

Business Results for the Second Quarter of Fiscal 2020



DAIICHI JITSUGYO CO., LTD.

Ichiro Uno
President & CEO

(Securities Code : 8059)

November 20, 2020

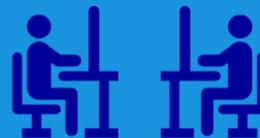
Data and projections contained in this material are based on the information available at the time of publication, and various factors could cause actual results to differ materially and adversely from those presented in such forward-looking statements. These statements are not guarantees and are subject to risks, uncertainties, and changes in circumstances that are difficult to predict.



Holding web-based seminars and exhibitions



Remote video inspection of equipment at shipping



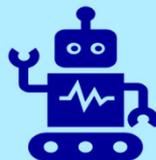
Virtual meetings with business partners



Virtual in-house training sessions



Utilization of digital data



Labor-saving in operations



From paper to electric records (going paperless)



Disaster countermeasures

We will contribute to realization of sustainable society, exploring new business opportunities under the new normal.

Contents

- 1. Outline of Business Results
for the Second Quarter of FY2020**
 2. Segment Information
 3. FY2020 Earnings Forecast
 4. Medium-term Business Plan
 5. Dividend
- (Appendix)

Summary for the Second Quarter of FY2020

- ◆ Financial results outperformed previous forecasts due to steady sales-recording and a cutback of expenses, whereas business activities were severely constrained.
- ◆ Business performance driven by Plant & Energy Business, where the lithium-ion battery (LIB) manufacturing equipment-related field stayed solid.
- ◆ Healthcare Business got off to a good start, by obtaining orders in new business fields.

Consolidated Financial Results for the Second Quarter

(Millions of Yen)

	FY2019(Q2) Results	FY2020(Q2) Previous forecasts	FY2020(Q2) Results	Change from FY2019(Q2)	Change from Previous forecasts
Orders received	86,084	—	63,749	△25.9%	—
Net sales	79,173	67,000	68,041	△14.1%	+1.6%
Operating income	3,595	1,600	2,722	△24.3%	+70.2%
Ordinary income	3,748	1,800	3,037	△19.0%	+68.7%
Profit attributable to owners of parent	2,620	1,300	2,026	△22.7%	+55.9%
Earnings per share	245.45Yen	121.58Yen	189.51Yen	△55.94Yen	+67.93Yen

Summary of Changes in Second Quarter Profit



FY2019
(Q2)
Profit

FY2020
(Q2)
Profit

2,620

$\Delta 1,520$
($\Delta 12.8\%$)

+647
(**+7.8%**)

+162
(**+106.7%**)

$\Delta 65$
($\Delta 851.0\%$)

+177
(**+15.7%**)

2,026

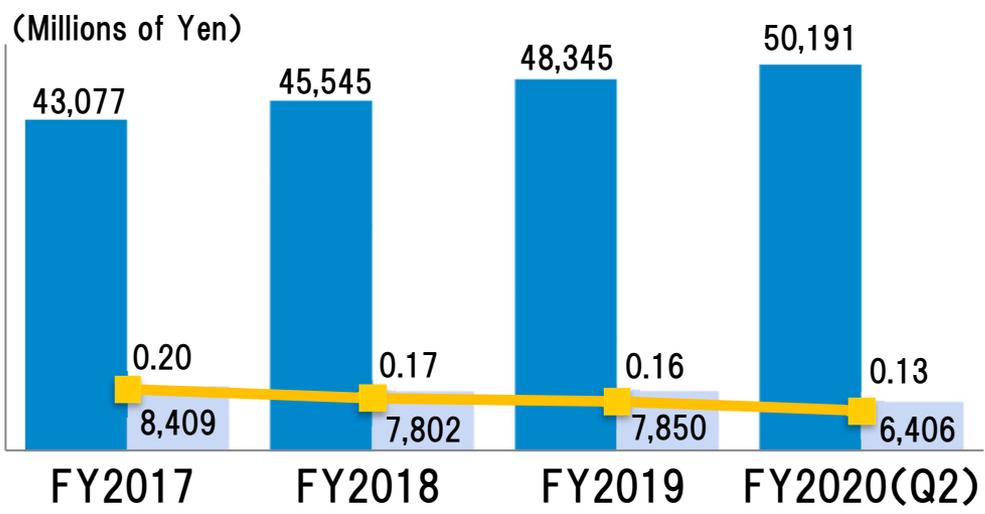
1,300
(Previous
forecast)

FY2020 second quarter saw a decrease in profit year-over-year, due to decrease in gross profit and increase in extra-ordinary loss, whereas the resulting profit outperformed our previous forecast.

Financial Position

Shareholders' equity Interest-bearing debt DER(times)

(Millions of Yen)

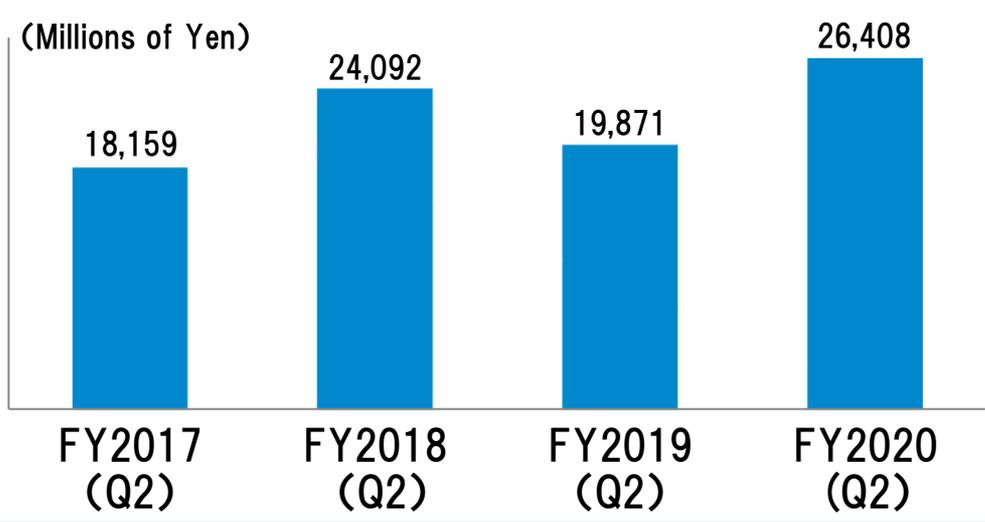


	FY2019	FY2020 (Q2)	Change from FY2019 (Q2)
Shareholders' equity	48,345	50,191	+1,845
Interest-bearing debt	7,850	6,406	△1,444
DER	0.16	0.13	△3point

(Shareholders' Equity Ratio : 45.4%)

Cash & cash equivalents at the second-quarter end

(Millions of Yen)



	FY2019(Q2)	FY2020(Q2)
CF from operating activities	△424	7,018
CF from investing activities	△884	△1,385
CF from financial activities	401	△2,205
Cash & cash equivalents	19,871	26,408

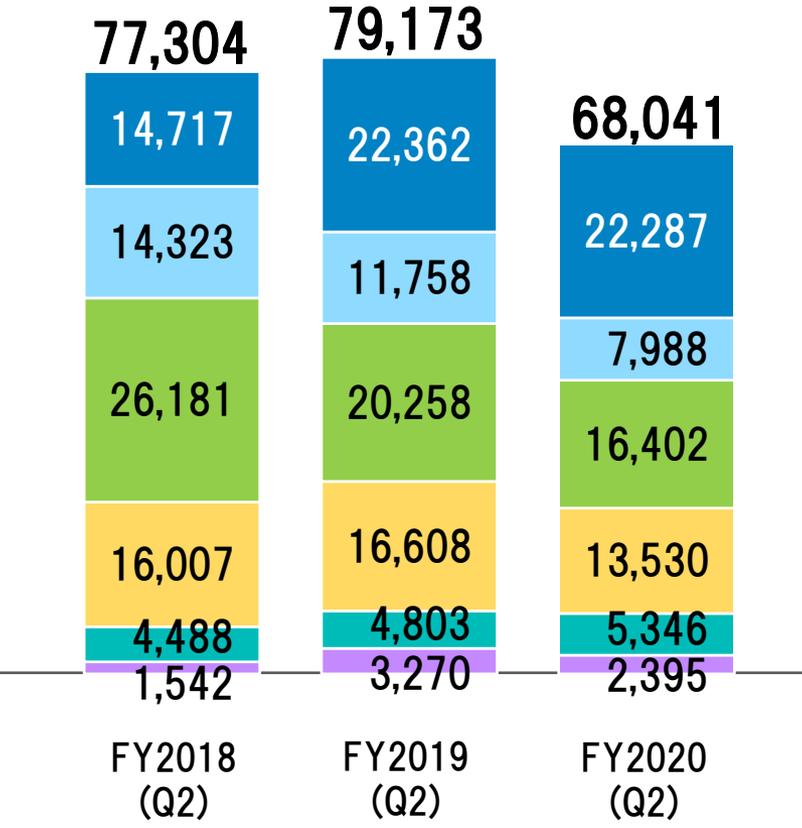
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Segment Information (Net Sales, Operating Income)

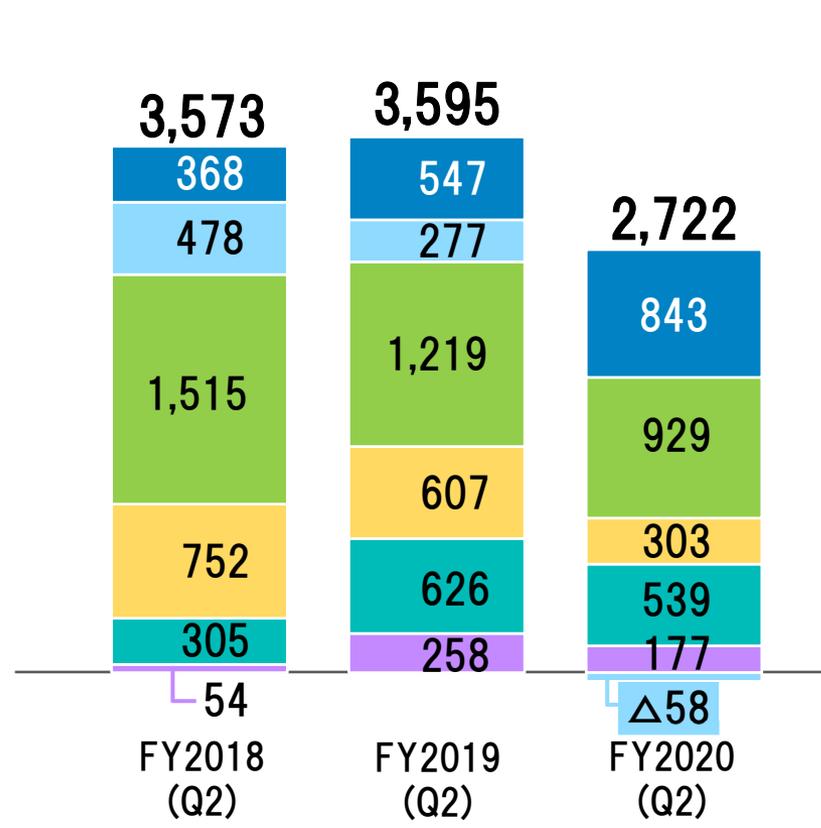
Net Sales

(Millions of Yen)



Operating Income

(Millions of Yen)



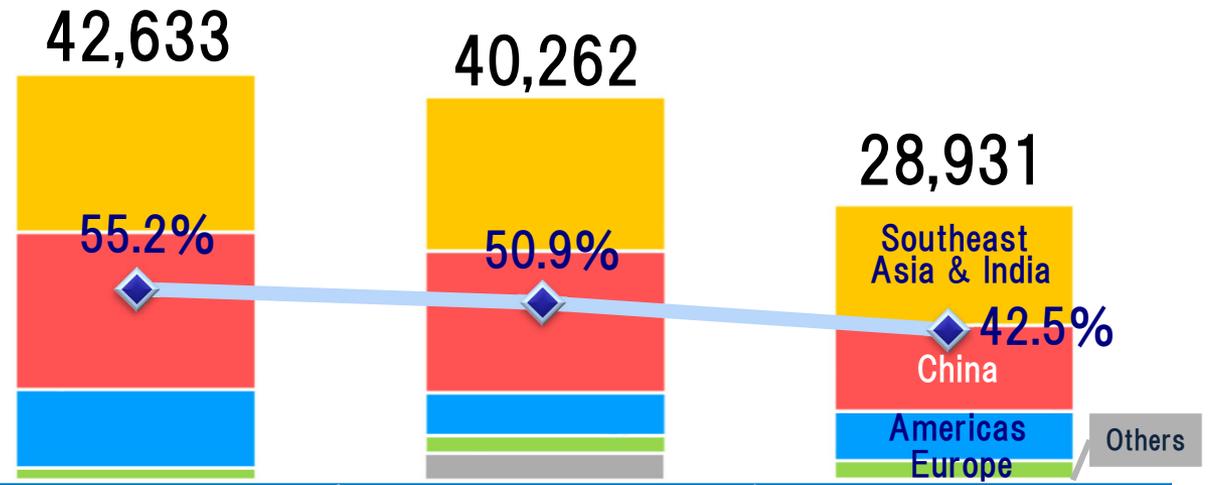
■ Plant & Energy
 ■ Industrial Machinery
 ■ Electronics
 ■ Automobile
 ■ Healthcare
 ■ Aviation

(Note) Operating income includes adjustment values.

Overseas Sales

(Millions of Yen)

- Southeast Asia & India
- China
- Americas
- Europe
- Others
- ◆ Ration of Overseas Sales



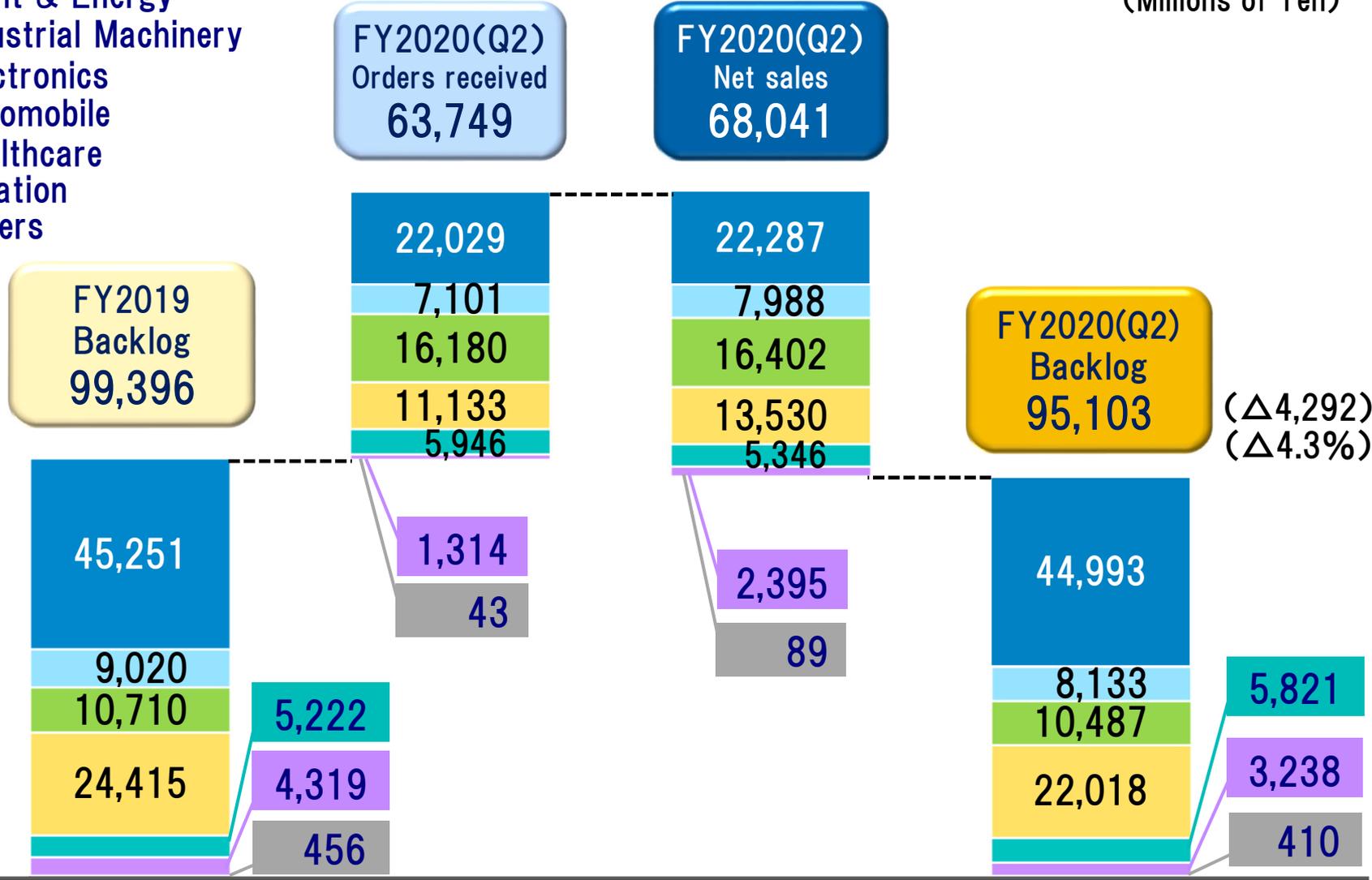
	FY2018(Q2)		FY2019(Q2)		FY2020(Q2)	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
Southeast Asia & India	16,586	38.9%	16,206	40.3%	12,651	43.7%
China	16,527	38.8%	14,891	37.0%	9,050	31.3%
Americas	8,192	19.2%	4,467	11.1%	5,148	17.8%
Europe	1,275	3.0%	1,864	4.6%	1,971	6.8%
Others	51	0.1%	2,832	7.0%	109	0.4%
Total overseas sales	42,633	100.0%	40,262	100.0%	28,931	100.0%
Quarterly total sales	77,304		79,173		68,041	
Ratio of overseas sales	55.2%		50.9%		42.5%	



Orders Received and Backlog by Segment

(Millions of Yen)

- Plant & Energy
- Industrial Machinery
- Electronics
- Automobile
- Healthcare
- Aviation
- Others



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- ◆ **Business climate is on its way to recovery, but the future is still unpredictable. Projections for business performance recovery time will be in fiscal 2021 onwards.**
- ◆ **The Plant & Energy Business will drive overall business performance, where there is a high demand in LIB manufacturing equipment.**
- ◆ **The Electronics Business will focus on the Chinese market, where there is an increasing demand in a wide range of fields.**

FY2020 Initiatives by Segment (Fields/Markets)

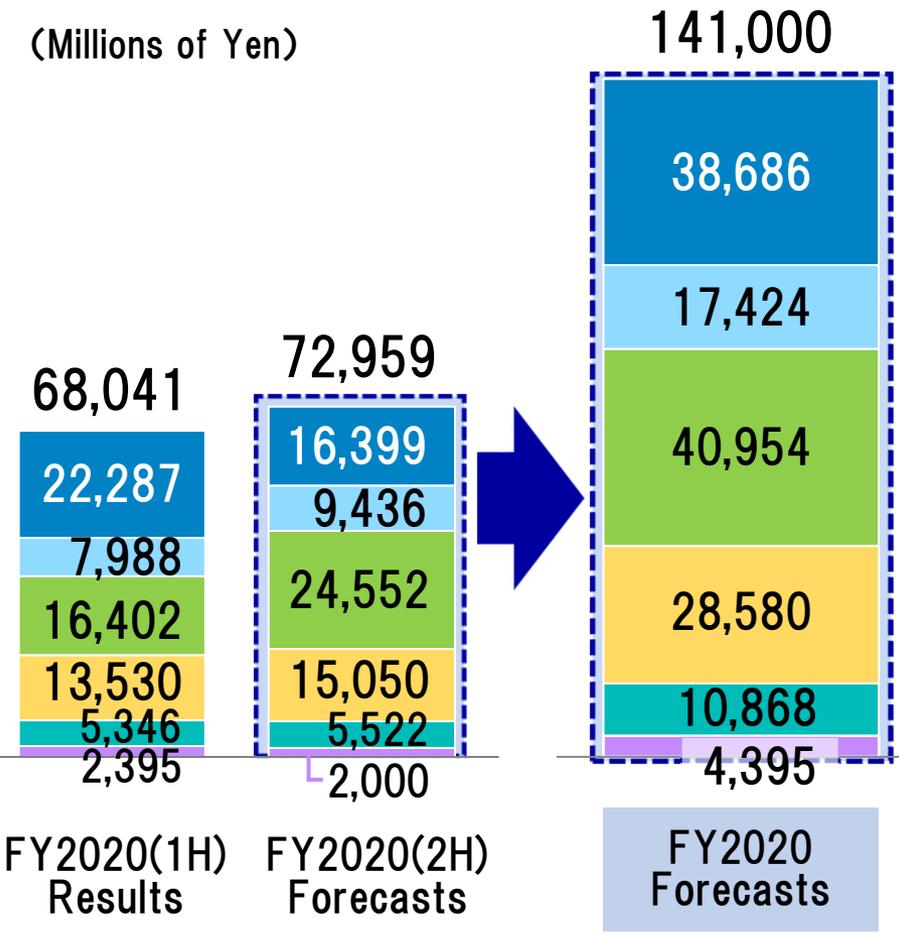
	Japan	Southeast Asia & India	China	Americas	Europe
Plant & Energy Business	◎ (Binary power generation)	○ (LIB)	◎ (LIB)	○ (LIB)	◎ (LIB)
Industrial Machinery Business	○ (Housing & construction equipment, logistic materials)	○ (Medical equipment, office appliances)	○ (Food packaging, communications)	○ (Medical equipment)	
Electronics Business	◎ (Automotive electronics) ○ (Security)	◎ (Communications)	◎ (Communications) ○ (Semi-conductors)		
Automotive Business	○ (Electric vehicles (EVs), hybrid vehicles (HVs), self-driving)		◎ (EVs, HVs, self-driving)	◎ (EVs, HVs, self-driving)	
Healthcare Business	◎ (Liquid form, dietary supplements, medical devices)				
Aviation Business	○ (Disaster preparedness, fire-fighting, security)				

◎: Growth field ○: Focus field

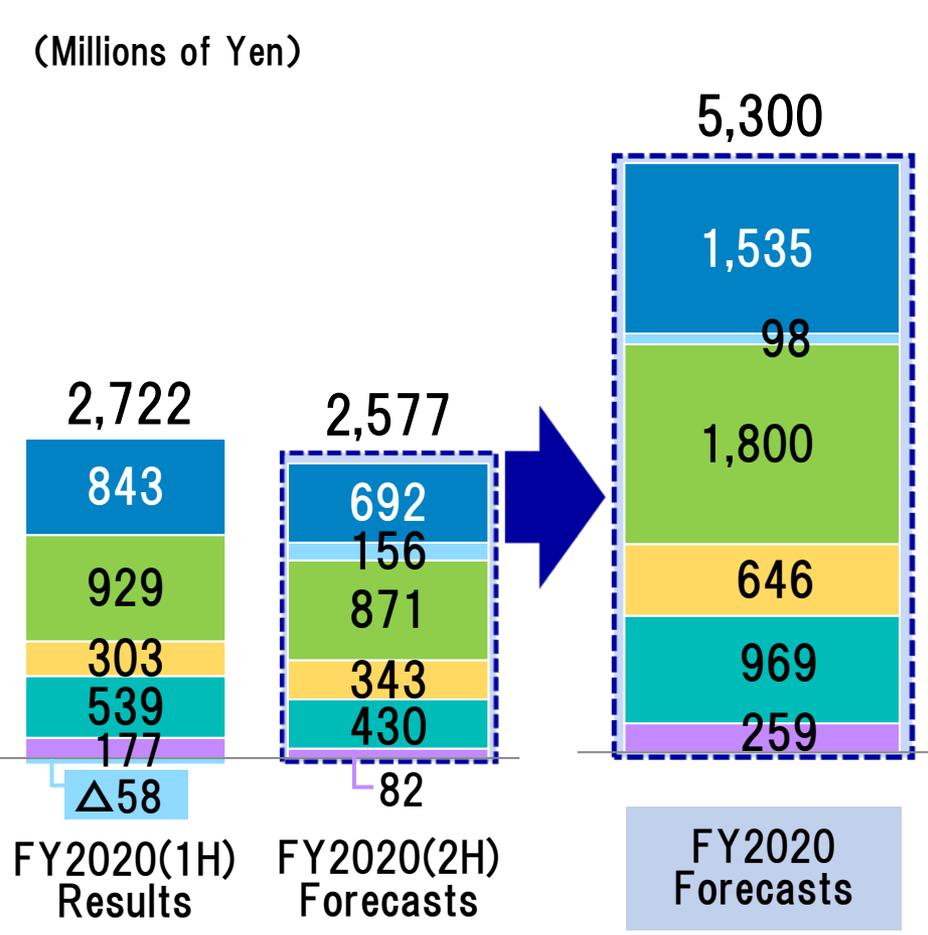
FY2020 Forecast of Net Sales & Operating Income by Segment



Net Sales



Operating Income



■ Plant & Energy
 ■ Industrial Machinery
 ■ Electronics
 ■ Automobile
 ■ Healthcare
 ■ Aviation

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FACE2021

Facing difficulties, Accelerate growth, Create value and Evolute quality.

We aim to further enhance profitability through evolution of our domain-based management system, such as integration of sales and technical services and new values creation by cooperation among business domains.

Quantitative Targets

(Millions of Yen)

	Fiscal 2021
Net sales	* 185,000 (200,000)
Operating income	8,300
Ordinary income	8,500
Profit attributable to owners of parent	5,700
ROE	10.0% or higher

*The sales target for fiscal year 2021 is shown on a net basis by applying the new revenue recognition standard.
The sales target on a gross basis is also presented for reference in brackets ().

Qualitative Targets

I. Evolution of domain-based management system to closely reflect today's market conditions, and further enhancing profitability

1. Aim for a dramatic expansion in the automotive business.
2. Enhance our added value by integrating sales and technical services.
3. Bring out new values through the overlapping of different businesses. (cross-points)
4. "Think globally, act locally" while keeping in mind the importance of "area."
5. Further develop local personnel to be active in the workforce, and aim for management to be conducted mainly by local personnel.

II. Strengthening the driving force of management

The Company strives for dynamic management by strengthening its business planning abilities and effectively utilizing its management resources.

(Considering the methods of M&A and forming alliances with companies.)

1. Make the "Investment Management Reviewing Committee" function as one of the bodies of risk management.
2. Create success stories from the "AI & IoT Committee" as the body for leading technology research.
3. Implement "Reform of the Personnel Management System" to respond to diversity.
4. Establish a new comprehensive supporting organization for group companies.

III. Enhancement of corporate quality

1. Thoroughly enact compliance and reinforce corporate governance.
2. Promote activities from the point of view of ESG.



1 Evolution of businesses axis to closely reflect today's market conditions, and further enhancing profitability

Enhance our added value by integrating sales and technical services.

- Newly established Engineering Center



2 Enhancement of corporate quality

Enhancement of fairness and transparency, and reinforcement of corporate governance

- Newly established Governance Committee, the majority of members being independent outside directors.



Reinforcement of promotional selling of products which contribute to environmental load reduction

- Initiatives are being implemented to reduce greenhouse gas emissions.

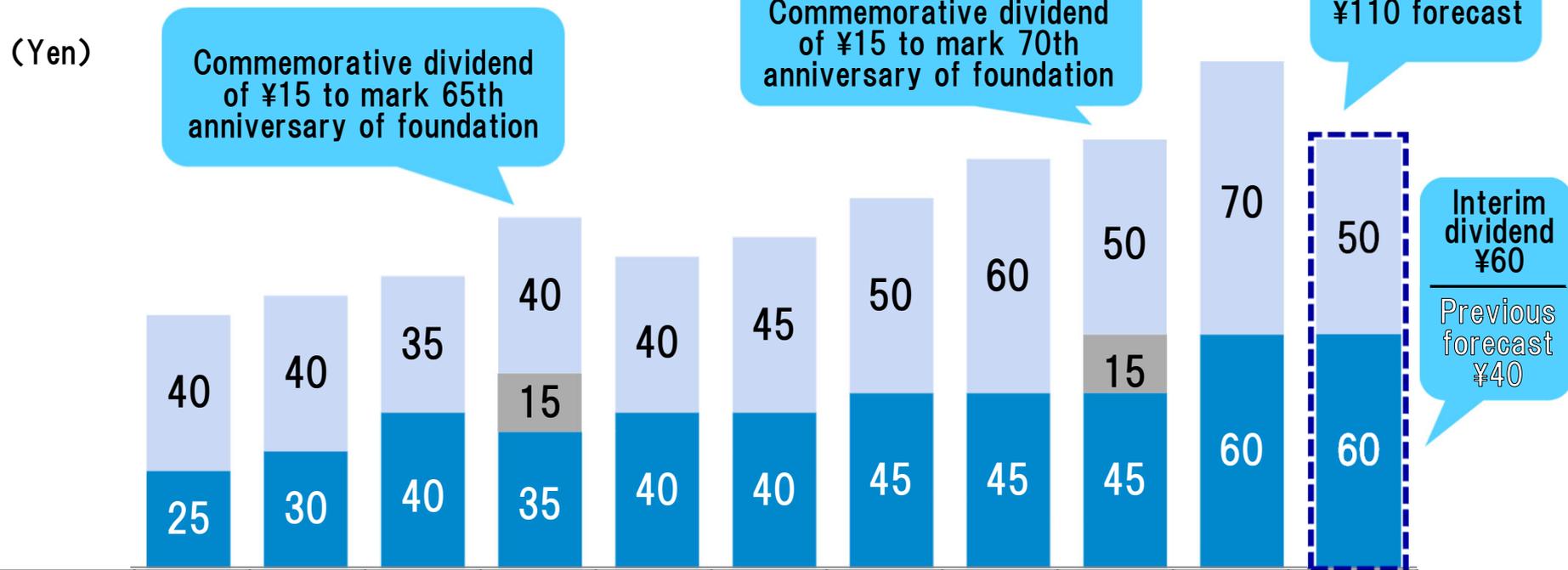
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Dividend and its Payout Ratio

Our policy is that we provide optimum dividend relative to our financial position and performance. We will effectively utilize the earnings retaining in our mid- to long-term perspective.

■ Interim dividend
 ■ Year-end dividend
 ■ Commemorative dividend



	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Dividend Payout Ratio: (%)Consolidated	27.7	27.7	25.9	38.8	29.4	34.5	30.4	23.7	26.3	28.5	(Forecast) 31.0

Effective October 1, 2017, the Company's common shares were consolidated on the basis of 1 new share for 5 old shares (1:5). Dividends before October 2017 have been retrospectively restated to reflect the share consolidation.

Thank you for your attention.

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DAIICHI JITSUGYO CO., LTD.

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1 Company Profile



2 Founding Spirit



3 DJK History
since
1948



4 Domestic & Overseas Network



5 Total Solution



6 Performance Review and Stock Price for Past 10 Years



7 Stock Information



8 CSR



Company Name

 **DAIICHI JITSUGYO CO., LTD.**

Founded

August 12, 1948

Stock Listings

The first section of the Tokyo Stock Exchange
(Securities code:8059)

Representative

Ichiro Uno (President & CEO)

Head Office
Location

Ochanomizu Sola City,
4-6, Kandasurugadai, Chiyoda-ku,
Tokyo 101-8222 Japan

Capital

¥5,105 Million

Net Sales
(consolidated)

¥1,615 Million (Fiscal 2020)

Core Business

Total supplier of industrial equipment

No. of Employees

1,231 (Consolidated) (As of September 30, 2020)

Consolidated
Subsidiaries

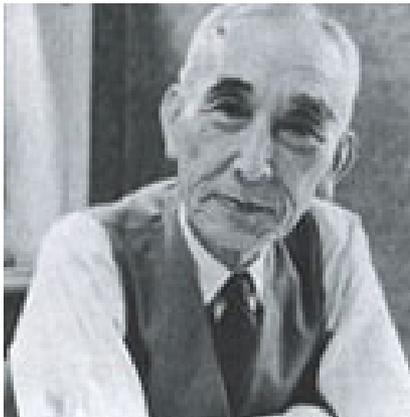
Domestic:3 Overseas:14 Total:17 (Equity-method Affiliate : 1)

No. of Offices

Domestic:7 Overseas:33 Demo Center:5



Head Office in Tokyo



Shojiro Kuramochi
The First President of DJK

After WWII, conglomerates which shared a monopoly were dismantled and competitive principles were introduced in the market. In 1948, DJK was founded by seven people, who were involved with one of these group (Asano Conglomerate).

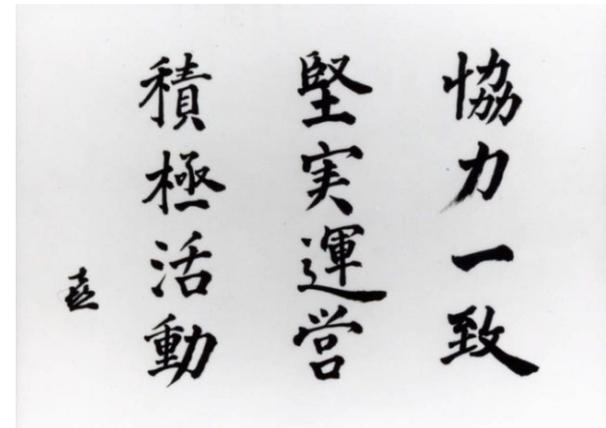
Mr. Shojiro Kuramochi who became the first company president was one of seven people. Founders named this company DAIICHI JITSUGYO and started out their operation as a firm exclusively in the machine business.

Mr. Kuramochi never allowed our company to participate in illegal transactions, which prevailed in those days across Japan. He instituted the trade policies listed below and thoroughly observed them.

1. Do business exclusively in the machine equipment trade
2. Deal with reliable companies
3. Build firm relationships with banks

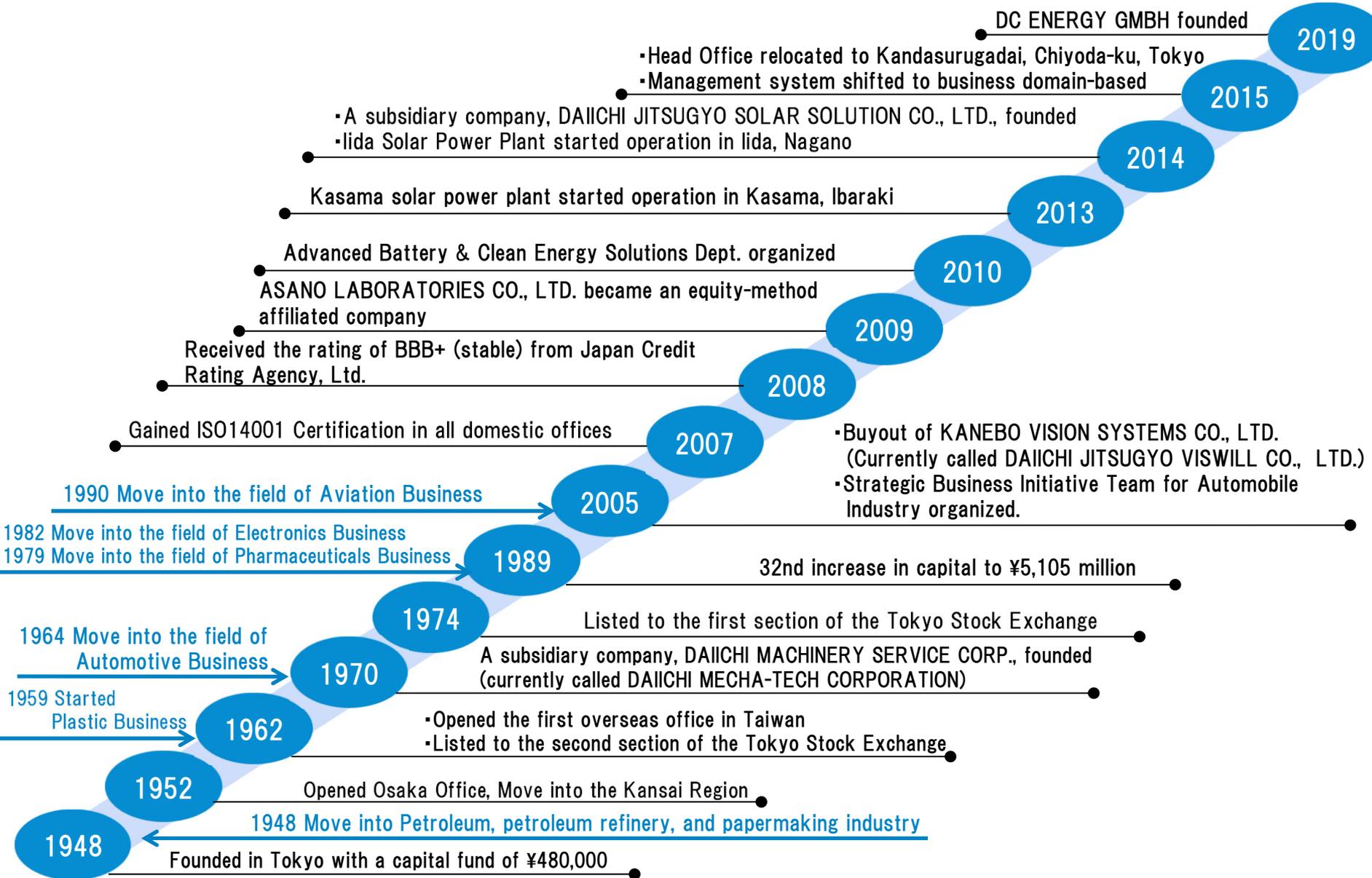
DJK continues doing a stable business with reliable business partners. As a result, DJK has gained their partners' trust and growth stably.

These policies are part of our corporate culture.



Our corporate principles instituted at the time of foundation: unified cooperation, sound management, and proactive corporate activity. For 70 years from foundation, they run through our corporate culture.

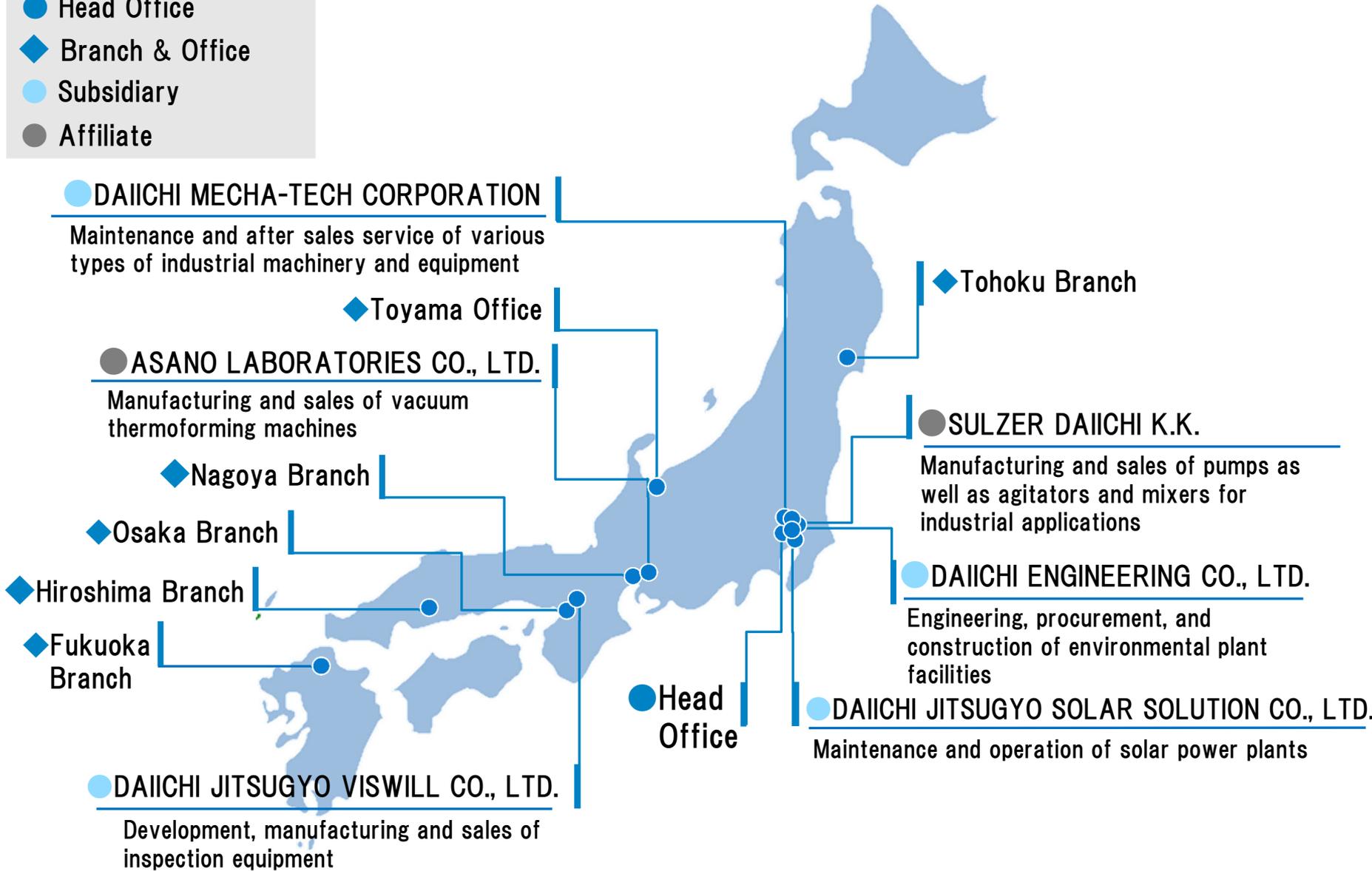
3 DJK History



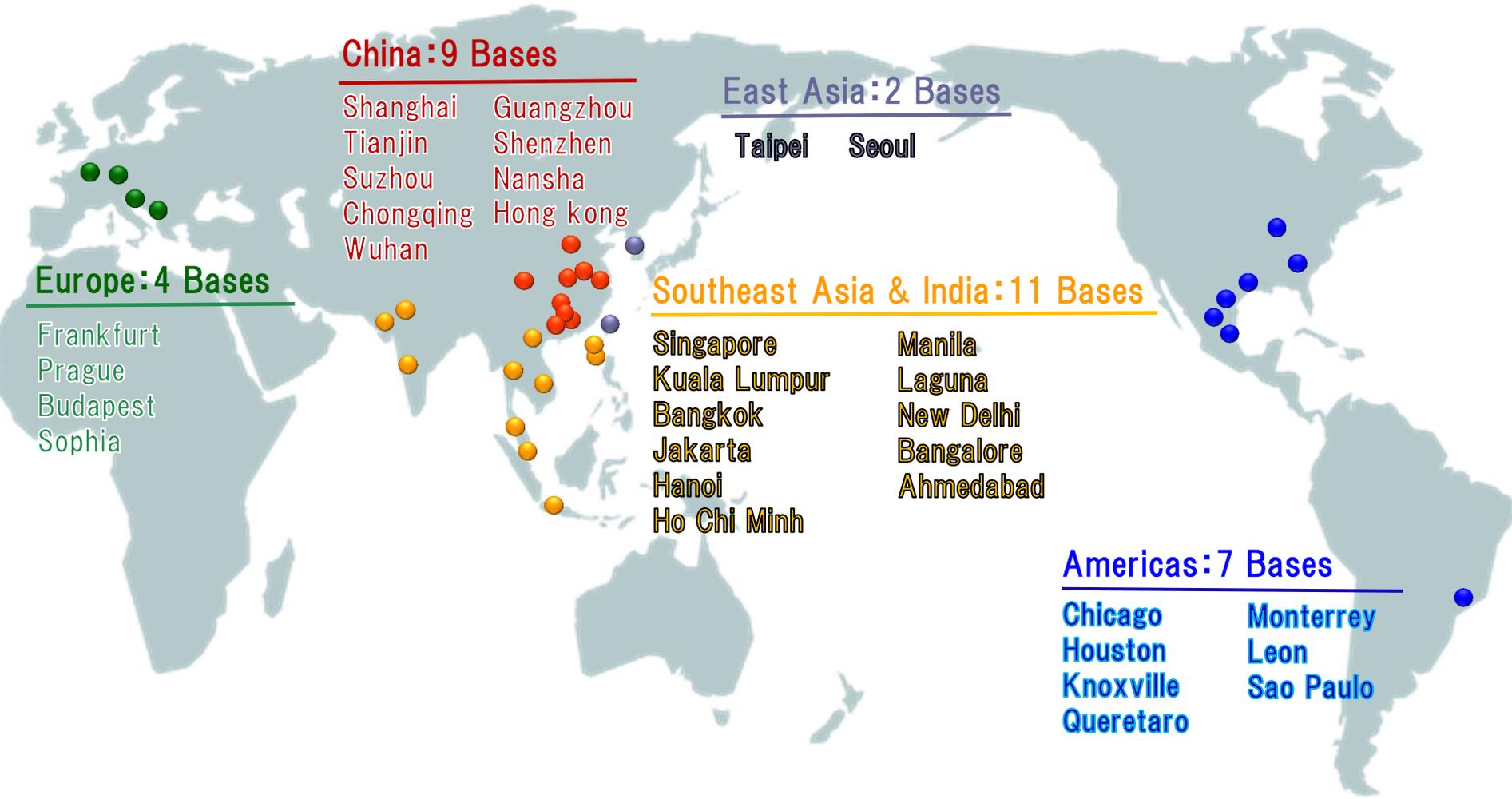
4 Domestic Network



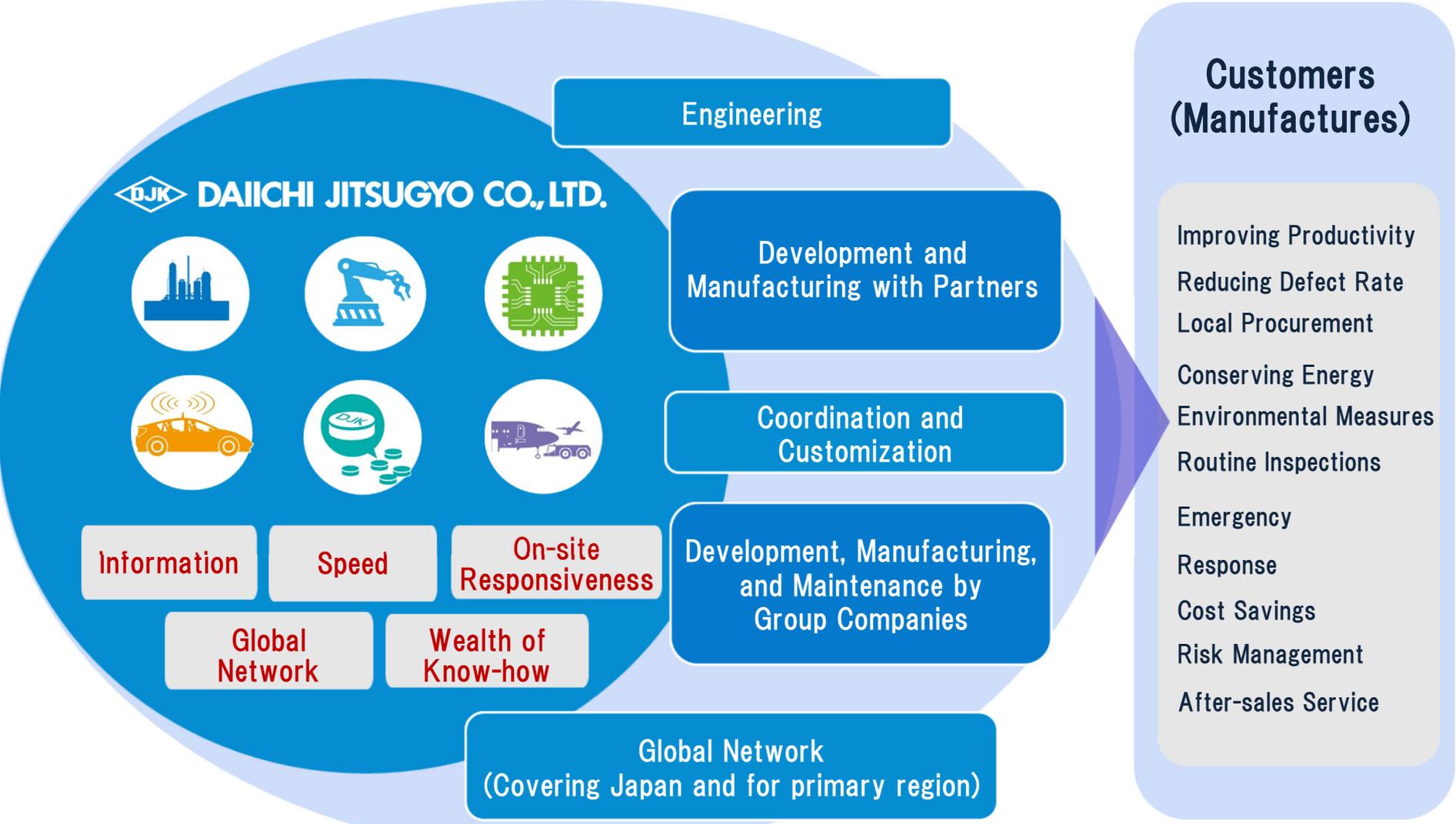
- Head Office
- ◆ Branch & Office
- Subsidiary
- Affiliate



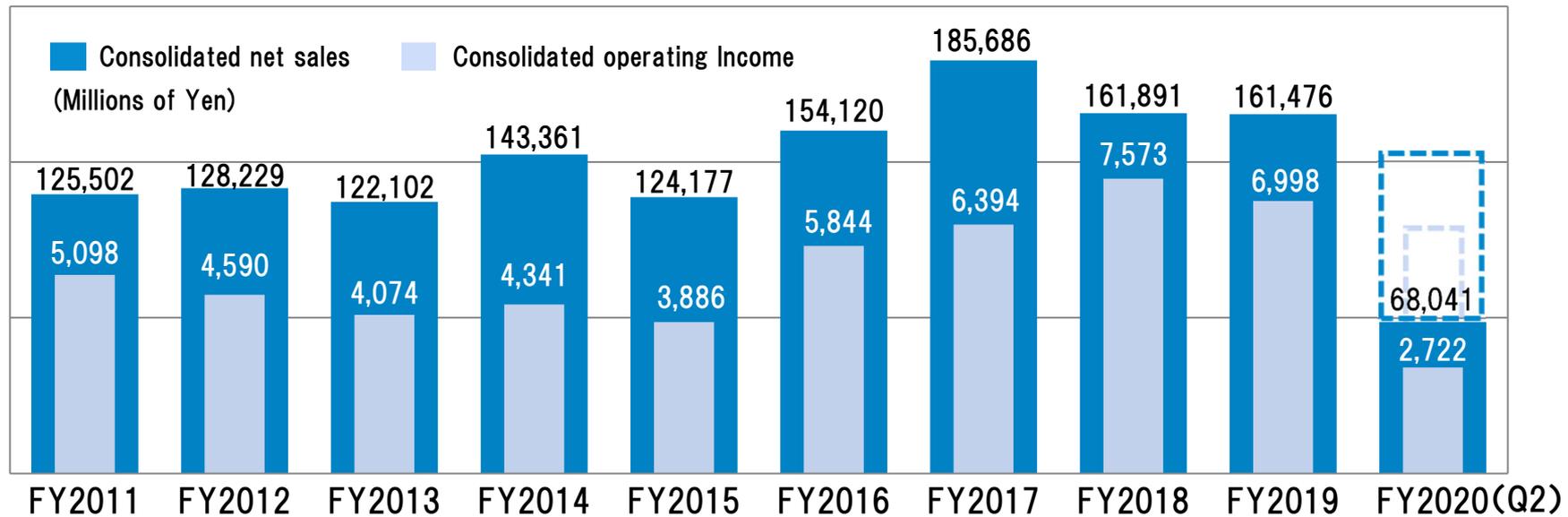
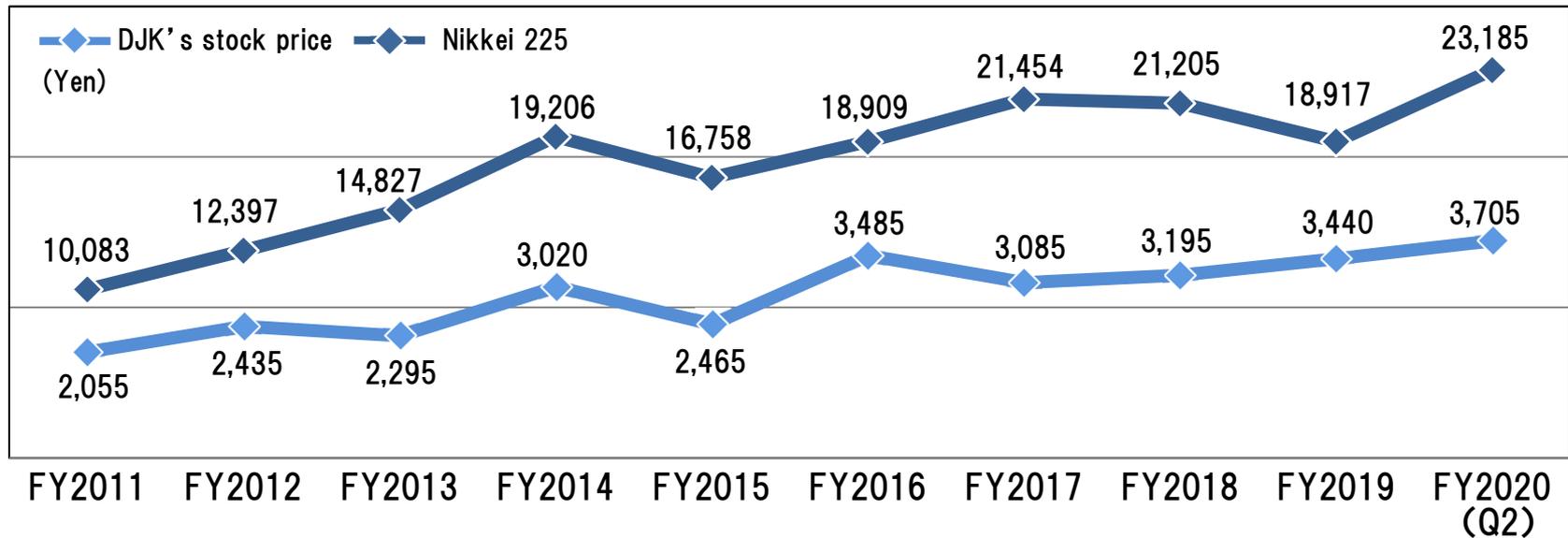
DJK has overseas offices at 33 locations in 17 countries.



Solution Provider Addressing Global Needs



6 Performance Review and Stock Price for Past 10 years

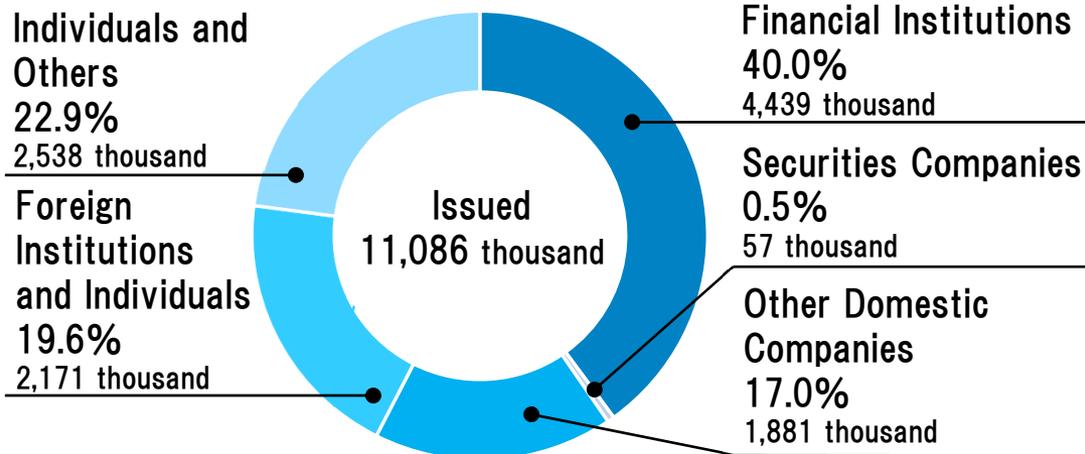


Common Stock

(As of September 30, 2020)

Authorized	32,000,000 shares
Issued	11,086,400 shares
Trading Unit	100 shares
Number of Shareholders	4,145

Distribution of Ownership among Shareholders



※ individuals and others include treasury stock. (3.6%)

Major Shareholders

Shareholders' name	Number of shares (1,000 shares)	Shareholding ratio (%)
Hikari Tsushin K.K.	744	6.96
The Master Trust Bank of Japan, Ltd.	741	6.93
Mizuho Bank, Ltd.	511	4.78
Sumitomo Mitsui Banking Corporation	511	4.78
Custody Bank of Japan, Ltd.	490	4.59
MUFG Bank, Ltd.	373	3.49

* Shareholding ratio is calculated based on the total number of shares issued, excluding treasury stock.

The DJK Group is committed to fulfilling its social responsibilities and maintaining its role as an industrial leader. Alongside our stakeholders, we are fully committed to the development of a sustainable global society.

Improving customer satisfaction through safe, high-quality products and services

Enhancing corporate governance building and strengthening internal control systems

Promoting sales of eco-friendly products

Improving shareholder value

Proactive information disclosure to stakeholders

Contribution to community society

Social Contribution Initiatives



Other social contribution initiatives

Donation to the Japanese Red Cross Society

In-house fundraising for disaster-hit area nationwide as well as worldwide

Foreign coins collection activity for the UNICEF

Donation of news bulletin boards to nearby elementary school

Human Resource Development

Training seminar for overseas employees

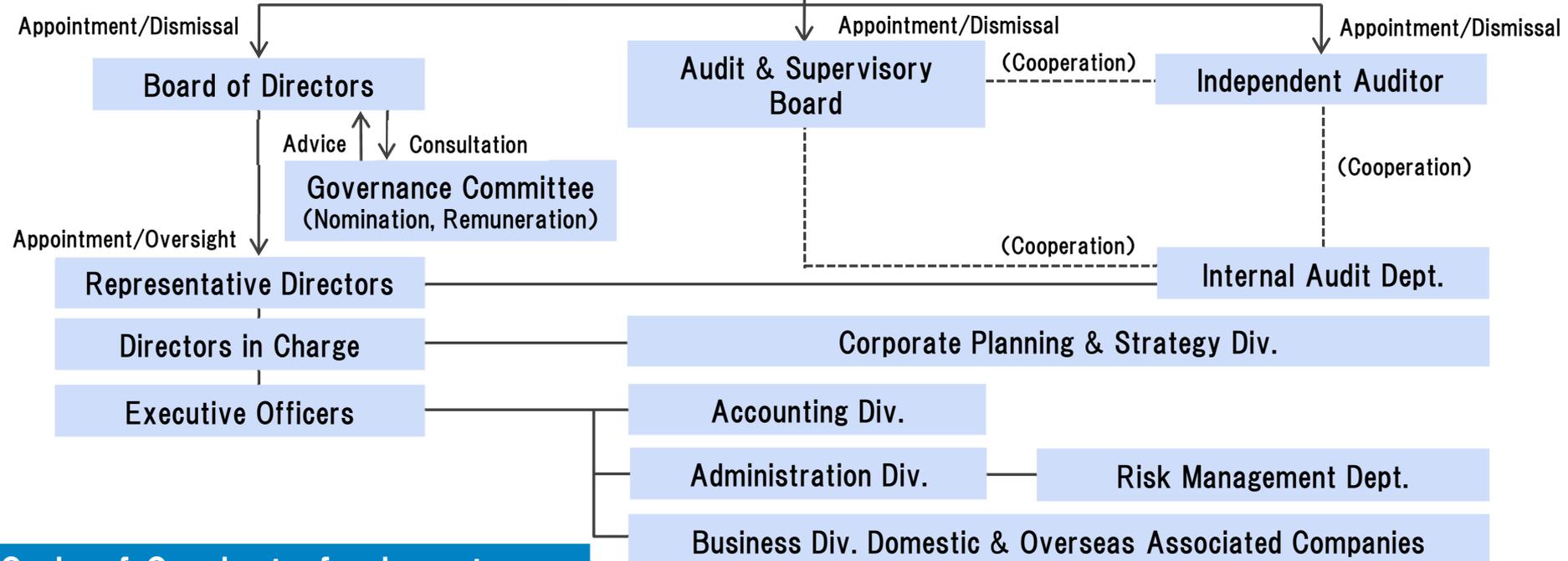


DJK Group has more than 1,200 employees, and a wealth of human resources supports our business activities. We offer training opportunities to local personnel overseas to aggressively promote superior human resources regardless of gender, nationality, and their social background. We are confident that a sense of group-wide unity and commitment to a corporate organization can be solidified by helping every local staffer understand his or her interest in DJK's corporate culture and the direction of its activities.

Corporate Governance System

General Meeting of Shareholders

As of October 1, 2020



Code of Conducts for Investors

Information disclosure
 Directors and employees will continue to deliver significant information for investment decision-making to investors in an accurate manner. Most of such information will be released in a manner that is easy for investors to understand.

Accurate recording
 Accurate recording of information is the basis for corporate disclosure. Therefore, we will record any business-related information correctly in adherence to applicable laws, ordinance and rules.

Emphasis on internal audit
 In an effort to protect investors' interests, we will seek to develop an internal audit system for checking the status of its business operations from a neutral perspective, and to make the system function properly.

Communication with investors
 We will continue affirming to investors that it will "give priority to ethics when its interest is found to be inconsistent with ethics" and to communicate to them that doing so will ultimately serve our interest.