

DJK Report 2022

Philosophy

Mission

Connecting People, Connecting Technology and Enriching the World.

Vision

Next-generation engineering trading firm

Striving to be a business partner that is one step ahead of the times, and that contributes to the growth of customer businesses and the realization of a sustainable society on a global scale by continuously providing value with our company's engineering function as its core.

Value

TRUST

We strive to be a company that is rewarding, respects individuals, and allows them to experience growth, while cooperating with internal and external parties to align our goals with the expectations of our stakeholders and our social responsibilities.

GROWTH

We aim to achieve continuous growth through aggressive investment in growth markets and expansion of business domains, while contributing to manufacturing through our unique engineering capabilities.

CONTRIBUTION

We contribute to the realization of a sustainable society by actively tackling important social issues through management transparency and continuous improvement of the quality of the Company.

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Editorial Policy

The DJK Report 2022 was published to provide stakeholders with an understanding of the corporate stance that DAIICHI JITSUGYO CO., LTD. ("DJK," the "Company") has inherited from its founding to the present, as well as the DJK Group's business activities and initiatives for value creation from both financial and non-financial perspectives.

Reference Guidelines

International Integrated Reporting Council's (IIRC) "International Integrated Reporting Framework," Ministry of Economy, Trade and Industry's "Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation," etc.

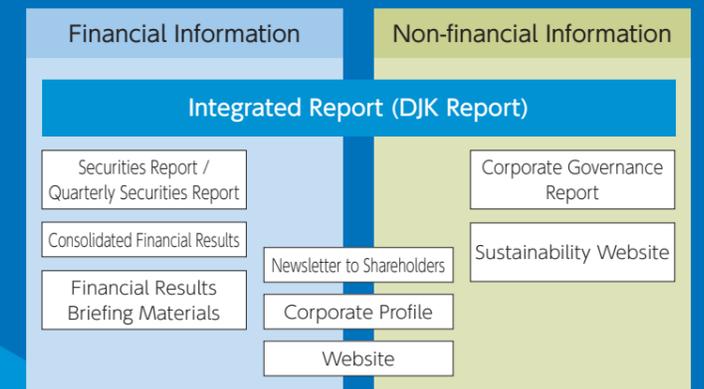
Applicable Period

April 1, 2021 to March 31, 2022 (including some information not covered)

Applicable Organizations

DAIICHI JITSUGYO CO., LTD. and Japanese and Overseas Group Companies

Tool Map



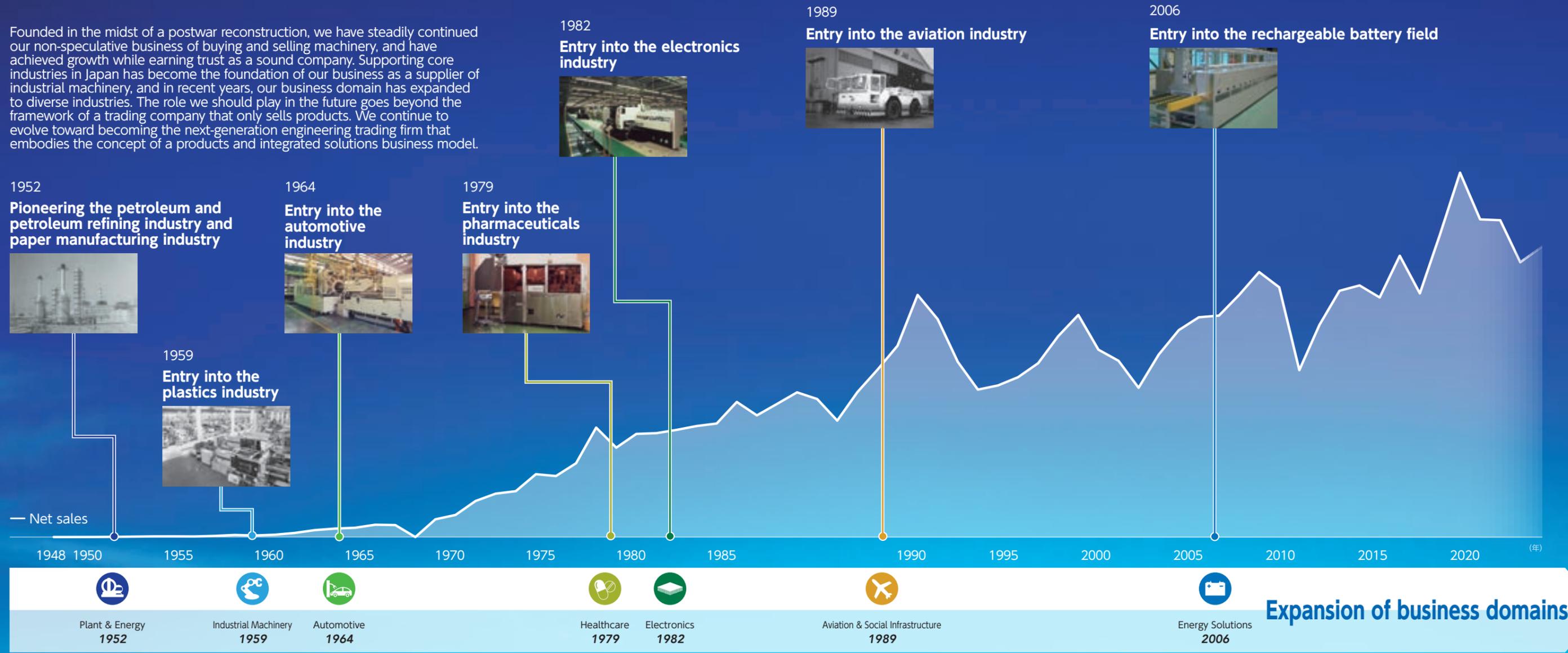
Disclaimer regarding forward-looking statements

Statements made in this annual report with respect to DJK's forecasts and business targets that are not historical facts, are forward-looking statements about the future performance of DJK and its consolidated subsidiaries and are based on information currently available. Readers are cautioned that for a variety of reasons actual results could differ significantly from the projections presented in this report.

Our History of Value Creation

Evolving Industrial Machinery Supplier

Founded in the midst of a postwar reconstruction, we have steadily continued our non-speculative business of buying and selling machinery, and have achieved growth while earning trust as a sound company. Supporting core industries in Japan has become the foundation of our business as a supplier of industrial machinery, and in recent years, our business domain has expanded to diverse industries. The role we should play in the future goes beyond the framework of a trading company that only sells products. We continue to evolve toward becoming the next-generation engineering trading firm that embodies the concept of a products and integrated solutions business model.



Establishment (1948)-
 Engaged in core industries to build our business foundation
 Founded in August 1948 as a trading company specializing in machinery. Starting with core industries such as shipbuilding, cement, and oil refining, we steadily built up relationships of trust with suppliers and banks to solidify our business foundation. In the early 1950s, the Company began trading overseas, and in the latter half of the decade, it entered the plastics industry by beginning to deal in molding and processing machines. By adding a product-oriented approach to our customer-oriented sales approach to expand sales of superior products, we have laid the foundation for sales channels to a wide range of industries.

1970-
 Establishing a service system and accelerating industry expansion
 We expanded our product lineup along with the increase in equipment demand due to rapid economic growth. In 1970, the Company established a subsidiary, Daiichi Machinery Service Co., Ltd. (currently Daiichi Mecha-tech Corporation), to handle everything from equipment installation to after-sales service. At the same time, the Company entered the pharmaceutical industry with its tablet visual inspection machines, the electronics industry with its printed circuit board assembly systems, and the aviation industry with its aviation-related equipment. Business expanded with the opening of the D.S.T. Center, which provides technical services and training.

1990-
 Expanding new business models to meet customer needs
 Since the mid-1990s, the Company has been establishing overseas offices and local subsidiaries to strengthen its support system for the overseas expansion of Japanese manufacturers, including those in the home appliances and digital equipment industries. In addition to equipment installation, we have steadily captured needs for total solutions, from local factory start-up to production support, and have expanded this as a new business model. In the late 2000s, the Company entered the next-generation energy field, which led to solar cells and lithium-ion batteries. This was a stepping stone to a new business domain.

2010-
 Expanding domains on the strength of engineering functions
 The Company began full-fledged efforts in the renewable energy field, including the construction of its own solar power plants in the early 2010s. In addition, our business domains continue to expand more broadly, with an increase in large-scale projects involving engineering due to the growing size, complexity, and sophistication of capital investment projects by manufacturing companies. In each of our businesses, we are expanding our products and integrated solutions business model, while accelerating our efforts to realize a sustainable society.

Expansion of business domains

About DJK

DJK Keywords

Many Years of Experience as an Industrial Machinery Supplier



Expanding Network



Sustainable Growth and Trust

Consolidated net sales
 ¥ **148,075** million

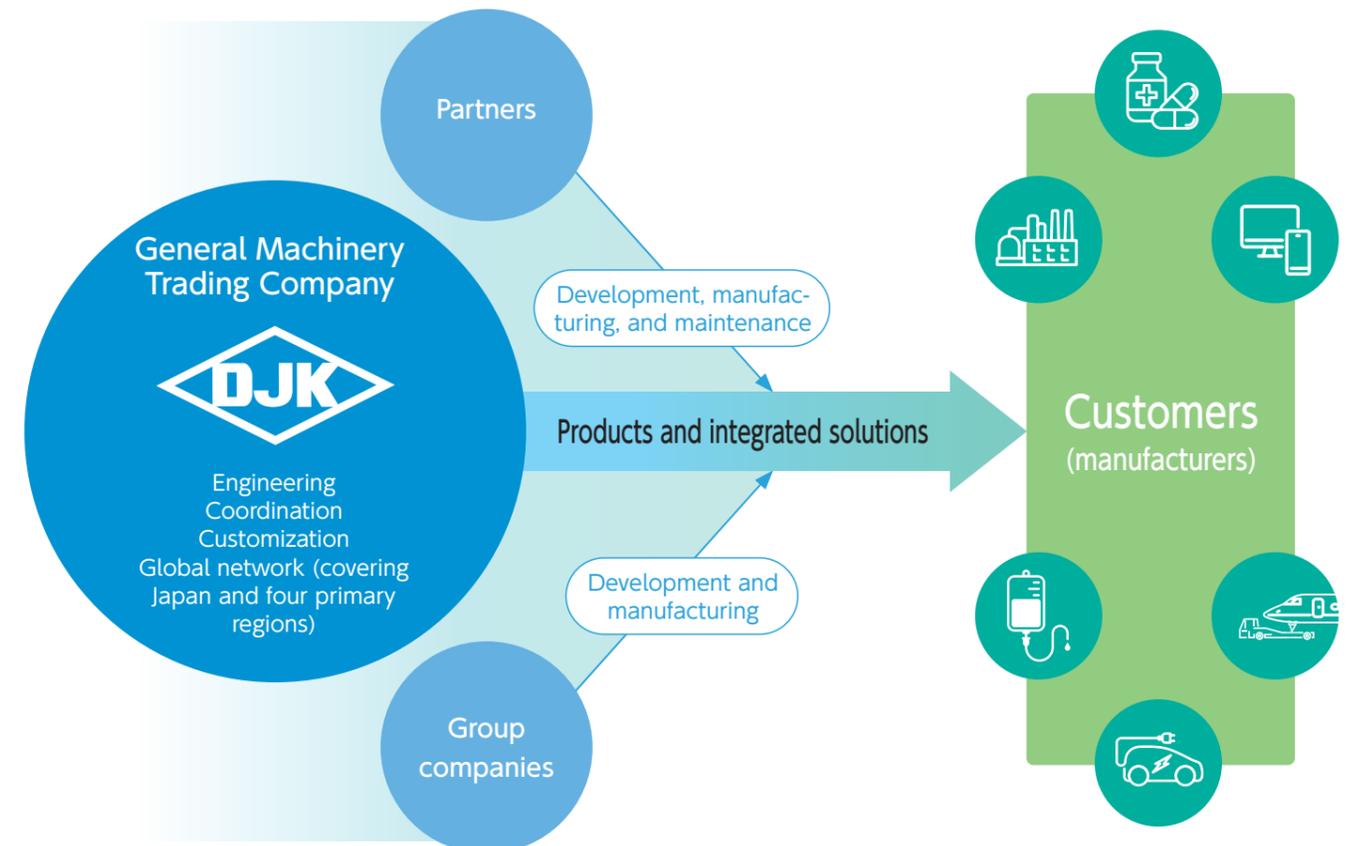
Consolidated operating income
 ¥ **6,866** million

Proportion of net sales from overseas
 Approximately **53%** (Based on delivery destination)

Long-term issuer rating (As of September 13, 2022)
A⁻ (Stable)
 (Japan Credit Rating Agency, Ltd. (JCR))

Products and Integrated Solutions Business Model

The Company offers total support to customers engaged in manufacturing, from the coordination of multiple pieces of equipment to after-sales follow-up after installation, in order to provide proposals that lead to solutions to problems at production sites. In order to provide optimal solutions, we not only sell equipment (products), but also expand our business to include services (solutions), such as technical support for product manufacturing and engineering that requires expertise, in order to increase added value.



Seven Businesses That Meet Diverse Needs

Plant & Energy Business

- Petroleum / chemicals
- Papermaking / steelmaking
- Energy

Energy Solutions Business

- Materials
- Cells / modules
- Solar panels / storage batteries
- Fuel cells

Industrial Machinery Business

- Home appliances / office automation
- Food packaging
- Medical equipment
- Housing equipment
- Distribution materials
- Growing seedlings

Electronics Business

- Surface mount technology (SMT)
- Microelectronics
- Logistic automation solutions (LOGITO)

Automotive Business

- Interior and exterior parts
- Powertrain
- Car electronics / ADAS

Healthcare Business

- Pharmaceuticals
- Cosmetics
- Food

Aviation & Social Infrastructure Business

- Aviation
- Airports
- Disaster preparedness
- Customer support

Value Creation Process

The Group has identified materialities to solve social issues and is developing its operations around seven businesses based on a growth strategy as a supplier of industrial machinery in Japan and overseas, leveraging the business foundation it has developed over its more than 70-year history.

Our goal is to “Connect People, Connect Technology and Enrich the World” by creating environmental and social value through the provision of proposals that make use of advanced technology and services to meet diversifying needs.

Philosophy

Mission

Connecting People, Connecting Technology and Enriching the World.

Vision

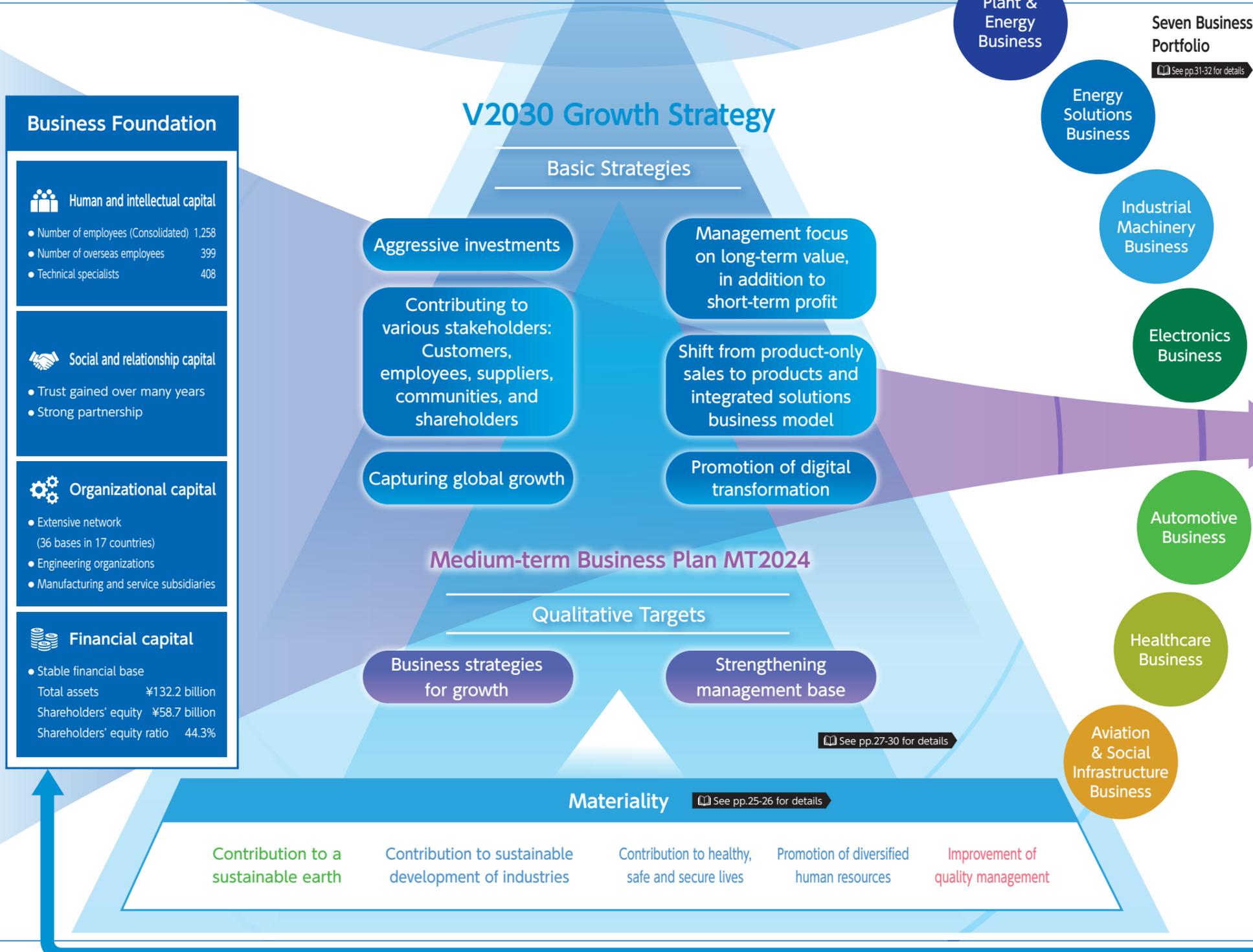
Next-generation engineering trading firm

Value

Trust, Growth, Contribution

Social Issues

- Climate change
- Environmental issues
- Respect for human rights
- Compliance
- Natural disasters
- Spread of infection
- Changes in international affairs
- Changes in industrial structure
- Changes in supply chain
- Aging infrastructure
- Information and cyber securities



Value to Society

Environment

- Realization of a decarbonized society
- Realization of a resources-recycling society
- Protection of the natural environment

Society

- Utilization of advanced IT/AI
- Promotion of smart factories
- Providing safe & secure products
- Improved safety with social infrastructure enhancement
- Providing well-being and high quality products development
- Healthy work environment
- Sustainable ability development
- Talent management

Governance

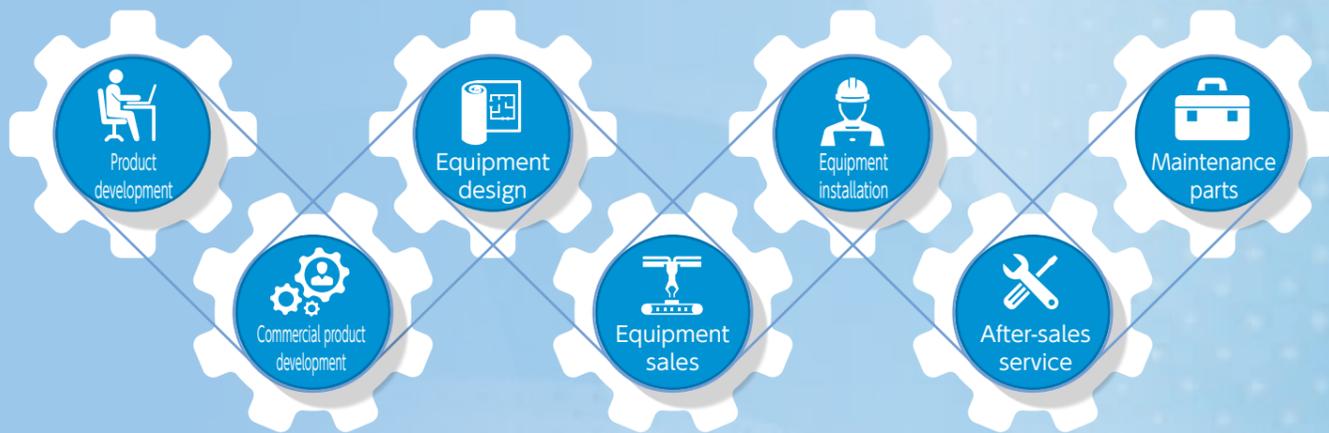
- Strengthening internal controls and governance
- Risk management
- Social contribution and harmony

DJK's Engineering

In Japan, we began by selling single pieces of equipment, and have since been involved in installation and after-sales service, as well as coordinating multiple pieces of equipment by capturing customer needs directly from worksites. These achievements have been highly regarded, and we have been involved in the establishment of production sites as our customers expand overseas, and many of our engineers now support production sites both in Japan and overseas.

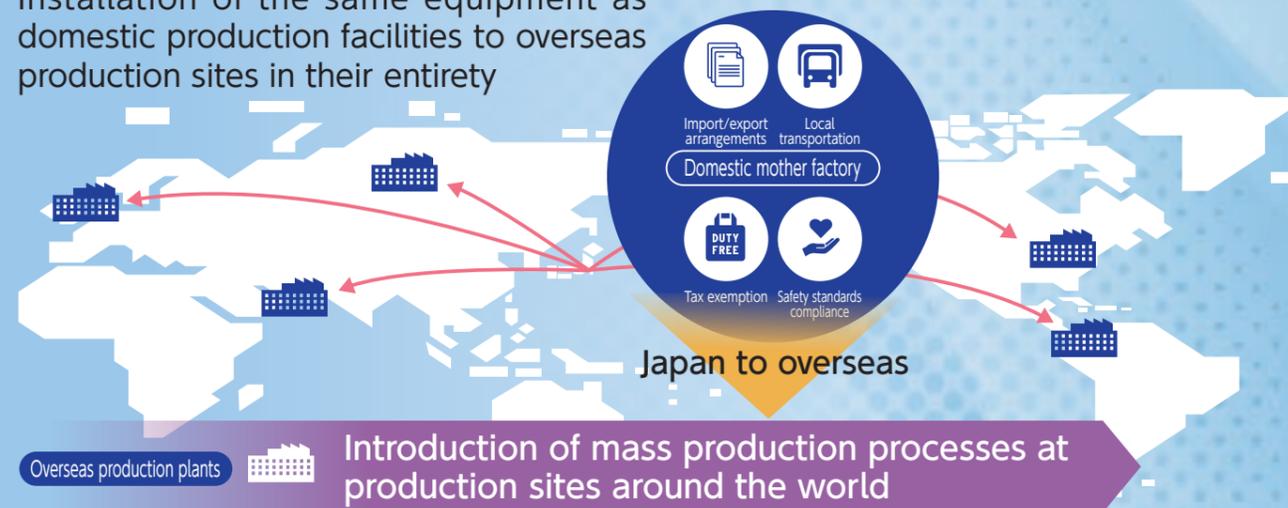
Total Coordination of Production Lines

We provide optimal proposals that go beyond equipment sales, taking into consideration the customer's production plan, costs, delivery time, and other factors.



From Domestic Mother Factories to Production Sites around the World

Installation of the same equipment as domestic production facilities to overseas production sites in their entirety



Total Coordination

Establishment of new plants



Project management



Solutions



Unique Engineering Functions

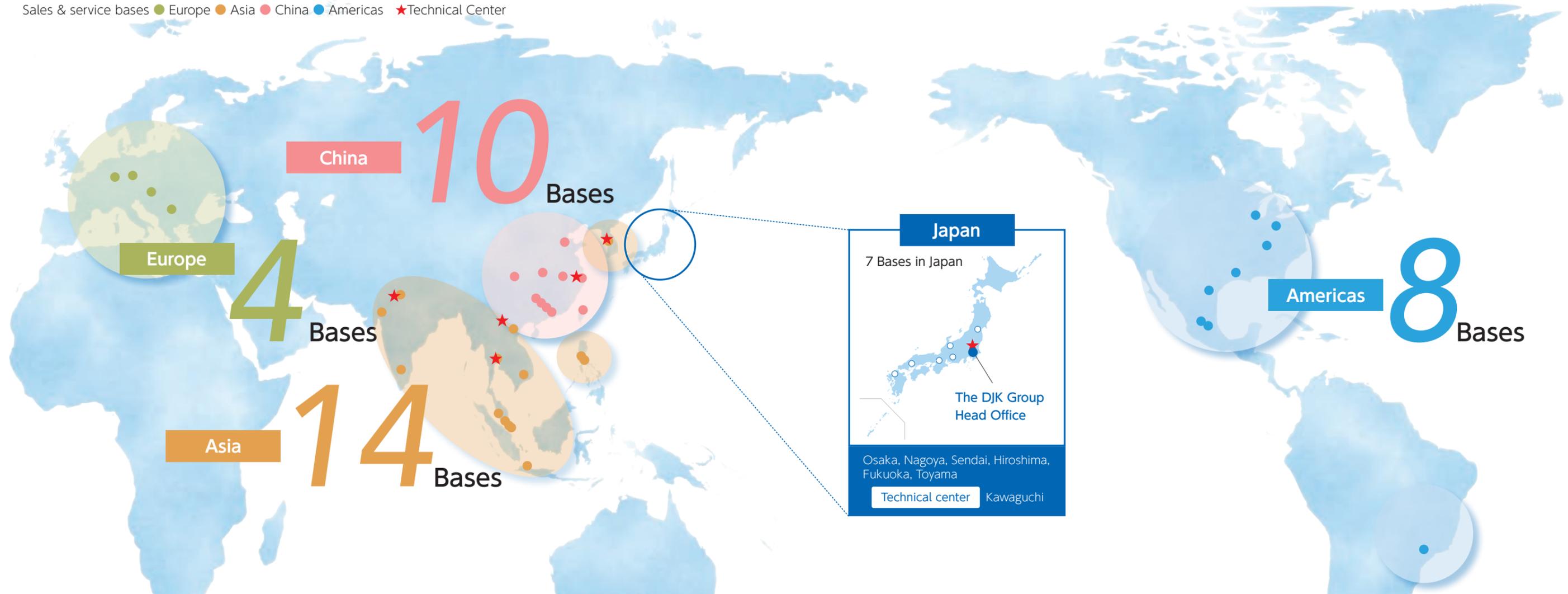
In order to meet the increasingly large, complex, and sophisticated needs of production sites, we will augment our technical resources to provide not only solution proposals, but also total coordination for new plant start-ups and project management. We will enhance our unique engineering functions to create social value and support manufacturing around the world.



Global Network

p.69: Group Companies, p.70: Corporate Data

Sales & service bases ● Europe ● Asia ● China ● Americas ★ Technical Center



Europe

Regional headquarters

DJK EUROPE GMBH

Frankfurt, Prague, Budapest, Sofia



Asia

Regional headquarters

DAIICHI JITSUGYO ASIA PTE. LTD.

Singapore, Kuala Lumpur, Johor Bahru, Penang, Bangkok, Jakarta, Hanoi, Ho Chi Minh City, Manila, Laguna, New Delhi, Bangalore, Ahmedabad, Seoul

Technical center Bangkok, Hanoi, New Delhi, Seoul



China

Regional headquarters

SHANGHAI YISHI TRADING CO., LTD.

Shanghai, Tianjin, Suzhou, Chongqing, Wuhan, Guangzhou, Shenzhen, Nansha, Hong Kong, Taipei

Technical center Shanghai



Americas

Regional headquarters

DAIICHI JITSUGYO (AMERICA), INC.

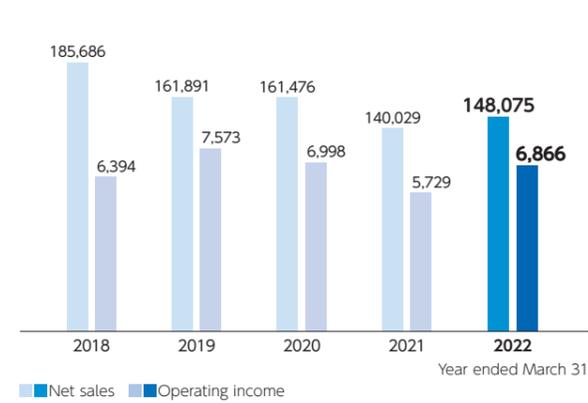
Chicago, Houston, Knoxville, Ohio, Queretaro, Monterrey, Leon, Sao Paulo

See pp.49-50 for details

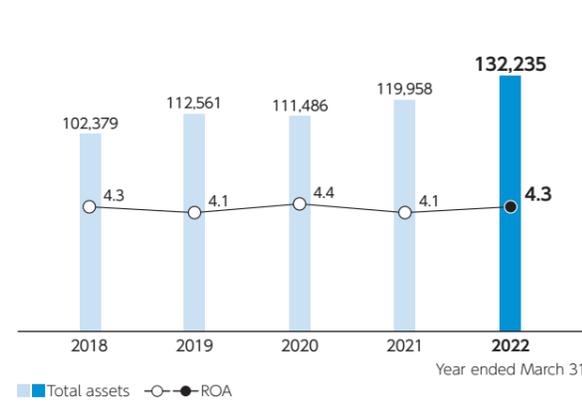
Financial and Non-financial Highlights

Consolidated Financial Highlights

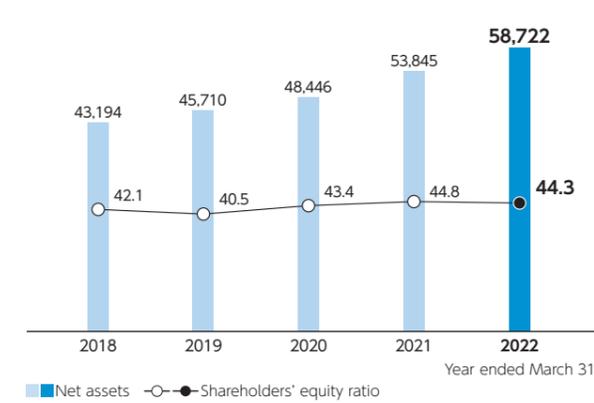
Net sales / Operating income (Millions of yen)



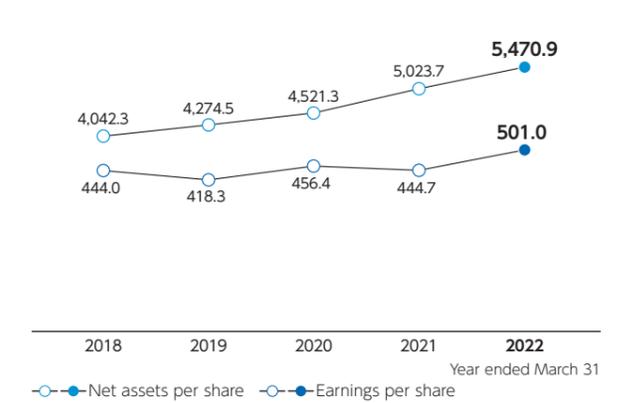
Total assets (Millions of yen) / ROA*1 (%)



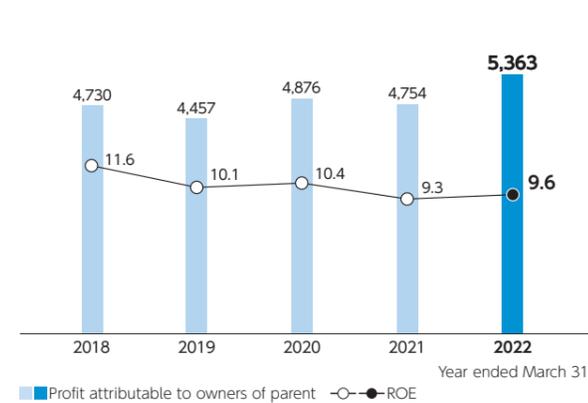
Net assets (Millions of yen) / Shareholders' equity ratio (%)



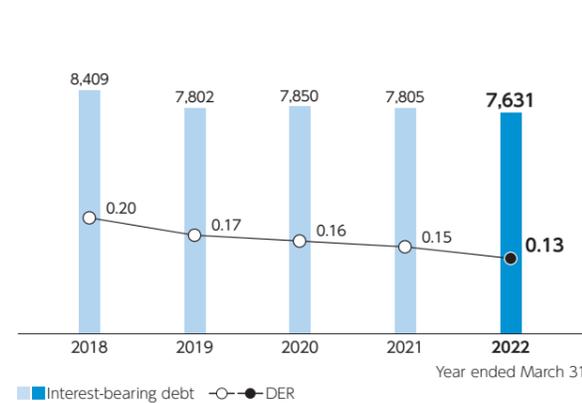
Net assets per share / Earnings per share (yen)



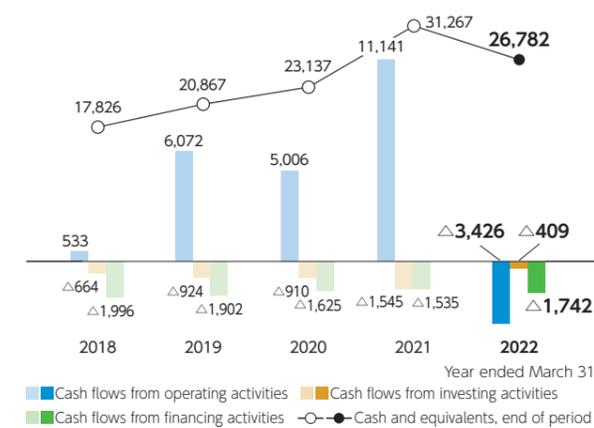
Profit attributable to owners of parent (Millions of yen) / ROE*2 (%)



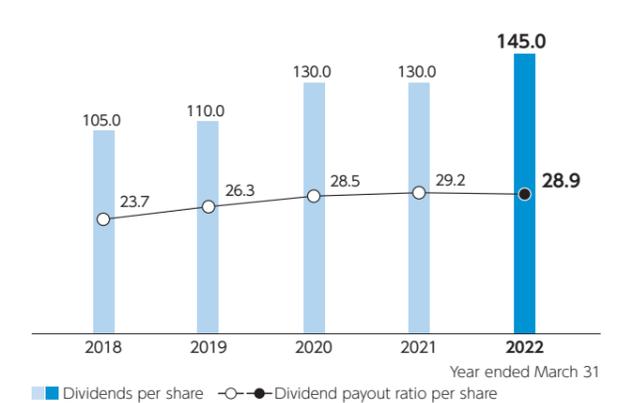
Interest-bearing debt (Millions of yen) / DER*3 (times)



Cash flows (Millions of yen)



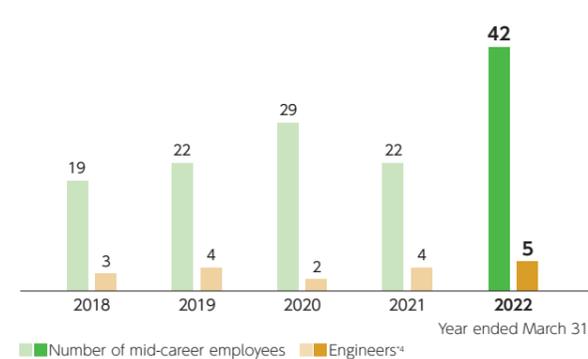
Dividends per share (yen) / Dividend payout ratio per share (%)



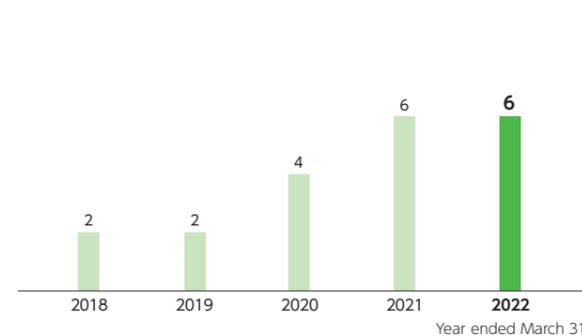
*1: ROA (Return On Assets (profit attributable to owners of parent)) *2: ROE (Return On Equity) *3: DER (Debt to Equity Ratio)

Non-financial Highlights

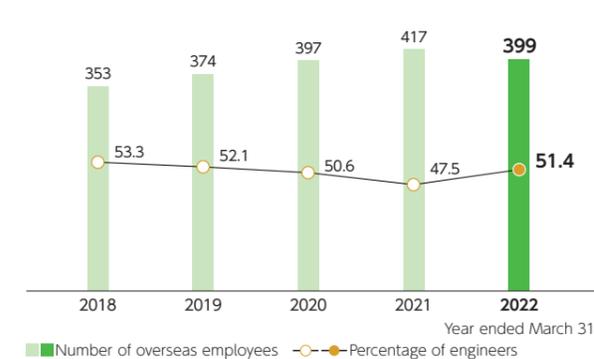
Number of mid-career employees, including technical specialists*4 (persons)



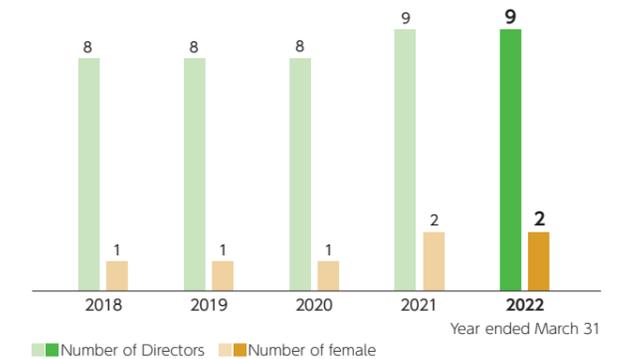
Rehired employees*4 (persons)



Number of overseas employees (persons), percentage of which are technical specialists (%)



Number of Directors, of which number of female (persons)



*4: DJK non-consolidated

Interview with the President



We aim to be the next-generation engineering trading firm, a manufacturing partner that is one step ahead of the times based on sustainability-conscious activities.

Ichiro Uno

Representative Director
President & CEO

DJK's history of development by responding to customers' needs that change with the times

In 1948, just three years after the end of the war, amidst the growing momentum to start a new industry, the Company was founded by seven members under the leadership of its first president, Shojiro Kuramochi, who had a wealth of experience working in the machinery department of Asano Bussan Corporation, a member of the then Asano Conglomerate, and served as its Director. Accordingly, this August we celebrated our 74th anniversary. The Company was established as a trading company specializing in machinery with the corporate principles of "encourage successful teamwork," "be proactive and take initiative," and "ensure solid operation" and with an attitude of steady and sincere management. I have heard that not many companies had such a clear corporate philosophy in the chaotic postwar period. In addition, we made it our policy at that time to steadily continue sales without resorting to speculation and report all business results to the bank.

With the abolition of controls on petroleum products in 1952, the Company established track records in the field of petroleum and petroleum refining plants, laying the foundation for its current Plant & Energy Business. In the late 1950s, the Company focused on the emergence of an industry related to plastic molding machines, and the prototype for our current Industrial Machinery Business was created. In the 1960s, the Company further expanded its domain in the FA/OA field, including automated assembly lines and industrial robots,

and in the early 1980s, with the rapid development of the information and telecommunications industries, the Precision Machinery Business (now the Electronics Business) grew to become the third earnings pillar. Around the same time, the Company launched a pharmaceutical business (later to become the Pharmaceuticals Business) selling equipment to pharmaceutical companies and the Aviation Business providing ground support equipment for airports. Accordingly, it was during this period that the foundations for the business areas leading up to the present were established.

In recent years, the Automotive Business was spun off from the intersection between the Industrial Machinery Business and the Electronics Business, and the Energy Solutions Business, which provides solutions for next-generation energy with a focus on rechargeable batteries, was spun off from the Plant & Energy Business, forming seven businesses. In addition, the Pharmaceuticals Business was renamed the Healthcare Business with the intention of expanding the scope of its business, and the Aviation Business was renamed the Aviation & Social Infrastructure Business due to an increase in the handling of special vehicles that contribute to social infrastructure, creating new steps forward for the Company.

DJK's growth trajectory is one of accurately grasping customer needs as they change with the times, evolving in all business units, and continuing to create new value.

Establishing a new philosophy as the Company reevaluates its raison d'être in the midst of formulating a growth strategy that charts a different growth curve from the past

As society as a whole is facing a major turning point, we have formulated a V2030 growth strategy that envisions our ideal state, targeting the year

2030, when various social issues are expected to come to the surface, in order to play a role in this era. As a prerequisite for further growth, a

Interview with the President

movement was born to establish a new philosophy that would be in line with the current trends while inheriting the corporate principles and founding spirit, the philosophy in the Company's early days. Accordingly, we have organized our mission, vision, and values in order to clearly state our *raison d'être* and direction.

Of our mission of Connecting People, Connecting Technology and Enriching the World., we are proud to have played a role in "Connecting People" in the sense that we have been engaged in providing various solutions by connecting manufacturing customers and equipment manufacturers. However, we are more aware than ever of the importance of "People," including our intention to reaffirm our commitment to the role of "Connecting" all people, including our business partners, everyone in our Group with whom we work, and all of our stakeholders. "Connecting Technology" expresses our desire as a machinery trading firm to become a company that can provide superior value through

New form of growth envisioned in the V2030 growth strategy

In order to achieve the consolidated quantitative targets of ¥300 billion in net sales and ¥12.5 billion in operating income set forth in V2030, the most important points are how much technological value we can provide outside of our traditional business and how we can make that value appreciated. It is necessary to materialize our vision and achieve our goals in a tangible manner in order to be recognized that DJK has certainly transformed itself, and we are convinced that the key to this new growth lies in the provision of solutions utilizing cutting-edge technologies and the diversification of our business model through shifting from product-only sales to products and integrated solutions business model as one of our basic strategies.

In the past, our approach was to provide technical services that accompanied machine sales, but now we feel that we are entering a dimension where customers are choosing machines (products) based on the value of the software (solutions) provided. From this perspective, it will become necessary to conduct sales activities that take into account the "solutions" (what we do) that go beyond "product" value, such as machine performance, quality, and price, in order to meet customers' needs and expectations. As a trading company specializing in machinery, we should focus on what "solutions" we can see ahead. I believe this will be to provide solutions that contribute to the realization of ideal lifestyles, experiences, and work environments, such as addressing global environmental issues including the SDGs and improving the working environment for workers. In addition to the perspective of loss prevention, such as yield improvement on the production line and preparation for natural disasters, and the perspective of business efficiency and productivity improvement through the use of digital technology, it will

cutting-edge and state-of-the-art technology by increasing the number of technologically savvy employees, and "Enriching the World" expresses our desire to contribute to the realization of such enrichment that people around the world, including ourselves, can truly feel well-being while being more conscious of society and the environment than ever before.

We then set forth our vision of what we should be, namely, the next-generation engineering trading firm. Although the definition of "engineering" differs from business to business, we would like to create a concrete form of what our company is by accumulating experience in system integration and plant engineering that combine multiple pieces of equipment into a production line, as well as EPC (engineering, procurement, and construction) and other services. We will further enhance our corporate value by aiming to become a trading company that can boast of "engineering" in the future.

be essential to offer proposals that will provide compensation for intangible things such as ideas, solutions, and services, including through promoting DX that incorporates AI and IoT, which are intended to create innovative business models. In the B to C world, "time" is becoming more important than ever, and we will continue to strive to maintain a high awareness of it, which is one of the characteristics of our company: the ability to catch the current trends and to be ready for them at the right moment. We are preparing to materialize new proposals such as by multiplying "products x solutions x time."

We also believe it is necessary to raise awareness of "management focus on long-term value, in addition to short-term profit" by aggressively pursuing businesses that require upfront investment to generate continuous revenue from assets owned, such as a subscription model that includes a rental format in which we own equipment and customers use it on-site and judge its effectiveness.

Furthermore, we will execute aggressive investments from a long-term perspective that will lead to solutions to social and environmental issues, and while making effective use of our funds, we will take strategies to create a new growth curve rather than an extension of our existing business model. First, we will plant seeds in appropriate projects in each of the following three areas: "core field," which respond to the emergent demand in the seven businesses; "adjacent field," which respond to the potential demand to create new social and economic value from existing businesses; and "new field," which create new businesses from the connections between core and adjacent areas, with the aim of drawing a growth curve that will produce results in the last three years of the V2030.

A new starting point, building on the substantial results of the previous medium-term business plan FACE2021

The previous medium-term business plan FACE2021, which was positioned as a plan for laying the foundation for the next stage of growth, unfortunately fell short of its quantitative targets, but achieved substantial qualitative results.

The seven business structures have been solidified, and progress has been made in reforming the personnel system and developing various core systems. With the establishment of the Corporate Strategy Division, which will play a multifunctional role indispensable for promoting management in the new era, and the operation of the Investment Management Reviewing Committee, we are establishing a system to investigate, review, and examine investments, and we recognize that we have reached the starting line for the next stage of growth. During the FACE2021 period, which coincided with the COVID-19 pandemic, we were restricted in our activities, but we were able to learn a great deal in the three years that we can apply in the future, such as using remote tools to conduct not only meetings and discussions but also start-up of equipment at customer plants.

Since I took office as President, we have been focusing on risk management as an important point of strengthening our management. We have also been focusing on the appointment of experts (engineers) who can identify technical risks from inquiries, the development of internal systems to

strengthen legal judgment to reduce risks in contracts, the enhancement of construction supervision to safely execute processes after receiving orders, and strengthening import/export related operations associated with security trade control. However, as our businesses expand, our transaction projects are becoming larger, more complex, more sophisticated, and have longer delivery times, and the transaction risks to be handled are becoming more diverse, and we recognize the need for further honing our skills. From the perspective of business continuity planning (BCP), we also feel the need to prepare multiple environments that will allow us to continue operations in the event of a natural disaster. We must also consider creating an environment that allows us to work from any location, mixing traditional office work with remote work. Moreover, in this age of information overflow, we believe it is necessary to invest in further strengthening information security, including measures to maintain confidentiality and prevent the leakage of personal information.

From the viewpoint of sustainable enhancement of corporate value of the entire Group, we will appropriately manage and respond to various risks related to corporate operations by linking them to sustainability and developing them in a more organized manner.



Medium-term business plan MT2024 with backcasting from the V2030 growth strategy

The key to the business strategies for growth in the medium-term business plan MT2024, which is positioned as the creation phase of the V2030 growth strategy, is to strengthen engineering capabilities. Over the next three years, we will put the activities of the Engineering Center on track and build a system that will enable the engineers who have gathered at the Center to work on diverse projects in a cross-functional manner across business boundaries. At the same time, we recognize the importance of further enhancing our personnel system to encourage the career development of skilled and specialized personnel and to evolve into a company where employees with diverse values can play an active role through training, recruitment, and promotion. In this way, we are hopeful that new ideas and concepts will be generated through the cross-fertilization of unconventional viewpoints and values.

As for the other point, expansion of business with global companies, we will continue to expand transactions with foreign companies, which are both our customers and suppliers. The Energy Solutions Business, which handles lithium-ion battery manufacturing equipment, has recently been active in this area, and offers a diverse lineup of products, including those from South Korean and Chinese manufacturers, in addition to those from Japanese manufacturers. With the strength of our ability to propose combinations of products according to customer needs through our superior lineup of commercial products, we are expanding

our business to include startup companies, auto parts manufacturers, and major chemical companies in Europe and the United States.

Our investment in the establishment of DC ENERGY GMBH (Frankfurt, Germany), a joint venture with CIS of South Korea, in 2019 was a bit daring for us, but the activity is going well, and we are starting to win orders for large projects. We have a feeling that European companies see the value in these efforts, and we realize that it is important to seize every opportunity to promote such initiatives.

In addition, it is difficult for foreign companies that do not have the concept of a Japanese trading company to understand our business model, and we believe it is essential to communicate our unique value proposition to staff in each country who are familiar with the local commercial distribution and circumstances. I believe that a focus on human resource development, including the sharing of value concepts, will greatly support this strategy.

The figures set as quantitative targets for MT2024 are at the same level as for FACE2021. This is due to a change in accounting standards for revenue recognition with respect to consolidated net sales, as well as the impact of the trend toward longer delivery times associated with larger projects becoming more pronounced. We have also disclosed consolidated orders received in order to have our sales force, which can be regarded as an indicator of the results of our sales activities, be seen. We will ensure that this will translate into sales and expand our business performance.



Ideas and initiatives for implementing sustainability management

In order to consider truly sustainable management, it is extremely important to consider and make decisions from a comprehensive and sustainable perspective without falling into individual theories. Therefore, as of April 1, 2022, we established the Sustainability Promotion Committee, chaired by me, the President, and positioned it as the higher-level organization for each committee, including the Investment Management Reviewing Committee, Risk Management Committee, EMS Committee, Health Committee, and Education Committee.

The officer in charge will be responsible for strongly accelerating the creation of social and

economic value by scrutinizing all internal activities, including human resource strategies, hiring and training, domestic and international human resource exchange, and investment decisions, with an eye toward sustainable management.

In August of this year, we also expressed our support for the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures). We will take this opportunity to analyze, study, and disclose information in accordance with the TCFD recommendations in a phased manner.

Identifying materiality and strengthening governance to address social issues

In formulating our V2030 growth strategy, we closely examined the key risks and opportunities in our Group from an ESG perspective and identified materialities. In addition to what we can contribute through our traditional machinery sales, we are also trying to think about what we can do to tackle other issues that are difficult to tackle as an extension of our existing business, such as the SDGs themes of No Poverty and Zero Hunger. In terms of the environment, we feel strongly that it is necessary to take a proactive stance toward environmental issues, rather than simply saying that the machinery we have sold has "as a result" reduced the environmental impact.

From the customer's point of view, the Group is a partner that can flexibly respond to and consult with a wide range of requests, including arrangements for special equipment and support for overseas expansion. Our information network is also very sophisticated, and our ability to propose solutions by making full use of various functions and our network of cooperation with a large number of equipment manufacturers and construction companies is attractive and, I believe, our suppliers find our ability to maintain and expand relationships of trust with our customers very appealing. In the area

of solutions to social issues, I would like to focus on such efforts to seek new means of solutions through alliances and collaborations with other companies that share the same passion for manufacturing, even if they cannot be realized by our Group alone, while demonstrating our unique strengths.

In order to take on the challenges of such unprecedented initiatives and further develop global operations, it is also extremely important to strengthen the governance that supports such initiatives. In particular, as the Company's size expands and its human resources increase, it is necessary to pay more attention to Group governance, including Group companies and global bases, and we believe it is important to respond while actively exchanging opinions with outside directors and outside Audit & Supervisory Board members. The Governance Committee, the majority of whose members are outside directors, is positioned as an organization that discusses not only nomination and compensation, but also a variety of other topics. In the future, I would like to continue to operate this forum as a place where executives from inside and outside the Company can frankly exchange opinions with each other, while narrowing down the themes.

Message to our stakeholders

In our role as a trading company, we have always focused on the satisfaction of both buyers and sellers, and we will continue to contribute to the realization of a sustainable society through multi-stakeholder-conscious management with a renewed focus on what is good for society.

I strongly believe that people are the most important factor in a trading company, and in order to realize our management philosophy, we need to put more effort into the development and promotion of our human resources. I believe that each and every person working for our Group is irreplaceable and that it is necessary not only to actively invest in human capital, including the development of

systems and mechanisms to systematically secure and develop human resources throughout the Group, but also to strengthen initiatives for health management for each employee and work sharing through rotational work. In this way, we will focus on human resource development, both in Japan and overseas, and in conjunction with reforms in the way we work, we will also pay attention to creating an environment in which all people working in our Group can enjoy their work. While fostering an atmosphere where people are happy to work for this Company and enjoy their work, we aim to create a sense of well-being for our stakeholders as well.

I look forward to your continued support.

Interview with the CFO

We aim to maximize shareholder value by evolving into the next-generation engineering trading firm.

Osamu Fukawa Director, Managing Executive Officer, CFO



In our Group, business management that balances capital efficiency and profitability, financial soundness, and shareholder returns are positioned as the three pillars of our financial strategy.

Review of FACE2021, the previous medium-term business plan

In the fiscal year ended March 31, 2022, the final year of the previous medium-term business plan FACE2021, which started in the fiscal year ended March 31, 2020, consolidated net sales were ¥148,075 million (up 5.7% year-on-year), operating income was ¥6,866 million (up 19.8% year-on-year), and net income attributable to owners of parent reached a record high of ¥5,363 million (up 12.8% year-on-year). Although we fell short of our final year plan due to the impact of the spread of COVID-19 infections around the world, we feel that these three years was a period for laying the foundation for the promotion of our future growth strategy in both quantitative and qualitative terms.

Amid the worldwide difficulty in procuring parts and materials due to the COVID-19 pandemic, our Group has been responding to customer needs by utilizing all means and methods, including digital technology, by leveraging our strength of mobility. By segment, the Electronics Business, which has been performing well in China and Asia, drove our financial performance throughout the three-year period, and the next-generation energy field, which handled lithium-ion battery manufacturing equipment within the Plant & Energy Business, also grew to become an independent segment as the Energy Solutions Business. The Healthcare Business also expanded its operations and changed its name from the Pharmaceuticals Business. These are business areas that we expect to contribute to

earnings in the future. In the Plant & Energy Business and the Industrial Machinery Business, we responded to needs related to environmental protection, such as decarbonization and the shift away from plastics, and in the Automotive Business, we worked to develop commercial products related to advanced technologies, such as electric vehicles (EVs) and self-driving.

On the qualitative side, we have also upgraded our internal investment decision-making process, and maintained and improved our financial soundness by upgrading our long-term issuer credit rating from BBB+ (stable) to BBB+ (positive) in September 2021, and from BBB+ (positive) to A- (stable) in September this year, which we received from Japan Credit Rating Agency, Ltd.

Achieving the V2030 growth strategy

Currently, the Group is implementing V2030, a growth strategy for the year 2030, and MT2024, a medium-term business plan positioned as the creation phase of the strategy. While maintaining a stable financial base, we will work on the implementation of reformation of our earning model through growth investments and other measures, and improve capital efficiency. Under V2030, we have set consolidated quantitative targets of ¥300.0 billion in net sales, ¥12.5 billion in operating income, and 10% ROE.

Management focus on long-term value, in addition to short-term profit

Along with "aggressive investments" in the basic policy of V2030, what is important is to build a management base that will generate earnings over the medium to long term, based on further

improvement of capital efficiency. Since its inception, the Group has tended to place a strong emphasis on its income statement, particularly operating income. In accordance with the founding spirit of "dedication to buying and selling machinery," the Company has not necessarily been proactive in business investment, which has led to "management focus on short-term profit" in some aspects. In the future, along with growth investments, we will improve profitability with a greater awareness of asset efficiency and strengthen the perspective of "management focus on long-term value" with an awareness of the balance sheet.

Currently, each business unit is analyzing its balance sheet anew, and internal training is underway to raise employees' awareness of capital efficiency. On the other hand, the Group has traditionally managed the balance of accounts receivable, accounts payable, and inventory appropriately through the cash conversion cycle (CCC). However, as the number of large projects increases and delivery times lengthen, the transaction management system has been enhanced to strengthen CCC functions such as "inventory visualization." Through these efforts, we will strengthen return on invested capital (ROIC) and return on equity (ROE).

Growth investments

As mentioned earlier, our Group has been very cautious in its investments, but now, in accordance with our V2030 policy, we plan to make aggressive business investments during the three-year period of MT2024. As for the results of the previous medium-term business plan FACE2021, DC ENERGY GMBH, which was established in Germany in June 2019 as a joint venture with CIS of South Korea, is steadily expanding its business in the European market. In March 2022, we decided to invest in Tahara Bio-power LLC as part of a consortium involved in the construction of a biomass power plant with 50,000 kW output in Tahara, Aichi-Prefecture, and the spillover effects, including equipment orders, are expanding thereafter.

The Company has established and operates the Investment Management Reviewing Committee, and has developed qualitative and quantitative investment criteria, including hurdle rates (required yields), during the FACE2021 period in order to emphasize accountability to shareholders and other stakeholders. In addition, we plan to reflect the degree of social contribution to sustainability in our investment criteria in the future.

During the FACE2021 period, we introduced a new ERP system for integrated management of everything from sales contracts to consolidated financial results, which was released in April of this year. Going forward, we plan to utilize such integrated data for balance sheet analysis by business unit, and also to begin using CRM tools for customer management.

Furthermore, in order for our Group to evolve from product-only sales to a products and integrated solutions business model, it will be important to hire and train more diverse human resources than ever before, for example, those with technical

capabilities to consult on production processes with excellent environmental friendliness. The Group has revised its personnel system, clarifying the professional positions of engineers and other professionals and reviewing their evaluation and remuneration. We will continue to invest aggressively in our human resources by offering salary increases commensurate with job functions in addition to positions. The full-year forecast for the fiscal year ending March 31, 2023 (decrease in revenue and profit) reflects increased depreciation and amortization of system investments and human resource investments.

While promoting these growth investments, the Group will continue to strive to maintain financial soundness and safety, with a D/E ratio of 0.13x for the fiscal year ended March 31, 2022.

Shareholder returns

The Company positions profit distribution to shareholders as one of its most important management policies. Taking into consideration future business development, including investment for growth toward the realization of V2030, and the continuation of stable dividends, the Company will pay appropriate dividends in line with business performance, with a payout ratio of 30% of net income attributable to owners of parent as the target payout ratio.

In order to fulfill our vision of "Connecting People, Connecting Technology and Enriching the World," as set forth in our new management philosophy, we will steadily implement our financial strategy, which is the foundation of our management, to ensure the realization of V2030 while continuously increasing corporate value and returning profits to shareholders under our vision of becoming the next-generation engineering trading firm.

Financial Highlights

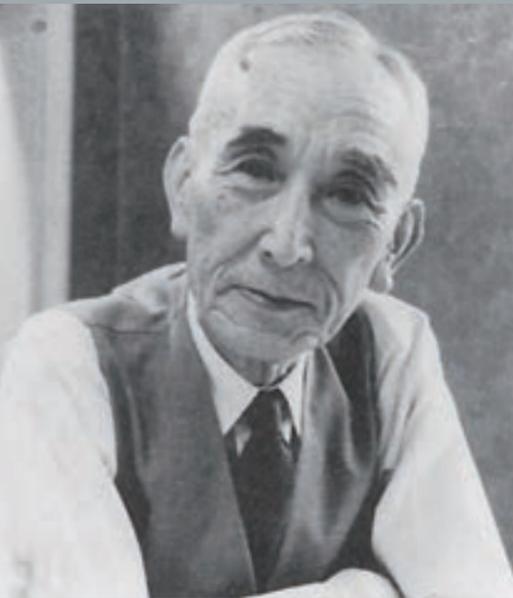
(Millions of yen)

	FY2021 (Results)	FY2022 (Forecasts)
Orders received	154,702	170,000
Net sales	148,075	140,000
Operating income	6,866	5,500
Ordinary income	7,792	5,800
Profit attributable to owners of parent	5,363	3,900

Philosophy System

Our founding spirit and corporate principles represent the approach to management taken by our first president, Shojiro Kuramochi, and have been passed down in our corporate culture from the time of our founding to the present.

In light of the recent major changes in the social and business environment, and in formulating strategies based on a longer-term perspective, we have decided that it is time to reevaluate what our raison d'être and mission are, and have established a new philosophy, including a response to what society is demanding of us.



Shojiro Kuramochi, our first President

Business Policy at Time of Our Founding

After the end of World War II, the conglomerates that had monopolized various industrial sectors were dismantled and the principle of competition was introduced into the market. The founding members of the later DAIICHI JITSUGYO CO., LTD. were produced from among the personnel associated with the "Asano Zaibatsu" conglomerate which was dismantled at this time.

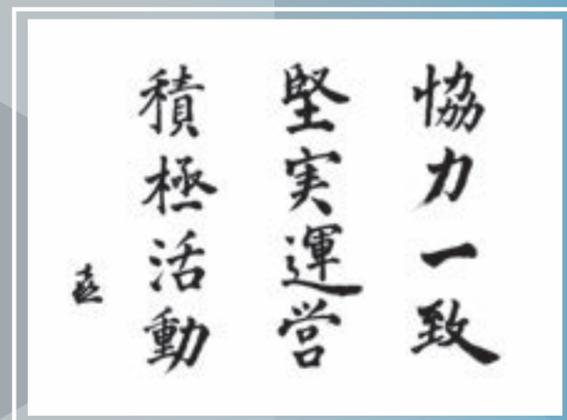
On August 12, 1948, the Company was founded by seven founders, including Shojiro Kuramochi, who later became the first president. The company was named Daiichi Jitsugyo and took its first step as a trading company specializing in machinery.

As a result of steadily continuing to conduct non-speculative business, choosing trustworthy partners, and continuing to report monthly to the bank on our performance, we earned the trust of those around us as an honest and solid company, growing steadily. This spirit has been deeply ingrained in our corporate culture from the time of our founding to the present.

Founding Spirit

As a trading company, DAIICHI JITSUGYO CO., LTD. strives to facilitate the logistics of an economic society in order to contribute to social prosperity. Corporate activities are based on a proactive approach and spirit of unified cooperation. The Company aims for stable growth based on sound management, while striving to improve the lifestyles and welfare of its employees.

Corporate Principles

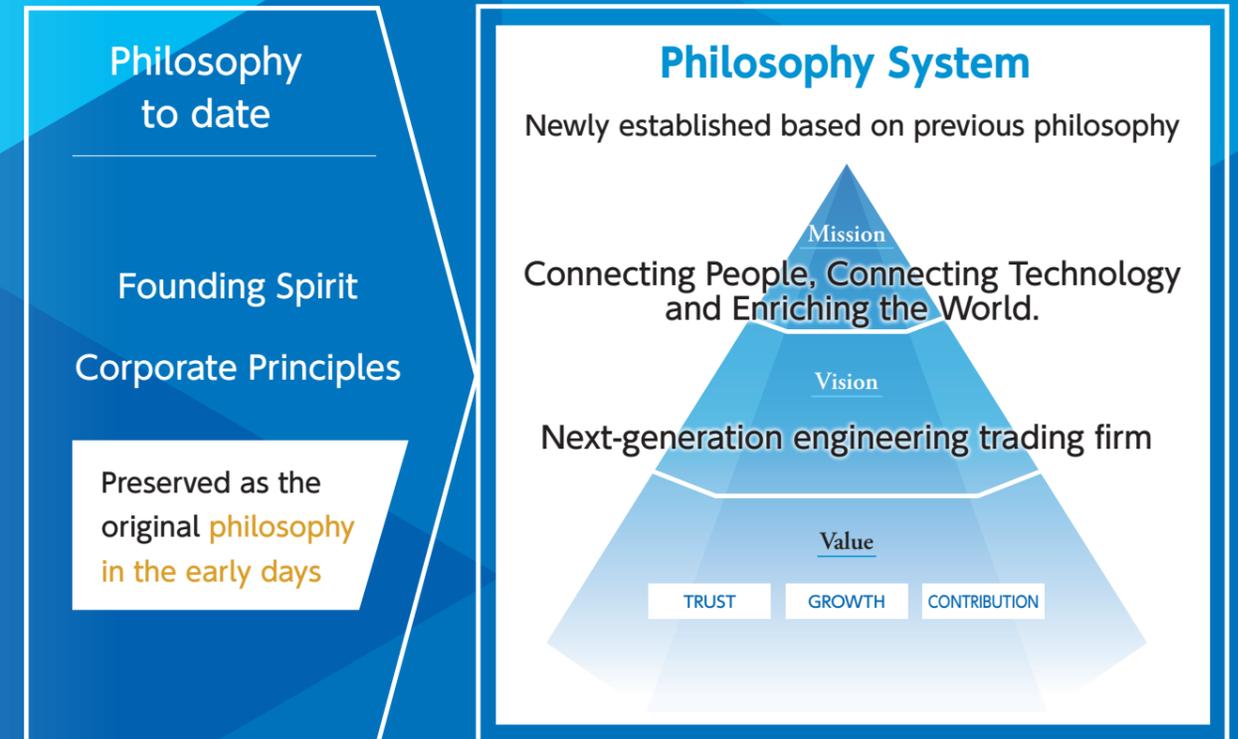


Encourage successful teamwork
Ensure solid operation
Be proactive and take initiative

From left: President Kuramochi,
Director Ryosei Suda,
Director Osamu Kuramochi

Background of the Establishment of the New Philosophy

The founding spirit and corporate principles, which have been our philosophy up to now, are positioned as the philosophy in the early days and will be preserved as our compass going forward. At the same time, in our philosophy in the early days, we have inherited our unchanging values of contributing to social prosperity, stable corporate growth, and the welfare of our employees, and have established a philosophy system that is adaptable to the changing times.



In establishing the new philosophy, we conducted an internal questionnaire survey, and the philosophy reflects the opinions of many employees.

New Philosophy

Mission

Connecting People, Connecting Technology and Enriching the World.

Vision

Next-generation engineering trading firm

Striving to be a business partner that is one step ahead of the times, and that contributes to the growth of customer businesses and the realization of a sustainable society on a global scale by continuously providing value with our company's engineering function as its core.

Value

TRUST

We strive to be a company that is rewarding, respects individuals, and allows them to experience growth, while cooperating with internal and external parties to align our goals with the expectations of our stakeholders and our social responsibilities.

GROWTH

We aim to achieve continuous growth through aggressive investment in growth markets and expansion of business domains, while contributing to manufacturing through our unique engineering capabilities.

CONTRIBUTION

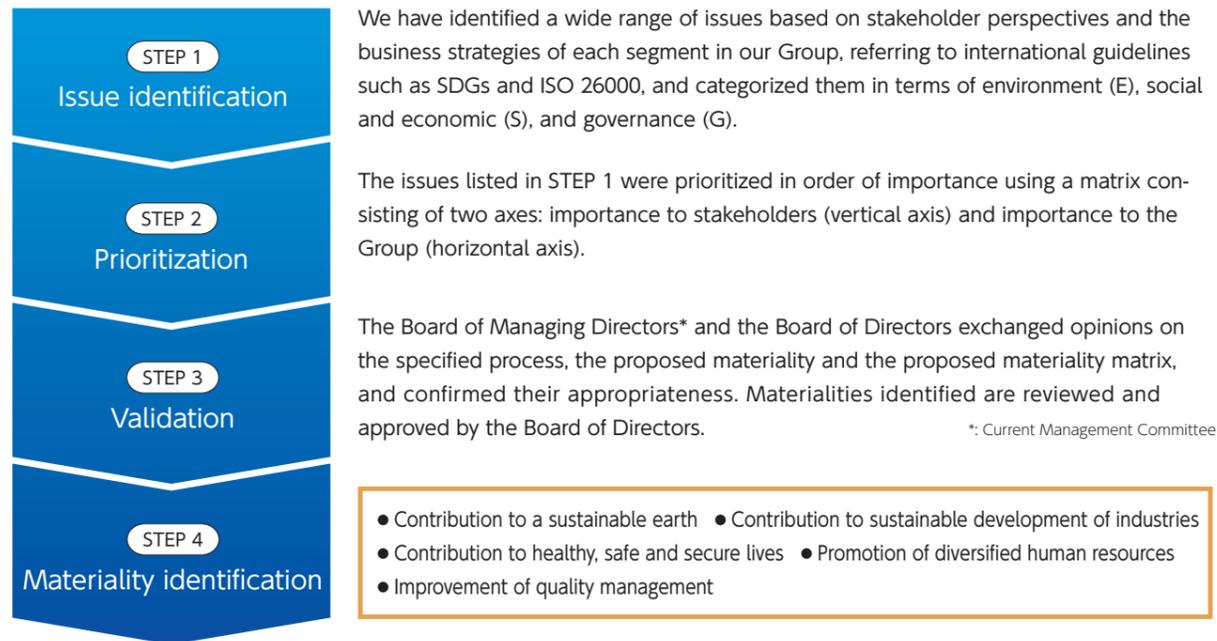
We contribute to the realization of a sustainable society by actively tackling important social issues through management transparency and continuous improvement of the quality of the company.

Materiality

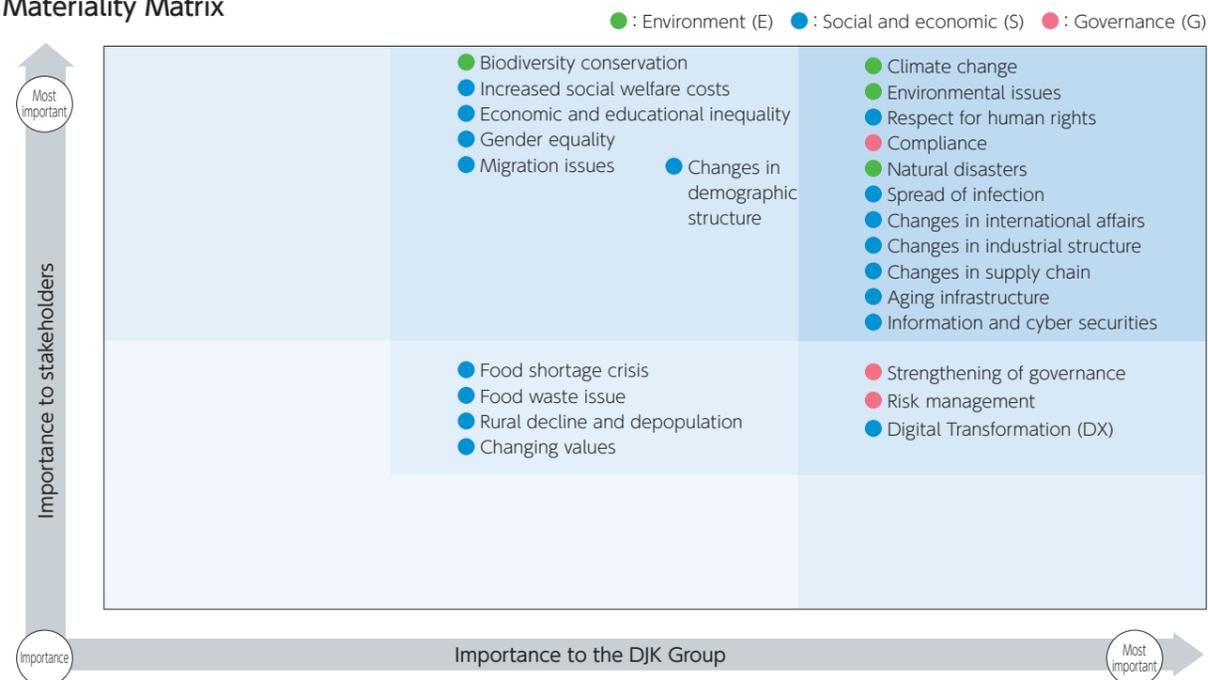
In considering the future of our Group on the occasion of establishing a new philosophy, our desire to actively contribute to the realization of a sustainable society not only through our own growth, but also through our business activities was the underlying factor. Based on this belief, we have carefully examined the various issues surrounding our stakeholders and our Group and identified materialities (important issues).

Process to Identify Materialities

The following steps were taken to identify the materialities that we will focus on in order to maintain sustainable growth. The materialities identified will be reviewed on a regular basis in light of changes in the environment and business developments in the Group.



Materiality Matrix



Identified Materialities

The table below lists the materialities identified by the Group, each target, and the related SDG goals. Through our business activities, the Group is committed to contributing to the achievement of the SDGs and creating each environmental, social, and economic value.

Materialities, targets, and related SDGs

Materialities	Targets	Related SDGs
E Contribution to a sustainable earth	<ul style="list-style-type: none"> ● Realization of a decarbonized society ● Realization of a resource-recycling society ● Protection of the natural environment 	
S Contribution to sustainable development of industries	<ul style="list-style-type: none"> ● Utilization of advanced IT/AI ● Promotion of smart factories ● Providing safe & secure products 	
S Contribution to healthy, safe and secure lives	<ul style="list-style-type: none"> ● Improved safety with social infrastructure enhancement ● Providing well-being and high quality products development 	
S Promotion of diversified human resources	<ul style="list-style-type: none"> ● Healthy work environment ● Sustainable ability development ● Talent management 	
G Improvement of quality management	<ul style="list-style-type: none"> ● Strengthening internal controls and governance ● Risk management ● Social contribution and harmony 	

Review of FACE2021, Previous Medium-term Business Plan

Although the first year of FACE2021 went well, from the second year onward the plan could not proceed as expected due to restrictions on activities associated with the spread of COVID-19.

However, it was precisely on these occasions that the Company's "new normal" progressed, as we focused on new initiatives, such as using digital technology to hold web-based seminars, remotely witnessing the shipment of equipment and facilities, online business negotiations, and in-house training. In addition, as the culmination of our efforts to solidify the foundation that will lead us to become the next-generation engineering trading firm, we were able to achieve a certain level of success in laying the groundwork for our future growth.

In summary, although we fell short of the quantitative targets announced at the beginning of the plan, we were able to avoid a major decline, and we believe that the concerted efforts of all employees further strengthened our on-site response capabilities.

Qualitative Targets

1	Evolution of domain-based management system, and enhancing profitability	Results	<ul style="list-style-type: none"> • New business divisions established (Automotive, Energy Solutions) • Business field expansion (Healthcare, Aviation & Social Infrastructure) • Enhancing profitability is a continuous challenge
2	Strengthening the driving force of management	Results	<ul style="list-style-type: none"> • Established our new Corporate Strategy Div. • Laid the groundwork towards growth • Introduction of new personnel system
3	Enhancement of corporate quality	Results	<ul style="list-style-type: none"> • The Governance Committee fulfilled its function • Credit rating outlook Acquired BBB+ (Positive)

Quantitative Targets (Consolidated)

Electronics Business drove three-year financial performance
Healthcare Business's field expansion
Energy Solutions Business's expansion

For a segment-by-segment review, see pp.33-46 (Millions of yen)

	FY2019	FY2020	FY2021 Results	FACE2021 Targets
Net sales*	161,476	140,029	148,075	185,000
Operating income	6,998	5,729	6,866	8,300
Ordinary income	7,426	6,464	7,792	8,500
Profit attributable to owners of parent	4,876	4,754	5,363	5,700
ROE (%)	10.4	9.3	9.6	10.0% or higher

*: The Company has adopted the "Accounting Standard for Revenue Recognition" etc. since the fiscal year ended March 31, 2022 (FY2021).

Growth Strategy / Medium-term Business Plan

V2030 Growth Strategy (Vision2030)

We have achieved relatively modest growth since our founding through solid corporate management. In light of the recent situation where major changes continue to take place in the social and business environment, we are more keenly aware of the need for a fundamental review of corporate operations and strategic planning from a long-term perspective.

Against this backdrop, we have formulated our V2030 growth strategy for fiscal 2030, based on our strong determination to chart a different growth curve than in the past.

Basic Policy

Aggressive investments	<ul style="list-style-type: none"> • Investments towards business expansion, strengthening, and creation, as well as solutions to social issues
Management focus on long-term value, in addition to short-term profit	<ul style="list-style-type: none"> • Build management base, for medium- to long-term profitability by improving capital efficiency
Contributing to various stakeholders: Customers, employees, suppliers, communities, and shareholders	<ul style="list-style-type: none"> • Achieve a sustainable society by addressing our materialities
Shift from product-only sales to products and integrated solutions business model	<ul style="list-style-type: none"> • Proposals for embedded-services business, and subscriptions models, etc.
Capturing global growth	<ul style="list-style-type: none"> • Make more business dealings with foreign companies
Promotion of digital transformation	<ul style="list-style-type: none"> • Significantly improve productivity, and creation of innovative business models

Quantitative Targets (Consolidated)

Net sales ¥300.0 billion	Operating income ¥12.5 billion	ROE 10%
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Investment Strategies

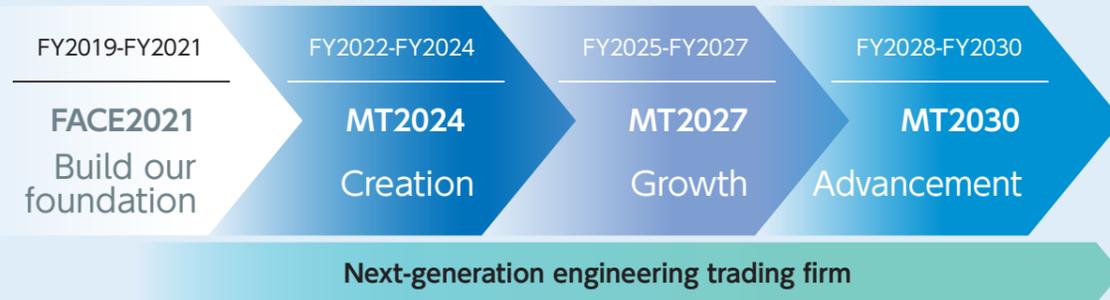
In addition to the seven businesses, we will consider investments from a long-term perspective in adjacent and new fields to expand and strengthen our business, create new markets and businesses, and solve social and environmental issues.

- Core field** Investment in response to the explicit demands, including human capital and infrastructure improvement
- Adjacent field** Investment in efforts to solve social issues, such as decarbonization and next-generation energy, which create social and economic value from existing businesses
- New field** Investment to create new businesses through connections with the core and adjacent fields and chart a new growth curve



Medium-term Business Plan MT2024

Backcasting from the V2030 growth strategy, we have positioned each three-year period from fiscal 2022 to fiscal 2030 as a period of Creation, Growth, and Advancement, and formulated a medium-term business plan MT2024 (Creation Phase).



Basic Policy

1. Business strategies for growth

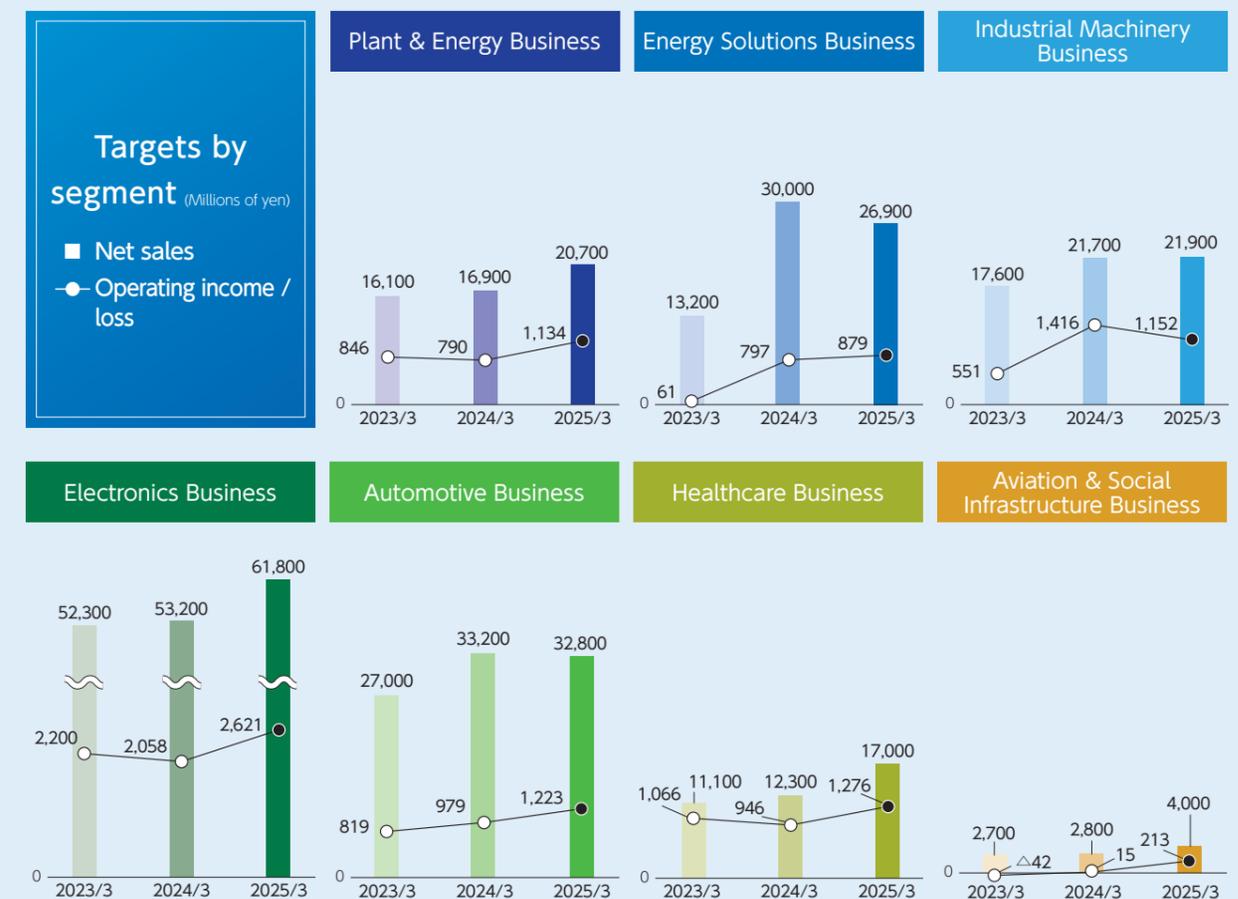
① Strengthening engineering capabilities	<ul style="list-style-type: none"> Strengthen our one-of-a-kind engineering capabilities, to strive to be the next-generation engineering trading firm
② Strategic business investment	<ul style="list-style-type: none"> Create economic values through our business, as well as make strategic investments for further growth
③ Expansion of business with global companies	<ul style="list-style-type: none"> Develop more business dealings with foreign companies, through increased overseas staff and improved infrastructure, to capture global economic growth <p>Primary fields and global regions</p> <ul style="list-style-type: none"> Energy Solutions Business (LIB: Europe, Americas) Healthcare Business (Pharmaceutical products: Southeast Asia, India) Industrial Machinery Business (Medical equipment: Americas)
④ Progressing digital transformation	<ul style="list-style-type: none"> Workload efficiency and improved productivity, leveraging digital technologies Existing business expansion through big data and create new businesses by proactively utilizing IoT & AI Secure competent human resources for digital transformations, and improve employees' IT literacy

2. Strengthening management base

① Deepening corporate governance	<ul style="list-style-type: none"> Establish highly transparent corporate governance, along with addressing corporate governance code
② Strengthening risk management	<ul style="list-style-type: none"> Strengthen management framework for handling all sorts of business risks, to sustainably enhance a group-wide corporate value
③ Strengthening financial strategies	<ul style="list-style-type: none"> Implement reformation of our earning model by growth investments and improve capital efficiency, keeping a stable financial base
④ Strengthening human resources strategies	<ul style="list-style-type: none"> Aggressive investments in HR Straighten training systems for all Group companies' employees Train, recruit, and post human resources, which is directed to a highly professional and diverse organization
⑤ Promotion of sustainability management	<ul style="list-style-type: none"> Sustainably create social and economic values, based upon the philosophy, and the basic policy on sustainability

Quantitative Targets (Consolidated)

(Millions of yen)	MT2024			
	FY2021 Results	FY2022 Targets	FY2023 Targets	FY2024 Targets
Orders received	154,702	170,000	180,000	200,000
Net sales	148,075	140,000	170,000	185,000
Operating income	6,866	5,500	7,000	8,500
Ordinary income	7,792	5,800	7,200	8,700
Profit attributable to owners of parent	5,363	3,900	4,800	5,800
ROE	9.6%	10%		



Business Segments at a Glance

7 Businesses*

	 Plant & Energy Business	 Energy Solutions Business	 Industrial Machinery Business	 Electronics Business	 Automotive Business	 Healthcare Business	 Aviation & Social Infrastructure Business							
Business fields	<ul style="list-style-type: none"> Petroleum / chemicals Energy Papermaking / steelmaking 	<ul style="list-style-type: none"> Materials Cells / modules Solar panels / storage batteries Fuel cells 	<ul style="list-style-type: none"> Home appliances / office automation Food packaging Medical equipment Housing equipment Distribution materials Growing seedlings 	<ul style="list-style-type: none"> Surface mount technology (SMT) Microelectronics Logistics automation solutions (LOGITO) 	<ul style="list-style-type: none"> Interior and exterior parts Powertrain Car electronics / ADAS 	<ul style="list-style-type: none"> Pharmaceuticals Cosmetics Food 	<ul style="list-style-type: none"> Aviation Airports Disaster preparedness Customer support 							
Major products	<ul style="list-style-type: none"> Petroleum refinery and petrochemical plant equipment Oil, gas, and geothermal production facilities Well drilling equipment and drilling rig packages Power generation infrastructure Renewable energy-related equipment AI / IoT-related equipment Environmental protection facilities Analysis and measurement equipment Chemical plant equipment Safety monitoring equipment Steelmaking plant equipment Papermaking plant equipment 	<ul style="list-style-type: none"> Battery materials production equipment Powder processing equipment Cell electrode manufacturing equipment Battery recycling equipment Cell / module assembly equipment Cell / module charge, discharge inspection equipment Flexible solar panels Storage battery systems Fuel cell manufacturing equipment 	<ul style="list-style-type: none"> FA systems Injection molding machines Extrusion machines Pressure and vacuum thermoforming machines Die-casting machines Metal processing machines Ceramics processing machines Automatic assembly equipment Material-handling robot systems Coating / surface decoration equipment 3D printing systems for plastic and sand molds Filling and packaging equipment 	<ul style="list-style-type: none"> Electronic component mounting-related systems (SMT) Semiconductor device-related systems Display-related systems SMT peripheral inspection equipment and post-process automation equipment IoT / software Coating and dispensing equipment CO₂ and YAG laser, blue laser Automation robots Logistics automation equipment Visual, X-ray, characteristic, and other inspection equipment 	<ul style="list-style-type: none"> Molding machines Metal-processing machines Plastic-processing machines Coating / surface decoration equipment Automated assembly equipment Inspection equipment Module support equipment IoT-related equipment and devices 	<ul style="list-style-type: none"> Tablet visual inspection systems Tablet ink-jet printing and inspection systems Capsule visual inspection systems Blister lines Sachet packaging lines Tablet pressing machines Vial filling lines Syringe filling lines Powder filling lines Leak inspection machines Automatic cell culture systems Other packaging lines 	<ul style="list-style-type: none"> Ground support equipment for aircraft Ground support equipment for airports Equipment used in airports Specialized vehicles for disaster relief Equipment to reduce workforce and workload 							
Ratio to total net sales	 8.0%	 12.8%	 13.0%	 35.2%	 21.6%	 7.6%	 1.7%							
	2021/3	2022/3	2021/3	2022/3	2021/3	2022/3	2021/3	2022/3	2021/3	2022/3	2021/3	2022/3		
Net sales (Millions of yen)	27,900	11,881	11,790	19,004	17,682	19,275	35,272	52,098	31,421	31,980	10,650	11,189	5,057	2,466
Operating income / loss (Millions of yen)	1,173	610	359	696	△ 68	646	1,973	3,125	992	1,238	1,107	1,161	352	△ 79
Operating income margin (%)	4.2	5.1	3.1	3.5	△ 0.4	3.3	5.6	5.9	3.2	3.8	10.4	10.4	7.0	△ 3.2
Number of employees	115	103	50	48	213	200	315	318	101	130	165	170	31	30

*The Energy Solutions Business was newly established as an independent segment from the Plant & Energy Business in the fiscal year ended March 31, 2022, and the figures for the previous fiscal year are based on the new classification method. In addition, the Aviation Business has been renamed the Aviation & Social Infrastructure Business.

Note: As this table does not include Other, which is not included in the reportable segments, or adjustments for inter-segment transactions, etc., the figures do not match the overall total.

Plant & Energy Business



Business Details

We provide various equipment and advanced technologies in the plant field. In the energy field, we provide related products for a decarbonized society, with a focus on renewable energy.

In the field of plant construction, the Company offers equipment and highly specialized technologies based on a wealth of long experience. We aim to contribute to solving social issues such as decarbonization through our Plant & Energy Business, and to promote resilient businesses that achieve sustainable growth and evolution for the key industries that support social infrastructure.



Yuji Shika Executive Officer, General Manager, Plant & Energy Business Division

Strengths

- Solution proposals based on our wealth of experience and knowledge since our founding, and support for companies expanding overseas by utilizing our global network
- High level of experience in renewable energies, including solar power plant operations and binary power generators, and ability to propose equipment
- Product lineup that contributes to on-site problem solving and technical succession utilizing DX (AI & IoT) technology

Risks and Opportunities based on the External Environment

Rapid changes toward decarbonization and carbon neutrality, including a shift away from fossil fuels

Risks

- Shrinking domestic market, restructuring of business partners, and business withdrawals
- Changes in capital investment preferences due to international conditions, stricter laws and regulations, and other factors
- Increased complexity of business structure and potential risks due to borderless business environment

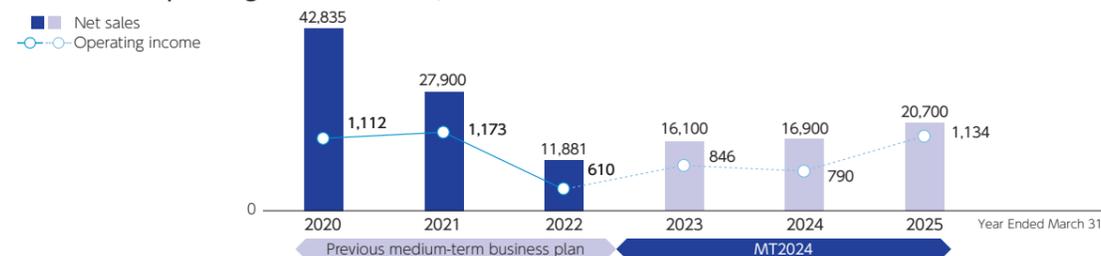
Opportunities

- Transition to a decarbonized, eco-friendly and circular economy
- Aging plant equipment and labor shortages including skilled workers
- DX trend that is rapidly developing in various industries

Review of the Previous Medium-term Business Plan and MT2024 Targets

- Launch of initiatives related to on-site ammonia production plants, bio-jet fuel, etc., and full-fledged decarbonization business [See p.54 for details](#)
- Promotion of participation in power generation business centered on renewable energy power generation
- Increasing orders through highly unique proposals based on total engineering that integrates sales and technology in binary power generation

Net sales / Operating income (Millions of yen)



Adopted "Accounting Standard for Revenue Recognition" from FY2021

Initiatives in V2030 and MT2024



- Ongoing efforts in geothermal development and binary power generation business using waste heat
- Developing low-carbon projects in Asian markets using the JCM system



- Energy transition initiatives for decarbonization
- Active proposals for smart security and DX (AI & IoT)



- Participation in new products, new processes, and automation themes in the laboratory through proactive approach to the R&D department
- Developing foreign companies' customers targeting Asian markets



- Proactive and bold approach to the biomass fuel business
- Accelerating initiatives for bioethanol and SAF businesses



- Developing demand for low-carbon ammonia and taking on the challenge of green ammonia
- Expansion of development of own renewable energy sources and development of rare metal-free storage batteries

TOPICS |

Started investment into a biomass power generation company

We have begun investing in Tahara Bio-power LLC, which promotes biomass power generation business in the coastal industrial area of Tahara City, Aichi Prefecture. Seven companies with strong interests and strengths in renewable energy jointly invested in this project, and construction of the Tahara Biomass Power Plant is scheduled to be completed at the site in April 2025.

Although we have been involved in renewable energy projects independently, such as owning our own solar power plants, this is the first time that we have invested and participated in a large-scale power generation project in collaboration with other companies.

We will use the various types of know-how gained through this project to create businesses, including investments, that will contribute to the global environment, such as decarbonization and the promotion of renewable energy.



For more information, please see the joint press release of the seven companies dated March 31, 2022.
<https://www.djk.co.jp/en/news/>



Energy Solutions Business

Business Details

In the rechargeable battery field, we mainly provide lithium-ion battery (LIB) manufacturing-related equipment, as well as solutions for next-generation energy such as fuel cells, solar power, and storage batteries.

In the global movement toward realizing a decarbonized society, we provide a variety of solutions by leveraging our global network, engineering capabilities, and other strengths. Through our efforts in the field of next-generation energy, we will contribute to our customers' product manufacturing and business development, aiming to realize a sustainable society.



Daijiro Kodama Executive Officer, General Manager, Energy Solutions Business Division

Strengths

- Covering a wide range of fields from materials to battery manufacturing (upstream to downstream of the production process)
- Offering solutions based on a wealth of achievements and experience gained over the years
- Partnerships with industry-leading manufacturers in Japan and overseas
- Project management by the Engineering Department

Risks and Opportunities based on the External Environment

Expect entry of emerging companies in the LIB market and increased M&A activity, while moves to tighten regulations on international standards related to product safety

Risks

- Changes in regulations and policies regarding LIBs in various countries
- Rise of emerging manufacturers and intensifying cost competition
- Transformation of materials and construction methods through next-generation technologies

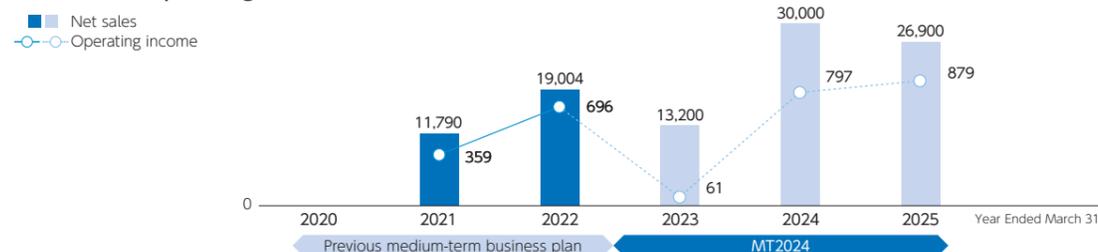
Opportunities

- Increased opportunities to enter new domains due to changes in regulations and policies
- Development of state-of-the-art technologies and offering of added value
- Gaining new customers and creating new business

Review of the Previous Medium-term Business Plan and MT2024 Targets

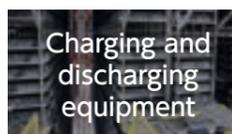
- New customers were acquired in the European market, and inquiries increased in the North American market
- Established a mechanism for package proposals in LIB manufacturing
- Establishment of the Engineering Department

Net sales / Operating income (Millions of yen)



Separated from Plant & Energy Business from FY2021
Adopted "Accounting Standard for Revenue Recognition" from FY2021

Initiatives in V2030 and MT2024



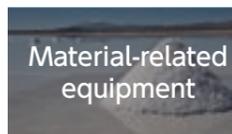
Charging and discharging equipment

- Promotion of projects coordinated by the Company
- Cost reduction by manufacturing at the delivery location, etc.



Cell manufacturing equipment

- Package proposals to customers
- Development of next-generation equipment and cultivation of manufacturers



Material-related equipment

- Powder engineering by the Company
- Manufacture of equipment in a locally complete manner in collaboration with partner companies



Engineering

- Coordination of projects led by the Company
- Launch of overseas vendors by the Engineering Department



New business

- Sales of materials related to fuel cells and LIBs
- Development of all-solid-state battery manufacturing-related equipment and cultivation of equipment manufacturers

TOPICS |

Business development in the LIB market

The LIB market in 2024 is expected to grow about twice as fast as in 2019. In this context, we will leverage the following strengths to promote expansion into the Asian market in addition to the fast-growing markets of Europe and the Americas.

As a representative business of our concept of a products and integrated solutions business model, we will strengthen the structure at each of our Group companies and play a role as a growth driver.

- 1. Project management function:** The Company has the Engineering Department that manages all aspects of the project, including confirmation of specifications, delivery dates, and on-site schedule coordination.
- 2. Many global partner companies:** We have many strong partner companies not only in Japan, but also in South Korea and China. In Europe, anticipating business expansion, DC ENERGY GMBH, a joint venture with CIS South Korea, a company with strong technological capabilities, was established in 2019.
- 3. Global network:** We have developed LIB business in 9 of the Group's 17 operating countries, mainly in Europe.



Industrial Machinery Business

Business Details

We provide production equipment, raw materials, and other products mainly related to automated assembly machines and surface treatment in a wide range of fields, including home appliances, housing equipment, food packaging, medical, motorcycles, and construction machinery.

In addition to further enhancing our presence by strengthening our engineering functions in existing businesses, we will continue to take on the challenge of new businesses by actively incorporating new technologies and construction methods. Furthermore, we will globally develop a supply chain that is environmentally conscious and friendly to the planet, including in manufacturing.



Shoichiro Okada Senior Executive Officer, General Manager, Industrial Machinery Business Division

Strengths

- One Window Total Solution: an organization capable of engineering facilities from upstream to downstream
- Proposing environmentally friendly equipment and materials that incorporate our experience in a wide range of industries and the latest trends (energy-saving diagnostics, detoxification tower equipment, powder coating, marine biodegradable plastics, etc.)
- Global sales network with a team of engineers

Risks and Opportunities based on the External Environment

Potential for dramatic changes in existing materials, processing, production processes, and others, to achieve a sustainable society

Risks

- Trend to ban the use of disposable plastic products
- Transformation of the supply chain due to changes in international conditions
- Decrease in the working population

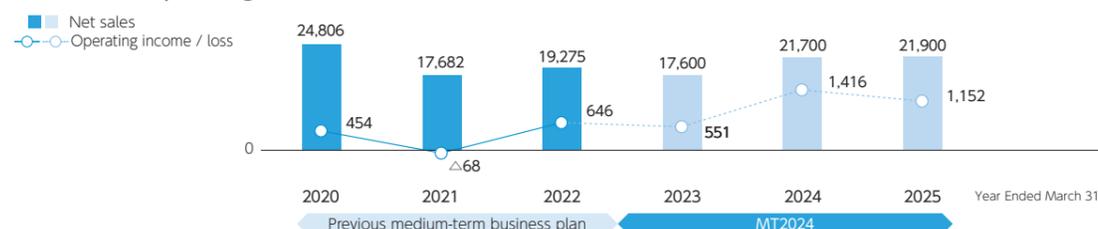
Opportunities

- Opportunities to acquire new commercial rights in environmentally friendly products (including raw materials) with consideration for the global environment, such as de-plasticization and decarbonization
- Dramatic game changes and player changes
- Investments focused on improving human rights and working conditions

Review of the Previous Medium-term Business Plan and MT2024 Targets

- Prospects for profitability in new businesses such as medical and agri-businesses, and expansion of business scale on an order basis
- Established foundation for sales of vacuum thermoforming machines in China and Mexico
- Succeeded in capturing a large project for environmentally friendly coating equipment

Net sales / Operating income / loss (Millions of yen)



Initiatives in V2030 and MT2024



- Extrusion/Injection: promote efficient sales expansion by making full use of DX
- Vacuum: strengthen overseas sales with demo equipment and manufacturing and sales of molded products
- Acquire know-how, products, and commercial rights that can be sold turnkey
- North and Central America: capture capital investment for automated manufacturing by Western medical device manufacturers
- China and Asia: expand business mainly in sales of syringe manufacturing equipment
- Balancing production system and sales at Daiichi Jitsugyo Berries Farm (Moroyama, Saitama)
- Establishment of a system for cultivation of Japanese varieties in Mexico
- Utilize demo equipment to expand sales to all DJK Group customers
- Increase presence in the industry by providing not only machines, materials, and sales, but also manufacturing services
- Recycling business, handling of environmentally friendly products, and taking on the challenge of manufacturing

TOPICS |

Strengthening overseas development of equipment for medical equipment manufacturing

We have been engaged in the medical business for some time and have been expanding our business of manufacturing equipment for disposable medical equipment such as catheters, syringes, dialyzers, and infusion/blood bags.

In recent years, countries that used to rely on imports for some of their components have begun to manufacture their products entirely in their own countries, and demand for equipment is increasing worldwide.

In this context, we have a complete lineup of resin processing equipment, component assembly and automation equipment, sterilization and hygiene-related equipment, and various inspection and imaging systems for manufacturing medical equipment, and in addition to proposing solutions for each process, we are now ready to offer total solutions for high-precision manufacturing lines.

We will continue to strengthen our overseas expansion and focus on developing medical equipment business, especially in the North and Central America region.



Electronics Business

Business Details

In the field of digital electronics-related manufacturing, we mainly provide various types of equipment such as electronic component mounting lines, semiconductor and LCD module assembly equipment, and peripheral equipment.

We will maintain a high market share in electronic component mounting-related systems and semiconductor-related equipment, and expand sales in emerging countries following China. In response to the factory Digital Transformation (DX) trend, we aim to build a market in a wide range of fields other than the electronics manufacturing industry, while promoting solution proposals for automation, unmanned operation, systemization, etc. in production plants.



Shinji Otsuki Senior Executive Officer, General Manager, Electronic Systems Business Division

Strengths

- Providing solutions to reform manufacturing processes with its state-of-the-art technology and experience, mainly for electronic component mounting-related systems, electronic device systems, and automation equipment
- Ability to respond to the complex movements of major companies through providing not only equipment but also a global support system

Risks and Opportunities based on the External Environment

Active investment in China, South Korea, and Taiwan, driven by semiconductor industry restructuring due to the U.S.-China confrontation and global semiconductor shortage
Acceleration of moves toward smart logistics at production sites

Risks

- Sudden depreciation of the yen
- Refraining from capital investment and delayed procurement of materials due to the semiconductor shortage
- U.S.-China issues in the economy

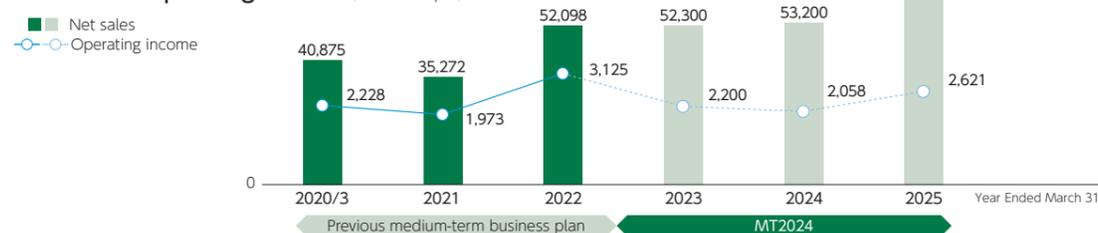
Opportunities

- Increased demand due to resumption of capital investment after containment of COVID-19
- Arrival of commercial opportunities due to increased semiconductor-related capital investment
- Increase in IoT-related capital investment due to demand for the development of remote communication technology infrastructure
- Increase in capital investment in the Southeast Asia region due to moves to avoid China
- Rapid increase in electrical component manufacturing due to the shift to EVs in automobiles

Review of the Previous Medium-term Business Plan and MT2024 Targets

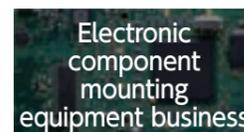
- Sales of electronic component mounting-related systems in the Chinese market increased significantly, and sales of semiconductor-related equipment were also strong
- Expanded business with Japanese global EMS companies
- Launched services for in-plant logistics automation solutions (accelerated promotion of LOGITO project)

Net sales / Operating income (Millions of yen)



Adopted "Accounting Standard for Revenue Recognition" from FY2021

Initiatives in V2030 and MT2024



- Capturing equipment demand as Chinese companies expand into the South Asia-Europe region



- Expanding sales of smart logistics systems from Japanese mother factories to overseas factories
- Expanding services outside the electronics industry through collaboration with other business segments



- Increasing the number of employees in Greater China and strengthening the sales expansion system
- Expansion of sales rights for leading production equipment in China, South Korea, and Taiwan, and receipt of orders



- Establishment of LOGITO consortium using Electronics Laboratory*

*Electronics Laboratory (Ele-lab)

For the purpose of research and development of cutting-edge and next-generation technologies, we plan to open a research facility in the second half of fiscal 2022 that will house the latest technologies, manufacturing methods, products, and services in manufacturing. We will provide innovation to our customers in the areas of smart factory, logistics automation, factory DX, AI technology, robot technology, remote monitoring and operation, energy conservation and environmental measures, etc.

TOPICS |

Launched LOGITO, a logistics automation solution

In November 2021, the Company began offering LOGITO, a solution service that automates logistics processes in factories and warehouses.

LOGITO combines automated robots, automated warehouses, and other equipment and systems to automate and reduce workforce in factory logistics, such as parts inspection, conveyance, and picking, against a backdrop of chronic manpower shortages and the shift to smarter factories and warehouses.

It features a free design that allows for the combination of various devices and equipment, and can provide support from the analysis of actual operation sites.

We will contribute to the improvement of productivity at manufacturing sites by providing solutions to optimize the logistics of the premises with every possible idea.



Automotive Business

Business Details

We provide plastic material forming equipment, processing machines, assembly and inspection equipment, and other equipment for the manufacturing processes of automotive body parts, electric powertrains, and automotive electrical components. In recent years, we have been focusing on reducing CO₂ emissions in the manufacturing process and creating smart factories.

Based on the concept of "next-generation mobility," the Company is aiming to become carbon neutral through the promotion of electrification and zero traffic fatalities through automated driving, and to create a more personal and comfortable mobile spaces. We will contribute to the realization of these social themes in the automotive industry through our engineering functions.

Shigehiro Aoyama Senior Executive Officer, General Manager, Automotive Business Division



Strengths

- Promotion of highly specialized projects in the fields of vehicle bodies, drives, and devices
- Technical support by experienced engineers for equipment design for machinery, control, assembly, and painting
- A track record of transactions on a global scale with OEMs and mega-suppliers leading the automotive industry
- Presence of reliable business partners

Risks and Opportunities based on the External Environment

The industrial structure of the automotive industry changed more drastically than expected from around 2020. Growing social demand for a circular economy accelerated by carbon neutrality.

Risks

- Entry of new players such as IT companies, major EMS companies and motor manufacturers
- Significant review of the supply chain from a Life Cycle Assessment (LCA) perspective
- Development and investment axis shift from hardware to software

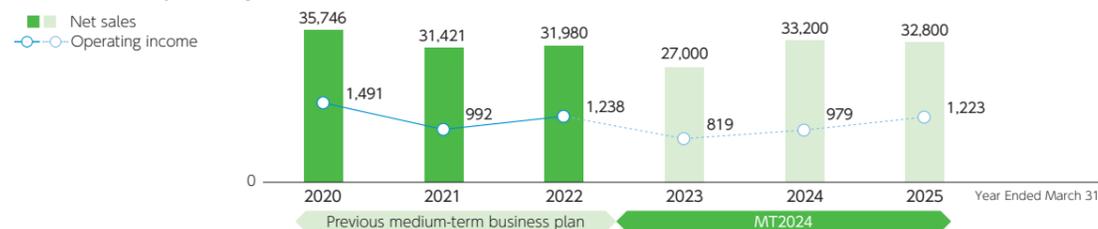
Opportunities

- New equipment demand due to electrification and automated driving
- New customers due to changes in products (electrification and automation)
- Expansion to non-automotive mobility (horizontal development of ADAS items)

Review of the Previous Medium-term Business Plan and MT2024 Targets

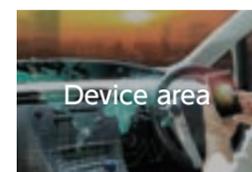
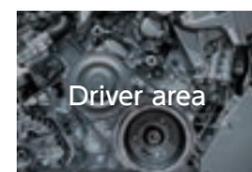
- Obtaining results with items that address the mobility transformation in new businesses
- Progress in developing customers and products in the electrification field
- Participation in the electric brake manufacturing process in automated driving, and vehicle body-related participation in the assembly process of truck manufacturing

Net sales / Operating income (Millions of yen)



Separated from Industrial Machinery and Electronics Businesses from FY2019
Adopted "Accounting Standard for Revenue Recognition" from FY2021

Initiatives in V2030 and MT2024



- Flexible vehicle body assembly process
- Initiatives for next-generation vehicle interior space items
- Adaptation to multi-materials for vehicle body weight reduction
- Capturing demand for renewal of large injection molding machines (from hydraulic to electric) in line with the promotion of carbon neutrality
- Drive motors: enhance engineering functions in the manufacturing process
- Inverters: strengthen proposals for all inverter processes, including thermal management
- Batteries: initiatives related to batteries manufactured by the automotive industry
- Initiatives for essential products associated with electrification (e.g., electric compressors and water pumps)
- Automated driving: develop commercial products targeting related products
- In-vehicle semiconductors: initiatives in semiconductor front-end processes, where demand is increasing due to electrification and automated driving
- Thermal management: initiatives for thermal management, which will become important with electrification (in cooperation with the driver area)

TOPICS |

Initiatives for electrification and automated driving key devices

New key devices are becoming indispensable for next-generation automobiles such as electrification and automated driving.

We are working to expand sales of plastic processing machines for inverters, motors, and rechargeable batteries, the "three sacred treasures" of electrification, as well as assembly and inspection process equipment. In this context, for motor manufacturing equipment, we have a lineup of flat wire forming machines and welding machines, and are working to develop the market.

In the field of automated driving, we are also strengthening sales of assembly equipment and performance testing equipment related to the manufacture of brakes, steering wheels, airbags, seatbelts, etc., which are key devices for functions such as stopping and turning.

Through market development of these equipment and facilities, we will support the manufacturing of next-generation automobiles in the automotive industry.



Healthcare Business

Business Details

In the field of pharmaceutical manufacturing, we mainly provide various types of equipment such as tablet and capsule visual inspection systems, tablet printing and inspection systems, and pre-stir packaging systems.

We will roll out our know-how cultivated in the pharmaceutical field to the health food, cosmetics, and other fields, and will be involved in the healthcare industry as a whole. As a global provider of seamless health services, we contribute to human health by supporting healthcare-related companies around the world to dramatically increase productivity and quality.



Katsuhisa Kouzuki Executive Officer, General Manager, Healthcare Business Division

Strengths

- Development, manufacturing, sales, and after-sales service are all provided by the DJK Group
- Maintained the top share of the tablet visual inspection system industry for more than 40 years
- Solid customer base as a basis for development and sales in the healthcare area
- Engineering system specializing in equipment (surveys and proposals on everything from the combination of each process to operational methods)

Risks and Opportunities based on the External Environment

Healthcare: investment in DX utilization that combines "time axis information" in the human lifecycle and "biometric information" such as DNA

Pharmaceuticals: investment expected to shrink and competition expected to intensify in the therapeutic and long-listed product areas, impacted by reductions in healthcare costs

Risks

- Slowing growth in the domestic pharmaceutical market
- Intensifying competition due to entry from overseas and other industries
- Decrease in therapeutic drug production due to development of preventive medicine

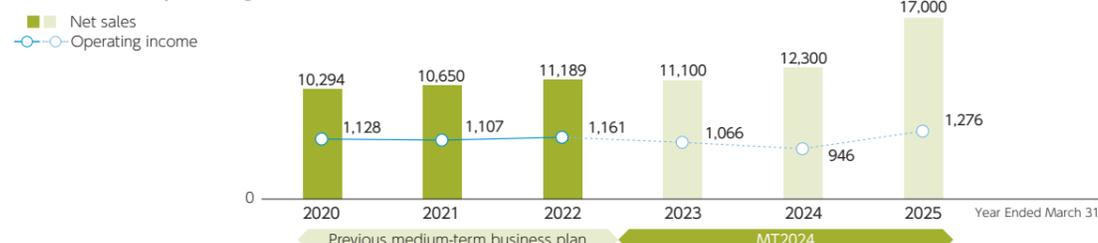
Opportunities

- Accelerating growth in the global pharmaceutical market
- Expansion of business domain through M&A of medical-related companies, securing of human resources, etc.
- Increased beauty and health consciousness due to global population growth and higher living standards

Review of the Previous Medium-term Business Plan and MT2024 Targets

- Expansion of market share of Daiichi Jitsugyo Viswill's products
- Increase in engineering projects due to expansion of business areas
- Progress achieved through community-based activities (especially in Hokuriku region such as Toyama)

Net sales / Operating income (Millions of yen)



Adopted "Accounting Standard for Revenue Recognition" from FY2021

Initiatives in V2030 and MT2024



Daiichi Jitsugyo Viswill business

- Expansion of inspection target area (other industries/products for other processes)
- Utilize inspection information as an asset and develop new business (AI inspection, etc.)
- Overseas market development



Engineering

- Planning and proposal of production lines that dramatically improve productivity and quality
- Development of business from sales of individual packaging machines to packaging line coordination through planning and proposal of both sales and maintenance services
- Developing new industries, new processes, and new commercial rights through the application of previous planning and proposals
- Expansion of digital platform business through DX elements
- Entry into the field of in-plant logistics



Life sciences

- Development of new processes in the field of regenerative medicine
- Investment in equipment and technology development in line with the proliferation of new modalities
- Expansion into European and U.S. markets

TOPICS |

Expansion of business domain through engineering functions

The pharmaceutical industry, which has traditionally focused on treatment, has entered an era of diversification of modalities to cover more comprehensive medical and health target areas. In order to adapt to this change, the business domain of this Business has expanded from "Pharmaceuticals" to "Healthcare" and has focused on product development and pioneering. We have redefined the product development and production process proposals we have cultivated in this way as "engineering functions," and by complementing them with both human resource development and recruitment, we are diversifying our proposal capabilities and taking on the challenge of new fields.

In recent years, these activities have begun to be successful, and the business area has expanded. Along with further strengthening our engineering functions, we will expand our business in the healthcare industry.



Utilizing experience and knowledge gained in pharmaceuticals for overall healthcare

✈️ Aviation & Social Infrastructure Business



Business Details

In the aviation and airport field, we mainly provide ground support equipment for aircraft and various related equipment, and in the disaster preparedness field, we mainly provide specialized vehicles and various related equipment.

As an important supporter of public infrastructure, including aviation, we promote innovation in the aviation industry and provide highly efficient, high-value-added equipment and services. Through the provision of these products and services, we support people's safe and secure lives, contribute to the realization of a sustainable society, and aim to be the only one of its kind.



Kei Yasuhira General Manager, Aviation & Social Infrastructure Division

Strengths

- High recognition in the aviation industry, strong customer base, and many strong business partners
- Plenty of access to the aviation industry information
- Extensive track record for delivery in government projects
- Increasing repeat business by providing stable and reliable services through our in-house service department

Risks and Opportunities based on the External Environment

Aviation and airports: signs of recovery in the civil aviation industry are evident, but the sharp depreciation of the yen, high oil prices, and political instability have had an impact on the industry's recovery
 Social infrastructure: increased awareness of disaster mitigation and disaster prevention in preparation for major disasters, and moves to strengthen social infrastructure to mitigate damage

Risks

- Impact of exchange rate fluctuations on imports
- Instability of the industry, which is susceptible to external factors
- Limited and conservative market
- Restrictions due to systems, laws and regulations because customers' business operations need licenses and permits

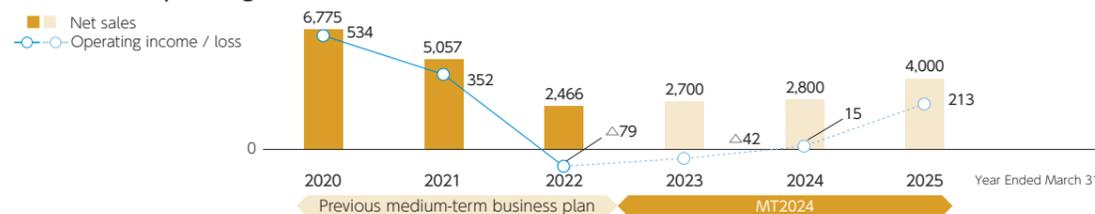
Opportunities

- The possibility of a major transformation of the industry after the COVID-19 pandemic
- Investments in decarbonization
- Business opportunities arising from revision of systems and laws

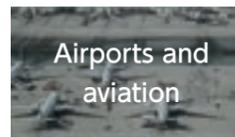
Review of the Previous Medium-term Business Plan and MT2024 Targets

- Despite the halt in customer investment due to the impact of the COVID-19, workforce and workload-reducing, automation, and electrification items were expanded
- In the field of disaster preparedness and public infrastructure, we achieved certain results
- Customer Support (CS) achieved operational efficiency through the use of IoT/ICT

Net sales / Operating income / loss (Millions of yen)



Initiatives in V2030 and MT2024



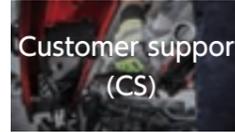
Airports and aviation

- Aggressive development of new products such as workload and workforce-reducing, unmanned, and automated items
- Adding high value to existing items and adding new functions
- Provision of high value-added services



Disaster preparedness

- Nationwide expansion of equipment for general road use
- Expansion of security-related equipment to other industries



Customer support (CS)

- Investment in failure diagnosis AI systems
- Proposal for ground support equipment equipped with image recognition AI system and deployment in other specialized vehicles



New business

- Implementation of feasibility study of wind power generation and proposal of smart energy storage system

TOPICS |

Toward streamlining ground support operations

Loading and unloading baggage and cargo onto and off aircraft is a difficult task in which a large number of heavy items are handled manually in a short period of time in a harsh environment. The roller track conveyor system that we handle, manufactured by Power Stow of Denmark, enables quick loading and unloading operations with fewer people than before, contributing to a reduction in workforce and workload, and improvement of labor efficiency and the work environment.

It is also particularly effective in aircraft with large payloads and high capacity, and will eliminate the need for a considerable number of pallets, which will lead to a reduction in aircraft weight, improved fuel efficiency, and a reduction in CO₂ emissions. Furthermore, since the electric version is also suitable for decarbonization, its introduction is expanding at airports around the world, and many have

already been delivered and are in operation in Japan.

We will expand our lineup of such high-value-added equipment, and by promoting proposals for their introduction to airports in Japan, we will contribute to solving social issues.



Major Group Companies

Daiichi Mecha-tech Corporation

Overview

Daiichi Mecha-Tech was established in 1970 with 100% investment from DJK. It is an engineering company that provides lifting and carrying, installation, and evaluation tests after operational adjustment, for various industrial machinery handled by the DJK Group, as well as the development and design of various products, regular inspections, and after-sales services.

By providing cutting-edge technical services to our business partners on a global basis, we ensure the foundation for stable production, supply, and quality maintenance of a variety of products. In addition, toward the realization of a sustainable society, we will contribute to the climate change mitigation and the shift to a recycling-oriented society through our business activities. In addition, we will sustain our employees and their families to lead happy and stable lives, healthy in mind and body.



Naoki Shimodaira President
(Senior Executive Officer, DAIICHI JITSUGYO CO., LTD.)

Strengths

- High technological capabilities based on a great deal of experience and achievements in molding machines, electronic component mounting-related systems, tablet inspection machines, etc.
- Automatic welding machines: high market share and technical capabilities in a niche industry
- Independent maintenance services
- On-site responsiveness to customers

Initiatives in MT2024

- Promotion of DX of maintenance service operations
- Multi-skilling of engineers
- Globalization (exchange study with overseas Group companies)
- Launch of robot business
- Initiatives for environment-related products

● Existing ○ Regions ● New

- Outstanding maintenance technology skills for the machinery we handle
- Ability to respond to requests from customers
- Planning, technology development, and design development capabilities

Daiichi Jitsugyo Viswill Co., Ltd.

Overview

Daiichi Jitsugyo Viswill Co., Ltd. was founded as a wholly-owned subsidiary of the DJK Group in 2005, which originally started as a new business of Kanebo, Ltd. in 1971. It develops, manufactures, and sells visual inspection systems for the pharmaceutical and electronic component industries, and boasts the top share in the industry.

All employees will work together to stabilize and expand our business in order to realize our mission of "We will deliver happiness to our customers by continuing to create inspection systems imbued with passion" and our vision of "To become the world's leading comprehensive inspection systems manufacturer, with the world's leading technical expertise and passion," as stated in our corporate philosophy.



Tadayuki Matsukawa President
(Senior Executive Officer, DAIICHI JITSUGYO CO., LTD.)

Strengths

- A well-established company in the field of visual inspection systems, maintaining the top market share in the Pharmaceuticals industry
- Establishment of core technologies and manufacturing processes for transport, lighting, image processing, etc.
- Proactive use of the latest technologies such as AI
- High technological, development, and proposal capabilities
- Enhancing customer satisfaction through DJK Group's collaboration in manufacturing, sales and after-sales service
- Collaborating with partner companies with high technological capabilities in manufacturing and development

Initiatives in MT2024

- Strengthen overseas sales (mainly in China, South Korea, India, Europe, and the Americas)
- Japan: develop products that are overwhelmingly superior to competitors' products
- Overseas: develop product lineups appropriate for each region and support personnel
- Establish a system to centrally manage all information related to production
- Product development to develop new business domains

● Existing ○ Regions ● New

- The world's first 3D inspection technology (tablet visual inspection system)
- Alignment transfer technology boasting the industry's top processing capacity
- Enlisting specialists in various fields
- Integrated research and development system



Overview by Regions



Kanji Kubota President, SHANGHAI YISHI TRADING CO., LTD.
(Senior Executive Officer, DAIICHI JITSUGYO CO., LTD.)



Masao Hiwatari Managing Director, DAIICHI JITSUGYO ASIA PTE. LTD.
(Executive Officer, DAIICHI JITSUGYO CO., LTD.)



Keisuke Nishii President, DAIICHI JITSUGYO (AMERICA), INC.
(Executive Officer, DAIICHI JITSUGYO CO., LTD.)



Iraka Aoki Managing Director, DJK EUROPE GMBH

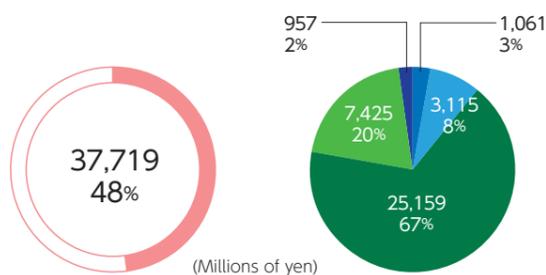
Overview and Strategy

Despite the ongoing COVID-19 pandemic, the market remained strong due to the Chinese government's economic stimulus measures. The initiatives with the shared strategies of each business have produced positive results, and we have been able to expand transactions with Chinese companies, particularly in the Electronics Business.

Under the medium-term business plan MT2024, we will build an organization with engineering functions and provide technical and production support as a supplier that can contribute to the expansion of our customer's businesses. We will also strengthen the training of foreign employees to further expand transactions with Chinese companies and respond to the globalization of Chinese companies.

Focus Fields and Initiatives

- ① Electronics: expand sales of Chinese equipment manufacturers' products in LOGITO and expand semiconductor business
- ② Automotive: cultivate Chinese automotive parts manufacturers
- ③ Industrial Machinery: expand sales of vacuum thermoforming machines by effectively utilizing the Technical Center
- ④ Plant & Energy: strengthen sales promotion of decarbonization and environment-related equipment
- ⑤ Energy Solutions: expand sales of products of Chinese equipment manufacturers in Europe and Asia



Overview and Strategy

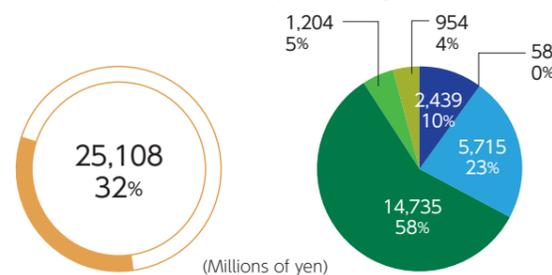
In addition to tighter regulations and action restrictions in various countries due to the COVID-19 pandemic, supply chain disruptions and a shortage of semiconductors led to a decline in capital investment, mainly in the automotive industry. Meanwhile, we captured the trend of production transfer from China to ASEAN countries and succeeded in capturing new demand mainly in the electronics industry.

Under the medium-term business plan MT2024, we will strengthen our engineering functions in four business segments and launch new businesses with an environmental theme. In addition, we will expand our business by taking advantage of the tailwind of the Make in India* policy of the Indian government.

*Slogan announced by the Indian government in September 2014 to promote the manufacturing sector in the country.

Focus Fields and Initiatives

- ① Electronics: promote LOGITO related businesses that match the characteristics of each country and strengthen semiconductor related businesses, in addition to capturing projects of production transfer from China
- ② Industrial Machinery: expand business with foreign and local companies by enhancing engineering functions in each industry
- ③ Plant & Energy: collaborate with local ESCO companies mainly in Thailand and Vietnam, focusing on products and services under the theme of decarbonization
- ④ Healthcare: cultivate the pharmaceutical industry in Southeast Asia, which is expected to grow in the future



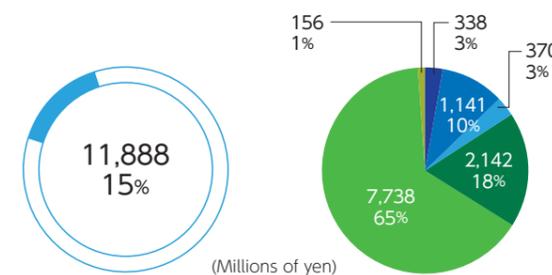
Overview and Strategy

Under the previous medium-term business plan, we implemented structural reforms to optimize our business portfolio, and as a result of the selection of businesses and cost reductions, earnings improved and the foundation for stabilized management was established.

Under the medium-term business plan MT2024, we will focus on sales of manufacturing equipment for key EV components such as LIBs, in-vehicle semiconductors, motors and inverters in order to capture the demand for equipment for the electrification of automobiles. In Mexico, we will contribute to society by meeting market needs through sales of collaborative robot systems to reduce workforce and increase efficiency in manufacturing processes and sales of manufacturing equipment for medical equipment and food and product trays.

Focus Fields and Initiatives

- ① Automotive / Electronics: establish a technical engineering structure centered on automation solutions
- ② Energy Solutions: increase staff and strengthen support system for large investment projects in rechargeable batteries
- ③ Industrial Machinery: open a demonstration center for vacuum thermoforming machines to strengthen the Company's technological appeal. Start equipment sales to major medical and pharmaceutical companies in Europe and the U.S., which are based in Central and South America



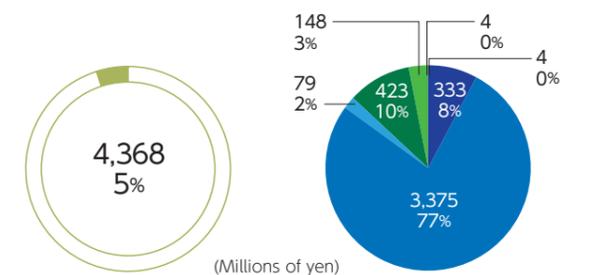
Overview and Strategy

Although the business performance was falling due to the significant impact of the COVID-19 pandemic, the rapid growth in demand for equipment in the LIB field offset the decline. In addition, the establishment of a structure and the accumulation of know-how for LIB business projects were also significant achievements.

Under the medium-term business plan MT2024, we aim to develop foreign employees as global players and promote them to management positions in the future. We will also build and strengthen our engineering and service functions to expand our business.

Focus Fields and Initiatives

- ① Energy Solutions: inject human resources from Eastern Europe to strengthen system for collaboration with DC ENERGY
- ② Aviation & Social Infrastructure: cultivate new products to meet the demand for electrification in Japan
- ③ Automotive: expand sales of next-generation component manufacturing equipment and develop business proposals to European automakers
- ④ Electronics: cultivate new customers in Eastern Europe



Pie chart / Left: overseas sales and ratio (destination basis) Right: area segment sales and ratio

● Plant & Energy Business ● Energy Solutions Business ● Industrial Machinery Business ● Electronics Business ● Automotive Business ● Healthcare Business ● Aviation & Social Infrastructure Business

Sustainability

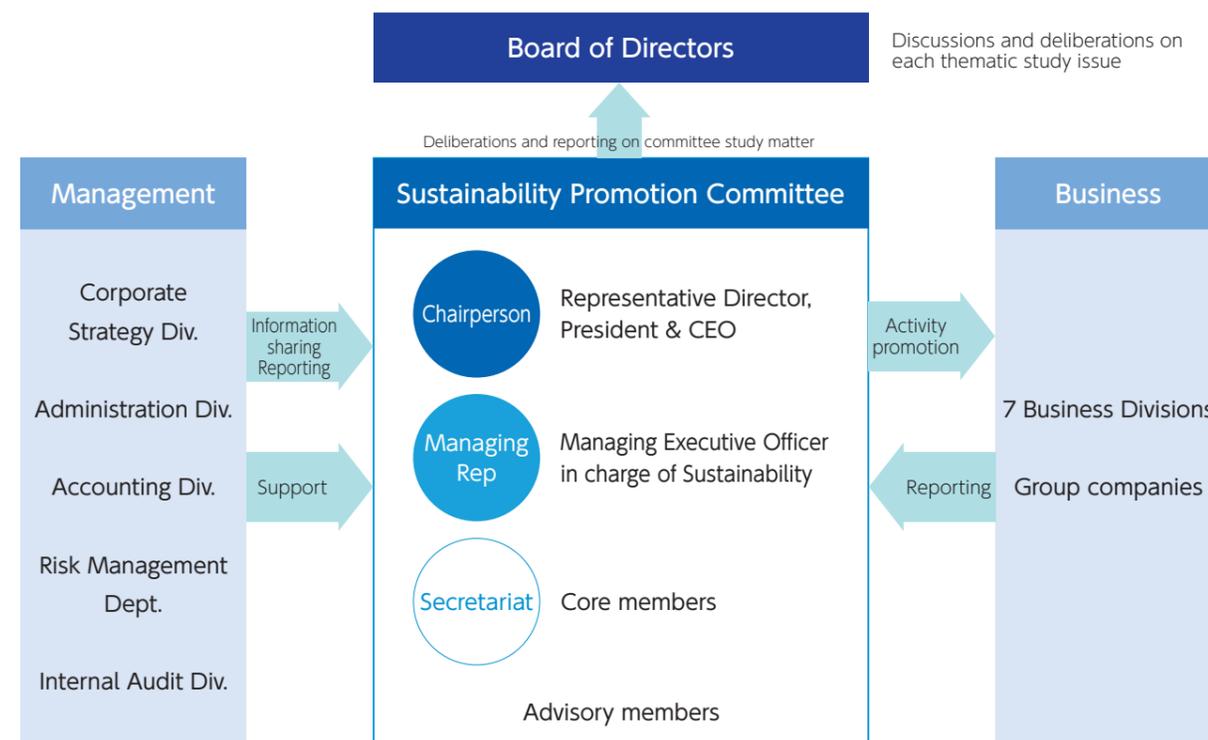
Basic Philosophy on Sustainability

Based on the Founding Spirit to contribute to social prosperity, the DJK Group is committed to becoming a constantly evolving corporation through global business expansion. We strive to strengthen business activities that mitigate various important social issues including climate change. We will contribute to realizing a sustainable society as well as fulfilling our corporate social responsibilities.

Sustainability Promotion System

The Sustainability Promotion Committee was established on April 1, 2022 to deliberate and discuss medium- to long-term management issues and related sustainability-related matters that are necessary for the Company to achieve sustainable growth. The committee is chaired by the Representative Director, President & CEO and will meet twice a year. Going forward, the committee will deliberate and discuss important matters and goal setting related to ESG (Environmental, Social, and Governance), and accelerate our efforts not only to reduce risk but also from the perspective of social and economic value.

Matters discussed by the Sustainability Promotion Committee are reported to the Board of Directors, where important matters are resolved.



Endorsement of TCFD Recommendations

In August 2022, the Company expressed its support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Taking the opportunity of this declaration of support, we will analyze and study the TCFD recommendations and progressively disclose information in line with them, so that the risks and opportunities to our business posed by climate change can be communicated to our stakeholders in an easy-to-understand manner.



Environment

Approach on Environment

As a highly respected industry partner, the DJK Group's goal is to contribute to the development of a highly innovative global society.

As a trusted global business partner, the DJK Group aspires to be a valued partner for our stakeholders. We utilize DJK's total solutions for our customers to overcome the serious challenges posed by environmental issues.

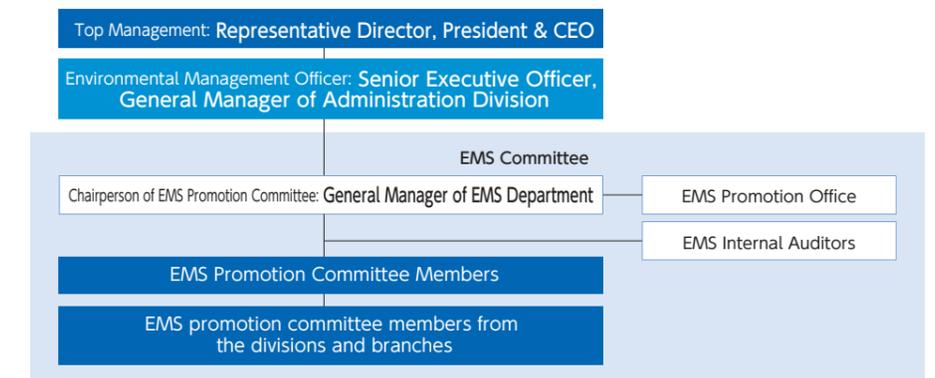
- We will contribute to reducing amounts of energy and resources used, and seek to limit environmental pollution by our customers through environmentally friendly merchandise.
- We will comply with all laws, regulations, and accords related to our merchandise and corporate activities.
- In pursuit of constant improvement, we will carry out environmental management of our business by all employees and directors companywide.

System for Promoting the Environmental Management System

We operate an environmental management system (EMS) to systematically promote the reduction of environmental impact. We have designated the President & CEO as the top management and the General Manager of the Administration Division as the person in charge of management. Based on our environmental policy, the EMS Promotion Committee plays a central role in implementing the PDCA cycle and making continuous improvements.

In addition to conducting regular in-house environmental education and training, we conduct management reviews after setting environmental targets and completing the activity process.

EMS Promotion Organizational Chart



Acquired ISO14001 Certification

We have acquired certification for ISO14001, an international standard for environmental management.



Environment

Efforts to Reduce Environmental Impact

Promoting Wider Use of Eco-friendly Products

Among all the types of industrial machinery we handle, we are strengthening our efforts to expand sales of products that contribute to resource recycling, resource conservation, and reduction of workload and workforce in our customers' product manufacturing. The variety of environmentally friendly products has been increasing year by year, and in recent years, many of them have become useful for social infrastructure. The Group considers the provision of products and services to be a contribution to society through business, and will continue to expand the range of products it handles, recognizing that environmental friendliness is the most important issue in business.



Promoting the Introduction of Binary Power Generation Equipment

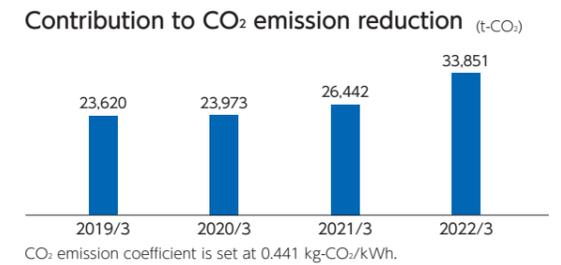
In 2013, we began handling small binary power generators manufactured by Access Energy, LLC. of the United States, and in 2014, we obtained exclusive manufacturing rights in Japan. Since 2015, we have been manufacturing these units in Japan as a fables manufacturer. As of March 31, 2022, the cumulative number of units delivered exceeded 80, with an estimated contribution to CO₂ emission reductions of more than 30,000 t-CO₂.

We also handle medium- and large-sized binary power generation systems manufactured by Turboden s.r.l. of Italy, and have steadily achieved results by proposing the introduction of such systems for the effective use of unutilized thermal energy.

We will continue to promote the spread of binary power generation systems and contribute to the reduction of CO₂ emissions through our business.



Image courtesy of Takenaka Okuhida Geothermal Power Plant



Toward Reducing Environmental Impact at Airports

We have delivered many deicers to airports in Japan to remove ice, snow, frost, and other contaminants from aircraft. Deicing is done by spraying a liquid solution made mainly of propylene glycol. Although the liquid solution is a substance that decomposes naturally, it can also increase the environmental burden if it flows into rivers or other bodies of water in large quantities. From the viewpoint of environmental preservation, we also handle and propose the introduction of special vehicles called glycol recovery vehicles to recover the fluids.

We support safe aircraft operations while strengthening our handling of high-value-added ground support machinery and equipment that contributes to reducing environmental impact.



Initiatives in Solar Power Generation



In the solar power generation business, which we have been promoting since 2013, we own and operate the DJK Kasama Solar Power Plant in Kasama, Ibaraki and the DJK Iida Solar Power Plant in Iida, Nagano. Kasama Plant has an output scale of 1.5 MW and generates approximately 1.78 million kWh per year, while Iida Plant has an output scale of 1.0 MW and generates approximately 1.1 million kWh per year. The amount of electricity obtained from these two facilities is sold to electric power companies, and the total amount is equivalent to the power consumption of approximately 800 average households.

In addition, the D.S.T. Center, which is owned by the Company, is equipped with solar panels on its rooftop, and makes effective use of energy by consuming the generated power in-house.

We view solar power generation as an initiative that can directly contribute to reducing CO₂ emissions, and will continue to operate them.

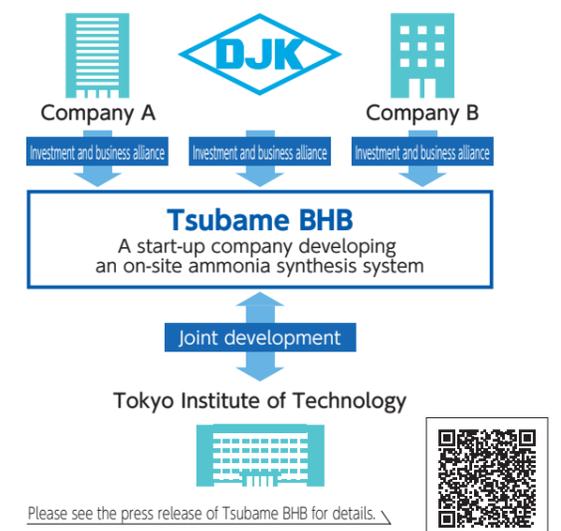


Capital and Business Agreement Signed with Tsubame BHB

The Company has entered into a capital and business agreement with Tsubame BHB Co., Ltd. to underwrite a third-party allotment of new shares by Tsubame BHB and support the business development of the company.

Established in 2017, Tsubame BHB is a start-up company aiming to put the world's first on-site ammonia synthesis system into practical use. Based on the electric catalyst technology developed by Professor Emeritus Hideo Hosono's group at Tokyo Institute of Technology to produce ammonia at low temperatures, low pressure, and on a small scale, the company is working to commercialize the system. The company's technology enables a reduction in the environmental impact of the production process compared to the conventional Haber-Bosch process of ammonia synthesis.

As a partner, we will promote the company's low-environmental-impact ammonia technology to help realize a decarbonized society.



Please see the press release of Tsubame BHB for details.



Human Resources

Approach on Human Resource Training

Self-realization for All Employees

Everyone realizing their full potential, leading happy lives through their work, creating the future of the Company, and contributing to customers and society—we aim to be such people and company.

Efforts for Human Resources

At DJK, human resources are regarded as the most important asset, and we are making concerted efforts for human resource development so that each employee can play an active and meaningful role at work. Furthermore, in order to realize our vision of becoming the next-generation engineering trading firm that integrates system sales and engineering functions, we have fundamentally revised our personnel management system, one of our business strategies, and have begun operating the new system from April 2021. Specifically, in addition to the management positions group (M positions: former management positions), we have newly established the professional positions group (P positions) and the technical positions group (T positions) beyond the career track positions group, allowing employees to choose the positions group that best suits their individual needs. In addition to these efforts, we have begun to strengthen employee training and are working to improve the workplace environment, including work styles. We will further accelerate investment in human resources in order to provide high added value to society and to facilitate DJK's sustainable development.

Employee Education

In line with the reform of the personnel management system, we are also expanding our employee education, and have established education programs for each positions group and level. The programs can be broadly separated into the following five: OJT, group training, e-learning, global human resource education, and engineering human resource education. These programs provide opportunities for employees to acquire the knowledge and skills necessary for their work. In the engineering human resources education program, we focus on education related to the scrutiny of contract details, safety and health management, and others, as the number of complex and large-scale projects is increasing. In addition, with the diversification of business and changes in the standpoints and working styles of individual employees, we consider smooth communication within and outside the Company to be one of the important themes of education. Therefore, we are working to strengthen communication skills through our respective educational programs.

System of human resources education program

M positions group	P positions group	T positions group	General positions group	On-the-job Training (OJT)			Group training (internal and external)			Acquisition of qualifications*	E-learning	Global human resources	Engineering human resources
				On-site experience	Specialty expansion	Challenges and cross experience	Self-discipline	People skills	Ability to deal with issues				
Management													
General manager	IL	TS		Target management	Transfer within division	Participation in projects	Secondment to overseas	Transfer to another division	Compliance	Empowerment	Evaluator Training	Harassment	Management basics
	SP	T1											
Supervisor / PR		T2	Supervisor	On-site experience					New senior staff	Leadership	Internal activities and webinar videos	Videos on business fundamentals	Cross-cultural communication
Senior staff		T3	Senior staff										
Staff				OJT for new recruits					5th year				
									3rd year				
									2nd year				
									1st year				

*1: Incentives and monthly allowances will be paid for acquiring official certifications and various other qualifications required for work.
*2: This system is common to foreign employees.

Diversity Management

The DJK Group has more than 1,000 employees, and a wealth of human resources supports its business activities. Active utilization of talented human resources regardless of gender, nationality, or social background is essential for future corporate growth in global business expansion.

We believe that by instilling our philosophy, growth strategy and other policies in each and every employee of our Group, including foreign employees, we can firmly establish a sense of unity as a Group and a sense of working within the organization.

We will continue to proactively work on the development of competent foreign national employees as one of our key policies.

Promotion as Core Employees

In order to increase the number of foreign employees as core human resources, we share our management methods, corporate culture, and others by distributing our archive of educational videos in multiple languages, and promote expatriate exchange between Japan and our overseas bases in an effort to develop human resources from multiple perspectives.

For promoting female employees as core human resources, we will develop a clear career path with a switch to professional positions group, thereby developing a path for future promotion to core human resources.

As we aim to expand our business scale and evolve our business, we have a wide range of roles to play, requiring personnel with a variety of skills. Mainly, we plan to continuously increase the number of technical specialists (engineers) to strengthen our engineering function, and we will provide a clear career path for the promotion of mid-career employees to core human resources.

Current status and future targets for core human resources³

	Current status (FY2021)	Future targets (FY2030)
Foreign employees	27.9%	Equivalent to the ratio of foreign employees in the Group as of the end of FY2031
Female	2.2%	Equivalent to the ratio of female employees in the Group career track positions as of the end of FY2031
Mid-career employees	35.5%	Equivalent to the ratio of mid-career employees in the Group as of the end of FY2031

³: Defines management positions and senior professional positions such as Innovative Leaders (IL), Specialists (SP), and senior technical positions of TS and T1.

Column

Localization and Enhancement of Engineering Value

Our company, DAIICHI JITSUGYO (PHILIPPINES), INC., has been serving our valued customers for more than twenty years. I became the president of this branch in year 2019, as the first ever local person granted such position by the mother company of DAIICHI JITSUGYO CO., LTD., Japan and its more than 70 years of business existence.

As we propel our business towards 2030, it is imperative to have a strong team and synergy of our national staff running the company and with dynamic enhancement of our engineering value. These two factors are necessary in order to march our expansion to the future in the fields of Sustainable Development Goals or SDGs. Our company has a diverse mixture of talents and engineering skills to fulfill these plans.

My vision of success is directly linked of being a valuable partner to our customers in achieving their goals and profits, rewards to our employees and a steady growth of the company. Indeed, a business cycle of win-win to all.



Chris Rey Geneciran
DAIICHI JITSUGYO (PHILIPPINES), INC. President



Human Resources

Toward Diversification of Working Styles

In order to help each employee achieve a better work-life balance, we have established recommended days and months for paid leave, and are working to create a better work environment.

Introduction of Telework System*

To institutionalize telework, which was adopted as an emergency measure in the wake of the COVID-19 pandemic, we established the telework operating procedures, which went into effect in January 2022. Our telework program is currently based on work from home and is capped at 8 days per month during normal times. Going forward, we plan to further expand our efforts to allow workers to work from any location, with plans to sequentially develop an environment that allows them to work outside of their homes.

*: We refer to the use of information and communication equipment loaned by the Company at the employee's home or at a location authorized by the Company to perform their job duties.

Flextime System

We have introduced a flextime system that defines the prescribed monthly working hours and allows employees to choose their work hours according to their work duties, except for core working hours (11:00 a.m. - 3:00 p.m.). We strive to realize flexible work styles for employees as well as to enhance individual work-life balance.

Hot Desking

In order to promote the effective use of office space and to stimulate communication within the Company, with the exception of a few assigned seating, the Company has introduced a hot desking system that allows employees to choose their seats, rather than having fixed seating.

Support for Balancing Work with Childcare, Nursing Care, Medical Treatment, etc.

For employees who wish to balance work with childcare, nursing care, or medical treatment, we provide a variety of support services that enable them to work with peace of mind.

Key human resources-related indicators (non-consolidated)

	FY2019	FY2020	FY2021
Number of employees	508	524	558
Male	369	389	421
Female	139	135	137
Average length of service (years)	12.3	12.9	12.6
Male	13.0	13.7	12.9
Female	10.3	10.1	11.5
Paid leave utilization rate ¹ (%)	56.0	49.9	56.8
Number of employees taking childcare leave	9	8	10
Number of employees working shorter hours	3	7	6
Ratio of employees returning to work after childcare leave (%)	100	100	83.3
Number of employees taking nursing care leave	0	0	0
Job turnover rate (%)	6.0	2.7	3.9
Average training hours per employee ² (hours)	8.5	13.6	5.4

*1: Paid leave utilization rate = number of days of paid leave taken ÷ number of days of paid leave granted × 100.

*2: Figures are limited to those organized by the Personnel Department, but other education and training programs are also provided by each organization.

Enhancing Job Satisfaction as the Company's Growth Engine

We believe that the Company and its employees face the same direction and aim for growth together, and that the growth of the employees is the growth of the Company. Our performance has grown steadily in the past, but we cannot say that we have "grown" if we simply expanded our traditional business by increasing our workforce. We believe that the emergence of flexible ideas and diverse skills of individual employees should result in the creation of innovative businesses one after another, which in turn improves business performance.

In order to make this flexibility and diversity of skills our growth engine, it is important that each and every one of our employees find joy in their work. The mechanism that brings out this joy is the employee's own right to choose. We want to energize employees by allowing them to choose what career path they want to pursue, what organization they want to work for, and even what kind of education they want to receive to achieve these goals. To put it in simple terms, the ideal situation would be one in which each employee grows and the Company grows as a result of their efforts to break free from the feeling of being "made to work" and to become "who they want to be."

We believe that the time has come for companies to not only unilaterally select their employees, but also for companies to be aware that they are being selected by their employees and to showcase their ability to provide a work environment where employees can work with vitality and enthusiasm.



Takahiro Toyozumi

Senior Executive Officer
General Manager
Administration Division

Corporate Governance

Basic Corporate Governance Policy

From the perspective of reinforcing our corporate capabilities to survive global competition, we place high priority on promoting accurate and speedy business decision-making, while at the same time, enhancing our management oversight function to ensure the transparency of our business.

Overview of the Company's Corporate Governance

Board of Directors

The Board of Directors comprises nine directors (including three outside directors). The board meets once a month in principle and holds extraordinary meeting whenever necessary. The board determines basic business policies and other important matters through vigorous exchanges of opinions while also fulfilling its function as an oversight body for business execution.

Moreover, in an effort to further enhance its corporate value, the Company has adopted the executive officer system to conduct flexible and efficient business operations by separating the business decision making and supervising functions, from the business execution function. The Company dispatches certain executive officers to be in charge of its consolidated subsidiaries in Japan and overseas and to manage their business execution.

Audit & Supervisory Board

The Company uses an Audit & Supervisory Board system comprised of three Audit & Supervisory Board members, two of whom are outside Audit & Supervisory Board members. Audit & Supervisory Board members attend every Board of Directors meeting. In addition, the Full-time Audit &

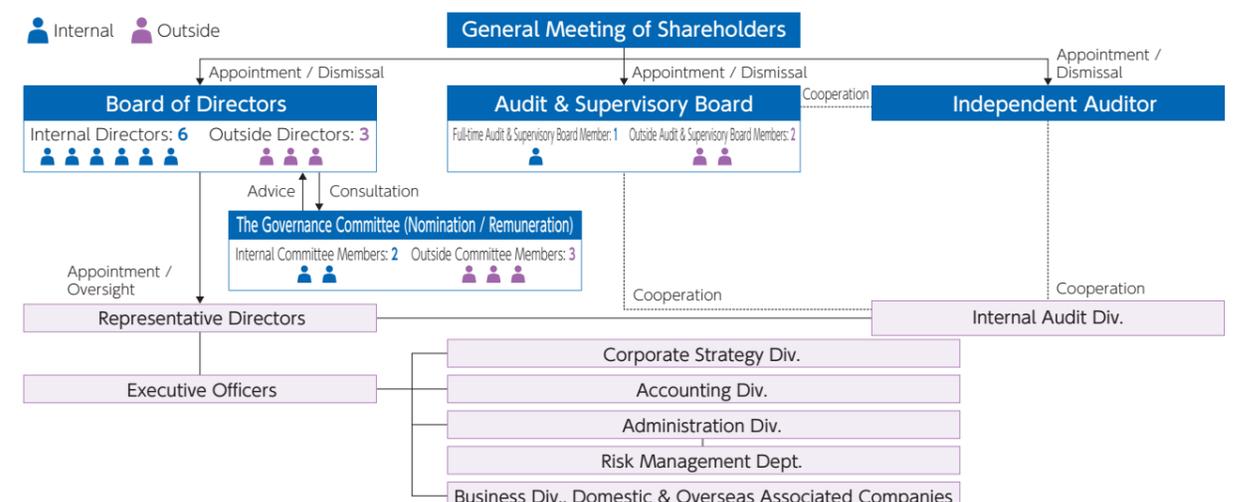
Supervisory Board member attends other important internal meetings to monitor the business execution performance of directors from an objective perspective. Audit & Supervisory Board members work to ensure the effective implementation of the audit by receiving reports on and explanations of the audit plan and results from independent auditor; exchanging opinions on the areas to be covered by the audit, the audit methods, and the audit results; sharing information; and taking other measures.

Independent Auditor and the Internal Audit System

The Company has concluded an auditing agreement with the certified public accounting firm Deloitte Touche Tohmatsu LLC to act as its independent auditor. In addition to providing accounting auditing services in a fair and unbiased manner, the auditing firm provides advice on accounting matters as appropriate.

As for the internal audit system of which the central organ is the Internal Audit Division, the job execution of employees is checked and assessed as to whether it is in accordance with laws and regulations and the Articles of Incorporation, as well as with the basic internal control policy and the code of conduct.

Corporate Governance System



Corporate Governance

Reason for Appointment of Outside Officers

	Name	Reason for Appointment
Outside Directors	Yoshikazu Sakamoto	He has acquired extensive expert knowledge and insight into finance, banking, tax affairs, and so forth through many years of service at the Regional Taxation Bureau. He chairs the Governance Committee, established in 2020, helping the committee enhance the governance structure of the Group as a whole and providing appropriate advice and oversight to improve the quality of Company management. He has been appointed as an outside director.
	Yukie Tanaka	Applying knowledge gained through IR activities for listed firms and reporting and writing on management. She participates in management oversight to enhance accountability and governance. She also provides flexible and appropriate advice on IR and PR activities, workstyles, and diversity. She has been appointed an outside director based on expectations that she will provide advice and guidance to enhance corporate communications activities to achieve constructive dialogue with shareholders, an aspect expected to be even more important in the future.
	Namika Yamada	As an attorney, She has extensive knowledge of corporate law. Given the Company's current business situation, increased global management means that legal perspectives are even more important, and she provides flexible and appropriate advice and guidance on compliance and other matters based on such perspectives. She has been appointed an outside director based on expectations that her advice will continue to enhance corporate governance.
Outside Audit & Supervisory Board Members	Toshihiko Matsumiya	As a certified public accountant, He is knowledgeable about finance and accounting and has broad experience and insight, and we believe he is qualified as an outside Audit & Supervisory Board member.
	Mitsuyoshi Koyama	As a public tax accountant, we believe He can utilize his extensive knowledge of finance and accounting in our audit system, and is qualified to carry out his duties as an outside Audit & Supervisory Board member.

Governance Committee

The Governance Committee was established on October 1, 2020, and operated as a voluntary advisory body to the Board of Directors to deliberate on matters related to the nomination and remuneration of top management (directors with representative authority) and directors, as well as other governance matters, and to report and make proposals to the Board of Directors, with the aim of enhancing corporate value by utilizing the knowledge and advice of outside directors, ensuring transparency and fairness, and strengthening governance. The composition and activities of the committee are outlined below.

Composition	Chairperson: Outside Director (Outside Director: 3 / Representative Director, President & CEO / Representative Director, Senior Managing Executive Officer)
Year ended March 31, 2022 Number of meetings held:	Four meetings (April 2021, September 2021, December 2021, March 2022)
Year ended March 31, 2022 Matters deliberated:	Revisions to the director remuneration (bonuses) system, establishment of stock-based remuneration with transfer restrictions, etc.

Evaluating the Effectiveness of the Board of Directors

With regard to the effectiveness of the Board of Directors, the Board confirmed that efforts were being made to improve issues identified in the previous fiscal year's effectiveness evaluation and the effectiveness of its response during the current fiscal year. The following initiatives were taken in the fiscal year ended March 31, 2022 based on the issues identified in the Board of Directors' effectiveness evaluation results for the year ended March 31, 2021. The Board will continue to work continuously to resolve issues.

State of initiatives to address issues identified in the previous fiscal year

Issue	Initiatives for the fiscal year ended March 31, 2022
Agenda of the Board of Directors	Discussions of medium- to long-term corporate strategy have not always been sufficient in the past, but the addition of items for deliberation to the agenda as well as resolutions and reports, resulted in a wider range of items on the agenda, and to improvements being made.
Management of the Board of Directors	Diverse opinions were expressed by outside directors, and the level of deliberation has improved.

Questions for questionnaires (16 in total)	Issues and actions to be taken in the future
<ul style="list-style-type: none"> Composition of the Board of Directors (2 questions) Management of the Board of Directors (6 questions) Agenda of the Board of Directors (3 questions) System to support the Board of Directors (5 questions) 	<ul style="list-style-type: none"> Appointment of outside directors with corporate management experience Strengthening of collaboration between the Internal Audit Division and outside directors Establish opportunities for discussions throughout the year and ongoing discussions (human resources and IT strategies)

Officers' Remuneration

Policy on determining the amount, etc. of remuneration for officers during the current fiscal year

The Company has established a policy regarding the determination of and calculation method for the amount of remuneration for officers, which encourages medium- to long-term growth of business performance and corporate value. The remuneration system is commensurate with the duties of each officer. Remuneration of directors other than outside directors consists of fixed remuneration, reflecting mainly consideration of their positions, duties, and years of service; performance-linked remuneration, which varies with the degree of achievement of Company business performance targets; and stock-based remuneration with transfer restrictions as non-monetary remuneration, etc. Remuneration of outside directors and Audit & Supervisory Board members, in light of the independence of their positions, consists of fixed remuneration only. Decisions on remuneration are made within the extent of the total amounts passed in resolutions of the General Meeting of Shareholders.

Overview of officer remuneration system after the fiscal year ending March 31, 2023

DJK aims to further strengthen corporate governance under our medium-term business plan MT2024, and as part of this plan, we have decided to review our remuneration system for officers as follows in order to further enhance corporate value over the medium to long term. Director remuneration consists of fixed remuneration (monetary remuneration), performance-linked remuneration (bonuses linked to the Company's business results, etc.), and non-monetary remuneration (stock-based remuneration with transfer restrictions, etc.). The Company has decided to change the amount of remuneration, etc. for directors from a monthly amount to a yearly amount, and within the amount of such remuneration, directors other than outside directors will be paid a bonus in the form of performance-linked remuneration in addition to fixed remuneration, determined comprehensively taking into account trends in the level of remuneration and the number of directors, as well as future prospects, so as not to exceed ¥450 million per year.

Outline of each remuneration

● Fixed remuneration

A monthly fixed amount of remuneration commensurate with the clarified roles and responsibilities of each position is paid in cash.

● Performance-linked remuneration

There are two kinds of bonuses to be paid: bonus linked to the Company's business results indicators (hereinafter,

"bonus A") and bonus linked to indicators, etc. contributing to the achievement of the medium-term business plan (hereinafter, "bonus B"). Bonus A is paid in cash based on the degree of achievement of the consolidated performance targets, and bonus B is paid in cash according to the degree of achievement of the indicators, etc. contributing to the achievement of the medium-term business plan. The amounts vary within the range of 0% to 130% of the base amount.

● Method for calculating performance-linked remuneration (Bonus A)

Performance indicators for performance-linked remuneration (Bonus A) are consolidated operating income and profit attributable to owners of parent. Consolidated operating income was selected as a performance indicator because it was judged appropriate as an evaluation indicator that properly reflects the profits generated by the Group's core business, and profit attributable to owners of parent was selected as a performance indicator because it provides the results of investments aimed at growth and funds for shareholder returns, and because it was judged appropriate as an indicator from the perspective of being responsible for the Group's ultimate performance.

The amount to be paid to each director shall be calculated using the following formula.

(rounded down to the nearest thousand yen)

$$\text{Amount paid to each director} = \text{total performance-linked remuneration (Bonus A)}^* \times \frac{\text{Coefficient of each director's position}^{\#2}}{\text{Total coefficients by position}}$$

*1: Calculation method for total amount of performance-linked remuneration (Bonus A): Total amount of performance-linked remuneration (Bonus A) = ¥89.76 million x (degree of achievement of consolidated operating income against the annual target x 75% + degree of achievement of profit attributable to owners of parent against the annual target x 25%)
Calculated as 130% if the achievement with regard to the annual target exceeds 130%.

*2: Coefficient of each director's position

Position	Coefficient	No. of directors	Maximum
Representative Director, President & CEO	100	1	¥29,318,000
Representative Director, Senior Managing Executive Officer	74	1	¥21,695,000
Director, Managing Executive Officer	56	4	¥16,418,000

● Non-monetary remuneration, etc.

We have adopted a system of stock-based remuneration with transfer restrictions, which is designed to pay a yearly fixed amount commensurate with the role of each director and to lift the restriction on transfer at the time of his/her retirement from office.

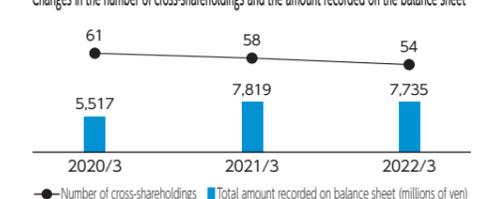
Officer classification	Total remuneration (millions of yen)	Total remuneration by type (millions of yen)			Number of applicable officers
		Fixed remuneration	Performance-linked remuneration	Non-monetary remuneration, etc.	
Director	376	234	114	26	8
Audit & Supervisory Board Member	22	22	—	—	1
Outside Director	17	17	—	—	3
Outside Audit & Supervisory Board Member	10	10	—	—	2

Bonuses paid to six directors based on a resolution made at the 98th Ordinary General Meeting of Shareholders held on June 23, 2021, are not included.

Cross-shareholdings

DJK's policy is to hold shares of other companies only when we judge that they contribute to the medium- to long-term improvement of DJK's corporate value, taking into account whether they are necessary for the purpose of business expansion, business creation, maintenance and strengthening of cooperative structures, and business operations. If we judge that the rationality of shareholding cannot be verified, the shares are sold after taking into consideration the situation of the cross-shareholding partner. The Board of Directors decides whether to continue or reduce the share-holdings after verifying the purpose, medium- to long-term economic rationality, and whether there is a benefit commensurate with capital cost. In the fiscal year ended March 31, 2022, DJK sold out six stocks and reduced three stocks.

Changes in the number of cross-shareholdings and the amount recorded on the balance sheet



Internal Control System

DJK has established a “Basic Internal Control Policy” to ensure that the directors perform their duties in compliance with laws and regulations and DJK’s articles of incorporation, and to ensure the appropriateness of our operations as a corporation.

From the perspective of further strengthening corporate governance, the directors endeavor to build an effective internal control system and establish a structure for company-wide legal compliance, while Audit & Supervisory Board members audit the effectiveness and functioning of the internal control system. If and when necessary, Audit & Supervisory Board members must provide advice or recommend improvements to directors.

Basic Policy for Internal Control

1. system to ensure that directors comply with laws and regulations and Articles of Incorporation in the execution of their business duties
2. system to store and manage information on business execution by directors
3. system providing rules to manage possible losses and other matters of the Company, and its subsidiaries
4. system to ensure that directors carry out job execution effectively
5. system for ensuring that directors, executive officers, and employees execute their business duties in accordance with laws and regulations and the Articles of Incorporation
6. System to ensure the fairness of operations of the corporate group comprising the parent company and its subsidiaries
7. System for requesting staff to aid Audit & Supervisory Board members and ensuring the independence of those staff members from the influence of directors and the effectiveness of instructions given to such assisting staff
8. System for directors, executive officers, and employees of the Company and its subsidiaries to report to Audit & Supervisory Board members of the Company, system for making other reports to Audit & Supervisory Board members, and system to ensure effective audit of Audit & Supervisory Board members

Risk Management System

At DJK, the Risk Management Department plays a central role in holding regular meetings with relevant departments to ascertain various risks in Japan and overseas, prevent them from occurring, and minimize them. At the same time, we are thoroughly committed to fulfilling our social responsibilities as a corporation and contributing to society in accordance with the Daiichi Jitsugyo Code of Conduct, which is a set of specific guidelines to help directors, executive officers and employees comply with laws and regulations as well as social norms. In addition, the Company has established the Risk Management Committee for the purpose of contributing to the smooth operation of business through initiatives such as developing a management system for the prevention of risks that may occur and responding to those risks.

Compliance

As the basis of the compliance system, we are working to ensure that the Code of Conduct is thoroughly understood within the Company. We have established the Internal Audit Division under the direct control of representative directors and formulated internal audit regulations. While promoting the establishment, maintenance, and improvement of the internal control system, we are also working to develop and maintain the compliance system, and conduct audits and training in each internal department as necessary.

We have established an internal reporting system, operated based on our internal reporting regulation, as an internal reporting system for reporting violations of laws and regulations and other compliance-related facts, under which the General Manager of the Internal Audit Division is the direct recipient of information.

Compliance Initiatives at Group Companies

Domestic affiliated companies (Daiichi Mecha-tech Corporation and Daiichi Jitsugyo Viswill Co., Ltd.) have established their own code of conduct based on our code. The Daiichi Jitsugyo Code of Conduct is applied mutatis mutandis at overseas associated companies, and is translated into the local language of each region.

We will build and maintain appropriate and global compliance systems at our regional headquarters in Europe, the Americas, China, and Asia in order to strengthen compliance at overseas associated companies as they expand their business further.

Code of Conduct

The Daiichi Jitsugyo Code of Conduct is divided into the following five categories. We are committed to fulfilling our social responsibility as a company and to contributing to society.

1. Code of conduct for business partners, etc.
2. Code of conduct for investors
3. Code of conduct for society
4. Code of conduct to create a better corporate culture
5. Code of conduct as a member of an organization

Policy on Constructive Dialogue with Shareholders

Directors and executive officers, including the Representative Director, President & CEO, actively participate in business results briefing meetings and other dialogues with investors, and conduct investor relations (IR) activities that emphasize fairness, accuracy, and continuity in management strategies, business strategies, and financial information, as well as good two-way communication.

The IR Committee, led by the department in charge of IR, is organized and consists of personnel from the Accounting Division, Administration Division, and Corporate Strategy Division to determine policies for effective IR activities.

With the attendance of Representative Director, President & CEO and other members of the management team, the committee strives to promote investment opportunities and information disclosure by holding business results briefing meetings, etc. and publishing business reports and annual reports.

Information Disclosure

To enhance the transparency of its business, the Company proactively discloses information on a timely basis mainly through the Corporate Communication Department. In addition, as one of its IR activities, the Company holds business results briefing meetings to report on and explain business conditions and the future direction of the DJK Group to shareholders and investors. At the same time, we promptly and appropriately disclose management information via our corporate website and other forms of communication.

Message from an Outside Director

A few months after I became an outside director of the Company, a Governance Committee was formed, consisting of a majority of outside directors. I believe that the establishment of a system whereby outside directors receive the necessary reports, engage in independent discussions with each other, and actively work with the Board of Directors has been a very significant step forward in the Company’s governance structure.

In recent times, the speed required for management decisions has been increasing day by day due to the current social situation and the Company’s business format as a trading company. On the other hand, there have been examples of listed companies in Japan that have fallen on hard times as a result of decisions made without due process. In this context, especially from the perspective of supporting the Company’s aggressive governance, as the sole legal counsel of the management team, I strive to ensure that decisions are made in a compliant and fair manner.

In the formulation of the long-term vision and new management philosophy, I was impressed by the large number of suggestions received from employees under the leadership of the management team. The Board of Directors also discussed these bottom-up opinions one by one with great sincerity and finally reached a final consensus. Accordingly, I believe that the Company, as one team, made a concerted effort to formulate its long-term vision and new management philosophy.

The Company provides timely information sharing to each director on the status of discussions at each internal meeting as a precondition for discussions at the Board of Directors meetings, and I believe that this is highly commendable. In contrast, not only in the Company, but also in other companies, there is a tendency for information sharing and discussion to be active when a decision is made on a certain matter, but information sharing and discussion on the status after the decision has tended to be somewhat sparse. Going forward, I believe that active discussions on post-event verification of the correctness of decisions after they have been made and revisions to the direction of the Company based on post-event verification will lead to further improvement of the Company’s governance.



Namika Yamada

Outside Director

For more information on corporate governance, please see the following websites.

- Securities Report <https://www.djk.co.jp/ir/securities.html> (in Japanese)
- Corporate Governance Report (Corporate Governance page) <https://www.djk.co.jp/en/ir/governance.html>

Directors and Audit & Supervisory Board Members (As of June 23, 2022)



1 Ichiro Uno Representative Director, President & CEO

April 1982 Joined the Company
 April 2013 Executive Officer, General Manager, Osaka Business Div., and Osaka Branch Manager
 April 2014 Executive Officer of the Company, President of DAIICHI JITSUGYO (AMERICA), INC.
 June 2016 Managing Director of the Company
 April 2017 Representative Director, President & CEO
 April 2022 Representative Director, President & CEO (to present)

2 Shigeki Terakawa Representative Director, Senior Managing Executive Officer

April 1980 Joined the Company
 April 2011 Executive Officer, General Manager, Osaka Business Div., and Osaka Branch Manager
 June 2013 Managing Director
 April 2017 Managing Director, Osaka Branch Manager, and Nagoya Branch Manager
 April 2019 Managing Director, Osaka Branch Manager
 April 2021 Senior Managing Director
 June 2021 Representative Director, Senior Managing Director
 April 2022 Representative Director, Senior Managing Executive Officer (to present)

3 Ryuichi Ninomiya Director, Managing Executive Officer

April 1984 Joined the Company
 April 2011 Executive Officer, General Manager, Nagoya Business Div., and Nagoya Branch Manager
 April 2015 Executive Officer of the Company, Managing Director of DAIICHI JITSUGYO ASIA PTE. LTD.
 April 2019 Executive Officer, of Nagoya Branch Manager
 June 2019 Managing Director, Nagoya Branch Manager
 April 2022 Director, Managing Executive Officer, Nagoya Branch Manager (to present)

5 Yasushi Marumoto Director, Managing Executive Officer

April 1987 Joined New Japan Securities Co., Ltd. (current Mizuho Securities Co., Ltd.)
 April 1990 Joined the Company
 April 2019 Executive Officer, General Manager, Plant & Energy Business Div.
 April 2021 Managing Executive Officer, Osaka Branch Manager, and General Manager, Plant & Energy Business Div.
 June 2021 Managing Director, and Managing Executive Officer, Osaka Branch Manager, and General Manager, Plant & Energy Business Div.
 April 2022 Director, Managing Executive Officer, Osaka Branch Manager (to present)

7 Yoshikazu Sakamoto Outside Director

April 1975 Joined Tokyo Regional Taxation Bureau
 July 2010 Ishida Tax and Accounting Office
 September 2010 Registered as a tax accountant
 Yoshikazu Sakamoto Tax Accountant Office (current Sakamoto & Koyama Tax and Accounting Office) (to present)
 June 2015 Director of the Company (to present)

9 Namika Yamada Outside Director

January 2018 Registered as an attorney at law
 January 2019 Joined Kowa Law Office (to present)
 May 2019 Supporting Member, Compliance Team, Ministry of Education, Culture, Sports, Science and Technology (to present)
 June 2019 Compliance Hotline Contact Person, All Japan Judo Federation (to present)
 June 2020 Director of the Company (to present)
 January 2021 Joined Yamada Ozaki Law Office (to present)

11 Toshihiko Matsumiya Outside Audit & Supervisory Board Member

April 1971 Joined Pioneer Corporation
 July 1972 Joined Ryutsu-Giken Co., Ltd.
 October 1979 Joined Deloitte Haskins & Sells (current Deloitte Touche Tohmatsu LLC)
 March 1983 Registered as a certified public accountant
 July 1991 Partner of Tohmatsu & Co. (current Deloitte Touche Tohmatsu LLC)
 October 2011 Established Toshihiko Matsumiya Certified Public Accountancy Office (to present)
 June 2012 Audit & Supervisory Board Member of the Company (to present)

4 Masatoshi Ueno Director, Managing Executive Officer

April 1985 Joined the Company
 April 2013 Executive Officer, General Manager, Electronics Business Div.
 June 2019 Managing Director
 April 2022 Director, Managing Executive Officer (to present)

6 Osamu Fukawa Director, Managing Executive Officer

April 1992 Joined the Company
 April 2019 Executive Officer, General Manager, Administration & Accounting Div.
 April 2020 Executive Officer, General Manager, Accounting Div.
 April 2021 Managing Executive Officer, CFO, and General Manager, Accounting Div.
 June 2021 Managing Director, and Managing Executive Officer, CFO, and General Manager, Accounting Div.
 April 2022 Director, Managing Executive Officer, CFO, and General Manager, Accounting Div. (to present)

8 Yukie Tanaka Outside Director

April 1992 Joined Nomura Co., Ltd.
 December 1998 Established Dual, Inc.
 September 2002 Has been engaged in news gathering and writing for IR tools, after providing editing services for specialized magazines at an IR support company (to present)
 June 2016 Director of the Company (to present)

10 Akihiro Kawai Full-time Audit & Supervisory Board Member

April 1984 Joined the Company
 June 2020 Full-time Audit & Supervisory Board Member (to present)

12 Mitsuyoshi Koyama Outside Audit & Supervisory Board Member

April 1981 Joined Tokyo Regional Taxation Bureau
 September 2015 Registered as a tax accountant
 Established Mitsuyoshi Koyama Tax Accountants Office (to present)
 June 2016 Audit & Supervisory Board Member of the Company (to present)

Business Risks

Business Risks	Impact on the Company	Measures to Address Specific Impacts
Risk of Change in the Macroeconomic Environment	Around the world, protectionism is becoming prevalent, growth is slowing in China and emerging economies, there are concerns over a global economic slowdown and the emergence of global geopolitical risks due to the impact of the conflict between the United States and China, as well as the effects of the spread of COVID-19 infections. Accordingly, the stagnation of economic activities in these regions may cause the DJK Group's performance to deteriorate. In particular, we recognize that the restructuring of the supply chain, which has been heavily reliant on China, and political trends in the United States and political and economic conflicts in any region that could affect our investments are highly significant risks to our business performance.	We have established a system for promptly obtaining and deploying information through close communication with our Group companies in each overseas country, which we have strengthened coordination with as we expand our overseas business through our global four axes network. The Company is also structured to minimize the risk of performance deterioration by taking advantage of the agility of its business portfolio to shift business promptly and to provide maximum support to business partners in politically unstable or economically slowing regions.
Risk of Increased Proportion of Overseas Sales	We expect the ratio of overseas sales to total sales to continue to increase as we steadily implement our medium-term business plan. Therefore, a possibility exists whereby the international financial environment, tax systems, exchange rate trends, trends in crude oil and raw material prices, shipping cost trends, and capital investment trends for customers' production bases could affect the business results of the DJK Group. In addition, DJK's overseas business activities are exposed to the risk of unexpected changes in political systems or economic environments, and social disturbances based on legal and regulatory changes.	We strive to minimize the risk of a decline in earnings by leveraging the Group's global network and relationships with a wide range of business partners to promptly grasp information and trends and select the most appropriate form of transaction.
Risk Related to Interest Rates and the Procurement of Funds	Although we aim to flexibly and stably procure working capital and reduce interest costs, there is no guarantee that we will be able to procure funds on favorable terms in a timely manner in the event of instability in the financial markets or a downgrade in the credit rating assigned by a rating agency due to deterioration in the Group's creditworthiness, which may limit our business activities. Therefore, should the balance of the DJK Group's financial income and expenses deteriorate because of the trend in net sales or in interest rates, it could negatively impact the DJK Group's business results and financial position. In addition, if substantial turmoil occurs in major financial markets in Japan or overseas, financing costs could increase.	We will strive to continue good relationships with financial institutions and build and deepen relationships with institutional investors through timely dialogue, as well as diversify our funding sources. We also strive to flexibly and stably procure working capital and reduce funding and interest costs through our contingency funding policy and through maintaining or improving our credit rating by maintaining a favorable financial condition.
IT Systems Risk	DJK strives to heighten security, perform computer system data backups and other measures in order to protect systems and data. However, in the event systems or communications networks suffer a significant outage on account of natural disasters, computer virus infection, unauthorized access, constraints to power supply, major power outage, malfunction, trouble or other reason, business operations, chiefly order management for customers and vendors, may be hindered, incurring great cost or causing serious damage to the reputation of the DJK Group, with the potential of exerting a negative impact on performance and financial position.	As one of our business continuity measures, we use data centers or cloud services with sufficient security to protect our systems and data, and we have introduced monitoring systems for computers and other end devices used by our employees to prevent computer viruses and unauthorized access. In response to the impact on business activities caused by the failure of power and telecommunications infrastructure, the Group has established an emergency response plan to quickly move to a safe area and take measures to minimize the period of business interruption.
Business Development Risk	As the Group expands its range of services and the size of business transactions grows, we anticipate that as accidents occur in tandem with an increase in largescale plant projects, this will lead to increased legal responsibility and incurring expenses, and a decline in market value as technology becomes obsolete.	We are working to improve our market responsiveness and competitiveness to avoid risks and capture business opportunities by hiring engineers with sufficient skills, developing a personnel evaluation system for them, and strengthening the legal and administrative units involved in concluding contracts.
	The Group's business performance and financial position could be affected by contractual liabilities and expenses incurred due to the discovery of defects and other problems following the inspection of delivered equipment for remote launching, test operations, acceptance inspections, etc., which have increased due to the effects of COVID-19.	We will further accumulate the know-how we have gathered to date and promptly verify best practices, as well as avoid risks by strengthening the functions of our legal and administrative units.
Credit Risk	As of the end of the consolidated fiscal year under review, the total notes and accounts receivable-trade of the Group amounted to ¥44,670 million, or 33.8% of total assets. As a result, the Group is exposed to the risk of losses on account of the credit of its customers worsening or their businesses failing. The Group's business results and financial position may be affected in the event that the customer experiences a liquidity crisis or a chain reaction bankruptcy due to a deterioration in the business environment, or a specific major debtor experiences business problems which lead to an inability to recover the extended credit.	DJK acts in accordance with its rules regarding authority to approve transactions and risk management, setting maximum credit and transaction amounts in its required transaction approval procedures, requires collateral or guarantees depending on the credit rating of the debtor, and puts in place risk hedges, such as the factoring or securitization of debt.
Risks in Long-term Strategies and the Medium-term Business Plan	The growth strategy and medium-term business plan that began in fiscal 2022 cover the medium to long term, and the potential period of risk is also the medium to long term. In addition, if the business-related investments and other investments that we are actively promoting do not produce sufficient effects, the Group's performance and financial position may be affected.	We are working to minimize risk by improving our ability to consider investments, centered on the corporate strategy unit, which is strengthening its functions. Once an investment is made, we will analyze progress based on periodic verification, consider and decide whether or not to change the investment, and disclose the results promptly.
Risk of Disaster	The occurrence of disasters such as earthquakes, typhoons, fires, and infectious disease outbreaks could cause damage to the Group's offices, factories, directors, executive officers and employees, and other related assets, which could hinder sales and production activities, and any serious damage could affect the Group's performance and financial position. Furthermore, should one of the DJK Group's major customers or vendors suffer substantial damages from a disaster, the suspension of the business and production activities of the customer or vendor could have a negative effect on the performance of the DJK Group.	In addition to formulating a basic business continuity plan, the Company has prepared a risk management manual for disasters, introduced a safety confirmation system, and conducted disaster drills and other measures.
Climate Change Risk	We recognize that the various risks outlined in the TCFD's recommendations will have a significant impact not only on our Group, but also on our supply chain. In addition to the direct and financial impact of increased tax burdens, technical problems with the products and goods we handle, reduced demand in the market, and the resulting decline in corporate reputation could be factors that worsen the performance and financial position of our Group.	We have established an organization that specializes in handling climate change issues, and we are actively working to realize a decarbonized society and address environmental issues by setting scenarios, calculating impact amounts, and conducting ongoing monitoring, as well as providing environmentally friendly products and services to our customers, manufacturing companies, in the supply chain in which we are positioned.

Consolidated 13-Year Financial Summary

Year Ended March 31

	Millions of yen					Millions of yen								Thousands of U.S. Dollars (Note 1)
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2022
For the year:														
Net sales ¥	¥ 85,058	¥108,079	¥125,502	¥128,229	¥122,102	¥143,361	¥124,177	¥154,120	¥185,686	¥161,891	¥161,476	¥140,029	¥ 148,075	\$ 1,209,862
Gross profit	11,104	15,224	16,813	16,710	17,363	18,922	18,164	20,476	22,362	24,269	23,938	21,457	24,138	197,226
Operating income	941	4,243	5,098	4,590	4,074	4,341	3,886	5,844	6,394	7,573	6,998	5,729	6,866	56,106
Net income attributable to owners of parent*1	363	2,448	2,643	3,051	2,459	2,897	2,637	3,338	4,730	4,457	4,876	4,754	5,363	43,820
Comprehensive income	—	2,159	3,008	4,485	3,430	4,482	1,480	3,781	5,391	3,759	3,890	6,764	5,944	48,571
Overseas sales*2:	23,380	44,819	65,310	67,441	61,387	78,610	57,965	76,096	75,707	80,769	75,784	65,586	79,112	646,397
China	7,439	12,652	16,707	18,780	16,803	19,215	19,335	16,231	21,940	31,407	28,287	23,207	37,719	308,194
Asia	11,844	24,054	35,939	40,059	30,361	37,056	25,575	37,402	36,539	32,124	32,998	23,868	25,108	205,148
Americas	1,981	4,974	10,058	6,035	8,068	11,116	9,437	13,244	13,593	14,333	8,575	14,897	11,888	97,135
Europe	1,656	1,886	2,551	2,289	1,527	3,946	2,174	8,799	3,379	2,815	3,044	3,459	4,368	35,696
Other	459	1,251	54	276	4,626	7,276	1,443	418	254	87	2,877	152	27	222
Depreciation and amortization	326	356	353	316	352	874	847	850	805	774	890	883	774	6,331
Capital expenditures	443	381	427	1,065	1,052	4,050	968	937	525	387	1,166	1,050	720	5,889
At year-end:														
Total assets ¥	¥ 55,096	¥ 73,322	¥ 83,759	¥ 81,478	¥ 81,443	¥ 91,835	¥ 94,767	¥116,681	¥102,379	¥112,561	¥111,486	¥119,958	¥ 132,235	\$ 1,080,440
Working capital	15,590	17,180	18,855	20,322	21,935	22,670	23,372	25,636	28,495	32,497	35,008	38,950	43,729	357,297
Interest-bearing debt	5,489	10,560	14,942	7,486	8,809	11,035	10,711	9,289	8,409	7,802	7,850	7,805	7,631	62,355
Total equity	22,082	23,777	26,167	29,013	31,197	35,310	36,006	38,794	43,194	45,710	48,446	53,845	58,722	479,801
Per share of common stock (in yen and U.S. dollars)*3:														
Net income ¥	¥ 6.97	¥ 46.90	¥ 50.55	¥ 57.97	¥ 46.45	¥ 54.46	¥ 49.24	¥ 62.47	¥ 443.97	¥ 418.31	¥ 456.38	¥ 444.70	¥ 501.02	\$ 4.09
Cash dividends	7.00	13.00	14.00	15.00	18.00	16.00	17.00	95.0(19.0)	105.0(21.0)	110.0(22.0)	130.0(26.0)	130.0(26.0)	145.0(29.0)	1.18 (0.24)
Shareholders' equity	416.63	445.88	485.23	545.78	586.85	659.44	669.51	726.61	4,042.28	4,274.47	4,521.29	5,023.70	5,470.86	44.70
Other statistics:														
Number of shares of common stock outstanding (in thousands)*3*4	52,119	52,213	52,565	52,881	53,002	53,400	53,652	53,240	10,656	10,655	10,692	10,691	10,709	—
Number of employees	974	992	1,008	1,043	1,069	1,080	1,064	1,097	1,134	1,167	1,209	1,229	1,258	—
Key ratios (%):														
Gross profit margin	13.1	14.1	13.4	13.0	14.2	13.2	14.6	13.3	12.0	15.0	14.8	15.3	16.3	—
Operating income margin	1.1	3.9	4.1	3.6	3.3	3.0	3.1	3.8	3.4	4.7	4.3	4.1	4.6	—
Return on sales	0.4	2.3	2.1	2.4	2.0	2.0	2.1	2.2	2.5	2.8	3.0	3.4	3.6	—
Return on assets	0.6	3.8	3.4	3.7	3.0	3.3	2.8	3.2	4.3	4.1	4.4	4.1	4.3	—
Return on equity	1.7	10.9	10.8	11.2	8.2	8.7	7.4	9.0	11.6	10.1	10.4	9.3	9.6	—
Asset turnover (times)	1.43	1.68	1.60	1.55	1.50	1.65	1.33	1.46	1.69	1.51	1.44	1.21	1.17	—
Current ratio	148.5	135.3	133.1	139.8	145.4	143.4	142.1	134.1	151.2	149.7	156.4	161.0	161.3	—
Equity ratio	39.4	31.8	30.5	35.4	38.2	38.3	37.9	33.2	42.1	40.5	43.4	44.8	44.3	—
Debt-to-equity ratio	0.25	0.45	0.59	0.26	0.28	0.31	0.30	0.24	0.20	0.17	0.16	0.15	0.13	—

Note 1. U.S. Dollar figures have been converted from Japanese yen, for convenience only, at the rate of ¥110.71 to U.S. \$1.

2. Minority interests in equity has been excluded from equity when key ratio is calculated.

3. Shares have been restated, as appropriate, to reflect a one-for-five reverse stock split effected on October 1, 2017.

4. Treasury stock is excluded from the total number of shares issued.

Group Companies

(As of March 31, 2022)

	Location	Business details
Consolidated subsidiaries		
DAIICHI MECHA-TECH CORPORATION	Kawaguchi, Saitama	Repair, manufacturing, and sales of various types of industrial machinery
DAIICHI JITSUGYO VISWILL CO., LTD.	Suita, Osaka	Development, manufacturing, and sales of visual inspection devices
DJK SOLAR SOLUTION CO., LTD.	Chiyoda-ku, Tokyo	Maintenance and management of solar power generation plants
DAIICHI JITSUGYO (AMERICA), INC.	Chicago, USA	Sales of various types of industrial machinery
DJK GLOBAL MEXICO, S. A. DE C. V.	Queretaro, Mexico	Sales of various types of industrial machinery
DJK EUROPE GMBH	Frankfurt, Germany	Sales of various types of industrial machinery
SHANGHAI YISHI TRADING CO., LTD.	Shanghai, China	Sales of various types of industrial machinery
DAIICHI JITSUGYO (HONG KONG) LIMITED	Hong Kong, China	Sales of various types of industrial machinery
DAIICHI JITSUGYO (GUANGZHOU) TRADING CO., LTD.	Guangzhou, China	Sales of various types of industrial machinery
DAIICHI JITSUGYO ASIA PTE. LTD.	Singapore	Sales of various types of industrial machinery
DAIICHI JITSUGYO (THAILAND) CO., LTD.	Bangkok, Thailand	Sales of various types of industrial machinery
DAIICHI PROJECT SERVICE CO., LTD.	Bangkok, Thailand	Construction contractor
DAIICHI JITSUGYO (MALAYSIA) SDN. BHD.	Kuala Lumpur, Malaysia	Sales of various types of industrial machinery
DAIICHI JITSUGYO (PHILIPPINES), INC.	Makati, Philippines	Sales of various types of industrial machinery
PT. DJK INDONESIA	Jakarta, Indonesia	Sales of various types of industrial machinery
DAIICHI JITSUGYO (VIETNAM) CO., LTD.	Hanoi, Vietnam	Sales of various types of industrial machinery
DAIICHI JITSUGYO INDIA PVT. LTD.	New Delhi, India	Sales of various types of industrial machinery
Non-consolidated subsidiaries		
FLOW DYNAMICS CO., LTD.	Chiyoda-ku, Tokyo	Manufacturing, and sales of various types of industrial machinery
DJK KOHSAN CO., LTD.	Chiyoda-ku, Tokyo	Sales of various types of industrial machinery
DAIICHI ENGINEERING CO., LTD.	Chiyoda-ku, Tokyo	Provision of environmental equipment engineering and sales of processing units in various industries
DAIICHI JITSUGYO DO BRASIL COMERCIO DE MAQUINAS LTDA.	Sao Paulo, Brazil	Sales of various types of industrial machinery
DC ENERGY GMBH	Frankfurt, Germany	Sales of lithium-ion battery manufacturing equipment
DJK (TAIWAN) CORP.	Taipei, Taiwan	Sales of various types of industrial machinery
DAIICHI MECHA-TECH (SHANGHAI) CORPORATION	Shanghai, China	Repair and manufacturing of various types of industrial machinery
DJK FACTORY SOLUTIONS (PHILIPPINES), INC.	Laguna, Philippines	Sales and purchases of trial machines and parts Maintenance of parts for use in assembly systems
Equity-method affiliate		
ASANO LABORATORIES CO., LTD.	Aichi-gun, Aichi	Manufacturing and sales of plastics vacuum forming machines
Non-equity method affiliate		
SULZER DAIICHI K.K.	Chiyoda-ku, Tokyo	Import and sales of pumps, agitators and mixers, and related equipment for industrial applications

Corporate Data / Investor Information

Corporate Data (As of March 31, 2022)

Company Name: DAIICHI JITSUGYO CO., LTD.
 Headquarters: Ochanomizu Sola City, 4-6 Kandasurugadai, Chiyoda-ku, Tokyo
 Date of Establishment: August 12, 1948
 Paid-in Capital: ¥5,105 million
 Stock Exchange Listing: Tokyo Stock Exchange, Prime Market
 Securities Code: 8059
 Branches & Offices: Osaka, Nagoya, Tohoku (Sendai), Hiroshima, Fukuoka, Toyama
 Overseas Branches: Seoul
 Domestic Subsidiaries: 6
 Overseas Subsidiaries: 19
 Consolidated Subsidiaries: 17
 Number of Employees: Non-consolidated: 558 Consolidated: 1,258

Directors and Audit & Supervisory Board Members (As of June 23, 2022)

*President & CEO: Ichiro Uno
 *Senior Managing Executive Officer: Shigeki Terakawa
 Director, Managing Executive Officer: Ryuichi Ninomiya
 Director, Managing Executive Officer: Masatoshi Ueno
 Director, Managing Executive Officer: Yasushi Marumoto
 Director, Managing Executive Officer: Osamu Fukawa
 Outside Director: Yoshikazu Sakamoto
 Outside Director: Yukie Tanaka
 Outside Director: Namika Yamada
 Full-time Audit & Supervisory Board Member: Akihiro Kawai
 Outside Audit & Supervisory Board Member: Toshihiko Matsumiya
 Outside Audit & Supervisory Board Member: Mitsuyoshi Koyama
 Managing Executive Officer: Masahiko Mizumoto
 Managing Executive Officer: Daisuke Ozono
 Managing Executive Officer: Yuji Funawatari
 Senior Executive Officer: Shigehiro Aoyama
 Senior Executive Officer: Shinji Otsuki
 Senior Executive Officer: Shoichiro Okada
 Senior Executive Officer: Zenichiro Minami
 Senior Executive Officer: Kanji Kubota
 Senior Executive Officer: Takahiro Toyozumi
 Senior Executive Officer: Naoki Shimodaira
 Senior Executive Officer: Tadayuki Matsukawa
 Executive Officer: Masao Hiwatari
 Executive Officer: Daijiro Kodama
 Executive Officer: Yuji Shika
 Executive Officer: Katsuhisa Kouzuki
 Executive Officer: Keisuke Nishii
 *: Representative Director

Common Stock (As of March 31, 2022)

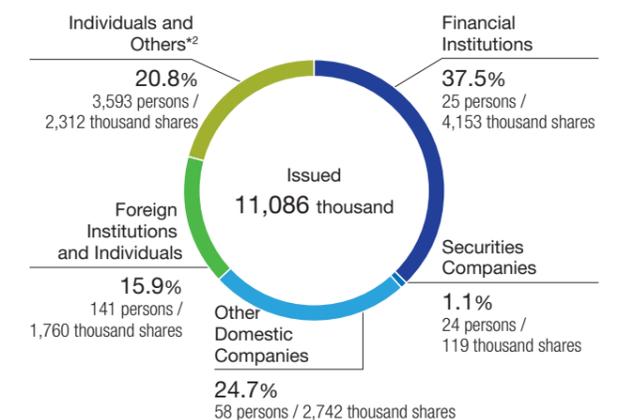
Stock Information
 Authorized: 32,000,000 shares
 Issued: 11,086,400 shares
 Number of Shares per Unit: 100 shares
 Number of Shareholders: 3,841

Major Shareholders

Shareholder Name	Number of Shares Held (Thousand shares)	(% of total)*1
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,173	10.96
HIKARI TSUSHIN, K. K.	796	7.43
UH Partners 2, Inc.	729	6.80
MIZUHO BANK, LTD.	511	4.77
SUMITOMO MITSUI BANKING CORPORATION	511	4.77
CUSTODY BANK OF JAPAN, LTD. (Trust Account)	423	3.95
MUFG BANK, LTD.	373	3.48

*1: Percentages of total shares issued are calculated based on the total number of shares issued excluding 377 thousand shares of treasury stock.

Distribution of Ownership among Shareholders



*2: "Individuals and Others" includes 377 thousand shares of treasury stock (3.4%).

Information on DJK's corporate website

Visit our website to learn more about our business activities and information on IR and sustainability, and to view our past news releases.



<https://www.djk.co.jp/en>



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