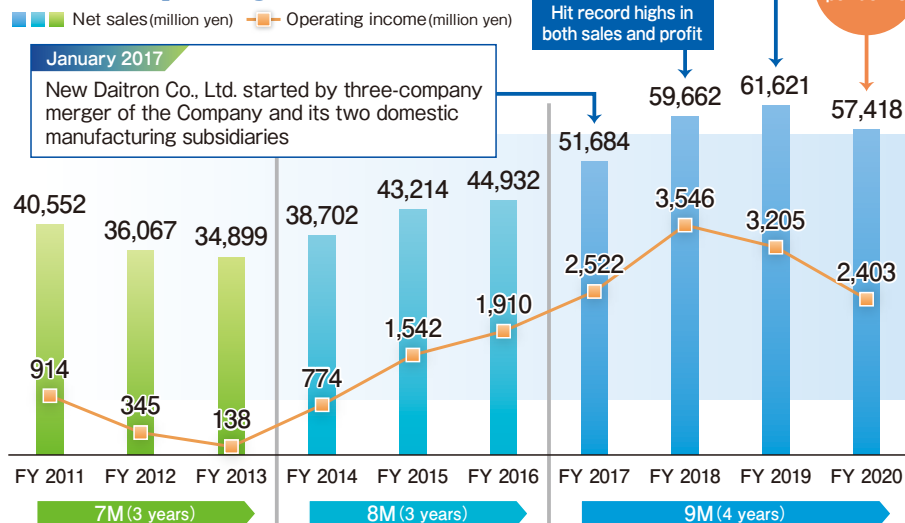


President and COO
Isayuki Mae

Progress
over the past
10 years

The Daitron Group launched as new Daitron in January 2017 based on its ten years efforts at a business structure reform, and in the subsequent four years of the 9th Mid-Term Management Plan (9M), sought the maximized merger synergy and full-scale growth in sales and profits.

Net sales/Operating income



Catch the wave of accelerating digital transformation based on the

Substantial results from the 10-years efforts aiming at business structure reform.

Ten years have passed since I assumed the position of president in 2011. It was the business structure reform that we consistently worked on as our highest priority issue during this period through the 7th (2011-2013), 8th (2014-2016), and 9th (2017-2020) Mid-Term Management Plans. It was intended to establish the management foundation combining the three features: Stability, Profit, and Growth.

In the past, the business structure of the Group was in no small part fragile in all the respects of Stability, Profit, and Growth, vulnerable to the economy and demand ups and downs in the electronics industry such as the silicon cycle. For this reason we had no foundation in place to enable the Group to expand stably in terms of compensation to human resources, which is the most significant business resource, dividends to the shareholders, who are the most important supporters, or investment, which is essential for opening up the future. The business structure reform, one of our Basic Strategic Policies, is a measure aiming at radical resolution of this issue.

Specifically, we have set three KPIs, or key performance indicators, as business structure related indices to promote the strategies. The first is the composition ratio by

business, the KPI centering on the business Stability, the second is the original product ratio, the KPI centering on Profit (highly profitable structure), and the third is the overseas business ratio, the KPI centering on Growth, or expansion in the market (all sales-based value).

In January 2017, in order to accelerate the business structure reform toward full-scale growth, New Daitron Co., Ltd. started as a combined manufacturing and sales unit by the three-company merger of the Company and its two domestic manufacturing subsidiaries. After newly establishing Chubu Factory as a new core of its manufacture system, the Group has improved sequentially the manufacture system consisting of the electronic equipment and components division and the manufacturing equipment division, and the cross-sectional research and development system, and during the four years under the 9th Mid-Term Management Plan (9M), accelerated its business structure reform by working on the maximization of the merger synergy.

As a result of these efforts, both net sales and operating income exceeded the records in 2018, and sales had set new records for six consecutive years up to 2019.

In addition, regarding the three KPIs mentioned above, we managed to get closer to the target ratios step by step while steadily expanding the operations of the whole Group.

Based on such achievements, the pay level of

Quantitative evaluation of 9M

We aimed at further growth beyond record performance in both sales and profits through sustained growth.

As a result

The Group continued to grow smoothly up to 2019, but its earnings and profits decreased in 2020 affected by the COVID-19 pandemic.

Qualitative evaluation of 9M

Certainly carried forward the moves toward a combined manufacturing and sales unit including information sharing between the trading division (M&S Company) and the manufacturing division (D&P Company), though maximizing of the merger synergy was still only half complete

- ▶ Steadily expanded activities in new growing markets such as automotive, medical, and robotics, as well as the green facility business
- ▶ M&S and D&P joint products planning, the number of promotion projects, and production cooperation with suppliers steadily increased despite the unachieved original product ratio target
- ▶ Steadily improved the overseas sales ratio with the organizational power strengthened by establishing the Global Business Division as an independent division. Improved profit stabilization through efforts to expand Electronic parts business
- ▶ Expanded the network by establishing new locations (Sendai and Hanoi). Expanded merchandise and exhibition cooperation through projects -> Customers increased
- ▶ Strengthened the function of D&P Company as the core factory with Chubu Second Factory starting operations. Started operations of Daito-Tec, which was made a subsidiary
- ▶ Enhanced the personnel system including enhanced employee education and introduction of an age 65 mandatory retirement system. Personnel interchanges still need to be accelerated

efforts made over the past 10 years and lead it to next growth

employees and welfare programs were improved over these ten years. With regard to the profit distribution to the shareholders, we had conventionally made only year-end dividends at payout ratio of 20% as a rough guideline, but in 2017 started paying dividends twice a year including the interim payment and also changed the payout ratio to a rough guideline of 30%, to enhance shareholder return.

Unfortunately, the global COVID-19 pandemic greatly affected the performance of the final year (2020). In a qualitative respect, however, we succeeded in achieving results in actual reforms more certainly than seen in the values of the three KPIs, which can be highly appreciated (see the upper section of p.4 "Qualitative evaluation of 9M").

Maintain our own growth strategies in the electronics industry at a major turning point.

The electronics industry is in the midst of major change now. The Group has continuously made own way with a strong will, looking hard at the right course to take, from an early stage, to respond to such changes.

The first one is the wave of innovation. DX (digital transformation), brought about by advanced ICT related

technologies such as 5G, AI, and IoT, is progressing rapidly. It is more and more accelerated by the COVID-19 pandemic, and a new business opportunity is coming earlier than expected. In anticipation of such times, the Group has carefully advanced preparations and is perfectly ready to approach the focus markets to be targeted. While the market is expected to expand in semiconductor, datacenter, and sensor related fields in particular, a lot of achievements have already been produced including the new business development by the Green Facility Department (see p.11).

The second one is realignment. The wave of rapid innovation has divided the industry into two parts companies which can develop and companies which cannot, and to survive in these circumstances, realignment in the industry, including M&As of semiconductor major companies, is taking place. Under in such a severe competitive environment, the Group is proceeding with its own strategies to ensure its position in the industry, without choosing a way of affiliation. It cannot be denied that the Group alone is not competitive enough, but our own partner strategies at home and abroad has increased our competitive edge. With our partner companies, we have cultivated an extremely strong relations of trust while seeking to build complex business relations as customers, as suppliers, and partners to develop new products. In addition, for products in niche fields which are

President Message

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

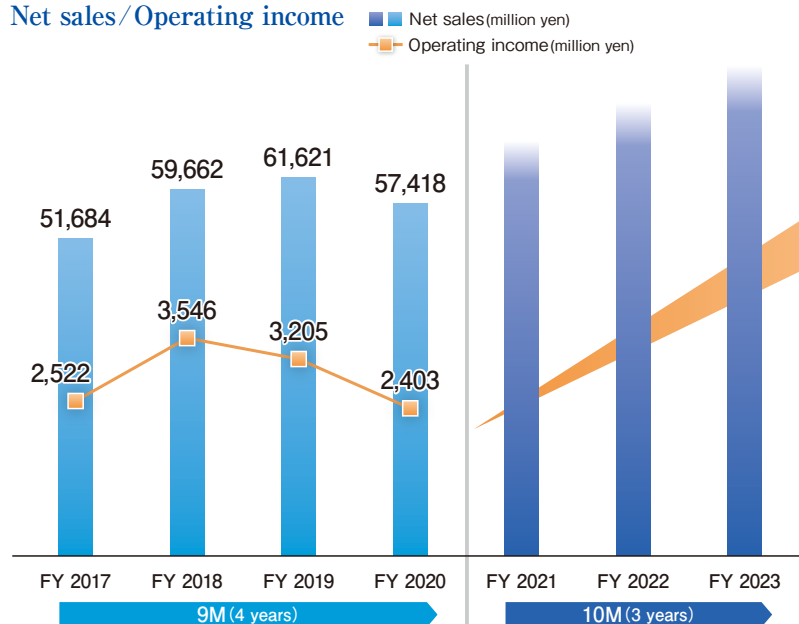
Recognition of issues toward future growth

- ▶ 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

Net sales/Operating income



Promote a new growth strategy under 10M based on the

difficult for the partner companies to develop though there are certain market needs, fine-tuned solutions are realized by the Group developing and manufacturing for itself, and this results in further increasing our competitiveness.

The Group, in the electronics industry in the midst of major change, will persistently proceed along its own course pursuing the next Mid-Term Management Plan to achieve sustained growth.

Started a new Mid-Term Plan aiming for a breakthrough as a technology-based company in the global market.

The 10th Mid-Term Management Plan (10M) started in 2021. We will continuously pursue a long-term vision of "Aim at a consolidated sales 100-billion yen company" in 10M. Additionally, a Long-Term Management Slogan "Make a leap forward in the global market as a technology-based company" is newly established in a global market" (see p.1-p.2). The 10M will mark a new step toward achieving this goal.

As for the numerical targets in 10M, firstly on the P/L (income statement) basis, we will aim at sustained expansion of net sales & operating income through management focusing on growth potential. In addition, we will seek gross profit ratio

of 20% through continuous business structure reform. In these two points, the idea of 9M are continued. However, since it is hard to forecast the future period and extent of the impacts of the COVID-19 pandemic at this stage, we cannot deny the possibility of an inability to conduct sufficient sales activities and that it may have a certain influence on the performance in the future. As the ICT related market, which we are paying attention to, is expanding rapidly, we intend to seek growth over the medium and long term, without being bothered by short-term performance trends.

Then, as for the target managerial indices, we will continuously focus on equity ratio, ROA, and ROE. As the foundations to enable us to flexibly carry out investments for the future, we aim at the equity ratio of 50%, which is the same level as before. In the meantime, as for ROA and ROE, the indices for profitability, as they have almost exceeded the targets in 9M, the targeted levels are raised in 10M to 6% and 12%, respectively.

Aim to create new values in the global market by management valuing field powers.

In 10M, the following four basic strategic policies were established (see p.7 - p.8 for details).

Target Management Indices of 10M

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 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.)

Equity ratio	ROA	ROE
Target	Target	Target
50%	6%	12%
▲	▲	▲
Result of 9M	Result of 9M	Result of 9M
2020 Result	2020 Result	2020 Result
42.8%	3.5%	8.4%
▲	▲	▲
Target	Target	Target
50%	4% or above	8% or above

personnel policy valuing diversity

The first one is to "Promote business structure reform!" Business structure reform cannot be accomplished overnight. With the recognition that efforts are still required for the next decade in addition to those exerted in the past decade, we will continuously pursue the three KPIs. For the composition ratio by business, one of the three KPIs, a new axis of "Challenge" will be added, on top of the conventional "Stability." Having conventionally sought the Stability of the business which is hardly affected by economic fluctuations by raising the composition ratio of electronic equipment and components, and holding down that of manufacturing and inspection equipment, we will, in addition to this, aim at the "new business 5%" target centering on the green facility business as an index to measure the result of the challenge of new business creation in future.

The second one is to "Maximize the merger synergy!" Active efforts will be continuously directed to it, as it was only half complete in 9M. As a strategy to realize this, investment from 10M on will be focused on human resources. while priority was placed on capital investment in 9M.

The third one is to "Define focus areas and markets to accelerate growth!" We will accelerate growth by focusing on the growing ICT related market existing in a wide range of fields of the industry.

The fourth is to "Increase power toward sustained

growth!" We will increase powers in marketing, manufacturing, new business creation, and corporate divisions. To this end, it is important to strengthen the human resources power as the source of all powers. As stated above, we intend to shift our investment focus from equipment to human resources in the future, and diversity is the key here. We will seek organizational activation brought from diversity by measures such as adoption and utilization of not only new graduates but also senior and foreign human resources as well as enhancement of development of female managers and global human resources.

We are facing a great turning point, where major changes are taking place right now in every market. Such changes are always occurring in the field. To grab business opportunities and survive, strong "field powers" are absolutely necessary. This is because such field powers comes from human resources power, and transfer of authority will contribute a lot. Developing people, and transferring certain authority gradually -- the Daitron Group will aim to be a corporate group that evolves together with its employees and create new values in the global market.

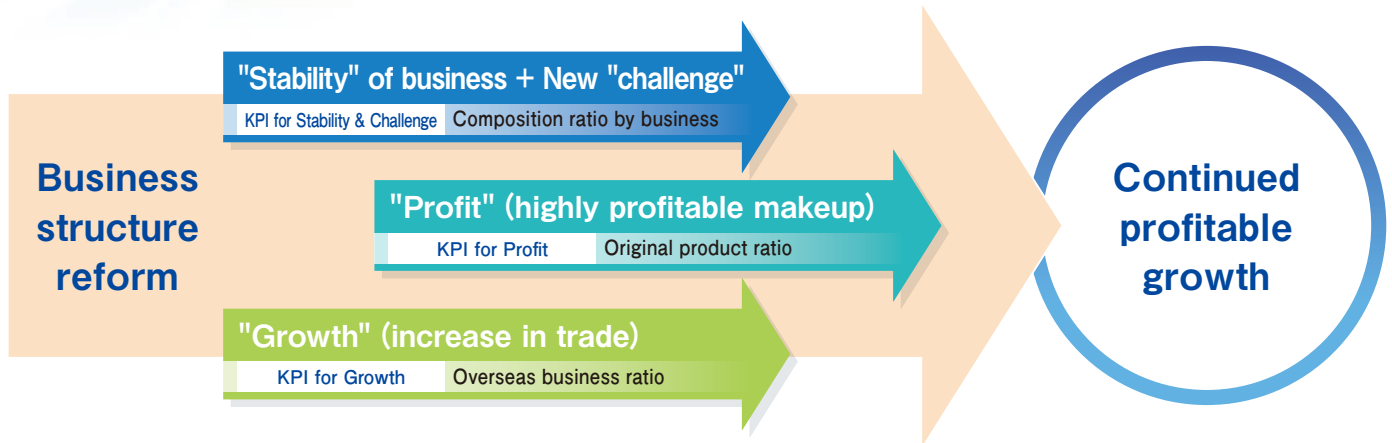
Your continued support and expectations to/of the Group would be greatly appreciated.

Four Basic Strategic Policies

Basic Strategic Policy

1

Promote business structure reform!



History of past 10 years

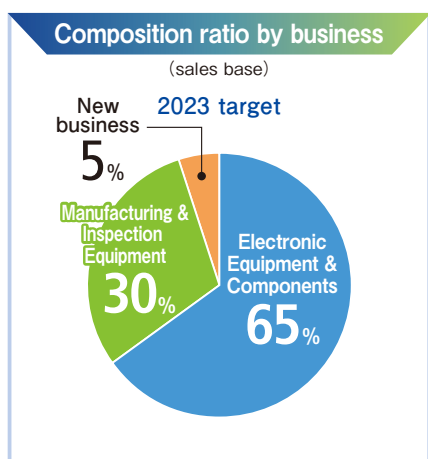
Pursued the three axes of "Stability," "Profit," and "Growth" based on the three KPIs (key performance indicators), or business structure related indices, aiming for a reform into a business structure that enables stable and sustained growth not affected by the business cycle or demand in the electronics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

Future effort

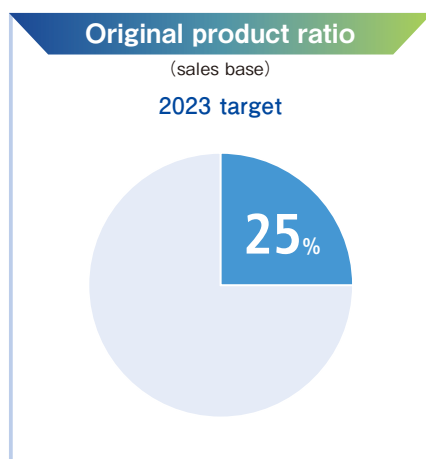
- ▶ To promote business structure reform continuously pursuing the three KPIs
- ▶ To establish an axis of "Challenge" as a "new target to further new business creation"

Three KPIs for business structure reform

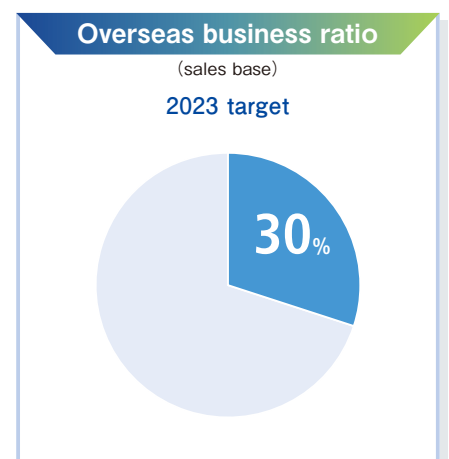
axis of "Stability & Challenge"



axis of "Profit"



axis of "Growth"



- ▶ **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" (the principal part of the sales of this category at present is those of the "Green Facility Dept." expanded through the efforts up to the previous period)
- ▶ **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!

Manufacturing / Development
D&P Company

Sales/Marketing
M&S Company

Maximized synergy

Globally develop new markets and customers by three divisions sharing information and strategies and cooperating with each other

Global
Overseas group

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

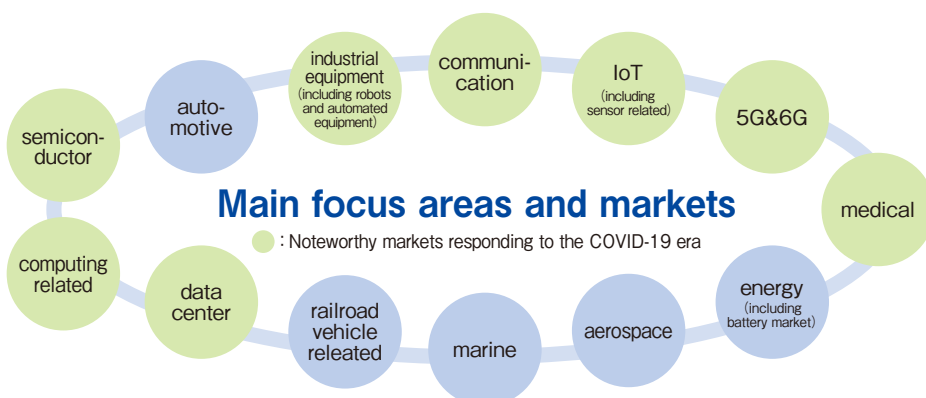
Shift to personnel investments for reinforcement of development, manufacture, and sales organizations and human resources both at home and abroad

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

Continued on next page

Specific Strategy

Increase marketing power!

"One of the strongest point of the Daitron Group, having developed as an engineering trading company, is the marketing power since its formation. In this time of DX (digital transformation) accelerating, too, our stance placing a high significance on community-based sales will not be changed. We will continuously work to develop active sales activities and promote networks expansion aiming for more profound and broader results.

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

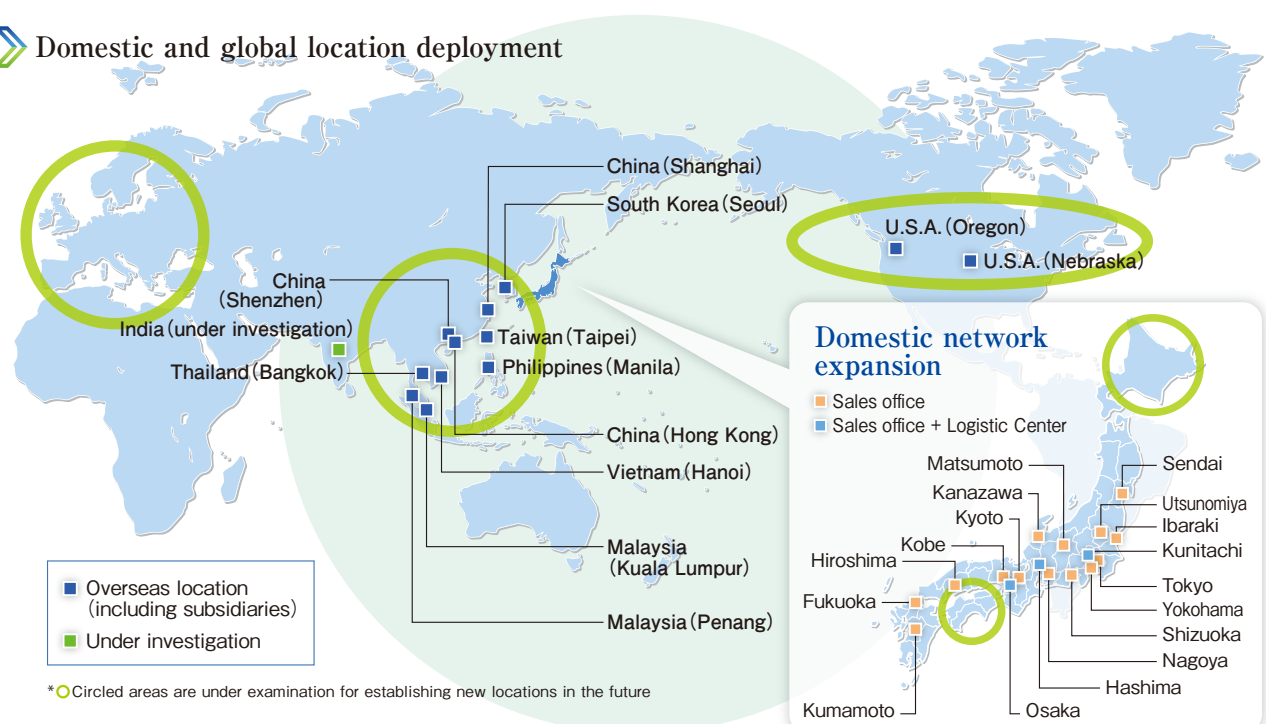
Selection of focus customers/markets to deepen/develop, and working more actively on them

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

Domestic and global location deployment



Increase manufacturing power!

The Group has constructed and strengthened its production system and technology development system centering on Chubu Factory, through the measures set in 9M. Based on this structure, we will further promote the strengthening of the production system and the original product business in 10M. In addition, efforts will be devoted also to strengthening of earning power, including pursuit of profitability, development of standard products, and expansion of OEM business, as new challenges.

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)

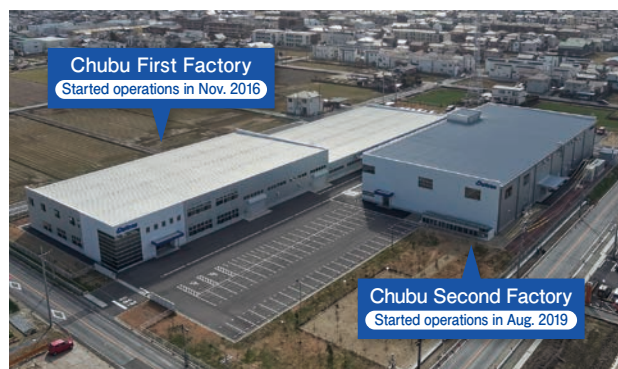
4 Reinforcement of original product business

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: water-resistant component
 - 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



Chubu First Factory
Started operations in Nov. 2016

Chubu Second Factory
Started operations in Aug. 2019



Electronic equipment & components production site (in First Factory)



Manufacturing equipment production site (in Second Factory)

Example of electronic components business original product



water-resistant component



KIRARI-NINJA-DS



IoT sensor



Inverter traneless UPS

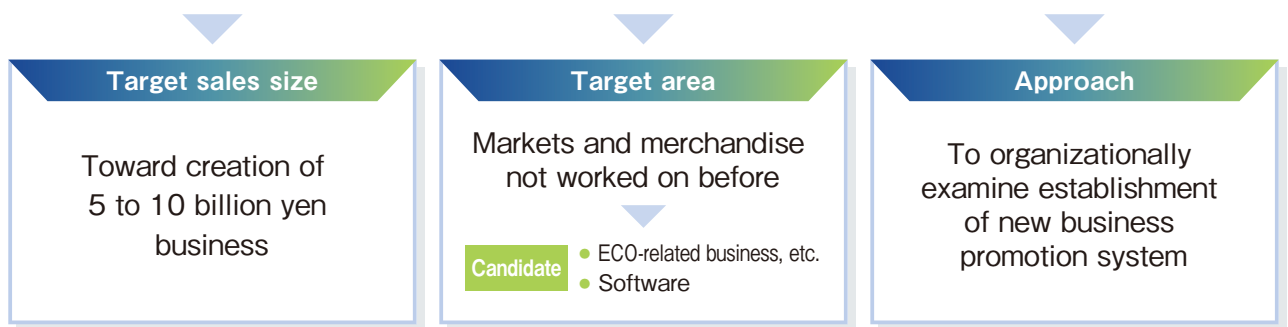
Specific Strategy

Increase new business creation power!

Based on successful cases in 9M, we will put more focus on the creation of new business toward the launch of new business that will form a new revenue base by assessing the fields expected to develop, defining our focus areas and markets (refer to p.8), and concentrating management resources on such fields and markets.

5 Development of new business

Cultivation of and groundwork for new business as new revenue base



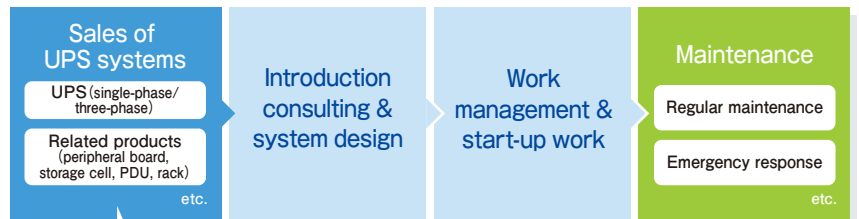
Example of new business cultivated in previous Mid-Term Plan 9M Result of Green Facility Dept.(GFD)

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

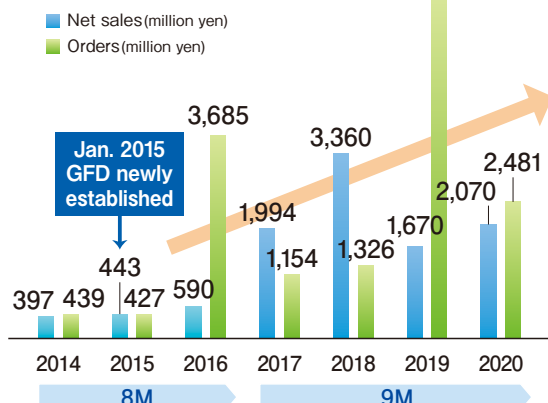
Establishment of "one-stop solution" system in power supply system related market



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



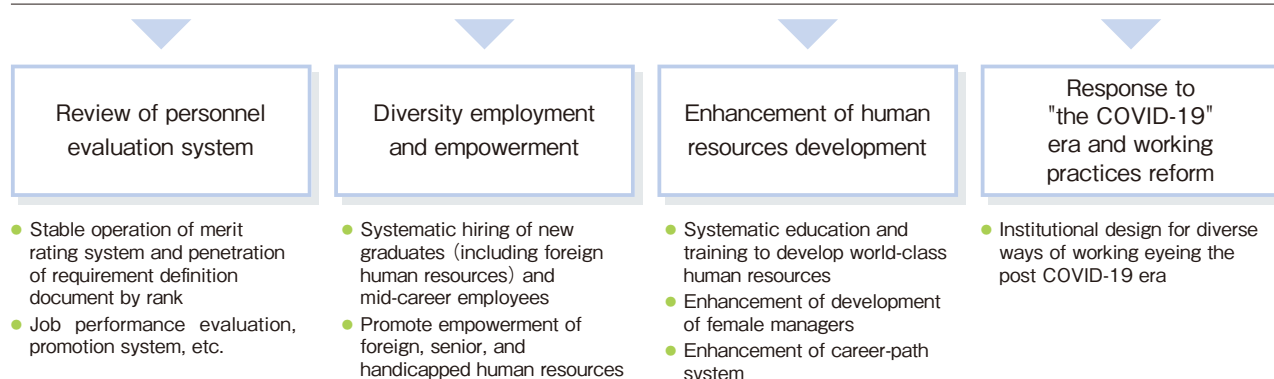
EATON UPS

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. Particularly, strengthening of human resources power is a theme on which the highest priority should be put. We will review and organize the personnel evaluation and education/development systems, aiming to be a corporate group where diverse human resources actively demonstrate their abilities.

6 Reform of business support function

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



Main training and education programs

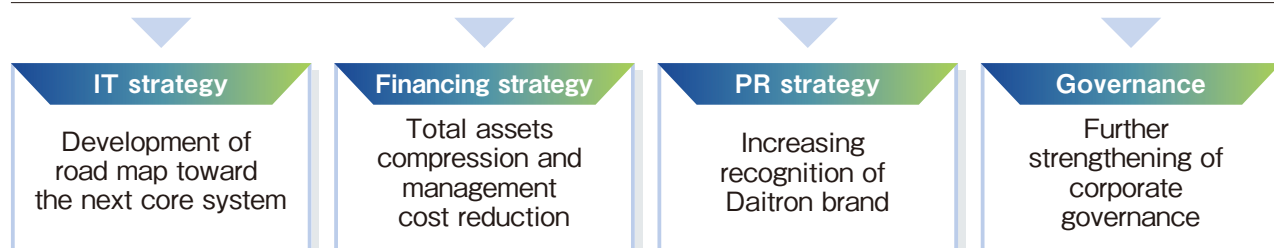
- ▶▶ New employees training (at employment, 3-month intermediate follow-up, 6-month follow-up)
- ▶▶ Young employees training
- ▶▶ Training by rank (General Manager class, Section Manager class, and Assistant Manager class)
- ▶▶ New manager training
- ▶▶ Female manager training
- ▶▶ Management course change follow-up training
- ▶▶ Life-planning 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)	2018	2019	2020
	29 (New graduate), 32 (Mid-career)	29 (New graduate), 11 (Mid-career)	16 (New graduate), 25 (Mid-career)

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



» Our Business Model

Further developing our own unique business model electronics company

» Basic Feature

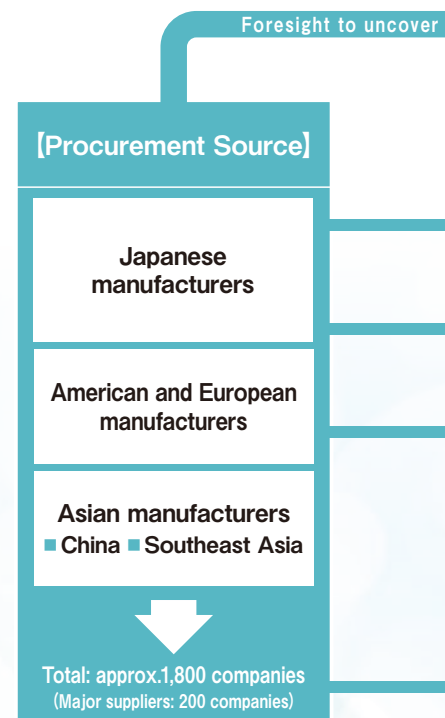
1 » Technology-based company

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

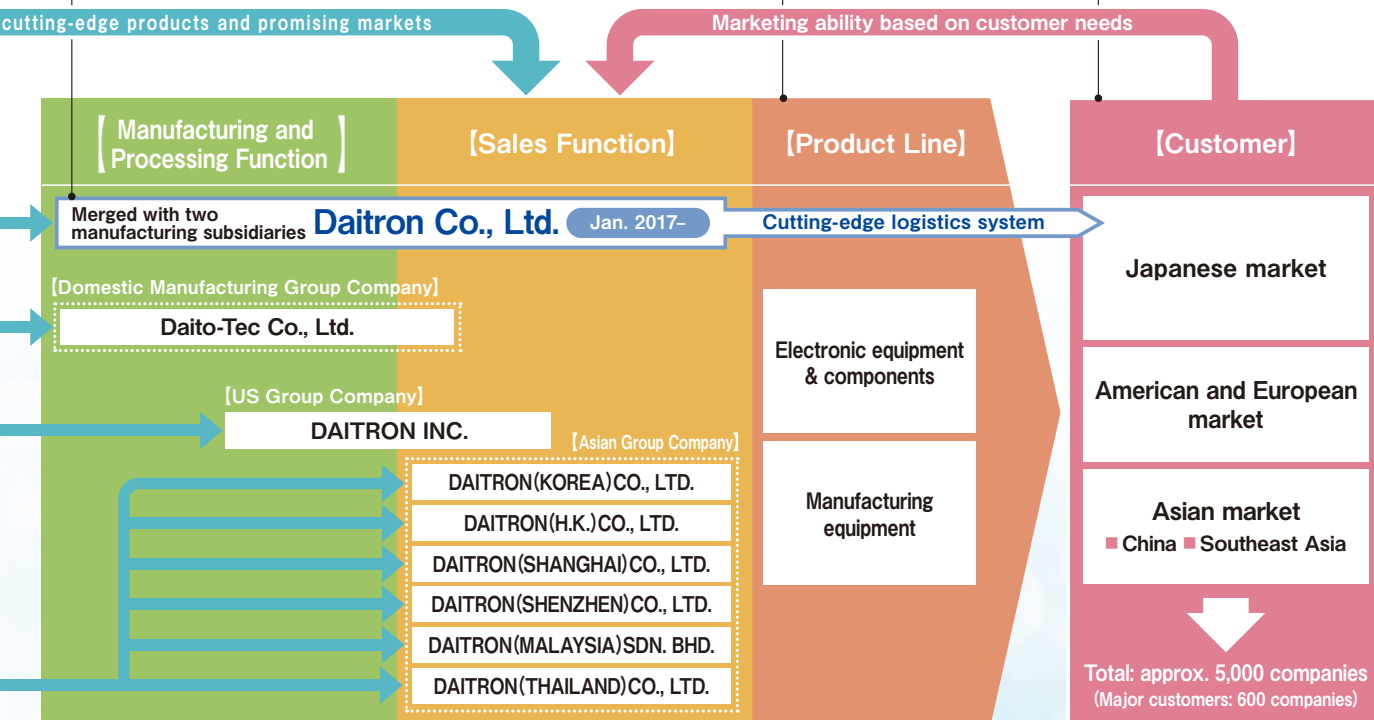
New Daitron Co., Ltd., with the information and know-how as a trading company and the electronic equipment/parts related and manufacturing equipment related technological development abilities combined by the three-company merger, has started to step forward as an organization capable of creating new values, aiming to be a leader both domestically and globally in all functions from technology development and manufacture to sales and maintenance, as a core company of a "combined manufacturing and sales unit."

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 customers assets of about 5,000 companies including 600 major customers, 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 & Components Market

 Daitron original products

Electronic Components and Assemblies

[Major Products]

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

etc.



▲ water-resistant connectors



▲ wires & harnesses



▲ connectors

Semiconductors

[Major products]

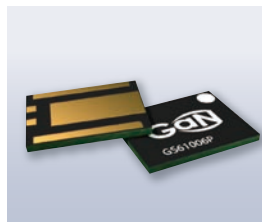
analog IC, high-frequency IC, power discrete, image IC, optical devices

- ▶ information communication equipment
- ▶ image-related equipment
- ▶ medical electronic equipment
- ▶ digital home appliance
- ▶ amusement
- ▶ environment and energy equipment
- ▶ high frequency measuring equipment
- ▶ automobile related equipment

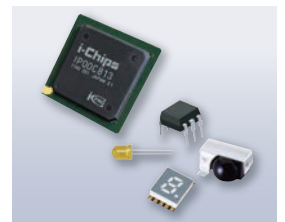
etc.



▲ analog/high frequency IC



▲ gallium nitride power transistor



▲ imaging IC/LED, optical elements

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

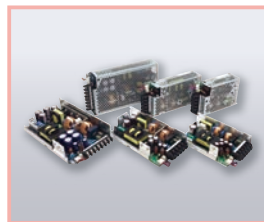
Power Supply Equipment

[Major Products]

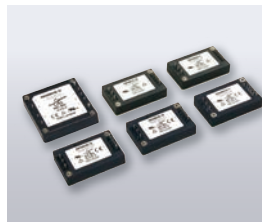
switching power supply, DC-to-DC converter, uninterruptible power supply (UPS), transformer, battery pack

- ▶ 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 supplies



▲ DC-to-DC converters



▲ 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
- ▶ automated logistics, carrier device
- ▶ 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 device

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

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

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

Energy Device Manufacturing Equipment

[Major application]

- ▶ lithium ion battery
- ▶ solar battery

etc.



▲ Electrode sheet inspection equipment



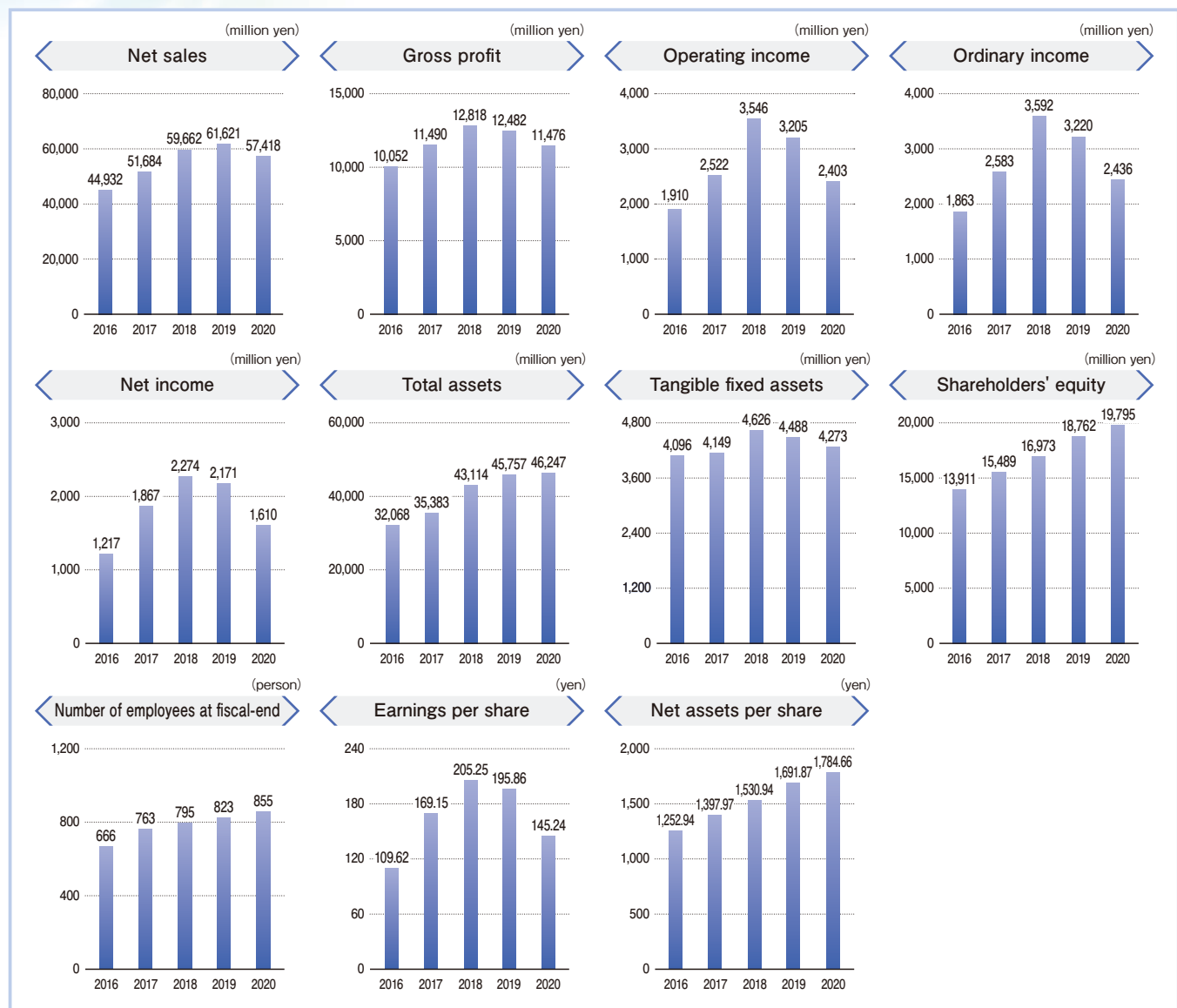
▲ coating drying equipment



▲ leak tester

Consolidated Financial Highlights & Product Segment Information

Consolidated Financial Highlights



(million yen)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Net sales	44,932	51,684	59,662	61,621	57,418
Gross profit	10,052	11,490	12,818	12,482	11,476
Operating income	1,910	2,522	3,546	3,205	2,403
Ordinary income	1,863	2,583	3,592	3,220	2,436
Net income	1,217	1,867	2,274	2,171	1,610
Total assets	32,068	35,383	43,114	45,757	46,247
Tangible fixed assets	4,096	4,149	4,626	4,488	4,273
Shareholders' equity	13,911	15,489	16,973	18,762	19,795
Number of employees at fiscal-end (person)	666	763	795	823	855
Investment Indices					
Earnings per share (yen) [EPS]	109.62	169.15	205.25	195.86	145.24
Net assets per share (yen)	1,252.94	1,397.97	1,530.94	1,691.87	1,784.66

Product Segment Information



Net sales by product segment (million yen)

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	
Electronic Equipment and Components Business	Electronic Components & Assembly Products	13,785	15,371	16,052	14,601	15,289
	Semiconductors	1,831	2,512	3,167	3,050	3,027
	Embedded System	3,058	3,593	3,728	3,405	3,349
	Power Supply Equipment	2,335	3,947	5,396	3,491	3,901
	Image-Related Equipment & Parts	9,662	11,778	12,895	12,787	13,290
	Information Systems	2,406	2,403	2,305	2,627	2,317
	Other Electronic Equipment and Components	883	823	978	804	889
Manufacturing Equipment	10,972	11,257	15,141	20,855	15,355	
Total	44,932	51,684	59,662	61,621	57,418	

Main Management Indices (Consolidated)

Consolidated

Profitability

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Gross profit/Net sales (%)	22.4	22.2	21.5	20.3	20.0
Operating income/Net sales (%)	4.3	4.9	5.9	5.2	4.2
Net income/Net sales (%)	2.7	3.6	3.8	3.5	2.8

Safety

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Shareholders' equity/Total assets (%)	43.4	43.8	39.4	41.0	42.8
Current ratio (%)	173.9	173.8	158.1	162.4	170.4
Interest coverage ratio (times)	69.6	—	332.7	152.4	374.6

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 2016	FY 2017	FY 2018	FY 2019	FY 2020
Total asset turnover (times)	1.5	1.5	1.5	1.4	1.2
Fixed asset turnover (times)	8.1	8.3	9.3	9.1	8.5
Tangible fixed asset turnover (times)	12.4	12.5	13.6	13.5	13.1

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

Productivity

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Net sales per employee (thousand yen)	67,466	67,738	75,047	74,874	67,155
Operating income per employee (thousand yen)	2,869	3,305	4,460	3,894	2,811
Number of employees at fiscal-end (person)	666	763	795	823	855

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

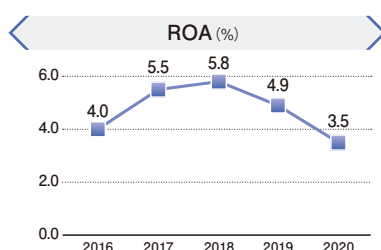
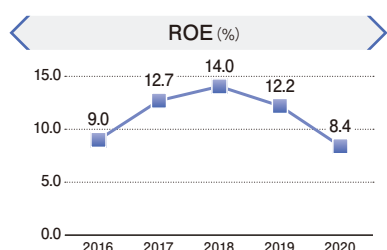
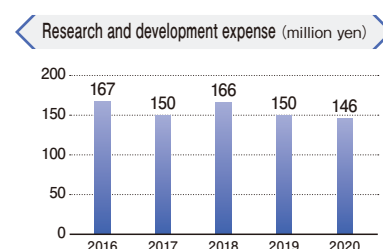
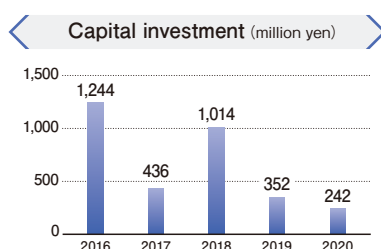
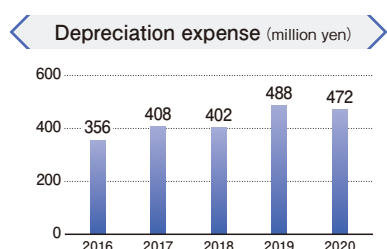
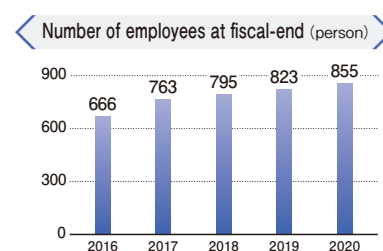
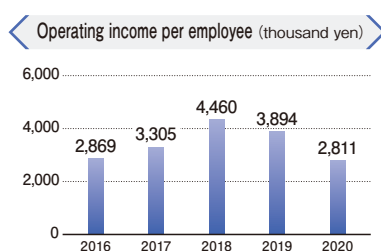
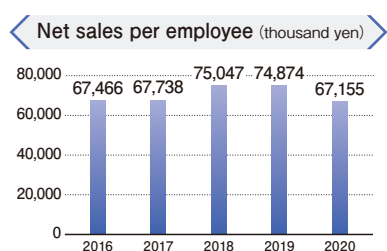
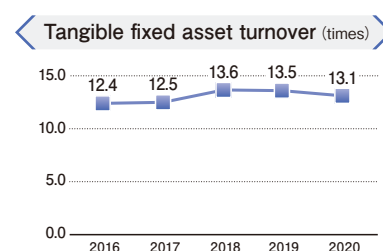
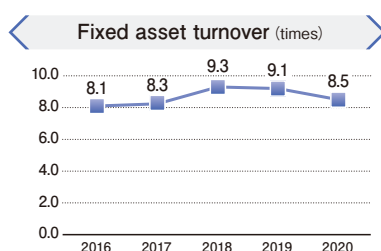
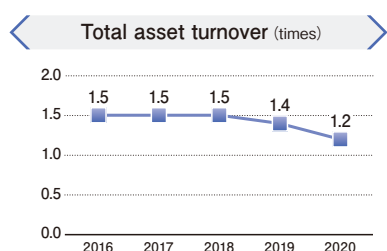
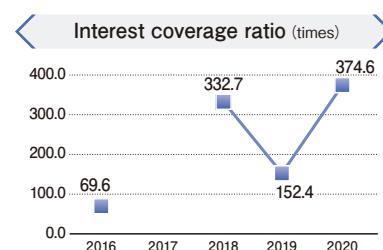
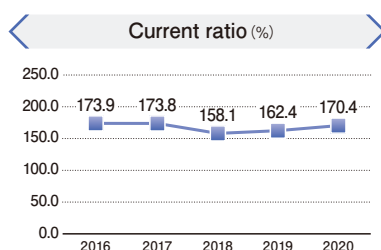
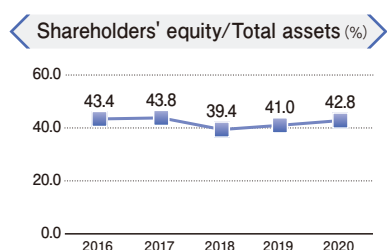
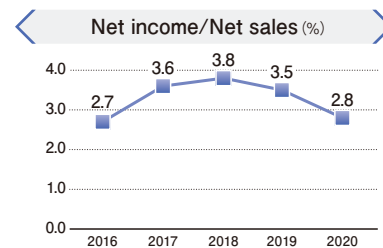
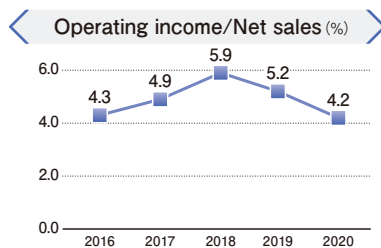
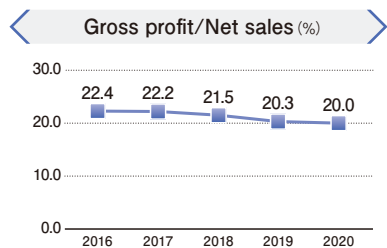
Capital Investment and Others

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Depreciation expense (million yen)	356	408	402	488	472
Capital investment (million yen)	1,244	436	1,014	352	242
Research and development expense (million yen)	167	150	166	150	146

Investment Indices

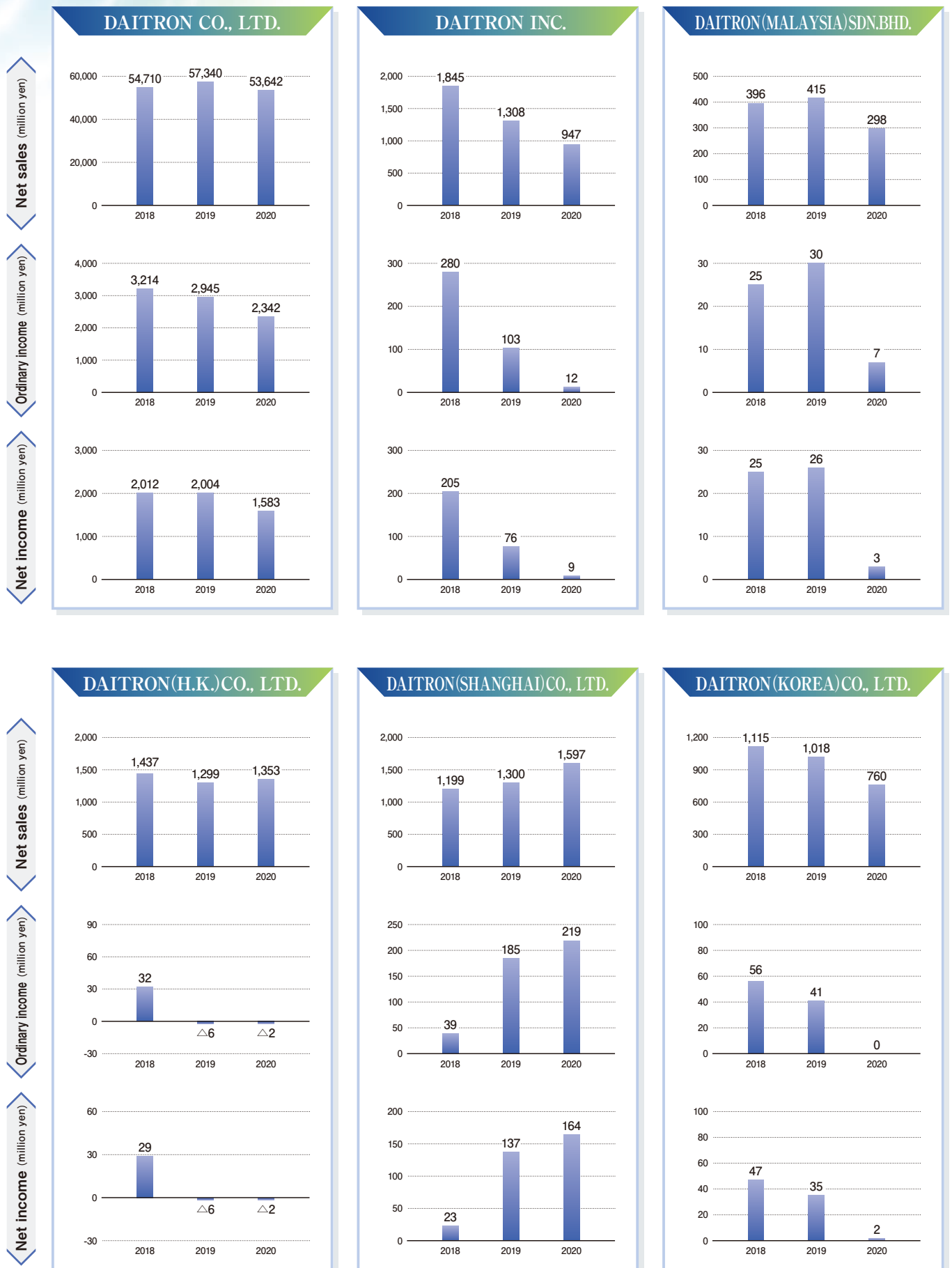
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
ROE (%)	9.0	12.7	14.0	12.2	8.4
ROA (%)	4.0	5.5	5.8	4.9	3.5

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





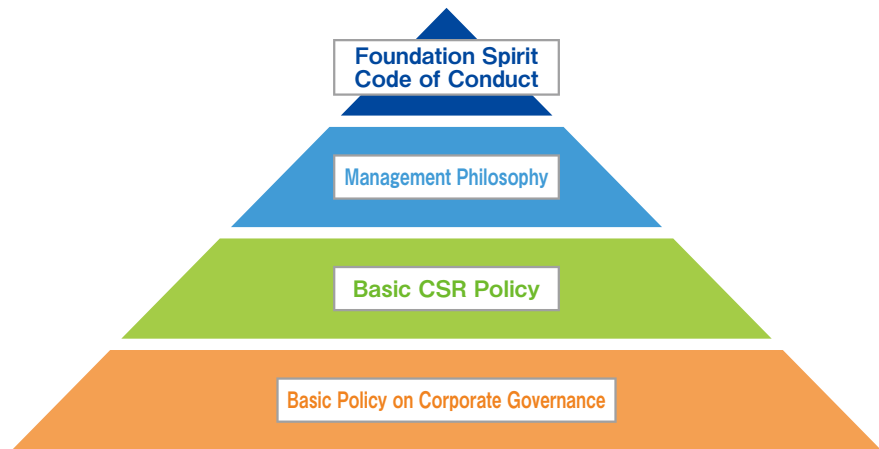
Principal Group Companies' Financial Highlights



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, 2020)

▶ Trade Name	Daitron Co., Ltd.
▶ Established	June 24, 1952
▶ Representative	Isayuki Mae, President and COO
▶ Capital	2,200,708,560 Yen
▶ Number of Employees	855 (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 8 (overseas 7)



▲ Head Office

▶▶ Group Companies' Information (as of Dec 31, 2020)

▶ 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 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:<https://www.daitron.co.jp/> E-mail:info.ir@daitron.co.jp