

A dark, high-contrast image of a car's interior, focusing on the dashboard and steering wheel. The image is mostly black with some blue and yellow highlights, suggesting a futuristic or high-tech environment. The text is overlaid on this image.

Consolidated Financial Results for the Six Months Ended September 30, 2020

DaikyoNishikawa Corporation

November, 2020

DaikyoNishikawa Corporation

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1. Financial Results

- Sales decreased year on year except for Mexico due to declined production of major customers because of COVID-19
- Despite cost reductions and increased sales in Mexico, profits decreased mainly due to declined production
- While taking all possible measures against COVID-19, steadily promoting light-weight product development, work style reform such as telework, implementation of manufacturing innovation, and preparation for mass production for next-generation product to major customers

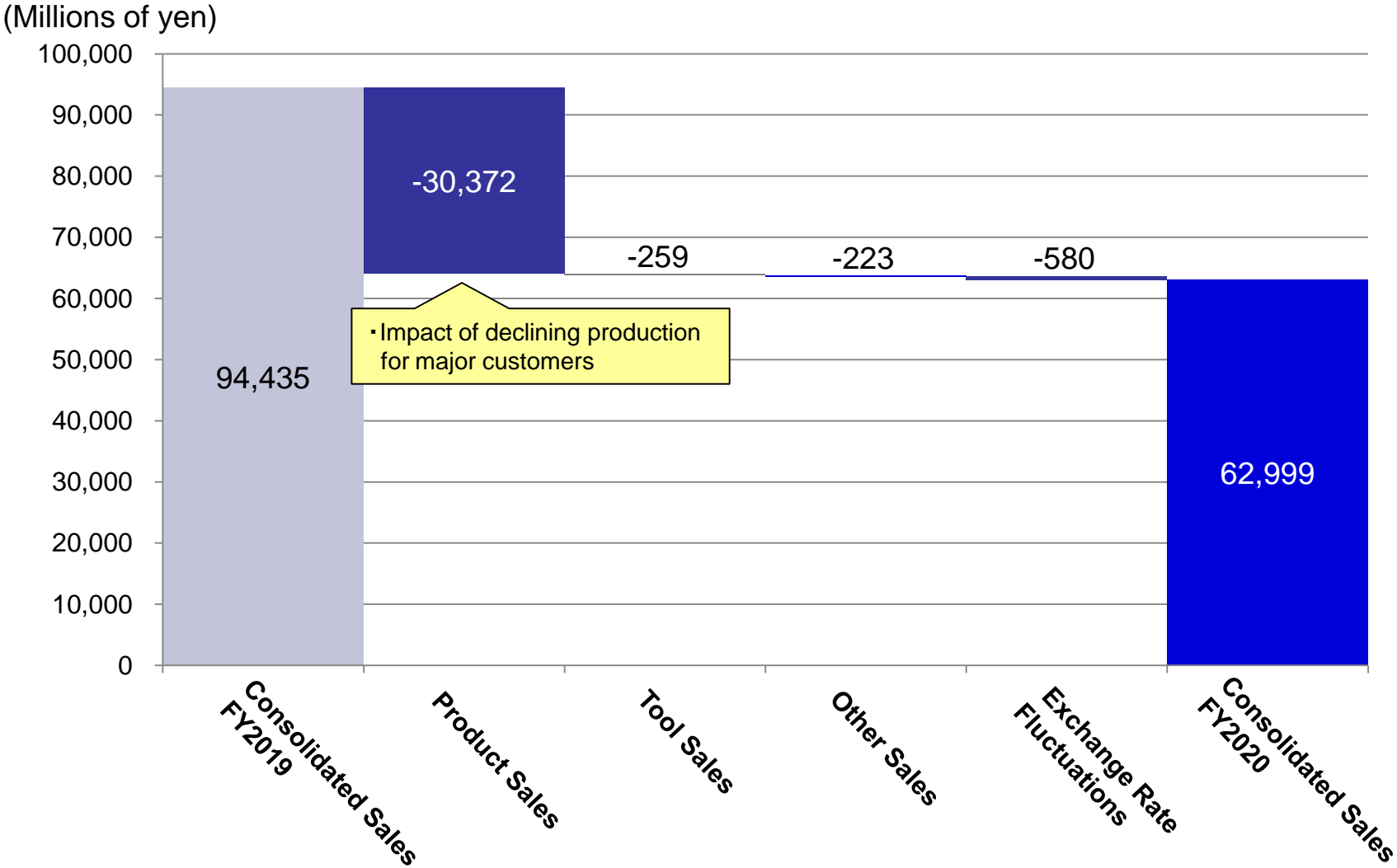
Consolidated Profit and Loss Statement



Sales decreased due to declined production of major customers
due to spread of COVID-19 infection
Profit also decreased due to declined production

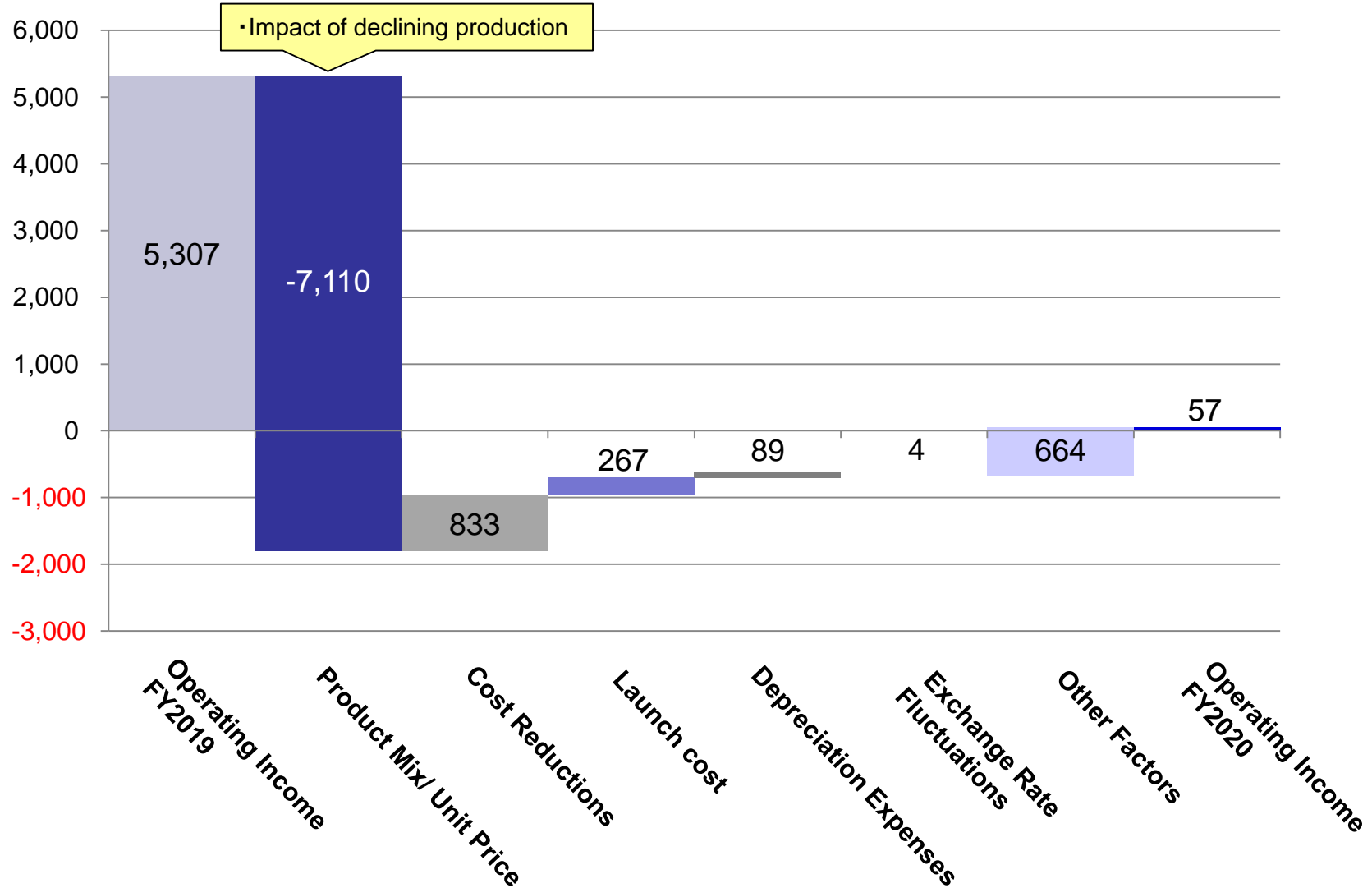
	Financial Results Ended Sept.30, 2019	Financial Results Ended Sept.30, 2020	Changes (Y on Y)	Changes (%)	(Millions of yen) Announced on Aug.4
Net Sales	94,435	62,999	-31,436	-33.3%	60,000
Operating Income	5,307	57	-5,250	-98.9%	-2,100
Ordinary Income	5,529	231	-5,298	-95.8%	-1,300
Net Income Attributable to Owners of Parent	4,002	-159	-4,162	—	-2,200
Net Income per Share	56.49yen	-2.25yen	-58.74yen	—	-31.02yen

Reasons for Increase or Decrease in Consolidated Sales



Operating income increase or decrease factor

(Millions of yen)



Outline of segment business performance



Segment	Outline of business performance
Japan	<ul style="list-style-type: none">■ SALES : Decreased due to declined production of major customers due to the impact of COVID-19■ PROFIT : Although worked on process improvement, labor cost cut and fixed cost reduction, operating loss due to declined production
China/Korea	<ul style="list-style-type: none">■ SALES : Decreased due to a decrease in sales to Japan at Chinese subsidiary■ PROFIT : Although streamlining effect at the China subsidiary, profit decreased due to the impact of decreased sales
ASEAN	<ul style="list-style-type: none">■ SALES : Decreased due to declined production of major customers due to the impact of COVID-19■ PROFIT : Although cost reduction effect such as process improvement at the Thai subsidiary, profit decreased due to the impact of declined production
Americas	<ul style="list-style-type: none">■ SALES : Increased due to production gain of major customers at the Mexico subsidiary■ PROFIT : Increased due to favorable sales at the Mexico subsidiary

Sales increased due to increase production in Americas segment, but decreased in other segments due to the impact of COVID-19

Net sales to outside clients

		Financial Results Ended Sept. 30, 2019	Financial Results Ended Sept. 30, 2020	Changes (Y on Y)	Changes (%)
(Millions of yen)					
Domestic	Japan (component ratio)	75,032 (79.5)	45,354 (72.0)	-29,677 (-7.5Pts)	-39.6%
	China/Korea	3,063	2,360	-703	-23.0%
Overseas	ASEAN	6,977	4,393	-2,583	-37.0%
	Americas	9,363	10,891	1,528	16.3%
	Sub total (component ratio)	19,403 (20.5)	17,644 (28.0)	-1,758 (7.5Pts)	-9.1%
Total		94,435	62,999	-31,436	-33.3%

Operating Income by Region



Profit declined except in Americas segment
 COVID-19 impacted production decrease at major customers

(Millions of yen)

		Financial Results Ended Sept. 30, 2019	Financial Results Ended Sept. 30, 2020	Changes (Y on Y)	Changes (%)
Domestic	Japan (component ratio)	4,175 (79.2)	-1,000 (—)	-5,175 (—)	—
	China/Korea	266	92	-173	-65.3%
Overseas	ASEAN	883	138	-744	-84.3%
	Americas	-54	565	619	—
	Sub total (component ratio)	1,095 (20.8)	796 (—)	-298 (—)	-27.3%
Total		5,270	-204	-5,474	—

2. Financial Forecast for Fiscal 2020

Financial Forecast for Fiscal 2020



Financial forecast revised upward due to higher production than the previous forecast and profit improved due to group-wide fixed cost reduction

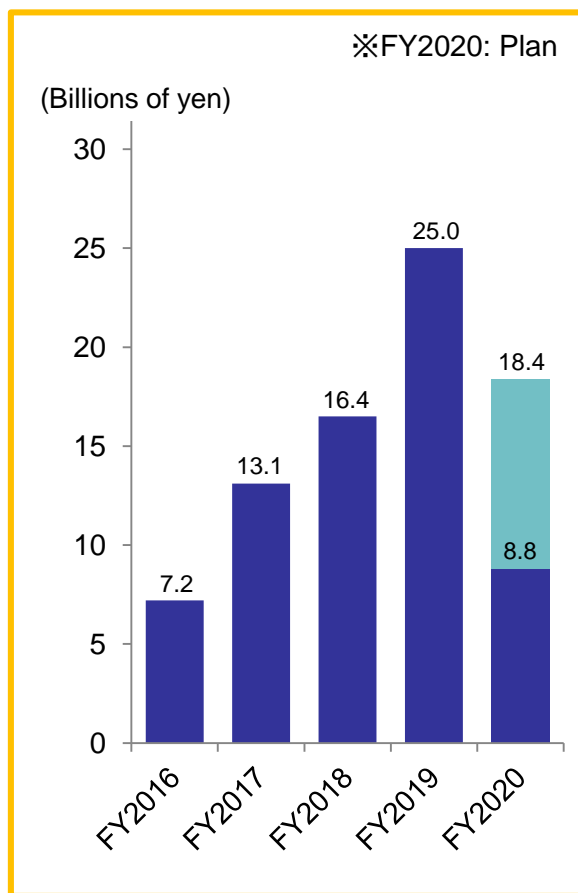
(Millions of yen)

	FY2019 Forecast (as of Aug 4th)	FY2020 Forecast (Amended)	Changes	Changes (%)
Net Sales	145,000	150,000	5,000	3.4%
Operating Income	500	3,300	2,800	560%
Ordinary Income	1,500	3,600	2,100	140%
Profit Attributable to Owners of Parent	0	1,600	1,600	—
Net Income per Share	0.00円	22.55yen	22.55yen	—

Capital Investment, Depreciation and R&D Expenses

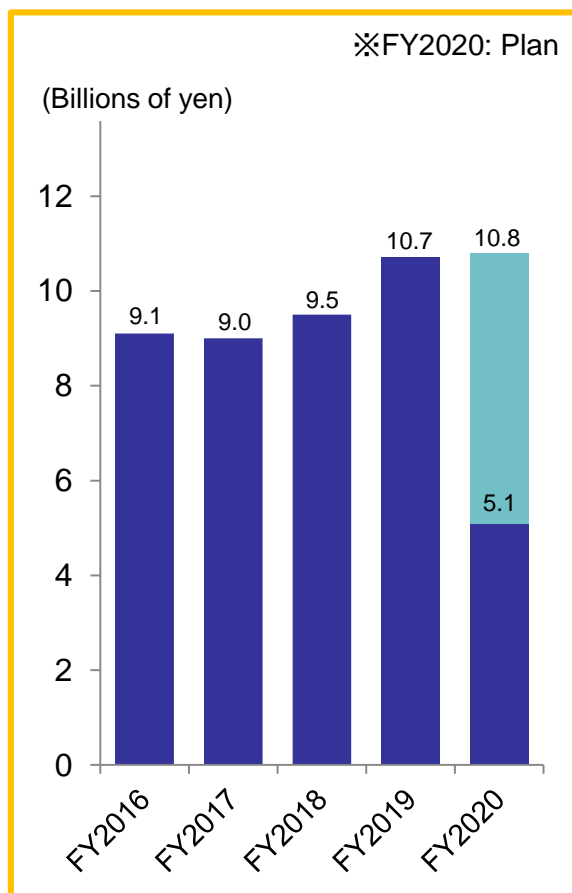
《Capital Investment》

Headquarters-related was almost completed, resulting in a significant decrease



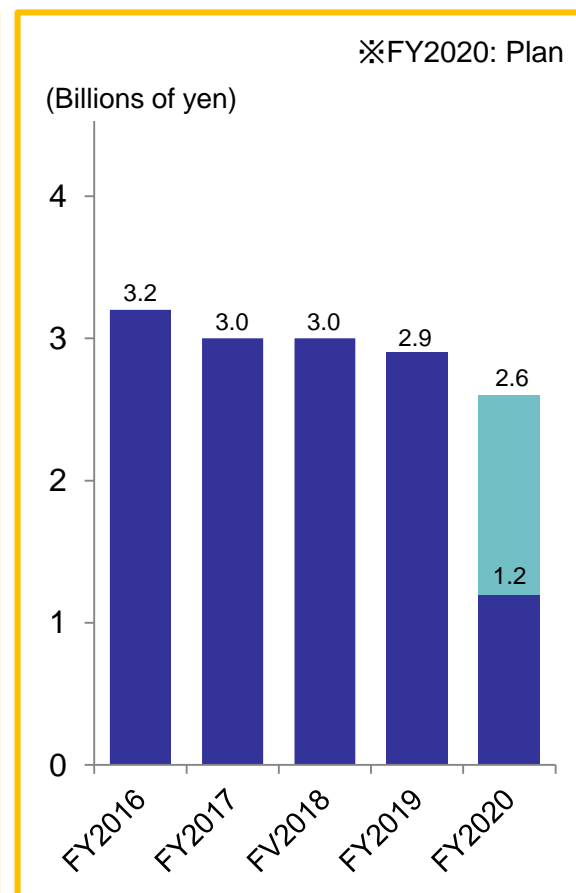
《Depreciation》

A slight increase due to the start of depreciation at the new base

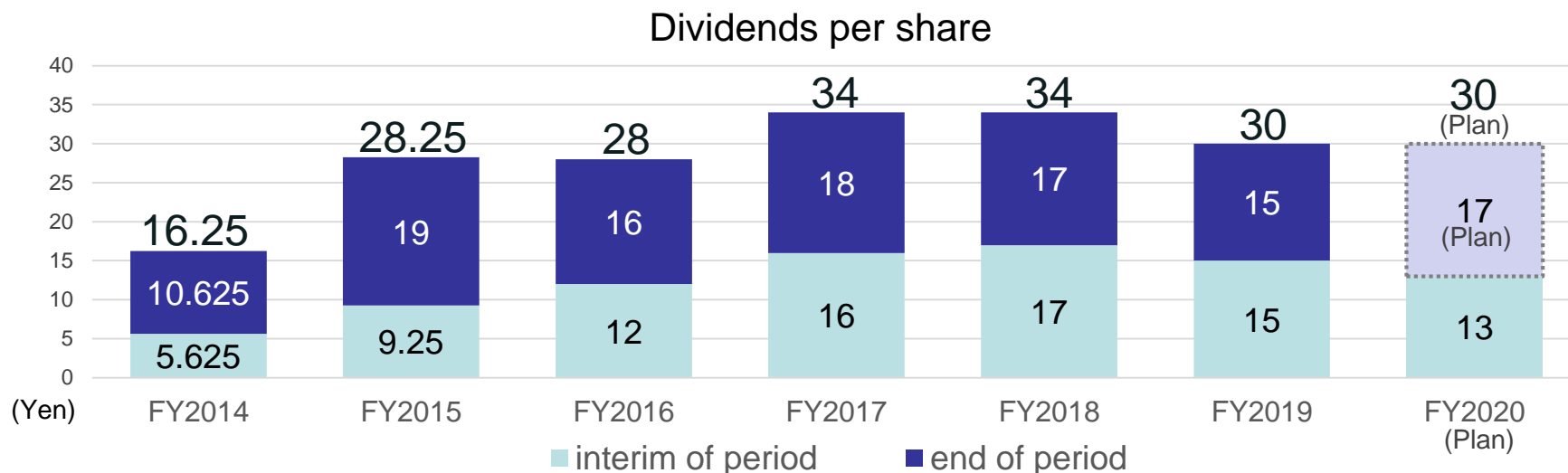


《R&D Expenses》

Decrease due to suspension of work and streamlining of work



Interim dividends is 13 yen as planned,
year-end dividends forecast remains unchanged



※On January 1, 2016, we split its common stock into four shares.

The annual dividends for FY2014 and the interim dividends for FY2015 are calculated as dividends per share, assuming that a stock split was conducted.

Payout Ratio

FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020 (Plan)
17.0%	17.7%	18.9%	19.3%	23.2%	43.3%	133.0%

※FY2016 : Excluding commemorative dividend

3. Medium-Term Business Plan FY2019~FY2023

The business environment has changed due to the impact of COVID-19 since the formulation of the medium-term business plan FY2019~2022

■ Macro environment

- Declining demands for automobiles, market-specific fluctuations
- Obstacles due to restricted movement of people

■ Market environment

- Acceleration of CASE
- Strengthening environmental regulations

■ Competitiveness environment

- Review supply chain such as strengthening BCP

The medium-term business plan had to be revised in response to the drastic business environment changes

- The impact of spreading COVID-19 infection
- Changes in mass production start time and production volume plan of major customers
- Increasing importance of flexible measures in line with changes in the business environment, such as new work style reform, strengthening BCP and CSR management



Extended the planning period by 1 year to 2023, in order to complete the current measures that have shifted the development speed and make it compatible to incorporate the changes in the business environment for further growth

Identify management challenges in each strategy for the recovery in a pandemic circumstances and work style reform based on new ideas and perspectives


■ **Challenges for BCP**

Under the global emergency circumstances, delays in initial response will have a significant damage on business operations, so it is inevitable to strengthen BCP furthermore

■ **Challenges of in-house structure to environmental changes**

Realization of work style reform adapted to the new normal

■ **Ensuring the safety of employees and the community**

 Build a flexible and strong management base that can respond to changes in the environment by connecting the know-how, experience and new business management methods under the COVID-19 emergency condition

Outline of Medium-Term Business Plan

Continue to implement five strategies and take measures by incorporating changes in the environment into strategies

Medium-Term Business Strategies

1	Customer Satisfaction Strategy	-Obtain sustained orders by proposing developments in strategic products -Full response to customer needs and global diversification
2	Product Strategy	-Develop core competency for added value products -Pursue IT innovation, MBD and development process innovation
3	Manufacturing Strategy	-Establish quality exceed up above customer expectation -Establish Optimal production and procurement method
4	Location Strategy	-Boost intra-group collaboration to secure stable earnings at each location (Addition) Strengthening cooperation within each segment for early recovery based on BCP
5	Management base strategy	-Establish cooperate brand through strengthening CSR, environmental measures, and local contribution -Strengthening the structure to support employees to improve their work experience (Addition) Realizing work style reform by utilizing new ideas, perspectives, and tools

Strengthening cooperation between each business segments

Quick recovery from emergencies by strengthening cooperation between each business segments based on BCP policy

- Japan : Play rolls as the “mother company” and measures toward the optimum production base
- China/Korea : Flexible correspondence to changes in the business environment and customer needs and strengthening of risk management
- ASEAN : Responding to changes in the management environment by strengthening cooperation between bases
- Americas : Homogeneity with the mother factory and localization

Utilization of telework

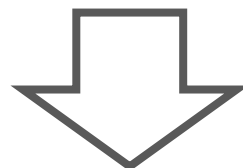
Started as a measure to prevent the spread of infection with COVID-19, it will be utilized as one of the new work style in post COVID-19

- Respond to the diversification of work styles by identifying solutions under the current structure, establishing and expanding telework rules, and improving work environment
- Strengthening web conference system, inducting communication tools, reviewing management method and expenses, etc.

Review of Management Targets

Medium-Term Business Plan FY2019~FY2022

Consolidated Sales	Operating Income Margin	Return on Equity (ROE)
210 Billion Yen	More than 8.0%	More than 10.0%



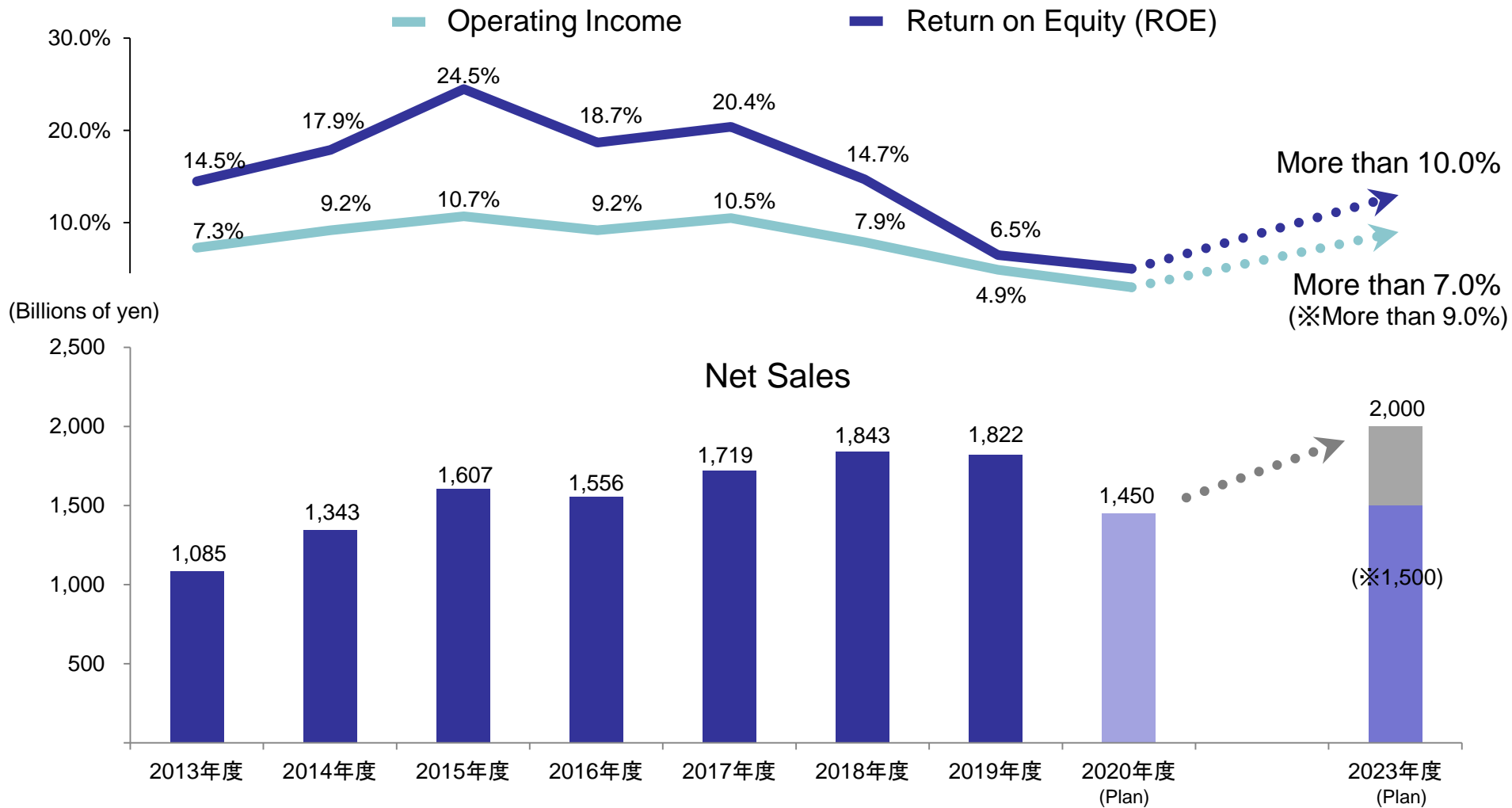
After review

Medium-Term Business Plan FY2019~FY2023

	Consolidated Sales	Operating Income Margin	Return on Equity (ROE)
Current Standard	200 Billion Yen	More than 7.0%	More than 10.0%
New Standard	150 Billion Yen	More than 9.0%	More than 10.0%

※The new standard in "Accounting Standard for Revenue Recognition" will be applied from the fiscal year ending March 2022, we expect sales including parts provided by major customer to fluctuate

Overview of management targets after review




※Management targets after applying "Accounting Standard for Revenue Recognition"

4. Hiroshima Reorganization Project

Background

- Even after the merger in 2007, we continued to utilize the existing factories, but there has been inefficiencies due to the decentralization of functions and organizations.
- There was no space to refurbish existing factories and equipment
- Previous Honsha(headquarters) was a rented property, and there were space and layout restrictions
- We need a core base for promoting CSR such as responding to the natural environment, work style reform, and barrier-free

 Hiroshima reorganization project was started with the opportunity of public recruitment of land in Jike industrial complex to solve management issues, development capabilities, communication, productivity, and promote the creation of workplaces that are friendly to employees and the environment,

Vision of Hiroshima reorganization project

Aim to raise the level of manufacturing and be an environment-friendly and worthwhile

Vision

- **Strengthen development and proposal capabilities that exceed customers' expectations**

Establish a technical center that can perform verification and evaluation all at once

- **Preparation of development system that can be globally launched at the same time**

Securing facilities for offline training and simulation

- **Consistent production line at the head plant**

Line with minimal stagnation, transportation, and work loss

- **Promotion of environmental measures and work style reform**

Correspondence to global environment, barrier-free, working environment, etc.



Overall Flow of the project

Build the headquarters / head plant, improve efficiency by consolidating each function, and improve the development environment by utilizing space

~FY2016	FY2017	FY2018	FY2019	FY2020~FY2023
Recognized the management challenges	Decided on project	Built the headquarters / head plant	Relocated headquarters improve head plant	Reorganize the entire Hiroshima area
<ul style="list-style-type: none"> Examining measures for management challenges 	<ul style="list-style-type: none"> Start the project Acquisition of land 			
	<ul style="list-style-type: none"> Started designing the headquarters / head plant 	<ul style="list-style-type: none"> Announcement of headquarters / head plant construction Headquarters / head plant construction started 		
			<ul style="list-style-type: none"> Started operation at Head plant Establish offline try center Head plant completed Headquarters relocated (7 bases to 5 bases) 	
				<ul style="list-style-type: none"> Reduce losses by reorganizing logistics Renewal of aging equipment Consolidation of test centers (5 bases to 4 bases) Improving the function of existing plants

Aim for productivity improvement, and overall optimal manufacturing system through the reorganization

- Production equipment such as molding machines and large-scale painting was installed at the head plant, and construction is progressing as scheduled.
- Considering the introduction of an automation process aiming at the optimum cost
- Development of production equipment for expansion of new products
- Reduction of rent warehouses due to reorganization

Effect of the project

Reduction of fixed costs and losses

- Reduction of rental property such as warehouses
- Reduce travel time losses and improve operational efficiency by consolidating bases

Strengthen development capabilities and improve productivity

- Established an offline try center to create an efficient development environment
- Improving productivity by installing integrated production lines
- Improving productivity and profitability by introducing new manufacturing technology

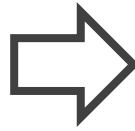
Response of environment and work style reform

- Promotion of environmental conservation by introducing energy-efficient equipment
- Activating communication through functional integration
- Improve employee motivation and job satisfaction

4. Sustainability Initiatives

Strengthen corporate management in line with ESG and SDGs to contribute to a sustainable society through business activities

- Corporate responsibilities for worldwide sustainable society are increasing, such as responding to global climate change risks and environmental regulations, and strengthening diversity and corporate governance
- Identify solutions that should be addressed as a player in the automobile industry that handles resin products, and restructure efforts to resolve these environmental issues

 Promote social contribution through business activities by promoting the sustainability mind within the company and incorporating it into business activities

Examples of Sustainability Initiatives① : Cellulose nanofibers(CNF)



Contribute to reducing CO₂ emissions in terms of both improving fuel efficiency and manufacturing process, saving oil resources and the formation of a society through recycling

■ Participated in the Ministry of the Environment NCV project from 2017

Our efforts :

Molding and evaluation of CNF and resin composite materials

Performance :

Achieved 10% weight reduction of interior parts

■ Participated in the NEDO (New Energy and Industrial Technology Development Organization) project in July 2020 with the aim of early mounting on automobile parts to expand its adoption

Our efforts :

CNF composite material development and molding / processing technology development for mounting automobile parts



DaikyoNishikawa Corporation

Improving work environment where diverse human resources are respected for personality and evaluated fairly

■ Women's empowerment project

Our challenges :

Reform in awareness for women's career advancement and understand the importance of women's empowerment

Measures :

- ① Holding seminars for female employees and managers
- ② Considering expansion of the current system according to life events
- ③ Enhanced support for career development



Focus on efforts to promote employment diversity, such as handicapped persons, foreigners, and/or elderly colleagues

Important Information

This presentation material contains certain statements describing the future plans, strategies, and performance of DaikyoNishikawa Corporation and its consolidated subsidiaries. These statements are not based on historical or present fact, but rather assumptions and estimates based on information currently available. These future plans, strategies, and performances are subject to known and unknown risks, uncertainties, and other factors. DaikyoNishikawa Corporation's actual performance, business activities, and financial position may differ materially from the assumptions and estimates provided on account of the risks, uncertainties, and other factors. The information contained on this presentation should not be considered as an offer, or solicitation, to deal in any of the investments or funds.

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