

Business Results for the Second Quarter of Fiscal 2021



DAIICHI JITSUGYO CO., LTD.

**Ichiro Uno
President & CEO**

(Securities Code : 8059)

November 18, 2021

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.

[Greetings]

Although COVID-19 infections have subsided, there is still no end in sight to the pandemic. Nevertheless, we will accelerate our businesses while taking sufficient measures to prevent the spread of infection.

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**1. Outline of Business Results
for the Second Quarter of FY2021**

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FY2021 Earnings Forecast**

3. Dividend

◆ TOPIC The Engineering Center
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(Appendix)

[Outline of Business Results]

Regarding the second quarter financial results, although sales activities were impacted by the continued state of emergency and movement restrictions throughout the period, net sales and profits recorded an increase.

While the level of recovery varies with the business and area, the overall market is recovering and promising projects are also increasing.

In the future, we will devote further efforts to sales activities and recovering performance.

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Summary for the Second Quarter of FY2021

- ◆ **Net sales and profit increased period over period. The Group's performance is on the road to recovery.**
- ◆ **Overall performance driven by Electronics Business. Net sales and operating income in Electronics Business outperformed pre-COVID figures.**
- ◆ **Orders received increased period over period. Industrial and automotive businesses are on recovery track.**

[Summary for the Second Quarter of FY2021]

- ◆ Though below initial forecasts, both net sales and profits at each stage increased period over period, and the Group's overall performance is recovering. This was driven by the Electronics and Healthcare segments, with activity primarily in China.
- ◆ In Electronics, signage displays and electronic component mounting equipment related to communication devices for the Chinese market recorded strong performance, and the supply chain was competently managed. As a result, orders received and net sales during the period increased, boosting performance.
- ◆ The Electronics business greatly contributed to orders received, while the Industrial Machinery and Automobile businesses also recovered period over period.

Consolidated Financial Results for the Second Quarter

(Millions of Yen)

	FY2020(Q2) Results	FY2021(Q2) Previous forecasts	FY2021(Q2) Results	Change from FY2020(Q2)	Change from previous forecasts
Orders received	63,749	—	74,750	—	—
Net sales	68,041	83,000	68,585	—	△17.4%
Operating income	2,722	3,300	3,043	+11.8%	△7.8%
Ordinary income	3,037	3,500	3,251	+7.1%	△7.1%
Profit attributable to owners of parent	2,026	2,400	2,253	+11.2%	△6.1%
EPS	189.51Yen	224.48Yen	210.63Yen	+21.12Yen	△13.85Yen

(Note) The Company has adopted the "Accounting Standard for Revenue Recognition" etc. since the first quarter of the fiscal year ending March 31, 2022.

[Consolidated Financial Results for the Second Quarter, FY2021]

The slide summarizes the consolidated financial results for the second quarter of the current fiscal year.

In the second quarter, we started our business with our customers' capital investments expected to recover.

The deviation from the initial forecast for net sales is explained in the next slide.

Main Contributing Factors for less Net Sales than Initial Sales Forecasts

1. Adoption of the Accounting Standard for Revenue Recognition

Net Sales declined in Plant & Energy Business, due to the adoption of Accounting Standard for Revenue Recognition.

2. Even more transactions between group companies than initially expected.

Intercompany sales increased between the Japan parent company and a Chinese subsidiary, which were removed in consolidated financial statements.

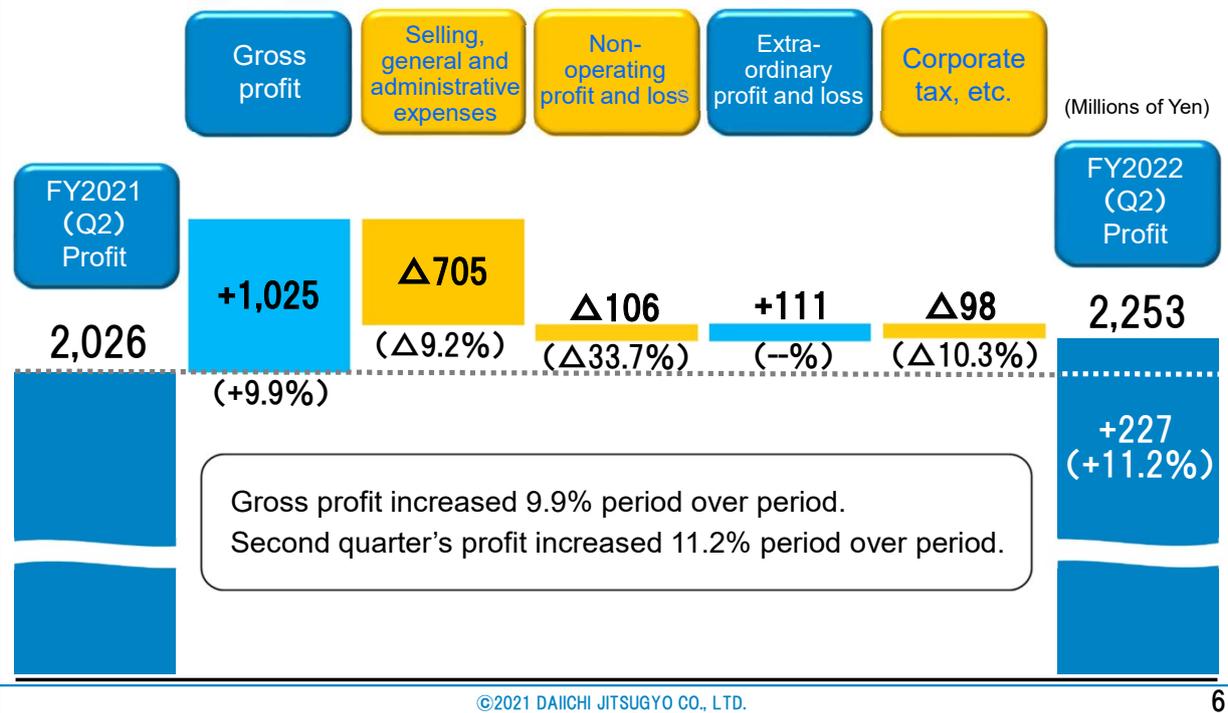
[Outline of Business Results, Main Contributing Factors for less Net Sales than Initial Sales Forecasts]

The decline in net sales is mainly due to the adoption of the “Accounting Standard for Revenue Recognition” for the Plant & Energy business.

In Electronics, sales through a Chinese subsidiary showed strong performance. However, compared to forecasts, this led to more transactions between group companies and a significant increase in intercompany sales, which were removed from the consolidated financial statements.

Additionally, the fact that there are on-site projects carrying over into the next period also had an impact.

Summary of Changes in Second Quarter Profit

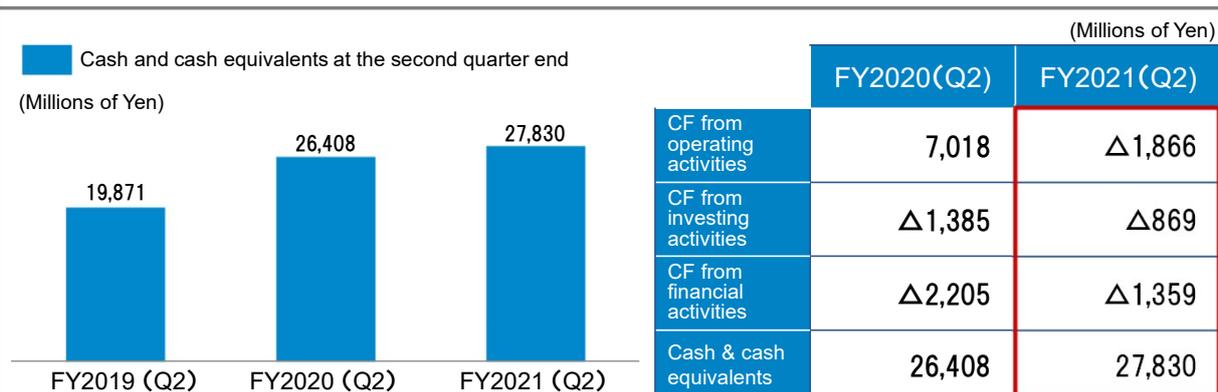
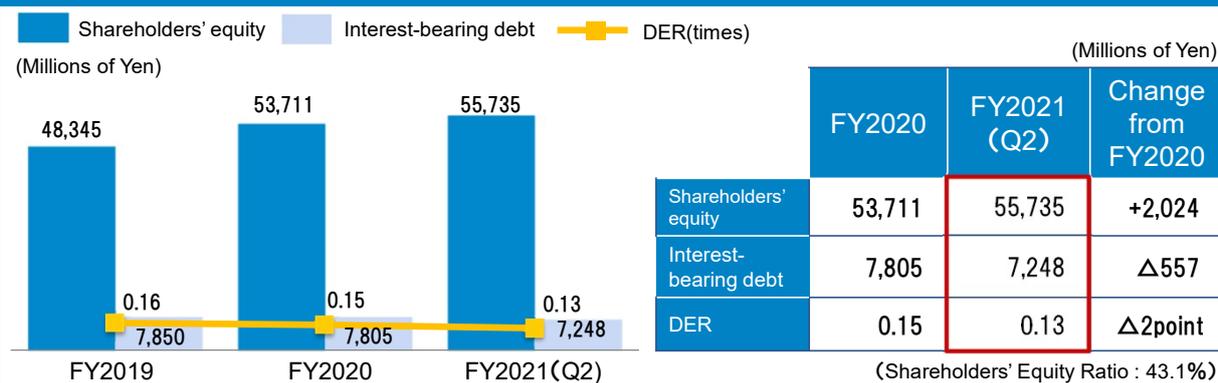


[Summary of Changes in Second Quarter Profit]

Gross profit increased 9.9% period over period.

Second quarter profit increased 11.2% period over period, driven by the increase in gross profit.

Financial Position (CF)



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[Financial Position]

Shareholders' equity increased by 2 billion yen to 55.7 billion yen, interest-bearing debt decreased by 550 million yen to 7.2 billion yen, DER improved by 2 points to 0.13 times, and the shareholders' equity ratio was 43.1%.

Regarding the cash flow, cash flow used in operating activities totaled 1.86 billion yen, due to a large increase in inventories though second quarter profit was recorded before adjusting for taxes.

Most inventories already have a determined sales destination and thus do not adversely impact future cash flows.

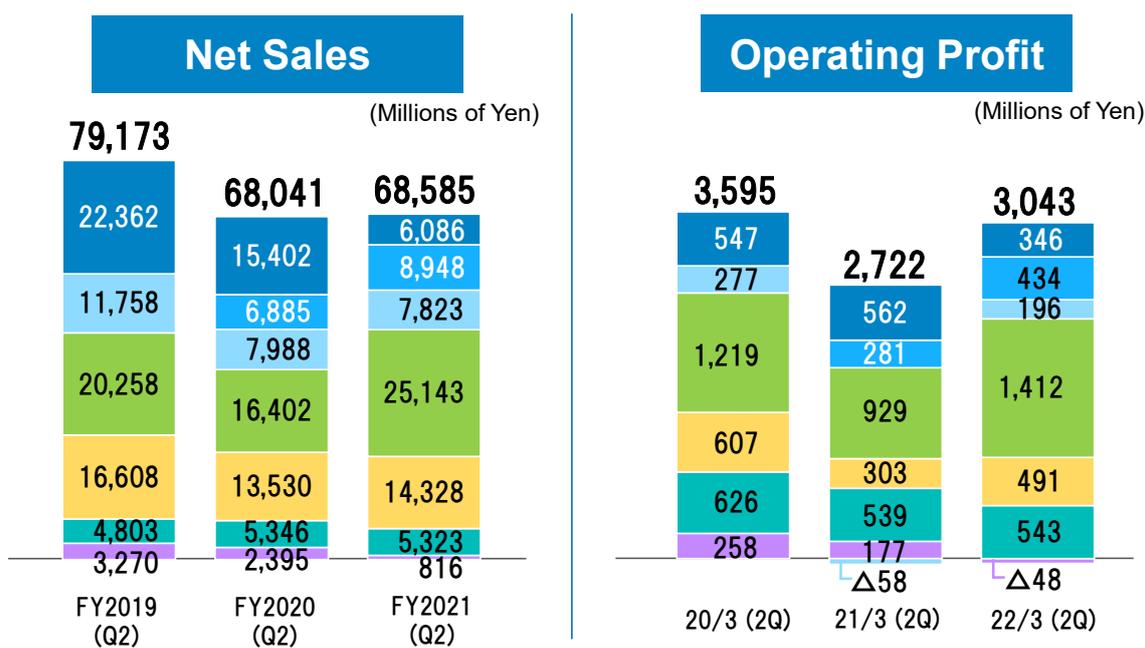
Cash flow used in investing activities totaled 860 million yen, due to the acquisition cost for investment securities.

Cash flow used in financing activities totaled 1.35 billion yen, due to repayment of short-term debt and payment of dividends.

As a result, cash and cash equivalents at second quarter end grew by 1.4 billion yen period over period to 27.8 billion yen.

In the second half, we will realize profits through cash-generating operating activities.

Segment Information (Net Sales, Operating Income)



(Note1) The Company has adopted the "Accounting Standard for Revenue Recognition" etc. since the first quarter of the fiscal year ending March 31, 2022.

(Note2) Operating income includes adjustment values.

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

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[Segment Information (Net Sales, Operating Income)]

Net sales and profits increased in the Energy Solutions, Electronics, and Automobile businesses.

■ Energy Solutions

Sales of lithium-ion battery manufacturing equipment contributed to performance.

■ Electronics

Net sales increased by 53% and operating income by 52% period over period. Net sales and operating income outperformed pre-COVID figures by 24% and 16%, demonstrating strong performance.

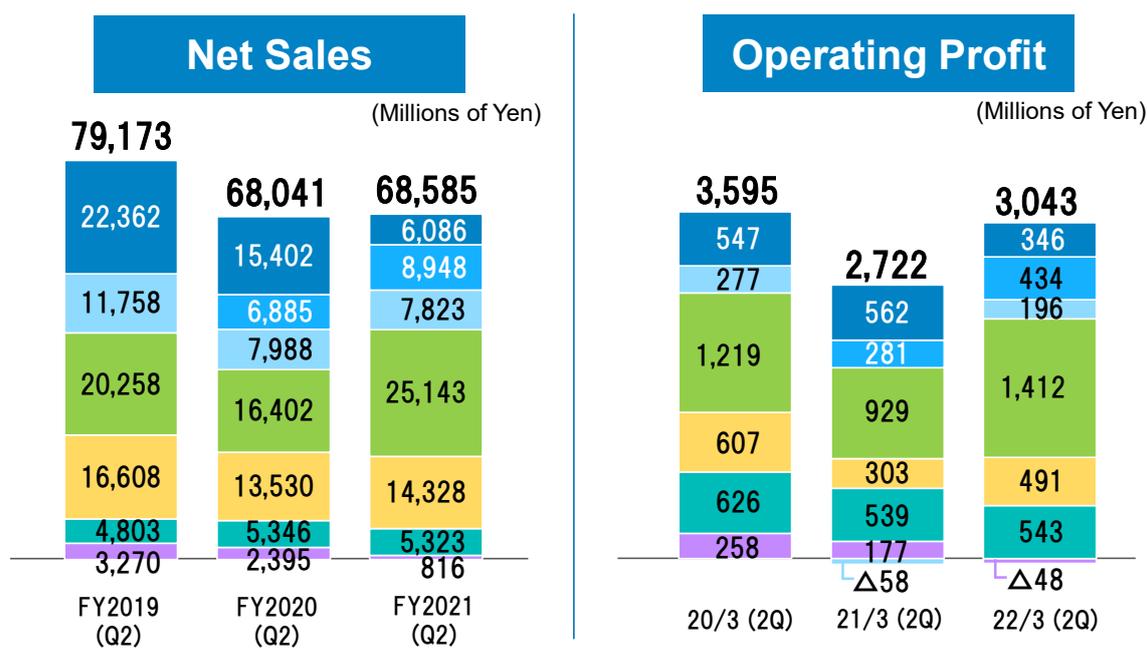
■ Automobile

There were multiple deliveries of painting line equipment in Japan and EV-related assembly equipment to China and the Americas.

■ Plant & Energy

Adoption of the Accounting Standard for Revenue Recognition caused net sales to decline more than expected. There were also few projects due to reduced demand for facility upgrades compared to last year, further decreasing net sales and profits.

Segment Information (Net Sales, Operating Income)



(Note1) The Company has adopted the "Accounting Standard for Revenue Recognition" etc. since the first quarter of the fiscal year ending March 31, 2022.

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[Segment Information (Net Sales, Operating Income)]

(Continued from previous page)

■ Industrial Machinery

Net sales were mostly flat while profits increased. Sales of plastic product- and food-related molding machines and peripherals decreased; however, overall profits increased thanks to improved profit margins in the Chinese market.

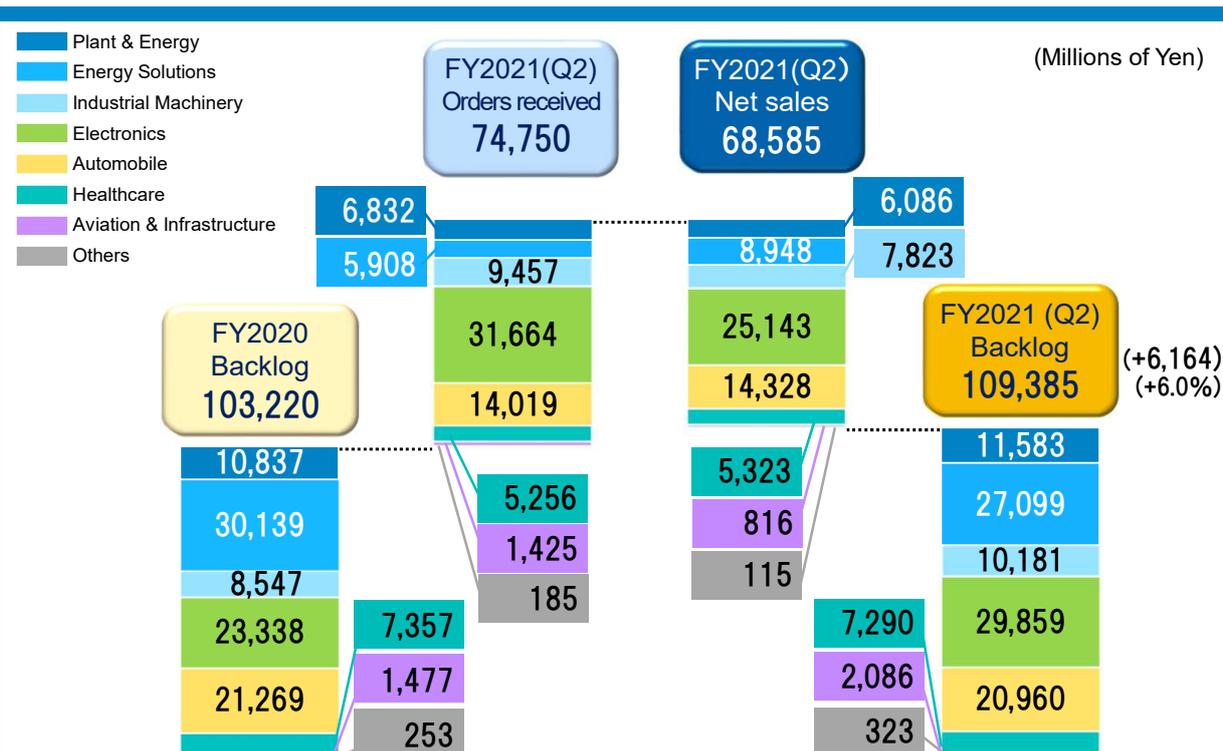
■ Healthcare

Net sales were mostly flat while profits increased. Providing added value based on strong engineering capabilities led to increased profits.

■ Aviation & Infrastructure

Due to COVID-19, this industry has remained stagnant and recorded highly unfavorable results.

Orders Received and Backlog by Segment



(Note) The Company has adopted the "Accounting Standard for Revenue Recognition", etc., including backlog at the end of FY2020.

[Orders Received and Backlog by Segment]

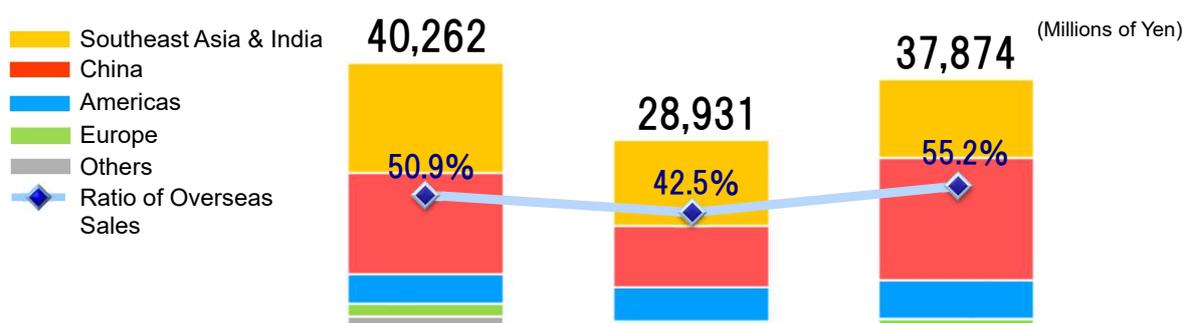
* The Accounting Standard for Revenue Recognition was retroactively applied to the order backlog at the end of FY2020.

In Electronics, we adequately captured Chinese demand for electronic component mounting equipment, securing many orders and increasing the backlog by 28% from the end of the previous period to 29.8 billion yen.

In Industrial Machinery, with favorable performance for food- and medical care-related orders, the order backlog increased by 19% to 10.1 billion yen.

The overall order backlog increased by 6% from the end of the previous period to 109.3 billion yen.

Overseas Sales (based on delivery destinations)



Delivery destinations	FY2019(Q2)		FY2020(Q2)		FY2021(Q2)	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
Southeast Asia & India	16,206	40.3%	12,651	43.7%	11,612	30.7%
China	14,891	37.0%	9,050	31.3%	18,013	47.6%
Americas	4,467	11.1%	5,148	17.8%	5,820	15.4%
Europe	1,864	4.6%	1,971	6.8%	2,420	6.3%
Others	2,832	7.0%	109	0.4%	7	0.0%
Total overseas sales	40,262	100.0%	28,931	100.0%	37,874	100.0%
Quarterly total sales	79,173		68,041		68,585	
Ratio of overseas sales	50.9%		42.5%		55.2%	

(Note) The Company has adopted the "Accounting Standard for Revenue Recognition" etc. since the first quarter of the fiscal year ending March 31, 2022.

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[Overseas Sales (based on delivery destinations)]

The markets driving sales were in China, the first nation to recover from COVID-19, and Europe and the Americas, which saw increased automobile and battery-related sales. Performance in these regions outperformed pre-COVID figures. The ratio of overseas sales increased by over 10 points period over period.

By region, China accounted for nearly 50%. On top of strong performance in Electronics, the Automotive business enjoyed active investment in EVs.

In Southeast Asia, the Electronics business saw robust demand for equipment by Korean and Taiwanese customers as production shifted from China, and investment in Thailand and Vietnam was also active. The Industrial Machinery business saw investments in Vietnam.

In the Americas, demand recovered for equipment related to automatic assembly lines, painting lines, and in-vehicle electronic component manufacturing in the Automotive business.

In Europe, sales of lithium-ion battery manufacturing equipment in the Energy Solutions business drove performance.

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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.

[Medium-term Business Plan, FACE2021]

We have half a year remaining, the final fiscal year of Medium-term Business Plan, FACE2021.

In May 2019, we got started with our Medium-term Business Plan, with these quantitative and qualitative targets presented in the slide. However, we predict the quantitative targets set for the final year cannot be achieved.

Medium-term Business Plan Final Year's Forecasts



	FY2021	FY2022 Forecasts		Change from revised forecasts		Medium-term business plan FACE2021	
	① Results	② Initial forecasts	③ Revised forecasts	Compared to FY2021 (③÷①)	Compared to initial forecasts (③÷②)	Disclosed on May 14th, 2019	Compared to FACE2021
(Millions of Yen)							
Net sales	140,029	179,000	152,000	—	△15.1%	185,000	△17.8%
Operating income	5,729	7,000	6,600	+15.2%	△5.7%	8,300	△20.5%
Ordinary income	6,464	7,300	6,900	+6.7%	△5.5%	8,500	△18.8%
Profit attributable to owners of parent	4,754	5,100	4,800	+1.0%	△5.9%	5,100	△5.9%

(Note) The Company has adopted the "Accounting Standard for Revenue Recognition" etc. since the first quarter of the fiscal year ending March 31, 2022.

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[Medium-term Business Plan Final Year's Forecasts]

The rightmost column of the table shows the targets for the final year of FACE2021, the second column (②) shows the forecasts made at the beginning of May this year, and the third column (③) shows the forecasts for this fiscal year, revised on November 5.

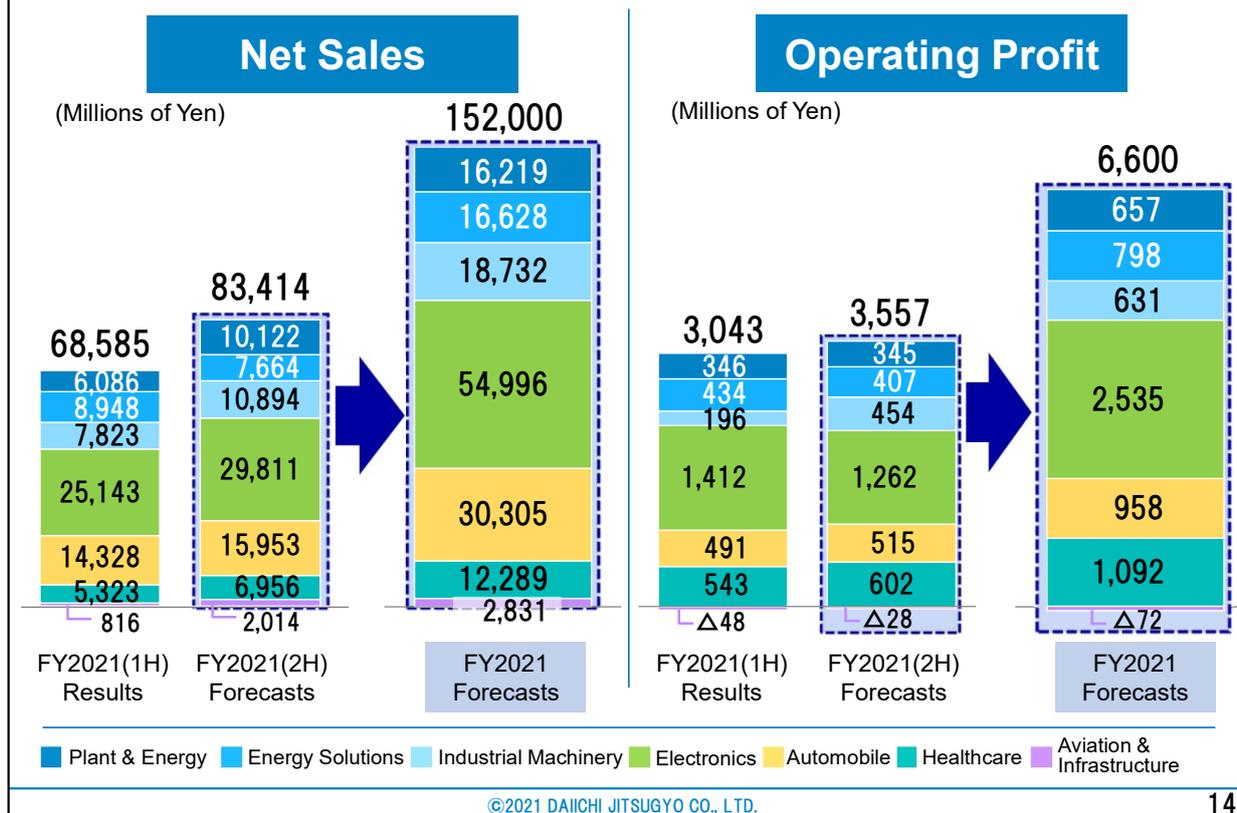
The forecasts for the current fiscal year are as follows: net sales 152 billion yen, operating income 6.6 billion yen, ordinary income 6.9 billion yen, and net income 4.8 billion yen.

The deviation in net sales from the medium-term business plan is mainly because the plans for the Industrial Machinery and Automotive businesses did not proceed as expected. Also, forecasts for the current period were revised due to the adoption of the Accounting Standard for Revenue Recognition and increase in sales with subsidiaries, which were removed from the consolidated financial statements.

In the full-year forecast, the decline in net sales is mainly because large-scale projects in the Energy Solutions business will carry over to the next period. In terms of profits, the decrease in net sales will likely have a limited impact, and with travel, transportation, and exhibition-related expenses expected to increase due to lifted movement restrictions, the amount was reduced.

We are currently devising the medium-term business plan for the next period and will announce it in May of next year after carefully reviewing the figures.

FY2021 Forecasts of Net Sales & Operating Income by Segment



[FY2021 Forecasts of Net Sales & Operating Income by Segment]

Both net sales and operating income in the second half are expected to increase from the second quarter.

We predict substantial sales for Plant & Energy, Industrial Machinery, and Healthcare from the order backlog.

Electronics is expected to receive many orders and sales during the period thanks to continuing competent supply chain management.

Plant & Energy	Accelerate decarbonization-related business.
Energy Solutions	Address turnkey business by strengthening engineering capabilities. Development of competitive products and partnership with Chinese and South Korean vendors.
Industry Machinery	Accelerate business in the medical field. Aggressive proposals for deplasticization and environment-friendly products.
Electronics	Focus on Chinese companies' expansion to overseas. Promotion of our own smart logistics branded "LOGITO."
Automobile	Focus more on fields such as car vehicle bodies, driving systems, and in-vehicle devices. Proactive proposals towards next-generation mobility-oriented investments.
Healthcare	Better-establish engineering business and business fields to address. Acquire more market share in Daiichi Jitsugyo Viswill products (a subsidiary).
Aviation & Infrastructure	Aggressive proposals towards labor- and workload-saving, automation, and decarbonization.

[Segment Strategies for Fiscal 2021 and Onwards]

Themes of interest and focus for each segment to achieve medium- to long-term sustainable growth are explained.

■ Plant & Energy

While focusing on plant-related businesses such as chemicals, papermaking, and ironmaking, establish "the Decarbonized Business Group" to accelerate decarbonization-related business. Promote investments related to ammonia production technology, geothermal and biomass power generation, etc.

■ Energy Solutions

Begin initiatives for turnkey business by strengthening engineering capabilities in collaboration with partner companies. As price competition in the industry intensifies, develop competitive products and actively collaborate with Chinese and South Korean manufacturers.

■ Industrial Machinery

Within the medical field, accelerate proposals of manufacturing equipment for disposable products, focusing on our strength of molding technology and technologies required for catheter-related equipment. Actively promote the development of eco-friendly products and deplasticization and begin specific initiatives such as VOC recovery equipment.

Segment Strategies for Fiscal 2021 and Onwards



Plant & Energy	Accelerate decarbonization-related business.
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[Segment Strategies for Fiscal 2021 and Onwards]
(Continued from previous page)

■ Electronics

Maintain focus on Greater China, reinforce semiconductor-related sales system, promote the capture of leading firms, and closely follow the global expansion of Chinese customers. To capture the demand for smart logistics, launch our own service branded "LOGITO" and promote it as a new business pillar.
*For details regarding LOGITO, refer to the material at the end of the document.

■ Automobile

Divide the organization into three areas and accelerate initiatives to enhance next-generation products and expertise needed to acquire customers. Production has been reduced due to the semiconductor shortage. However, leverage our strengths and actively propose investments in next-generation mobility initiatives such as electrification, autonomous driving, and carbon neutrality.

■ Healthcare

Reinforce engineering business and expand business areas other than pharmaceuticals. Aim to further expand share of Daiichi Jitsugyo Viswill products, which manufactures printing systems and visual inspection systems for tablets.

■ Aviation & Infrastructure

Investment in aviation will likely take some time to recover. With efforts to automate, decarbonize, and reduce labor and workloads expected to accelerate due to COVID-19, adapt to industry changes and capture business opportunities.

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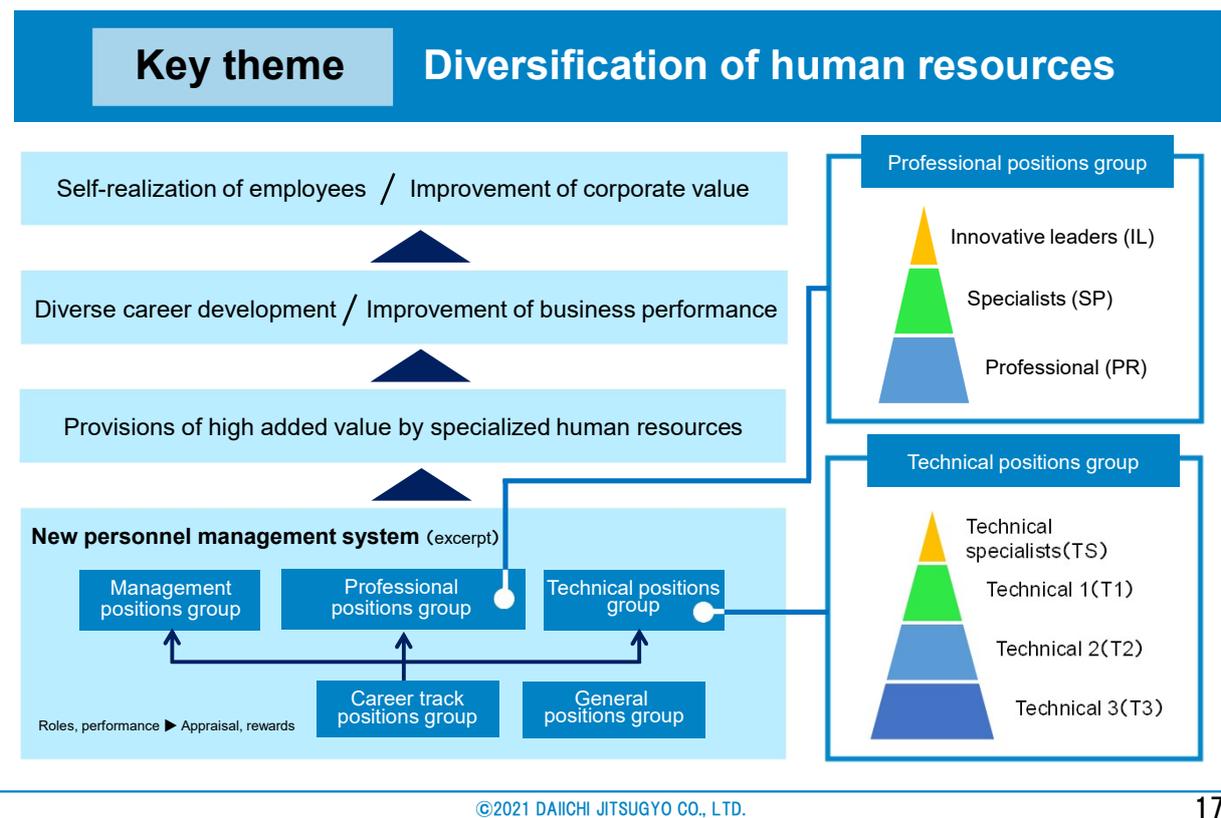
1. Thoroughly enact compliance and reinforce corporate governance.
2. Promote activities from the point of view of ESG.

[Medium-term Business Plan, FACE2021(qualitative targets)]

Overall, we are making smooth progress toward the qualitative targets.

Under Qualitative Target 1 ("Evolve domain-based management system to closely reflect today's market conditions and further enhance profitability"), the sub-target 2 "Enhance our added value by integrating sales and technical services" is explained in the Topics.

Under Qualitative Target 2 ("Strengthen the driving force of management"), the sub-target 3 "Implement 'Reform of the Personnel Management System' to respond to diversity" is explained as follows.



[Reform of Personnel Management System]

We aim to become “*the* next-generation engineering trading firm” in 10 years. The diversification of human resources is a key theme for achieving this goal. As manufacturing technology advances and diversifies, our roles will become more varied and a diverse workforce will become essential.

From this perspective, we have positioned “personnel system reform” as a key management strategy and begun to implement a new personnel management system based on the main themes of cultivating personnel who will lead the next generation and improving job satisfaction.

While career paths have been limited thus far, the new personnel system establishes a professional positions group and technical positions group, with a mechanism allowing personnel to choose the group suited to their individual aptitudes. Thus, this system also promotes career development by directing efforts to work that leverages one’s expertise. Personnel can build their careers within a specific positions group to then earn commensurate compensation.

We aim to diversify the career development of our personnel, create a rewarding workplace, and improve employee happiness and corporate value, thus helping to realize the goal of becoming “*the* next-generation engineering trading firm”.

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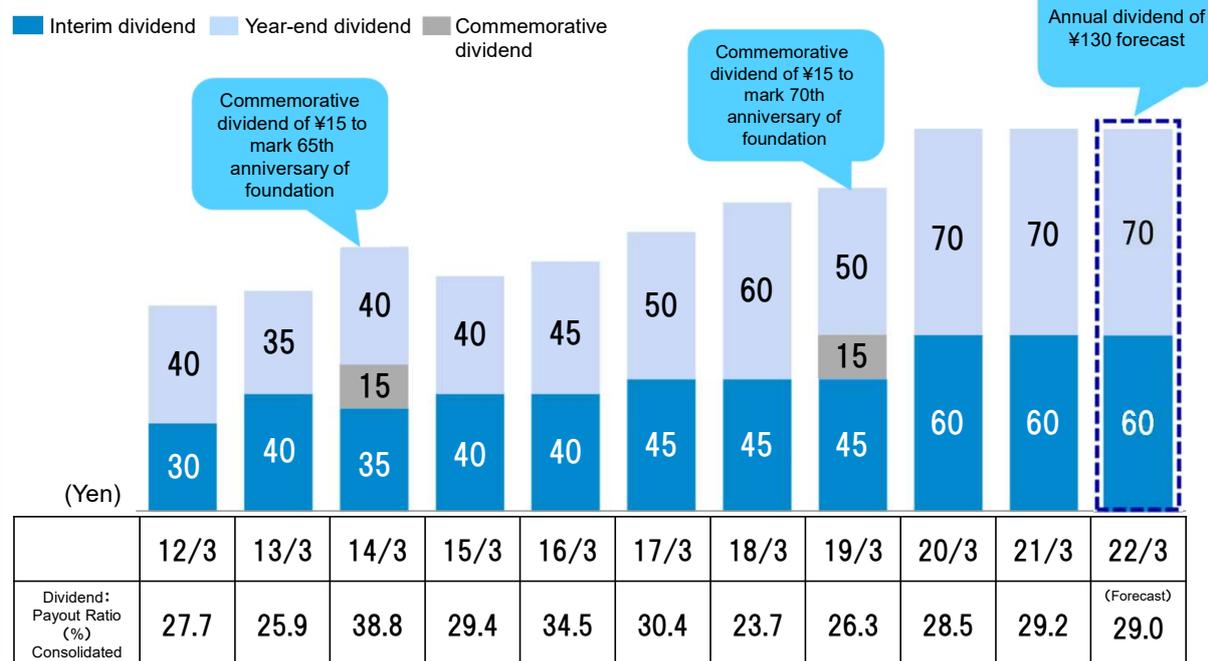
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Dividend and its Payout Ratio



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.



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.

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[Dividend and its Payout Ratio]

The graph shows the trend in dividends and the dividend payout ratio over 10 years.

Our basic policy is to pay the optimal dividend in consideration of performance, future business development, and the ability to continue stable dividend payments.

For FY2021, the interim dividend is forecast to be 60 yen, the year-end dividend 70 yen, and the annual dividend 130 yen.

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The Engineering Center

DJK Group - *Providing Higher Value* -

 **DAIICHI JITSUGYO CO., LTD.**

**Executive Officer
Head of the Engineering Center
Naoki Shimodaira**

November 18, 2021

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- 1. Purpose behind
Establishment of the
Engineering Center**
- 2. Current Initiatives**
- 3. What we will Aim for**

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Engineering Center**

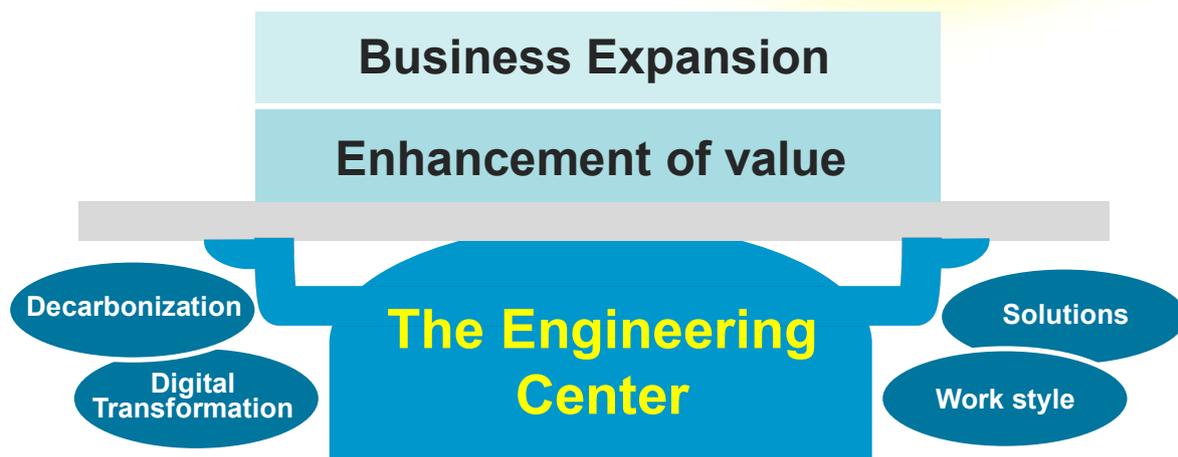
2. Current Initiatives

3. What we will Aim for

**The Next-generation
Engineering Trading
Firm**

=

**Global
manufacturing
partner one step
ahead of the times**



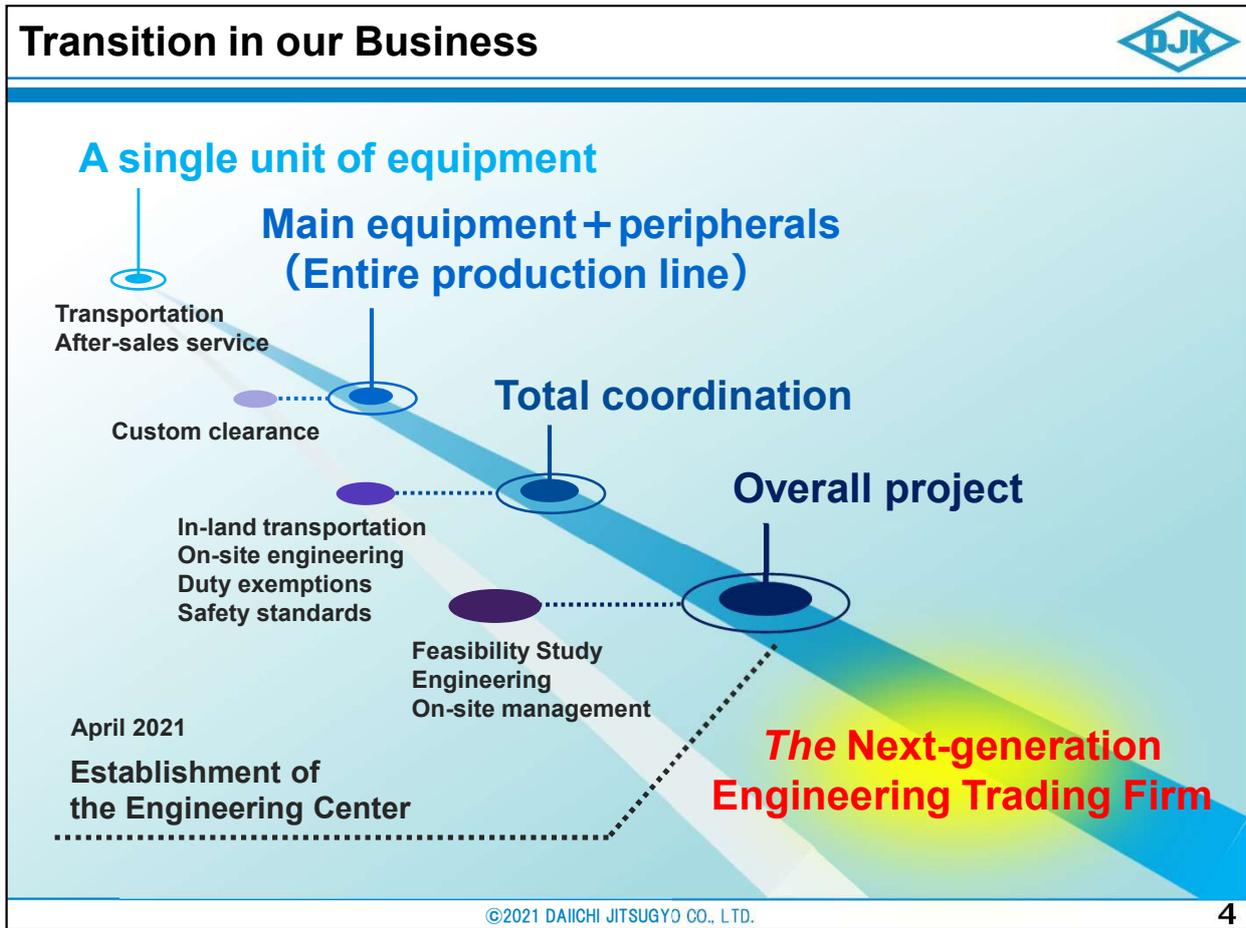
[Purpose behind the Establishment of the Engineering Center: Our Group's Future Corporate Identity]

When devising the medium-term business plan (FACE2021), the Group's 10-year vision was to become "the next-generation engineering trading firm".

This next-generation trading firm is a "global manufacturing partner one step ahead of the times".

At present, there are numerous issues to be resolved, such as decarbonization, digital transformation, shifting from selling products to selling solutions, and work style reform. To address these challenges and become a "global manufacturing partner one step ahead of the times", we must engage in global activities that help grow our customers' businesses and create a sustainable society by continuously providing value based on our engineering capabilities.

This endeavor is supported by the Engineering Center.



[Purpose behind the Establishment of the Engineering Center: Transition in our Business]

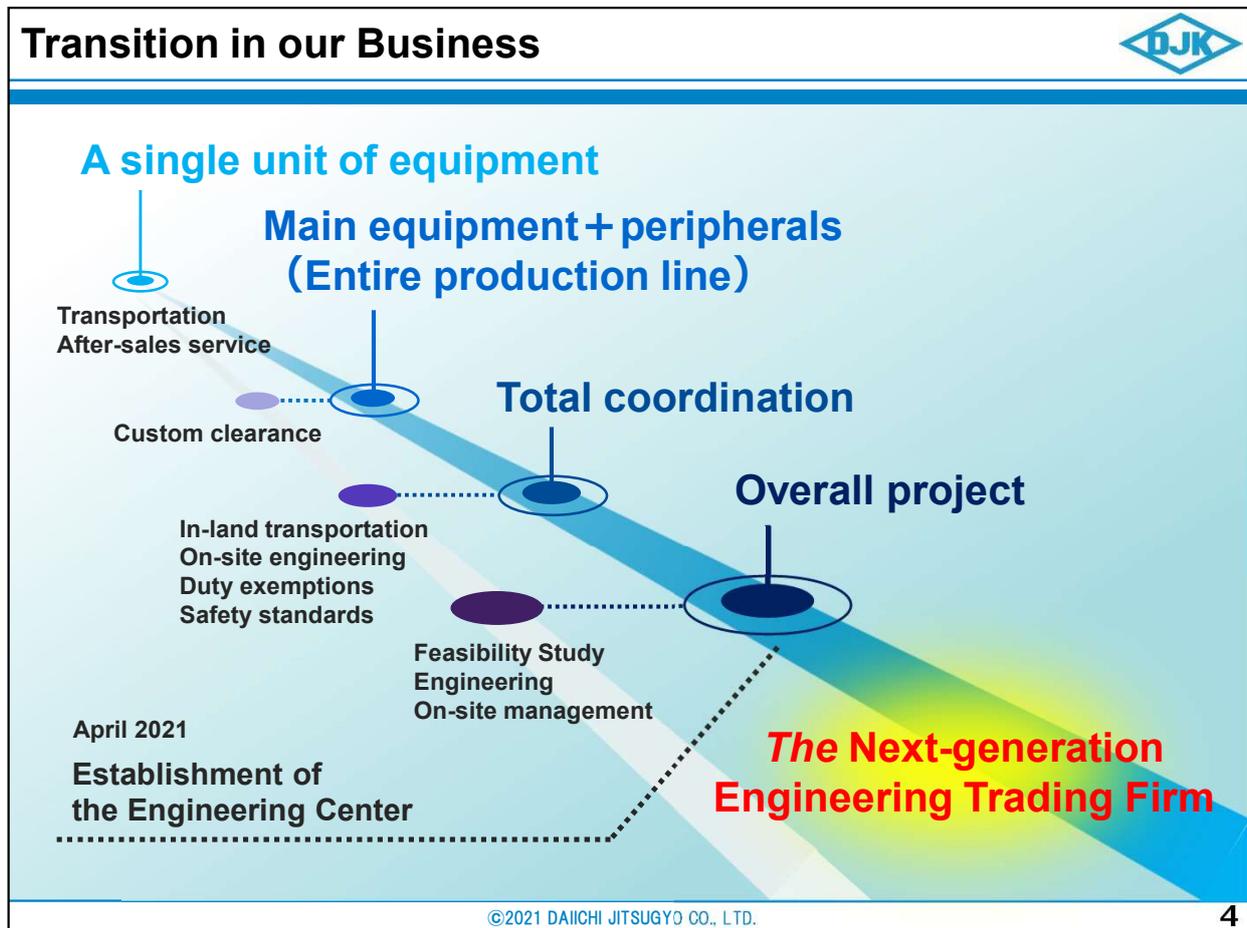
Along with the transition of our business, I will explain why we have chosen the goal of “the next-generation engineering trading firm”.

The business initially involved single units of equipment. One of our added values was also providing after-sales service through a company in the Group.

Afterwards, as it was impossible to manufacture products with single units of equipment, we also dealt with peripherals and sold entire production lines.

Meanwhile, Japanese customers began to expand overseas due to the strong yen and requested to fully replicate their production lines from Japan at the overseas sites. We also increased activities related to importing and exporting, inland transportation, on-site construction, duty exemptions, and compliance with safety standards.

In the 2000s, leading Japanese automakers and local automakers jointly built factories in Europe, and many Tier 1 Japanese auto parts manufacturers entered the market. Due to taxes on LCD TVs in the EU, nearly all Japanese TV manufacturers have entered Eastern Europe. Meanwhile, extreme heat linked to abnormal weather caused surging demand for air conditioners, leading major air conditioner manufacturers to enter the market.



[Purpose behind the Establishment of the Engineering Center: Transition in our Business]

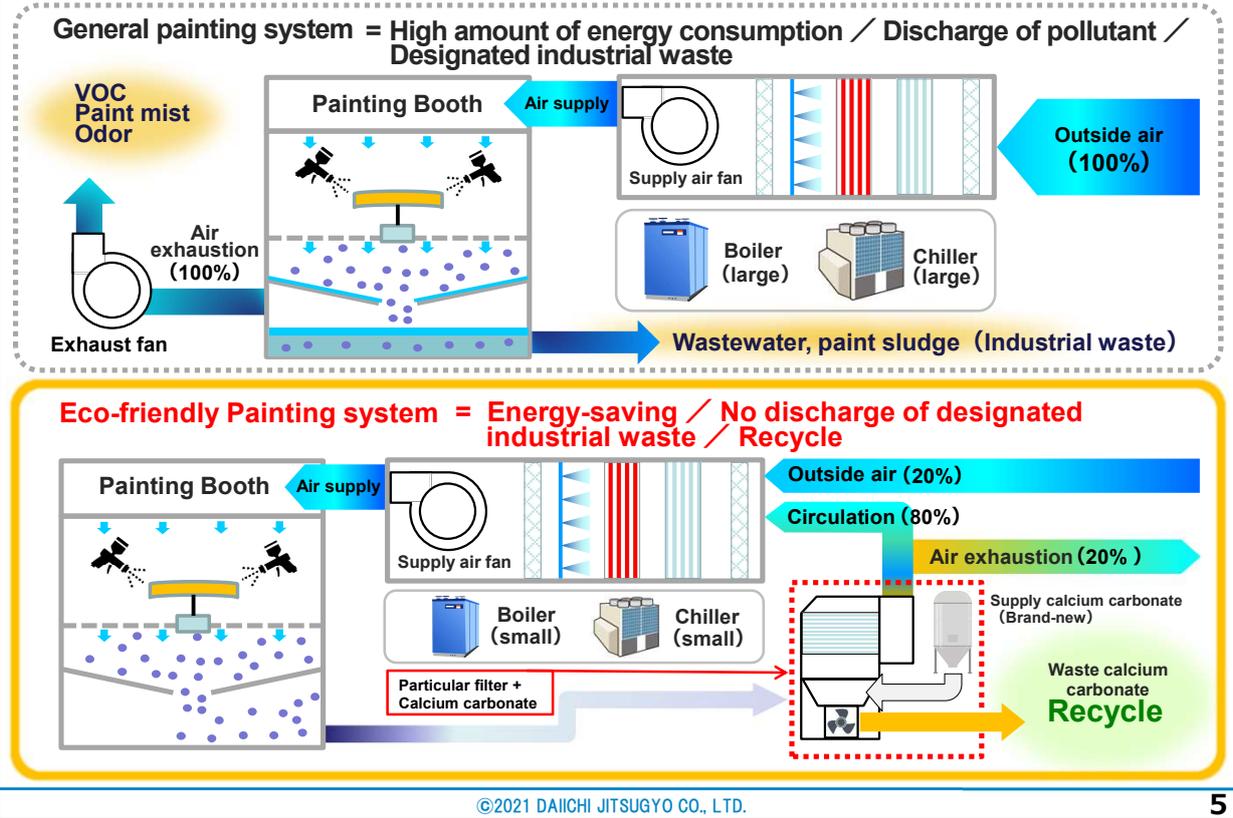
(Continued from previous page)

Under these circumstances, we provided support for starting production from the safety standard inspection to acquisition of the operating permit, as well as on-site inland transportation, construction for electricity, air, piping, and wiring, and duty exemption support. Such cases became frequent at the Company, and customers left glowing evaluations that we were competent across all fields. We recently became involved in a feasibility study, engineering, and on-site management of installation work as well as overall projects, and we established the Engineering Center in April this year.

In recent years, with projects growing in complexity and orders expanding in scale, we believe that our company has potential for growth. To expand orders more quickly for these large-scale projects, the Engineering Center will provide a variety of technical support with the ultimate goal of evolving into “the next-generation engineering trading firm”.

Actual Example: Painting System for the Auto Industry

(equipment comparison)



5

[Purpose behind the Establishment of the Engineering Center: Actual Example (equipment comparison)]

This slide introduces a recent project.

The upper figure in the slide shows a traditional general painting system. The lower figure shows the painting system that our company recently sold and delivered.

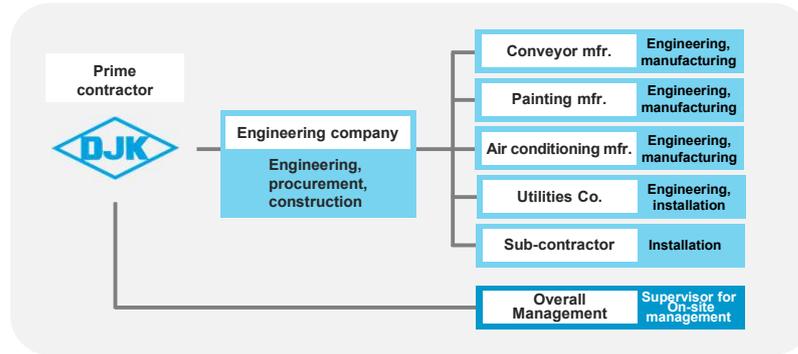
We created an eco-friendly system incorporating new European technology that reduces emissions, produces no wastewater, and is energy efficient.

To construct this system, we implemented the following model.

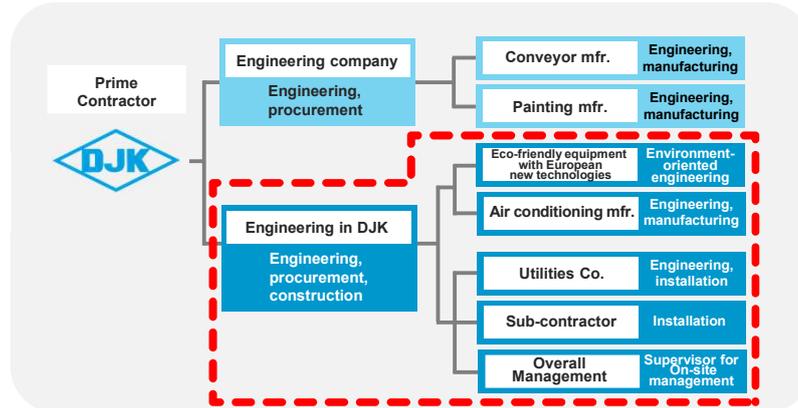
Actual example: Comparison of Contractual Models



Conventional



Present



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[Purpose behind the Establishment of the Engineering Center: Comparison of Contractual Models]

In the past, batch orders were placed with a painting company or engineering company.

For this project, to incorporate the new European technology into the system, we performed some of the engineering tasks, including air conditioning for the new system, basic design of the utility supply system for electricity and water, and process design and management of on-site installation work.

In the same vein as this project, by incorporating technical services in our company and developing this business as part of our value proposition, we will be able to expand the scale of orders and improve our value proposition.

1. Purpose behind
Establishment of the
Engineering Center
- 2. Current Initiatives**
3. What we will Aim for

**Reinforcement of Organizational
Framework-Engineers can exercise
their abilities to the fullest**

Risk Management

[Current Initiatives: For Strengthening of Engineering Capabilities]

Strengthening our engineering skills is essential to improve our value proposition and expand business operations based on such capabilities.

We are focusing on two initiatives: “Reinforcement of organizational framework - Engineers can exercise their abilities to the fullest” and “Risk Management”.

**Reinforcement of Organizational Framework-
Engineers can exercise their abilities to the fullest**

Visualization and Sharing of Our Engineering Skills

Reskilling for Higher Technical Strengths

**Information Exchange among Engineers
from Wide-ranging Industries**



**Higher Comprehensive
Technological Competence**

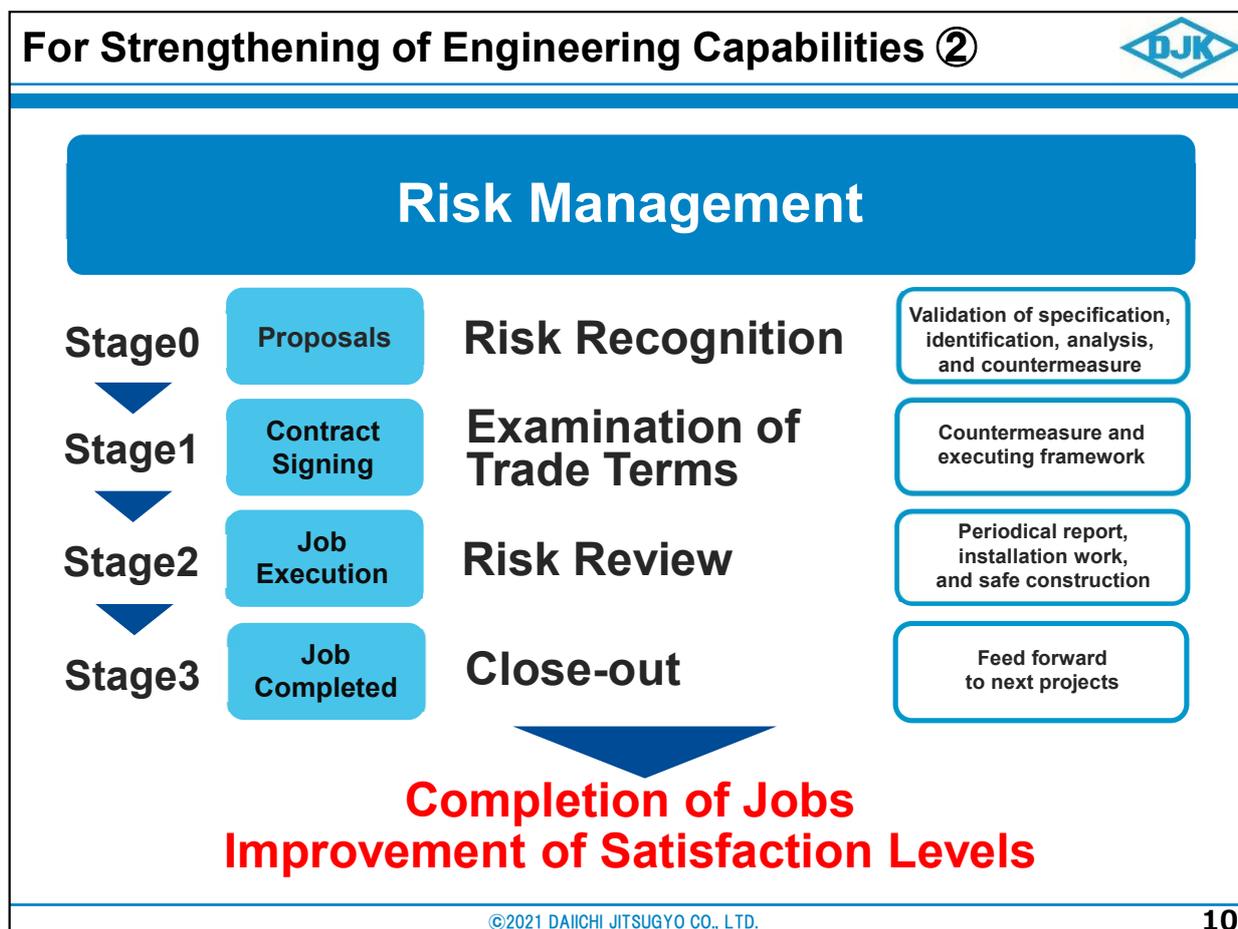
[Current Initiatives: For Strengthening of Engineering Capabilities ①]

As a trading firm, sales previously played the leading role in the Company while engineers played a support role. However, engineering capabilities cannot be strengthened without the active involvement of engineers. Thus, we have begun an initiative to reinforce the organizational framework so that engineers can fully exercise their skills.

This involves visualizing and sharing which engineers possess what skills. In the future, it will be necessary to visualize skills in order to establish a personnel management system suited to the Company's business strategy. Technology today is progressing at blistering speeds. Engineers must expand beyond their current skills and acquire new ones suited to our business strategy or skills of other industries. To achieve this, we desire to build a system for reeducating and reskilling personnel.

Our company is engaged in various businesses and possesses engineers across a wide range of industries. As a support role for sales within the business division, engineers had few opportunities to interact. It is said that innovation originates from novel combinations of technologies from different industries. Along the same lines, we want to actively promote exchanges among engineers to produce new technologies and technologies unique to our company.

By doing so, we will be able to strengthen our overall technological capabilities.



[Current Initiatives: For Strengthening of Engineering Capabilities ②]

We fully recognize the importance of competent risk management, as conducting technical operations to expand businesses and carrying out large-scale projects will proportionally increase risk as well.

Stage 0: Proposals

Examine the validity of the customer’s specifications and review whether it is feasible by us or our suppliers. Identify and analyze possible risks and review countermeasures, and then make a proposal.

Stage 1: Contract Signing

Sign a contract that incorporates the risk countermeasures (avoidance, mitigation, transfer) reviewed in the proposal stage.

Stage 2: Job Execution

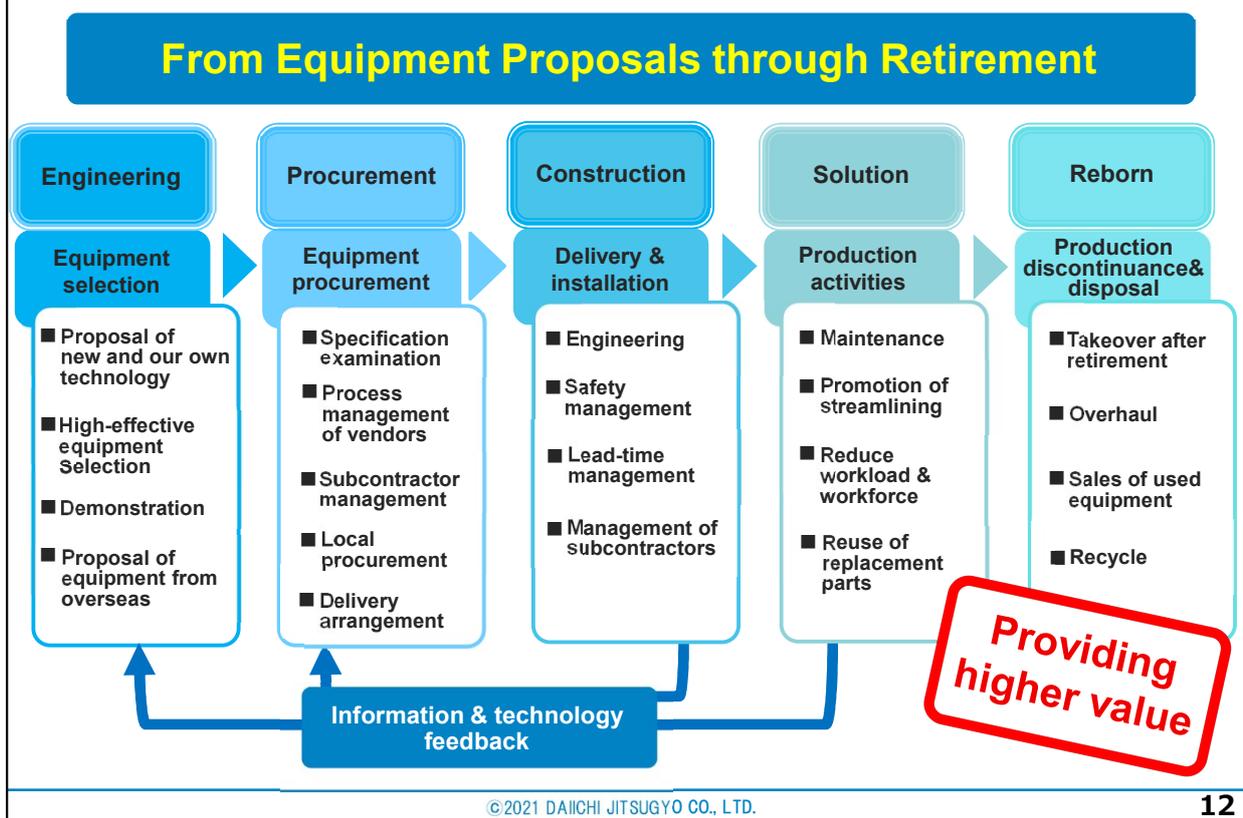
Periodically identify and analyze risks and review countermeasures. Build a system where installation work can be performed safely and reliably.

Stage 3: Job Completed

Reflecting on the completed project, review whether the anticipated risks occurred, whether the countermeasures were sufficient for risks that occurred, and whether there were occurrences other than the anticipated risks. Use this examination to inform the next project and add to the Company’s knowledge base.

Managing risk in this way will likely improve the satisfaction of all stakeholders, including customers, suppliers, and our personnel who carried out the process.

1. Purpose behind
Establishment of the
Engineering Center
2. Current Initiatives
- 3. What we will Aim for**



[What we will aim for: The Engineering Center's Future Identity]

We seek to provide “cradle to grave” technical services for our customers’ production equipment for all situations, whether domestic or overseas.

Engineering: Equipment selection

Propose new technology and technology unique to our company, conduct production demonstrations using demo machines, and make proposals for overseas equipment based on the judgment of our engineers.

Procurement: Equipment procurement

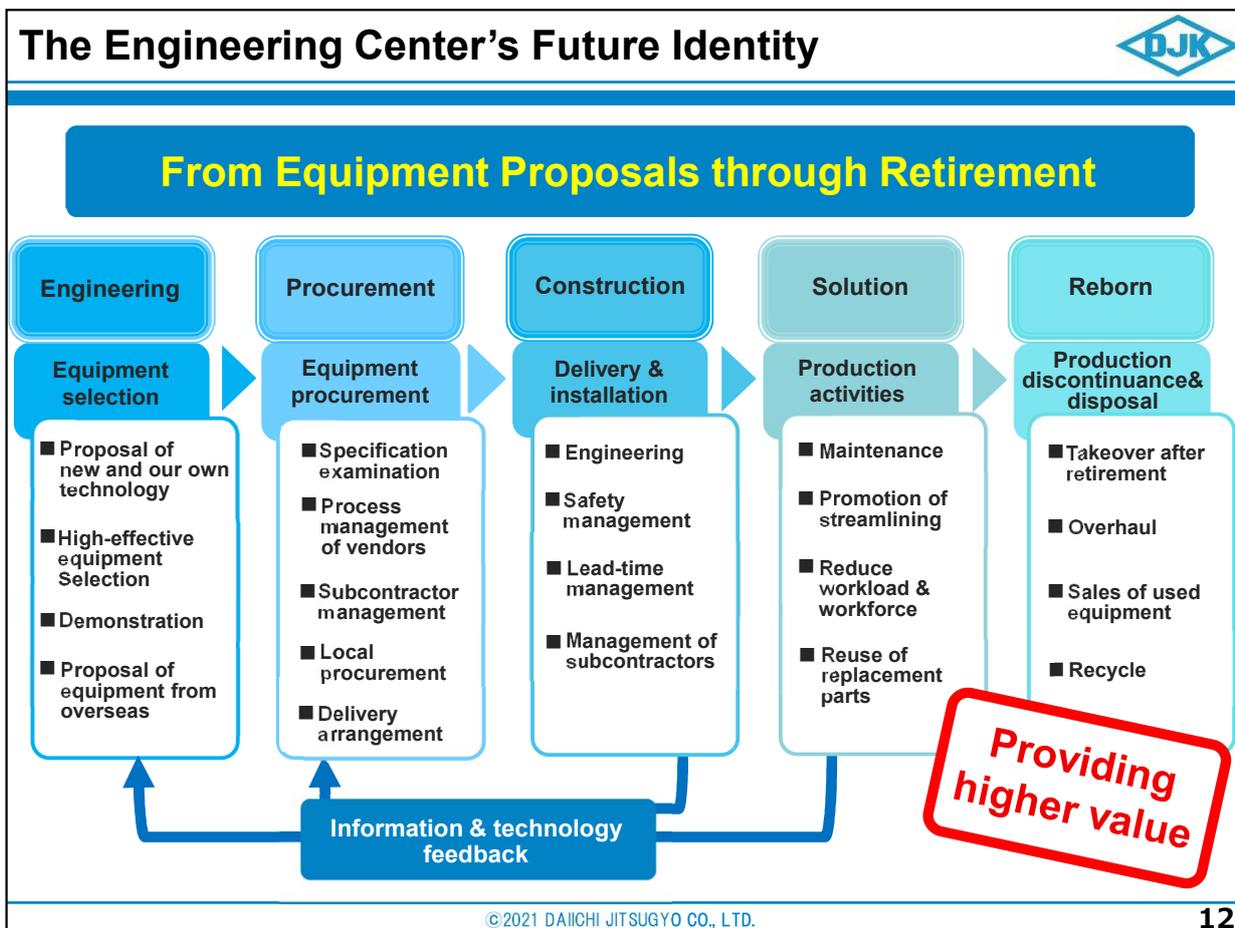
Thoroughly examine specifications, conduct supplier process management, and follow up to provide the equipment according to specifications.

Construction: Delivery & installation

Perform construction safely and reliably.

Solution: Production activities

Maintain close contact with the customer even after handing over the equipment and starting production activities. Provide maintenance services to avoid issues during operation and propose techniques to efficiently operate the delivered equipment. Consider reusing replacement parts instead of discarding them.



[What we will aim for: The Engineering Center's Future Identity]
(Continued from previous page)

Reborn: Production discontinuance & disposal
Once production at the customer's factory is completed, equipment that is no longer needed is taken over, overhauled, and consistently managed until recycled.

Thus, we provide technical services to our customers while maintaining close contact in all situations. Moreover, by accumulating technical information from delivery, installation, and production activities and feedback related to equipment selection and procurement, we can improve our value proposition and provide further added value.

While providing close technical services to customers and continuous value as a global manufacturing partner, the Engineering Center will continue to support the DJK Group to promote mutual growth with our customers and society.

DAIICHI MECHA-TECH CORP.

- Established in 1970, owned 100% by DJK
- After-sales service of DJK-sold equipment
- In-house development, design, and sales of automated equipment



[Located] Kawaguchi, Saitama
<https://www.dmt.co.jp/en/>

Growth of the DJK Group



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[A Team of Service Engineers in the DJK Group]

Daiichi Mecha-tech Corp. was established in 1970 as an after-sales service company for injection molding machines sold by Daiichi Jitsugyo. Afterwards, it began to sell decoration equipment and provide technical services and now offers technical services for surface mounters and other electronics-related equipment, as well as tablet visual inspection systems of Daiichi Jitsugyo Viswill. It also develops automated equipment such as welding machines in-house, handles design and sales, and dispatches engineers to manage projects on-site at the request of Daiichi Jitsugyo.

The head office of Daiichi Mecha-tech is located in the D.S.T. Center, Kawaguchi, Saitama and is owned by Daiichi Jitsugyo.

It manages replacement parts of machinery and equipment and installs a variety of machines for demonstrations and training, as well as equipment for various in-house processing work.

The activities of the Engineering Center and Daiichi Mecha-tech are inseparable. Moving forward, we will further unify the activities of both organizations and develop the businesses of Daiichi Jitsugyo Group to offer even more valuable technological capabilities.

D.S.T. Center: Demonstration, Service and Training Center

The Engineering Center

DJK Group
- Providing Higher Value -

Executive officer
Head of the Engineering Center
Naoki Shimodaira

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