



Consolidated Financial Results Ended March 31, 2023

DaikyoNishikawa Corporation

May, 2023

1. Financial Results for Fiscal 2022 Page 2
2. Key Initiatives to Achieve the Medium-Term Management Plan Page 8
3. Financial Forecasts for Fiscal 2023 Page 28

1. Financial Results for Fiscal 2022 Page 2
2. Key Initiatives to Achieve the Medium-Term Management Plan Page 8
3. Financial Forecasts for Fiscal 2023 Page 28

Summary of Consolidated Financial Results for FY2022 (Year-on-Year)

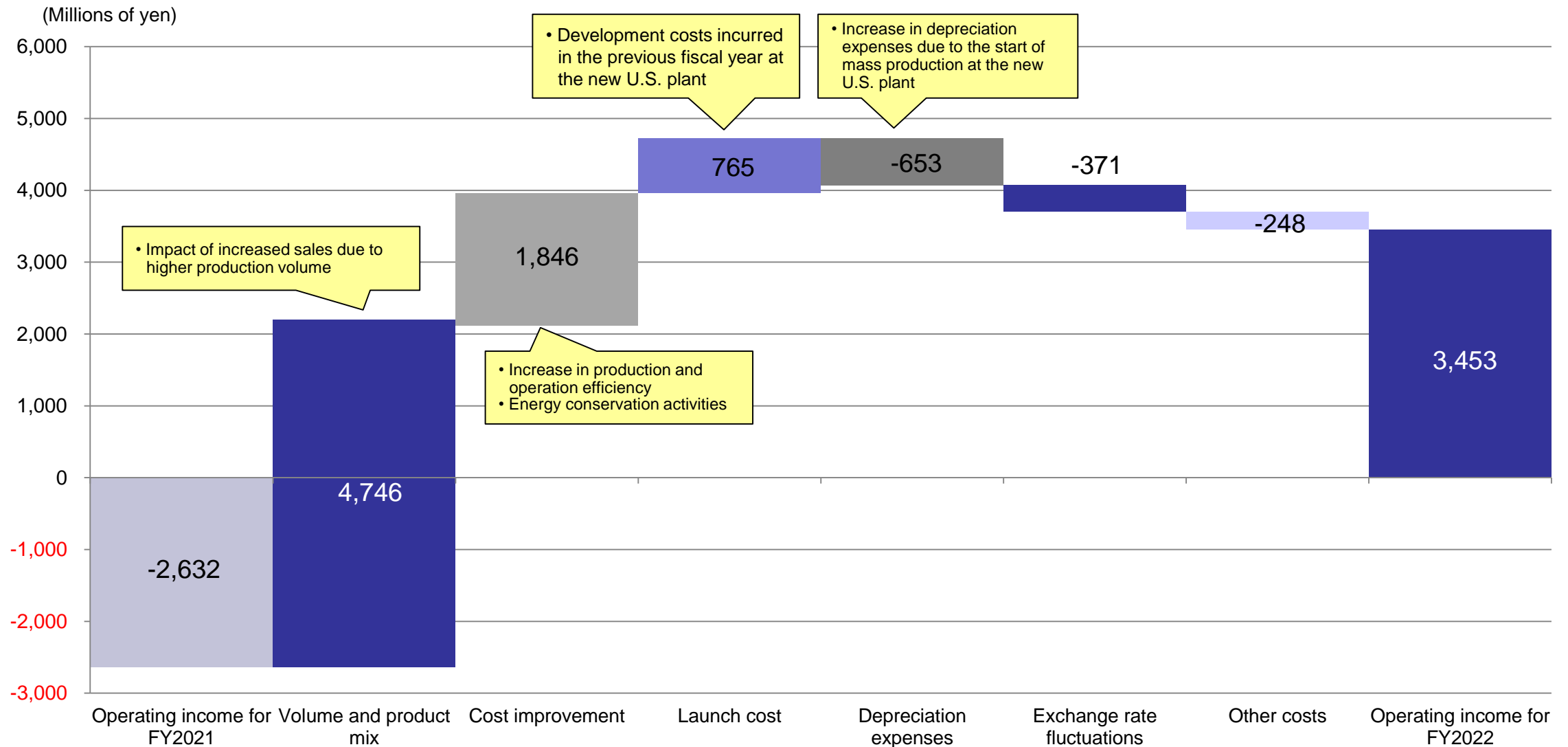


- Net sales increased due to a recovery in customer production volume and the shift of surging raw material and energy costs to prices, despite the impact of the global semiconductor shortage and other factors.
- Operating income increased due to the impact of increased sales, the reduction of all expenses, and the implementation of cost improvement activities, despite the timing delay in the start of two-shift production at the new U.S. plant.

(Millions of yen)

	Financial results for the year ended March 31, 2022	Financial results for the year ended March 31, 2023	Changes (YonY)	Changes (%)
Net sales	116,669	145,744	29,075	24.9%
Operating income	-2,632	3,453	6,086	-
Ordinary income	-985	2,864	3,850	-
Net income attributable to owners of parent	-2,085	518	2,604	-
Net income per share	-29.37 yen	7.30 yen	36.67 yen	-

Net Sales Increase/Decrease Factors



Summary of Consolidated Financial Results for FY2022 (Comparison with Financial Forecasts)



- Net sales exceeded the previous forecast due to the shift of surging raw material and energy costs to prices and the change in customers' car model mix, etc., despite the lower-than-expected production volume.
- Operating income exceeded the previous forecast as a result of the impact of increased sales, the promotion of efficient production and operations, and the implementation of thorough cost improvement activities.

(Millions of yen)

	Financial forecasts for the year ending March 31, 2023 (announced on Nov. 14)	Financial results for the year ended March 31, 2023	Changes	Changes (%)
Net sales	144,000	145,744	1,744	1.2%
Operating income	2,600	3,453	853	32.8%
Ordinary income	2,400	2,864	464	19.4%
Net income attributable to owners of parent	400	518	118	29.6%
Net income per share	5.63 yen	7.30 yen	1.67 yen	-

Sales by Region



- In Japan, net sales increased due to the increase in production volume and the change in the car model mix at major customers, the increase in sales to strategic OEMs to expand sales channels, and the shift of surging raw material and energy costs to prices.
- In Americas, net sales increased due to the start of full-scale operation at the new U.S. plant, the increase in sales of molds, and the impact of conversion to the Japanese currency.

(Millions of yen)

		Financial results for the year ended March 31, 2022	Financial results for the year ended March 31, 2023	Changes (YoY)	Changes (%)
Domestic	Japan (component ratio)	87,211 (74.8)	102,957 (70.6)	15,746 (-4.2 Pts)	18.1%
	Overseas				
	China & Korea	5,789	4,464	-1,325	-22.9%
	ASEAN	9,066	12,287	3,220	35.5%
	Americas	14,602	26,036	11,433	78.3%
	Subtotal (component ratio)	29,458 (25.2)	42,787 (29.4)	13,329 (4.2 Pts)	45.2%
	Total	116,669	145,744	29,075	24.9%

Operating Income by Region



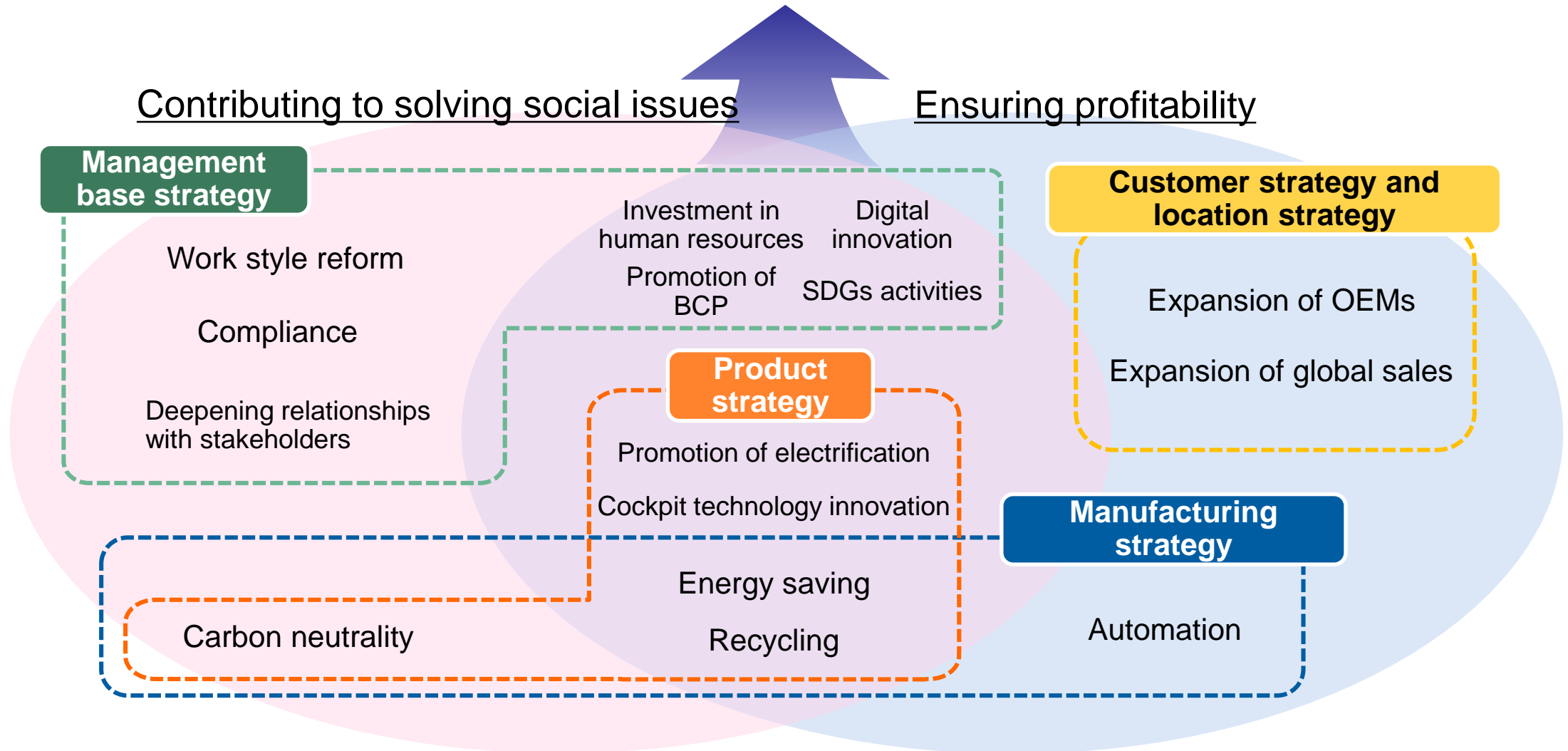
- In Japan, operating income increased due to the impact of higher sales, the reduction of all expenses, and cost improvement activities, despite the impact of surging raw material and energy costs.
- In Americas, operating loss was recorded, despite improvements through a review of the production system and other measures to address the delay in the customer's start of two-shift production at the new U.S. plant.

(Millions of yen)

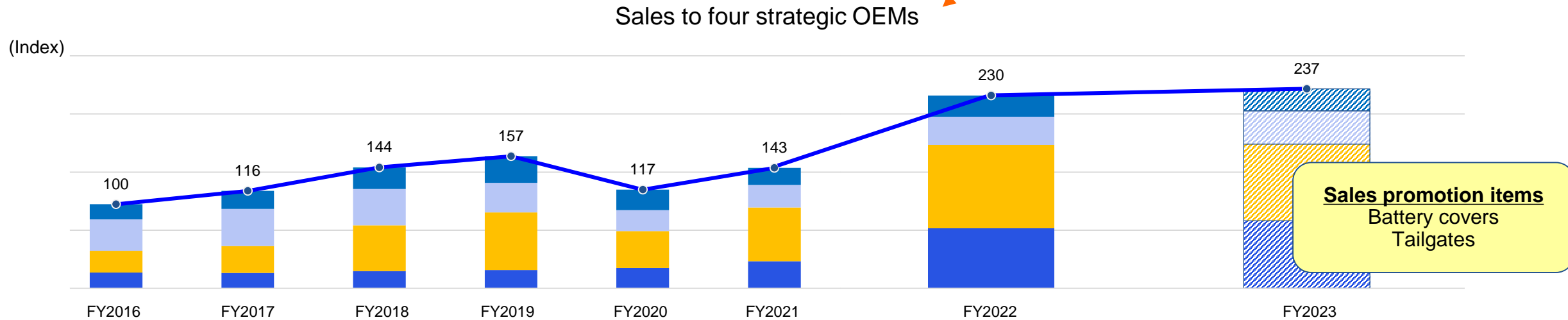
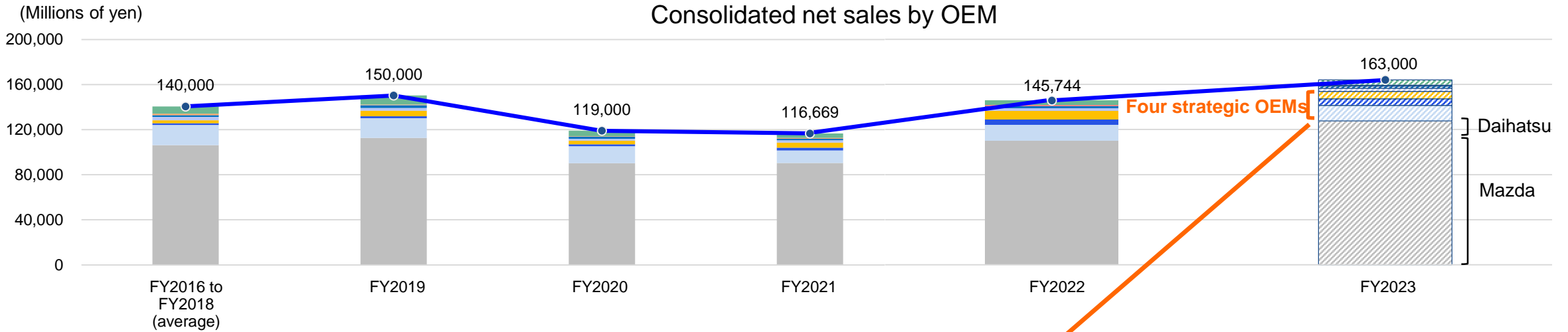
		Financial results for the year ended March 31, 2022	Financial results for the year ended March 31, 2023	Changes (YoY)	Changes (%)
Domestic	Japan (component ratio)	806 (-)	4,098 (-)	3292 (-)	408.4%
	China & Korea	283	-81	-364	-
Overseas	ASEAN	177	1,034	857	482.6%
	Americas	-2,871	-2,750	120	-
	Subtotal (component ratio)	-2,409 (-)	-1,797 (-)	612 (-)	-
Total		-1,603	2,301	3,905	-

1. Financial Results for Fiscal 2022 Page 2
2. **Key Initiatives to Achieve the Medium-Term Management Plan** Page 8
3. Financial Forecasts for Fiscal 2023 Page 28

Strengthening CSR Management



Customer Strategy: Expansion of OEMs

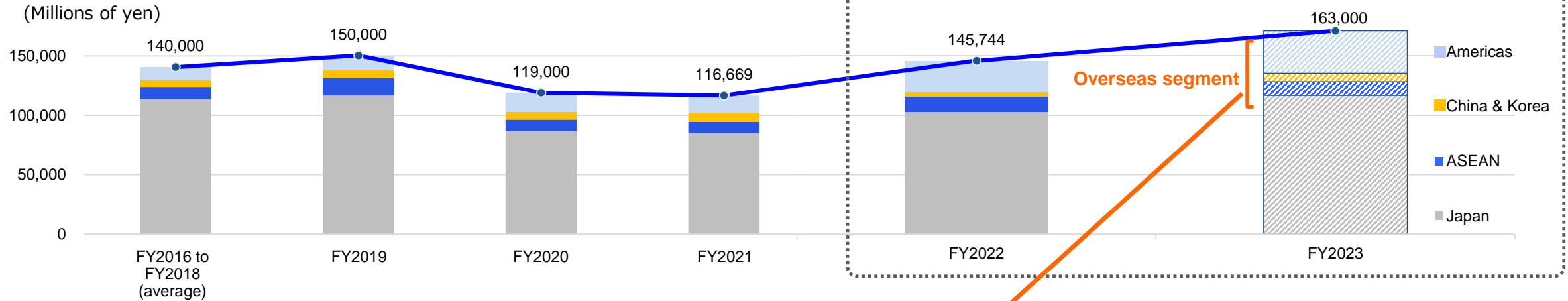


* In accordance with the adoption of the "Accounting Standard for Revenue Recognition" from FY2021, net sales for FY2019 and FY2020 were converted using the rate of difference from the previous standard in the FY2020 results.

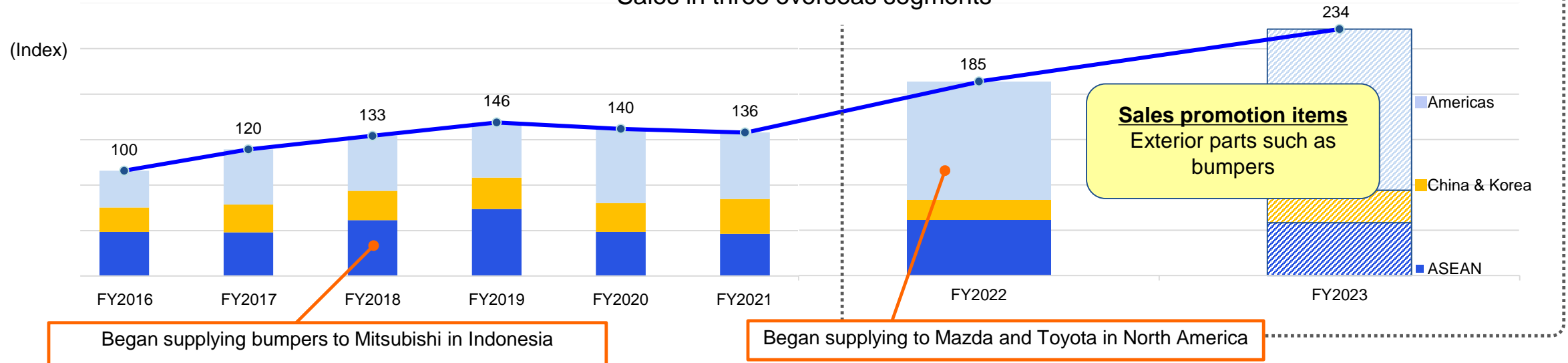
Location Strategy: Expansion of Global Sales



Consolidated net sales by segment



Sales in three overseas segments



* In accordance with the adoption of the "Accounting Standard for Revenue Recognition" from FY2021, net sales for FY2019 and FY2020 were converted using the rate of difference from the previous standard in the FY2020 results.

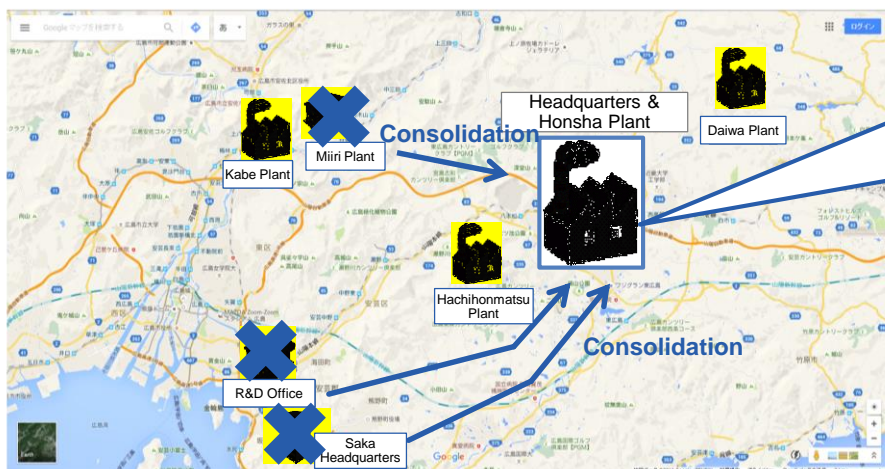
Location Strategy: Completion of Hiroshima Area Reorganization Project



Background of the construction of the Headquarters and the Honsha Plant

(1) Issue of scattered bases

- The Headquarters, the R&D Office, and the Test Center were dispersed in remote areas, resulting in speed and transportation losses, rental costs, employment obstacles, and other issues.



(2) Issue with the production preparation process

- No place or equipment to examine manufacturing (development, technology, manufacturing and procurement)
- Using mass production equipment on holidays and finding difficulty in conducting sufficient verification activities

(3) Space issue for future development

- Lack of space for introducing new technology and renewing equipment in a planned manner
- Difficulty in pursuing ideal equipment layouts and renewing aging equipment

Headquarters relocated in January 2020 and consolidation completed in FY2022



The new Headquarters and the Honsha Plant were established and the six plants were consolidated to four plants.

- Former Headquarters (Saka): Lease terminated
- R&D Office (Yano): Sold
- Honsha Plant ↔ Hachihonmatsu Plant and Yamato Plant: New function and reorganization

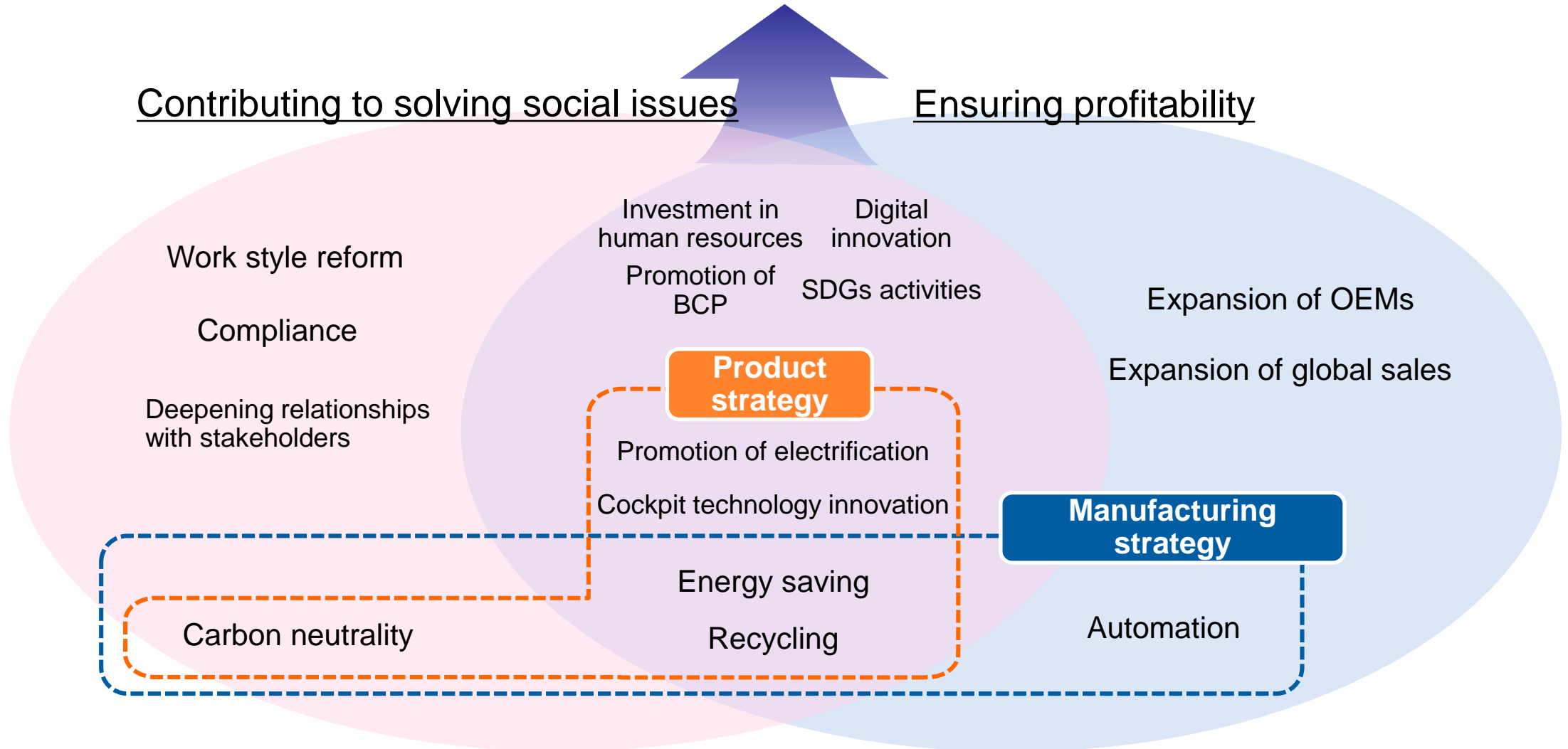
Created a workplace environment where employees feel fulfilled in their work

- **Building the Headquarters, the R&D Office, the Test Center, and the Plant in the same location**
Established a technical center for integrated verification and evaluation
- **Establishing a development system that can handle simultaneous worldwide launches**
Secured equipment and space for off-line development
- **Securing space for flexible and integrated production lines**
Realized straight production from molding to painting and assembly
Ultimate lean production lines using automation and IoT
- **Taking care of the global environment, the barrier-free environment, the work environment, etc.**
 - (1) Improved development efficiency through function consolidation
 - (2) Reduced travel loss and expenses such as rent
 - (3) Reduced CO₂ emissions at the Headquarters (-60%) and the Honsha Plant (-30%)

Strengthening CSR Management

Contributing to solving social issues

Ensuring profitability

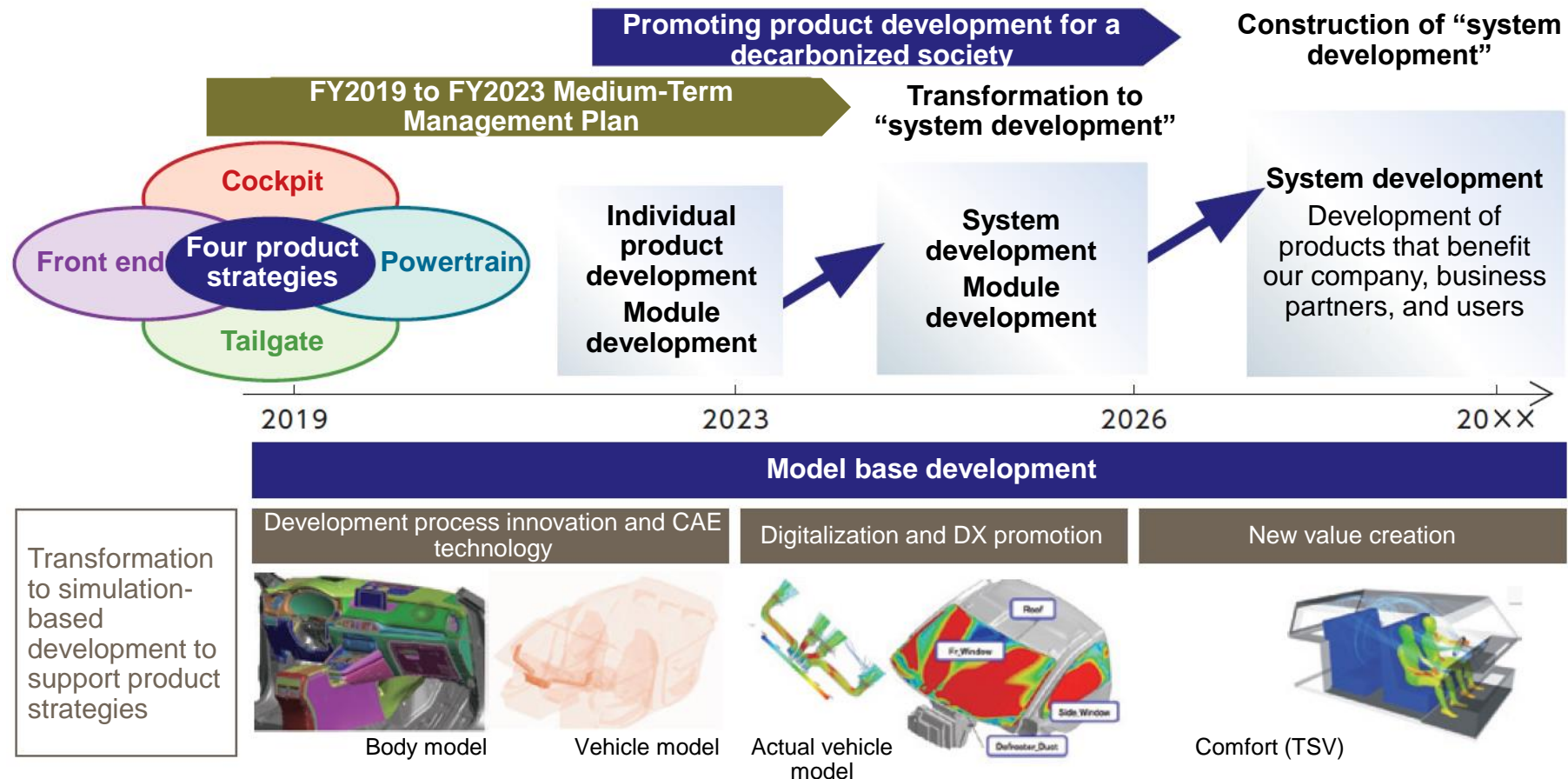


Product Strategy: Module Development Initiatives

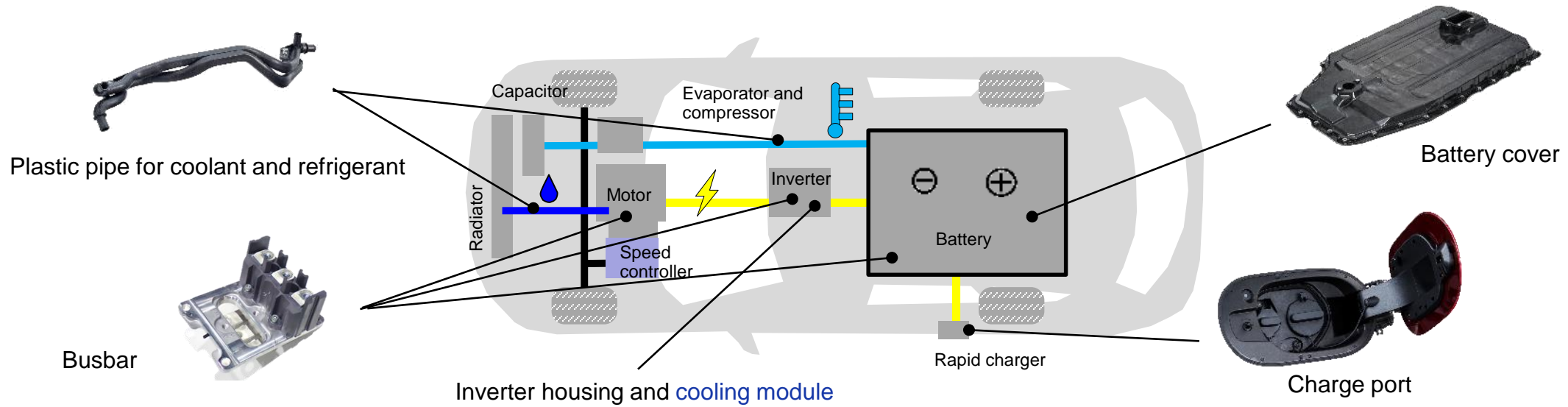


Product strategy roadmap

Strengthening the construction of “**module development**” and “**system development**” including functional integration for a decarbonized society



Beginning the development of new inverter cooling modules and components inside EV battery packs

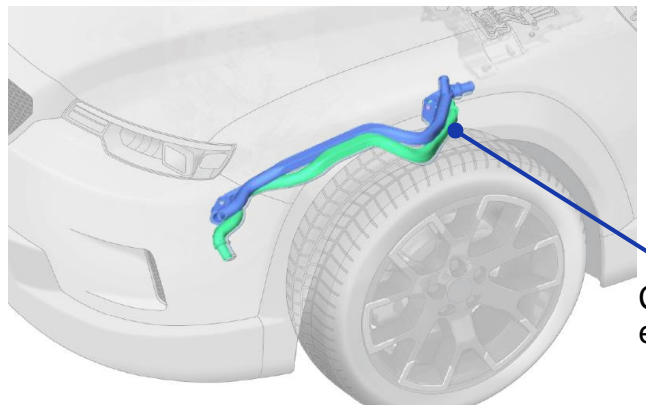


Themes under development		Main initiatives
Fire resistance (for EV)	Evolution of battery covers Development of components inside battery packs	Developing SMC materials to meet fire resistance standards Fire resistance standards: GB standards (strict standards for direct battery combustion)
Thermal management (for EV)	Development of refrigerant-compatible pipes	Realizing the gas barrier performance to shift to structure development
Further weight reduction (for EV)	Development of inverter housings and cooling modules	Challenge to replace existing aluminum castings with plastic castings Developing high temperature resistant materials and verifying the precision molding technology Investigating a high cooling structure

Further deepening plastic cooling pipes for thermal management diversified by electrification

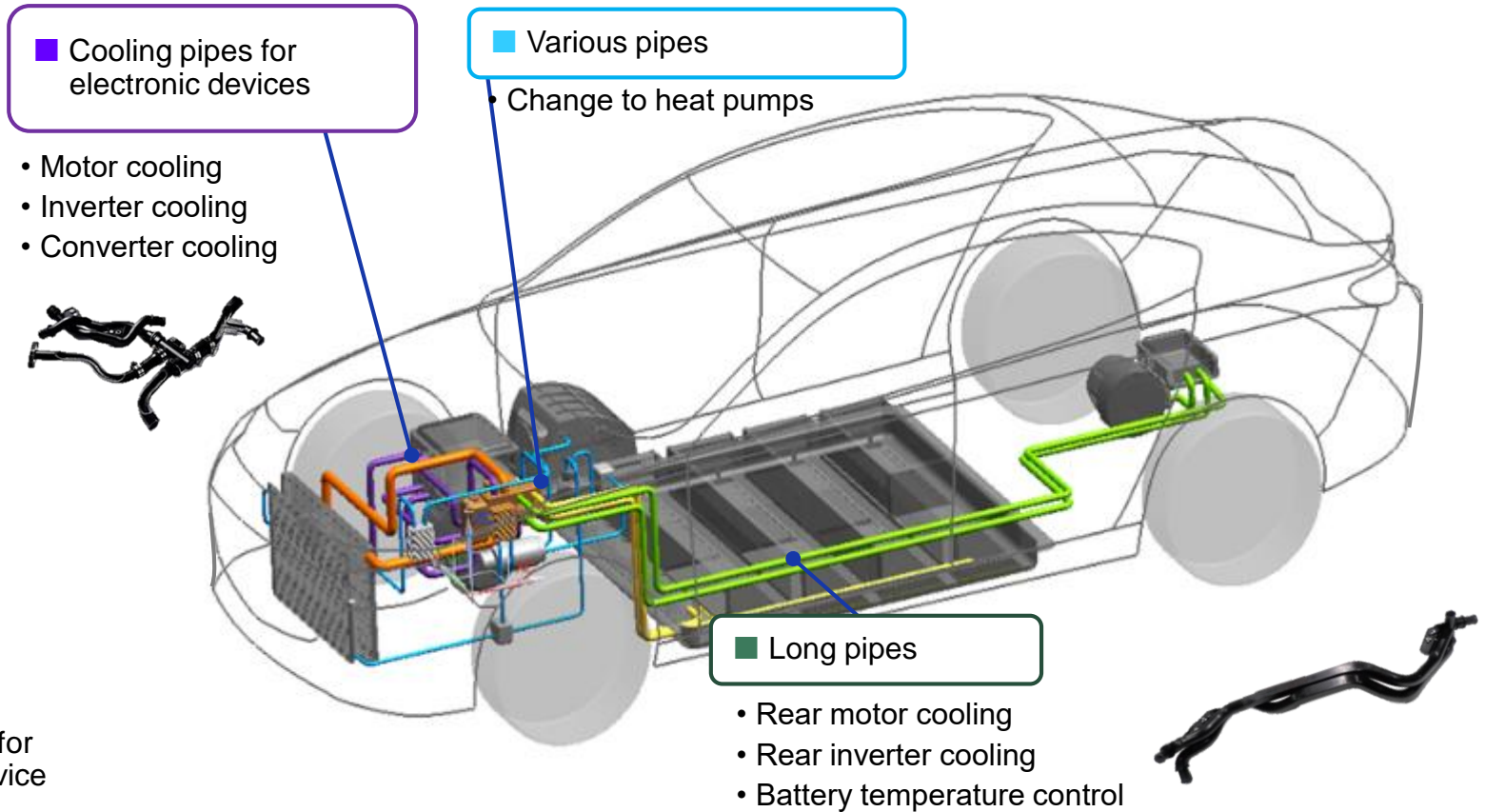
Mass-producing plastic cooling pipes using the gas injection method

Realizing low costs and weight reduction of pipes that are capable of flexible shaping and complex routing



Cooling pipe for electronic device

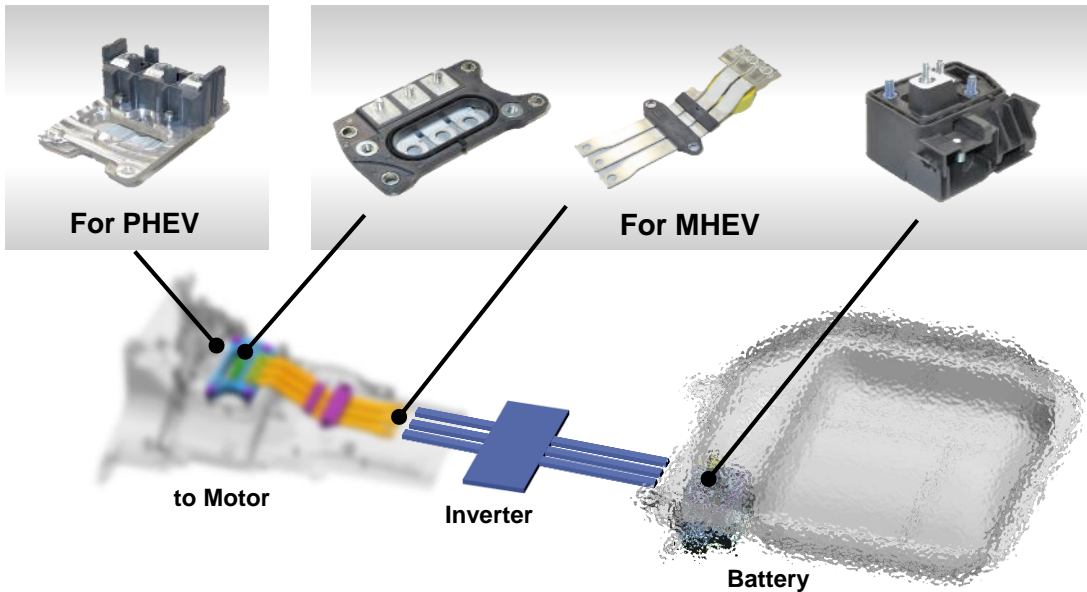
Further deepening the function and performance of plastic cooling pipes to meet the growing demand for cooling pipes due to electrification



Further deepening the busbar technology for converting electric input to driving force due to electrification

Mass-producing busbars for motor drives
Turning the changes caused by electrification into commercial opportunities, thereby aiming for growth

Covering a busbar with engineering plastic to achieve both insulation and a sealed structure to save space



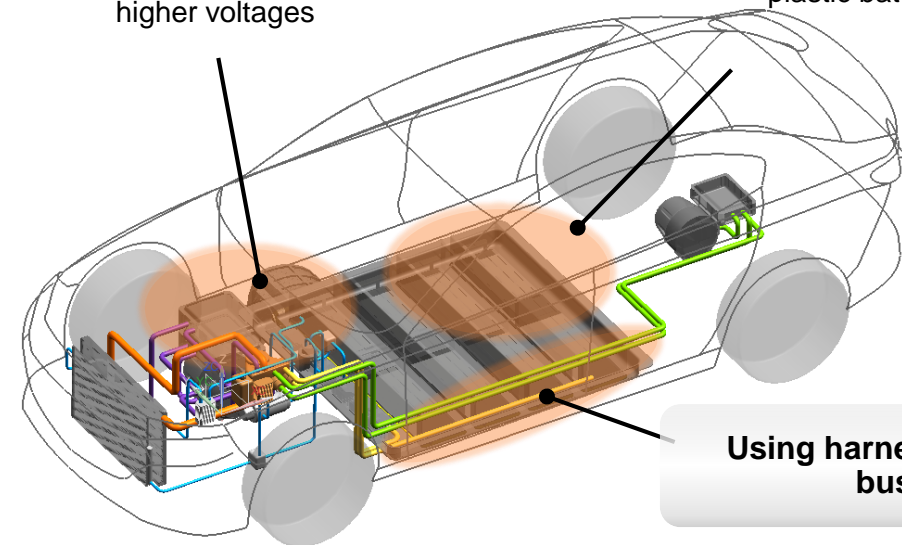
Developing value-added technology to further deepen the busbar technology, thereby meeting the growing demand for busbars due to the shift from internal combustion engines to electrification

High voltages

Busbars with secondary functions such as lubrication and cooling for higher voltages

Integration with large plastic products

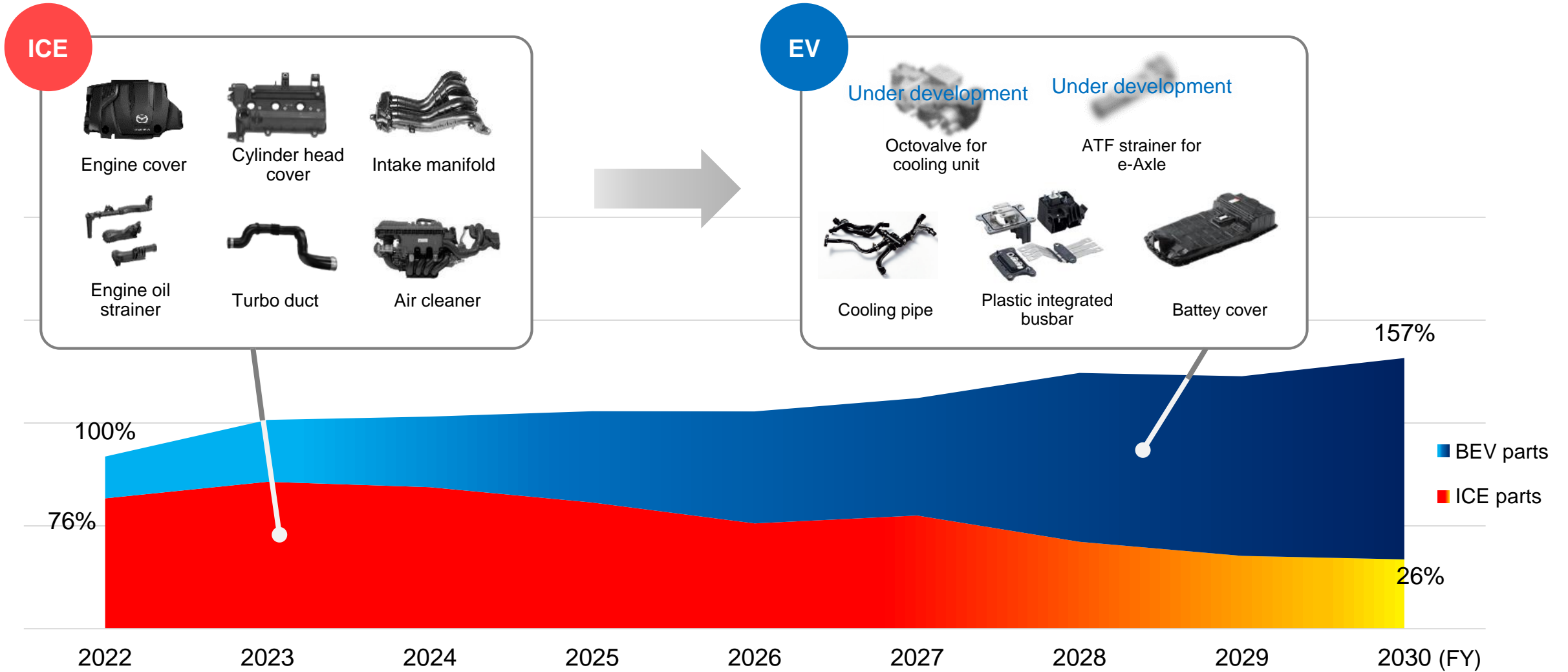
Integrating busbar functions into existing products, including large plastic battery covers



Using harnesses for long busbars

Integrating the functions of long busbar and plastic

Product Strategy: Powertrain Sales Structure Forecast



*Expressed as an index with FY2022 as 100

Manufacturing Strategy: Automation Initiatives



Concept of automation (batch concept)

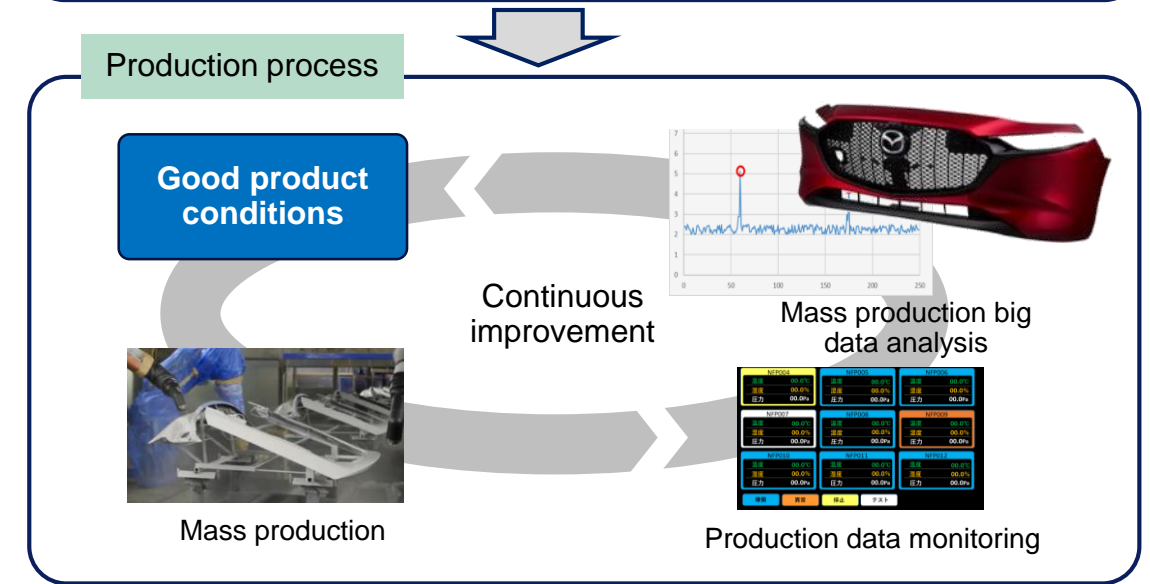
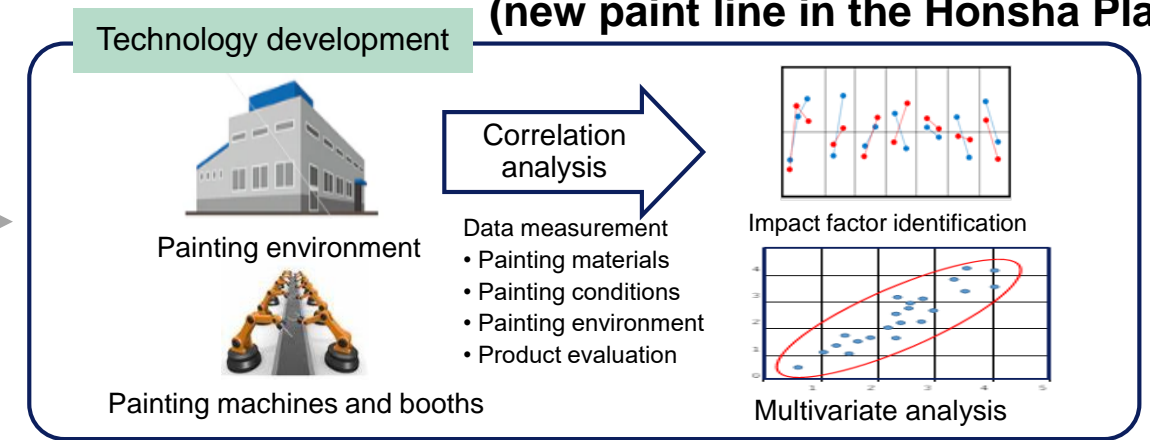
- (1) Establishing conditions for good products (Good product rate: 100%)
- (2) Introducing the latest energy-saving equipment (zero energy loss)
- (3) Pursuing the 3Rs (Material yield: 100%)
- (4) Managing quality and equipment conditions (use of big data)
- (5) Zero waste and loss (pursuit of value-added work)
- (6) Eliminating heavy-object handling work and difficult work (ergonomics)

Development of lines with good product conditions

Production data aggregation systems introduced

	2017	2018	2019	2020	2021	2022
Molding process	Nishiura Plant Model line	Collection	Analysis	Good product conditions	Quality and preventive maintenance of equipment	
		Implementation in the Honsha Plant		Good product conditions		
Paint process	Nishiura Plant Model line		Good product conditions	Quality and preventive maintenance of equipment		
		Implementation in the Honsha Plant		Good product conditions		
Assembly process		Implementation in cooling pipes		Good product conditions		

Example of establishing good product conditions (new paint line in the Honsha Plant)



Reflecting results in the plastic cooling pipe line

Manufacturing Strategy: Automation Initiatives



Introducing innovative technologies that contribute to sustainable manufacturing, thereby achieving a 30% reduction in production manpower

Compact and general-purpose automation equipment



General-purpose screw tightening machine



General-purpose automatic welding machine

General-purpose fully automated production line



Production process to start production in FY2025
Good product conditions: 100%
No. of direct operators: 0

General-purpose fully automated production line, including transport



Required headcount: -30%

Dedicated automation equipment

General-purpose automation equipment

General-purpose automated production line

General-purpose fully automated production line

2021

2025–

2030

Dedicated assembly automation equipment



Dedicated screw tightening machine



Dedicated welding machine



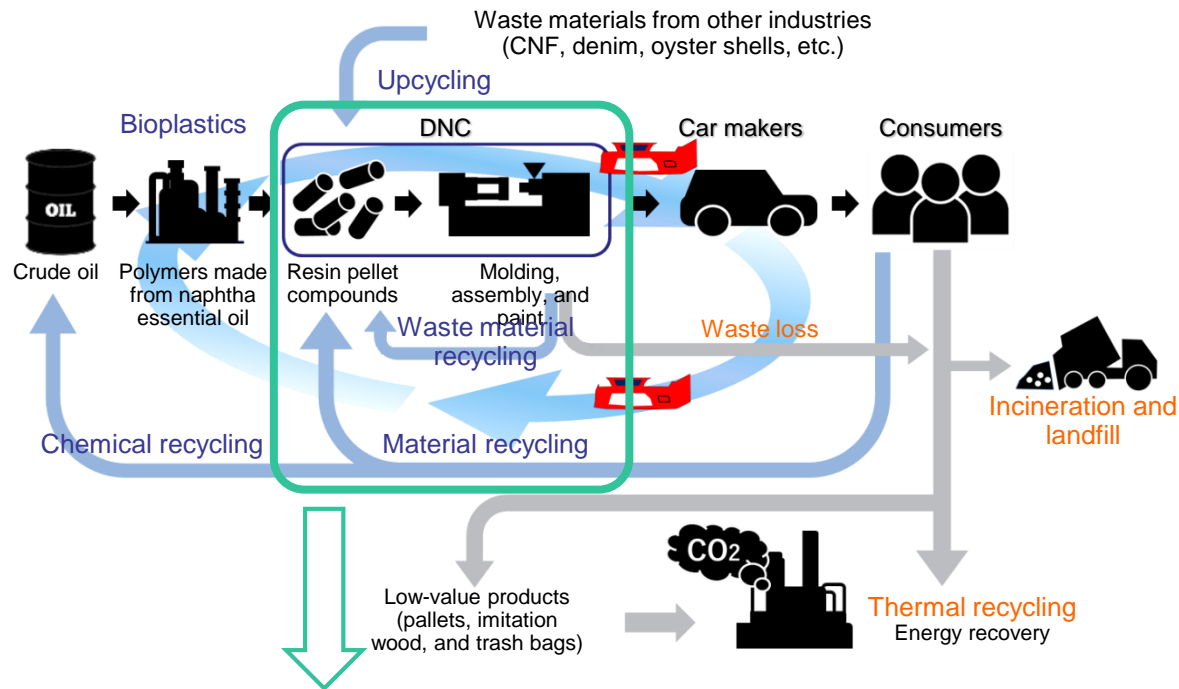
Complete automation from material input to molding, assembly, inspection, and shipping of finished products
Fully automated cooling pipe production process
(100% good product conditions, 100% yield, and 0 direct operators)

Manufacturing Strategy: Circular Economy Initiatives (Recycling)



Shifting from “fuel recycling” that emits CO2 to “material recycling” that recycles resources

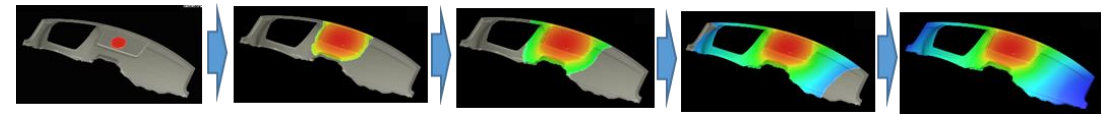
Main initiatives to reduce waste loss



Activities in FY2022

(1) Source control activities

Reduction of defects by deepening simulation technology



(2) Promotion of material recycling

Realization of parts production with 100% recycled materials
Increase in the amount of recycled materials mixed



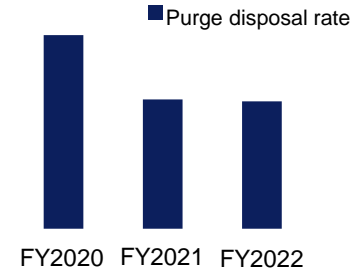
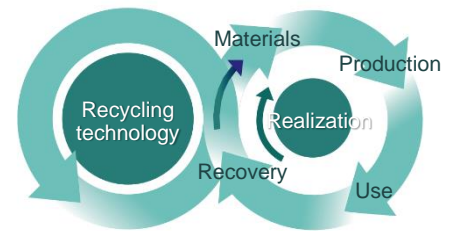
(3) Activities to minimize material replacement loss

Reduction in the number of standard materials
Compared to FY2020: 19% reduction

Material replacement waste
Compared to FY2020: 34% reduction

Innovation to the circular economy

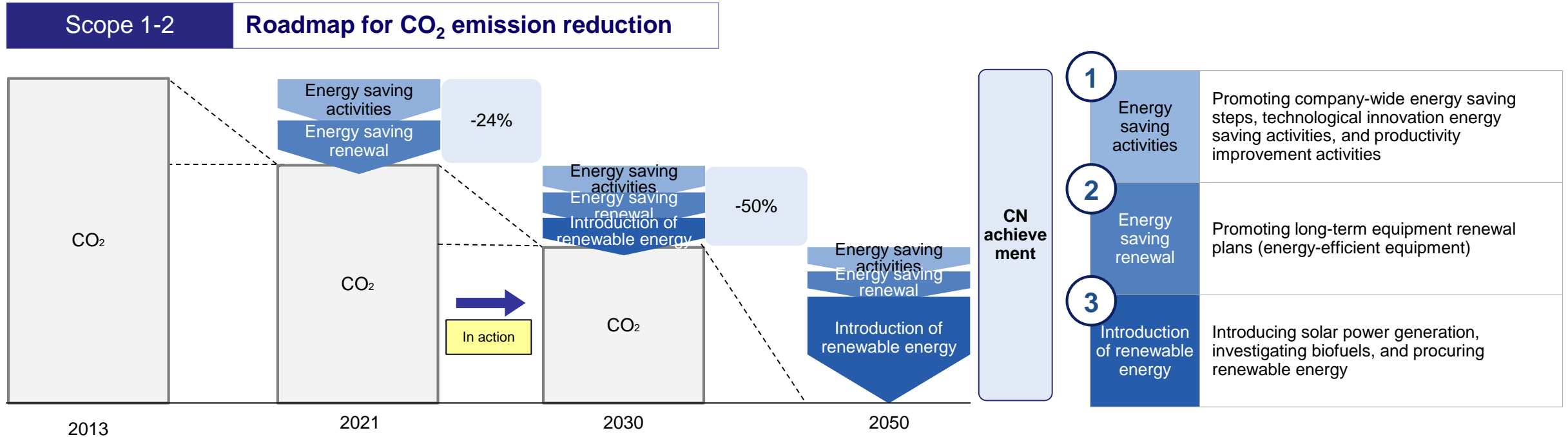
Realizing a Circular Economy



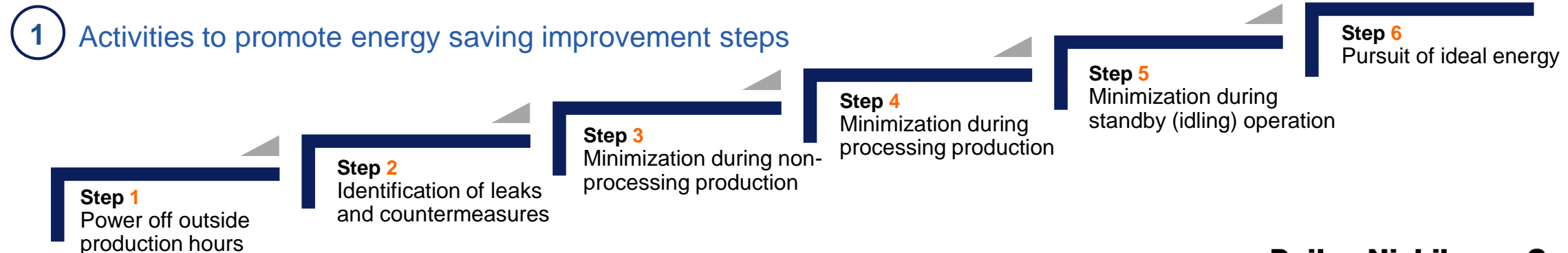
Activities in FY2022

- (1) Source control activities
- (2) Promotion of material recycling
- (3) Activities to minimize material replacement loss

Manufacturing Strategy: Carbon Neutral Initiatives I



FY2022: Created the roadmap and promoted company-wide energy saving steps to accelerate activities.

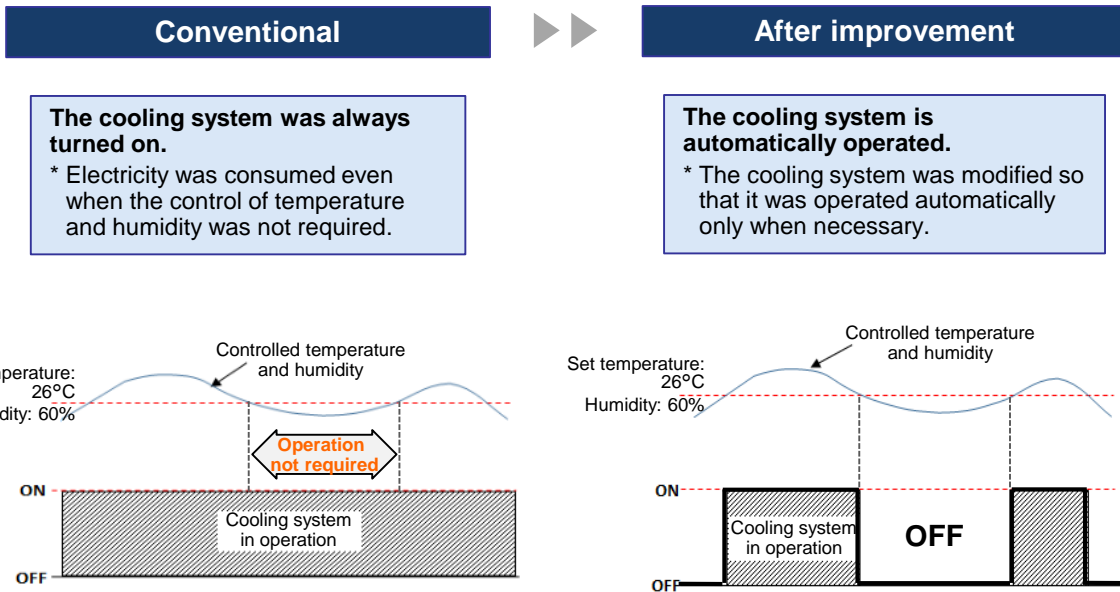


2 Reduction of energy consumption in the paint line

(1) Energy saving by automatic control of humidity in the paint booth (completed in October 2022)

Power consumption reduced by 11% compared to the conventional level

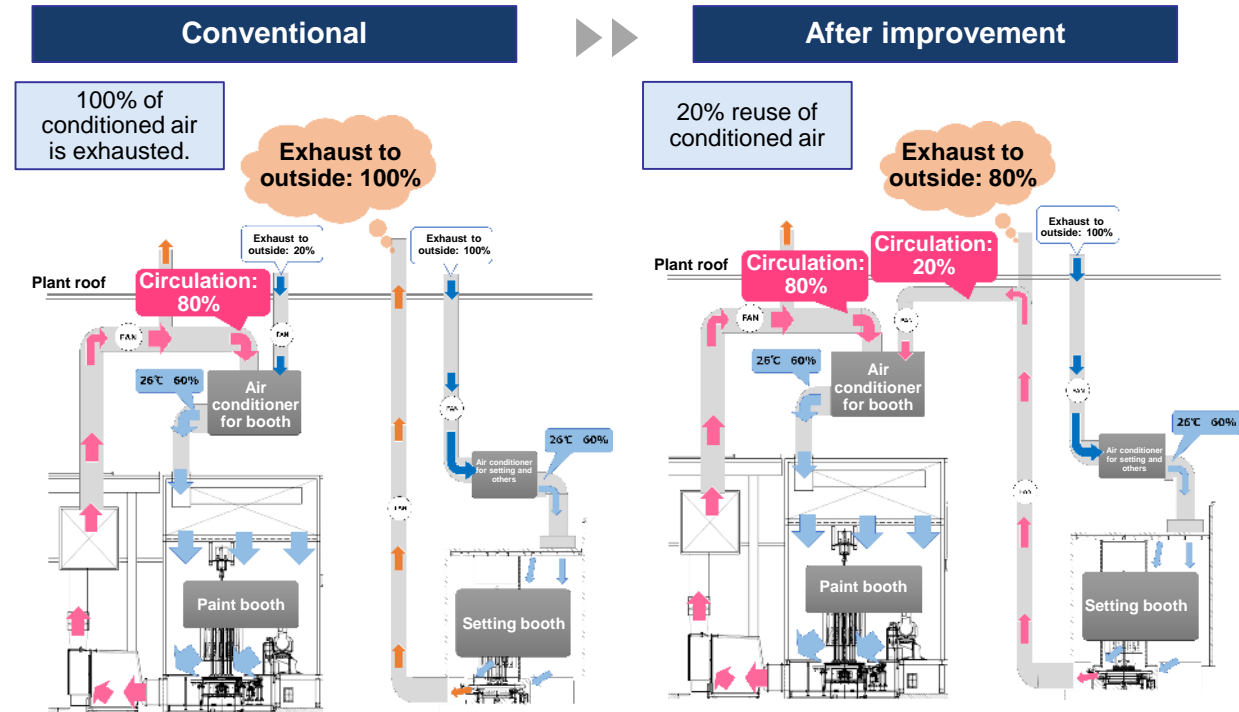
* The temperature and humidity of the outside air are monitored by sensors, and the cooling system is automatically operated only when necessary.



(2) Energy saving through the reuse of conditioned air in the paint booth (scheduled to be completed in October 2023)

Energy consumption (electricity and gas) to be reduced by 8% from the conventional level

* The conditioned air that is exhausted will be reused to reduce energy for air conditioning.



3 Introduction of renewable energy equipment

DNC Group's solar panel installation plan

	2022	2023	2024	2025	2026
Honsha Plant	Study	Installation on roofs	Operation start		
Headquarters		Study	Installation on slopes and parking lots	Operation start	
Kanto Daikyo		Study	Installation on roofs and vacant lots	Operation start	
Hachihonmatsu Plant		Study	Installation on roofs	Operation start	
Daiwa Plant			Study	Installation on roofs	Operation start
Kabe Plant			Study	Installation on roofs	Operation start

1. Installing solar panels on the roof of the Honsha Plant building (scheduled to begin operation in May 2024)



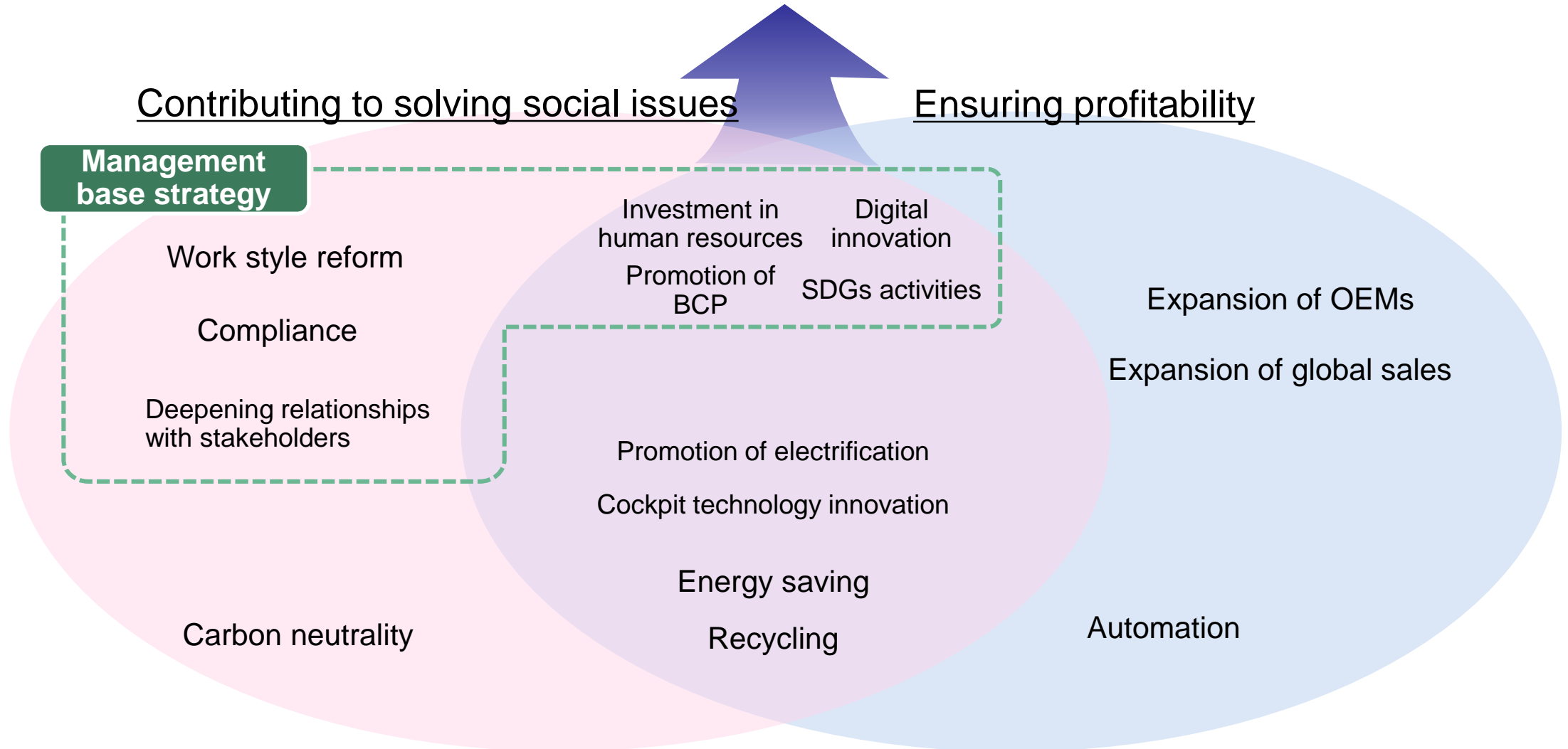
Estimated CO₂ emissions: -1,010 ton-CO₂/year

2. Installing solar panels on the slopes and parking lots on the premises of the Headquarters building (scheduled to begin operation in February 2025)

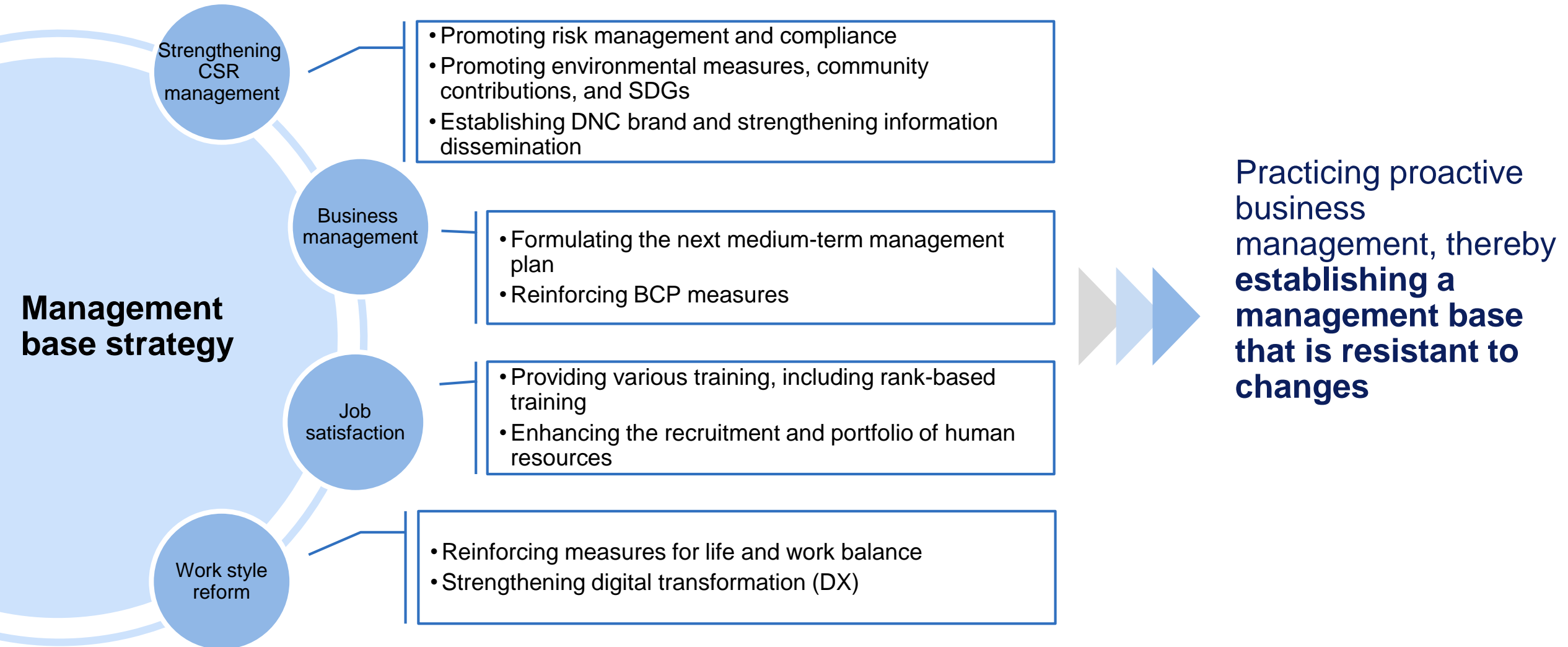


Estimated CO₂ emissions: -264 ton-CO₂/year

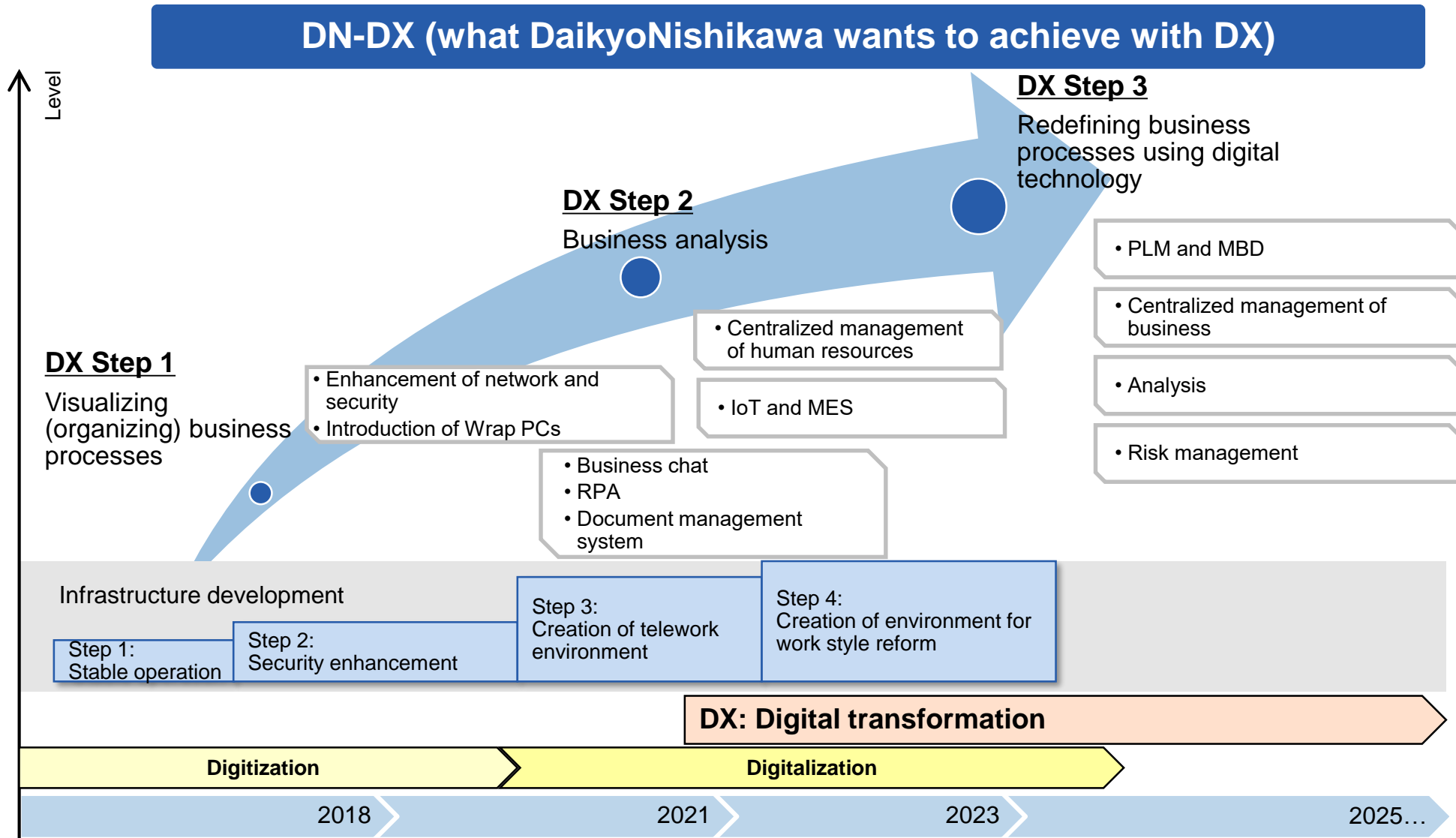
Strengthening CSR Management



Steadily strengthening and promoting measures to achieve the goals of the medium-term management plan



Strengthening DX in work style reform



1. Financial Results for Fiscal 2022 Page 2
2. Key Initiatives to Achieve the Medium-Term Management Plan Page 8
3. Financial Forecasts for Fiscal 2023 Page 28

Summary of Consolidated Financial Forecasts for FY2023 (Year-on-year)



- Net sales are expected to increase due to an increase in production volume at major customers and the start of two-shift production at the new U.S. plant
- Operating income is expected to increase due to the impact of increased sales and ongoing cost improvement activities.

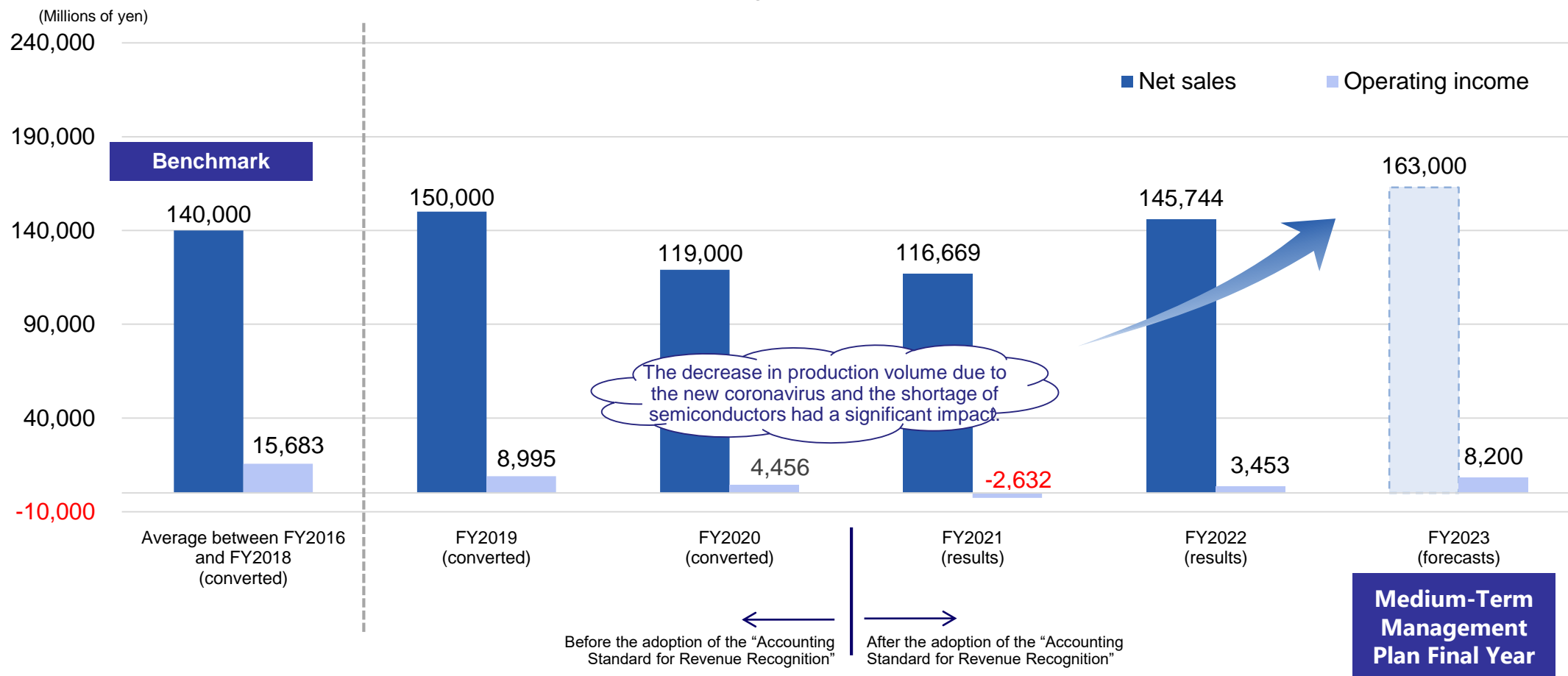
(Millions of yen)

	FY2022 Q2 (results)	FY2023 Q2 (forecasts)	Changes (YoY)	FY2022 (results)	FY2023 (forecasts)	Changes (YoY)
Net sales	63,011	79,000	25.4%	145,744	163,000	11.8%
Operating income	-1,446	2,300	-	3,540	8,200	137.4%
Ordinary income	-1,179	1,700	-	2,952	7,200	151.3%
Net income attributable to owners of parent	-1,565	900	-	573	4,800	825.9%
Operating income margin	-2.3%	2.9%	-	2.4%	5.0%	-
Net income per share	-22.04 yen	12.66 yen	-	8.07 yen	67.54 yen	-

Results and Forecasts for the Period of the Medium-Term Management Plan



Net sales and operating income results and forecasts



* In accordance with the adoption of the "Accounting Standard for Revenue Recognition" from FY2021, net sales for FY2019 and FY2020 were converted using the rate of difference from the previous standard in the FY2020 results.

Comparison to the Medium-Term Management Plan Targets: Operating Fluctuation Factors



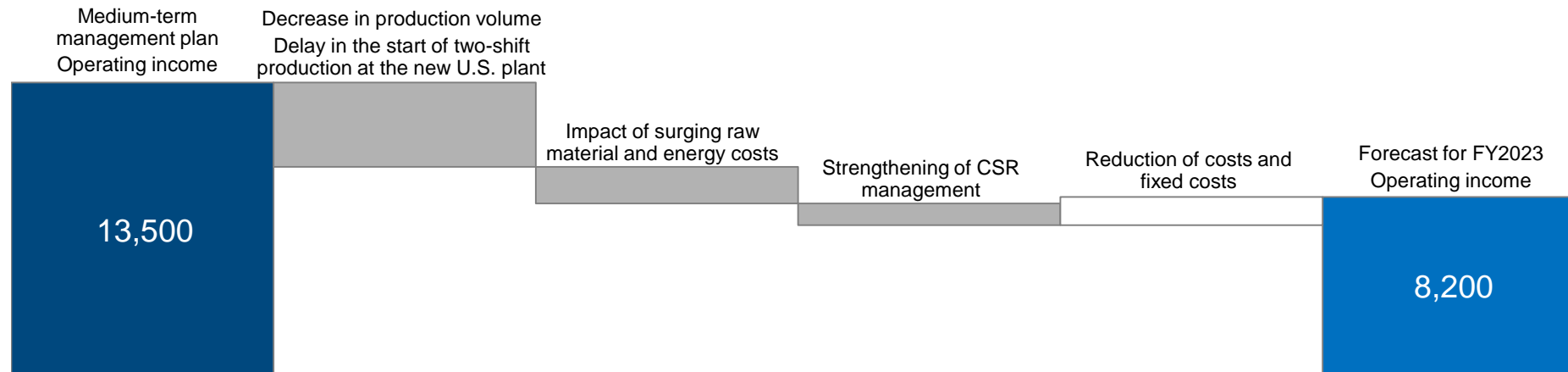
- Net sales are expected to increase due to orders for new parts and changes in product mix, although they are expected to decrease relative to the unit sales forecast at the time the plan was formulated.
- Operating income is expected to decrease due to the cost burden caused by the delay in the start of two-shift production at the new U.S. plant, the lower-than-expected production volume, surging raw material and energy costs, and increased expenses associated with the strengthening of CSR management.

(Millions of yen)

	FY2023 (management indexes in the medium-term management plan※)	FY2023 (forecasts)	Changes (YoY)	Changes (%)
Consolidated net sales	150,000	163,000	13,000	8.7%
Operating income margin	9.0% or more	5.0%	-	-

※2020年11月5日公表

営業利益変動要因



Comparison of the Previous Year's Financial Results with This Year's Forecasts (by Segment)



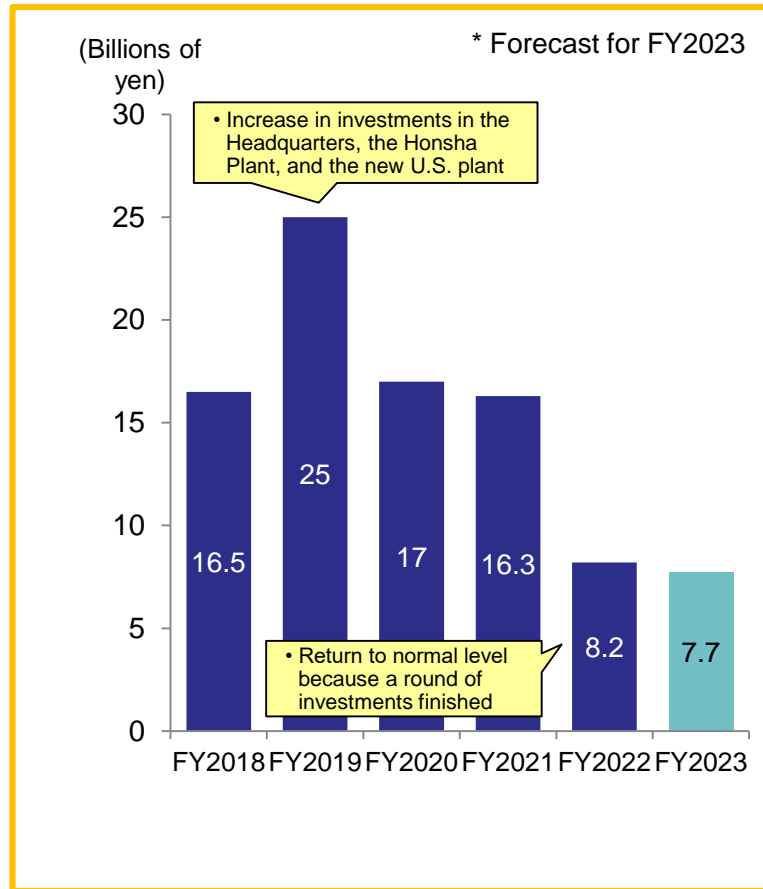
Segment	Financial forecasts for the year ending March 31, 2024	Key points
Japan	Increase in sales and income	<ul style="list-style-type: none"> • Sales : Increase in production volume at major customers • Profit : Improvement of production efficiency
China and Korea	Increase in sales and decrease in income	<ul style="list-style-type: none"> • Sales : Increase in production by major customers • Profit : Increase in start-up costs due to product transfer from ASEAN
ASEAN	Decrease in sales and decrease in income	<ul style="list-style-type: none"> • Sales : Decrease in mold sales • Profit : Change in product mix
Americas	Increase in sales and income	<ul style="list-style-type: none"> • Sales : Start of two-shift production at the new U.S. plant • Profit : Increase in production volume

Capital Investment, Depreciation Expenses, and R&D Expenses



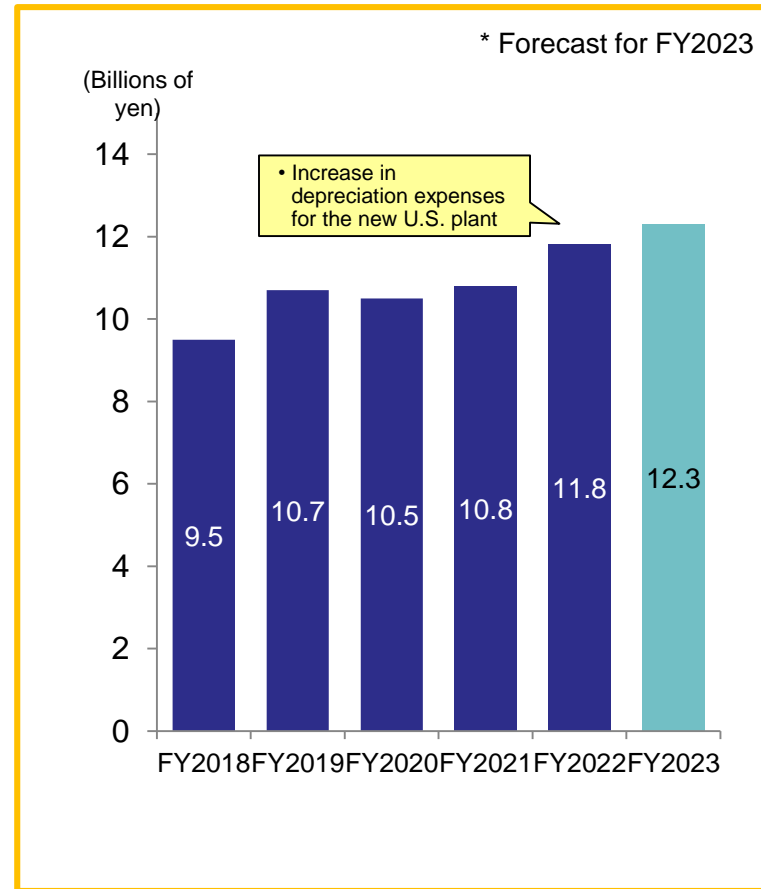
<<Capital investment>>

Decrease because large investments in the Headquarters, the Honsha Plant and the new U.S. plant peaked out



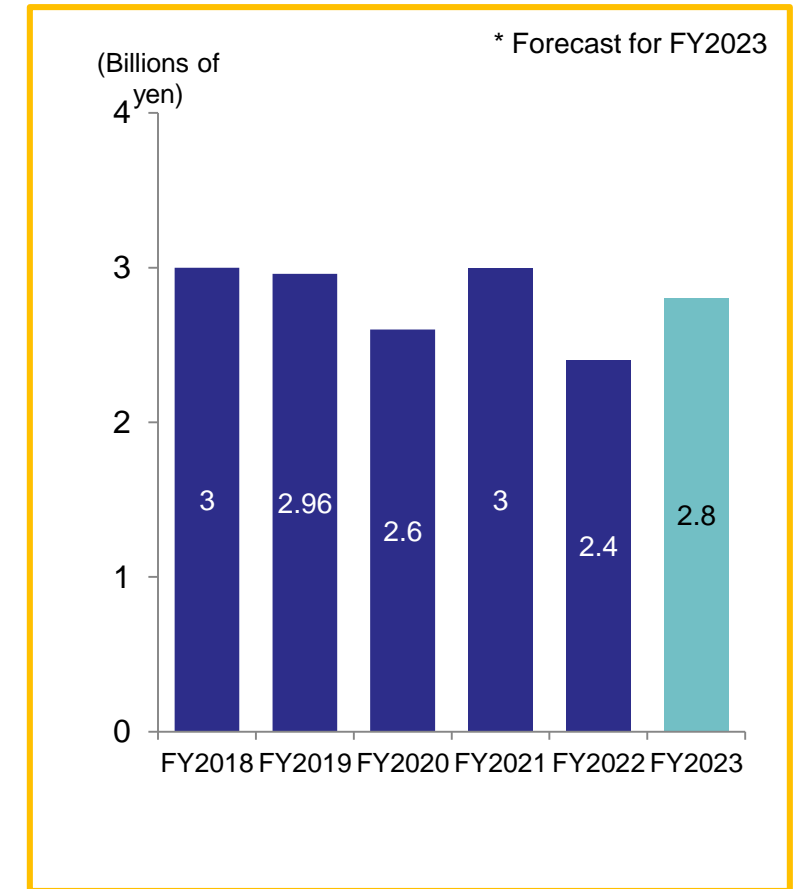
<<Depreciation expenses>>

Increase in depreciation expenses due to the start of the new U.S. plant

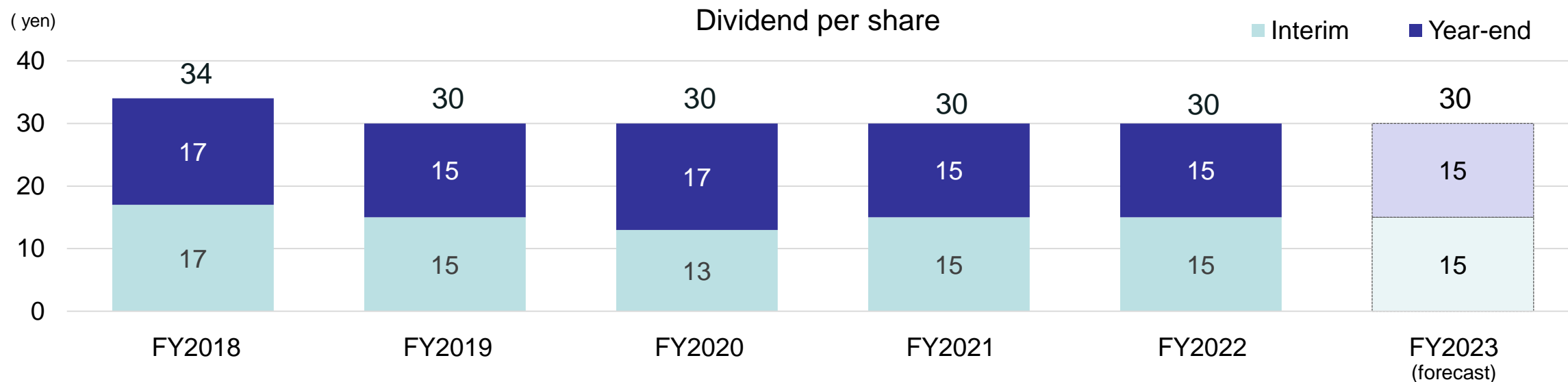


<<R&D expenses>>

Continuing research and development to create products that exceed the expectations of society and customers



- The Company's basic policy is to pay stable and continuous dividends, and the annual dividend per share for FY2022 was 30 yen per share as forecast.
- The annual dividend per share for FY2023 is expected to remain at 30 yen per share.



Payout ratio

Fiscal Year	Payout Ratio (%)
FY2018	23.2%
FY2019	43.3%
FY2020	83.9%
FY2021	-
FY2022	411.2%
FY2023 (forecast)	44.4%

[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.

[Contact]

DaikyoNishikawa Corporation
PR & Branding Promotion Department
Phone: +81-82-493-5610

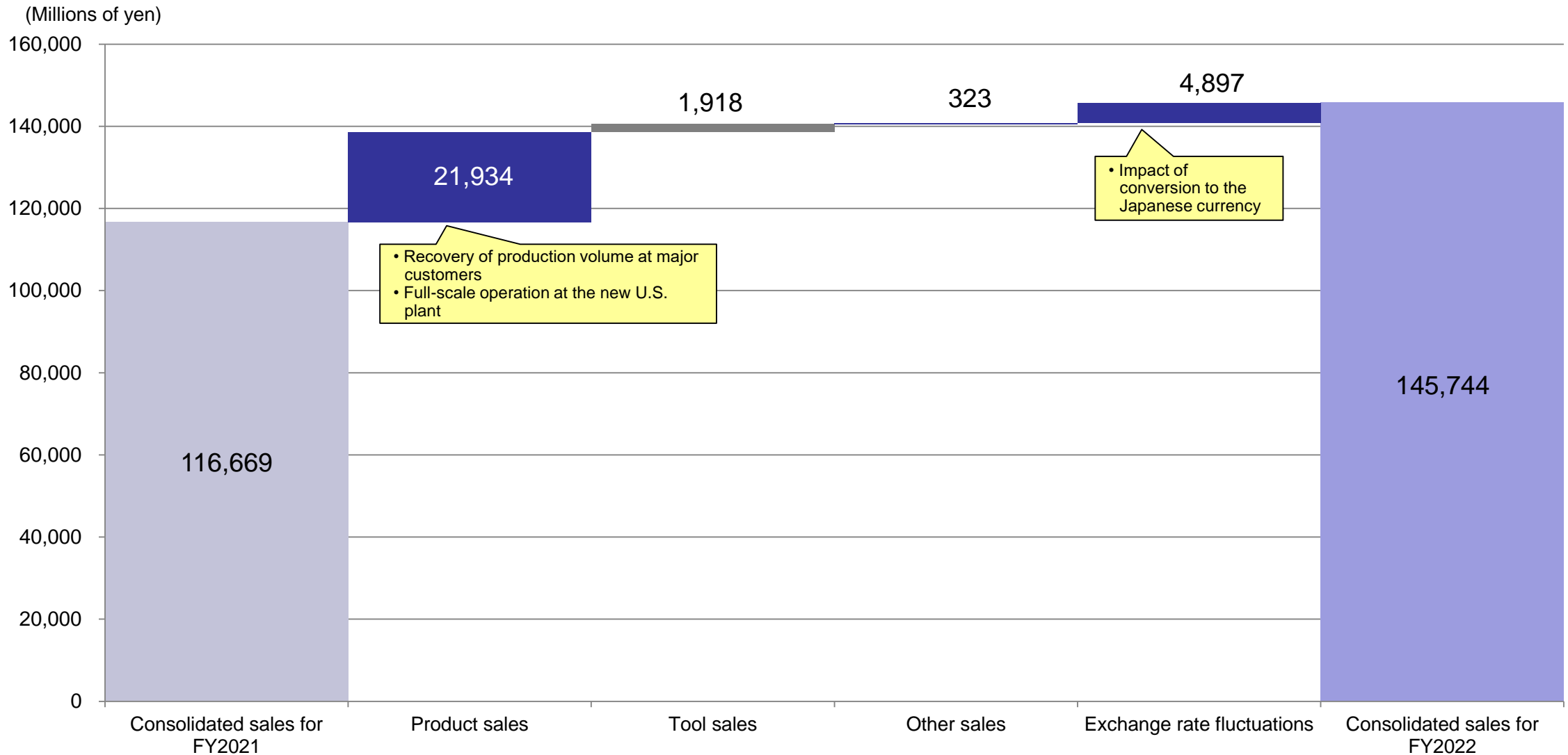
Key performance and financial indicators (consolidated)

	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3
Net sales	171,967	184,314	182,219	150,234	116,669	145,744
Cost of sales	145,691	160,738	163,780	136,690	108,934	131,955
Gross profit	26,276	23,575	18,438	13,544	7,735	13,789
Selling, general and administrative expenses	8,224	8,954	9,443	9,087	10,368	10,335
Operating income (loss)	18,052	14,621	8,995	4,456	-2,632	3,453
Operating profit ratio	10.5%	7.9%	4.9%	3.0%	-2.3%	2.4%
Non-operating income	1,075	764	1,121	1,273	2,191	807
Non-operating expenses	385	550	616	342	544	1,396
Ordinary income (loss)	18,742	14,836	9,500	5,386	-985	2,864
Extraordinary income	14	332	318	2,264	1,277	19
Extraordinary losses	238	279	2,140	4,097	1,201	368
Income before income taxes	18,518	14,889	7,678	3,553	-909	2,515
Income taxes	5,346	3,838	2,455	1,595	1,274	1,975
Net income/(loss) attributable to non-controlling interests	706	648	315	-578	-98	21
Net income/(loss) attributable to owners of the parent	12,464	10,402	4,907	2,536	-2,085	518
Capital investment	13,149	16,489	25,012	17,011	16,313	8,278
Depreciation & amortization	9,078	9,561	10,716	10,510	10,798	11,895
R&D cost	3,052	3,003	2,968	2,603	3,049	2,473
Sales growth rate	10.5%	7.2%	-1.1%	-17.6%	-22.3%	24.9%
Return on equity (ROE)	20.4%	14.7%	6.5%	3.3%	-2.8%	0.7%
Return on assets (ROA)	14.4%	10.4%	6.4%	3.5%	-0.6%	1.8%
Earnings per share (EPS) (yen)	175.94	146.82	69.27	35.75	-29.37	7.30
Dividend per share (yen)	34.00	34.00	30.00	30.00	30.00	30.00
Dividend payout ratio (%)	19.3%	23.2%	43.3%	83.9%	-	411.2%
Dividend on equity ratio (DOE) (%)	3.9%	3.4%	2.8%	2.8%	2.8%	2.8%
Dividend yield (%)	1.9%	3.3%	6.1%	3.9%	5.6%	4.7%
Price book-value ratio (PBR)	1.83	0.97	0.45	0.72	0.52	0.61
Price earnings ratio (PER)	9.91	6.92	7.13	21.65	-	88.36
Number of Employees	5,072	5,265	5,432	5,414	5,482	5,461

(Millions of yen)

	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3
Current assets	84,495	85,554	77,137	80,257	69,316	73,672
Cash and deposits	42,684	37,571	32,529	39,842	28,455	28,070
Trade notes and accounts receivable	33,258	35,995	33,056	31,760	29,138	33,916
Inventories	7,102	10,119	9,564	7,399	7,592	8,136
Other	1,450	1,867	1,987	1,255	4,130	3,548
Non-current assets:	54,740	60,801	73,347	79,037	86,845	89,226
Property, plant and equipment	48,903	55,189	68,346	73,167	80,432	81,036
Intangible assets	1,163	976	767	741	799	887
Investments and other assets	4,673	4,634	4,233	5,128	5,613	7,302
Total assets:	139,235	146,356	150,484	159,295	156,162	162,899
Current liabilities:	60,621	47,057	47,007	45,557	39,067	45,456
Trade notes and accounts payable	35,621	26,448	25,579	24,823	22,904	24,999
Short-term loans payable	2,911	2,509	1,757	1,694	1,442	1,470
Long-term loans payable due within one year	2,803	2,941	2,912	2,272	4,882	5,562
Lease obligations	3,693	3,298	3,344	2,807	2,755	2,729
Other	15,591	11,859	13,412	13,958	7,083	10,693
Non-current liabilities:	8,894	22,097	23,089	33,848	40,176	39,020
Bonds	2,069	15,549	17,658	29,241	34,128	32,191
Lease obligations	2,905	2,790	2,089	1,431	2,899	2,930
Other	3,919	3,757	3,341	3,175	3,147	3,898
Total liabilities:	69,515	69,155	70,096	79,405	79,243	84,477
Total net assets:	69,719	77,200	80,387	79,889	76,918	78,422
Interest-bearing debt	14,383	27,089	27,762	37,447	46,108	44,885
Net interest-bearing debt	-28,300	-10,482	-4,766	-2,394	17,652	16,814
Capital adequacy ratio	48.4%	50.8%	51.3%	48.5%	47.5%	46.4%
Operating cash flow	24,742	3,219	19,584	16,788	3,705	14,048
Investment cash flow	-13,547	-19,539	-24,370	-17,567	-20,107	-8,991
Financial cash flow	-6,443	10,286	-2,012	8,565	3,579	-7,618
FCF	11,195	-16,320	-4,786	-779	-16,402	5,056

Consolidated Net Sales: Change Factors



Product Information – Automotive Parts



Currently focusing on expanding sales of plastic back doors in addition to interior and exterior plastic products, including instrument panels and bumpers
 Pioneer in the industry in replacing metal oil strainers with plastic oil strainers
 Promoting sales expansion of battery covers as a new strategic product in anticipation of EVs in the future

Main products

Instrumental panels



Mazda, Daihatsu, and Honda

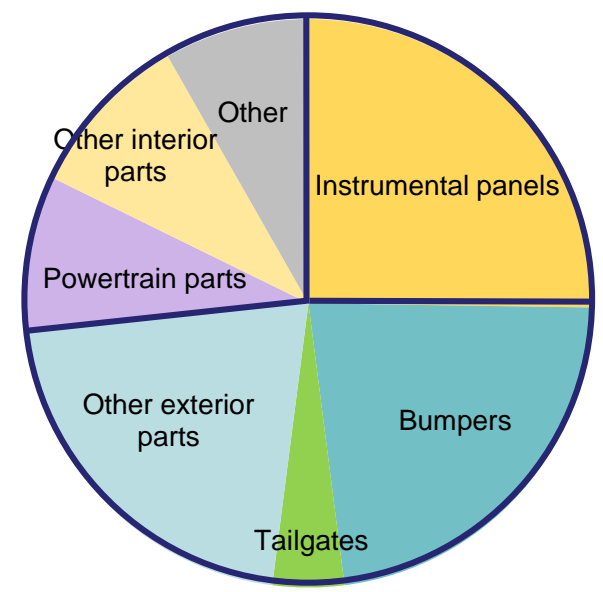
Bumpers



Mazda, Toyota, Daihatsu, and Mitsubishi

Sales by product

Sales: 145.7 billion yen (FY2022)



Priority products

Back doors and tailgates



Daihatsu and Honda

Strategic products for new customers

Oil strainers



No. 1 share in the plastic oil strainer market

Mazda, Daihatsu, Toyota, Honda, Nissan, Subaru, Suzuki, and Mitsubishi

Strategic products for EVs

Battery covers

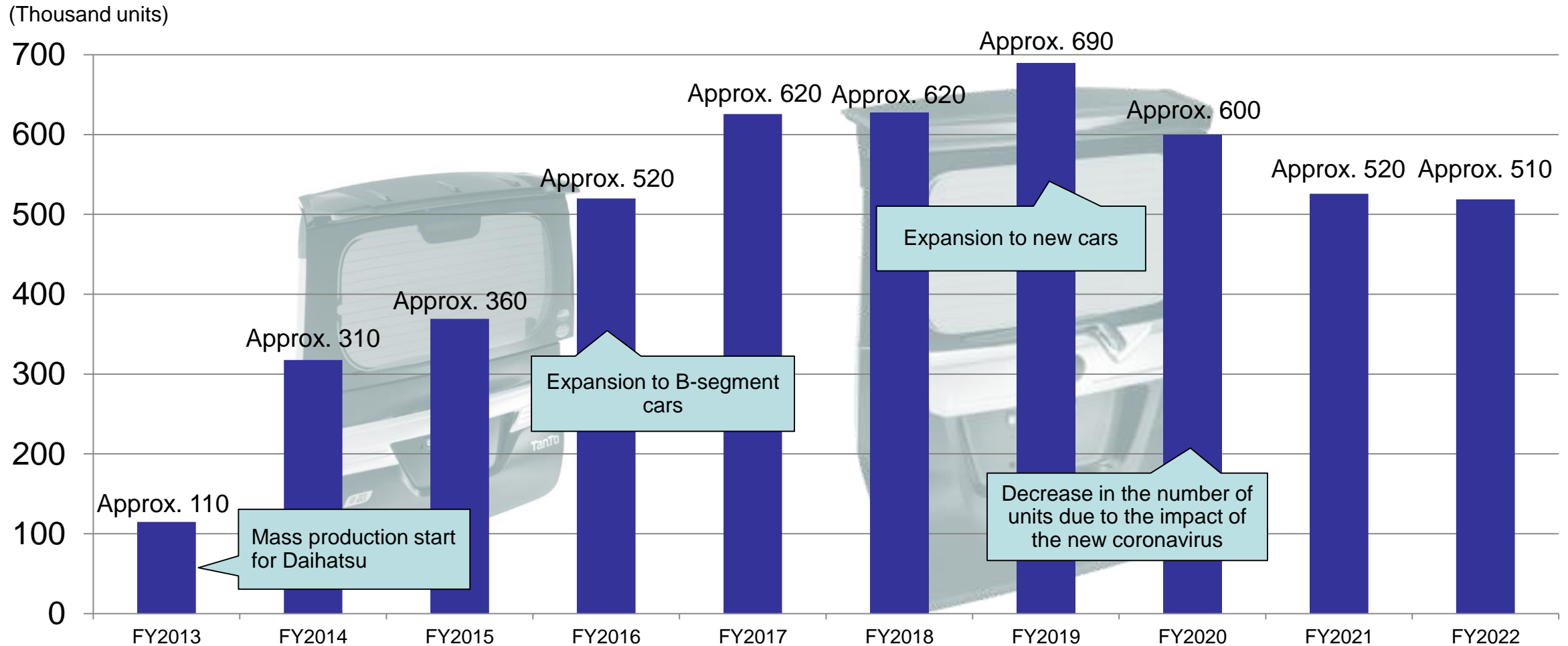


Mazda and Toyota

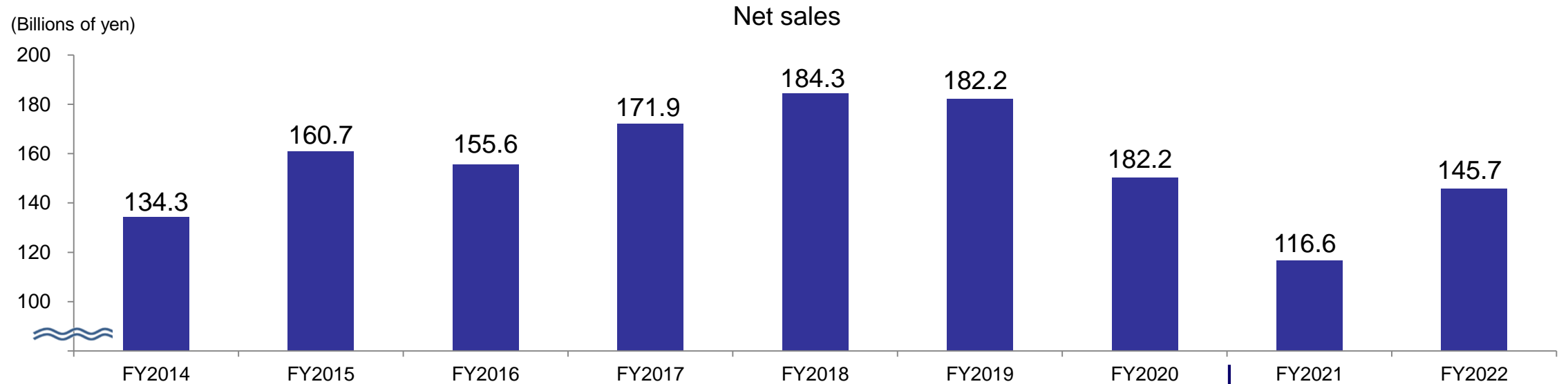
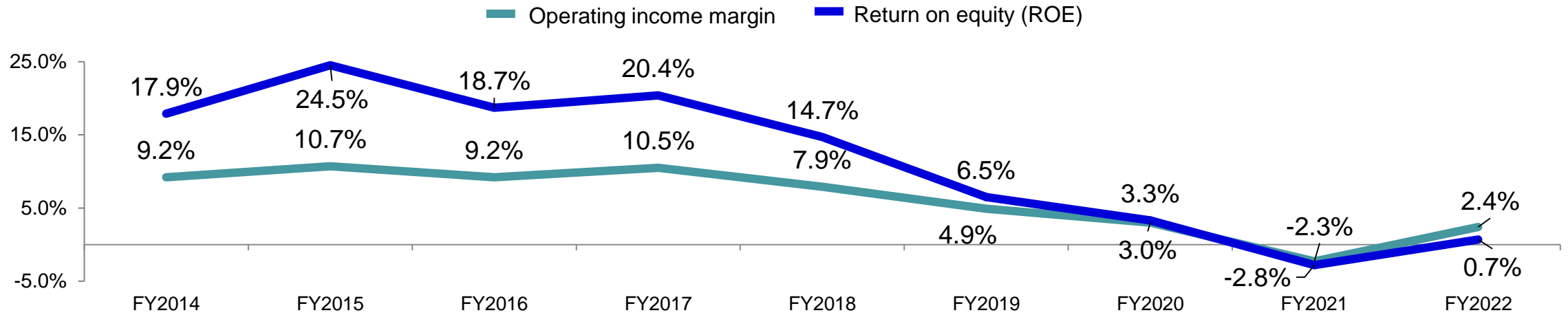
Plastic Back Door Growth for Daihatsu



Focusing on expanding sales to other automobile manufacturers for further growth



Changes in Management Indexes



Adoption of the Accounting Standard for Revenue Recognition

Sales Ratio by Customer



Change in composition ratio due to diversification of customers

