

# Financial Results for the Second Quarter of the Year Ending March 31, 2023



November 22, 2022

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## [Outline of Financial Results]

During the period under review, despite concerns about the re-emergence of COVID-19, economic conditions have been relatively stable due to the expectation that economic conditions both overseas and in Japan would begin to normalize and the willingness of companies to make capital investments, which has bolstered the market.

That said, the depreciation of the yen and high prices have resulted in a higher cost burden for companies, and given the increased risk of a global economic slowdown, we are forced to be cautious about our future forecasts.

In these circumstances, we expected to face challenges in the consolidated results due to an increase in the number of large projects leading to longer delivery times, a shortage of semiconductors at various facilities, and the lockdown in Shanghai. However, due to the Group's combined efforts in business activities, orders reached our highest level over a half-year period, and overall, business performance exceeded the first half forecast.

- I . Outline of Financial Results  
for the Second Quarter of FY2022**
- II . Financial Forecasts for FY2022**
- III . Progress of Medium-term Business Plan**

(Note) The Company has adopted the "Accounting Standard for Revenue Recognition" etc. since the first quarter of FY2021.  
Figures presented in units of million yen are rounded down, and figures in units of billion yen are rounded up/down to the nearest billions.

## I . Outline of Financial Results

### for the Second Quarter of FY2022

- Summary of Financial Results
- Consolidated Results
- Summary of Changes  
in Second Quarter Profit
- Consolidated Results  
by Segment
- Overseas Sales Ratio
- Consolidated Financial Position
- Consolidated Cash Flows
- Orders Received & Backlog  
by Segment
- Trends in Orders Received  
by Segment

- **Net sales and quarterly profit exceeded period over period**
  - Gross profit at record high for a first half.
  
- **First half's financial results outperformed initial forecasts**
  - Business performance driven by the Plant & Energy and Industrial Machinery Business.
  
- **Orders received favorable in first half**
  - Orders received at record high for a first half.
  - The Energy Solutions, Automobiles, and Aviation & Social Infrastructure Business produced favorable results.

### [Summary of Financial Results]

- Net sales increased by 1.3%, and quarterly profit was up slightly from the same period last year.

Although gross profit reached its highest level over a half-year period, operating income was down from the same period last year due to an increase in personnel costs in addition to an increase in selling, general and administrative expenses as sales activities normalized.

- Due to the strong performance of both the Plant & Energy and Industrial Machinery businesses, we were able to exceed the forecast we made at the beginning of the fiscal year.
- Orders received were significantly higher than expected and reached a record high over a half-year period.

In particular, the Energy Solutions, Automobile and Aviation & Social Infrastructure business achieved significant gains in terms of the number and value of orders received compared to last year.

# Consolidated Financial Results

Yen in millions	FY2021(Q2)	FY2022(Q2)			
	Results	FY2022(Q2) previous forecasts	Results	Change from FY2021(Q2)	Change from previous forecasts
Orders received	74,750	91,000	118,169	+ 58.1%	+ 29.9%
Net sales	68,585	66,000	69,459	+ 1.3%	+ 5.2%
Operating income	3,043	2,300	2,859	▲ 6.1%	+ 24.3%
Ordinary income	3,251	2,400	3,229	▲ 0.7%	+ 34.5%
Profit to attributable owners of parent	2,253	1,600	2,272	+ 0.8%	+ 42.0%
E P S	210.63 Yen	149.41 Yen	212.08 Yen	1.45 Yen	62.67 Yen

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## [Consolidated Financial Results]

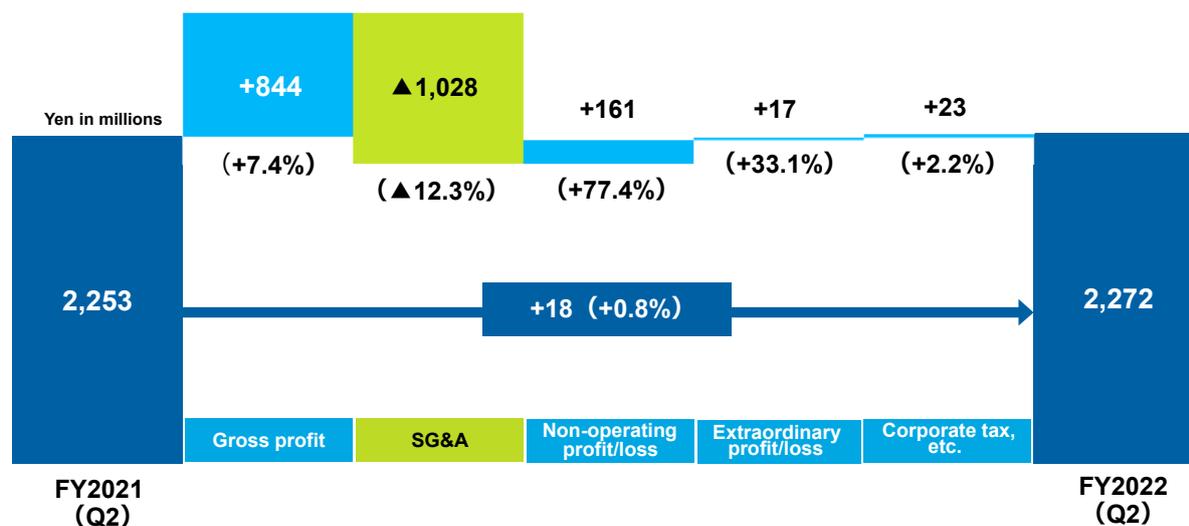
Orders received totaled 118.2 billion yen, representing a 58.1% increase from the same period last year and a 29.9% improvement from the previous forecast.

Net sales were 70 billion yen, stable compared to the previous year while operating income and ordinary income were down.

Quarterly profit totaled 2.3 billion yen, representing an increase of 42% from the previous forecast due to the proceeds from the sale of shares.

## Summary of Changes in Second Quarter Profit

- ✓ Gross profit at record high for a first half.
- ✓ Quarterly profit remained nearly flat, due to an increase in SG&A, partially offset by an increase in non-operating and extraordinary profits.



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[Summary of Changes in Second Quarter Profit]

Gross profit was up by 800 million yen from the previous second quarter, reaching a record high for a half-year period.

Operating income was down due to an increase in personnel costs, sales-related expenses and SG&A expenses related to the introduction of the internal ERP system. However, quarterly income was up slightly compared to last year due to non-operating and extraordinary profits.

Consolidated Results by Segment (Net Sales/Operating Income) <span style="float: right;">DAIICHI JITSUGYO</span>								
Yen in millions	Net income				Operating income			
	FY2021(Q2)	FY2022(Q2)	Increase/decrease amount	Increase/decrease rate	FY2021(Q2)	FY2022(Q2)	Increase/decrease amount	Increase/decrease rate
Plant & Energy	6,086	9,045	+ 2,958	+ 48.6%	346	592	+ 246	+ 71.2%
Energy Solutions	8,948	8,524	▲ 424	▲ 4.7%	434	129	▲ 304	▲ 70.1%
Industrial Machinery	7,823	10,011	+ 2,187	+ 28.0%	196	253	+ 57	+ 29.3%
Electronics	25,143	21,719	▲ 3,424	▲ 13.6%	1,412	1,299	▲ 113	▲ 8.0%
Automobile	14,328	13,218	▲ 1,109	▲ 7.7%	491	360	▲ 131	▲ 26.7%
Healthcare	5,323	5,832	+ 508	+ 9.6%	543	556	+ 12	+ 2.4%
Aviation & Social Infrastructure	816	997	+ 181	+ 22.3%	▲ 48	▲ 93	▲ 44	-
<b>Total</b>	<b>68,585</b>	<b>69,459</b>	<b>+ 874</b>	<b>+ 1.3%</b>	<b>3,043</b>	<b>2,859</b>	<b>▲ 184</b>	<b>▲ 6.1%</b>

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[Consolidated Results by Segment (Net Sales/Operating Income)]

■ Plant & Energy Business (Increase in net sales and operating income)

Net sales and operating income were up due to a substantial increase in sales of equipment of all types for plants for domestic and overseas markets and domestic energy development.

■ Energy Solutions Business (Decrease in net sales and operating income)

Despite sales remaining steady mainly due to overseas projects, there was a decrease in net sales and operating income. Operating income was affected by a significant increase in SG&A expenses due to staff recruitment.

■ Industrial Machinery Business (Increase in net sales and operating income)

Net sales and operating income were up due to the favorable sales performance of molding machines and associated peripheral equipment for plastic products, such as food trays, both in Japan and overseas.

■ Electronics Business (Decrease in net sales and operating income)

Net sales and operating income were down. While sales to domestic in-vehicle manufacturers were strong, and we were able to capture demand from Southeast Asia in the shift away from China, there was a reduction in sales of telecommunication-related equipment in China.

■ Automobile Business (Decrease in net sales and operating income)

Net sales and operating income were down due to the lower profit margins associated with a decrease in sales of automated assembly lines, painting lines and equipment related to the manufacture of in-vehicle electronic components in North America.

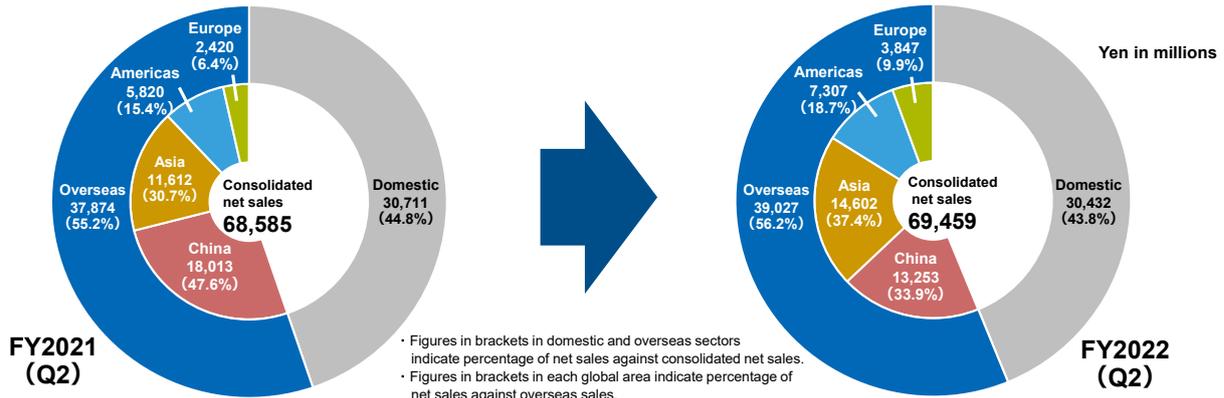
■ Healthcare Business (Increase in net sales and operating income)

Healthcare Business saw an increase in net sales and operating income due to sales of large projects of tablet visual inspection systems and pharmaceutical packaging lines.

■ Aviation and Social Infrastructure Business (Increase in net sales, but operating loss recorded)

Despite an increase in net sales due to sales of ground support equipment, a drop in profit margins and an increase in operating costs led to an unfavorable performance.

# Overseas Sales Ratio and Net Sales by Global Area (Based on delivery destinations)



## FY2022 (Q2)

**China** ↓ ▲ 13.7%

■ Shanghai lockdown's impact

**Asia** ↑ +6.7%

■ Solid performance driven by Indonesia's large-scale food manufacturing plant project, as well as India's motorcycle manufacturing plant project

**Americas** ↑ +3.3%

■ Business of electric vehicles and painting systems in the auto industry favorable

**Europe** ↑ +3.5%

■ Favorable performance in LIB-related business

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## [Overseas Sales Ratio and Net Sales by Global Area (Based on delivery destinations)]

Overseas sales ratio was up 1% from last year to 56.2%.

### ■ China area (▲13.7%)

China area had Shanghai lockdown's impact.

### ■ Asia area (+6.7%)

Asia area performed well, by capturing demand shifting from China.

Performance was particularly strong in Indonesia (large-scale projects for food manufacturing plants) and India. (projects for motorcycle manufacturing plants).

### ■ Americas area (+3.3%)

The Americas area performed well due to business related to electric vehicles and paint systems.

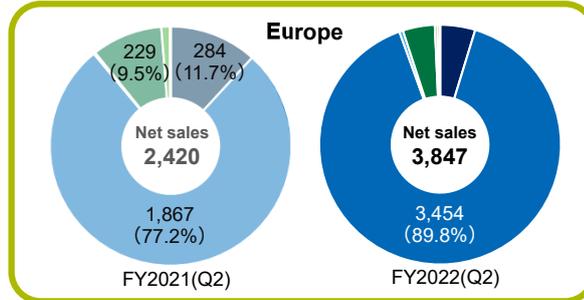
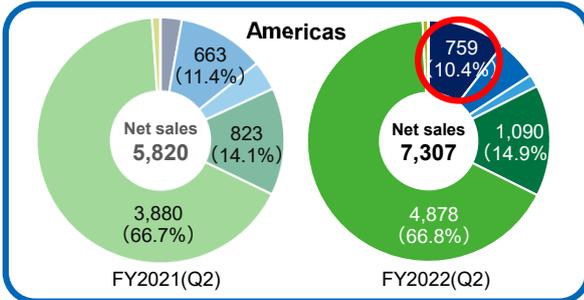
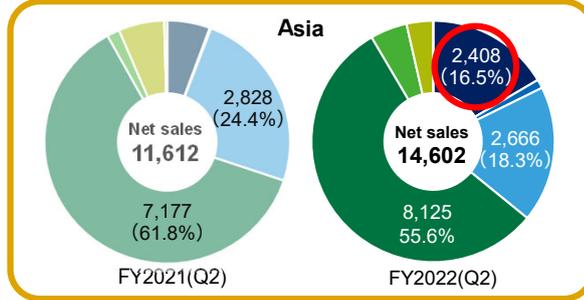
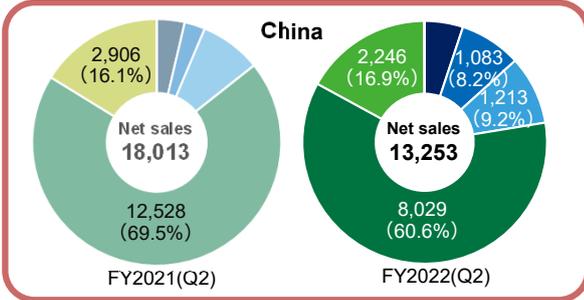
### ■ Europe area (+3.5%)

Europe area performed well due to sales of large-scale projects of lithium-ion battery production equipment.

# Overseas Sales Ratio, Segment's Sales Ratio by Global Area

Yen in millions

- Plant & Energy
- Energy Solutions
- Industrial Machinery
- Electronics
- Automobile
- Healthcare
- Aviation & Social Infrastructure

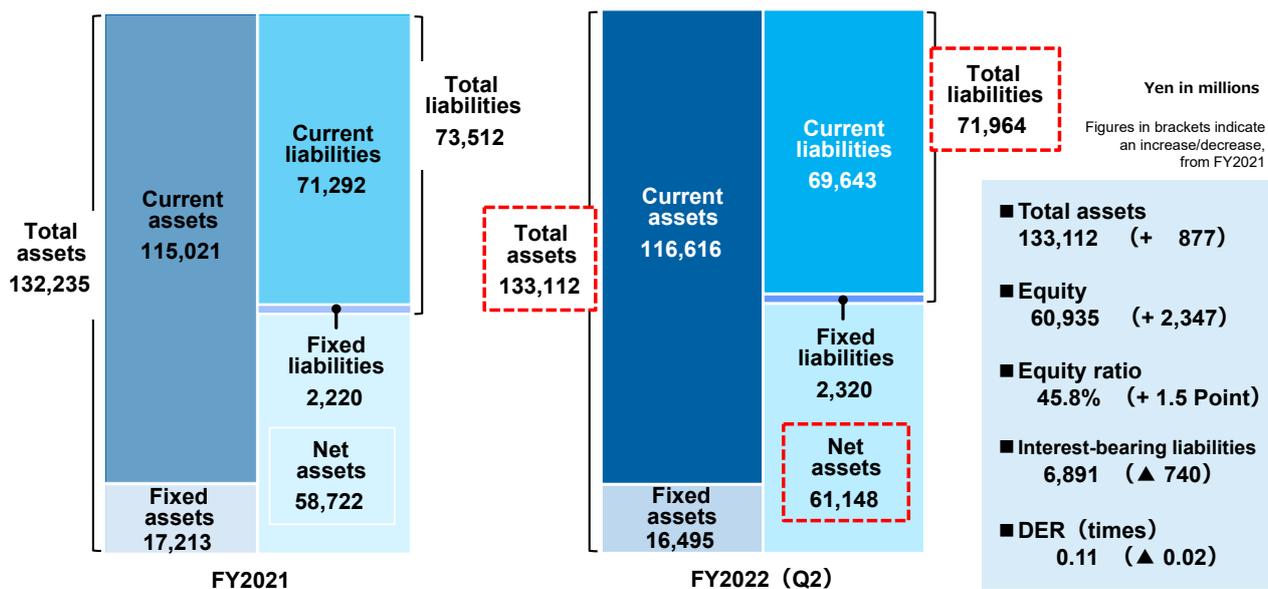


©DAIICHI JITSUGYO CO., LTD. Figures in brackets in each global area indicate percentage of net sales against overseas sales.

## [Overseas Sales Ratio, Segment's Sales Ratio by Global Area]

Compared to last year, there was no significant change in either the China or Europe segments, while the ratios of the Plant & Energy business in both the Asia and Americas segments increased.

# Consolidate Financial Position



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## [Consolidated Financial Position]

The total assets at the end of the second quarter remained flat from the previous period at 133.1 billion yen, increasing by 900 million yen. The main contributing factors were an increase in cash and deposits and advance payments, which was offset by a decrease in trade accounts receivable and investment securities.

Total liabilities decreased by 1.5 billion to 72.0 billion yen.

This was impacted mainly by an increase in advances and decreases in trade notes/accounts payable and short-term loans payable.

Total equity increased by 2.4 billion to 61.1 billion yen.

This was mainly due to quarterly profit and an increase in foreign currency translation adjustment due to the depreciation of the yen despite the payment of dividends.

While maintaining our financial soundness and security, we will adopt a flexible capital policy to aid in the implementation of the Group's medium- to long-term strategy.

# Consolidated Cash Flows

Yen in millions	FY2021(Q2)	FY2022(Q2)	Description
<b>Cash flows from operating activities</b>	<b>▲ 1,866</b>	<b>4,926</b>	Income before income taxes (+3,300) Increase in working capital (+1,664) Increase in advances from customers (+2,823)
<b>Cash flows from investing activities</b>	<b>▲ 869</b>	<b>▲ 1,414</b>	Net decrease (increase) in time deposit (▲1,096) Purchase of property, plant and equipment (▲311) Purchase of intangible assets (▲236)
<b>Cash flows from financing activities</b>	<b>▲ 1,359</b>	<b>▲ 1,942</b>	Increase (decrease) in short-term bank loans-net (▲863) Dividends paid (▲908)
<b>Foreign currency translation adjustment on cash and cash equivalents</b>	<b>657</b>	<b>791</b>	
<b>Net increase in cash and cash equivalents (▲decrease)</b>	<b>▲ 3,437</b>	<b>2,360</b>	
<b>Cash and cash equivalents at beginning of year</b>	<b>31,267</b>	<b>26,782</b>	
<b>Increase in cash and cash equivalents resulting from inclusion of subsidiaries in conclusion</b>	<b>—</b>	<b>193</b>	
<b>Cash and cash equivalents at end of period</b>	<b>27,830</b>	<b>29,336</b>	

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## [Consolidated Cash Flows]

Cash and cash equivalents increased by 1.6 billion year-on-year to 29.3 billion yen.

Details for cash flows are as follows.

Net cash provided by operating activities was 4.9 billion yen. This was mainly due to the recording of income before income taxes and a decrease in trade accounts receivables and contract assets despite a decrease in trade notes/accounts payable.

Net cash used in investing activities was 1.4 billion yen.

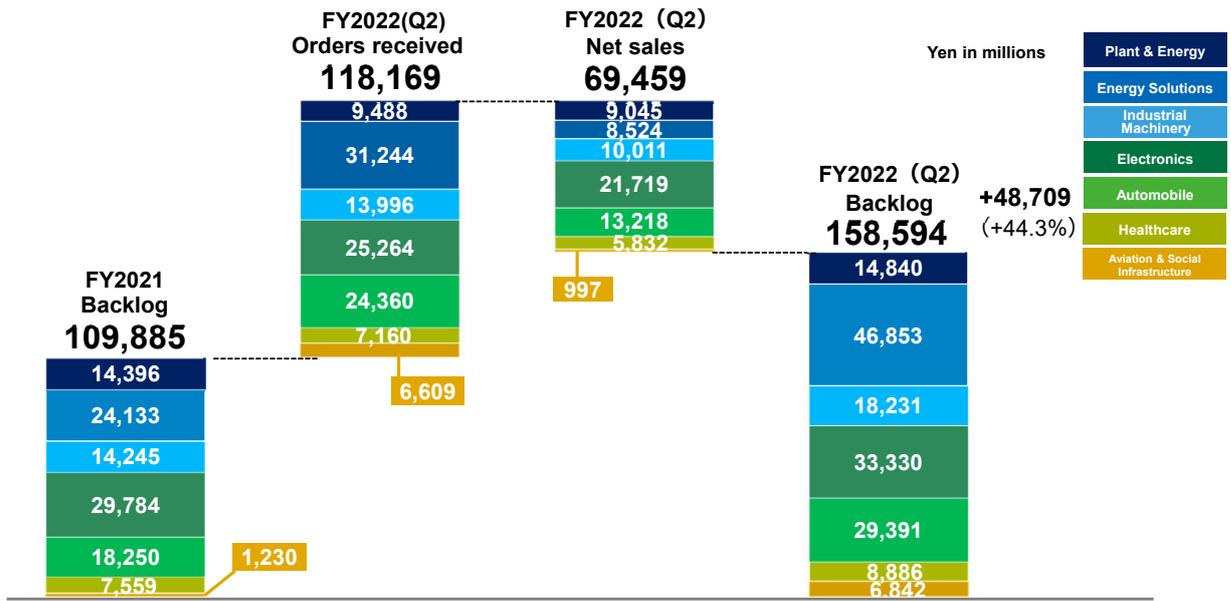
This was due to an increase in time deposits and purchases of fixed assets.

Net cash used in financing activities was 1.9 billion yen.

This was mainly due to the repayment of short-term loans payable and dividend payments.

We will continue to strive for stable cash generation in our core businesses.

# Orders Received and Backlog by Segment



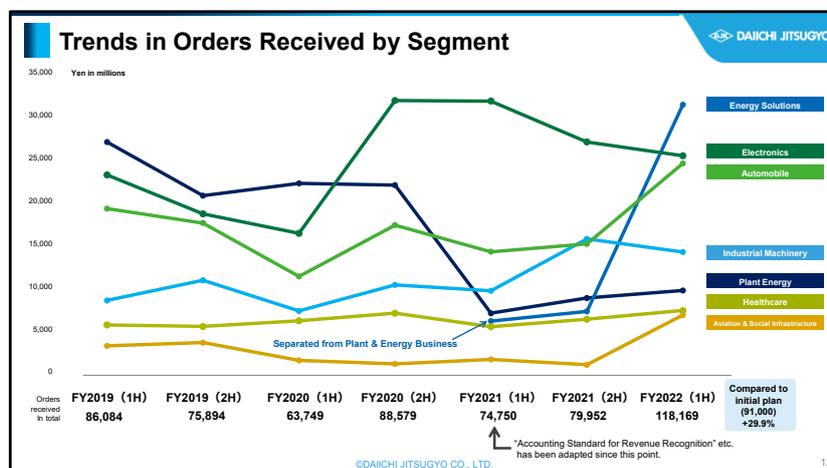
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[Orders Received and Backlog by Segment]

The graph on this slide displays orders received and backlog.

Orders received totaled 118.2 billion yen, marking a record high over a half-year period.

As a result, the order backlog increased by 48.7 billion from the previous year's amount of 109.9 billion to 158.6 billion yen.



## [Trends in Orders Received by Segment]

On this slide, we have a breakdown of orders received over the last three years by segment. The orders received in the Energy Solutions, Automobile and Aviation & Social Infrastructure businesses have increased dramatically.

### ■ Energy Solutions business

There was a substantial increase in orders received for large-scale investment projects from both domestic and overseas lithium-ion battery manufacturing companies.

### ■ Automotive Business

There was an increase in orders received in the Automotive Business, which managed to capture demand for EVs and carbon neutral-related products from Japanese companies in Japan and overseas.

### ■ Aviation Business

Investment by airlines resumed after the lull caused by the COVID-19 pandemic and there were a large number of orders received.

### ■ Industrial Machinery Business

There were strong sales of mold assembly equipment and cleaning equipment for press lines and production lines for bioplastics in the domestic market, and in the overseas market, injection molding machines for air conditioning equipment.

### ■ Healthcare Business

With engineering capabilities as our strength, the Healthcare Business received a large number of orders, mainly for packaging lines.

### ■ Plant & Energy Business

There were favorable sales of various equipment for plants, and energy development-related projects for domestic and overseas markets.

### ■ Electronics business

There continued to be demand, primarily for automobile-related products, despite restrictions on our activities in China due to the zero COVID policy.

Overall, orders received totaled 118.2 billion yen, exceeding the half-year plan by approximately 30%. This represents a good start for the first year of the medium-term business plan, MT2024.

## II. Financial Forecasts for FY2022

- Financial Forecasts for FY2022
- Financial Forecasts by Segment for FY2022
- Shareholder Returns

## FY2022 Consolidated Earnings Forecasts

Yen in millions	FY2021	FY2022 forecasts		Revised FY2022 Forecasts Increase/decrease rate	
	Results	Previous forecasts	Revised forecasts	Change from FY2021 Results	Change from previous forecasts
Orders received	154,702	170,000	209,000	+ 35.1%	+ 22.9%
Net sales	148,075	140,000	151,000	+ 2.0%	+ 7.9%
Operating income	6,866	5,500	5,500	▲ 19.9%	–
Ordinary income	7,792	5,800	5,900	▲ 24.3%	+ 1.7%
Profit attributable to owners or parent	5,363	3,900	5,200	▲ 3.0%	+ 33.3%

### [FY2022 Consolidated Earnings Forecasts]

We revised our forecast for net sales upwards, as orders received were strong in the first half of the year and we expected an increase in the number of products that could be sold during the fiscal period.

The operating income forecast has been left as it is due to a staff recruitment drive that includes engineers and an expected increase in SG&A expenses, such as personnel costs.

We also revised our forecast of profit upwards due to extraordinary income from the sale of shares expected to be recorded in the third quarter.

FY2022 Consolidated Earnings Forecasts by Segment										
Yen in millions	Net sales					Operating income				
	FY2022	FY2022	FY2022	Previous	Increase/decrease	FY2022	FY2022	FY2022	Previous	Increase/decrease
	1H Results	2H Forecasts	Forecasts	forecasts	from previous forecasts	1H Results	2H Forecasts	Forecasts	forecasts	from previous forecasts
Plant & Energy	9,045	9,500	18,545	16,100	+ 2,445	592	443	1,036 <sup>(*)</sup>	846	+ 190
Energy Solutions	8,524	10,300	18,824	13,200	+ 5,624	129	70	200 <sup>(*)</sup>	61	+ 139
Industrial Machinery	10,011	12,300	22,311	17,600	+ 4,711	253	273	527 <sup>(*)</sup>	551	▲ 24
Electronics	21,719	27,500	49,219	52,300	▲ 3,081	1,299	976	2,275	2,200	+ 75
Automobile	13,218	13,800	27,109 <sup>(*)</sup>	27,000	+ 109	360	279	639	819	▲ 180
Healthcare	5,832	7,500	13,333 <sup>(*)</sup>	11,100	+ 2,233	556	597	1,154 <sup>(*)</sup>	1,066	+ 88
Aviation & Social Infrastructure	997	1,100	2,098 <sup>(*)</sup>	2,700	▲ 602	▲ 93	▲ 159	▲ 252	▲ 42	▲ 210
<b>Total</b>	<b>69,459</b>	<b>81,540</b>	<b>151,000<sup>(*)</sup></b>	<b>140,000</b>	<b>+ 11,000</b>	<b>2,859</b>	<b>2,641</b>	<b>5,500</b>	<b>5,500</b>	<b>-</b>

\*Adjustment values are included in figures.

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[FY2022 Consolidated Earnings Forecasts by Segment]

■ Plant & Energy Business

We expect to see sales of large-scale energy development-related projects and various equipment for plants in the second half of the fiscal year, with both net sales and operating income for the full year exceeding the previous forecasts.

■ Energy Solutions Business

We expect net sales to substantially exceed the previous forecast. Operating income will be impacted by additional staff and the inclusion of DC Energy in the consolidated results for this period but it is still expected to exceed the forecast.

■ Industrial Machinery Business

It is expected to remain strong, and we aim to achieve the forecast operating income.

■ Electronics Business

We expect that operating income will exceed the forecast, though it is to be difficult to achieve the forecast net sales.

■ Automobile Business

Net sales are on course to achieve the forecast, while operating income is not expected to reach the forecast level due to an increase in marketing activities, such as participation in exhibitions. However, as orders received are favorable, we expect a strong performance in the next fiscal year and beyond.

■ Healthcare Business

It is expected to continue contributing through net sales and operating income.

■ Aviation & Social Infrastructure Business

It is expected to face challenging conditions in the second half of this year, but as orders received were favorable in the first half of the year, we anticipate a recovery from the next fiscal year onwards.

Due to these factors, we expect full-year net sales to total 151 billion yen, while our forecast of 5.5 billion yen in operating income remains unchanged due to an increase in SG&A and other expenses.

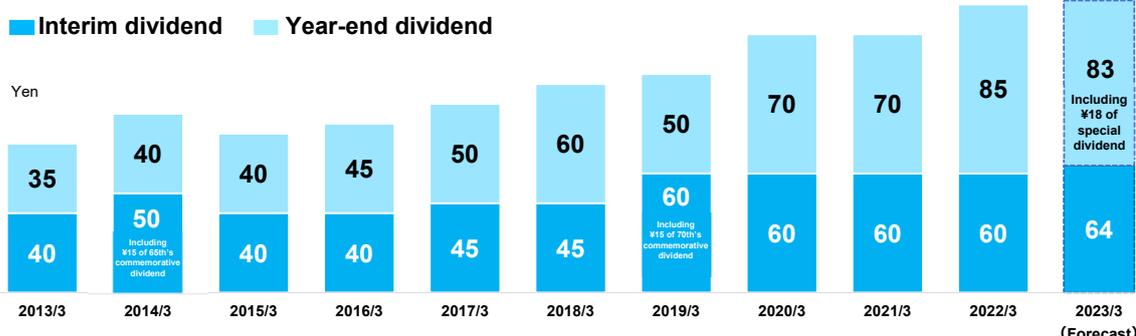
# Shareholder Returns

## Dividend policy (consolidated)

We will pay out appropriate levels of dividends in accordance with our business performance. As a standard guide, the dividend payout ratio will be 30% of profit attributable to owners of parent.

## Acquisition of treasury stock

Total number of shares repurchased: Up to 250,000 shares  
 Total amount of repurchase price : Up to 1 billion yen  
 Repurchase period: From November 7, 2022, to May 31, 2023



	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3 (Forecast)
Annual dividends	¥75	¥90	¥80	¥85	¥95	¥105	¥110	¥130	¥130	¥145	¥147
Dividend Payout Ratio (consolidated)	25.9%	38.8%	29.4%	34.5%	30.4%	23.7%	26.3%	28.5%	29.2%	28.9%	30.3%

Note : (1) Effective October 1, 2017, the Company's common shares were consolidated on the basis of one new share for five old shares (1:5). Dividends before October 2017 have been retrospectively restated to reflect the share consolidation.  
 (2) Special dividends come from an ad-hoc extraordinary profit.

## [Shareholder Returns]

Regarding dividends,

we plan to pay an interim dividend of 64 yen, which represents an increase of 19 yen compared to the forecast. Based on our shareholder return policy and the revised full-year forecast, our year-end dividend is expected to be 83 yen, consisting of an ordinary dividend of 65 yen and a special dividend of 18 yen.

This special dividend is due to a one-time extraordinary income that is expected to be recorded in the third quarter.

As a result, we are forecasting an annual dividend of 147 yen for fiscal 2022.

In addition to this dividend, we intend to reacquire a maximum of 250,000 of our own shares at a total cost of 1 billion yen to enhance shareholder returns. For more details on this, please refer to the timely disclosure of November 4.

We will continue to provide returns to shareholders while maintaining and improving our dividend payout ratio. This concludes my section of the presentation.

### **Ⅲ. Progress of Medium-term Business Plan**

#### **■ Qualitative Targets of Medium-term Business Plan, MT2024**

## 1. Business strategies for growth

① **Strengthening engineering capabilities**

- Strengthen our one-of-a-kind engineering capabilities, to strive to be the next-generation engineering trading firm.

② **Strategic business investment**

- Create economic values through our business, as well as make strategic investments for further growth.

③ **Expansion of business with global companies**

- Develop more business dealings with foreign companies, through increased overseas staff and improved infrastructure, to capture global economic growth.
  - Primary fields and global regions
  - Energy Solutions Business (LIB : Europe, Americas)
  - Healthcare Business (Pharmaceutical products : Southeast Asia and India)
  - Industrial Machinery (Medical equipment : Americas)

④ **Progressing digital transformation**

- 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**

- Establish highly transparent corporate governance, along with addressing corporate governance code.

② **Strengthening risk management**

- Strengthen management framework for handling all sorts of business risks, to sustainably enhance a group-wide corporate value.

③ **Strengthening financial strategies**

- Implement reformation of our earning model by growth investments and improve capital efficiency, keeping a stable financial base.

④ **Strengthening human resources strategies**

- Aggressive investments in HR.
- Straighten training systems for all group companies' employees
- Train, recruit, and post HR, which is directed to a highly professional and diverse organization.

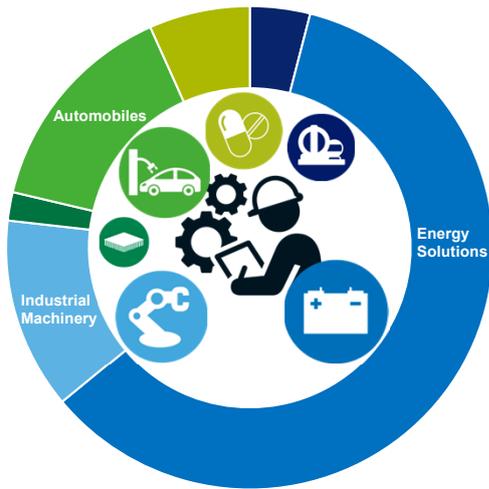
⑤ **Promotion of sustainability management**

- Sustainable creation social and economic values, based upon management philosophy, and basic sustainability.

[MT2024 Qualitative Targets]

We have identified four themes for our business strategies for growth and five for our efforts to strengthen our management base, as to our MT2024 Qualitative Targets.

An explanation for the topics of strengthening our engineering capabilities and promotion of sustainability management is given at this time.



Percentage of orders received in project business by segment

Examples for project business\* by segment

- |                             |                                       |  |
|-----------------------------|---------------------------------------|--|
| <b>Plant &amp; Energy</b>   | ● EPC for binary power generators     | ● Prime contractors for plant equipment      |
| <b>Energy Solutions</b>     | ● EPC for charging/discharging plants | ● LIB manufacturing plants                   |
| <b>Industrial Machinery</b> | ● Painting plants                     | ● Prime contractors for medical equipment    |
| <b>Electronics</b>          | ● LOGITO                              | ● Software development                       |
| <b>Automobiles</b>          | ● Painting plants                     | ● Large-scale FA equipment                   |
| <b>Healthcare</b>           | ● Sets of medical equipment           | ● Prime contractors for general constructors |

\* JPY100M or more in transaction amounts, and one month or more as completion periods

[Qualitative Targets of MT2024 (Strengthening engineering capabilities)]

It has now been a year and a half since the launch of the Engineering Center. We now have a system capable of taking projects, with sales for fiscal 2021 accounting for approximately 10% of consolidated net sales.

The number of projects that cannot proceed without engineers' intervention has been increasing.

At the right side of this slide, we can see the main projects that each segment is currently working on, on the right. Due to the results of the first half of this year, the Energy Solutions business and the Industrial Machinery business have succeeded in taking orders for large-scale projects.

We believe that from now on, projects will grow and become more sophisticated, so to cope with this, there is an urgent need to recruit specialized engineers and strengthen the workforce.

In addition, with risk assessments becoming increasingly important, we will continue to strengthen our systems to accomplish projects without compromising corporate resources, with a particular focus on the Engineering Center.

## 1. Business strategies for growth

- ① **Strengthening engineering capabilities**
  - Strengthen our one-of-a-kind engineering capabilities, to strive to be the next-generation engineering trading firm.
- ② **Strategic business investment**
  - Create economic values through our business, as well as make strategic investments for further growth.
- ③ **Expansion of business with global companies**
  - Develop more business dealings with foreign companies, through increased overseas staff and improved infrastructure, to capture global economic growth.
    - Primary fields and global regions
    - Energy Solutions Business (LIB : Europe, Americas)
    - Healthcare Business (Pharmaceutical products : Southeast Asia and India)
    - Industrial Machinery (Medical equipment : Americas)
- ④ **Progressing digital transformation**
  - 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**
  - Establish highly transparent corporate governance, along with addressing corporate governance code.
- ② **Strengthening risk management**
  - Strengthen management framework for handling all sorts of business risks, to sustainably enhance a group-wide corporate value.
- ③ **Strengthening financial strategies**
  - Implement reformation of our earning model by growth investments and improve capital efficiency, keeping a stable financial base.
- ④ **Strengthening human resources strategies**
  - Aggressive investments in HR.
  - Straighten training systems for all group companies' employees
  - Train, recruit, and post HR, which is directed to a highly professional and diverse organization.
- ⑤ **Promotion of sustainability management**
  - Sustainable creation social and economic values, based upon management philosophy, and basic sustainability.

### [MT2024 Qualitative Targets (Promotion of sustainability management) ]

An explanation for the progress of promoting sustainability management is now given on this slide.

In April, we launched the Sustainability Promotion Committee, which meets for internal discussions on human capital, risk management and environmental measures, and some other things.

These meetings led us to express our support for TCFD in August, and we have now completed Scope 1 and 2 calculations. We are currently formulating reduction targets and will make disclosures in line with the recommendations in due course on our corporate website.

We will continue to work together as a Group to push ahead toward achieving our goals to meet the expectations of all of our stakeholders.

**Thank you for your attention.**

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