

Financial Results for the Second Quarter of the Year Ending March 31, 2025



November 22, 2024

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Today's Speakers

Representative Director, President & CEO

Ichiro Uno

Director, Managing Executive Officer & CFO

Osamu Fukawa

**Director, Managing Executive Officer,
Corporate Strategy Representative & CDO**

Masatoshi Ueno

**Executive Officer, General Manager
Electronics Business Division**

Keiji Yamamoto

- I. Outline of Financial Results
for the Second Quarter of FY2024**
- II. Financial Forecasts and
Shareholder Returns for FY2024**
- III. Financial Results Forecasts by Segment**
- IV. Topic
Logistics Automation Solutions (LOGITO)**

I. Outline of Financial Results for the Second Quarter of FY2024

- Consolidated Financial Results
- Summary of Changes in Profit
for the Second Quarter
- Overseas Net Sales
- Financial Results by Segment
- Consolidated Financial Position
- Consolidated Cash Flow

Consolidated Financial Results

Yen in millions	FY2023(Q2)	FY2024(Q2)		Key points
	Results	Results	Change from FY2023(Q2)	
Orders received	108,404	102,924	▲ 5.1%	✓ Increased sales and profit Record-high net sales and income at every stage ✓ In Energy Solutions Business, the Americas contributed significantly to results ✓ Automotive Business and Healthcare Business contributed through operating income
Net sales	78,638	101,288	+ 28.8%	
Operating income	3,094	6,126	+ 98.0%	
Ordinary income	3,033	6,214	+ 104.9%	
Profit attributable to Owners of Patent	2,464	4,290	+ 74.1%	
EPS (Yen)	77.76 Yen	135.23 Yen	+ 57.47 Yen	

Consolidated financial results for the period under review showed an increase in both sales and profit, with both net sales and income at every stage reaching record highs for the first half of the fiscal year.

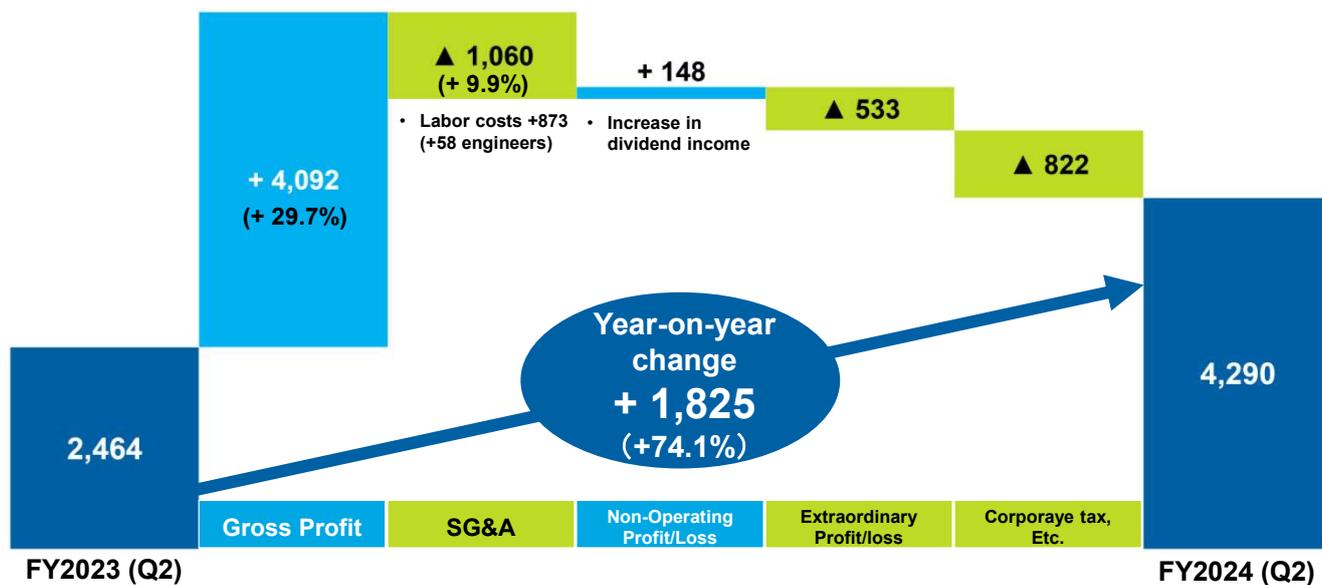
By business segment, the Energy Solutions Business, and by overseas region, the Americas contributed significantly to the results.

In the Automotive Business, net sales declined slightly due to sluggish investment by Japanese companies in China, but operating income remained steady.

The Healthcare Business also posted a significant year-on-year increase in operating income due to the recording of sales from large-scale projects including engineering projects in the Asian region.

Summary of Changes in Profit for the Second Quarter

Yen in millions



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Gross profit increased approximately 4.1 billion yen, or 29.7% compared to the same period of the previous fiscal year.

SG&A costs were approximately 1.1 billion yen higher than in the same period last year. The main factor behind this was labor costs. We continue our recruitment efforts with the primary objective of strengthening our engineering capabilities. As of September 30, 2024, the consolidated number of employees is 1,455, an increase of 72 year on year.

Other factors affecting changes in profit are as per the information in this slide.

Overseas Net sales (Based on Delivery Destinations)

Figures in brackets in domestic and overseas sectors indicate percentage of net sales against consolidated net sales.
Figures in brackets in each global area indicate percentage of net sales against overseas sales.

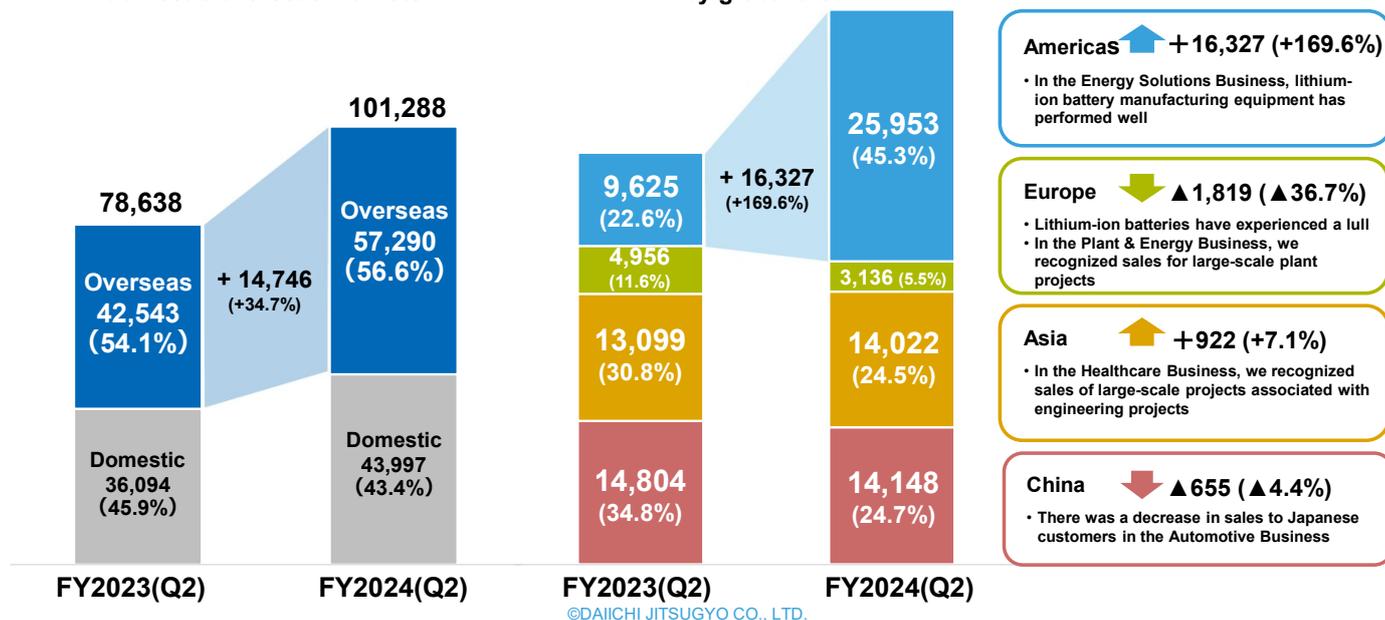
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Net sales in
domestic/overseas markets

Net sales
by global area

Yen in millions

Americas Europe China Asia



Overseas net sales for the period under review totaled approximately 57.3 billion yen, up 34.7% year on year, and the ratio of overseas sales (on a destination basis) was 56.6%.

In the Americas, we continued to record sales of lithium-ion battery manufacturing equipment in the Energy Solutions Business, with net sales amounting to about 26.0 billion yen, up 169.6% year on year.

In Europe, despite the recording of sales from large-scale plant projects in the Plant & Energy Business, sales related to lithium-ion battery manufacturing equipment slowed down, resulting in a decrease in net sales of 36.7% year on year to approximately 3.1 billion yen.

In Asia, we saw contributions from large-scale projects in the Healthcare Business and from the Plant & Energy Business, resulting in an increase of 7.1% year on year to approximately 14.0 billion yen.

In China, net sales were down 4.4% year on year to approximately 14.1 billion yen due to the significant impact of lower sales to Japanese companies in the Automotive Business.

Financial Results by Segment (Net Sales/Operating Income)

Yen in millions	Net Sales			Operating Income		
	FY2023(Q2)	FY2024(Q2)	Change	FY2023(Q2)	FY2024(Q2)	Change
Plant & Energy	7,840	11,042	+40.8%	▲ 56	839	-
Energy Solutions	10,245	24,092	+135.2%	11	1,286	-
Industrial Machinery	11,389	15,182	+33.3%	493	544	+10.4%
Electronics	23,525	23,957	+1.8%	1,242	1,102	▲ 11.3%
Automotive	17,305	17,119	▲ 1.1%	664	778	+17.1%
Healthcare	6,175	7,184	+16.3%	443	761	+71.9%
Aviation & Social Infrastructure	2,055	2,642	+28.6%	67	149	+121.7%
Total *	78,638	101,288	+28.8%	3,094	6,126	+98.0%

*Adjustment values are included in totals.

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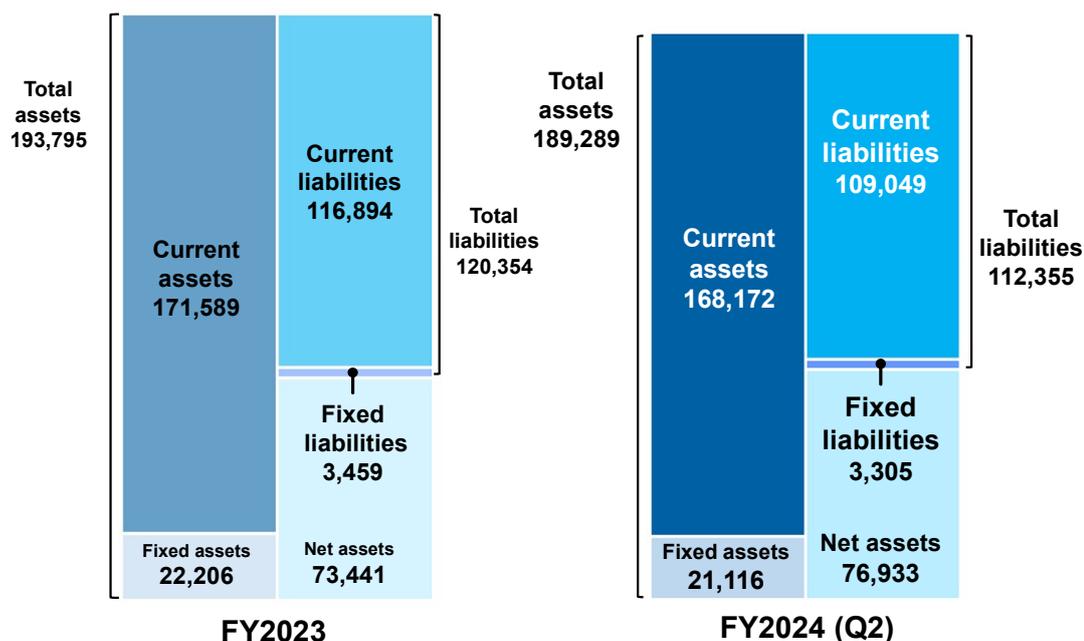
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Overall, the Company's performance was positive, with sales and profit increasing in all segments except the Electronics and Automotive Businesses. We will go into further detail on each segment later.

Consolidated Financial Position

Yen in Millions

Figures in brackets are ratios compared with the end of the previous FY



■ Total assets	189,289 (▲ 4,506)
■ Equity	76,783 (+ 3,465)
■ Equity ratio	40.6% (+ 2.7%)
■ Interest-bearing liabilities	2,848 (▲ 4,490)
■ DER (times)	0.04 (▲ 0.06)

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Total assets at the end of the second quarter amounted to approximately 189.3 billion yen, down approximately 4.5 billion yen from the end of the previous period. This was due to a decrease in notes and accounts receivable - trade, and contract assets, despite an increase in merchandise and finished goods.

Total liabilities amounted to approximately 112.4 billion yen, down approximately 8.0 billion yen from the end of the previous period. This was mainly due to decreases in notes and accounts payable and short-term borrowings, despite an increase in advances received.

Total net assets were approximately 76.9 billion yen, up approximately 3.5 billion yen from the end of the previous period. This was mainly due to the recording of profit attributable to owners of parent of 4.3 billion yen and an increase in foreign currency translation adjustments, despite the payment of dividends.

Consolidated Cash Flow

Yen in millions	FY2023(Q2)	FY2024(Q2)	Description
Cash flows from operating activities	2,342	6,360	Income before income taxes (+6,296) Increase (decrease) in advances received (+2,641) Increase (decrease) in working capital (+1,185)
Cash flows from investing activities	▲ 2,906	▲ 1,142	
Cash flows from financing activities	▲ 3,376	▲ 6,002	Net increase (decrease) in short-term borrowings (▲4,436) Dividends paid (▲1,423)
Foreign currency translation adjustments on cash and cash equivalents	598	1,030	
Net increase in cash and cash equivalents (▲ decrease)	▲ 3,341	245	
Cash and cash equivalents at beginning of year	32,309	30,217	
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in conclusion	-	185	
Cash and cash equivalents at end of period	28,968	30,648	

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Cash and cash equivalents at the end of the period under review amounted to approximately 30.6 billion yen, up approximately 1.7 billion yen year on year.

Net cash provided by operating activities was approximately 6.4 billion yen. This was due to the recording of income before income taxes and minority interests, and a decrease in notes and accounts receivable - trade, and contract assets, despite a decrease in notes and accounts payable - trade.

Net cash used in investing activities was approximately 1.1 billion yen. This was mainly due to an increase in time deposits and purchase of property, plant and equipment.

Net cash used in financing activities was approximately 6.0 billion yen. This was mainly due to repayment of short-term borrowings and dividends paid.



II. Financial Forecasts and Shareholder Returns for FY2024

Yen in millions	FY2024		
	Financial forecasts	FY2024(Q2) Result	Progress rate
Orders received	210,000	102,924	49.0%
Net sales	200,000	101,288	50.6%
Operating income	10,000	6,126	61.3%
Ordinary income	10,300	6,214	60.3%
Profit attributable to Owners of Patent	7,300	4,290	58.8%

Despite the high rate of progress, we maintain our full-year forecast for the fiscal year ending March 31, 2025, in view of liquidity issues and uncertainties in the economic situation.

Any changes will be announced as soon as possible.

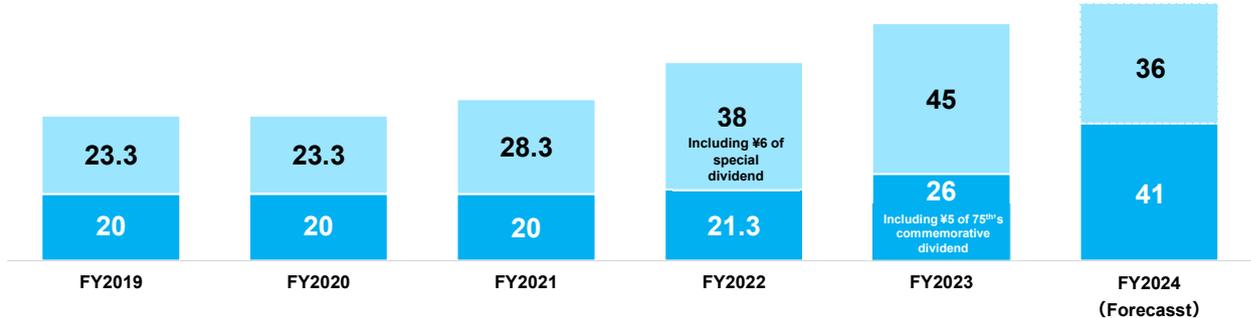
Shareholder Returns

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.

■ Interim dividend ■ Year-end dividend

Yen



Annual dividends	¥43.3	¥43.3	¥48.3	¥59.3	¥71.0	¥77.0
Dividend payout ratio (consolidated)	28.5%	29.2%	28.9%	30.1%	30.2%	32.8%

Notes: (1) Effective October 1, 2023, we have implemented a 3-for-1 stock split of common shares. Dividends from March 2020 to mid-March 2024 are calculated assuming the stock split was undertaken.
 (2) Special dividends come from ad-hoc extraordinary profit.

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The Company regards the return of profits to shareholders as one of its most important management policies. In the second quarter of the fiscal year ending March 31, 2025, net sales and income at every stage reached record highs for the first half of the fiscal year.

Taking into consideration our shareholder return policy and favorable business performance, we have decided to provide a higher return to our shareholders. We have increased the interim dividend for the current fiscal year by 5 yen from the forecast at the beginning of the fiscal year, from 36 yen to 41 yen per share.

In relation to the year-end dividend forecast, we will promptly announce any developments, if, for example, we resolve to perform further profit return based on the Company's policy.

III. Financial Results Forecasts by Segment

Financial Results Forecasts by Segment

Yen in millions	Net sales			Operating Income		
	FY2024 forecast	FY2024(Q2) results	Progress rate	FY2024 forecast	FY2024(Q2) results	Progress rate
Plant & Energy	18,900	11,042	58.4%	1,414	839	59.4%
Energy Solutions	47,200	24,092	51.0%	1,962	1,286	65.6%
Industrial Machinery	20,700	15,182	73.3%	650	544	83.8%
Electronics	56,400	23,957	42.5%	2,873	1,102	38.4%
Automotive	34,900	17,119	49.1%	1,699	778	45.8%
Healthcare	15,200	7,184	47.3%	1,176	761	64.8%
Aviation & Social Infrastructure	6,600	2,642	40.0%	227	149	65.9%
Total *	200,000	101,288	50.6%	10,000	6,126	61.3%

*Adjustment values are included in totals.

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Plant & Energy Business

Yen in millions

	FY2023(Q2)	FY2024(Q2)	Change	Financial forecast	Progress rate
Net Sales	7,840	11,042	+ 40.8%	18,900	58.4%
Operating income	▲ 56	839	-	1,414	59.4%
Operating income ratio	▲ 0.7%	+ 7.6%	-		

Factors contributing to YoY increase/decrease

- Sales of equipment for plants to overseas markets increased significantly

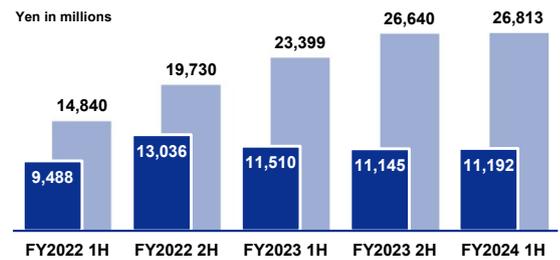
Forecasts for FY2024

- Scheduled to record sales of equipment for a biomass power plant in Tahara City, Aichi Prefecture
- Scheduled to record sales of a large-scale project of drilling rigs for geothermal development

Initiative themes

- Rationalized proposals in line with business reorganization plans and structural reforms at partner companies
- Develop projects aimed at non-Japanese-affiliated customers, for example, in China, Thailand, and India

Trends in orders received and backlogs on a two-quarter basis



Oversea sales

(Based on delivery destinations)

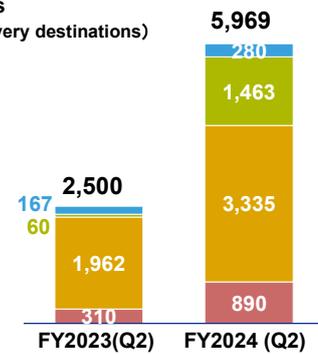
Yen in millions

Americas

Europe

Asia

China



Earnings recovered thanks to sales of large-scale plant equipment to overseas markets leading to increased sales and profit.

Orders are largely flat year on year, but we have received large orders for chemical and renewable energy-related projects.

For the second half of the fiscal year, we are set to record sales of equipment for a biomass power plant in Tahara City, Aichi Prefecture, as well as sales of drilling rigs for geothermal development.

Energy Solutions Business

Yen in millions

	FY2023(Q2)	FY2024(Q2)	Change	Financial forecast	Progress rate
Net Sales	10,245	24,092	+ 135.2%	47,200	51.0%
Operating income	11	1,286		1,962	65.6%
Operating income ratio	+ 0.1%	+ 5.3%	-		

Factors contributing to YoY increase/decrease

- Sales for large-scale projects such as lithium-ion battery manufacturing facilities for the Americas increased

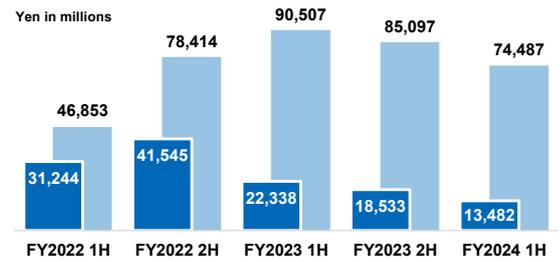
Forecasts for FY2024

- Continuing to record sales of multiple overseas projects

Initiative themes

- Sales activities specialized in working with Japanese clients
- Strengthening engineering capabilities and accelerating initiatives toward new businesses (materials sales, separators, all solid-state batteries, new techniques)

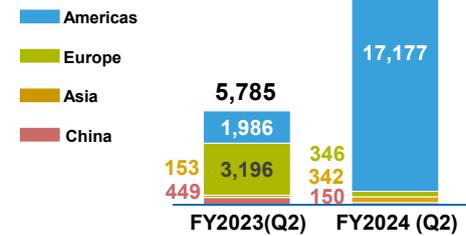
Trends in orders received and backlogs on a two-quarter basis



Overseas sales

(Based on delivery destinations)

Yen in millions



Sales of lithium-ion battery manufacturing equipment and other products for the Americas were recorded, leading to a significant year-on-year increase in both sales and profit.

Orders have been decreasing since the fiscal year ending March 31, 2023, but we have received many inquiries for domestic projects and will strive to secure these orders.

For the second half of the fiscal year, we will continue to implement reliable on-site management, as we plan to record sales of multiple projects for overseas markets.

Industrial Machinery Business

Yen in millions

	FY2023(Q2)	FY2024(Q2)	Change	Financial forecast	Progress rate
Net Sales	11,389	15,182	+ 33.3%	20,700	73.3%
Operating income	493	544	+ 10.4%	650	83.8%
Operating income ratio	+ 4.3%	+ 3.6%	-		

Factors contributing to YoY increase/decrease

- Sales to medical equipment and food-related industries increased

Forecasts for FY2024

- Sales to medical equipment and food-related industries continue to be recorded in the second half of the fiscal year

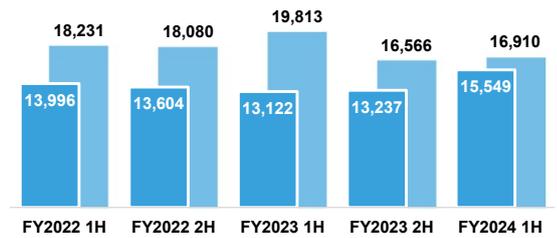
Initiative themes

- Increased focus on the themes of labor-saving/automation to solve the shortage of workers in the manufacturing industry
- In medical, follow major American-affiliated companies' business expansions into Central and South America
- Besides our existing businesses (injection, extrusion, and vacuum molding), make development initiative business profitable

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Trends in orders received and backlogs on a two-quarter basis

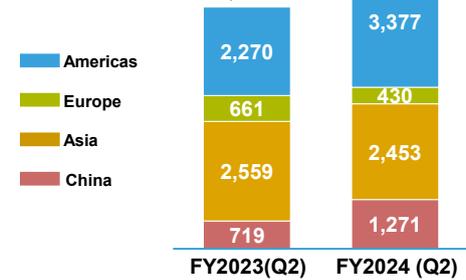
Yen in millions



Oversea sales

(Based on delivery destinations)

Yen in millions



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Although there were fewer large-scale projects such as painting-related equipment as in the same period of the previous year, sales of automatic assembly equipment for medical equipment manufacturing in Japan and overseas and vacuum molding machines for food-related applications increased, resulting in higher sales and profit.

Orders increased year on year due to strong orders for various types of assembly equipment such as molding machines and automatic machines for domestic and overseas markets, and for motorcycle-related and air conditioner-related products in India.

In the second half of the fiscal year, we aim to achieve our earnings forecast by steadily booking the projects we are set to sell.

Electronics Business

Yen in millions

	FY2023(Q2)	FY2024(Q2)	Change	Financial forecast	Progress rate
Net Sales	23,525	23,957	+ 1.8%	56,400	42.5%
Operating income	1,242	1,102	▲ 11.3%	2,873	38.4%
Operating income ratio	+ 5.3%	+ 4.6%			

Factors contributing to YoY increase/decrease

- Car-mounted device-related products held firm, but installation equipment-related products performed sluggishly
- Sales of semiconductor facilities in China and automation facilities for semiconductor clients in Japan increased

Forecasts for FY2024

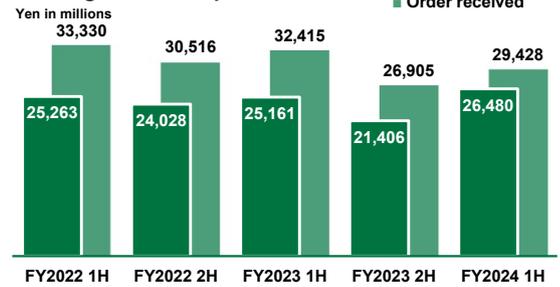
- In the second half of the fiscal year, expect a recovery in device-related investment in installation equipment, and anticipate capturing this demand

Initiative themes

- Commence full-fledged activities for entering the North African market
- With LOGITO, continue to enhance sales promotion toward target industries
- By taking advantage of our investment in MODE, Inc., expand integrated solutions sales business for factory DX

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Trends in orders received and backlogs on a two-quarter basis



Oversea sales 17,349 (FY2023 1H) / 17,024 (FY2023 2H)

(Based on delivery destinations)

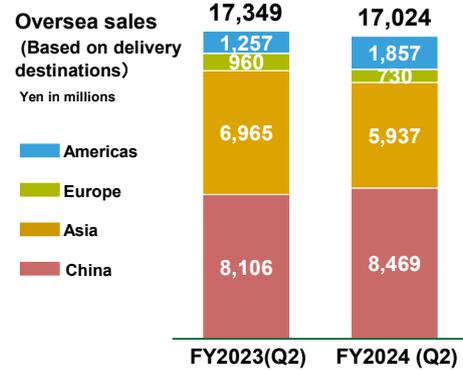
Yen in millions

Americas

Europe

Asia

China



Sales of installation equipment and automated assembly equipment for car-mounted applications were strong, and semiconductor-related sales were also recorded as anticipated, resulting in an increase in revenue. Operating income decreased due to lower profit margins on installation equipment projects in China.

Orders for installation-related equipment struggled, but orders for car-mounted equipment and semiconductor-related equipment in both domestic and overseas markets were strong.

In the second half of the fiscal year, we expect to record semiconductor-related sales and device-related investment to recover, and we aim to achieve our targets by capturing orders for installation equipment and other equipment.

Yen in millions

	FY2023(Q2)	FY2024(Q2)	Change	Financial forecast	Progress rate
Net Sales	17,305	17,119	▲ 1.1%	34,900	49.1%
Operating income	664	778	+ 17.1%	1,699	45.8%
Operating income ratio	+ 3.8%	+ 4.5%			

Factors contributing to YoY increase/decrease

- Recorded sales of inspection equipment for power semiconductors for car-mounted applications and coating-related equipment, although there were no large projects

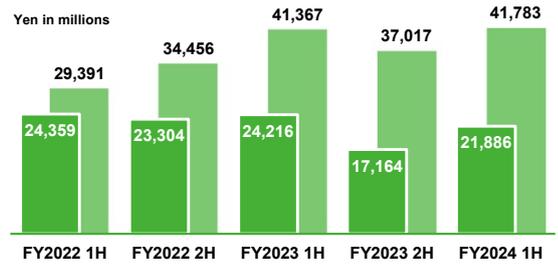
Forecasts for FY2024

- Scheduled to continue recording sales of automatic inspection systems for semiconductors
- Scheduled to record sales of coating lines and ECU assembly and inspection lines for the US market

Initiative themes

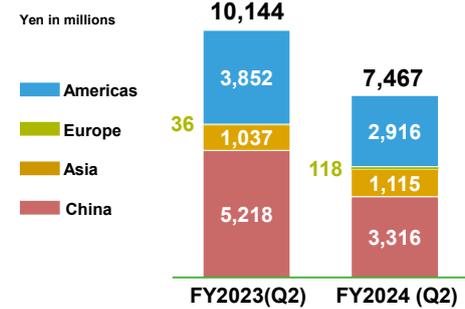
- Ongoing initiatives toward electrification products while also appealing for investment in internal combustion engines

Trends in orders received and backlogs on a two-quarter basis



Oversea sales

(Based on delivery destinations)



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Although we saw a decrease in projects for Japanese companies in China, we had sales of inspection equipment for power semiconductors for car-mounted applications and coating-related products. Sales were largely flat. Operating income increased due to a large number of high-margin projects.

Orders were almost unchanged year on year due to the receipt of large orders for drive-related projects, although orders struggled due to a slowdown in EV development.

In the second half of the fiscal year, we aim to achieve our full-year forecast by continuing to post solid sales of inspection systems for power semiconductors for car-mounted applications and projects for which we have already received orders.

Yen in millions

	FY2023(Q2)	FY2024(Q2)	Change	Financial forecast	Progress rate
Net Sales	6,175	7,184	+ 16.3%	15,200	47.3%
Operating income	443	761	+ 71.9%	1,176	64.8%
Operating income ratio	+ 7.2%	+ 10.6%			

Factors contributing to YoY increase/decrease

- Recorded sales of manufacturing equipment for advanced control medical devices and packaging machine lines

Forecasts for FY2024

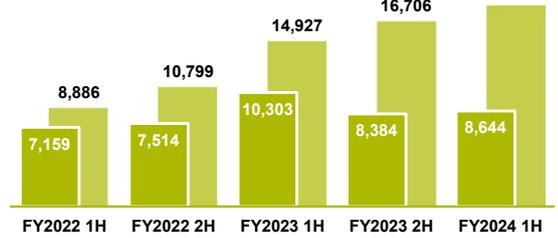
- Scheduled to continue recording sales of manufacturing equipment for advanced control medical devices, tablet appearance inspection machines and tablet printing inspection machines

Initiative themes

- Aim for increased orders for plant engineering projects

Trends in orders received and backlogs on a two-quarter basis

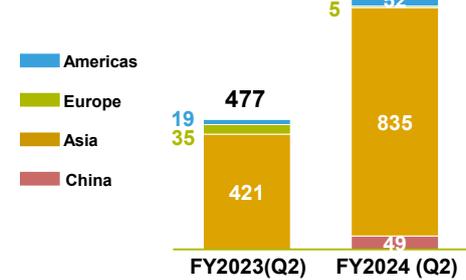
Yen in millions



Overseas sales

(Based on delivery destinations)

Yen in millions



Sales increased due to the recording of sales of manufacturing equipment for advanced control medical devices and a packaging machine line, and operating income also increased due to strong sales of tablet visual inspection systems and other products.

Orders were successfully received for large-scale projects involving engineering, such as advanced control medical devices and packaging machine lines.

In the second half of the fiscal year, we plan to record sales of tablet visual inspection machines, tablet ink-jet printing and inspection machines, and engineering projects in Japan and overseas.



Yen in millions

	FY2023(Q2)	FY2024(Q2)	Change	Financial forecast	Progress rate
Net Sales	2,055	2,642	+ 28.6%	6,600	40.0%
Operating income	67	149	+ 121.7%	227	65.9%
Operating income ratio	+ 3.3%	+ 5.7%			

Factors contributing to YoY increase/decrease

- Recorded sales of ground support equipment for aircraft such as cargo high loaders and passenger steps to airlines

Forecasts for FY2024

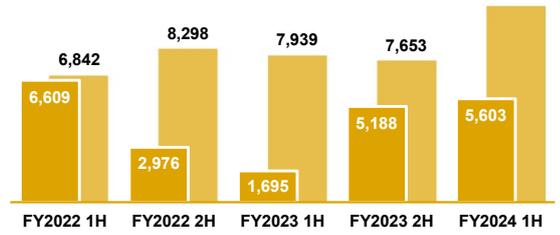
- Expect to sell ground support equipment for aircraft and related equipment such as sweeper snowplows and deicers

Initiative themes

- Product proposals that capture demand relating to labor-saving/automation and the utilization of digital transformation
- In the infrastructure field, aim for item development toward other industries and business expansion

Trends in orders received and backlogs on a two-quarter basis

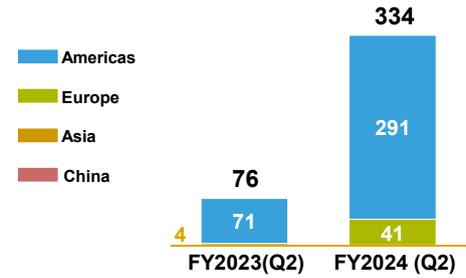
Yen in millions



Overseas sales

(Based on delivery destinations)

Yen in millions



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Sales of ground support equipment for aircraft such as cargo high loaders, which load and unload containers and pallets in the cargo holds of aircraft and passenger steps, and various related equipment contributed to the increase in sales and profit.

Orders were received from airlines for deicers to prevent ice from sticking to aircraft, and from government agencies for special vehicles.

We anticipate sales of ground support equipment for aircraft and various related equipment, such as snowplows and deicers for runways, in the second half of the fiscal year.



IV. Topic

Logistics Automation Solutions, LOGITO

**Keiji Yamamoto
Executive Officer, General Manager
Electronics Business Division**

- I. Overview of the Electronics Business**
- II. Logistics Automation Solutions, LOGITO**
- III. Business Expansion Strategy**
- IV. Future Goals**

I. Overview of the Electronics Business

Provide solutions to facilitate the reformation of the manufacturing process through cutting-edge technology and experience

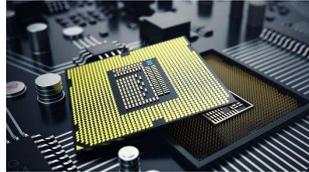
Main products

- Electronic component mounting-related systems(SMT) , SMT peripheral inspection equipment and post-process automation equipment
- Semiconductor device-related systems
- Various types of inspection equipment (Visual, X-ray, characteristic)
- Factory DX and logistics management systems, production management systems
- Logistics Automation Solutions, LOGITO

Surface Mount Technology (SMT)



Semiconductor device



Logistics Automation Solutions, LOGITO



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This is an overview of our Electronics Business.

We sell equipment to customers in Japan and overseas who manufacture electronic circuit boards for smartphones, PCs, car-mounted electrical components, and other products, focusing mainly on sales of Panasonic chip mounters that mount electronic components on circuit boards.

Our other business activities include sales of semiconductor device-related equipment, which is the process preceding mounting, as well as dealing in conveyor equipment, various types of inspection equipment, and automatic assembly machines, which are indispensable for production sites.

Amidst this context, we have decided to focus on automation of logistics in addition to sales of installation equipment in order to generate new pillars to further develop our business. This new business is the logistics automation solution "LOGITO" described in this slide.

II. Logistics Automation Solutions, LOGITO

- **Concept**
- **Background of the Launch**
- **Advantages**
- **Results**

Design custom smart logistics

LOGITO

LOGITO is a solution service that drives logistics automation for customers in the manufacturing and warehousing industries.

As a general machinery trading company, we aim to solve problems by raising productivity, improving operational quality, and stabilizing product quality, based on the concept of "Design custom smart logistics" for our customers by making full use of our experience and global network, which we have cultivated over many years in business.

Background of the launch of LOGITO



This section goes over how the Electronics Business launched its logistics automation solution.

Manufacturing sites face four main challenges. These are the shortage of operators at production sites due to the 2030 Workforce Crisis, the problem of passing on on-site know-how that is concentrated in experienced personnel, maintaining and improving quality, cost competitiveness, and business continuity.

In order to resolve these issues, it is necessary to promote factory automation; however, in many cases, the actual factory floor is too busy with day-to-day operations and lacks the departments, personnel, and resources to study these issues on a specialized basis, making it difficult to introduce automation.

It is in this context that we decided to launch the brand "LOGITO," a logistics automation solution, and develop a business on the belief that our experience and knowledge can provide our clients with solutions.

On-site analysis

(Interviewing people about on-site issues)

Design custom smart logistics

LOGITO

Layout concepts

(Familiarity with manufacturing sites)

After-sales service

(Continuation of on-site optimization proposals)

Ordering, construction and delivery

(Coordination of different manufacturers and worksites)

Equipment selection

(Ability to propose the right equipment domestically and Globally)

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We will go over how LOGITO differentiates itself and its competitive advantages compared to the many companies specializing in logistics.

Our company is widely held to be a strong trading company in on-site operations. Not only our engineers but also our sales staff actually go on site, which enables us to hear about the real issues our clients face on the ground.

In addition, we are familiar with manufacturing sites across industries, having delivered numerous pieces of equipment to date.

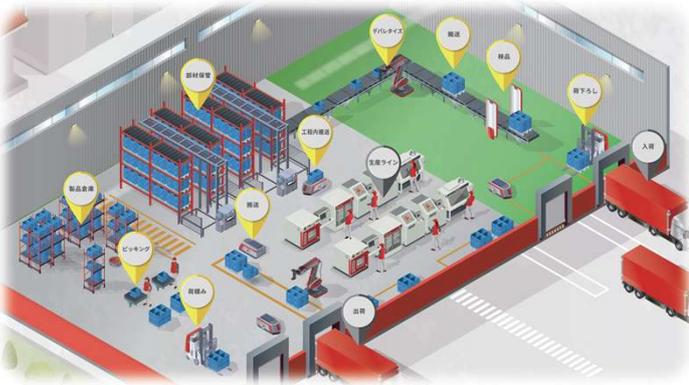
Furthermore, our global network enables us to find and propose superior equipment not only in Japan but also overseas.

This makes it possible for us to analyze on-site issues and propose optimal equipment and layouts.

While most logistics manufacturers focus on their own products, we are able to make proposals for on-site improvements from the client's perspective. We also continue to work with clients on site optimization in the long term, taking responsibility all the way from post-order construction to after-service.

Scope of LOGITO's Offerings

In-factory



Logistics warehouse



This is the scope of the offering we envisage for "LOGITO."

In addition to on-site logistics at manufacturing sites, we offer one-stop solutions from receiving parts and materials at our logistics warehouses, to delivering them to manufacturing sites, to shipping the finished products.

Logistics warehouse automation



Achieved labor savings through shelf transport by AGV

Electronic component mounting lines



Automation of material incoming and outgoing

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Control of material management equipment and linking on-site and upstream systems

This is a typical case study for LOGITO.

In our distribution warehouses, we have achieved automation of the goods to person (GTP) process of incoming and outgoing parts and materials by utilizing shelf transport by AGV. In the electronic component mounting process, which is our specialty, we propose automation of electronic component storage management and supply to people on the ground, thereby contributing to labor and personnel savings.

III. Business Expansion Strategy

- **Electronics lab**
- **Collaboration with MODE, Inc.**
- **Launch of LOGITO SMT**

June 27, 2023
Opened Electronics Lab in Tsurumi-ku,
Yokohama City, Kanagawa Prefecture



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Research and development into cutting-edge and next-generation technologies in manufacturing

Widely disseminating comprehensive proposal capabilities as a next-generation engineering trading company

Making a giant leap forward to become a group that provides new technologies and techniques 5 to 10 years into the future

Development of LOGITO, launch and co-creation of consortiums, and creation of new markets

Development Themes

1. Automation of electronic component incoming and outgoing at production sites
2. Software development enabling predictive maintenance through visualization of factory production processes, issue analysis and environmental measures
3. Developing WCS for centralized management of in-process transportation and backyard warehouse operations at factories
 - * WCS: Warehouse Control Systems
4. Leading line analysis of people and goods using AI cameras
System development to verify waste reduction and efficiency improvement

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The following is our expansion strategy for LOGITO.

As a next-generation engineering trading company, we aim to make the leap from selling commercial products to becoming a group that provides new future technologies and techniques. Furthermore, to help our customers think about factory DX and smart factories and generate ideas, in June 2023, we established a lab in Yokohama City, Kanagawa Prefecture, a rare feat for a trading company.

We are currently working on a variety of development themes, and are advancing R&D through tie-ups with outstanding Japanese and overseas manufacturers in order to provide new technologies, processes, and value to our clients.

Investment Details

Capital 1.00 Million USD
 * 145 million yen (@ 145 yen/USD)

Investment Objectives

By seeking to improve collaboration with MODE, Inc. and thus more fully develop the integrated solutions sales business for factory DX, we aim to expand sales focused on the manufacturing and logistics industries.
 By utilizing our overseas network, we will also capture mainly Asian overseas commercial rights.

Company Profile

Name MODE, Inc.
Establishment Founded in 2014 (Japan branch office opened in 2017)
Location San Francisco/Tokyo
Founder Gaku Ueda (Former Google engineer)
 Ethan Kan (Former Yahoo! engineer)
Number of employees 37 (11 in the US, 26 in Japan)

1. Achieving **predictive maintenance** by surfacing equipment operating quality
2. Realizing **carbon-neutral management** by surfacing energy consumption and CO₂ emissions
3. Realizing **OEE** indicator management by managing equipment operation data and production volumes



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In March 2024, we invested in MODE, Inc., a U.S. startup, with the aim of accelerating factory DX at manufacturing sites.

MODE offers an IoT platform called BizStack. This service aggregates data from sensors in all types of equipment and visualizes equipment, human, and environmental data in real time at manufacturing and construction sites, helping companies accelerate on-site DX.

By collecting and analyzing data on equipment operating quality, operating status and production volume, and managing predictive maintenance and OEE (Overall Equipment Efficiency) indicators, environmental data such as electricity consumption and CO₂ emissions can also be surfaced, contributing to the realization of carbon neutral management.



IoT integration platform

On-site data collection

Storage and organization

Analysis

Operational improvement



IoT x **Generative AI**

On-site status reporting

Alerts and notifications

Equipped with the GPT-4o multilingual model

Investment

Acceleration of factory DX

- Operational streamlining
- Labor and personnel savings
- Reduction in human error
- Facilitation of communications
- Improved productivity
- Improvement of quality value

We have been jointly developing a system to support the electronic component mounting process by utilizing the laboratory established in Kanagawa Prefecture to create a use case for MODE's BizStack in the electronics industry since 2022.

In addition, MODE is accelerating the development of BizStack Assistant, which combines BizStack with generative AI. We invested in MODE because we believe that BizStack Assistant will contribute to the expansion of our business and the global development of the LOGITO business.

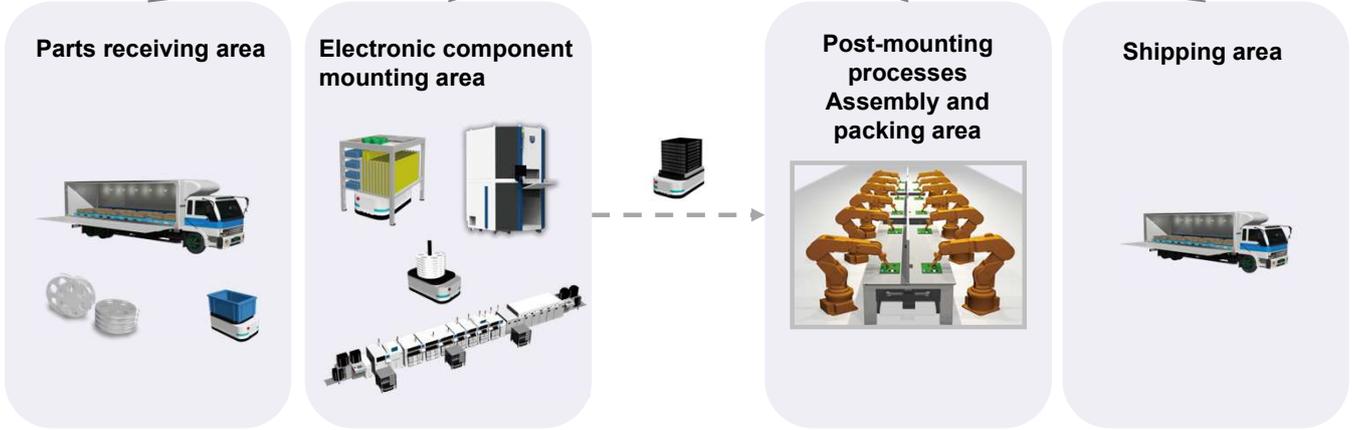
BizStack Assistant, an AI assistant that combines generative AI technology with real-time reporting of conditions on the ground, is a service that is compatible with various chat tools and allows users to ascertain conditions on the ground in natural language, as if an assistant were present, even in an environment without a PC.

By implementing the latest large-scale language model, GPT-4o, we create new added value by facilitating communication among global teams and improving the efficiency of daily operations through the leveraging of the benefits of natural language communication and multilingual support enabled by generative AI.

Going forward, by actively implementing BizStack Assistant, we will contribute to the development of a sustainable society through “promotion of DX” that “moves from selling product only to selling products and integrated solutions.”



Realize automated storage and transport around the mounting line by utilizing the know-how of the LOGITO automation solution
Propose automation and labor saving in materials storage and retrieval, materials transportation from storage location to line, and magazine transfer to subsequent processes



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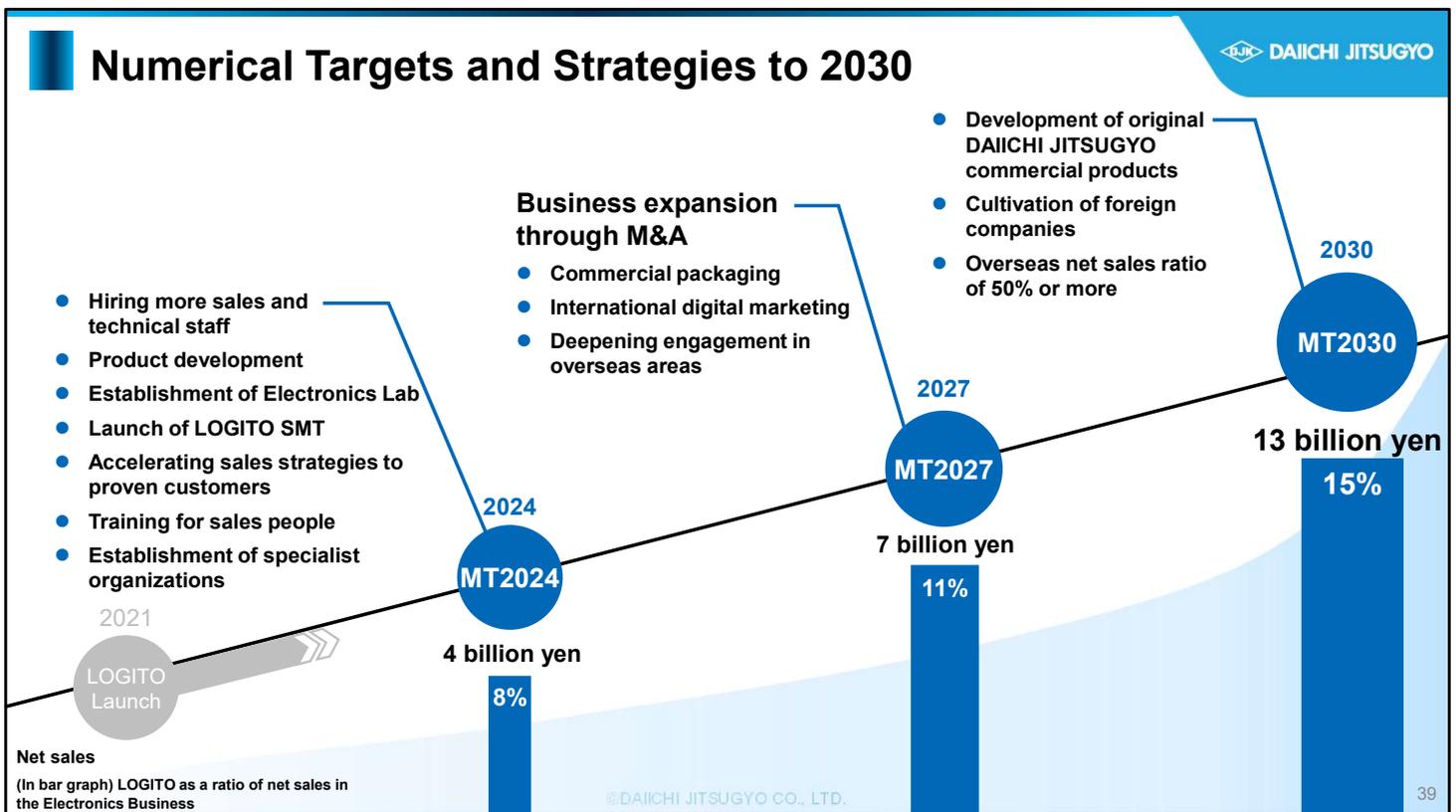
LOGITO SMT was launched with the aim of offering clients the know-how cultivated by LOGITO in a way that is more deeply applied to the electronic component mounting lines that we have developed.

We had developed our own system called "ARCHE," which is specialized for electronic component mounting lines and enables the warehousing, management, and automatic supply of raw materials to production site.

LOGITO SMT aims to expand this system to the post-mounting process, managing the automatic transfer of mounted electronic boards to subsequent processes, assembly, and shipping, thereby driving the automation of the entire factory.



IV. Numerical Targets



Finally, we would like to cover our future numerical targets.

In 2021, we launched LOGITO and, as part of our Medium-term Business Plan MT2024, we have strengthened our structure by expanding our product lineup, expanding our workforce, and working on business expansion strategies. We have also established a specialist department to accelerate our sales activities.

In the next Medium-term Business Plan MT2027, we are planning to expand our business overseas, and will fully implement marketing and sales activities in each area.

In the final year of the V2030 growth strategy, we aim to achieve sales of 13 billion yen, about three times the current level. This figure represents 15% of net sales in the Electronics Business. To this end, we will actively utilize the lab to develop and sell original commercial products.

In addition, by materializing the overseas strategy reinforced in MT2027, we would like to make 50% of LOGITO sales go to overseas markets and expand the LOGITO business beyond the framework of the Electronics Business Division to our other business divisions in a cross-functional manner, eventually establishing a new business division as the LOGITO business.

Design custom smart logistics

LOGVTO

Keiji Yamamoto
Executive Officer, General Manager
Electronics Business Division

Thank you for your attention.

Contact for inquiries relating to this documentation

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Data, strategies, and projections contained in this documentation are based on the information available at the time of publication, and various factors could cause actual results to differ significantly from those presented. The statements herein do not guarantee the accomplishment of these targets and forecasts or future financial results.

Question (1):

On the background to the decision to leave full-year results unchanged, despite business performance in the second quarter being very strong

Answer:

The progress rate of orders and net sales is 50% over the medium term. One of the reasons for uncertainty in the second half of the fiscal year is the question of how many orders can be captured in the third quarter by the Electronics Business, which has seen many orders and sales during this quarter, in the Chinese market, which has been sluggish. In the second half of the year, we have upcoming sales projects in the Energy Solutions Business, and large-scale export projects are continuing. If there are delays in delivery, they may be delayed to the end of the fiscal year.

These are the main reasons why we left our full-year results unchanged.

Question (2):

The Energy Solutions Business saw positive performance in the large-scale projects for the lithium-ion battery manufacturing facility for North America, but as the EV market slows down, will there be any future repercussions or negative effects after the Trump administration takes office?

Question (3):

Is it safe to assume that the level of orders received in the first half of the fiscal year represents a bottom?

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Answer:

With respect to business for North America, we received orders for large-scale projects in fiscal years 2022 and 2023. We have been told that the client will execute the order backlog it has in the immediate future as planned. As for new investments after that, we are aware that some may be postponed, which we believe will be due to the Trump administration. Orders have been decreasing since FY2022, but we expect that they will remain at this level as we have several projects to increase EV battery production capacity in Japan as well as North America.

There has been some talk of a shift from electric vehicles to plug-in hybrids. However, we currently do not expect any extreme changes between January and March following the inauguration of the Trump administration, and we do not expect any impact on our sales projects for the current fiscal year. As to what impact the new Trump administration will have after April, some of that is impossible to read until the new Trump administration takes office. We are currently focusing on the development of all solid-state batteries and energy storage-related products other than lithium-ion batteries, and hope to capture domestic demand as well.

Answer:

Orders are down compared to about a year ago due to very large projects in North America, but domestic demand is still growing. We will work to ensure that we capture this demand and that said demand rises after bottoming out in the first half of the fiscal year.

Question (4):

Reasons for the significant increase in operating income

Answer:

Our increased experience in engineering projects to date has led to higher profit margins. Furthermore, in the Energy Solutions Business, we have been steadily booking the backlog of orders since the first quarter. In the Healthcare Business, sales and profit declined in the first quarter, but picked up in the second quarter.

In the past, the Company has posted a solid operating income, although it was concentrated at the end of the fiscal year in the full-year results. Despite the increase in headcount, SG&A expenses decreased due to a decrease in one-time expenses related to the relocation of the Osaka and Nagoya branches in the previous fiscal year.

The number of employees has increased enormously. Many engineers and other professionals in the engineering field have been recruited and joined the company. SG&A expenses in this area have of course increased, but we are working to increase profits by moving away from single machine sales to a number of engineering-intensive, complex projects that will allow our company to be recognized for its value.

Question (5):

Outlook for the order environment in the second half of the fiscal year

Answer:

Looking at the company-wide level, the plan at the beginning of the period was for orders of 210 billion yen and net sales of 200 billion yen. Progress has also been steady.

Orders are not something that is fully in our hands, as they are affected by client investment plans, the economic environment, and possibly by future effects of the Trump administration, but we believe that orders will be relatively firm this fiscal year.

In the Industrial Machinery, Automotive, and Healthcare businesses, which also performed well in the first half of the fiscal year, we have strengthened our internal engineering functions, and customers are increasingly placing their trust in us. Especially in overseas projects, our activities for customers, including our handling of overseas logistics, have been positively received.

As a result, we have recently been receiving requests from major clients to handle other production lines in addition to those we originally proposed.

The results of our efforts to strengthen our engineering functions are steadily beginning to emerge, and we expect orders to be firm throughout the current fiscal year.

In the Plant and Energy Business, we have also received a great number of inquiries around geothermal and renewable energy themes. We have also been very active in the Aviation & Infrastructure Business since the Covid Crisis, and this business also has the potential for rapid growth.

Based on the above, we believe the environment for orders is still favorable in the second half of the fiscal year.

Appendix

- **Medium-term Business Plan MT2024**

 - Financial Targets by Segment

 - Themes Focused by Segment

- **Action to Implement Management that is Conscious of Cost of Capital and Stock Price**

- **Segment Overview**

- **Trends in Consolidated Financial Performance**

- **Trends in Consolidated Financial Position**

MT2024 Financial Targets by Segment

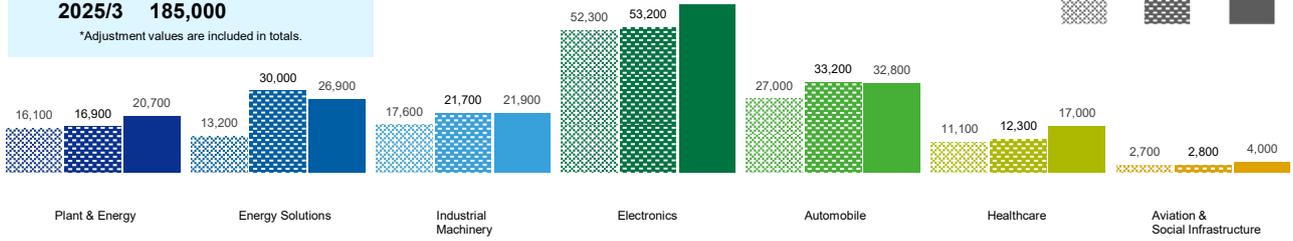
Total consolidated net sales (Yen in millions)

2023/3 140,000
2024/3 170,000
2025/3 185,000

*Adjustment values are included in totals.

Net sales

Yen in millions



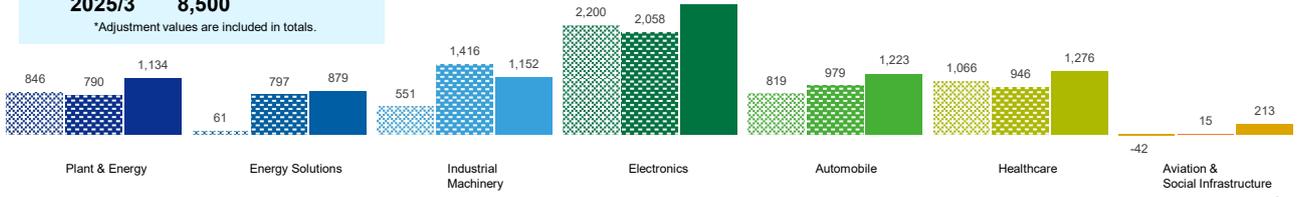
Total consolidated operating income (Yen in millions)

2023/3 5,500
2024/3 7,000
2025/3 8,500

*Adjustment values are included in totals.

Operating income

Yen in millions



MT2024 Themes Focused by Segment

Plant & Energy

Proactively expand business for various plants, as well as creating-energy business, to solve social issues. (Decarbonization × Digital transformation × Green transformation)

Energy Solutions

Address the next-generation energy field on a global scale. Provide an array of solutions, leveraging strengths such as engineering capabilities.

Industrial Machinery

Build earth-friendly supply chains, by providing environmental technologies such as biodegradable plastics, and by capitalizing on engineering capabilities.

Electronics

Stably grow core business and promote smart factories. Provide LOGITO, logistic automation solutions.

Automobile

Envision changes accompanied by electrification and autonomous driving, as business opportunities, and promptly address carbon neutral-related business.

Healthcare

Machine engineering `` Competitive development of equipment
Production engineering `` Engineering business's expansion
Business engineering `` Expand Multifaceted business.

Aviation & Social Infrastructure

Capture an across-the-industry transformation as business opportunities, and provide products with high added-value and high efficiency, and wide-ranging services.



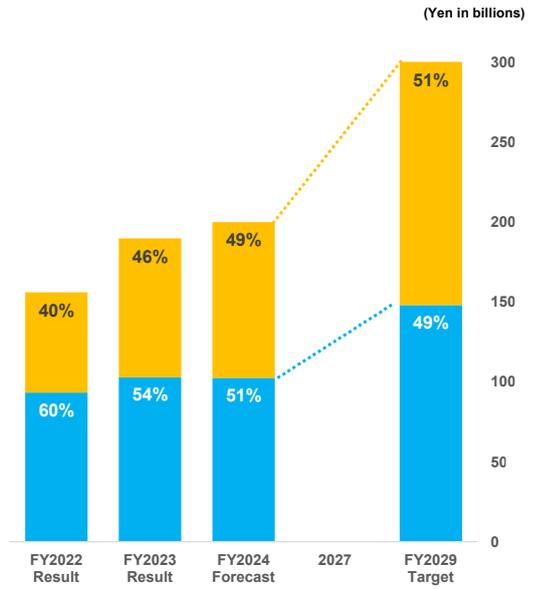
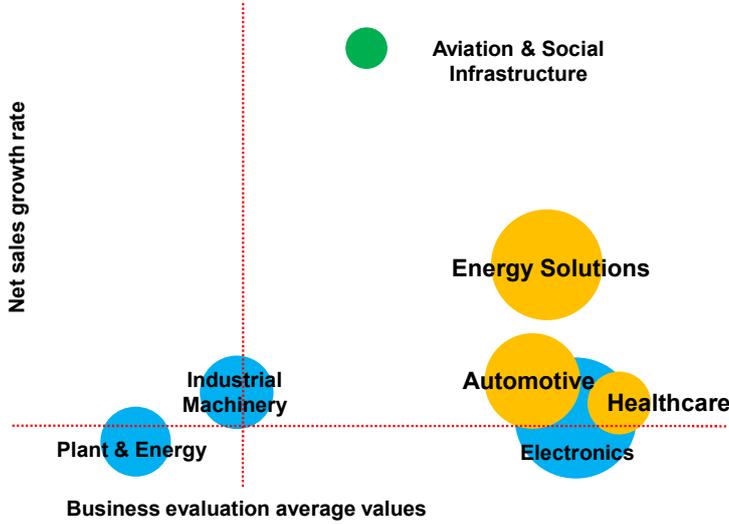
Action to Implement Management that is Conscious of Cost of Capital and Stock Price

$$\begin{array}{|c|} \hline 10.9\% \\ \hline ROE \\ \hline \end{array} = \begin{array}{|c|} \hline 4.0\% \\ \hline \text{Net profit margin} \\ \hline \end{array} \times \begin{array}{|c|} \hline 1.1 \text{ turnover} \\ \hline \text{Total assets} \\ \text{turnover rate} \\ \hline \end{array} \times \begin{array}{|c|} \hline 2.5 \text{ times} \\ \hline \text{Financial leverage} \\ \hline \end{array}$$

	Net profit margin	Total assets turnover	Financial leverage
Present analysis	Despite being part of an underlying upward trend, this is dependent on transient earnings	Turnover on a downward trend due to increased total assets	Maintained sound finances
Future initiatives	Visualize portfolio and improve earnings structure through optimal allocation of management resources	Reduce inventories, cross-shareholdings, etc.	Maintain appropriate balance of equity and interest-bearing liabilities

Business Portfolio Analysis

Priority segments	Energy Solutions	Automotive	Healthcare
Fundamental segments	Plant & Energy	Industrial Machinery	Electronics
Anticipated growth	Aviation & Social Infrastructure		
Priority areas	Americas	India	



Net sales and component ratios

Plant & Energy Business

Provide equipment to key industries underpinning social infrastructure

Main products

- Petroleum refinery, Chemistry, 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, safety monitoring equipment

Resources/petroleum/ chemistry



Papermaking/steelmaking



Decarbonization



DX(Digital Transformation)



Leading supplier of secondary battery manufacturing equipment

Main products

- Battery materials production equipment, Cell electrode manufacturing equipment, Cell/module assembly equipment, charge/discharge inspection equipment
- Powder processing equipment ▪ Fuel cell manufacturing equipment ▪ Battery recycling equipment

Lithium-ion Battery



Fuel Cell



Recycling



Next-generation Battery



Industrial Machinery Business

Engineering equipment with every facet of manufacturing process

Main products

- Injection molding machines, Extrusion machines, Pressure and vacuum thermoforming machines,
- Automatic assembly equipment, material-handling robot systems
- 3D printer systems for plastic and sand molds
- Strawberry seedlings (Growing seedlings)
- Die-casting, Metal processing machines, Ceramics processing machines
- Coating, Surface decoration equipment
- Filling and packaging equipment

Home appliances/
Office appliances



Food packaging



Housing Equipment



Logistic materials



Medical Equipment



Growing seedlings



Electronics Business

Provide solutions to facilitate the reformation of the manufacturing process through cutting-edge technology and experience

Main Products

- Electronic component mounting-related systems(SMT) , SMT peripheral inspection equipment and post-process automation equipment
- Semiconductor device-related systems
- Various types of inspection equipment (Visual, X-ray, characteristic)
- Factory DX and logistics management systems, production management systems
- Logistics Automation Solutions, LOGITO

Surface Mount Technology (SMT)



Semiconductor device



Logistics Automation Solution, LOGITO



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Appendix-7

Automotive Business

Conduct business with industry-leading OEM(Original Equipment Manufacturing) and Mega suppliers on a global scale

Main Products

- Molding machines
- Metal-processing machines, plastic-processing machines
- Coating/surface decoration equipment
- Various types of inspection equipment
- IoT-related equipment and devices
- Automated assembly equipment
- Module support equipment

Interior and Exterior Parts Area



Powertrain Area



Device Area



Healthcare Business

Engineering of production equipment and lines for medicine, health food, cosmetics, and regenerative medicine

Main products

- Tablet visual inspection systems, tablet ink-jet printing and inspection systems, capsule visual inspection systems
- Blister lines, sachet packaging lines, various types of packaging lines
- Vial filling lines, syringe filling lines, powder filling lines
- Tablet pressing machines
- Automatic cell culture systems

Pharmaceuticals



Cosmetics



Food



Contribute to the safety of the skies and the local area

Main Products

- Ground support equipment for aircraft
- Equipment used in airport
- Specialized vehicles for disaster relief
- Ground support equipment for airports
- Equipment to reduce workforce and workload

Airline



Airport



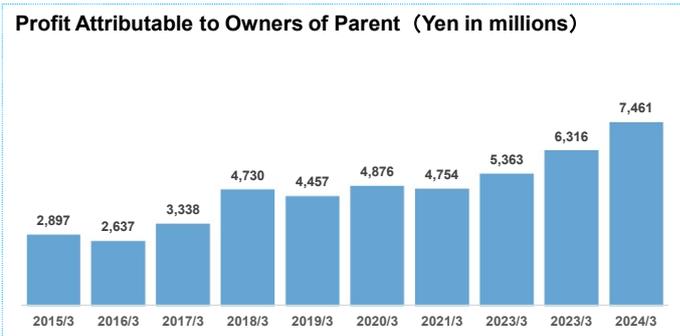
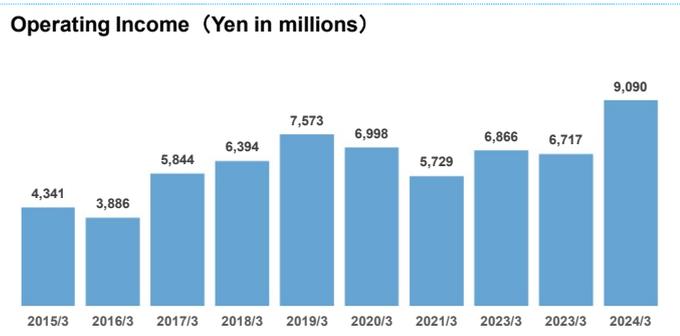
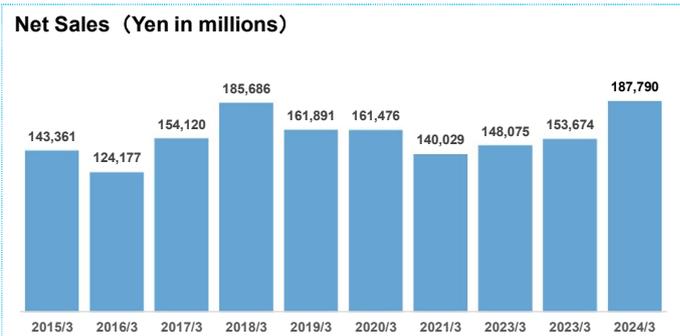
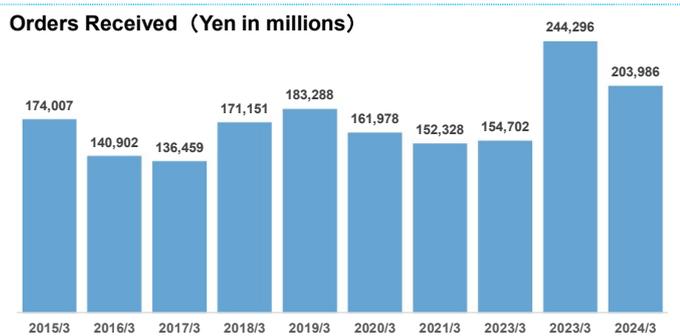
Disaster Preparedness/
Defense



Customer Support



Trends in Consolidated Financial Performance



Trends in Consolidated Financial Position

