

Financial Results for the Second Quarter of the Year Ending March 31, 2024



November 20, 2023

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Today's Speakers

**Representative Director,
President & CEO**

Ichiro Uno

**Director, Managing
Executive Officer & CFO**

Osamu Fukawa

- I . Outline of Financial Results
for the Second Quarter of FY2023**
- II . Financial Forecasts for FY2023**
- III . Outline of Financial Results by Segment**
- IV . Progress of Medium-term Business Plan, MT2024**

I . Outline of Financial Results for the Second Quarter of FY2023

- Consolidated Results
- Summary of Changes in Second Quarter Profit
- Overseas Sales Ratio
- Consolidated Results by Segment
- Consolidated Financial Position
- Consolidated Cash Flows

Consolidated Financial Results

- ✓ Increase in both net sales and profit
- ✓ Earnings driven by Electronics, Automobile, and Industrial Machinery Business
- ✓ Profits at each stage exceeded period over period, except for ordinary income

Yen in millions	FY2022 (Q2)	FY2023(Q2)	Change from FY2022(Q2)
	Results	Results	
Orders received	118,169	108,650	▲ 8.1%
Net sales	69,459	78,638	+ 13.2%
Gross profit	12,247	13,788	+ 12.6%
Operating income	2,859	3,094	+ 8.2%
Ordinary income	3,229	3,033	▲ 6.1%
Profit attributable to Owners of parent	2,272	2,464	+ 8.5%
E P S	70.69 Yen	77.76 Yen	+7.07 Yen

* The Company conducted a 3-for-1 stock split of common shares on October 1, 2023. Accordingly, the basic earnings per share is calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2023.

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[Consolidated Financial Results]

Increased net sales and profit.

Electronics, Automotive, and Industrial Machinery drove performance.

Orders received declined YoY to 108.7 billion yen but remained high.

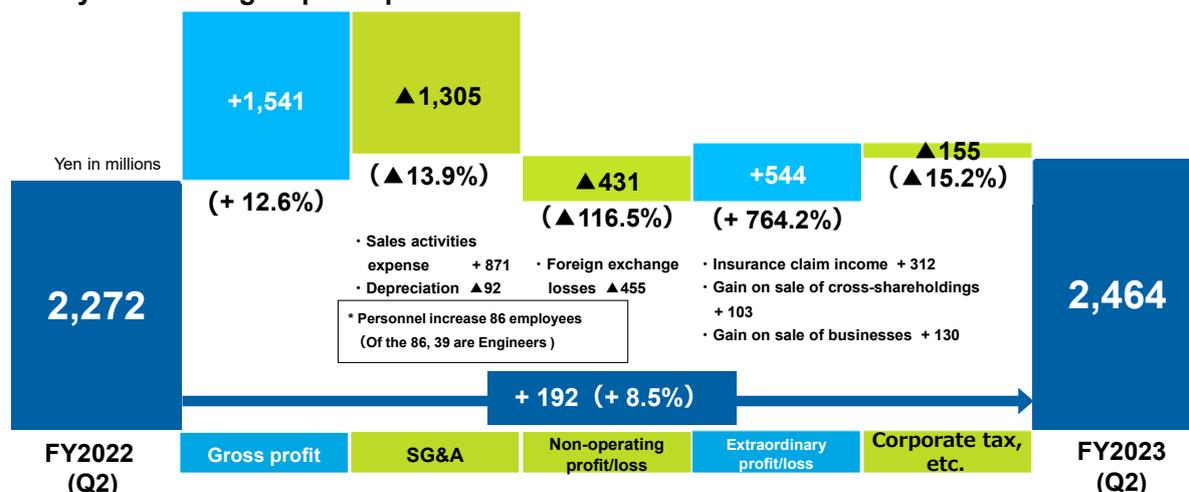
Order backlog was 230.5 billion yen as of the end of September, an increase of about 30 billion yen from the end of March 2023.

Profits at all levels, except for ordinary income, increased YoY.

Gross profit increased 12.6% YoY to a record high.

Summary of Changes in Second Quarter Profit

- ✓ Increase in gross profit offset growth in SG&A expenses
- ✓ The contributing factor to foreign exchange losses is the appreciation of the local currency, which affects the value of assets denominated in foreign currency and held by overseas group companies.



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[Summary of Changes in Second Quarter Profit]

Gross profit increased by 1.5 billion yen YoY.

Net income for the quarter was 2.5 billion yen, up 0.2 billion yen YoY due to the recording of extraordinary income.

SG&A expenses increased by 1.3 billion yen,

mainly due to operating activities expenses of about 0.9 billion yen.

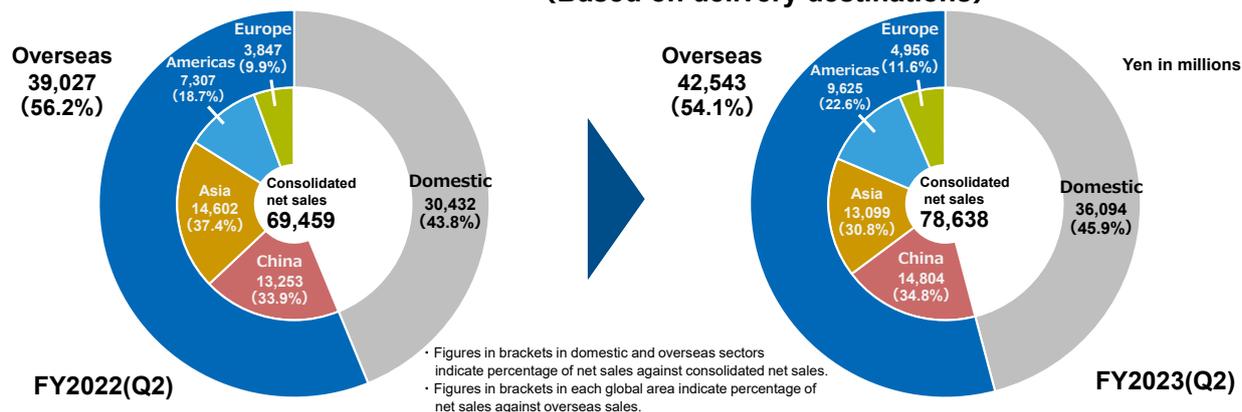
Among those, personnel expenses account for a high percentage,

but we continue to hire to strengthen our engineering capabilities and sales structure.

Engineers increased by 39 compared to the same period of the previous year, and the number of consolidated employees increased by 86.

(1,383 employees as of the end of September)

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



2024/3(2Q)

China ↑ + 1,551

- Driven by the Automotive
- The Electronics produced favorable results

Asia ↓ ▲ 1,503

- Sales of the Plant & Energy and the Electronics decreased

Americas ↑ + 2,318

- Increase in sales of the Energy Solutions and the Industrial Machinery

Europe ↑ + 1,109

- The Industrial Machinery and Electronics performed well

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

Overseas sales ratio decreased by 2.1% YoY to 54.1%.

■ China

The performance exceeded that of last year. Electronics performed well, driven by Automotive.

■ Asia

Electronics sales declined.

Plant & Energy sales decreased due to the absence of major projects like those in the previous period.

■ Americas

Energy Solutions and Industrial Machinery saw strong sales in major projects related to EV and coating.

■ Europe

Sales of coating equipment for residential facilities in Industrial Machinery and in-vehicle-related sales in Electronics increased significantly, contributing to overall growth.

Consolidated Results by Segment (Net Sales/Operating Income)

Yen in millions	Net sales			Operating income		
	FY2022 (Q2)	FY2023 (Q2)	Increase/decrease rate	FY2022 (Q2)	FY2023 (Q2)	Increase/decrease rate
Plant & Energy	9,045	7,840	▲ 13.3%	592	▲ 56	—
Energy Solutions	8,524	10,245	+20.2%	129	11	▲ 91.1%
Industrial Machinery	10,011	11,389	+13.8%	253	493	+94.5%
Electronics	21,719	23,525	+8.3%	1,299	1,242	▲ 4.4%
Automobile	13,218	17,305	+30.9%	360	664	+84.4%
Healthcare	5,832	6,175	+5.9%	556	443	▲ 20.4%
Aviation & Social infrastructure	997	2,055	+106.0%	▲ 93	67	—
Total	69,459	78,638	+13.2%	2,859	3,094	+8.2%

* Total amounts include adjustment values.

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

Increased sales and operating income:

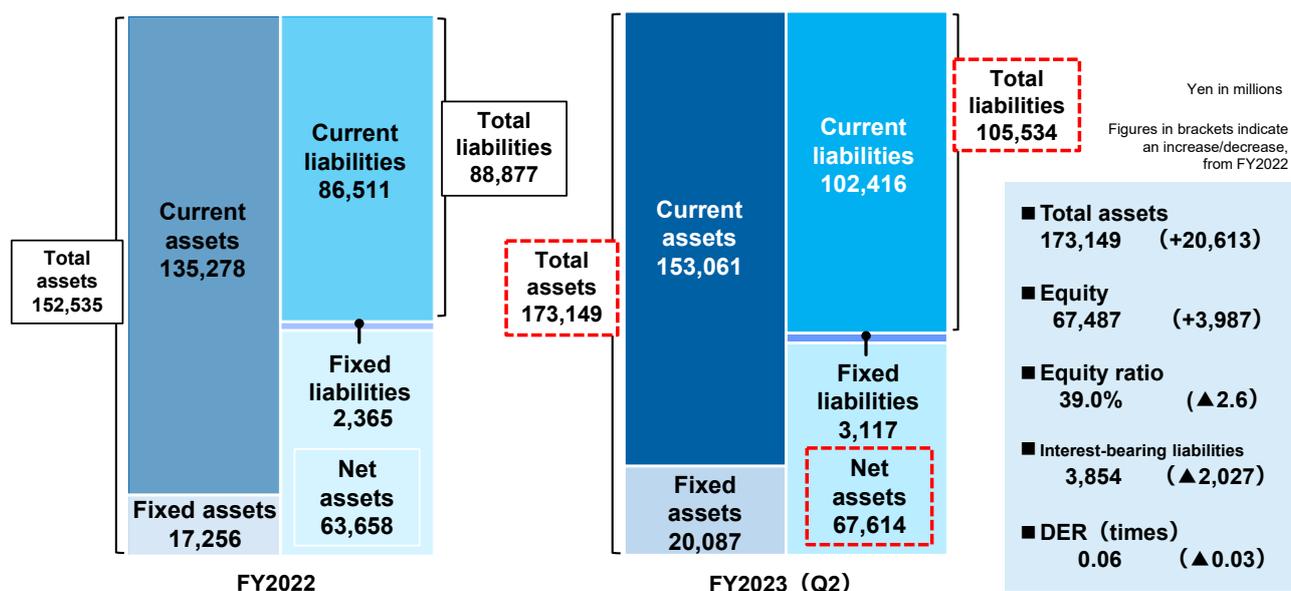
Industrial Machinery, Automotive, Aviation & Social infrastructure

Increased sales and decreased operating income:

Energy Solutions, Electronics, Healthcare

Decreased sales and operating income: Plant & Energy

Consolidated Financial Position



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[Consolidated Financial Position]

Total assets at the end of Q2 increased by 20.6 billion yen YoY to 173.1 billion yen.

It was due to an increase in net sales of merchandise and finished goods, an increase in advance payments to suppliers for major projects, and the recording of the goodwill from corporate acquisitions, despite a decrease in notes and accounts receivable – trade and contract assets.

Total liabilities increased by 16.7 billion yen to 105.5 billion yen.

It was due to an increase in advances received for major projects despite a decrease in short-term borrowings.

Total net assets increased by 4.0 billion yen to 67.6 billion yen.

It was due to the recording of the profit attributable to owners of parent of 2.5 billion yen and an increase in foreign currency translation adjustment due to yen depreciation, despite the payment of dividends.

Consolidated Cash Flows

Yen in millions	FY2022(Q2)	FY2023(Q2)	Description
Cash flows from operating activities	4,926	2,342	Income before income taxes (+ 3,648) Decrease (increase) in advance payments to suppliers (▲16,792) Increase in advances from customers (+ 14,747)
Cash flows from investing activities	▲1,414	▲2,906	Net decrease (increase) in time deposit (▲1,764) Purchase of shares of subsidiaries resulting in change in scope of consolidation (▲1,077) Proceeds from sale of investment securities (+ 254)
Cash flows from financing activities	▲1,942	▲3,376	Increase (decrease) in short-term bank loans-net (▲1,996) Dividends paid (▲1,199)
Foreign currency translation adjustments on cash and cash equivalents	791	598	
Net increase in cash and cash equivalents (▲ decrease)	2,360	▲3,341	
Cash and cash equivalents at beginning of year	26,782	32,309	
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in conclusion	193	—	
Cash and cash equivalents at end of period	29,336	28,968	

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[Consolidated Cash Flows]

Cash and cash equivalents at the end of Q2 decreased by 0.4 billion yen YoY to 29.0 billion yen.

The cash flow status in each category is as follows.

Net cash provided by operating activities was 2.3 billion yen.

It was due to the recording of pre-tax income and an increase in advances received, despite an increase in advance payments and other factors.

Cash flows from investing activities was 2.9 billion yen.

It was due to the acquisition of subsidiary stocks, which involves an increase in time deposits and a change in the scope of consolidation.

Net cash used in financing activities was 3.4 billion yen.

It was due to repayments of short-term borrowings and dividend payments.

II . Financial Forecasts for FY2023

- Financial Forecasts for FY2023
- Shareholder Returns

Financial Forecasts for FY2023

Yen in millions	FY2023 (Q2)	FY2024	
	Results	Forecasts	Progress rates
Orders received	108,650	220,000	49.4%
Net sales	78,638	180,000	43.7%
Operating income	3,094	7,500	41.3%
Ordinary income	3,033	8,000	37.9%
Profit attributable to Owners of parent	2,464	5,400	45.6%

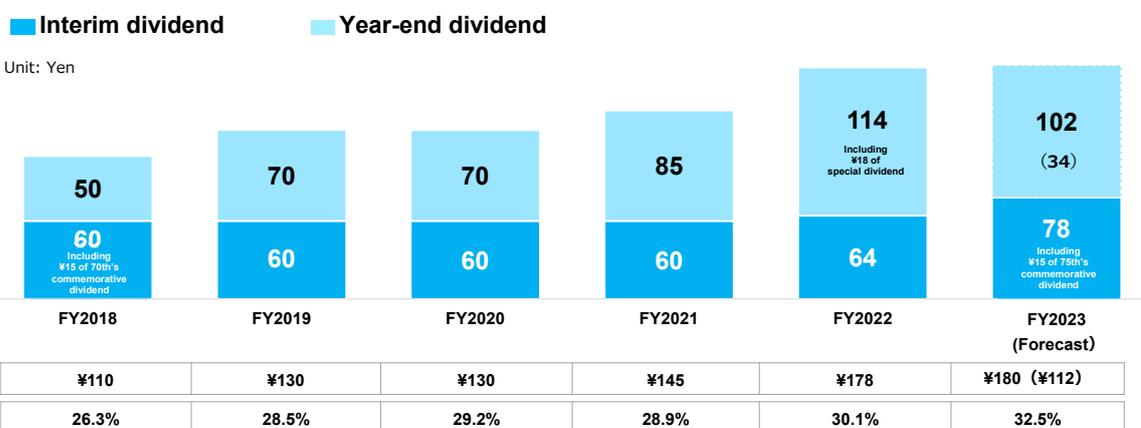
[Financial Forecasts for FY2023]

The Q2 results were less than 50% of the FY2024 full-year forecasts for all items. However, we have not changed the full-year forecasts since we anticipate it to be achievable based on a thorough examination as we plan to continue recording sales from major projects in the second half.

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.



Note: (1) The Company conducted a 3-for-1 stock split of common shares on October 1, 2023. Accordingly, the year-end dividends per share for the fiscal year ending March 31, 2024 is presented in brackets with an amount that reflects the stock split.

(2) Special dividends come from an ad-hoc extraordinary profit.

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[Shareholder Returns]

We position the return of profits to shareholders as one of our key management initiatives.

No revisions have been made to the FY2024 dividend forecast we announced.

The interim dividend was 78 yen, including the 75th anniversary commemorative dividend.

With the three-for-one split of common stock implemented on October 1, a year-end dividend of 34 yen is anticipated.

Without taking the stock split into account, a year-end dividend of 102 yen and annual dividend of 180 yen are forecasted.

III. Outline of Financial Results by Segment

Yen in millions	Net sales					Operating income				
	FY2023 Q2 Results	FY2023 2H Forecasts	FY2023 Forecasts	Initial forecasts	Change from Initial forecasts	FY2023 Q2 Results	FY2023 2H Forecasts	FY2023 Forecasts	Initial forecasts	Change from Initial forecasts
Plant & Energy	7,840	6,560	14,400	13,000	+ 1,400	▲ 56	136	80	349	▲ 269
Energy Solutions	10,245	21,655	31,900	33,000	▲ 1,100	11	917	928	908	+ 20
Industrial Machinery	11,389	14,511	25,900	24,800	+ 1,100	493	729	1,222	1,008	+ 214
Electronics	23,525	33,675	57,200	56,700	+ 500	1,242	1,089	2,331	2,157	+ 174
Automobile	17,305	13,195	30,500	31,500	▲ 1,000	664	674	1,338	1,118	+ 220
Healthcare	6,175	7,425	13,600	13,900	▲ 300	443	609	1,052	1,217	▲ 165
Aviation & Social Infrastructure	2,055	4,445	6,500	6,900	▲ 400	67	481	548	743	▲ 195
Total *	78,638	101,466	180,000	180,000		3,094	4,635	7,500	7,500	

* Total amount includes adjustment and other values.

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)



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[Plant & Energy Business]

Plant & Energy Business is our core business since founding.

Through this business, we provide equipment to key industries that support social infrastructure.

In the plant sector, we provide various equipment and advanced technologies. In the energy sector, we promote renewable energy initiatives and supply related-commercial products for a decarbonized society.

Recently, we are actively expanding digital transformation (DX) business with a focus on smart security utilizing advanced technologies such as IoT to address aging facilities and labor shortages.

Plant & Energy Business

Factors contributing to YoY increase/decrease

Sales of equipment for various types of plants decreased.
Recognition of product warranty and order loss allowance had negative impact on operating income.

Outlook for second half

Record sales on par with the first half, with a focus on the oil and chemical sectors

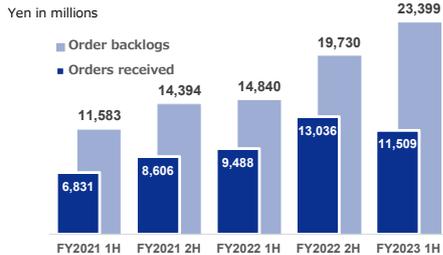
Initiatives

- Integration of new and existing business
- ① Decarbonization business ② DX business
- ③ Develop foreign customers

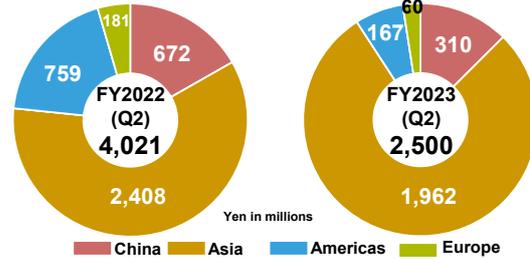
Yen in millions

	FY2022(Q2)	FY2023(Q2)	Growth rate	2H Forecasts	FY2023 Forecasts	Change from initial forecasts
Net sales	9,045	7,840	▲13.3%	6,560	14,400	+ 1,400
Operating income	592	▲56	-	136	80	▲ 269
Operating income margin	+ 6.5%	▲0.7%	-			

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



Overseas sales (Based on delivery destinations)



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[Plant & Energy Business Outline of Financial Results]

With few plant-related projects scheduled for recording of sales, we posted a temporary operating loss for Q2 due to delivery delays and increased costs associated with addressing malfunctions in binary power generation units.

■ Outlook for second half

We plan to record the sales primarily from petroleum and chemical projects on the backlog of orders.

Full-year net sales are expected to exceed the initial forecast.

We see the operating income struggling due to the operating loss in the first half.

■ Initiatives

We aim to integrate new and existing businesses in pursuit of decarbonization business, DX business, and expansion of foreign company customers.

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
- Battery recycling equipment
- Flexible solar panels
- Storage battery systems
- Fuel cell manufacturing equipment

Materials



Cells / Modules



Solar panels/
Storage Batteries



Next-generation
Batteries



Website of US Magazine
Energy Business Review



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[Energy Solutions Business]

Independent from Plant & Energy business in 2021, the Energy Solutions business primarily handles manufacturing equipment for lithium-ion batteries, providing a wide range of devices across various sectors, from materials to cell production.

In October this year, we were selected as one of the top 10 companies in the Asia-Pacific region in the field of battery manufacturing equipment solutions by a U.S. energy-related magazine, leading to increased industry recognition.

Website of US Magazine *Energy Business Review*

https://www.energybusinessreview.com/magazines/August2023/Battery_Manufacturing_Apac/?digitalmagazine



Energy Solutions Business

Factors contributing to YoY increase/decrease

- Increase in sales for domestic and cross-border deliveries.
- On the other hand, profit margin decreased due to increase in sales activities expense.

Outlook for second half

The recording of sales for large-scale projects is focused on the third quarter and beyond.

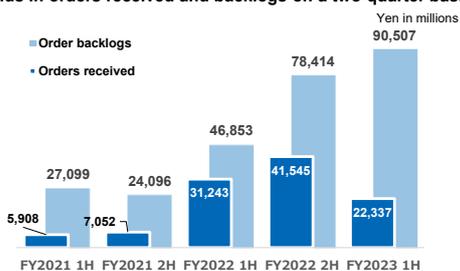
Initiatives

- Develop foreign customers by product differentiation
- Reinforcement of engineering capabilities

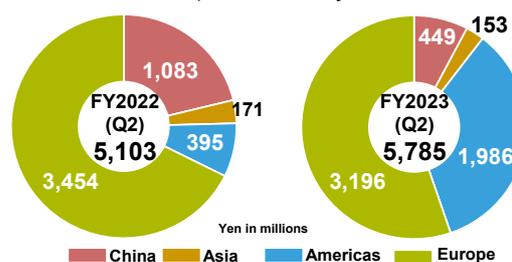
Yen in millions

	FY2022(Q2)	FY2023(Q2)	Growth rate	2H Forecasts	FY2023 Forecasts	Change from initial forecasts
Net sales	8,524	10,245	+ 20.2%	21,655	31,900	▲1,100
Operating income	129	11	▲91.1%	917	928	+ 20
Operating income margin	+ 1.5%	+ 0.1%	-			

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



Overseas sales (Based on delivery destinations)



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[Energy Solutions Business Outline of Financial Results]

In Q2, sales increased for both domestic and international markets. However, the operating income margin decreased due to an increase in operating expenses, including personnel costs.

■ Outlook for second half

Continued recording of sales from major projects primarily for the Americas is expected.

We ensure recording of sales through meticulous on-site management.

■ Initiatives

We are actively reinforcing engineering talent and strengthening collaboration with partner companies in order to expand foreign company customers with differentiated products and enhance engineering capabilities.

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



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[Industrial Machinery Business]

Industrial Machinery is our second oldest business after Plant & Energy.

Through this business, we provide production equipment and other services related to molding, assembly, and coating in various fields, including home appliances, housing equipment, food packaging, healthcare, motorcycles, and construction machinery.

The Medical Department was established last year to strengthen sales of medical device manufacturing equipment. We aim to expand the areas of our medical equipment business as a supply partner for foreign companies expanding into various countries worldwide.

Industrial Machinery Business

Factors contributing to YoY increase/decrease

Sales of painting equipment shipped to the Americas and Europe increased.

Outlook for second half

Sales for medical and food industries will be recorded in the third quarter and beyond.

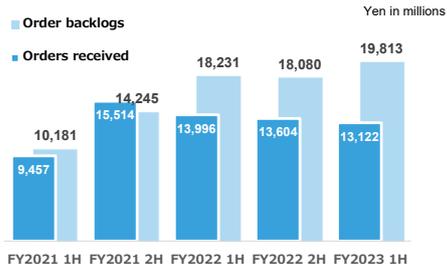
Initiatives

Expansion of business fields and development of new products
 Painting : Build up track record of construction machinery and motorcycles for domestic and overseas markets
 Medical : Explore the Central and South America markets

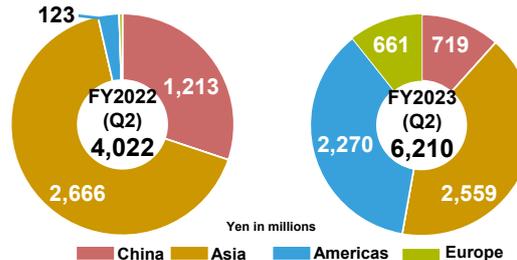
Yen in millions

	FY2022(Q2)	FY2023(Q2)	Growth rate	2H Forecasts	FY2023 Forecasts	Change from initial forecasts
Net sales	10,011	11,389	+ 13.8%	14,511	25,900	+ 1,100
Operating income	253	493	+ 94.5%	729	1,222	+ 214
Operating income margin	+ 2.5%	+ 4.3%	-			

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



Oversea sales (Based on delivery destinations)



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[Industrial Machinery Business Outline of Financial Results]

Sales of coating-related equipment and peripheral devices for the Americas and Europe increased in Q2. Operating income saw a significant rise, contributing positively to overall performance.

■ Outlook for second half

Sales from the production of medical equipment manufacturing-related devices and vacuum forming machines for the food industry are expected to be recorded.

■ Initiatives

We are making efforts to further expand business scope and develop new products. Our focuses are on exploring the Central and South American regions in the medical equipment field and expanding our track record in the construction machinery and motorcycle industries in the coating-related field.

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, Display-related systems
- Coating and dispensing equipment
- Laser marking equipment (CO2, YA laser, and blue laser)
- Various types of inspection equipment (Visual, X-ray, characteristic)
- IoT/software
- Logistics automation equipment, LOGITO

Surface Mount Technology (SMT)



Semiconductor device



Logistics Automation Solution, LOGITO



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[Electronics Business]

This segment has the highest ratio of overseas sales.

In the manufacturing sector related to digital electronic devices, we provide various equipment such as electronic component assembly lines, semiconductor assembly equipment, and peripheral devices.

To address the challenge of decreasing labor force in manufacturing, we have launched our in-house brand 'LOGITO' to provide logistics automation solutions, achieving automation and workforce reduction in manufacturing facilities, factories, and logistics warehouses.

Electronics Business

Factors contributing to YoY increase/decrease

- Sales for China and Asia produced favorable results, while profit margin decreased.
- Strong demand for automotive and information communication equipment

Outlook for second half

Steadily record sales from orders received, and recognize sales from projects secured during the second half.

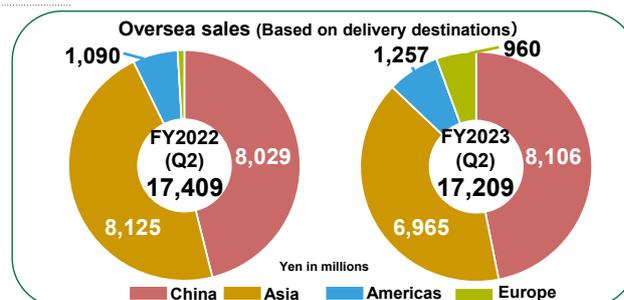
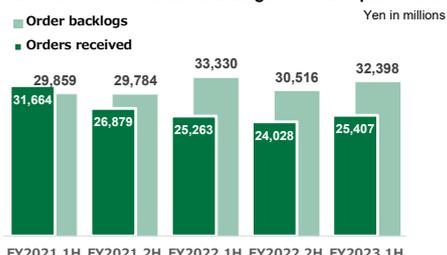
Initiatives

Economic downturn in China
 Emerging market research, such as North Africa and Turkey
 LOGITO: Product packaging tailored for the target industry

Yen in millions

	FY2022(Q2)	FY2023(Q2)	Growth rate	2H Forecasts	FY2023 Forecasts	Change from initial forecasts
Net sales	21,719	23,525	+ 8.3%	33,675	57,200	+ 500
Operating income	1,299	1,242	▲4.4%	1,089	2,331	+ 174
Operating income margin	+ 6.0%	+ 5.3%				

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



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[Electronics Business Outline of Financial Results]

In Q2, sales of electronic component mounting devices for automotive and information and communication equipment in China and Asia were robust, but operating income experienced a slight decrease.

■ Outlook for second half

In addition to securing sales from existing order backlogs, we aim to achieve targets by increasing midterm orders for electronic component mounting devices with relatively shorter delivery times.

For electronic component assembly equipment, transactions with Chinese companies are recovering slightly despite the uncertain outlook for the robust Chinese market.

■ Initiatives

We are conducting market research in North Africa and Turkey in exploring new markets.

Regarding LOGITO, we are advancing product packaging, focusing on expanding sales into target industries.

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



[Automotive Business]

Perceiving it as a once-in-a-century business opportunity, we separated Automotive from Industrial Machinery and Electronics in 2018.

Through this business, we provide plastic molding equipment, processing machines, and assembly/inspection facilities for the manufacturing processes of automotive components, electric powertrains, and electrical components.

In recent years, we have been focusing on reducing CO2 emissions in the manufacturing process and promoting smart factory initiatives.

In the domestic and the Americas markets, we have been investing in plastic processing equipment, electric powertrains, and electrified products, aligning with the concept of next-generation mobility and are beginning to see positive results.

Automotive Business

Outlook for second half

Sales recording will be concentrated in the fourth quarter, with a focus on large-scale projects

Factors contributing to YoY increase/decrease

- Automated assembly lines, painting lines, and manufacturing equipment for automotive electronic components performed well in sales to Japanese companies in China.
- Both net sales and operating income significantly increased.

Initiatives

Business promotion based on the business portfolio

Core business : Expanding sales of large-scale injection molding machines and plastic processing machines

Growth business: Expansion of electric drive products, seat business, and ADAS

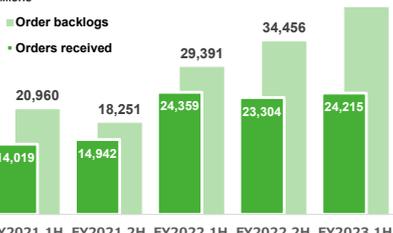
New business : Capture of vehicle assembly equipment, automotive component assembly equipment, and power semiconductor market.

Yen in millions

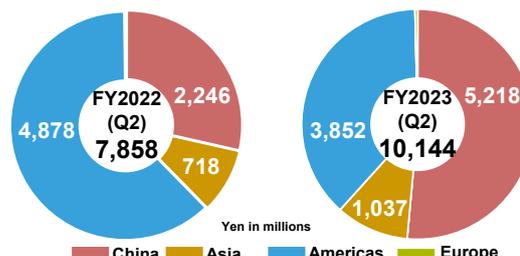
	FY2022(Q2)	FY2023(Q2)	Growth rate	2H Forecasts	FY2023 Forecasts	Change from initial forecasts
Net sales	13,218	17,305	+ 30.9%	13,195	30,500	▲1,000
Operating income	360	664	+ 84.4%	674	1,338	+ 220
Operating income margin	+ 2.7%	+ 3.8%				

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

Yen in millions



Overseas sales (Based on delivery destinations)



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[Automotive Business Outline of Financial Results]

Sales of automated assembly lines, coating lines, and automotive-related equipment to Japanese companies in China were strong in Q2.

Both sales and operating income saw a significant increase, making a substantial contribution to overall performance.

■ Outlook for second half

The delivery schedules for major projects are concentrated in the latter three months of the second half. We aim to secure the recording of those sales.

■ Initiatives

While promoting three business portfolios: core business, growth business, and new business, we will expand sales activities focusing on ultra-large die-casting machines amid increasing demand for cost reduction, process streamlining, and improved productivity in the EV sector.

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



[Healthcare Business]

We changed the business name from Pharma to Healthcare in 2020. Focusing on the pharmaceutical industry, we have been in this business for over 40 years.

We are expanding the area, defining a comprehensive range of activities to maintain health as healthcare.

In addition to the sales of production equipment such as tablet visual inspection systems and packaging machines, we pioneer new fields such as health food, cosmetics, and regenerative medicine, leveraging our unique know-how cultivated in the pharmaceutical manufacturing field and cutting-edge technologies like DX and AI.

Taking advantage of the engineering capabilities in this segment, we conduct investigations and make proposals on the combination of various processes and operational methods while engaging in activities such as product development in collaboration with our customers.

Healthcare Business

Factors contributing to YoY increase/decrease

- Sales of tablet visual inspection systems slightly increased.
- Operating income decreased due to lack of projects with high profit margins

Outlook for second half

The sales recording will be focused on the last three months of the second half.

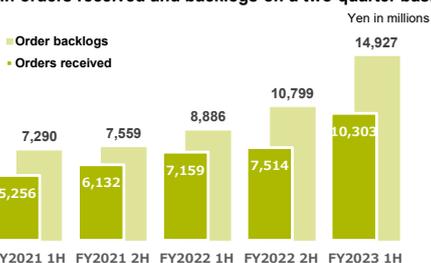
Initiatives

- Expansion of business fields
(New field, equipment, cross-border business)
- Engineering (Digital platform business due to DX)

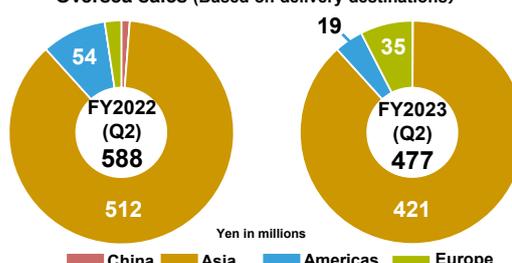
Yen in millions

	FY2022(Q2)	FY2023(Q2)	Growth rate	2H Forecasts	FY2023 Forecasts	Change from Initial forecasts
Net sales	5,832	6,175	+ 5.9%	7,425	13,600	▲300
Operating income	556	443	▲20.4%	609	1,052	▲165
Operating income margin	+ 9.5%	+ 7.2%				

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



Overseas sales (Based on delivery destinations)



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[Healthcare Business Outline of Financial Results]

In Q2, tablet printing inspection machines saw a slight increase in sales, but operating income decreased due to a limited number of high-margin projects.

■ Outlook for second half

Despite the planned deliveries of major projects, we expect net sales and operating income will not meet the initial forecast.

However, improved performance is anticipated in the next fiscal year and beyond as we start to see orders growing.

■ Initiatives

We have set engineering projects and expansion of operating areas, including overseas, as themes.

In recent years, in addition to the engineering of production equipment, which is one of our specialties, we support the realization of Pharma 4.0*1 for our customers through IT engineering to achieve a high level of quality control and improved productivity.

*1 Pharma 4.0 refers to the concept of the fourth industrial revolution (Industry 4.0) in the pharmaceutical industry, representing an era where advanced digital technologies such as IoT, AI, Big Data, and cloud computing bring innovative changes to the pharmaceutical industry.

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

Airlines



Airports



Disaster Preparedness/
Defense



Customer Support



[Aviation & Social Infrastructure Business]

The majority of our customers are Japanese companies and government agencies. We operate in the aviation, airports, disaster prevention, and defense sectors.

Aviation & Airports

We import and supply aircraft ground support equipment and various related devices primarily from Europe and the United States.

Defense

We provide special vehicles and various related equipment.

Leveraging our strength in customer support, we provide comprehensive assistance from installation, assembly, operation, technical training of various equipment to the ongoing support while the delivered machinery/equipment is in operation. (currently serving over 100 companies)

Aviation & Social Infrastructure Business

Factors contributing to YoY increase/decrease

Increase in both net sales and operating income, because sales of ground support units and equipment for airport-related infrastructure increased.

Outlook for second half

Sales of post-pandemic orders received will be continuously recorded in the third quarter and beyond.

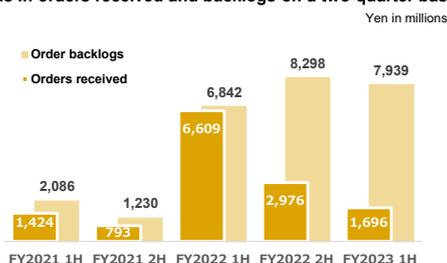
Initiatives

Continuously focus on fields of development & exploration (electric, labor-saving, IoT/ICT, decarbonization)

Yen in millions

	FY2022(Q2)	FY2023(Q2)	Growth rate	2H Forecasts	FY2023 Forecasts	Change from initial forecasts
Net sales	997	2,055	+ 106.0%	4,445	6,500	▲400
Operating income	▲93	67	-	481	548	▲195
Operating income margin	▲9.3%	+ 3.3%				

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



Overseas sales (Based on delivery destinations)

The aviation & Social Infrastructure business primarily focuses on domestic business in Japan. Accordingly, the pie charts illustrating overseas sales revenue is omitted here.

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[Aviation & Social Infrastructure Business Outline of Financial Results]

In Q2, aircraft ground support equipment and devices saw a significant increase in sales, leading to a rapid recovery in net sales and operating income from the same period of the previous year.

■ Outlook for second half

We anticipate net sales and operating income to be significantly higher than in the first half.

However, the results are expected to fall short of the initial forecast since some sales will be carried over to the next fiscal year due to the impact of the marine transportation accident in Europe.

We expect a recovery in the next fiscal year as we plan to deliver numerous projects.

■ Initiatives

We proactively roll out new products in response to growing demand for labor-saving and automation solutions in the wake of the COVID-19 pandemic.

IV. Progress of Medium-term Business Plan, MT2024

Qualitative Targets

1. Business strategies for growth

- ① Strengthening engineering capabilities
- ② Strategic business investment
- ③ Expansion of business with global companies
- ④ Progressing digital transformation

2. Strengthening management base

- ① Deepening corporate governance
- ② Strengthening risk management
- ③ Strengthening financial strategies
- ④ Strengthening human resources strategies
- ⑤ Promotion of sustainability management

Progress of Medium-term Business Plan, MT2024

- ✓ The Engineering Division, the Enterprise Risk Management Division, and the Digital Innovation Center Established
- ✓ Implemented digital transformation training programs for employees
- ✓ Acquisition of Wave Engineering Corporation

Yen in millions	FY2022		FY2023		FY2024
	Plans	Results	Plans	Forecasts	Plans
Orders received	170,000	244,296	180,000	220,000	200,000
Net sales	140,000	153,674	170,000	180,000	185,000
Operating income	5,500	6,717	7,000	7,500	8,500

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[Progress of Medium-term Business Plan, MT2024]

■ The Engineering Division

Approximately 70 employees, accounting for over 10% of our non-consolidated workforce, are currently assigned. We continue to expand our personnel to address the increase in projects related to lithium-ion battery manufacturing and overseas construction over the past six months.

■ Integrated Risk Management Office

The expansion of transaction volume due to the increase in major projects in recent years posts a heightened risk in our business operations, so we are actively strengthening our company-wide efforts for more proactive, anticipatory, and systematic risk management.

■ Digital Innovation Center

As part of our DX talent development initiative, we conducted an in-house training program on new business creation using generative AI.

■ Strategic Business Investment

In July, to strengthen our engineering capabilities, we acquired Wave Engineering Corporation that has strength in FS*1 and FEED*2. By integrating our group's plant engineering capabilities with those, we can now participate in the design phase of plant construction, an area we had not explored before. We will explain the FY2025 full-year performance forecast during the financial results briefing in May next year.

*1 FS (Feasibility Study) refers to the pre-investigation and assessment of the feasibility of a project.

*2 FEED (Front End Engineering Design) refers to the basic design conducted after FS.

Thank you for your attention.

Contact

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

Appendix

- **Medium-term Business Plan MT2024**

 - Financial Targets by Segment

 - Themes Focused by Segment

- **Trends in Consolidated Financial Performance**

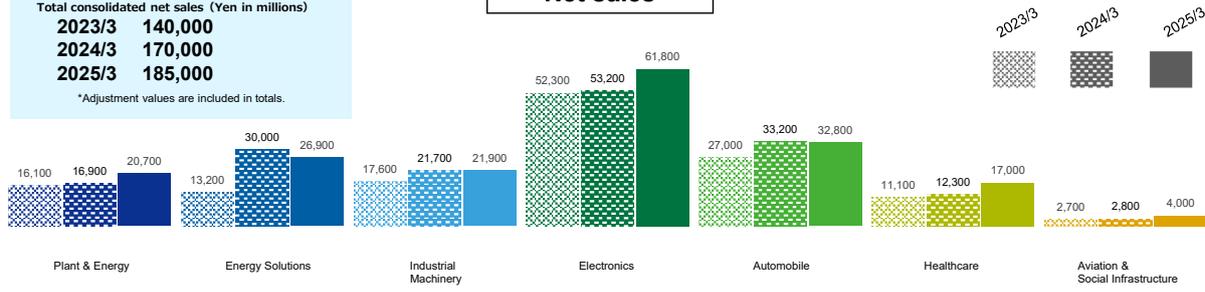
- **Trends in Consolidated Financial Position**

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

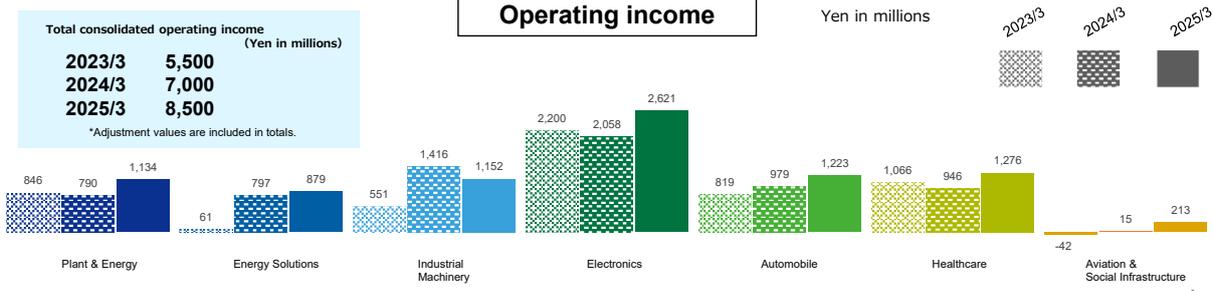
Yen in millions



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

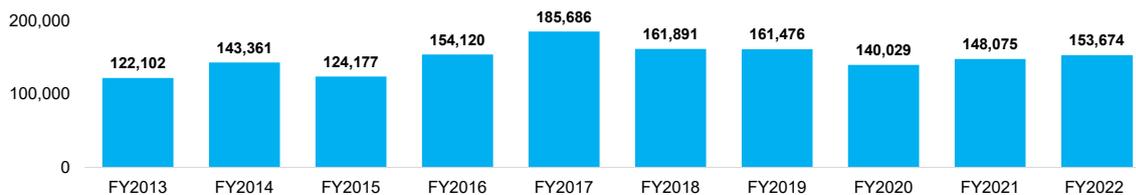


MT2024 Themes Focused by Segment

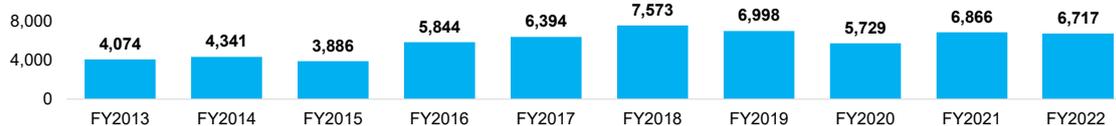
Plant & Energy	Proactively expand business for various plants, as well as creating-energy business, to solve social issues. (Decarbonization × Digital transformation × Green transformation)
Energy Solutions	Address the next-generation energy field on a global scale. Provide an array of solutions, leveraging 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.

Trends in Consolidated Financial Performance

Net sales (Yen in millions)



Operating income (Yen in millions)



Profit attributable to owners of parent (Yen in millions)



(Note) The Company has adopted the "Accounting Standard for Revenue Recognition" etc. since FY2021.

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Appendix-4

Trends in Consolidated Financial Position

