

Financial Results for the Year Ended March 31, 2022

 **DAIICHI JITSUGYO CO., LTD.**

May 24, 2022

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[Outline of Financial Results]

In the fiscal year ended March 31, 2022, the expanding COVID-19 pandemic, semiconductor shortages, supply chain disruptions and geopolitical risks became apparent, putting downward pressure on the economy.

Delays in the supply of various equipment and peripheral components resulting from the semiconductor shortages and other factors caused delivery and acceptance testing to be postponed to the next fiscal year in some projects, but financial results for FY2021 show an increase in both net sales and operating income, marking a record profit.

I . FY2021 Outline of Financial Results

- Summary of Financial Results
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(Net sales, operating income)
- Overseas Sales
- Summary of Changes in Profit
- Consolidated Financial Position
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- **Increase in both net sales and profits**

Profits earned at each stage are at high levels.
Profit attributable to owners of parent hit all-time high.

- **Business performance driven by Electronics Business throughout the fiscal year**

Favorable performance delivered in China and Asia
Net sales increased by 48%, operating income by 58%,
year-over-year

- **Industrial Machinery Business got recovery**

Demand in vacuum thermoforming machines returned.
Medical field produced a favorable outcome.

[Summary of Financial Results]

- We did not reach our initial net sales forecast, but both net sales and operating income increased over the previous period.
- Our Electronics Business drove business performance in both net sales and operating income. In particular, net sales in the Chinese market marked a record high. Demand increased in the Asian region, where production bases were shifted from China, as well as the car electronics sector in Japan.
- Our Industrial Machinery Business, which had been sluggish in the previous fiscal year, significantly recovered. Sales of vacuum thermoforming machines to produce food containers and trays for electronic components were strong. Efforts in new business areas such as the medical field were successful.

Consolidated Financial Results

(Yen in millions)	FY2020	FY2021				
	Results	Previous forecasts	Revised forecasts	Results	Change from FY2020	Change from revised forecasts
Orders received	152,328	-	-	154,702	1.6%	-
Net sales	140,029	179,000	152,000	148,075	5.7%	△ 2.6%
Operating income	5,729	7,000	6,600	6,866	19.8%	4.0%
Ordinary income	6,464	7,300	6,900	7,792	20.5%	12.9%
Profit attributable to owners of parent	4,754	5,100	4,800	5,363	12.8%	11.7%
EPS	444.70 Yen	477.01 Yen	448.59 Yen	501.02 Yen	56.32 Yen	52.43 Yen

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

[Consolidated Financial Results]

Net sales did not meet the forecast due to delays in acceptance testing in some projects that were caused by long delivery times of components.

Income at all stages exceeded forecasts and ordinary income reached a record high due to improvement of earnings in Japan and China.

Net sales, operating income

(Yen in millions)	Net sales				Operating income			
	FY2020	FY2021	Increase/decrease amount	Increase/decrease rate	FY2020	FY2021	Increase/decrease amount	Increase/decrease rate
Plant & Energy	27,900	11,881	△ 16,018	△ 57.4%	1,173	610	△ 562	△ 48.0%
Energy Solutions	11,790	19,004	+ 7,214	+ 61.2%	359	696	+ 336	+ 93.4%
Industrial Machinery	17,682	19,275	+ 1,592	+ 9.0%	△ 68	646	+ 714	-
Electronics	35,271	52,098	+ 16,826	+ 47.7%	1,973	3,125	+ 1,152	+ 58.4%
Automobile	31,421	31,980	+ 558	+ 1.8%	992	1,238	+ 246	+ 24.8%
Healthcare	10,650	11,189	+ 539	+ 5.1%	1,107	1,161	+ 53	+ 4.8%
Aviation & Social Infrastructure	5,057	2,466	△ 2,591	△ 51.2%	352	△ 79	△ 431	-
Total	140,029	148,075	+ 8,045	+ 5.7%	5,729	6,866	+ 1,136	+ 19.8%

(Note 1) The Company has adopted the "Accounting Standard for Revenue Recognition" etc. since the first quarter of FY2021.

(Note 2) Operating income includes adjustment values.

[Financial Results by Segment (Net Sales, Operating Income)]

■ **Plant & Energy (Decrease in net sales and operating income)**

Significant decrease in sales of equipment of all types for plants for domestic and overseas markets.

■ **Energy Solutions (Increase in net sales and operating income)**

Increase in sales of lithium-ion battery production equipment, etc. in Japan and overseas.

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

Increase in demand for tray equipment for food and electronic components.

Strong demand for industrial machinery including front and rear equipment in large-scale projects for industrial materials.

■ **Electronics (Increase in net sales and operating income)**

Success in capturing demand in the Chinese market and from the shift in production bases from China to other locations in Asia.

■ **Automobile (Increase in net sales and operating income)**

Increase in sales of automated assembly lines, painting lines, and equipment related to the manufacture of car-mounted electronic components.

Increased transactions with Chinese companies and acquisition of new customers in China contributed to the financial results.

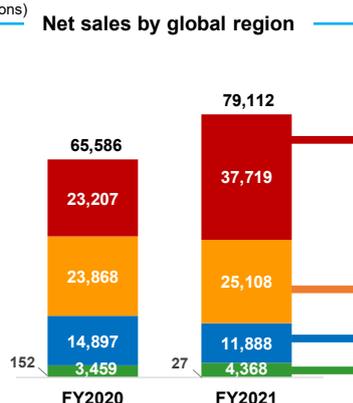
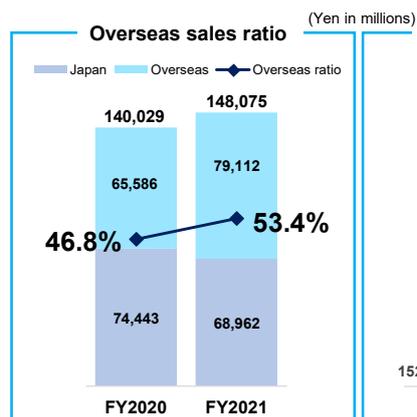
■ **Healthcare (Increase in net sales and operating income)**

Increase in unit sales of tablet printing inspection systems, and increased sales of equipment for pharmaceutical packaging lines and for the health food sector.

■ **Aviation & Social Infrastructure (Decrease in net sales and operating income)**

Financial results still severely impacted by the COVID-19 pandemic.

Overseas Sales (Based on delivery destinations)



Overview by global region

China
Increase in orders received and sales from Chinese companies by chiefly local employees' efforts. Electronics & Automotive Business drove business performance.

Southeast Asia & India
Electronics Business captured production transfer demand in China, which lead sales increase in Thailand, Malaysia, and Vietnam.

Americas
Equipment demand in the auto industry continues to recover.

Europe
Sales increased primarily in LIB manufacturing equipment. Auto business in Eastern Europe is in recovery phase.

(Yen in millions)	FY2020		FY2021	
	Amount	Composition ratio	Amount	Composition ratio
China	23,207	35.4%	37,719	47.7%
Southeast Asia & India	23,868	36.4%	25,108	31.7%
Americas	14,897	22.7%	11,888	15.0%
Europe	3,459	5.3%	4,368	5.5%
Others	152	0.2%	27	0.1%
Total	65,586	100.0%	79,112	100.0%

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

[Overseas Sales (Based on delivery destinations)]

Overseas sales accounted for 53% of net sales in FY2021.

■ China

Increase in net sales to companies registered in China due to locally-oriented sales activities, particularly in the Electronics and Automotive Businesses.

■ Southeast Asia

Demand captured, especially in the Electronics Business, from the shift of production bases, due to the COVID-19 risk in China.

Improved results in Thailand, Vietnam, and Malaysia.

■ Americas

Major achievement in a large-scale automobile-related project in Mexico.

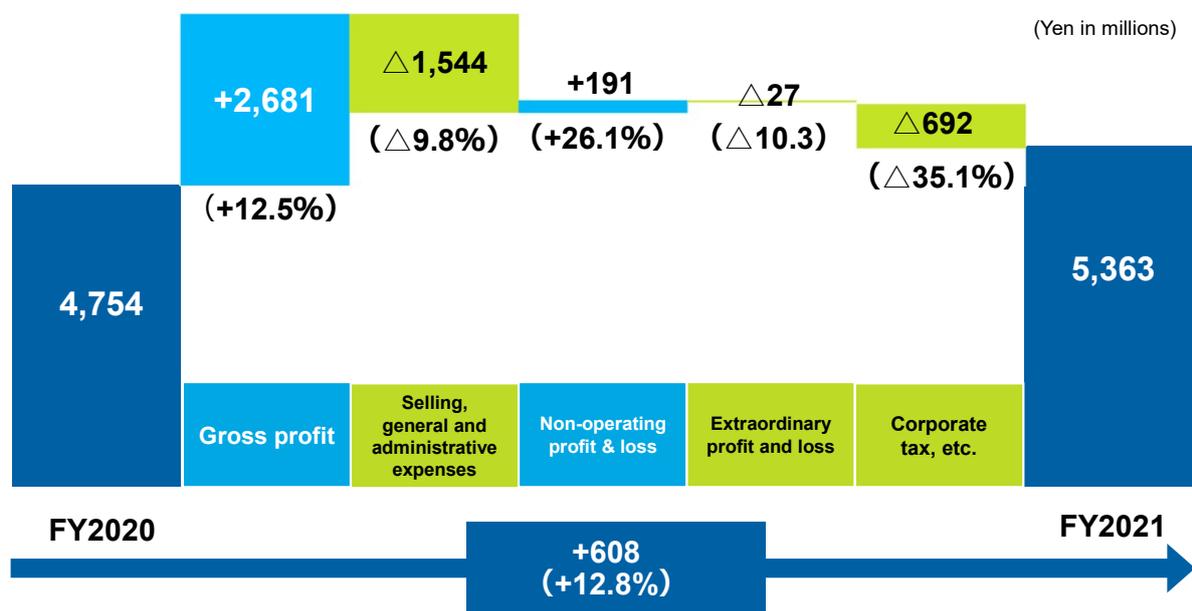
■ Europe

Increase in orders and sales that were related, in particular, to capital investment in lithium-ion battery manufacturing equipment, etc.

Some recovery in automotive business in Eastern Europe.

Summary of Changes in Profit

- ✓ Profits increased at all stages year-over-year.
- ✓ Gross profit increased by 12.5%, and operating income by 19.8%.
Net income recorded the highest all time.

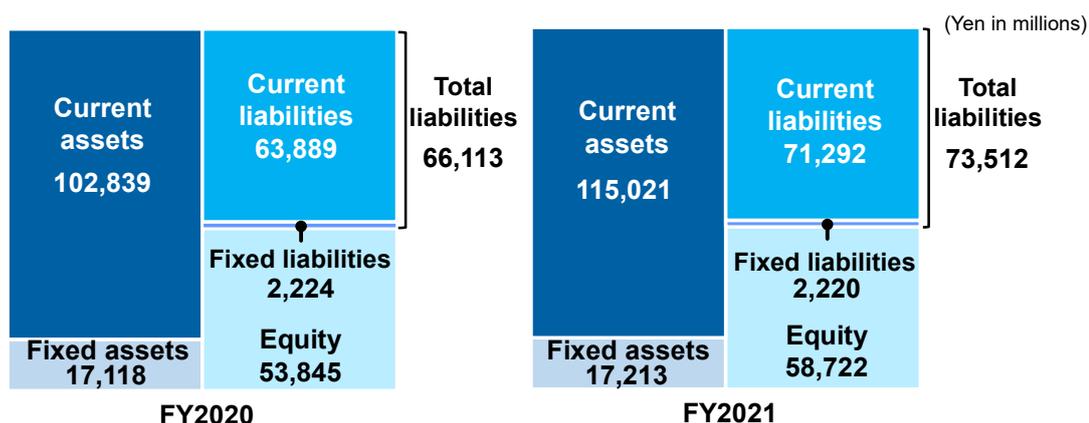


[Summary of Changes in Profit]

Selling, general, and administrative expenses increased in accordance with net sales increase, but gross profit was more than enough to offset the cost increase.

By segment, gross profit margins improved in the Industrial Machinery and Energy Solutions businesses, and operating income and profits earned at each stage increased, resulting in FY2021 profit of 5.4 billion yen.

Consolidated Financial Position



(Yen in millions)

	FY2020	FY2021	Increase/decrease
Total assets	119,958	132,235	+ 12,276
Equity	53,711	58,587	+ 4,876
Equity ratio (%)	44.8	44.3	△ 0.5
Interest-bearing liabilities	7,805	7,631	△ 173
DER (times)	0.15	0.13	△ 0.02

[Consolidated Financial Position]

Total assets at the end of FY2021 increased by 12.3 billion yen year-over-year to 132.2 billion yen. This was mainly attributable to an increase in trade accounts receivable and merchandise and finished goods, which was partly offset by a decrease in cash and deposits.

Total liabilities increased 7.4 billion yen to 73.5 billion yen. This was mainly due to an increase in advances from customers, which was partially offset by a decrease in trade notes/accounts payable.

Total equity increased 4.9 billion yen to 58.7 billion yen. This was mainly due to profit of 5.4 billion yen despite the payment of dividends.

Despite an increase in assets, we believe that we have succeeded in maintaining our financial soundness and security.

Consolidated Cash Flow

(Yen in millions)	FY2020	FY2021	Description
Cash flow from operating activities	11,141	△ 3,426	Income before income taxes (+8,030) Increase in working capital (△17,885) Increase in other current liabilities (+2,753)
Cash flow from investing activities	△ 1,545	△ 409	Purchase of investment securities (△779) Proceeds from sale of investment securities (+536) Net increase in time deposits (+475)
Cash flow from financing activities	△ 1,535	△ 1,742	Dividends paid (△1,391) Repayments of long-term borrowings (△195) Repayments of finance lease liabilities (△186)
Foreign currency translation adjustments on cash and cash equivalents	69	1,093	
Net increase (decrease) in cash and equivalents	8,129	△ 4,484	
Cash and equivalents at beginning of year	23,137	31,267	
Cash and Cash equivalents at end of period	31,267	26,782	

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[Consolidated Cash Flow]

Cash and cash equivalents at the end of FY2021 decreased by 4.5 billion yen year-over-year to 26.8 billion yen. The status of each cash flow category is as follows:

Net cash used in operating activities was 3.4 billion yen. This was mainly due to an increase in trade accounts receivables and inventories, despite the recording of income before income taxes and an increase in advances from customers in connection with large-scale projects.

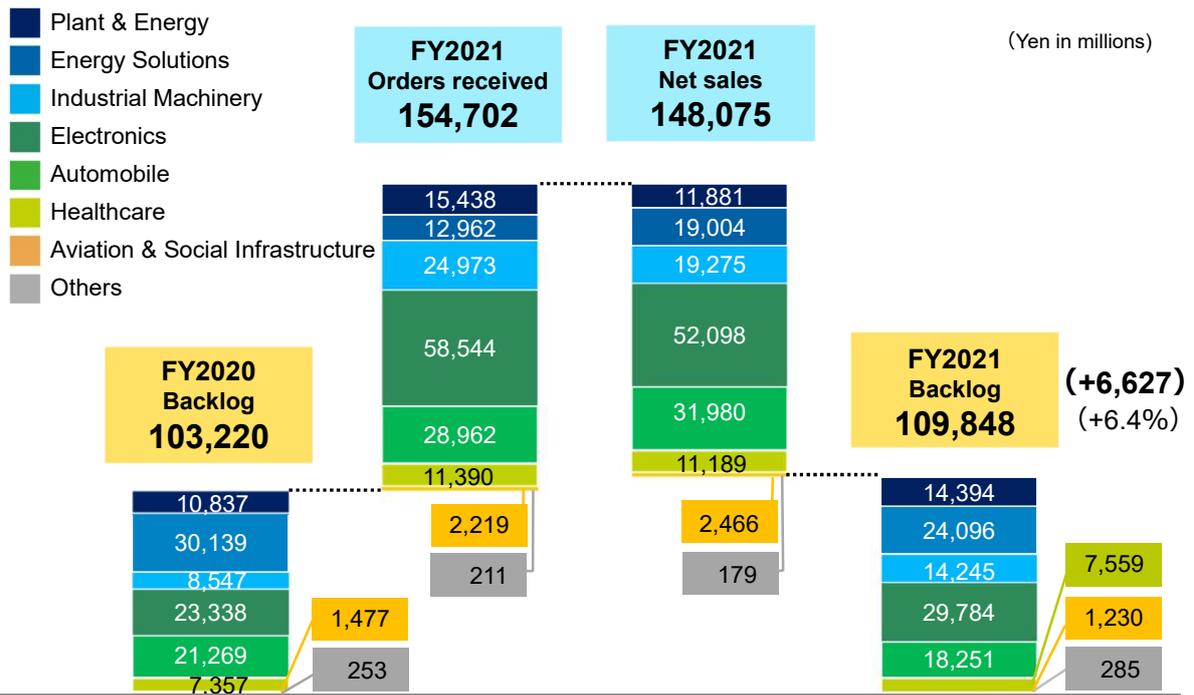
This increase in trade accounts receivables is not of particular concern because it was largely due to prolonged equipment delivery times, and most of the inventories were temporary and their destinations had been already determined.

Net cash used in investing activities was 0.4 billion yen. This was mainly due to purchases of new investment securities in furtherance of capital and business alliances with a startup company, etc., and purchases of property, plant and equipment and intangible assets, which was partially offset by proceeds from sales of investment securities and disbursements of time deposits in order to reduce cross-shareholdings.

Net cash used in financing activities was 1.7 billion yen. This was mainly due to dividends paid and repayments of long-term borrowings.

Although cash decreased as compared to the end of FY2020, this did not affect cash management, and from this fiscal year onward, we will work together as a Group to improve capital efficiency.

Order Received and Backlog by Segment



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

[Orders Received and Backlog by Segment]

This graph shows the change in net sales and backlog.

We received brisk orders for the Industrial Machinery and Electronics Businesses, and orders received for FY2021 were 2.4 billion yen higher compared to the previous fiscal year.

As a result, our order backlog increased 6.6 billion yen from the end of the previous fiscal year to 109.8 billion yen.

Orders for FY2021 were strong, but the number of large-scale projects with delivery dates exceeding one year is on the increase.

II . FY2022 Consolidated Earnings Forecasts

FY2022 Consolidated Earnings Forecasts

(Yen in millions)	FY2021 (Results)	FY2022	Main contributing factors for decreased profit
Orders received	154,702	170,000	<p>■ While gross profit remains flat, operating income will decrease, due to increased SGA</p> <p>【Factors for increased SGA】</p> <ul style="list-style-type: none"> - Sales efforts-related expense (Travel, ads) - In-house infrastructure investment
Net sales	148,075	140,000	
Operating income	6,866	5,500	
Ordinary income	7,792	5,800	
Profit attributable to Owners of the parent	5,363	3,900	

[FY2022 Consolidated Earnings Forecasts]

We forecast a decrease in net sales and operating income in FY2022 compared to FY2021.

We expect gross profit to remain flat, but expenses will increase due to the resumption of full-fledged sales activities and investments in key internal systems, driving down operating income.

We believe these expenses are necessary for future business growth.

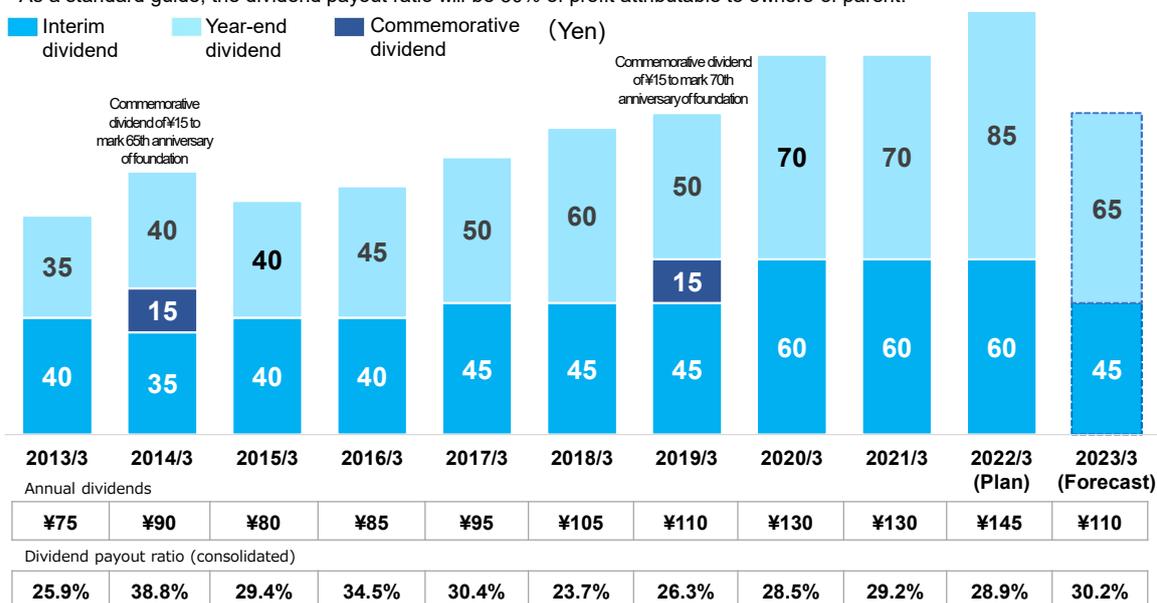
We will continue to pursue aggressive business activities in order to ensure orders received of 170 billion yen.

III. Dividend and its Payout Ratio

Dividend and its payout ratio

Dividend policy (consolidated)

We position profit distribution to shareholders as a management policy. Comprehensively taking into consideration future business development, including investments for growth to achieve V2030; constant and stable dividend payout; and other factors, 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 : Effective October 1, 2017, the Company's common shares were consolidated on the basis of one new share for five old shares (1:5). Dividends before October 2017 have been retrospectively restated to reflect the share consolidation.

[Dividend and its Payout Ratio]

This graph shows changes in our dividends and payout ratio over a 10-year period.

We regard the return of profits to shareholders as one of our most important management policies.

For FY2021, we plan to pay an interim dividend of 60 yen and a year-end dividend of 85 yen, an increase of 15 yen over the mid-year forecast, for a total annual dividend of 145 yen, reflecting the full-year results for FY 2021.

For FY2022, we forecast an interim dividend of 45 yen and a year-end dividend of 65 yen, for a total annual dividend of 110 yen, reflecting the current full-year performance forecast.

In order to realize our growth strategy V2030 (Vision2030), upon comprehensive consideration of future business development, including investment for growth, and the continuation of stable dividends, we have established a rough standard for our future dividend payouts of 30% of profit, and we will pay optimum dividends relative to our financial condition and performance.

IV. Review for FACE2021, Medium-term Business Plan

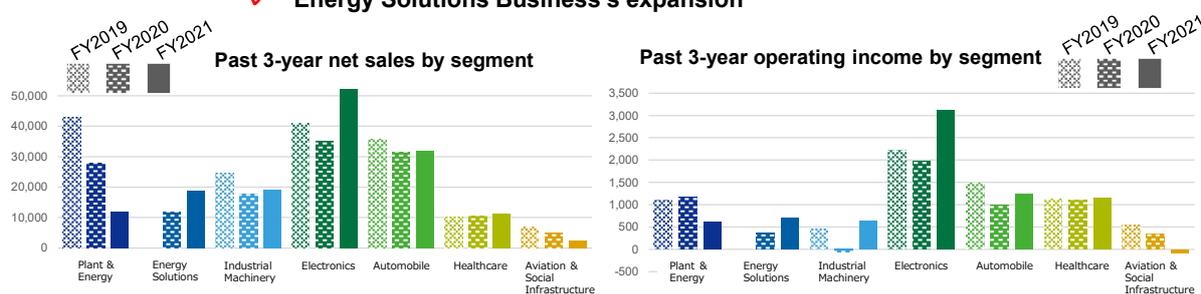
- **Quantitative Targets**
- **Qualitative Targets**

FACE2021 Quantitative Targets

(Yen in millions)	FY2019	FY2020	FY2021 Results (A)	FACE2021 Targets (B)	Difference (A - B)	Achievement rate (A / B)
Net sales	161,476	140,029	148,075	185,000	△ 36,924	80.0%
Operating income	6,998	5,729	6,866	8,300	△ 1,433	82.7%
Ordinary income	7,426	6,464	7,792	8,500	△ 707	91.7%
Profit attributable to owners of parent	4,876	4,754	5,363	5,700	△ 336	94.1%
ROE	10.4%	9.3%	9.6%	10.0% or higher	-	-

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

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



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[FACE2021 Quantitative Targets]

Slide shows change in business performance under FACE2021, our Medium-term Business Plan.

Although we did not achieve the planned figures for the final fiscal year, our seven segments complemented each other.

Our business portfolio functioned very well. Although we were impacted by restrictions on our activities in every region around the world due to the COVID-19 pandemic, we actively utilized digital technology such as online factory tours, specification meetings, equipment startups and technical support, which led to order receipt and sales.

By segment, our Electronics Business was quick to capture demand for equipment in the Chinese market as it quickly recovered from the COVID-19 pandemic, and in the Asian region, where production bases were shifted from China, which supported our business performance.

Our Healthcare Business was renamed for business expansion.

Our engineering capabilities being a strength, inquiries for not only the inspection process but also the entire production process have increased, resulting in both expansion of our business domain and profit generation.

Our Energy Solutions Business became independent in its third year with its lithium-ion battery manufacturing-related business as its main strength. The Business contributed to our performance by taking advantage of the worldwide shift toward decarbonization to successfully win a series of large-scale orders.

On the other hand, our Automotive Business was unable to achieve its expected results as the market penetration of our strategic products was delayed in the face of rapid changes in capital investment trends across the industry. We will seek to improve our business structure and ensure a successful catch-up in the next three years.

1. Evolution of domain-based management system, and enhancing profitability

- New Business Divisions Established (Automotive, Energy Solutions Business)
- Business Field Expansion (Healthcare, Aviation & Infrastructure)
- Enhancing profitability is a continuous challenge.

2. Strengthening the driving force of management

- Established our new Corporate Strategy Div.
- Laid the groundwork towards growth
- Introduction of new HR system

3. Enhancement of corporate quality

- The Governance Committee fulfilled its function.
- Acquired BBB+ (Positive)

[FACE2021 Qualitative Targets]

Under the “Evolution of domain-based management system, and enhancing profitability” target, we have expanded our business fields over the past three years by launching new business divisions such as the Automotive and Energy Solutions Businesses, transitioning the Pharma business into the Healthcare Business, and incorporating Infrastructure into the Aviation Business. Although we believe that our business portfolio has become stronger and that our profitability is improving, we will continue our efforts for further improvement.

With respect to the “Strengthening the driving force of management” target, we have laid the foundation for future growth by formulating a new management philosophy and growth strategy "V2030," and laying the groundwork for an investment system, etc. under the leadership of the Corporate Strategy Division established in April 2021.

The new human resources system, which has begun operating, has paved the way for career paths that take advantage of diverse job functions.

With respect to the “Enhancement of corporate quality” target, the Governance Committee, where outside directors actively voice their opinions, has begun to fulfill its function effectively, and one positive result is that our credit rating outlook has changed from BBB+/Stable to BBB+/Positive.

On the other hand, as transactions become larger, more complex, and more sophisticated, and the transaction risks to be addressed also become more diverse, we feel that risk management needs to be further strengthened and recognized as an issue that we must continue to address.

This is a summary of FACE2021. We feel that the qualitative targets have achieved a certain degree of success as a period for laying the foundation.

V . New Management Philosophy

- New Management Philosophy
- Sustainability Initiatives

[New Management Philosophy]

In reviewing the medium-term management plan FACE2021, we further recognized the need for a sweeping review of our corporate management and strategic planning from a longer-term perspective in light of the recent situation where major changes in the social and business environment continue to occur. We believe that this is the time to reevaluate the significance of our very existence and mission in the coming age, and thus we have established a new management philosophy system in accordance with our founding spirit.



[New Management Philosophy]

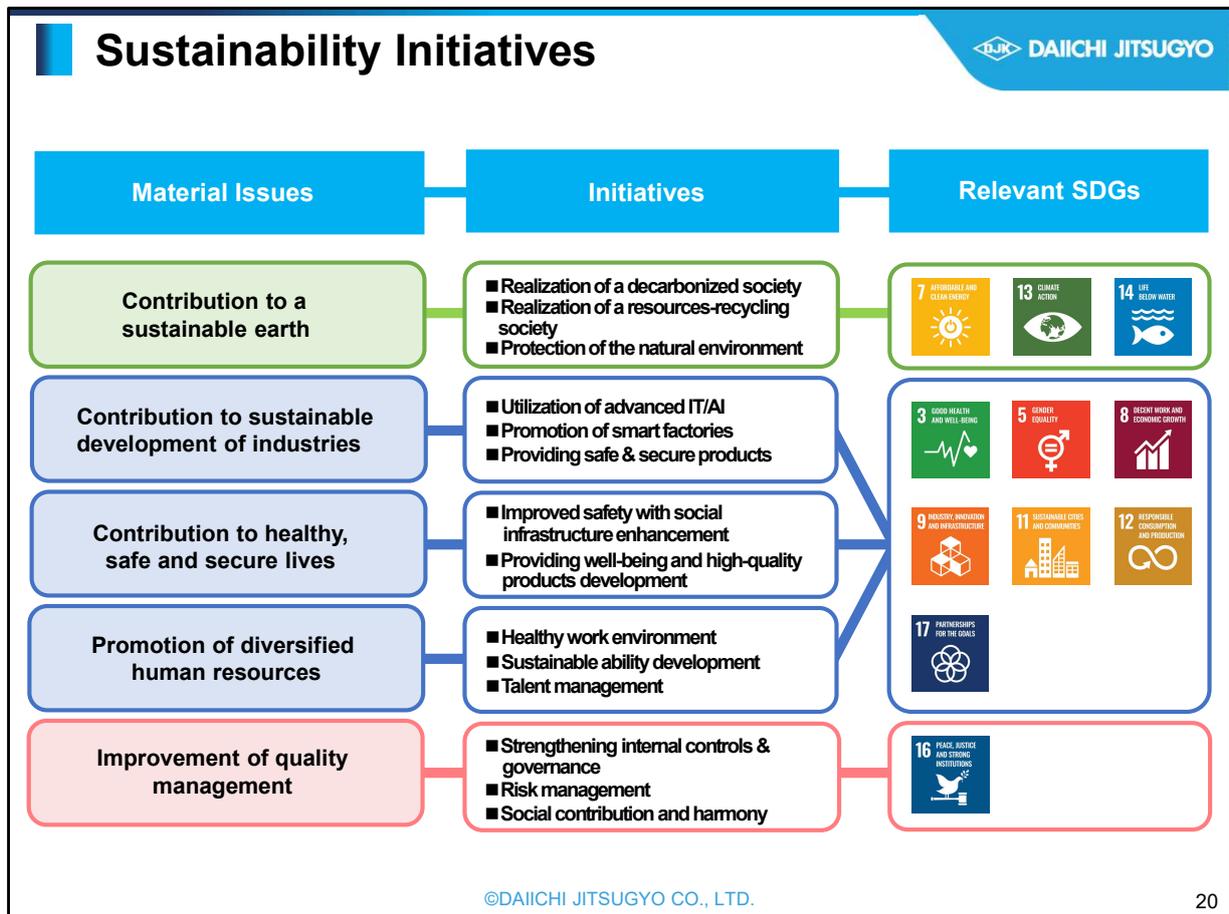
This is our new management philosophy.

Our mission is to further promote the existing principle of “Connecting People, Connecting Technology,” and consequently contributing to “Enriching the World,” that is helping make the world a place where each person has well-being and feels fulfilled.

To make this a reality, our vision is to be a manufacturing partner that is ahead of the times, contributing to the growth of our customers’ businesses and the realization of a sustainable society, with our engineering functions at the core. Our vision is to be *the* “Next-generation engineering trading firm.”

We should not fail to add further value to our track record as a machinery supplier, and by continuing such efforts, we aim to become *the* engineering-focused trading firm that will lead the next generation. This is a manifestation of that vision.

In addition, we recognize that it is a pleasure being a company that pursues *growth* based on the *trust* it can gain by meeting the expectations of its stakeholders and fulfilling its social responsibilities, and whose growth will contribute to the realization of global affluence and *contribute* to society. Therefore, we have clearly stated these as important values that have been and will continue to be indispensable.



[Sustainability Initiatives]

In considering future growth, we have identified material issues upon review of the important issues surrounding us and our stakeholders, based on our desire to contribute not only to our own growth, but also to the realization of a sustainable society, in harmony with society and the environment.

Based on issues classified by ESG aspect, we regard the following five pillars as material and will carry out initiatives to promote sustainability:

■ **Environmental Aspect**

- Contribution to a sustainable earth environment

■ **Socioeconomic Aspect**

- Contribution to the sustainable development of industries
- Contribution to healthy, safe, and secure lives
- Promotion of diversified human resources

■ **Governance Aspect**

- Improvement of management quality

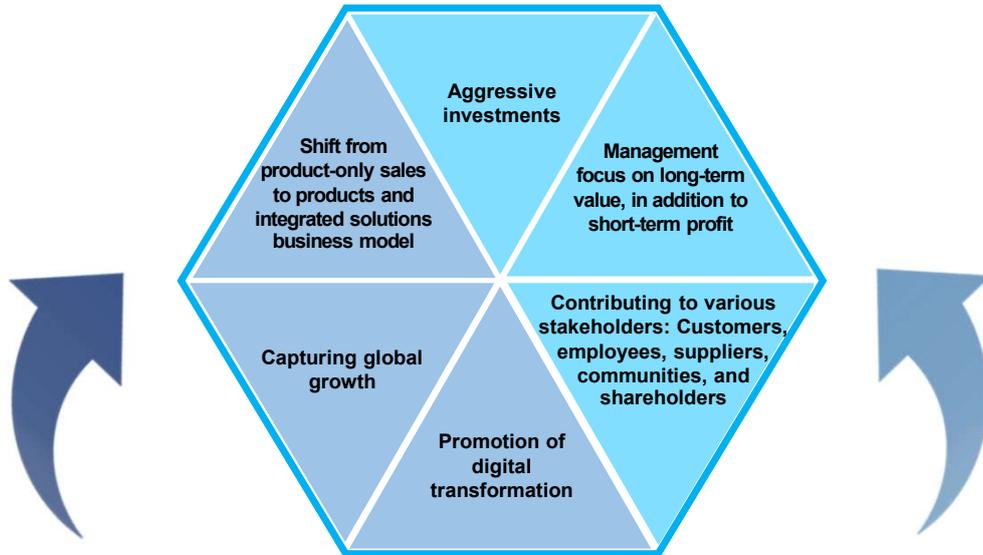
VI. Growth Strategies V2030 (Vision2030)

- **Growth Curve to be Developed**
- **Background of Basic Strategies**
- **Basic Strategies**
- **Investment Strategies**
- **Quantitative Targets**



[V2030 Growth Curve]

We have achieved steady and relatively gradual growth since our founding, but we have formulated a growth strategy V2030 with strong determination to chart a different growth curve in the future.



Business strategy task force				Management strategy task force					
Current status analysis / market analysis	Segment strategies	New fields	Digital strategies	Global management	HR strategies	Engineering	Investment strategies	Capital strategies/ Finance strategies	Sustainability

[Background of V2030 Basic Strategies]

In formulating V2030, we established task force teams for business strategy and management strategy. The teams discussed issues that are essential for our future and formulated six basic strategies:

■ **Key strategies to change the angle of our future growth curve**

- “Aggressive investments”
- “Shift from product-only sales to products and integrated solutions business model”
- “Capturing global growth”

■ **Strategies to realize our goals from a more medium-term perspective**

- “Management focus on long-term value, in addition to short-term profit”
- “Contributing to various stakeholders”
- “Promotion of digital transformation”

These will be put into practice as our basic strategies.

1. Aggressive investments

- Investments towards business expansion, strengthening, and creation, as well as solutions to social issues

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

- Build management base, for medium- to long-term profitability by improving capital efficiency.

3. Contributing to various stakeholders: Customers, employees, suppliers, communities, and shareholders

- Achieve a sustainable society by addressing our materialities.

4. Shift from product-only sales to products and integrated solutions business model

- Proposals for embedded-services business, and subscriptions models, etc.

5. Capturing global growth

- Make more business dealings with foreign companies.

6. Promotion of digital transformation

- Significantly improve productivity, and creation of innovative business models.

[V2030 Basic Strategies]

1. Aggressive investments

We will expand and reinforce our business and create new businesses.

We will consider investments from a long-term perspective that will lead to solutions to social and environmental issues.

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

Although we have promoted a P&L-oriented management strategy until now, we will build a management base that can generate medium- to long-term profits with an optimal asset portfolio for each segment by being aware of our balance sheet on top of our P&L, by, for example, improving capital efficiency such as cash conversion cycles.

3. Contributing to various stakeholders

Through business activities, we aim to address important issues surrounding our diverse stakeholders, including our employees, business partners, local communities, shareholders, investors and the global environment, in order to realize a sustainable society and to evolve into a company that can create environmental, social, and economic value.

4. Shift from product-only sales to products and integrated solutions business model

The key to growth will be to take steps such as shifting from the purchase and sale of production equipment to business proposals with embedded services such as manufacturing solutions, and from mere selling to the introduction of subscription models.

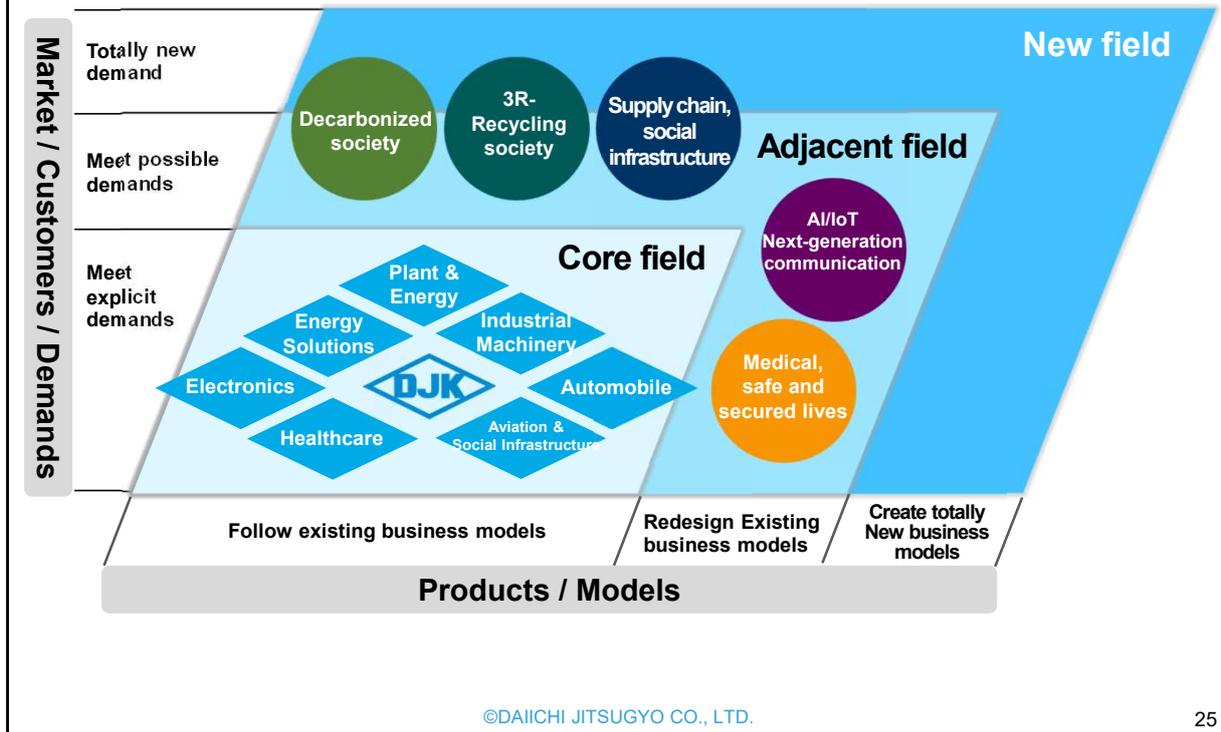
We will further integrate our sales and technical services to increase the added value that we provide and strengthen our engineering capabilities.

5. Capturing global growth

We have developed our business mainly with Japanese customers until now. For future growth, we will strive to further expand our business with foreign companies.

6. Promotion of digital transformation

We will promote the realization of our “DX vision,” which is to utilize digital technology to drastically reform the way employees work and communicate, achieve overwhelming productivity, create innovative business models, and increase corporate value.



[V2030 Investment Strategies]

Summary of “Aggressive investments” as a crucial pillar:

Core field: Addressing current demand

Investment in response to currently existing demand, including human capital and infrastructure improvement

Adjacent field: Create social and economic value from existing businesses

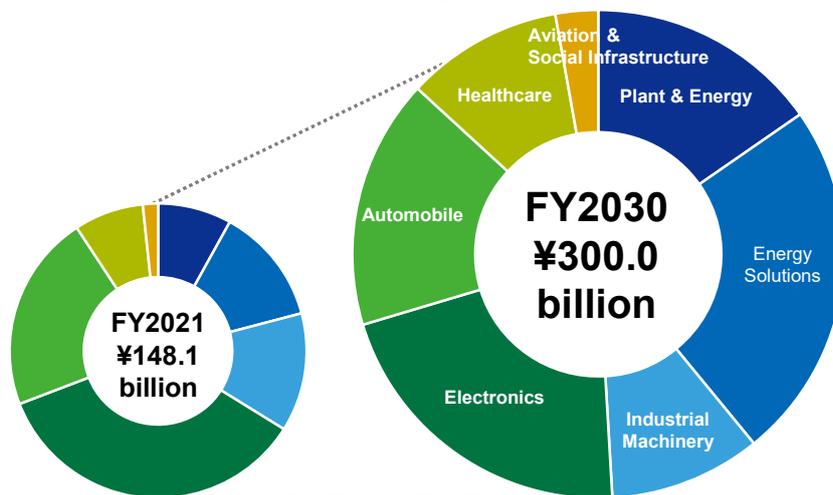
Investment in efforts to solve social issues, such as decarbonization and next-generation energy

New field: Create new businesses through connections with the Core and Adjacent Areas and chart a new growth curve.

V2030 Quantitative Targets

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

Comparison of sales composition by segment



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[V2030 Quantitative Targets]

Net sales: 300 billion yen
 Operating income: 12.5 billion yen
 ROE: 10%

Pie chart: Comparison of sales composition between FY2021 and FY2030

Our strength lies in our business portfolio, where our seven segments complement each other. We will aim to achieve our quantitative targets by further establishing a diversified portfolio in each segment.

Our fast-growing Energy Solutions and Healthcare Businesses are positioned as future growth drivers. We aim to achieve dramatic growth in our Energy Solutions Business by further expanding transactions with foreign companies and in our Healthcare Business by accelerating the expansion of its business domains.

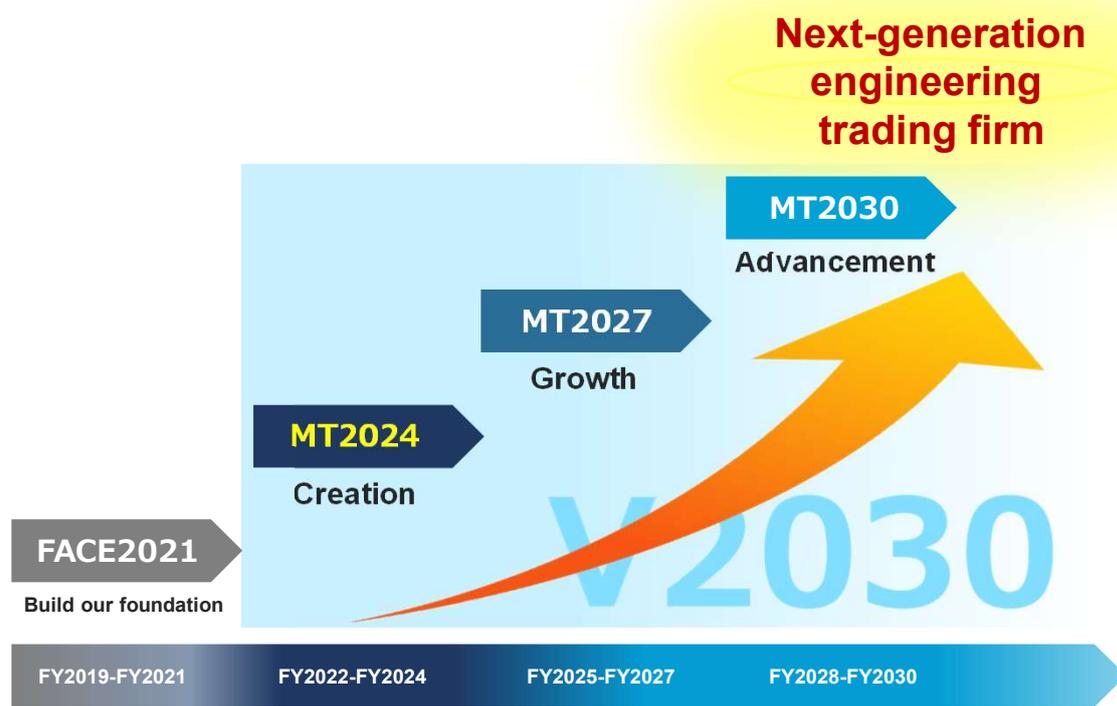
Our Plant & Energy Business will rebalance its existing businesses and will begin full-scale expansion into decarbonized businesses, starting with the investments in new technology for ammonia production and biomass power plants that were made in FY2021.

Through these efforts on top of our investment strategy, we aim to achieve net sales of 300 billion yen in FY2030.

VII. New Medium-term Business Plan, MT2024

- **MT2024 Positioning in V2030**
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MT2024 Positioning in V2030



[MT2024, New Medium-term Business Plan, Positioning in V2030]

Backcasting from V2030, our growth strategy to realize its vision of becoming *the* "next-generation engineering trading firm," we have formulated a new medium-term management plan MT2024 (Creation Phase), which positions each of the three-year periods from FY2022 through FY2030 as periods of "Creation," "Growth," and "Advancement," respectively.

V2030 Basic Strategies	MT2024 Qualitative Targets
<ol style="list-style-type: none"> 1. Aggressive investments 2. Management focus on long-term value, in addition to short-term profit 3. Contributing to various stakeholders: Customers, employees, suppliers, communities, and shareholders 4. Shift from product-only sales to products and integrated solutions business model 5. Capturing global growth 6. Promotion of digital transformation 	<ol style="list-style-type: none"> 1. <u>Business strategies for growth</u> <ol style="list-style-type: none"> ① Strengthening of engineering capabilities ② Strategic business investment ③ Expansion of businesses with global companies ④ Progressing digital transformation 2. <u>Strengthening management base</u> <ol style="list-style-type: none"> ① Deepening corporate governance ② Strengthening risk management ③ Strengthening financial strategies ④ Strengthening human resources strategies ⑤ Promotion of sustainability management

[MT2024 Qualitative Targets]

We established the qualitative targets of MT2024 established based on the basic strategy of V2030. We will promote the enhancement of our management base, find seeds that will bear fruit in the soil we have cultivated so far, and make this time a period to sow seeds and let them sprout.

We have two major qualitative targets, "Business strategies for growth" and "Strengthening of management base," two topics that we will now explain.

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

[MT2024 Specific Challenges / Business]

There are four topics within the “Business strategies for growth” target.

In particular, the Company will focus on:

- ① Strengthening engineering capabilities, and
- ③ Expansion of business with global companies.

① Strengthening engineering capabilities

This is the most important topic for realizing our vision of becoming *the* “next-generation engineering trading firm.”

To meet the increasingly large, complex, and sophisticated demands of its customers, we will accelerate the expansion of our technical resources and infrastructure improvement, and through solution proposals, we will improve our profitability by focusing on our businesses that are recognized for their unique value.

③ Expansion of business with global companies

Some business segments are already globalizing, and we will strengthen these activities company-wide to accelerate global expansion. In recent years, business with foreign companies has been expanding, and with organizational reform in mind, we will strive to strengthen our human resources and infrastructure to enhance the value we provide around the world.

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

[MT2024 Specific Challenges / Management]

There are five topics within the "Strengthening of management base" target.

We believe that strengthening our human resource strategy is most important in accelerating our business strategy for further growth.

To accelerate the expansion of global business and the promotion of digital transformation, we will invest in hiring and training highly specialized personnel.

Our entire Group will aim for growth by securing human resources necessary for future business strategies and appointing the right people to the right positions.

In particular, the success of our approximately 500 foreign employees will be essential to the expansion of business with foreign companies that we aim to achieve. To that end, we will strive to create an environment where they can play an even more active role by enhancing our training system, improving their skills, and promoting their retention.

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.

[Themes Focused by Segment]

Key themes by segment in MT2024:

■ **Energy Solutions Business**

■ **Industrial Machinery Business**

■ **Healthcare Business**

⇒We will focus on strengthening our engineering capabilities.

■ **Plant & Energy Business**

■ **Automobile Business**

⇒We will accelerate our efforts to address issues such as decarbonization and carbon neutrality.

■ **Electronics Business**

⇒We will accelerate our efforts on our Logistics Automation Solution LOGITO and make it a new business core.

■ **Aviation & Social Infrastructure Business**

⇒We will promote the development of new high added-value, high efficiency and wide-ranging services.

MT2024 Quantitative Targets

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

[MT2024 Quantitative Targets]

In addition to our quantitative targets, we have also disclosed an orders received target.

The first annual forecast for FY2022 is as mentioned above.

Orders are relatively strong and order backlogs are increasing.

We have obtained many inquiries for promising projects, including in the Energy Solutions Business. By ensuring that we receive orders for these projects, we will get on a growth trajectory in FY2023, the second year of the plan, and ensure the achievement of this plan.

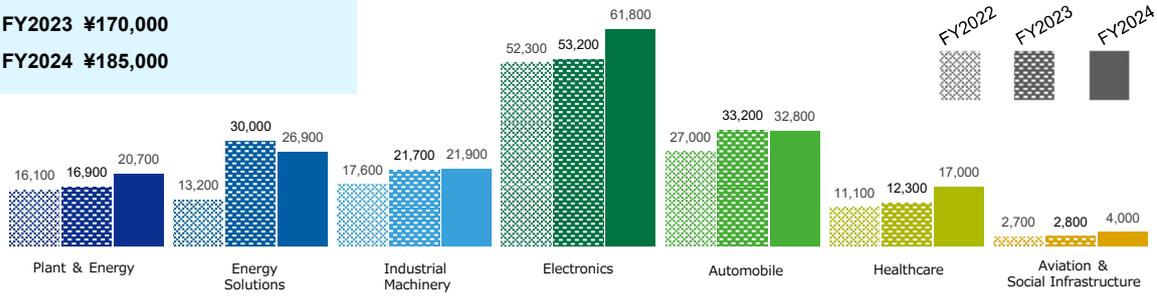
Our ROE averaged 9.7% in the previous medium-term management plan, so we will aim for 10% by balancing stable profit growth and aggressive investments.

Financial Targets by Segment

Total consolidated net sales
 FY2022 ¥140,000
 FY2023 ¥170,000
 FY2024 ¥185,000
 (Yen in millions)

Net sales

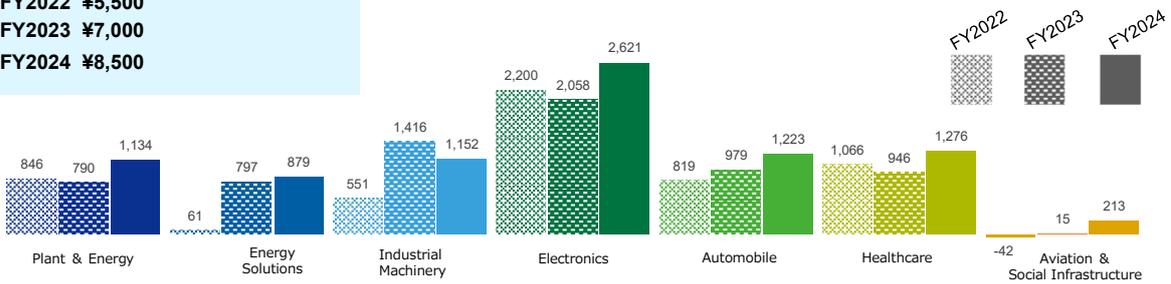
(Yen in millions)



Total consolidated operating income
 FY2022 ¥5,500
 FY2023 ¥7,000
 FY2024 ¥8,500
 (Yen in millions)

Operating income

(Yen in millions)



[Financial Targets by Segment]

List of planned net sales and operating income by segment.

We will promote aggressive activities, including investments, in each segment.

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

Thank you for your attention.

Contact

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