



The **201**st Fiscal Year Business Report

April 1, 2020 – March 31, 2021

Daitobo Co., Ltd.

Securities code: 3202

Dear Shareholders,

Please allow me to begin by extending my heartfelt gratitude to our shareholders for their continued patronage and support.

I would like to make a brief statement as we send you the 201st Fiscal Year Business Report (from April 1, 2020 to March 31, 2021) and on the Notice of Resolutions of the Annual General Meeting of Shareholders.

In the fiscal year under review, due to COVID-19 infections spreading worldwide, Japan's economic environment continued to be significantly impacted by the virus. Personal consumption remained weak amid continuation of a harsh employment and income environment.

Even in this tough situation, we continued to work diligently to achieve success in our efforts under "Get Ahead of the Future mid-term management policy," of which the fiscal year under review was the final year.

In the commercial facility business, although we faced severe circumstances as rent concessions were provided to the tenants of "SUNTO MOON Kakitagawa," a leading commercial facility in Shizuoka Prefecture, who suspended their businesses during the first wave due to the spread of COVID-19 infections, except some tenants, sales increased year-on-year owing mainly to the opening of "SUNTO MOON Oasis" at the end of the previous fiscal year bringing about a positive effect and the release of the movie "Demon Slayer: Kimetsu no Yaiba." Meanwhile, in the health care business and the textile and apparel businesses, we strove to promote sales of items including masks and antibacterial materials, but sales decreased year-on-year due to the major impact from the second and third waves of COVID-19. As a result, net sales decreased, and operating income and ordinary income both fell in turn. However, profit attributable to owners of parent increased after recording deferred tax assets through the application of tax effect accounting.

In addition, we launched our new "Breakthrough 2024 – PROGRESS IN THE NEW NORMAL mid-term

management plan" from fiscal 2021, which incorporates effects from COVID-19 infections and new accounting standards for revenue recognition, and are formulating and working on business strategies for a new era under the New Normal (see below for information on the new mid-term management plan). From the perspective of strengthening governance, which is

one of the strategies, we have increased the number of Outside Directors by two (2), with the approval of shareholders at the recent 201st Annual General Meeting of Shareholders, in order to further enhance management transparency and strengthen the management structure.

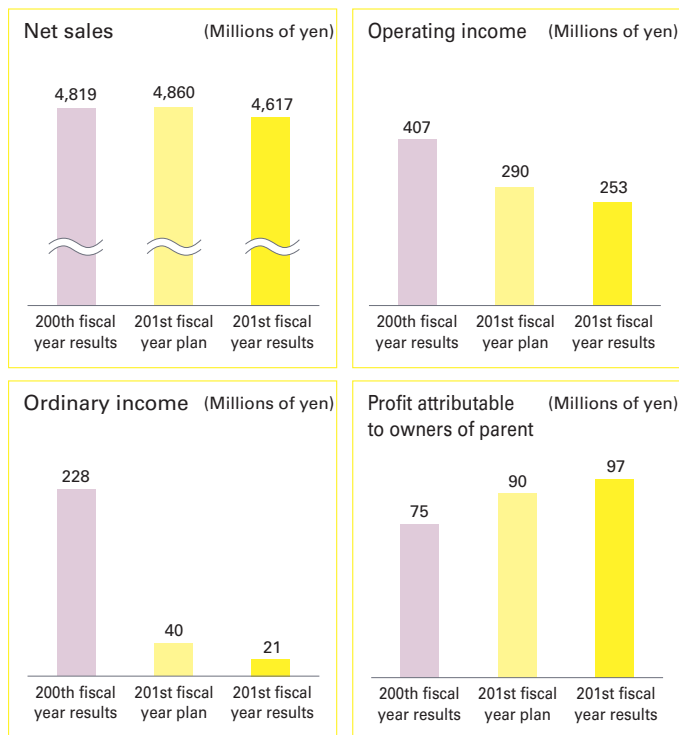
We will continue to respond flexibly to changes based on our management philosophy, "enterprising spirit" and "mindset of benefiting ourselves and others," while making the utmost efforts to achieve sustainable growth and enhance corporate value over the mid- to long-term. We appreciate our shareholders' continued encouragement and support.

June 2021

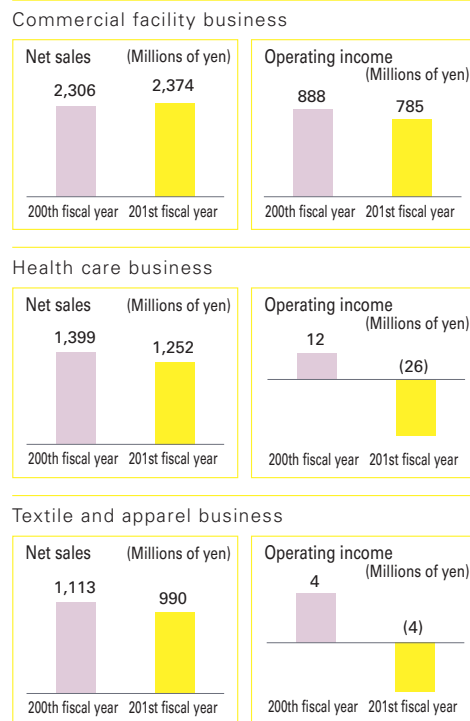


Kazuhiro Yamauchi
President and Representative Director

Financial highlights



Performance by business segment



Status of achievement of the former mid-term management policy

Profit targets

(Millions of yen)

	March 2021 target	Results	Difference
Net sales	4,860	4,617	(243)
Operating income	290	253	(37)
Profit attributable to owners of parent	90	97	+7

Financial targets

	March 2021 target	Results	Difference
Operating income ratio	6%	5.5%	(0.5%)
ROE	2%	2.2%	+0.2%
Net DER	246%	231%	16% improvement

Breakthrough 2024 – PROGRESS IN THE NEW

Name

Breakthrough 2024 – PROGRESS IN THE NEW
NORMAL mid-term management plan

Period of the plan

Three years from April 2021 to March 2024

Basic concept

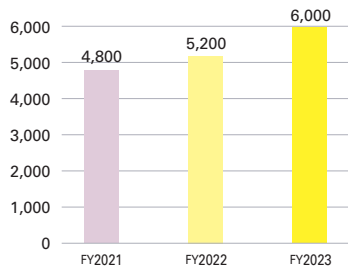
To cope with the market changes in the “new normal” post-COVID-19, the Company plans to review its business portfolio and promote a shift to operations with better profitability and future prospects. The Company will promote businesses, steadily capturing new business opportunities under the new normal by providing best solutions to customers stretching beyond the boundaries of sectors as “All Daitobo,” and making use of non-face-to-face channels such as the Company’s own e-commerce website.



Profit plan

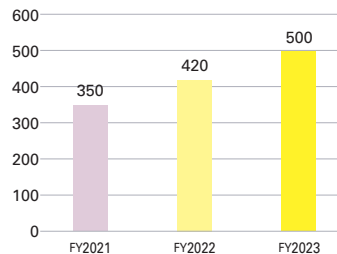
Net sales

(Millions of yen)



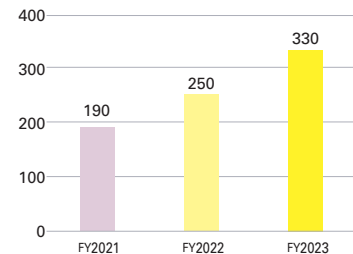
Operating income

(Millions of yen)



Profit attributable to owners of parent

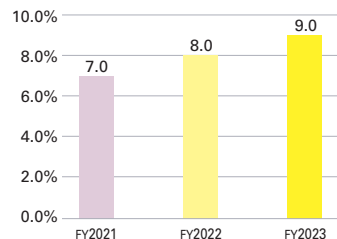
(Millions of yen)



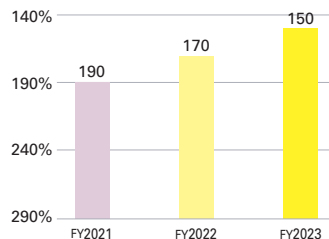
Financial targets

Operating income ratio

(%)

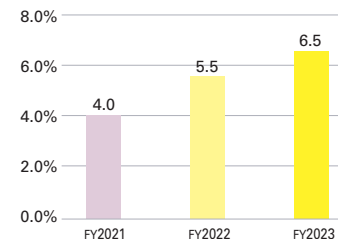


Net Debt to Equity Ratio (Net DER) (%)



Return on Equity (ROE)

(%)



NORMAL mid-term management plan

Main business strategies

1) New business development under the new normal is as follows:

- a. Accumulate and enhance expertise for commercial facility operations in the new era
 - Further enhancement of the Company's unique qualities by leveraging our close ties with the community, which is our strength
 - Work on master leasing operations (sub-leasing of whole floors).
- b. Pursue "Daitobo quality" that goes beyond the boundaries of business divisions
 - Respond to customer needs by mobilizing the All Daitobo technologies in health care and textile.
- c. Initiatives that ride on the wave of digitalization such as Internet-related business
 - Enhance our Daitobo Healthcare Shop and *Shingu no Takumi* (the art of bedding) websites.
 - Strengthen B to C operations by leveraging social media, etc.
- d. Manufacture *Takumi no Ippin Shingu* (select crafted bedding) with the Japan quality that will gently resonate with the feelings of the elderly
 - Build a new brand image for the domestic Group factory (in Niigata)

2) Businesses to be scaled down under the new normal are as follows. We will consider scaling down on business operations in markets deemed to have little future prospects.

- a. Scale down on manufacturing and sales of low-functionality duvets and futons with markets deemed unlikely to expand.
- b. Scale down on OEM business operations that have low profitability and low added-value.
- c. Constantly monitor credit risk to build a business portfolio with adequate credit.

Main business management themes

1) Financial strategy

• Strengthening financial management

The Company has accumulated commensurate interest-bearing debt as we proactively invest in the commercial facility business. As such, we will continue to steadily cut down on interest-bearing debt by methods such as setting targets for the indicator Net Debt to Equity Ratio (DER) and continuing to reinforce cash flow management.

2) Developing human resources

• Strengthening organizational capabilities with focus on quality than quantity

While continuously raising the basic level of human resources company-wide, we will specifically make efforts in developing professional human resources for the commercial facility business, and in development of female salespersons and female managers.

• Improving work-life balance

Taking into our stride the new-era perspective of remote working as the norm and improving work-life balance, we will work on reinforcing organizational management and further improve communication inside the Company.

3) Further enhancing governance

Due to the market restructuring of the Tokyo Stock Exchange, the markets of listed stock issuers are required to have a higher level of governance in the future. It has been announced that "all Principles of the revised Corporate Governance Code shall be adopted" especially in the Prime Market. The Company has been striving to comply with the Corporate Governance Code and will steadily respond to these changes in the environment and work on enhancing governance with more effectiveness.

Note: The figures are determined based on information available as of the date of the announcement, and actual results may differ from the forecasts due to future exchange rate movements and other factors.

Business fields

Commercial facility business

Daitobo's commercial facilities are the go-to place for pleasant lifestyles. We will offer enriched living space based on our vision of "creating space that delights our customers."

- Shopping malls
- Apartment and parking lot management



Health care business

In response to the aging population and rising health consciousness, the Company supports the healthy and comfortable life of customers with products drawing on our proprietary technology. Our strength lies in the high technological ability of the Group's domestic production bases.

- Health-promoting textile materials-related
- Home-use medical devices
- Health-promoting foodstuffs ● General bed and bedding



Textile and apparel business

Daitobo will satisfy the diverse needs of our customers, from apparel fashion to uniforms, based on its vision of "creating products that delight our customers."

- OEM operations for apparel products
- OEM operations for gender-free products
- Uniforms for both official and civilian users



Corporate Overview/Status of Shares (as of March 31, 2021)

Corporate Overview

Established	February 27, 1896
Capital stock	¥100,000,000
Place of business	
Head Office	6-1 Nihonbashihoncho 1-chome, Chuo-ku, Tokyo, Japan +81-3-6262-6565
Nagoya Sales Department	17-9 Honmachi 4-chome, Ichinomiya-shi, Aichi, Japan +81-586-23-4811
Osaka Sales Department	5-7 Honmachi 2-chome, Chuo-ku, Osaka, Japan +81-6-6267-6655 +81-6-6262-8322
Group companies	Daitobo Estate Co., Ltd. (Shizuoka) Niigata Daitobo Co., Ltd. (Niigata) DAITOBOSHOKU (SHANGHAI) CORPORATION (China)

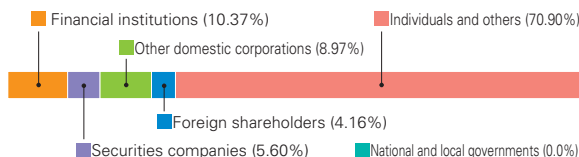
Status of Shares

Total number of shares authorized to be issued	96,000,000 shares
Total number of shares issued	30,000,000 shares
Total number of shareholders	13,629

Principal Shareholders (Top 10)

Shareholder name	Number of shares held (Thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	844	2.82
First Brothers Co., Ltd.	682	2.27
JPMBL RE NOMURA INTERNATIONAL PLC 1 COLL EQUITY	567	1.89
SEED INC.	501	1.67
Developer Sanshin inc.	500	1.67
Custody Bank of Japan, Ltd. (Trust account 5)	474	1.58
Custody Bank of Japan, Ltd. (Trust account 6)	430	1.43
Daiwa Securities Co. Ltd.	374	1.25
Shinyo Co., Ltd.	280	0.93
Custody Bank of Japan, Ltd. (Trust account 2)	265	0.88

Breakdown of Shares by Type of Shareholder (Shareholding ratio)



Note: Shareholding ratio is calculated excluding treasury stock (68,749 shares).

Members of the Board of Directors (as of June 28, 2021)

Directors
(excluding Directors
serving as Audit
and Supervisory
Committee
Members)

President and Representative Director	Kazuhiro Yamauchi
Director and Managing Executive Officer	Shogo Mieda
Director and Executive Officer	Shiro Nomura
Outside Director	Shusaku Okumura
Outside Director	Toshiki Yamagata
Outside Director	Noriko Morota

Directors
serving as
Audit and
Supervisory
Committee
Members

Director (Audit and Supervisory Committee Member) Outside Director	Yuji Kakuma
(Audit and Supervisory Committee Member) Outside Director	Haruki Iinuma
(Audit and Supervisory Committee Member) Outside Director	Takashi Kagami
(Audit and Supervisory Committee Member) Outside Director	Shogo Hirai



Shusaku Okumura Shogo Mieda Toshiki Yamagata
Noriko Morota Kazuhiro Yamauchi Shiro Nomura



Takashi Kagami Shogo Hirai Haruki Iinuma
Yuji Kakuma

Senior Executive Officer ———



Wataru Iida

Executive Officers ———



Hiroshige Aoki



Shinji Moriguchi

Information for Shareholders

Fiscal year	From April 1 to March 31 of the following year
Record dates for dividend of surplus	Year-end dividend March 31 Interim dividend September 30
Annual General Meeting of Shareholders	June every year
Administrator of shareholders' register (special account management institution)	4-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan Sumitomo Mitsui Trust Bank, Limited
Mailing address	8-4 Izumi 2-chome, Suginami-ku, Tokyo 168-0063, Japan Stock Transfer Agency Business Planning Dept., Sumitomo Mitsui Trust Bank, Limited 0120-782-031 (toll-free in Japan)
(For telephone inquiries)	
Method of public notice	Public notices by the Company shall be done by electronic means. However, in the event that accidents or other unavoidable reasons prevent public notice by electronic means, the notice will be posted in The Nikkei.

These documents have been translated from Japanese originals for reference purposes only.

In the event of any discrepancy between these translated documents and the Japanese originals, the originals shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translations.

(Securities Code 3202)

June 28, 2021

To Shareholders with Voting Rights:

Kazuhiro Yamauchi
President and Representative Director
Daitobo Co., Ltd.
1-6-1 Nihonbashihon-cho, Chuo-ku,
Tokyo, Japan

NOTICE OF RESOLUTIONS OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

We would like to express our appreciation for your continued support and patronage.

This is to inform you that following reports and resolutions were made at the 201st Annual General Meeting of Shareholders held on June 28, 2021.

Matters reported: The Business Report, Non-Consolidated Financial Statements, and Consolidated Financial Statements for the Company's 201st Fiscal Year (April 1, 2020 - March 31, 2021) and results of audits by the Accounting Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements

The Business Report, Non-Consolidated Financial Statements, Consolidated Financial Statements, and results of audits of the Consolidated Financial Statements above were reported.

Matters resolved: Proposal 1: Election of Six (6) Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)

The six (6) candidates for Directors (excluding Directors serving as Audit and Supervisory Committee Members), Messrs. Kazuhiro Yamauchi, Shogo Mieda, Shiro Nomura, Shusaku Okumura, Toshiki Yamagata, and Ms. Noriko Morota were elected and appointed as originally proposed.

Proposal 2: Election of One (1) Director Serving as Audit and Supervisory Committee Member

The candidate for Director Serving as Audit and Supervisory Committee Member, Mr. Shogo Hirai, was elected and appointed as originally proposed.

Proposal 3: Renewal of Measures to Respond to a Large-scale Purchaser of the Company's Share Certificates, etc. (Takeover Defense Measures)

This proposal was approved as originally proposed.

IR Information

Please visit the Company's website with IR information such as summary of financial results and securities report, as well as the latest financial information and matters for timely disclosure.

<http://www.daitobo.co.jp/ir/>



Daitobo Co., Ltd.

<http://www.daitobo.co.jp/>

For inquiries regarding this report, please contact: Business Management Headquarters TEL: +81-3-6262-6565