

A Message from the President & CEO



We will make a leap forward to be the **next-generation engineering trading firm** by steadily implementing our business strategies for growth and strengthening our management base.

Ichiro Uno Representative Director
President & CEO

Making a strong start in the first fiscal year of the medium-term business plan MT2024 Exceeding all targets

With your support, DJK celebrated its 75th anniversary in August 2023. Throughout its history, DJK has accurately captured customer needs as they evolved together with the times, growing through the continual creation of new value. With all of society entering a period of great upheaval in the wake of the COVID-19 pandemic, we have established a new philosophy, setting forth our mission of "Connecting People, Connecting Technology and Enriching the World," our vision to be the next-generation engineering trading firm, and our values of Trust, Growth, and Contribution. We are pursuing our three-year medium-term business plan MT2024, launched in April 2022, under the V2030 growth strategy, targeting rapid growth and net sales of ¥300 billion in the fiscal year ending March 31, 2031.

In the fiscal year ended March 31, 2023, the first fiscal year of MT2024, we achieved strong results that exceeded both our initial and revised forecasts against the backdrop of vigorous investment activities by our customers. Orders received reached their highest level ever, exceeding ¥200 billion, while net sales increased year-on-year and gross profit and profit attributable to owners of parent also reached their highest levels ever, all exceeding their targets for the first fiscal year of the plan. As a result, we achieved return on equity (ROE) of 10.3% compared to the MT2024 target of 10%. Stable growth is crucial for us to continue to maintain and improve ROE at

10% and above. We will therefore endeavor to boost the operating income margin and engage in initiatives such as improving the cash conversion cycle.

Business strategies for growth (1)

Strengthen engineering capabilities that boost added value in the trading business

Under MT2024, we have established four themes for our business strategies for growth: 1) Strengthening engineering capabilities, 2) Strategic business investment, 3) Expansion of business with global companies, and 4) Progressing digital transformation. Of these, 1) Strengthening engineering capabilities is especially important.

Throughout the Company's 75-year history, our core competency has been our trading business, specializing in machinery sales. We have worked to enhance the value of this trading business through a range of initiatives such as our own after-sales service and support for our customers' global expansion into Europe, the Americas, Asia, and China, including the accumulation of international logistics know-how for equipment. However, we must further enhance our added value to fulfill our mission of "Connecting People, Connecting Technology and Enriching the World" and achieve sustainable growth. We aim to be a technically focused trading company that goes beyond a product-only sales model of simply purchasing machinery from manufacturers and selling it, to establish a products and integrated solutions business model. We hope to leverage our

Interview with the President

engineering capabilities to grow into a business partner that can provide one-stop support for our customers, right from the very first stage of business concept design. As part of this endeavor, we established the Engineering Division in April 2023. In addition to actively recruiting experienced engineers, we are also revising the personnel system related to career development for skilled employees. Going forward, we aim to coordinate with our Group companies DAIICHI MECHA-TECH CORPORATION and DAIICHI ENGINEERING CO., LTD., as well as our overseas bases, to form a community of engineers to handle increasingly large, complex, and sophisticated projects. We have already implemented M&A activities to facilitate stronger engineering capabilities as the first of our strategic business investments.

Business strategies for growth (2)

Implementing strategic business investment to facilitate stronger engineering capabilities

Under MT2024, we will implement strategic business investment to boost added value in the trading business. We have classified our business investments into the following three areas.

1) Core fields, where we will strengthen our current seven businesses, 2) adjacent fields, which are extensions of our core field businesses (development of fuel manufacturing equipment to achieve carbon neutrality, entry into fuel supply chains, entry into the medical equipment manufacturing business, etc.), and 3) new fields, where we will create new businesses (including investment in startup companies, etc.). We have established an investment budget totaling ¥15.0 billion, including ¥5.0 billion over the two years from 2023 to 2024 and ¥10.0 billion over the three years from 2025 to 2027.

We made the first of our strategic business investments in July 2023, when we acquired the shares of Wave Engineering Corporation, making it a consolidated subsidiary of DJK. Wave Engineering Corporation is engaged in the design and production of petroleum, petrochemical, and chemical plants, as well as consulting. It specializes in FS¹ and FEED² services for basic plant design. DJK has hitherto participated in plant projects as an EPC contractor³ from the stage after customers have completed these basic designs. The inclusion of Wave Engineering in the DJK Group will facilitate our shift to integrated solutions (selling software rather than hardware) and the strengthening of our engineering capabilities. Moreover, integrating Wave Engineering's

strength in simulation engineering with the Group's plant engineering capabilities will enable us to provide one-stop FS, FEED, and EPC services as the next-generation engineering trading firm. Going forward, Wave Engineering will coordinate with the previously mentioned Engineering Division and DJK Group companies to develop aggressive sales, including initial-stage proposals, not only in the Plant & Energy Business, but also in the Automotive, Healthcare, Aviation & Social Infrastructure, and other businesses.

We believe that we have made an outstanding business investment that will lead to stronger engineering capabilities in our core businesses as the first of our strategic business investments. We uphold "solid operation" as DJK's founding spirit. Until now, we were not always proactive about making business investments. We have now established a business investment system and a three-stage decision gate for the implementation of strategic business investments through our Investment Council. Decisions on each investment project are made after it is thoroughly examined and the Investment Management Reviewing Committee has determined whether it will effectively benefit the future of DJK. We have gained substantial know-how through our investment in Wave Engineering, and we will further refine our investment decision-making abilities to implement further business investments with prioritization in mind.

Business strategies for growth (3)

Revitalizing human resource exchange to strengthen global human resources

The DJK Group does business globally, pivoting on the four areas of Europe, the Americas, Asia, and China. Under MT2024, we have established the "expansion of business with global companies" as one of our growth strategies. In the fiscal year ended March 31, 2023, we achieved sales of battery materials production equipment and battery cell production equipment to major companies in Europe and the United States in our Energy Solutions Business, as well as automated assembly machines for medical equipment manufacturing in the United States in our Industrial Machinery Business. We believe that expanding our engineering functions overseas is vital for our future business expansion with global companies. This includes developing competent overseas employees and promoting an understanding of the function of trading companies. Until now, we provided practical employee education and training such as after-sales service in



each region and country, centered on the regional headquarters in each area. Japanese employees assigned to each overseas base would demonstrate our function as a trading company, mostly to Japanese companies in the local region. However, there was not always sufficient understanding among overseas employees regarding the concept of the "next-generation engineering trading firm" to which the Group aspires. We are therefore currently engaged in explaining aspects such as DJK's new philosophy to employees to raise awareness group-wide. We have also launched a long-term training program in Japan to enable employees from overseas bases to experience the day-to-day operations of a trading company and promote DJK's values when they return to their local area. This new training program is expected to lead to the expansion of our businesses overseas by boosting overseas employees' knowledge of manufacturing technologies. In addition to day-to-day operations, they will gain experience at locations such as production sites for lithium-ion batteries, for which demand is growing worldwide. More vigorous human resource exchange will enable overseas employees to gain a new understanding of the role of a trading company. We want them to go beyond the simple task of selling products across their desks to play an integral role in solving the problems faced by customers. We hope to develop overseas employees who can promote DJK's values in their own worlds.

Business strategies for growth (4)

Promoting both defensive and aggressive DX

The DJK Digital Transformation Vision sets forth our vision for progressing digital transformation: "Leveraging digital technologies to radically transform the ways employees work and communicate, and achieve overwhelming productivity, in line with creating revolutionary business models to increase our corporate value." In April 2023, we established the Digital Innovation Center as a division to oversee our pursuit of this commitment as a company. We promote DX from both a defensive and an aggressive standpoint. Through the use of technologies such as AI, we will boost internal productivity from a defensive perspective, while aggressively engaging in the creation of a range of new proposals and services for customers. Because of the nature of our business as a trading company, covering numerous industries and product types, it will be challenging to transition from a system of databases in each business to a comprehensive group-wide system. However, we have already commenced the construction of a group-wide enterprise resource planning (ERP) system, aiming to utilize data from across the Group as a data-driven company. Securing human resources is key to achieving this. In addition to recruiting competent human resources for DX, we are engaged in internal DX education on issues such

*1 FS: Feasibility Study (the prior examination and consideration of whether a project is feasible)
 *2 FEED: Front End Engineering Design (basic design carried out after the FS)
 *3 EPC contractor: A company that undertakes engineering, procurement, and construction for a project

Interview with the President

as the recent topic of ChatGPT and other generative AI technologies, including related security issues.

Strengthening management base (1)

Strengthening people-based corporate management while accurately managing diverse risks

Under MT2024, we have established five themes for strengthening the management base: 1) Deepening corporate governance, 2) Strengthening risk management, 3) Strengthening financial strategies, 4) Strengthening human resources strategies, and 5) Promotion of sustainability management. In the first year of the plan, we steadily implemented various measures to address these themes.

We are proud to say that we have enhanced our corporate governance structure to a certain level, partly due to the knowledge provided by our outside directors. Moreover, in June 2023, we welcomed the appointment of an outside director with management experience at another company, and we expect him to provide advice from a new perspective based on his career knowledge and social trends.

In April 2023, we established the Integrated Risk Management Office as part of our efforts to strengthen risk management. The Integrated Risk Management Office will centrally manage

information on business risks, natural disasters and other risks from the perspective of business continuity planning (BCP), as well as the increasingly diverse range of risks due to social changes in human resources, labor, and other factors. It will identify, analyze, evaluate and formulate measures to address new risks in Japan and overseas. We have hitherto focused our efforts on business partner credit risk and other aspects of business partner management. However, the increasing scale, complexity, and diversity of projects have meant that more people are involved in each project, increasing safety and health risks in particular environments overseas, as well as risks such as those associated with the control of information leaks between the people involved. Even a slight lapse in vigilance may result in massive penalties and the collapse of trust. Therefore, we will strive to further upgrade our integrated risk management to ensure that we can maintain sustainable business activities.

On the theme of strengthening financial strategies, we have obtained a long-term issuer rating (credit rating) of "A- (stable)" from Japan Credit Rating Agency, Ltd. We will endeavor to maintain and enhance our financial soundness, without damaging our management resources, while also engaging in business investment in growth fields from a long-term perspective. Growth investments are not sustainable without a stable revenue base. This is one reason why we will strive to maintain an ROE of 10% or above, aiming for further improvement, with

a constant awareness of the operating income margin and the cash conversion cycle, as I described at the outset.

Regarding our human resources strategies, we revised the personnel system and established a systematic human resources development program in the fiscal year ended March 31, 2023. We also implemented an awareness survey aimed at strengthening employee engagement. As a result, we were pleased to note employees' generally positive assessment of personal relationships and enthusiasm for work, although some employees requested skills improvement. Going forward, we will engage in measures for ability development, focused on long-term personnel development, in tandem with the strengthening of management. We will also strive to achieve further improvements through reforms in the way we work. Although there is a need for some employees to attend to shipments on weekends and holidays for customer convenience, we will implement work-sharing systems to prevent the concentration of this workload on any employee.

Strengthening management base (2)

Contributing to society and promoting sustainability management though our core businesses

In the fiscal year ended March 31, 2023, we declared our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and calculated our Scope 1 (direct) and Scope 2 (indirect) greenhouse gas emissions as part of our environmental management. In April 2023, we went on to launch the Sustainability Promotion Department as the secretariat of the Sustainability Committee to engage in internal sustainability promotion activities and establish methods of evaluating initiatives to address the five ESG-related materialities (important issues) identified by the Group.

In particular, we hope to implement activities reflecting our initiatives to address "contribution to a sustainable earth," including the "realization of a decarbonized society," the "realization of a resource-recycling society," and "protection of the natural environment," in our business activities. One example in recent years is the commencement of construction work, in July 2023, on surface plant facilities for the Kashiwazaki Clean Hydrogen/Ammonia Project implemented by INPEX CORPORATION. This project is the first in Japan to build an integrated hydrogen and ammonia value chain from production to usage. Hydrogen and ammonia are forms of clean energy that do not generate CO₂ when used. The technology of Tsubame BHB Co., Ltd., a capital alliance partner of DJK, has been adopted for ammonia production, and DJK will perform the role of EPC contractor for the ammonia production

equipment. Likewise in July 2023, construction work commenced on the Genkai Biogas power plant, one of the largest in Kyushu, to which DJK will supply the gas engine generator and other key equipment. This power plant will use the fermentation gas produced by heated cowpats and other livestock manure to generate electricity equivalent to the amount consumed annually by approximately 4,500 average households. It is expected to result in the reduction of approximately 3,700 t of CO₂ per year. Our participation in large-scale environmental contribution projects such as these carries great social significance, and we hope to continue to actively contribute to the environment through our businesses. We aim to expand our horizons to include the total coordination of environmental contribution projects from the initial design stage onward, utilizing the capabilities of Wave Engineering Corporation, now part of the DJK Group.

To our stakeholders

Demonstrating our function as a trading company and fulfilling our social role as we aim for a wellbeing-centered society

In the previous section, I explained some examples of environmental contribution in our Plant & Energy Business. This is just one of the DJK Group's businesses. In our Energy Solutions Business, we sell a large volume of battery materials production equipment, as well as battery recycling equipment and storage battery systems, amid the progressive worldwide spread of lithium-ion batteries for electric vehicles. We also handle a wide variety of key equipment that contributes to deplasticization and decarbonization in our other businesses. The Group is more than just a supplier that handles machinery, and we will contribute to the environment and society by supporting our customers' businesses as a vital business partner.

It is thanks to the understanding and cooperation of our customers, business partners, and various related parties that DJK has been able to continue and develop its businesses over the last 75 years. Even as it transforms itself, the Group will continue to enrich the world through products developed from cooperation with customers, as it has always done, playing a key role in the creation of a society where everyone can feel a sense of wellbeing. Through publications such as this report, we hope to make the value of the Group's trading company function more widely understood. Based on this understanding, all of the Group's officers and employees will strive to fulfill their duties with pride and a sense of worth. I look forward to your continued support.



A Message from the CFO

We will accelerate growth investments built on a stable revenue base to further enhance corporate value.

Osamu Fukawa

Director, Managing Executive Officer, CFO



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

Overview of the fiscal year ended March 31, 2023

In the fiscal year ended March 31, 2023, the first year of the medium-term business plan MT2024, net sales increased year-on-year and profit attributable to owners of parent reached a record high. By area, sales in China fell due to the impact of movement restrictions during the first half of the fiscal year. However, sales grew in other areas, primarily Asia, but also the Americas and Europe, as the Group demonstrated the strength of its global structure. Meanwhile, operating income was flat year-on-year, mainly due to an increase in variable costs associated with the lifting of movement restrictions for COVID-19 and an increase in depreciation and amortization resulting from the introduction of a non-consolidated enterprise resource planning (ERP) system. In view of the gain on sale of marketable and investment securities and other one-off extraordinary profit included in profit attributable to owners of parent, as well as a recognition of the factors that led to an increase in selling, general and administrative expenses (SGA expenses), we see it as our challenge to invest in strengthening our sales force and management capabilities to boost operating income in the future.

[See pp.29-44 for details](#)

Initiatives under the medium-term business plan MT2024

We have established strengthening financial strategies as a way to strengthen the management base under MT2024. While maintaining a stable financial base, we aim to reform our earning model through growth investments and other measures and improve capital efficiency. In doing this, we are particularly conscious of three points: profitability, growth, and stability.

Maintaining and improving profitability

In terms of profitability, in the fiscal year ended March 31, 2023, we achieved a return on equity (ROE) of 10.3%, exceeding our target for the first year of MT2024. To maintain ROE above the 10% mark, it will be vital for us to strengthen gross profit and operating income. Until now, the Group's management has focused on preventing any operating loss. Our strength has been in our mechanisms to manage gross profit for each project based on a common format. Under MT2024, as delivery times become longer due to the increase in large projects, we will engage in management focus on long-term value in addition to short-term profit; in other words, integrated management to enhance profitability with a consciousness of capital efficiency. Last fiscal year, we prepared balance sheets for each business division and started sharing the cash conversion cycle at monthly corporate sales meetings for the purpose of discussing balance sheet optimization and investment strategy at each division. Going forward, we will implement more sophisticated business management with a consciousness of return on invested capital (ROIC).

Pushing ahead with investment linked to long-term growth

Under MT2024, we will promote strategic business investment as a key measure to stimulate growth. We have set an investment budget of ¥15.0 billion over the five years to the fiscal year ending March 31, 2027, across three areas: core fields, adjacent fields, and new fields. In the fiscal year ended March 31, 2023, we established and launched our basic policy and deliberation process for business investment. Specifically, we collect a list of possible investment projects from each business division, which is then narrowed down by the Business Development Department of the Corporate Strategy Division. The Investment Management Reviewing Committee, which I chair, then discusses the investment project candidates from the long-term perspective of enhancing corporate value. Finally, the Board of Directors decides on each investment project. We made the first of our strategic business investments in July 2023, when we acquired the shares of Wave Engineering Corporation, a company engaged in the design and production of petrochemical and other plants, as well as consulting. [See pp.25-26 for details](#)

Looking ahead, we will endeavor to achieve a more mature business investment system by reviewing past investment projects and sharing the lessons learned within the Group, implementing small-scale test trials of investments based on on-site authorization, and holding in-house training sessions and similar forums. I feel that we have developed sufficient capabilities for the quantitative analysis of investments, and we will raise our qualitative analysis capabilities as we accumulate more experience. We will generate synergies within the Group through business investments that go beyond short-term profits and engage in deeper discussions, including the input of knowledge by outside directors, to enhance corporate value from a long-term perspective. We hope to expand our range of investment options, including recovering the cash payments for upfront investments through depreciation and amortization.

We are also promoting investments in human resources and digital transformation (DX) to boost the Group's competitive strength. We actively seek to recruit experienced engineers and competent human resources for DX to strengthen our engineering capabilities. At the same time, we revised the salary system in the fiscal year ended March 31, 2023, raising salaries by approximately 6% across the board as part of our efforts to establish rewarding workplace environments. These measures have resulted in a progressive rise in personnel expenses. However, we believe that the effectiveness of these investments is demonstrated by the steady increase in sales and profits in growth fields such as our Energy Solutions Business.

Regarding investments in DX, we have introduced a new ERP system for DJK, on a non-consolidated basis as part of our efforts to promote integrated management, including balance sheet management. We are progressively integrating this system with the ERP systems we have already introduced overseas. We are also holding numerous study sessions to consider

how to utilize the various forms of generative AI in our businesses in the future.

Maintaining a stable financial base

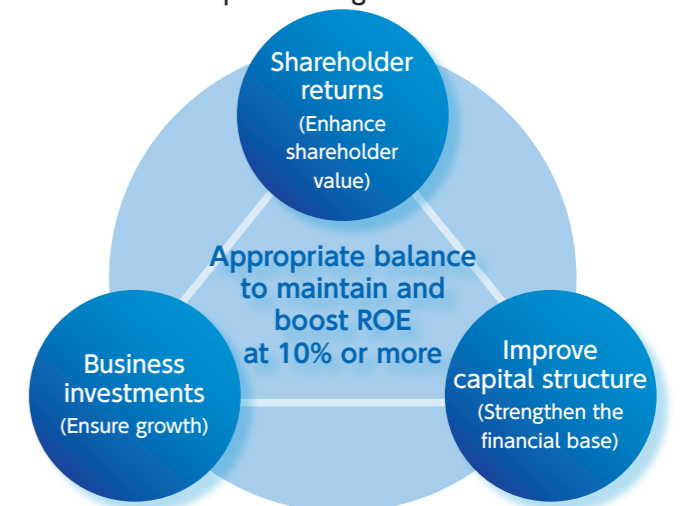
A stable financial base is a vital prerequisite for pursuing various measures and investments aimed at strengthening profitability. We have obtained a long-term issuer rating (credit rating) of "A- (stable)" from Japan Credit Rating Agency, Ltd., and we will work to manage an appropriate level of shareholders' equity while maintaining financial soundness. We aim to achieve a price book-value ratio (PBR) of 1.0 or above and boost capital efficiency as part of our management awareness of the cost of capital and the share price. To this end, we will maintain an ROE of at least 10%, strengthen initiatives for the disclosure of non-financial information with a consciousness of boosting the price-earnings ratio (PER), and engage in more proactive investor relations activities. In May 2023, we decided to conduct a 3-for-1 stock split of common shares, aiming to further expand the range of potential investors and enhance the liquidity of DJK shares.

Shareholder returns

Shareholder returns are among our most important management policies. For the fiscal year ended March 31, 2023, we paid an annual dividend of ¥178 per share. We will continue to pay appropriate dividends in line with business performance, based on the comprehensive consideration of factors such as internal reserves, growth investments, and the maintenance of stable dividends. In doing this we will aim for a payout ratio of 30% of profit attributable to owners of parent. We will make comprehensive judgments on the acquisition of treasury shares, taking into account our business performance and market trends.

We will continue to build on the Group's stable revenue base to strengthen profitability by promoting a range of growth investments and engaging in integrated risk management. This will create a virtuous cycle of initiatives with a consciousness of profitability, growth, and stability, leading to the sustainable enhancement of corporate value and shareholder returns.

Financial and capital strategies

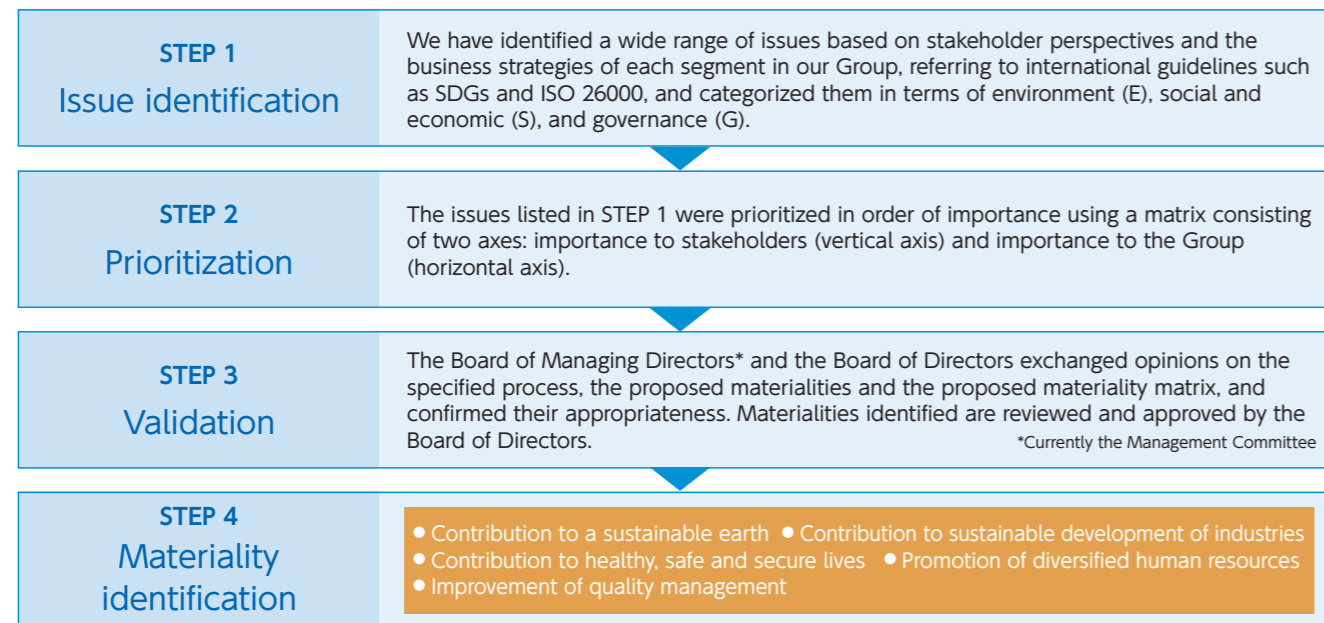


Materialities

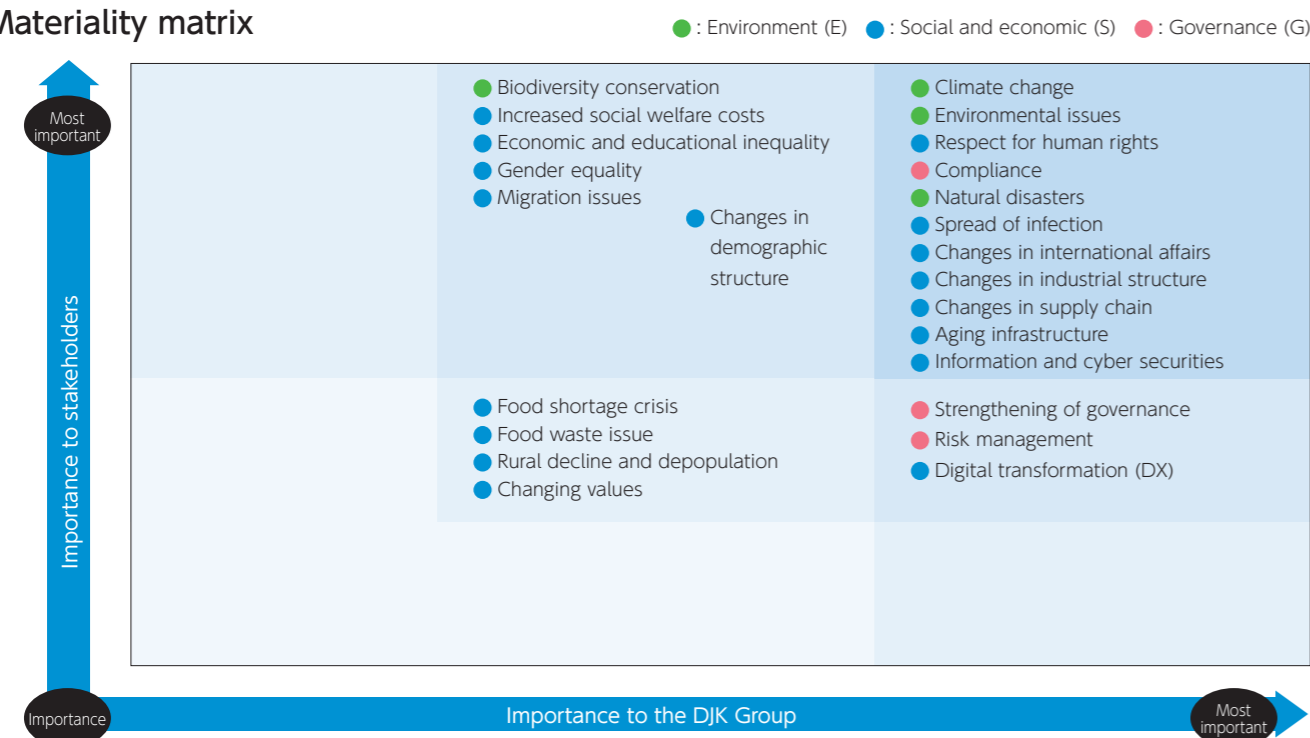
In considering the future of our Group on the occasion of establishing a new philosophy, our desire to actively contribute to the realization of a sustainable society not only through our own growth but also through our business activities was the underlying factor. Based on this belief, we have examined issues in terms of their significance, both for our stakeholders and for our Group, based on changes in the business environment and social trends related to sustainability, and identified materialities (important issues) to enable us to achieve a resolution of these issues.

Process to Identify Materialities

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



Materiality matrix



Materiality Initiatives

For the Group, engaging in the identified materialities is a way to contribute to achieving the SDGs, promote economic and social development while also supporting a sustainable global environment, and fulfill DJK's philosophy in a tangible manner.

To achieve the vision (targets) set for each materiality, the operation of our environmental management system (EMS) reflects the themes that each business division will focus on to address social issues through its businesses and the management base themes that support sustainable growth. We have launched a system to manage these themes in our plan of action. Going forward, we will promote these themes through our unique framework linked to each materiality.

Materialities, targets, and related SDGs

Note: The symbols ■, ●, and ● correspond to each vision (target)

Materialities	Contribution to a sustainable earth	Contribution to sustainable development of industries	Contribution to healthy, safe and secure lives	Promotion of diversified human resources	Improvement of quality management
Vision (targets)	<ul style="list-style-type: none"> ■ Realization of a decarbonized society ● Realization of a resource-recycling society ● Protection of the natural environment 	<ul style="list-style-type: none"> ■ Utilization of advanced IT/AI ● Promotion of smart factories ● Providing safe & secure products 	<ul style="list-style-type: none"> ■ Improved safety with social infrastructure enhancement ● Providing well-being and high quality products development 	<ul style="list-style-type: none"> ■ Healthy work environment ● Sustainable ability development ● Talent management 	<ul style="list-style-type: none"> ■ Strengthening internal controls and governance ● Risk management ● Social contribution and harmony
Addressing social issues through business development that makes the most of DJK's strengths	<ul style="list-style-type: none"> ■ Contribution through expanding sales of eco-friendly products ■ Binary power generation equipment ■ Solar power generation systems ■ Electric injection molding machines ■ Electric ground support equipment (GSE) for airports ■ Glycol recovery vehicles ● Equipment for solvents recovery and recycling 	<ul style="list-style-type: none"> ■ Initiatives for the sustainable development of industries ■ Electronic component mounting systems ● LOGITO ● BCP services to maintain customers' production ● Electricity storage systems 	<ul style="list-style-type: none"> ■ Contribution to a safe and secure society ■ Road cleaning vehicles ■ Disaster response base-function trucks ■ Runway snow removal equipment ● Tablet visual inspection machines and printers 	<ul style="list-style-type: none"> ■ Maintenance and improvement of comfortable workplace environments ■ Prevention of work-related accidents ● Ensuring safety on construction worksites 	
Strengthening the management base to support sustainable growth	<ul style="list-style-type: none"> ■ Use of low-pollution, fuel-efficient business vehicles 	<ul style="list-style-type: none"> ■ Encouraging the spread of generative AI ■ Digitalization of business-related documents 		<ul style="list-style-type: none"> ■ Prevention of work-related accidents ■ Promotion of female advancement ■ Promotion of childcare leave utilization by male employees ■ Improving employee engagement ■ Implementation of stress checks ● Appropriate assignment of human resources ● Enhanced training through e-learning ● Enhanced personnel system for engineering human resources ● Enhanced training for overseas employees (in Japan) 	<ul style="list-style-type: none"> ■ Compliance with security trade controls ■ Thorough compliance ■ Harassment prevention ■ Ensuring the reliability of financial reporting ● Employee safety management ● Mitigation of trading accidents ● Continuing review of BCP ● Various donation activities ● Enhanced information disclosure

Growth Strategy / Medium-term Business Plan

V2030 Growth Strategy (Vision2030)

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

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

Basic Strategies

Aggressive investments	● Investments toward business expansion, strengthening, and creation, as well as solutions to social issues
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
Contributing to various stakeholders: Customers, employees, suppliers, communities, and shareholders	● Achieve a sustainable society by addressing our materialities
Shift from product-only sales to products and integrated solutions business model	● Proposals for embedded-services business, and subscriptions models, etc.
Capturing global growth	● Make more business dealings with foreign companies
Promotion of digital transformation	● Significantly improve productivity, and creation of innovative business models

Quantitative Targets (Consolidated)

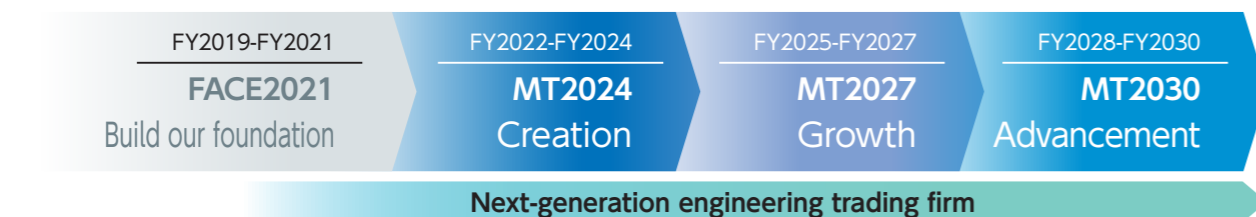
Net sales	¥300.0 billion	Operating income	¥12.5 billion	ROE	10%
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Investment Strategies

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

Medium-term Business Plan MT2024

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



Quantitative Targets (Consolidated)

	MT2024			
	FY2022 Results	FY2023 Forecasts	FY2023 Targets	FY2024 Targets
Orders received	244,296	220,000	180,000	200,000
Net sales	153,674	180,000	170,000	185,000
Operating income	6,717	7,500	7,000	8,500
Ordinary income	7,108	8,000	7,200	8,700
Profit attributable to owners of parent	6,316	5,400	4,800	5,800
ROE	10.3%		10.0%	

Qualitative Targets under Medium-term Business Plan MT2024: First-year Achievements and Challenges

1 Business strategies for growth

● Achievements ▲ Challenges

(1) Strengthening engineering capabilities	<ul style="list-style-type: none"> ● The Engineering Center has enabled partnerships among engineers, as well as sharing of challenges in projects. The Center also reinforced on-site responsiveness for large-scale and complex projects. ● Established the Engineering Division in April 2023 ● Solidified the foundation to further strengthen engineering capabilities, essential for business expansion. ▲ Demand for engineers increased, due to increase in overseas projects ▲ Requirements for our engineering are on the rise
(2) Strategic business investment	<ul style="list-style-type: none"> ● Formulated and started operating our basic policy for business investments and screening process for possible investments ● Internal sharing of lessons from past investments, and fostering investment-oriented business mindset
(3) Expansion of business with global companies	<ul style="list-style-type: none"> ● Business agreements with foreign companies in Energy Solutions and Industrial Machinery Businesses ▲ Comprehensive development of overseas employees ▲ Promotion of understanding of trading companies' functions and overseas expansion of engineering functions
(4) Progressing digital transformation	<ul style="list-style-type: none"> ● Digital Innovation Center established in April 2023 ▲ Accelerate implementation of reform by increasing workforces ▲ Implementation of digital transformation, directly related to sales activities

2 Strengthening management base

● Achievements ▲ Challenges

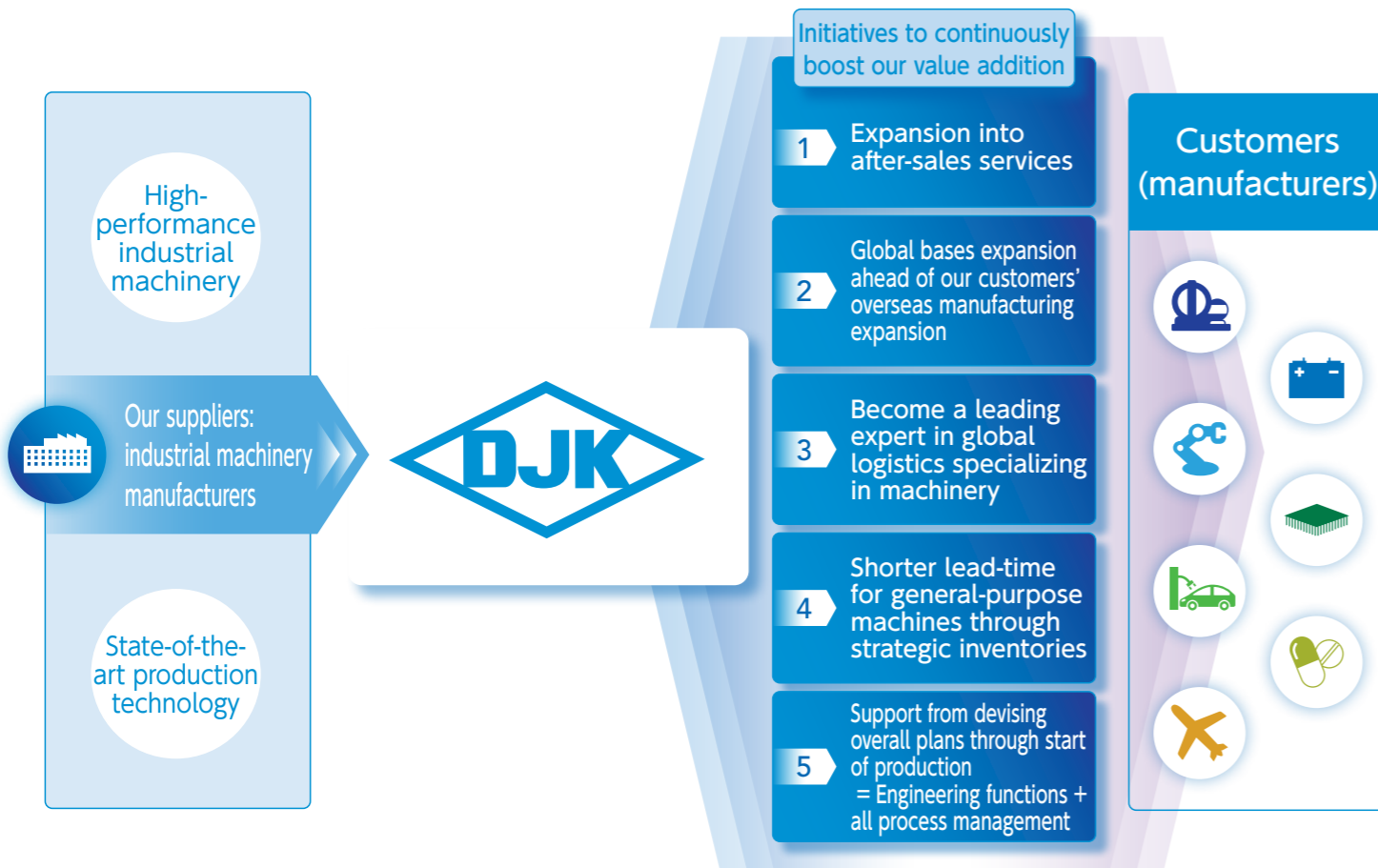
(1) Deepening corporate governance	<ul style="list-style-type: none"> ● Reflect results of questionnaires of the Board of Directors' effectiveness evaluation on our management system ● Outside directors' further involvement with directors' individual evaluations and remunerations ● Evaluations for achievements for medium-term business plan (qualitative targets) were performed by outside directors ▲ Review matters to be discussed at the Board of Directors meeting (allocation of deliberation time)
(2) Strengthening risk management	<ul style="list-style-type: none"> ● Integrated Risk Management Office established in April 2023 ▲ Identifications, analyses, assessments, and countermeasures of risks involved with realization of our growth strategies
(3) Strengthening financial strategies	<ul style="list-style-type: none"> ▲ Proactively address improvement of cash conversion cycle ▲ Reform of earning model by investments in further growth
(4) Strengthening human resources strategies	<ul style="list-style-type: none"> ● Executed our personnel system reform, various types of training systems, and employees' en-gagement questionnaire ▲ Effectively utilize these system reforms and questionnaire results
(5) Promotion of sustainability management	<ul style="list-style-type: none"> ● Endorsement of TCFD, computation of Scope 1 and 2 ● Sustainability Promotion Department established in April 2023 ▲ Promoting efforts of sustainability and establish assessment methods for achievements

Medium-term Business Plan: Strategic Business Investment

Under the V2030 growth strategy, we have fundamentally revised our management and business strategies to develop a different growth curve from the previous ones. Our most important strategy is to further strengthen our trading business through aggressive investments to accelerate growth.

By establishing policies and systems for business investment, we aim to aggressively implement strategic business investments and achieve the goals of our V2030 growth strategy.

The Trading Business: Our Core Competency



Basic Policy on Business Investment

- Boost cooperation with investee companies to expand and strengthen existing businesses and create new businesses, investing management resources to enhance profitability
- Pursue more than capital gains, generating synergies through business operations to enhance corporate value

FY2022 initiatives

- Instituted investment policy and application procedures
 - Framework formulated: Established the investment implementation taskforce and Investment Management Reviewing Committee
 - Reviewed past investments and engaged in in-house sharing of lessons learned
 - Made efforts to cultivate awareness through in-house study meetings and implemented small-scale test trials based on on-site authorization
 - Promoted specific M&A projects
- *Acquired Wave Engineering Corporation

Acquisition of the shares of Wave Engineering

In July 2023, we acquired the shares of Wave Engineering Corporation, making it a Group company.

Wave Engineering specializes in FS and FEED services. Integrating its strength in simulation with the Group's plant engineering capabilities will enable us to participate in plant construction from the design consideration stage, a hitherto untapped business domain for DJK. Through this integration, the Group will be able to provide one-stop FS-FEED-EPC services, enabling us to strengthen our engineering capabilities and provide new added value to customers.

Recent years have seen an increase in opportunities to consider the use of hydrogen and ammonia as the tide of the times turns toward carbon neutrality. Through the involvement of Tsubame BHB Co., Ltd., which is partly owned by DJK, DJK's Engineering Division and the Group company, DAIICHI ENGINEERING

CO., LTD., we will consider manufacturing processes and plant design for blue and green ammonia synthesis, aiming to contribute to achieving a sustainable global environment while also achieving further growth and enhancing corporate value for the Group.



Kinichi Shibata
Representative Director and Chairman
Wave Engineering Corporation







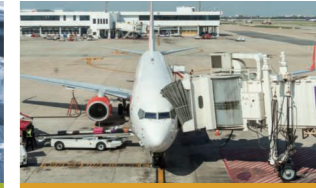
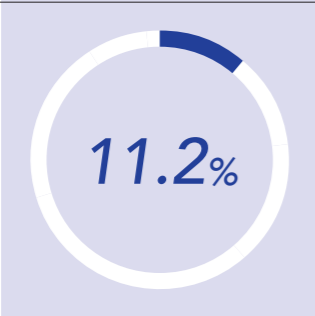
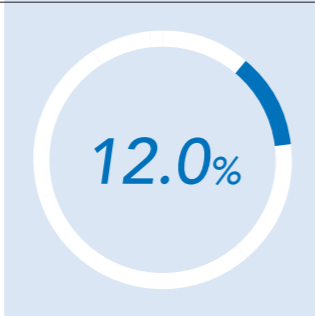
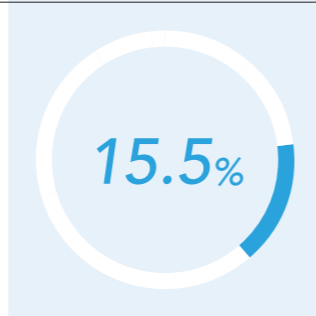
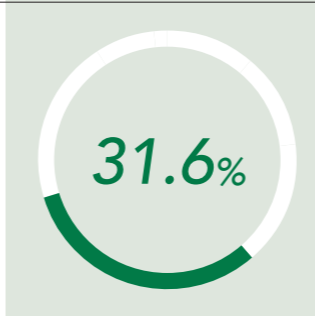
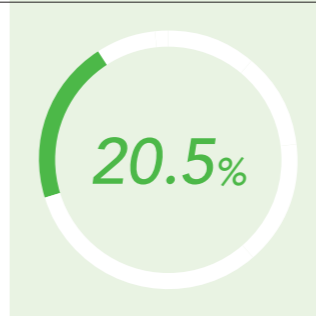
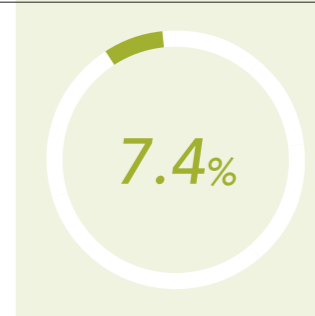
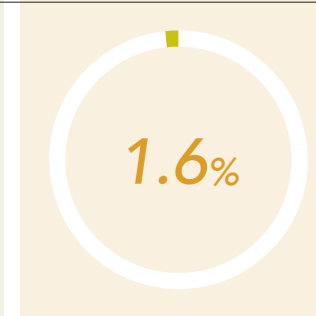
Ichiro Uno
Representative Director
President & CEO of DJK

Domains and Scale of Business Investments

	Allocation of investing budgets		Examples of investments under consideration
	2023-24	2025-27	
Core fields Plant & Energy, Energy Solutions, Industrial Machinery, Electronics, Automotive, Healthcare, Aviation & Social Infrastructure Investments to strengthen existing seven segments	¥2.0 billion	¥5.0 billion	<ul style="list-style-type: none"> ● Business acquisition to reinforce engineering capabilities ● Establishment of demonstration centers in Japan and overseas ● Capital injection, partnering, and M&A for machinery trading companies and components manufacturers ● Establishment of a LOGITO consortium through capital partnering
Adjacent fields Decarbonized society, AI / IoT Next-generation communication, 3R-Recycling society, Medical, safe and secured lives, Supply chain, social infrastructure Investments to create social values and solve social issues	¥2.0 billion	¥4.0 billion	<ul style="list-style-type: none"> ● Capital injections to power plants with project finance ● Overseas expansion of PPA business at solar power plants ● Co-development of biological fuel manufacturing equipment ● Investments in chemical recycling business ● Investments with our involvement in fuel supply chains ● Capital injections and M&A to medical equipment manufacturers ● Establishment of OEM business-purposed manufacturers ● M&A of global logistics companies
New fields Investments for new business fields and business models	¥1.0 billion	¥1.0 billion	<ul style="list-style-type: none"> ● New business creation, through LP capital injections to venture capitals ● Capital injections to start-ups with technical advantages
Total	¥5.0 billion	¥10.0 billion	

Business Segments at a Glance

7 Businesses

	 Plant & Energy Business	 Energy Solutions Business	 Industrial Machinery Business	 Electronics Business	 Automotive Business	 Healthcare Business	 Aviation & Social Infrastructure Business							
Business fields	<ul style="list-style-type: none"> Petroleum / chemicals Papermaking / steelmaking Energy 	<ul style="list-style-type: none"> Materials Cells / modules Solar panels / storage batteries Next-generation batteries and fuel cells 	<ul style="list-style-type: none"> Home appliances / office automation Food packaging Medical equipment Housing equipment Distribution materials Growing seedlings 	<ul style="list-style-type: none"> Surface mount technology (SMT) Microelectronics Logistics automation solutions (LOGITO) 	<ul style="list-style-type: none"> Interior and exterior parts Powertrain Car electronics / ADAS 	<ul style="list-style-type: none"> Pharmaceuticals Cosmetics Food 	<ul style="list-style-type: none"> Aviation Airports Defense and disaster preparedness Customer support 							
Major products	<ul style="list-style-type: none"> Petroleum refinery and petrochemical plant equipment Steelmaking plant equipment Papermaking plant equipment Oil, gas, and geothermal production facilities Well drilling equipment and drilling rig packages Power generation infrastructure Renewable energy-related equipment AI / IoT-related equipment Environmental protection facilities Analysis and measurement equipment Chemical plant equipment Safety monitoring equipment 	<ul style="list-style-type: none"> Battery materials production equipment Flexible solar panels Powder processing equipment Storage battery systems Cell electrode manufacturing equipment Battery recycling equipment Cell / module assembly equipment Fuel cell manufacturing equipment Cell / module charge, discharge inspection equipment Engineering services 	<ul style="list-style-type: none"> FA systems Injection molding machines Extrusion machines Pressure and vacuum thermoforming machines Die-casting machines Metal-processing machines Ceramics processing machines Automated assembly equipment Material-handling robot systems Coating / surface decoration equipment 3D printing systems for plastic and sand molds Filling and packaging equipment 	<ul style="list-style-type: none"> Electronic component mounting-related systems (SMT) Semiconductor device-related systems Display-related systems SMT peripheral inspection equipment and post-process automation equipment IoT / software Coating and dispensing equipment CO₂ and YAG laser, blue laser Automation robots Logistics automation equipment Visual, X-ray, characteristic, and other inspection equipment 	<ul style="list-style-type: none"> Molding machines Metal-processing machines Plastic-processing machines Coating / surface decoration equipment Automated assembly equipment Inspection equipment Module support equipment IoT-related equipment and devices 	<ul style="list-style-type: none"> Tablet visual inspection systems Tablet ink-jet printing and inspection systems Capsule visual inspection systems Blister lines Sachet packaging lines Tablet pressing machines Vial filling lines Syringe filling lines Powder filling lines Leak inspection machines Automatic cell culture systems Other packaging lines 	<ul style="list-style-type: none"> Ground support equipment for aircraft Ground support equipment for airports Equipment used in airports Specialized vehicles for disaster relief Equipment to reduce workforce and workload 							
Ratio to total net sales	 11.2%	 12.0%	 15.5%	 31.6%	 20.5%	 7.4%	 1.6%							
	2022/3	2023/3	2022/3	2023/3	2022/3	2023/3	2022/3	2023/3	2022/3	2023/3	2022/3	2023/3	2022/3	2023/3
Net sales (Millions of yen)	11,881	17,192	19,004	18,509	19,275	23,766	52,098	48,561	31,980	31,459	11,189	11,435	2,466	2,518
Operating income / loss (Millions of yen)	610	855	696	△ 68	646	642	3,125	3,215	1,238	909	1,161	1,192	△ 79	△ 45
Operating income margin (%)	5.1	5.0	3.7	△ 0.4	3.4	2.7	6.0	6.6	3.9	2.9	10.4	10.4	△ 3.2	△ 1.8
Number of employees	103	128	48	62	200	176	318	339	130	136	170	172	30	29

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

Business Details

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

We leverage our advanced technology and expertise to provide equipment to the key industries that support social infrastructure, based on the extensive experience and knowledge we have developed over many years. Through our plant and energy businesses, we will pioneer the path to a decarbonized society. We will also contribute to addressing social issues by actively developing our digital transformation (DX) business to supplement recent aging equipment and labor shortages. At the Plant & Energy Business Division, we aim to promote resilient businesses that achieve sustainable growth and evolution.



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

Strengths

- Solution proposals based on our wealth of experience and knowledge since our founding, and support for companies expanding overseas by utilizing our global network
- High level of experience in renewable energies, including solar power plant operations and biomass power plants, and ability to propose equipment
- Newly established total solution framework for factory and plant construction, from FS and FEED to EPC and equipment supply
- Product lineup that contributes to on-site problem solving and technical succession utilizing DX (AI & IoT) technology

Business Environment

Positive factors

- Actual introduction of DX products (IoT-related) at plants
- Revitalization of CCS projects aimed at achieving a decarbonized society, overseas projects for major engineering companies, and geothermal development projects
- Increasing demand for bioethanol
- Rise in projects under the Joint Crediting Mechanism (JCM) to contribute to reducing greenhouse gas emissions
- Increase in business talks on renewable energy

Negative factors

- Suspension of investment plans due to declining demand for gasoline and basic chemicals
- Unstable industries, easily affected by environmental and economic conditions
- Suppression of capital expenditure and maintenance costs due to a decrease in the demand for paper
- Postponement and cancellation of large projects due to soaring parts, materials, and equipment costs
- Shortages and soaring prices for biomass fuels

Review of the First Year of MT2024

Initiatives in V2030 and MT2024

<p>Energy</p> <ul style="list-style-type: none"> • Ongoing efforts in geothermal development and binary power generation business using waste heat • Developing low-carbon projects in Asian markets using the JCM system 	<p>Petroleum</p> <ul style="list-style-type: none"> • Energy transition initiatives for decarbonization • Active proposals for smart security and DX (AI & IoT) 	<p>Chemicals</p> <ul style="list-style-type: none"> • Participation in new products, new processes, and automation themes in the laboratory through proactive approach to the R&D department • Developing foreign companies' customers targeting Asian markets 	<p>Materials</p> <ul style="list-style-type: none"> • Proactive and bold approach to the biomass fuel business • Accelerating initiatives for bioethanol and SAF businesses 	<p>Decarbonization</p> <ul style="list-style-type: none"> • Developing demand for low-carbon ammonia and taking on the challenge of green ammonia • Expansion of development of own renewable energy sources and development of rare metal-free storage batteries
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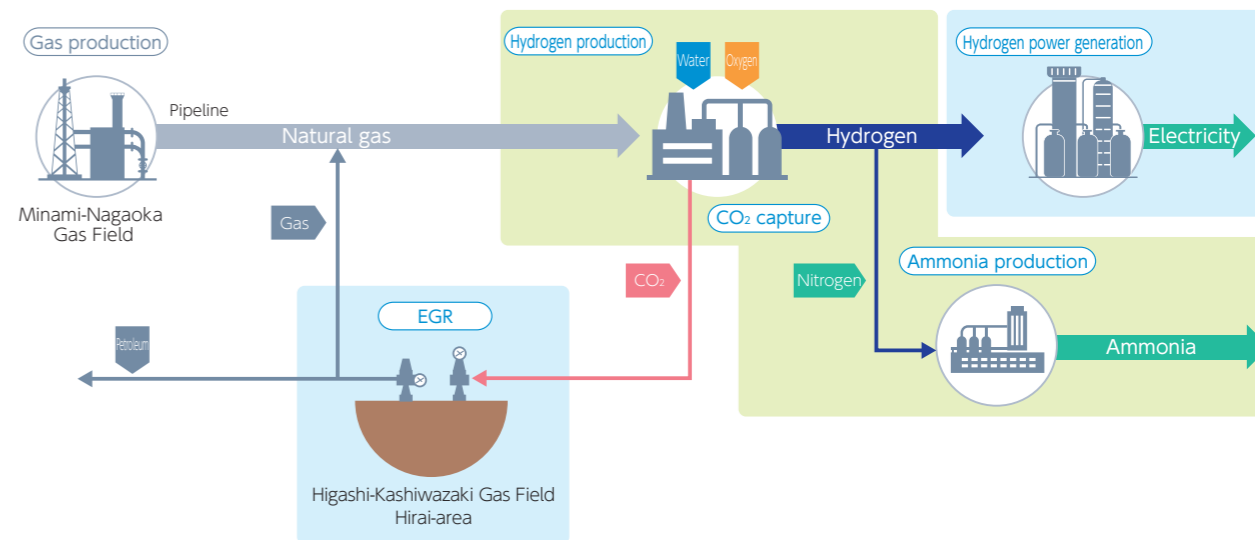
TOPICS

Participating in the Kashiwazaki Clean Hydrogen/Ammonia Project as EPC contractor

The Plant & Energy Business Division provided ammonia production equipment for the Kashiwazaki Clean Hydrogen/Ammonia Project implemented by INPEX CORPORATION. This project is the first in Japan to demonstrate an integrated value chain from the production of blue hydrogen and ammonia from natural gas produced in Japan, through the pressurization and injection of the CO₂ byproduct from the manufacturing process into a depleted gas field reservoir in Japan as a Carbon dioxide Capture, Utilization and Storage (CCUS) effort, to the use of the hydrogen produced for electricity generation and other purposes. It is planned to produce 500t of ammonia per year under the project, with production scheduled to commence during FY2025.

The technology of Tsubame BHB Co., Ltd., with which DJK has a capital and business agreement, was selected for this project. (This technology enables a reduction in environment impact from the manufacturing process and facilitates low-temperature, low-pressure, small-scale ammonia synthesis.) We will utilize DJK's one-of-a-kind engineering functions to undertake the engineering (construction design), procurement, and construction (EPC) of the ammonia production equipment, as well as process management services.

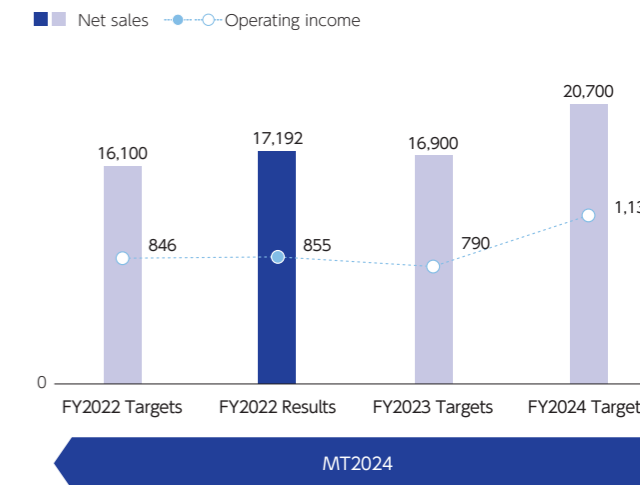
Through our participation in the project, the Plant & Energy Business Division will strive to promote the spread of ammonia production technology to help realize a decarbonized society.



Business Overview

- Handled on-site ammonia plants, equipment for bioethanol, and equipment for biogas power generation to contribute to initiatives to achieve a decarbonized society
- Entered the smart security business using DX products such as gas leakage monitoring cameras and vibration sensors for plant maintenance
- Continued to participate in projects under the Joint Crediting Mechanism (JCM) to contribute to reducing greenhouse gas emissions
- Continued partnerships with process licensors to promote the bio-refinery business
- Engaged in low-carbon and green ammonia production projects
- Currently expanding our approach to the R&D department using various equipment; building a track record for catalyst evaluation equipment in the chemicals field

Net Sales / Operating Income (Millions of yen)



Energy Solutions Business

Business Details

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

Amid the global movement toward realizing a decarbonized society, the spread of in-vehicle batteries and industrial storage batteries is accelerating. At the Energy Solutions Business Division, we provide a variety of equipment in the rechargeable battery field to customers around the world, leveraging our global network, engineering functions, and other strengths. We will contribute to our customers' product manufacturing and business development, aiming to realize a sustainable society.



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

Strengths

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

Business Environment

Positive factors

- Continuing investment in LIBs due to government policies to promote the shift to EVs in each country
- Revitalization of investment due to the U.S. Inflation Reduction Act
- Demand for further speeding up assembly processes

Negative factors

- Price competitiveness of equipment on overseas markets
- Rapid expansion of demand, exceeding the production capacity of equipment manufacturers
- Intensifying competition due to entry of manufacturers from other industries

Review of the First Year of MT2024

Initiatives in V2030 and MT2024

				New business
Charging and discharging equipment	Cell manufacturing equipment	Material-related equipment	Engineering	
<ul style="list-style-type: none"> • Promotion of projects coordinated by the Company • Cost reduction by manufacturing at the delivery location, etc. 	<ul style="list-style-type: none"> • Package proposals to customers • Development of next-generation equipment and cultivation of manufacturers 	<ul style="list-style-type: none"> • Powder engineering by the Company • Manufacture of equipment in a locally complete manner in collaboration with partner companies 	<ul style="list-style-type: none"> • Coordination of projects led by the Company • Launch of overseas vendors by the Engineering Department 	<ul style="list-style-type: none"> • Sales of materials related to fuel cells and LIBs • Development of all-solid-state battery manufacturing-related equipment and cultivation of equipment manufacturers

TOPICS

Leading supplier of rechargeable battery manufacturing equipment

The Energy Solutions Business commenced sales activities as a new segment in April 2021, and we have progressively expanded the business amid the trend toward carbon neutrality. Based on an independent survey by the *Energy Business Review* (a specialist magazine covering all aspects of trends in the energy industry) published by ValleyMedia, Florida, U.S., the activities of the Energy Solutions Business were recognized with selection among the "Top 10 Battery Manufacturing Solutions Companies in APAC - 2023" and featured in the *Energy Business Review*.

We will continue to contribute to the development of the rechargeable battery industry, aiming for further business expansion.

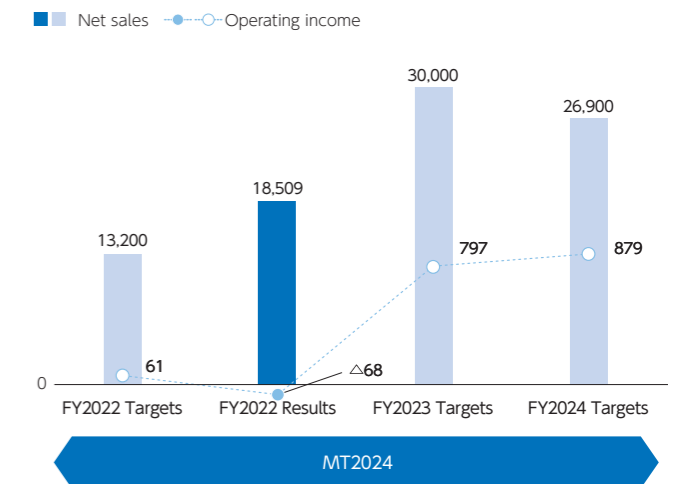
DJK: connecting the manufacturing industry with manufacturing equipment manufacturers

Today, amid rapid growth in the rechargeable battery market, there is constant demand within the industry for equipment manufacturers that provide highly reliable manufacturing equipment and sound after-sales service. There are generally many obstacles, however, that prevent manufacturing companies from finding the optimal manufacturing equipment manufacturer on the market. DJK acts as an intermediary to facilitate this task. We boast over seven decades of experience in the industry, from research and development to giga-scale projects. We leverage our diverse engineering capabilities and equipment know-how to procure and supply optimal equipment from around the world.

Using DJK's global supply chain, we provide highly reliable equipment and after-sales service to customers in a wide range of regions and environments. We also actively engage with the manufacturing equipment manufacturers, promoting joint design and functional development to ensure the manufacture of high-quality products for customers.



Net Sales / Operating Income (Millions of yen)



Business Overview

- Investment was vigorous in Japan and overseas, and the number of business negotiations increased. Sales have been in a cyclical lull but orders were the highest on record
- Increased the number of engineering members and strengthened management capabilities to address the increasing scale and complexity of projects. Coordinated with the Engineering Division to further strengthen our team and engage in thorough project management
- Engagement with Japanese, European and U.S. customers progressed smoothly, but there was insufficient engagement with the Chinese and South Korean markets, which dominate the LIB market. The development of differentiated equipment is an urgent task in China and South Korea, which boast of numerous local manufacturers
- Promoted the development of new equipment and initiatives in recycling-related businesses; aim for business development as the division's new pillar under MT2024

Industrial Machinery Business

Business Details

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

In addition to our function as a trading company, we are working to strengthen the additional engineering capabilities we provide in our existing businesses. We aim to boost our presence, expanding and enhancing both existing businesses and new (medical and agricultural) businesses through a balance of aggressive and defensive initiatives. We will strengthen coordination across the DJK Group's global sales network and extend our business areas to expand our business with foreign companies.



Kenji Murabe Executive Officer, General Manager, Industrial Machinery Business Division

Strengths

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

Business Environment

Positive factors





- Rise of eco-friendly products and systems and increasing recycling needs
- Increasing demand for automated, labor-saving, energy-saving equipment due to the decline in the working population and soaring energy prices
- Movement toward domestic manufacturing in Japan and the shift of overseas manufacturing plants due to geopolitical risks

Negative factors

- Trend toward reducing disposable plastic products for deplasticization and decarbonization, and disparity between countries in the content and scope of environmental restrictions
- Rising costs due to soaring energy prices
- Longer delivery times for equipment due to labor shortages, etc.

Review of the First Year of MT2024

Initiatives in V2030 and MT2024

				New business
Molding machines	Medical	Strawberry seedlings	Additive manufacturing	
<ul style="list-style-type: none"> • Extrusion/Injection: promote efficient sales expansion by making full use of DX • Vacuum: strengthen overseas sales with demo equipment and manufacturing and sales of molded products 	<ul style="list-style-type: none"> • Acquire know-how, products, and commercial rights that can be sold turnkey • North and Central America: capture capital investment for automated manufacturing by Western medical device manufacturers • China and Asia: expand business mainly in sales of syringe manufacturing equipment 	<ul style="list-style-type: none"> • Balancing production system and sales at Daiichi Jitsugyo Berries Farm (Moroyama, Saitama) • Establishment of a system for cultivation of Japanese varieties in Mexico 	<ul style="list-style-type: none"> • Utilize demo equipment to expand sales to all DJK Group customers • Increase presence in the industry by providing not only machinery, materials, and sales, but also manufacturing services 	<ul style="list-style-type: none"> • Recycling business, handling of environmentally friendly products, and taking on the challenge of manufacturing

TOPICS

Expanding business with globally developing foreign companies

In the Industrial Machinery Business, we have established a medical department specializing in the sale of equipment for the manufacture of medical equipment, and we are ramping up sales. Although still in the process of market development, we are making steady progress in understanding the market and building relationships with customers. We already have some business with foreign companies in North and Central America concerning manufacturing equipment for disposable medical equipment (catheters, syringes, dialyzers, blood bags, etc.). Going forward, we will expand the geographical area of our medical equipment business beyond North and Central America as an equipment supply partner to foreign companies doing business around the world.

The number of people suffering from lifestyle-related diseases is expected to increase due to the aging population and changes in diet, and we believe that the trend toward enhancing quality of life (QOL) will lead to further investment in self-medication kits and similar products. We are also seeing a rapid rise in the need for automation and labor-saving, both in Japan and overseas, as manual tasks such as product assembly become unsustainable due to labor shortages. We will progressively develop suppliers in Japan and overseas specializing in the medical field and offer global automation proposals to further strengthen our medical equipment business.



Business Overview

[Molding machines]
Business performance was stable. Launched full-scale sales activities utilizing demo equipment to strengthen sales overseas

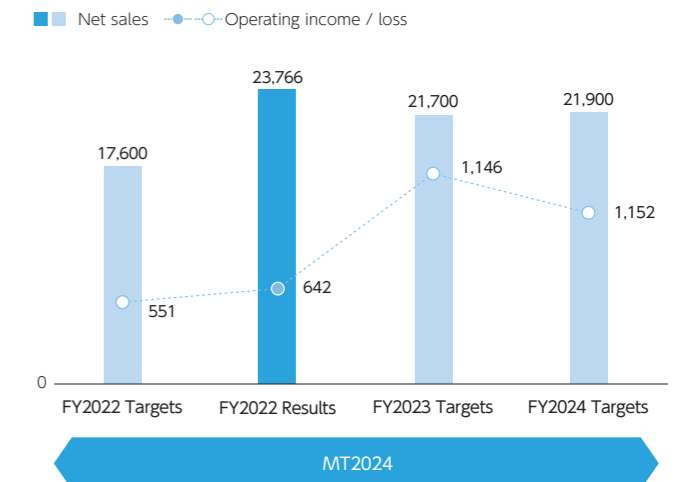
[Medical]
Captured demand for automation at medical facilities to build a track record of business with foreign companies for medical equipment

[Strawberry seedlings]
Production systems are now complete. Launched a dedicated sales team to secure customers and promoted activities encompassing the sale of cultivation systems

[Additive manufacturing]
Achieved sales of products made by Stratasys, a world-leading manufacturer of resin-based 3D printers. We aim to expand the business by enhancing our product lineup through collaboration with other new manufacturers

[New business]
Continued to present proposals based on the situation to address heterogeneous and diverse market needs (biodegradable plastics, recyclable resins, paper products)

Net Sales / Operating Income (Millions of yen)



Electronics Business

Business Details

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

While maintaining our high market share in the electronics industry, we aim to reinvest the experience and know-how we have developed over many years back into society and build a base for industrial and technological innovation through equipment sales and solution proposals, aspiring to realize a fair society. We provide solution proposals for factory automation, unmanned operation, and systemization. We aim for realizing a sustainable society where everyone can continue working, not only in the electronics industry but also in a wide range of other fields.



Keiji Yamamoto Executive Officer, General Manager, Electronics Business Division

Strengths

- Providing solutions to reform manufacturing processes with its state-of-the-art technology and experience, mainly for electronic component mounting-related systems, electronic device systems, and automation equipment
- With the global environment for the electronics industry undergoing significant changes, we support our customers' global expansion, not only by providing equipment but also through our global support system and the provision of accurate information

Business Environment

Positive factors

- Increasing need for high-speed mounting equipment due to even higher functionality in electronic devices
- Expanding demand for automation in response to the decrease in the working population and digital transformation (DX)
- Expanding government support for the semiconductor business

Negative factors

- Rise of emerging manufacturers in the high-speed mounting equipment category
- Shortage of expert human resources, equipment manufacturers and products in the factory DX business
- High barriers to entry into the semiconductor business

Review of the First Year of MT2024

Initiatives in V2030 and MT2024

 <p>Electronic component mounting equipment business</p> <ul style="list-style-type: none"> • Capturing equipment demand as Chinese companies expand into the South Asia-Europe region 	 <p>LOGITO</p> <ul style="list-style-type: none"> • Expanding sales of smart logistics systems from Japanese mother factories to overseas factories • Expanding services outside the electronics industry through collaboration with other business segments 	 <p>Semiconductor business</p> <ul style="list-style-type: none"> • Increasing the number of employees in Greater China and strengthening the sales expansion system • Expansion of sales rights for leading production equipment in China, South Korea, and Taiwan, and receipt of orders 	<p>New products</p> <ul style="list-style-type: none"> • Establishment of LOGITO consortium using the laboratory* <p>*Established in June 2023.</p>
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TOPICS

Establishing a laboratory to provide advanced technologies to the world

In a rare step for a trading company, we have established a laboratory to assist us in rapidly evolving from the sale of products into a corporate group that provides new technologies and construction methods, creating opportunities and ideas for our customers to consider factory DX and smart factories as the next-generation engineering trading firm. Japan is a step behind the rest of the world in the field of factory DX and smart factories. Moreover, the business environment for industries is undergoing significant changes such as the use of AI technology, robot technology, logistics automation, remote monitoring and operation, energy conservation and environmental measures. To address these changes, we will pursue research and development, together with tie-ups with outstanding manufacturers in Japan and overseas, to provide our customers with new technologies, processes, and value; not only in response to their current conditions but also in anticipation of possible changes in the future.

At present, the laboratory is engaged in the following initiatives:

- (1) Full automation of incoming and outgoing stock of electronic components at production sites
- (2) Software development to enable predictive maintenance, task analysis, and environmental countermeasures through the visualization of production processes at factories
- (3) WCS* development for centralized control of intra-process transportation at factories and warehouse management at storage yards
- (4) Development of systems that use AI cameras to analyze the flow lines of people and objects and verify waste reductions and efficiency improvements

The laboratory not only creates new value but also takes on the role of providing the new technologies created here into the wider world.

In the future, we will establish in-house venture companies born from this laboratory, building a mechanism to provide opportunities for many young employees to learn management skills.

*WCS: Warehouse Control System



Business Overview

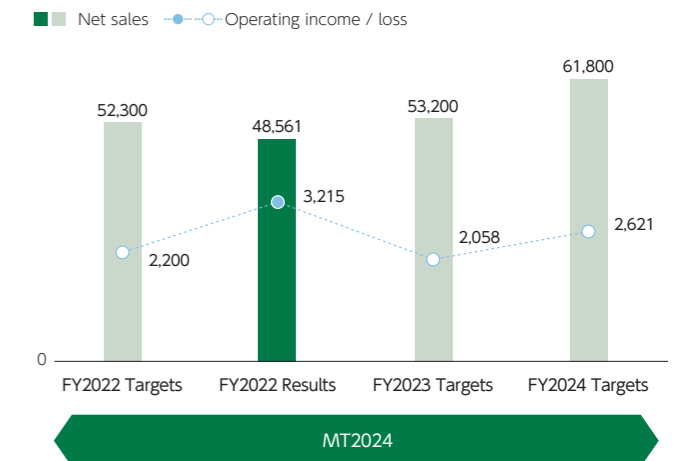
[Electronic component mounting equipment business] Progressively shifting from product-only sales to a products and integrated solutions business model; captured a wide range of orders in Japan, mainly from in-vehicle-related and EMS companies; successfully captured orders for large-scale projects overseas, mainly in China

[LOGITO] Succeeded in obtaining a wide range of business inquiries and orders through enhanced digital marketing; expanded the range of manufactures whose products we handle

[Semiconductor business] Demand for package substrates was robust, mainly in China, Taiwan, and South Korea, but the market weakened rapidly in the second half

[New products] Established a laboratory to research and develop cutting-edge, next-generation technologies for manufacturing in June 2023

Net Sales / Operating Income (Millions of yen)



Strategy by Business Segment

Automotive Business

Business Details

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

In the Japanese and Americas markets, we are riding the wave of strong sales of EHV, following investment in plastic processing machines, electric powertrains, and electrification products, based on the concept of next-generation mobility. We are also leading the Japanese market for the giga-casting technology that many OEMs and parts suppliers aim to introduce. We will start to prepare sales systems for this equipment and respond to other changes in manufacturing methods with overseas expansion in our sights.



Hajime Fujii Executive Officer, General Manager, Automotive Business Division

Strengths

- Promotion of highly specialized projects in the fields of vehicle bodies, drives, and devices
- Technical support through our extensive experience in engineering, including for capital investment in machinery, control, assembly, and painting
- A track record of transactions on a global scale with OEMs and mega-suppliers leading the automotive industry
- Presence of reliable business partners

Business Environment

Positive factors

- Expansion of carbon neutrality-related investment
- Expanding investment in electrification products
- Expanding demand for power devices due to the spread of electrification products

Negative factors

- Shrinking share of the Chinese market held by Japanese automakers
- Delayed expansion into the electrification market by internal combustion engine manufacturers
- High barriers to entry into semiconductor-related businesses

Review of the First Year of MT2024

Initiatives in V2030 and MT2024

Vehicle body area	Driver area	Device area
<ul style="list-style-type: none"> • Flexible vehicle body assembly process • Initiatives for next-generation vehicle interior space items • Adaptation to multi-materials for vehicle body weight reduction • Capturing demand for renewal of large injection molding machines (from hydraulic to electric) in line with the promotion of carbon neutrality 	<ul style="list-style-type: none"> • Drive motors: enhance engineering functions in the manufacturing process • Inverters: strengthen proposals for all inverter processes, including thermal management • Batteries: initiatives related to batteries manufactured by the automotive industry • Initiatives for essential products associated with electrification (e.g., electric compressors and water pumps) 	<ul style="list-style-type: none"> • Autonomous driving: develop commercial products targeting related products • In-vehicle semiconductors: initiatives in semiconductor front-end processes, where demand is increasing due to electrification and autonomous driving • Thermal management: initiatives for thermal management, which will become important with electrification (in cooperation with the driver area)

TOPICS

Addressing the accelerating market for electric vehicles

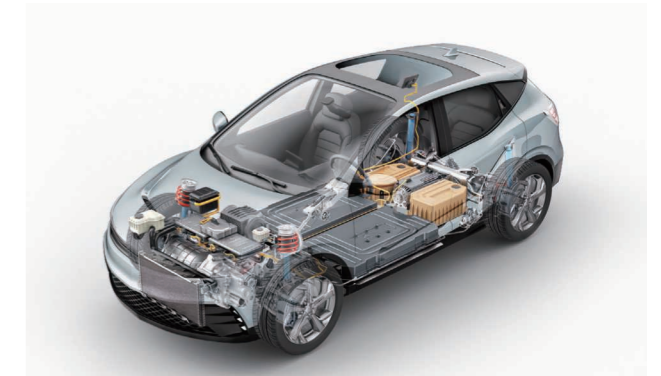
The automotive industry is undergoing dramatic structural changes amid the worldwide push for carbon neutrality. The global share of electric vehicles is forecast to expand rapidly over the next decade. This is expected to lead to a rapid expansion in demand for electrification products.

Especially vigorous growth is anticipated in the electric powertrain field due to the spread of electric vehicles. We have strategically pursued initiatives for various next-generation key products based on the concept of next-generation mobility since the time of the previous medium-term business plan FACE2021.

In the motor and inverter fields, in particular, we have already received orders for production equipment from major customers, and we have established equipment sales and support systems in advance of the future launch of full-scale mass production by automotive parts manufacturers.

Going forward, we will pursue sales based on the theme of "giga-casting" in the context of demand for cost reductions, shorter manufacturing processes, and more efficient production of electric vehicles. We will engage in activities to capture full-turnkey orders, including for auxiliary equipment for the diecasting machines that we already sell.

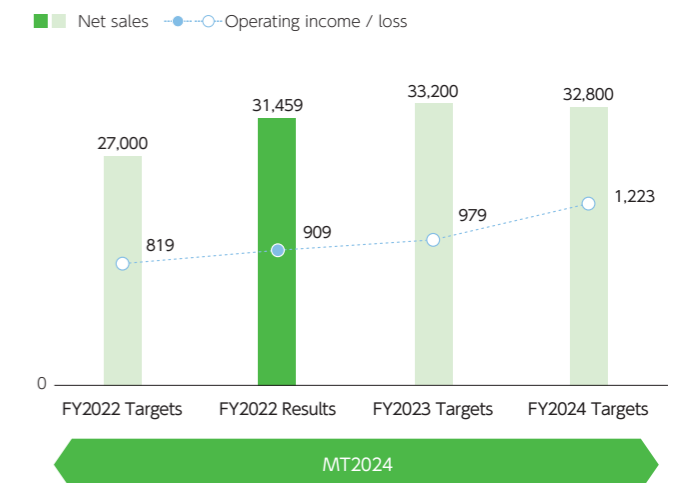
We perceive the automotive industry's transition to new production methods associated with carbon neutrality as a business opportunity, and we will continue to support the development of the automotive industry.



Business Overview

- Leveraged the advantages of our sales record to capture investment in carbon neutrality and power devices
- Orders associated with electric powertrain investment projects were strong due to customers' high regard for our engineering functions
- Succeeded in entering vehicle assembly processes and are working to expand orders through proposals using a broader range of potential manufacturers
- Progressively selling China-made conveyors for EV production lines, but full-scale investment is still in the future
- Continued to develop new partner companies for semiconductor manufacturing equipment and inspection equipment
- Steadily accumulated orders in the market for in-vehicle power semiconductors and progressing with the development of the autonomous driving market

Net Sales / Operating Income (Millions of yen)



Healthcare Business

Business Details

We are engaged in a range of activities in the healthcare field, from the sale of tablet visual inspection machines, packaging machines, and other production equipment to production line engineering and product development.

We make maximum use of the unique know-how we have developed in the pharmaceuticals manufacturing field, as well as advanced technologies such as DX and AI, to pioneer new fields including health foods, cosmetics, and regenerative medicine. As a global provider of seamless health services, we contribute to human health by supporting healthcare-related companies around the world to dramatically increase productivity and quality.



Katsuhisa Kouzuki Executive Officer, General Manager, Healthcare Business Division

Strengths

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

Business Environment

Positive factors

- Rising demand for automation resulting from labor shortages
- Increased health consciousness due to higher living standards
- Rising willingness to make investments associated with the use of digital technologies and DX promotion

Negative factors

- Stagnant growth in the Japanese pharmaceuticals market resulting from government policies to reduce drug prices due to the decreasing birthrate and aging population
- Pressure on profits due to the soaring prices of pharmaceutical ingredients and an increase in companies curbing capital investment
- Downturn in special demand for equipment due to the alleviation of supply shortages for generic pharmaceuticals

Review of the First Year of MT2024

Initiatives in V2030 and MT2024

Daiichi Jitsugyo Viswill business	Engineering	Life sciences
<ul style="list-style-type: none"> • Expansion of inspection target area (other industries/products for other processes) • Utilize inspection information as an asset and develop new business (AI inspection, etc.) • Overseas market development 	<ul style="list-style-type: none"> • Planning and proposal of production lines that dramatically improve productivity and quality • Development of business from sales of individual packaging machines to packaging line coordination through planning and proposal of both sales and maintenance services • Developing new industries, new processes, and new commercial rights through the application of previous planning and proposals • Expansion of digital platform business through DX elements • Entry into the field of in-factory logistics 	<ul style="list-style-type: none"> • Development of new processes in the field of regenerative medicine • Investment in equipment and technology development in line with the proliferation of new modalities • Expansion into European and U.S. markets

TOPICS

Providing IT engineering services to support the achievement of Pharma 4.0

Medical products such as pharmaceuticals, medical equipment, and regenerative medicine are special products that affect human life, and their manufacture is stringently regulated.

The International Society for Pharmaceutical Engineering (ISPE) has proposed the idea of Pharma 4.0, the pharmaceutical version of Industry 4.0, to promote the shift of pharmaceutical manufacturing to smart factories while maintaining compliance with these stringent regulations. The reality, however, is that, hampered by regulation, the digitalization of pharmaceutical factories is lagging a long way behind other industries.

In addition to leveraging our expertise in the engineering of production equipment, we have recently undertaken engineering in the IT domain, to

assist our customers in the pharmaceutical industry to achieve Pharma 4.0.

We provide various solutions that combine a high level of quality control with improved operation, such as production data collection systems for the collection and centralized management of important product quality data from production equipment, data integrity systems to digitally achieve data integrity, and biometric security systems to ensure the identity of workers for important tasks.

We leverage the strength of our extensive knowledge of pharmaceutical production equipment and related regulations to support the mission of pharmaceutical companies to deliver safe and secure drugs to patients through IT engineering.



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Business Overview

[Daiichi Jitsugyo Viswill business]

- Launched product development using the dual approach of expanding inspection target areas and utilizing information assets, achieving greater clarity on the issues that face us
- Pushed ahead with the restructuring of sales networks utilizing both DJK's global network and sales agents for overseas market development and successfully captured new project orders in Europe

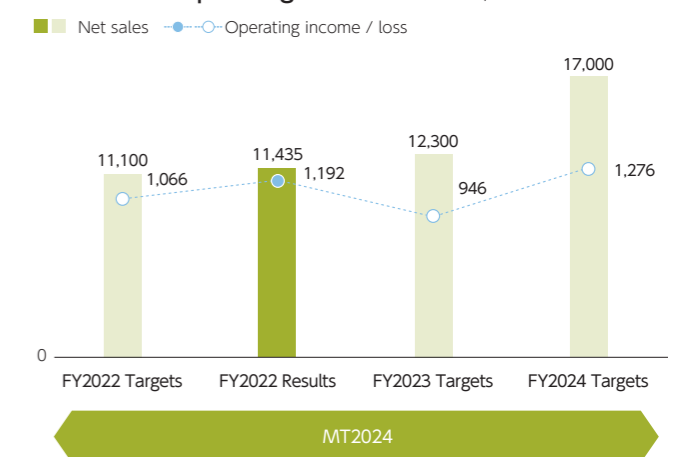
[Engineering]

- Received orders for several large projects thanks to the success of our planning and proposal activities for packaging processes
- Project management is our main issue going forward, as we strive to establish solid production processes for our project orders

[Life sciences]

- Development of processes in the field of regenerative medicine progressed smoothly and there was also an increase in actual projects. Took another step from the development stage toward commercialization
- Overseas market development is progressing, mainly in Europe and the U.S.

Net Sales / Operating Income (Millions of yen)



✈️ Aviation & Social Infrastructure Business

Business Details

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

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



Kei Yasuhira General Manager, Aviation & Social Infrastructure Division

Strengths

- High recognition in the aviation industry and strong customer base
- Strong business partners and their networks
- Extensive track record for delivery in government projects
- Knowledge accumulated through many years of experience by our in-house service department

Business Environment

Positive factors

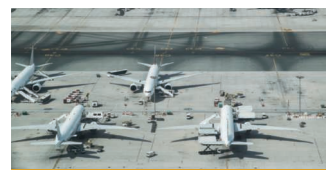
- Trend toward personnel and labor savings and automation due to soaring personnel expenses and labor shortages
- Recovery of inbound demand
- Investments in decarbonization
- Increase in defense budgets

Negative factors

- Limited and conservative market; relatively small market scale as a niche field
- Instability of the industry, which is susceptible to external factors
- Supply chain problems (increasing costs, longer delivery times)

Review of the First Year of MT2024

Initiatives in V2030 and MT2024



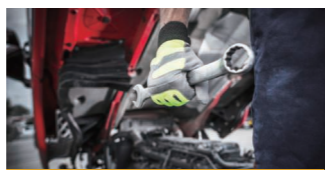
Airports and aviation

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



Disaster preparedness

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



Customer support (CS)

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

New business

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

TOPICS

Transfer belt systems that contribute to reducing workforce and workload in ground support operations

Loading and unloading baggage and cargo onto and off aircraft can be a difficult task in which a large number of heavy items are handled manually in a short period of time in a harsh environment. On the other side of the walls and floors of baggage claim rooms, ground support staff handle the luggage from airline flights. In this business, we have continued to engage in various initiatives over many years, aimed at achieving personnel and labor savings and automation of baggage handling.

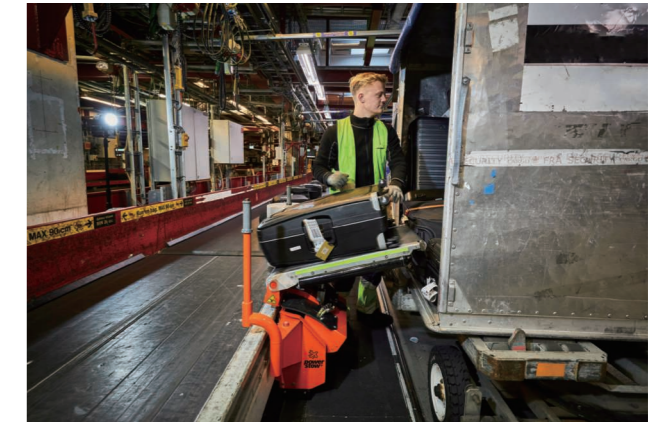
The transfer belt systems manufactured by Power Stow of Denmark, part of these initiatives, are machines that support the work of placing each item of baggage unloaded from an aircraft on the receiving conveyor belt.

Each airliner holds several hundred items of checked baggage, some of which may weigh over 30 kg.

International flights place an especially high burden on workers, as it is necessary to handle a high volume of large and heavy items in a short period of time.

However, this work represents an indispensable service for airline users.

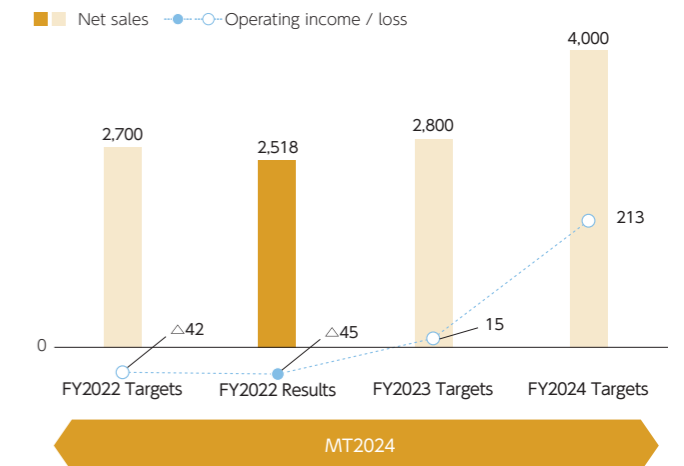
Transfer belt systems reduce the burden of manual work, contributing to a reduction in workforce and workload and an improvement in work efficiency and the labor environment. Through these systems, we will support the ground support staff responsible for working behind the scenes to ensure that passengers enjoy a comfortable flight.



Business Overview

- Orders were brisk due to the resumption of capital investment by airlines, as the recovery from the COVID-19 pandemic became clear
- Interest in proposals related to workforce and workload reduction and automation rose markedly due to the impact of the COVID-19 pandemic
- Supply chain problems due to wars and other factors resulted in soaring purchasing costs and longer delivery times

Net Sales / Operating Income (Millions of yen)



Overview by Region



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

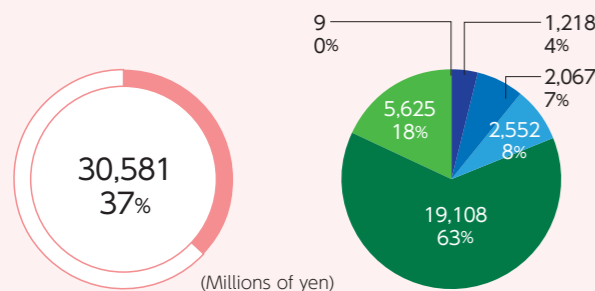
Strengthening our initiatives for environment-related equipment

A downturn in real estate markets has sparked a slowdown across the entire economy. This has been compounded by issues such as personnel shortages, a deterioration in the employment rate among young people, soaring personnel expenses, a slump in consumption, and tighter environmental regulation. Even in these conditions, some companies are achieving earnings growth, and it is important that we follow these growing companies.

We will continue to develop into an organization with engineering capabilities, as we have set forth under our medium-term business plan MT2024, and we aim to expand our business with Chinese companies. We will also work to further expand our business scale by handling environment-related equipment as an ESG initiative across all business divisions.

Focus Fields and Initiatives

- **Electronics:** strengthen efforts to catch up with companies relocating production bases from China to South Asia and Mexico
- **Automotive:** cultivate Chinese automotive parts manufacturers
- **Industrial Machinery:** expand sales of vacuum thermoforming machines by effectively utilizing the Technical Center
- **Plant & Energy:** strengthen sales promotion of decarbonization and environment-related equipment
- **Energy Solutions:** expand sales of products of Chinese equipment manufacturers in Europe and Asia



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

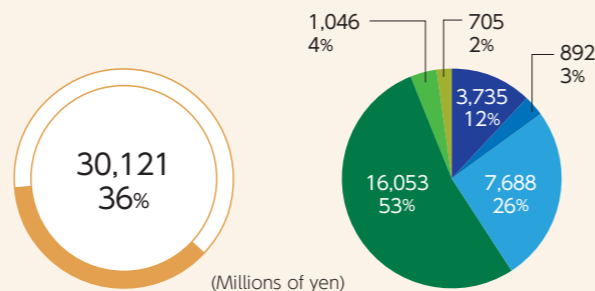
Strengthening our system to respond to the vigorous Indian market

Our performance in the first fiscal year of the medium-term business plan MT2024 was driven by vigorous investment in automotive-related markets. The Electronics Business also performed strongly due to an increase in projects to transfer production away from China.

Business conditions have deteriorated this fiscal year, impacted by inventory adjustments for smartphones, PCs, home gaming-related and other products, as well as a sense of uncertainty over the Chinese economy. However, business remains brisk in some industries, such as those related to automobiles and air conditioning. In the Indian market, especially, we are working to strengthen our system to respond to vigorous investment.

Focus Fields and Initiatives

- **Electronics:** promote LOGITO related businesses that match the characteristics of each country and strengthen semiconductor related businesses
- **Industrial Machinery and Automotive:** expand business with foreign and local companies by enhancing engineering functions
- **Plant & Energy:** collaborate with local companies, mainly in Thailand and Vietnam, under the theme of decarbonization
- **Healthcare:** cultivate the pharmaceutical industry in India and the ASEAN region
- **Other:** aim to expand each business in India by bolstering personnel and bases



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

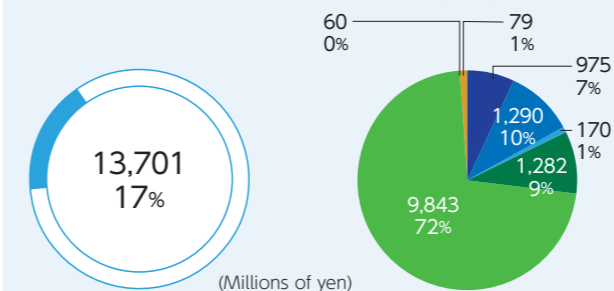
Strengthening sales and support through the establishment of the US's Engineering Department and new bases

Our core Automotive, Electronics, Energy Solutions, and Plant & Energy businesses all performed smoothly in the first fiscal year of the medium-term business plan MT2024. In addition, we were able to capture orders for large-scale coating equipment in the Industrial Machinery Business in Mexico.

This fiscal year, we will focus on anticipated capital investment in areas such as automated assembly lines for key EV components in the Automotive Business, large-scale furnace projects for LIB materials in the Energy Solutions Business, mounting equipment for in-vehicle components in the Electronics Business, and automated assembly lines for medical equipment in the Industrial Machinery Business.

Focus Fields and Initiatives

- **Energy Solutions:** establish a new sales and service base in Austin, Texas, in the U.S. to bolster customer support and sales expansion
- **Automotive:** establish a new sales office in Lexington, Kentucky, in the U.S. to bolster customer support and sales expansion
- **Industrial Machinery:** sales of automated machines to major global medical equipment companies are growing rapidly in the healthcare and pharmaceuticals field. We will revise our product lineup for the pharmaceuticals field
- **Other:** recruit engineers in Tijuana, Mexico to expand our business region. We established the Engineering Department at our U.S. subsidiary in April 2023



Iraka Aoki Managing Director, DJK EUROPE GMBH

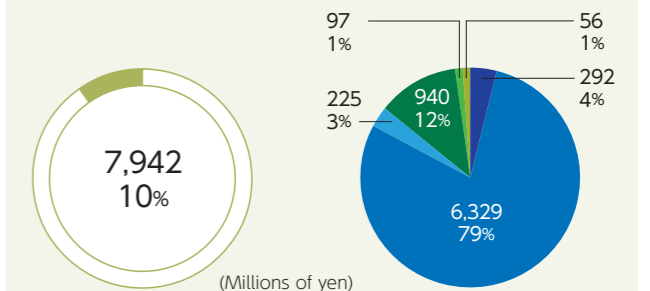
Further expanding EV- and battery-related businesses

Europe's economy has held up well, despite suffering from the invasion of Ukraine and the energy crisis. Our Europe subsidiary achieved its highest-ever profit in the first fiscal year of the medium-term business plan MT2024, substantially due to growth in the EV- and battery-related businesses.

The lifting of travel restrictions saw a revitalization of investment in the European market, as well as an increase in development themes. Our portfolio balance is progressively improving and we aim to continue to strengthen our system and expand our businesses to achieve the targets set forth under the medium-term business plan MT2024 and the V2030 growth strategy.

Focus Fields and Initiatives

- **Energy Solutions:** cultivate manufacturers of products related to anode materials and all-solid-state batteries
- **Aviation & Social Infrastructure:** cultivate new products to meet the demand for electrification in Japan
- **Automotive:** expand sales of next-generation component manufacturing equipment and develop business proposals to European automakers
- **Electronics:** expand into the MENA region and attempt front end engineering design



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

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

Special Feature

Transforming into the Next-generation Engineering Trading Firm

Yasushi Marumoto Director, Managing Executive Officer



Strengthening engineering functions is our most important theme as we strive to achieve our vision to become the next-generation engineering trading firm. In April 2023, we established the Engineering Division to handle the increase in overseas projects and meet even higher technical demands. We will collaborate with engineers, promote information sharing and skill enhancement, and accelerate our efforts to bolster the engineering team and upgrade infrastructure to strengthen our on-site responsiveness.

Boosting our Project Management Capacity and Strengthening our Engineering Functions

Until now, we have mainly engaged in providing technical services incidental to the sale of machinery, ranging, for example, from the coordination of multiple units of equipment to post-installation after-sales service. These achievements have been highly regarded, and we have been involved in the establishment of production sites as our customers expand overseas. Many of our engineers now support production bases both in Japan and overseas. In recent years, with the increasing scale, complexity, and sophistication of projects, we have augmented our technical resources to meet the needs of our customers and boosted our project management capacity, including health and safety management. We also focus on technical support for manufacturing,

engineering requiring specialized knowledge, improving the yield of production lines, and other solution proposals linked to resolving production site issues, as we strive to strengthen our engineering functions. In an increasing number of cases, the technical advice and recommendations that we actively provide to our suppliers and partner companies enable them to gain hints for their product and technical development. We firmly believe that raising our total coordination capacity for technical support by structuring production lines with the optimal combination of equipment to function to the highest level while also achieving energy savings, will also enable us to strengthen our own engineering functions.

The Engineering Division: an Integrated Organization of Engineers

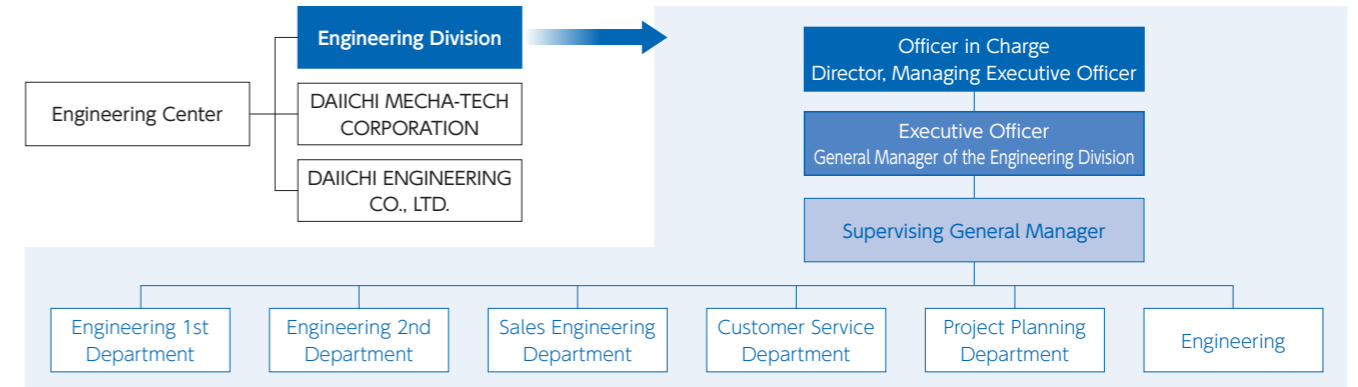
We established the Engineering Center in April 2021, providing all process management, from customers' consideration of the introduction of equipment to production support to the procurement, delivery, installation, and stable operation of this equipment. Through these activities, we have succeeded in capturing orders for an increasing number of projects in the Energy Solutions Business and Industrial Machinery Business, with many of our engineers

participating in projects in Japan and overseas. In areas such as lithium-ion battery manufacturing processes and automotive painting lines, especially, close examination by our engineers and their expert judgment has enabled us to implement risk management, including work safety and legal and regulatory compliance, supporting orders. In April 2023, we established the Engineering Division as an operating unit for technical services

under the umbrella of the Engineering Center. The Engineering Division gathers together the engineers previously scattered between each business division to form a group-wide integrated organization of engineers. It will engage in activities such as the selection and

enhancement of resources required to improve the internal technical infrastructure and carry out business operations. Moreover, through coordination with the sales divisions, it will provide technical support for the administration of project orders.

Structure of the Engineering Division

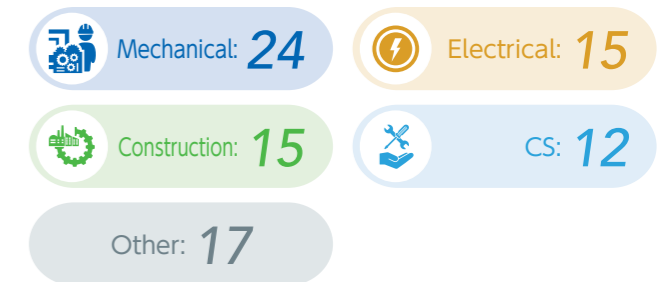


Recruiting Highly Specialized Human Resources and Constructing Training Systems Adaptable to Diverse Business Fields

We have gathered the engineers who were previously scattered between the various business divisions to establish a team of approximately 70 engineers, at present, as an integrated organization of engineers to provide technical services. Going forward, we plan to further boost human resources for immediate deployment, with the Engineering Division taking a leading role in recruitment, in coordination with each business division. We plan to utilize our existing personal networks to secure outstanding talent, actively recruiting engineers closely familiar with major engineering firms and each industry. Regarding training, we will structure a curriculum that is flexible enough to adapt to a range of different business fields, with a focus on passing on and continuing technical expertise. We also face the urgent tasks of introducing a personnel evaluation system to accurately evaluate our engineers, enabling them to

make full use of their abilities, and creating mechanisms that enable our engineers to map out a diverse range of career paths in line with their aptitudes. We have already started discussing these tasks with the relevant divisions.

Number of Engineers by Area of Specialization



Strengthening Cooperation with Group Companies in Japan and Overseas to Provide Our One-of-a-kind Technical Services Globally

Going forward, the Engineering Division will lead stronger cooperation with DAIICHI MECHA-TECH and DAIICHI ENGINEERING under the umbrella of the Engineering Center. We will build mechanisms to enable complementarity between these organizations based on the various characteristics of each. This will include the recruitment and training of human resources. We will also actively engage in human resource exchange and other initiatives between Group companies and endeavor to boost the standard of engineering capacity across the entire DJK Group. Wave Engineering Corporation joined the Group in July 2023. We aim to integrate Wave Engineering's outstanding strength in simulation engineering with the Group's plant engineering capabilities. We expect this to lead to stronger engineering capabilities. Meanwhile, overseas, we have hired many local engineers in China and Southeast Asia and are already

providing technical services. Going forward, the Engineering Division will coordinate with engineers belonging to the overseas bases of Group companies to provide one-of-a-kind technical services. In Europe and the United States, specifically, we will address the increase in production of lithium-ion batteries associated with the trend toward electric vehicles to develop this business as a focus area. As an integrator, our engineering capabilities take a different approach to those of a conventional engineering company or EPC contractor. These capabilities, in combination with the trading company function that we have developed over DJK's 75-year history, will enable us to connect people and technologies, advancing toward our goal to become the next-generation engineering trading firm that contributes to manufacturing around the world.