



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

DaikyoNishikawa Corporation

November 2023

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1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2024 (Year-on-year Basis)

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2024 (Year-on-year Basis)

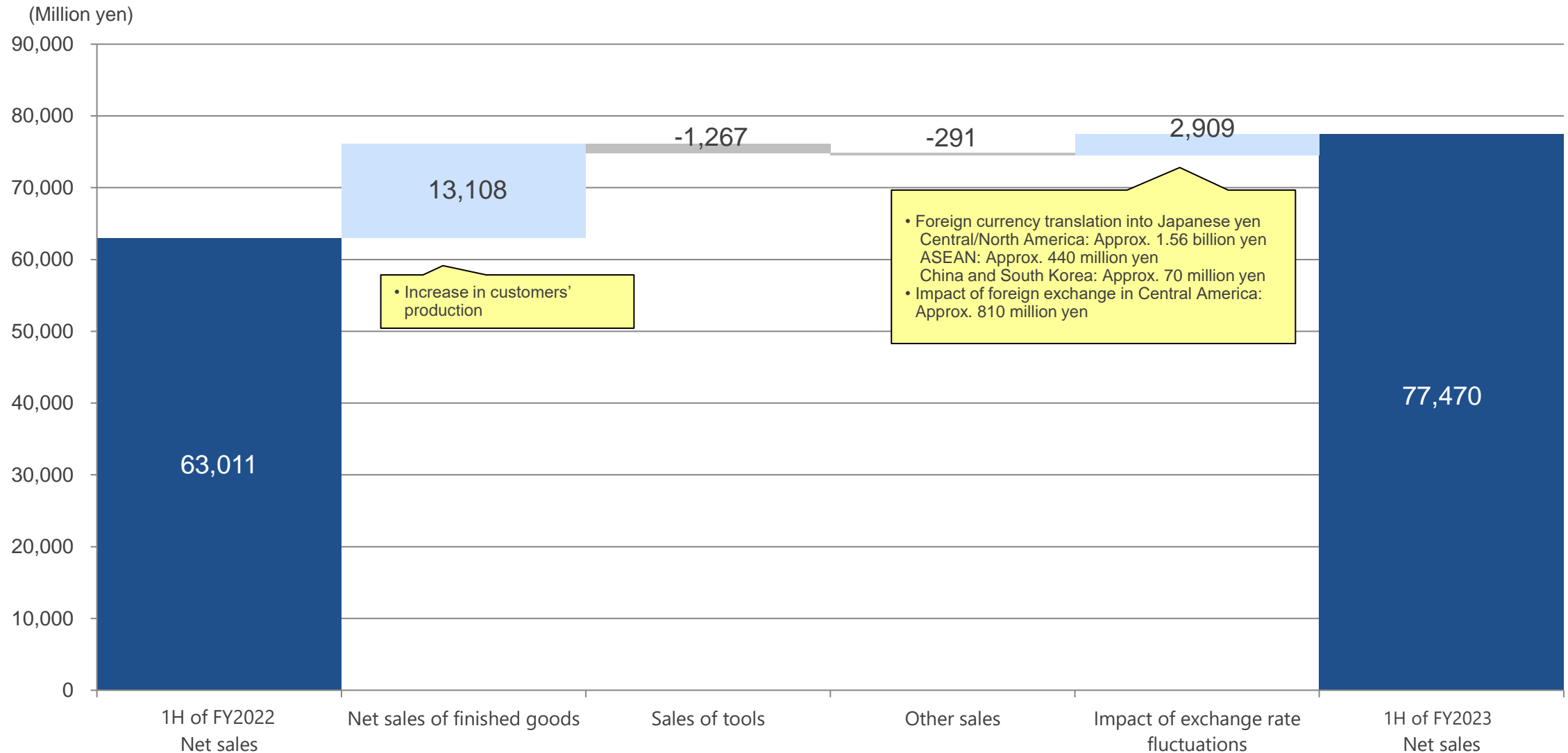


- Net sales increased mainly due to increased production by major customers and the impact of foreign currency translation into Japanese yen
- Operating income increased mainly due to the impact of increased sales and the implementation of cost improvement activities, as well as the partial transfer of increased costs of raw materials, energy, and labor to prices, and foreign exchange rates in Central America.

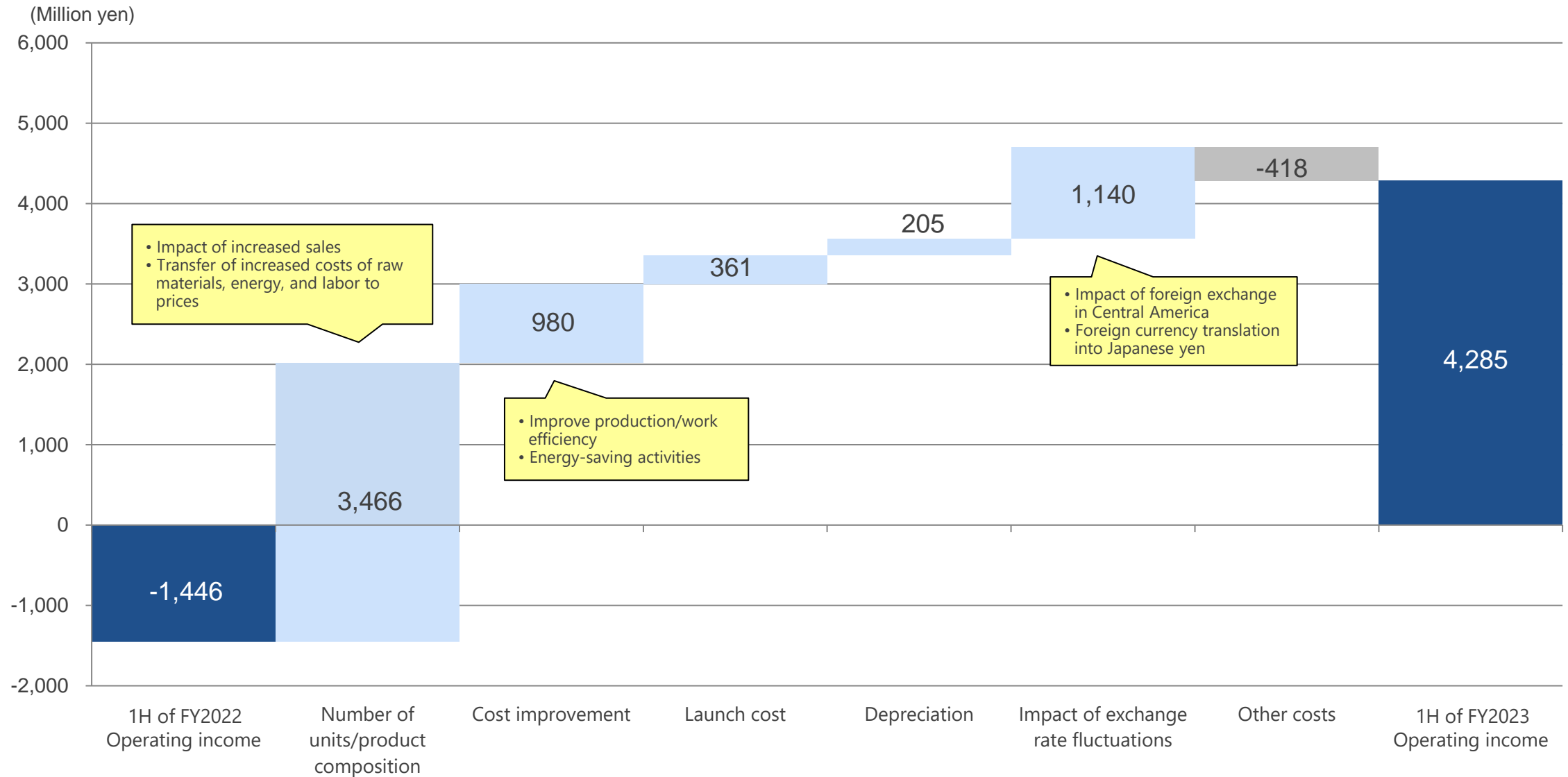
(Million yen)

	FY2022	FY2023	Year-on-year basis	
	Results for the first six-month period	Results for the first six-month period	Amount of increase/decrease	Ratio of increase/decrease
Net sales	63,011	77,470	14,459	22.9%
Operating income	-1,446	4,285	5,732	-
Operating margin	-2.3%	5.5%	7.8 pts	
Ordinary income	-1,179	4,617	5,796	-
Profit attributable to owners of the parent	-1,565	2,950	4,515	-

Factors of Consolidated Net Sales Change (YoY Basis)



Factors of Consolidated Operating Income Change (YoY Basis)



External sales by segment (YoY Basis)



- In Japan, sales increased due to increased production by major customers as well as increased sales centered on strategic OEM.
- In Central and North America, sales soared due to an increase in customer production as well as the impact of currency translation into Japanese yen and exchange rates in Central America.
- In the ASEAN countries, sales increased mainly due to increased production by customers and the impact of foreign currency translation into Japanese yen.
- In China and South Korea, sales shrank due to decreases in production by customers and sales of molds.

(Million yen)

		FY2022	FY2023	Year-on-year basis	
		Results for the first six-month period	Results for the first six-month period	Amount of increase/decrease	Ratio of increase/decrease
Domestic	Japan (Component ratio)	44,603 (70.8%)	52,080 (67.2%)	7,477	16.8%
	Central/North America	10,943	17,461	6,517	59.6%
Overseas	ASEAN	5,212	6,047	834	16.0%
	China/South Korea	2,252	1,881	-371	-16.5%
	Overseas Total (Component ratio)	18,408 (29.2%)	25,390 (32.8%)	6,981	37.9%
Total		63,011	77,470	14,459	22.9%

Segment profit/loss (YoY basis)



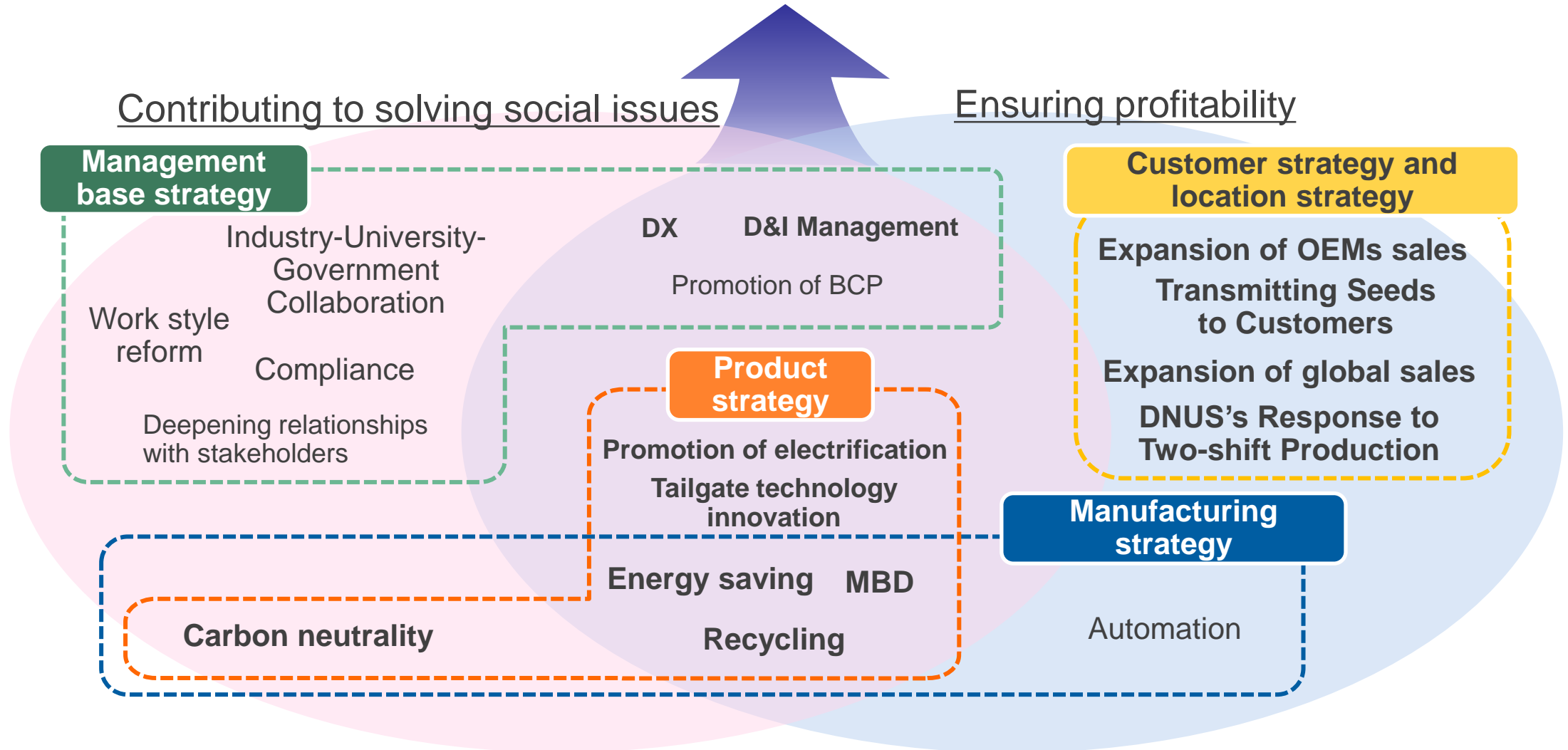
- In Japan, operating income increased mainly due to the impact of growth of sales and the implementation of cost improvement activities, as well as the partial transfer of increased costs of raw materials, energy, and labor to prices.
- In Central and North America, operating income increased due to the impact of increased sales and exchange rates in Central America.
- In the ASEAN countries, operating income increased mainly due to the impact of increased sales and cost improvements.
- In China and South Korea, operating income fell due to the impact of lower sales, and initial quality correspondence in product transfer.

(Million yen)

		FY2022	FY2023	Year-on-year basis	
		Results for the first six-month period	Results for the first six-month period	Amount of increase/decrease	Ratio of increase/decrease
Domestic	Japan (Component ratio)	-862 (-)	2,553 (51.3%)	3,416 (-)	-
Overseas	Central/North America	-2,078	1,996	4,075	-
	ASEAN	495	692	196	39.6%
	China/South Korea	14	-267	-282	-
	Overseas Total (Component ratio)	-1,568 (-)	2,420 (48.7%)	3,988 (-)	-
Consolidation adjustment		984	-687		
Consolidated operating income/loss		-1,446	4,285	5,732	-

2. Key Initiatives for the Medium-term Business Plan

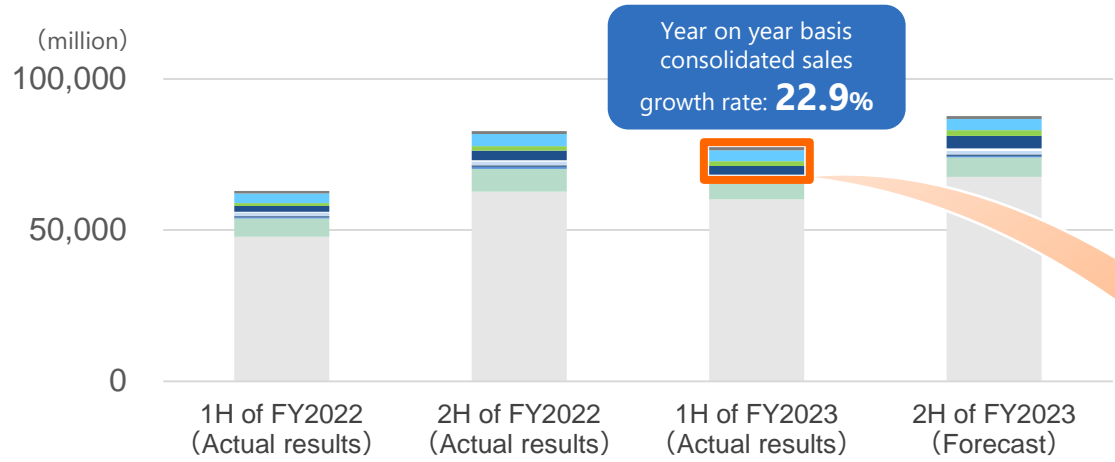
Strengthening CSR Management



Customer Strategy: OEMs sales Expansion



Consolidated sales by customer

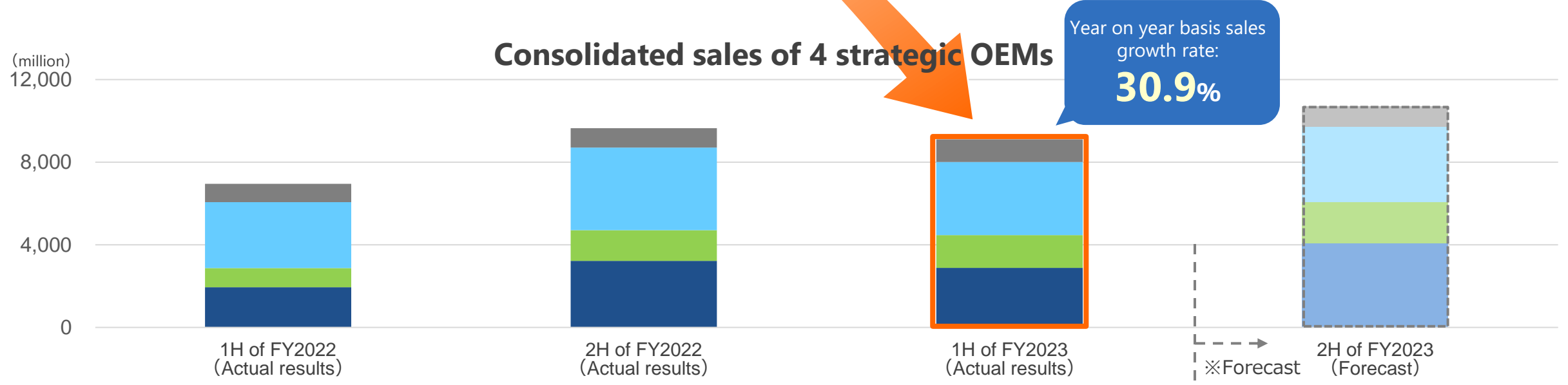


Ongoing aggressive sales expansion activities to strategic OEMs

Contribution items

- **TOYOTA** : Bumper, battery cover and panel
- **Honda** : Tailgate, rear spoiler and roof rail
- **Mitsubishi** : Bumper and oil strainer
- **Subaru** : Fuel filler opening and oil strainer

Consolidated sales of 4 strategic OEMs



Aiming to expand sales of new items by proposing new products and technologies that anticipate customer needs

Toyota's in-house technology exhibition:
"A Day in the Life of an Engineer"

Next-generation technologies including light-transmitting skin



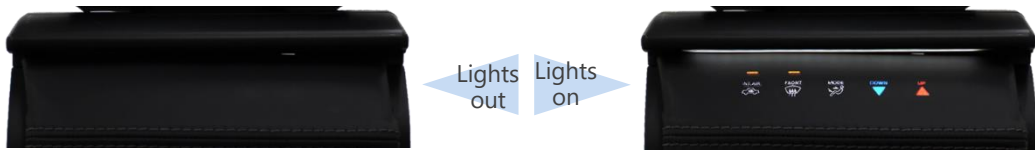
New products and technology exhibition for Daihatsu

Environmentally friendly next-generation technology and electrification compatible parts

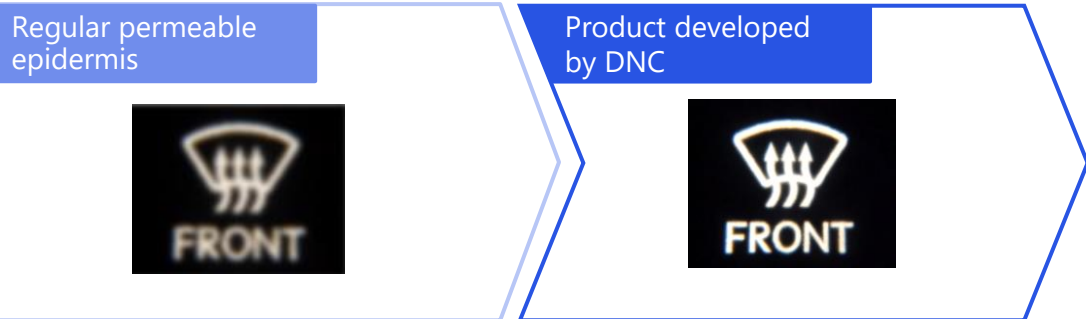


Light transmission cluster switch concept

Surprising new performances are realized with seamless designs.



Soft skin provides a precise and clear display.



Cellulose nanofiber composite material

Compared with engineering plastics, weight is reduced by 15%, CO₂ emissions are reduced by 30%, and heat resistance is improved by 40%.



Hollow-Molded Integrated Plastic Pipes

Compared to stainless steel products, weight is reduced by 30%, cost is reduced by 20%, and higher heat management performance is provided.

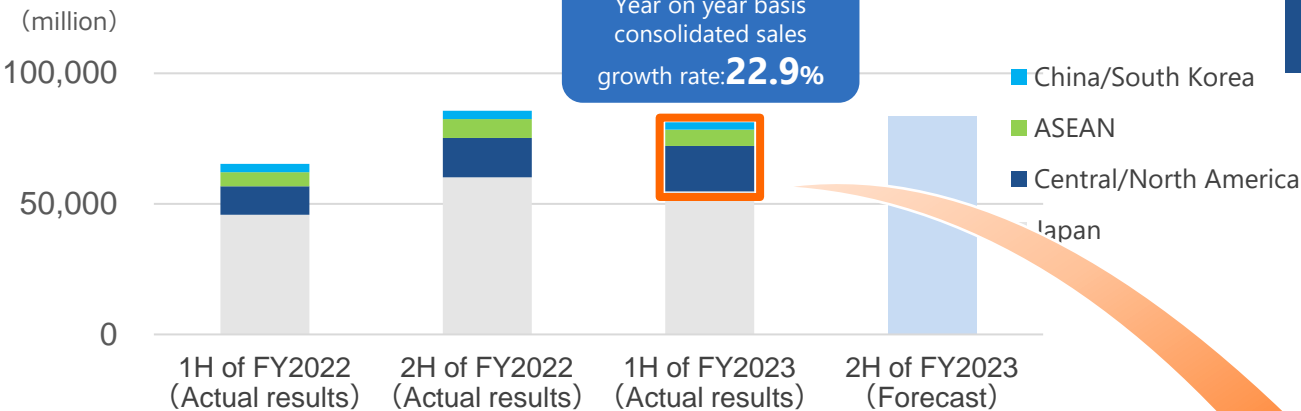


Location Strategy: Global Sales Expansion



Consolidated sales by location segment

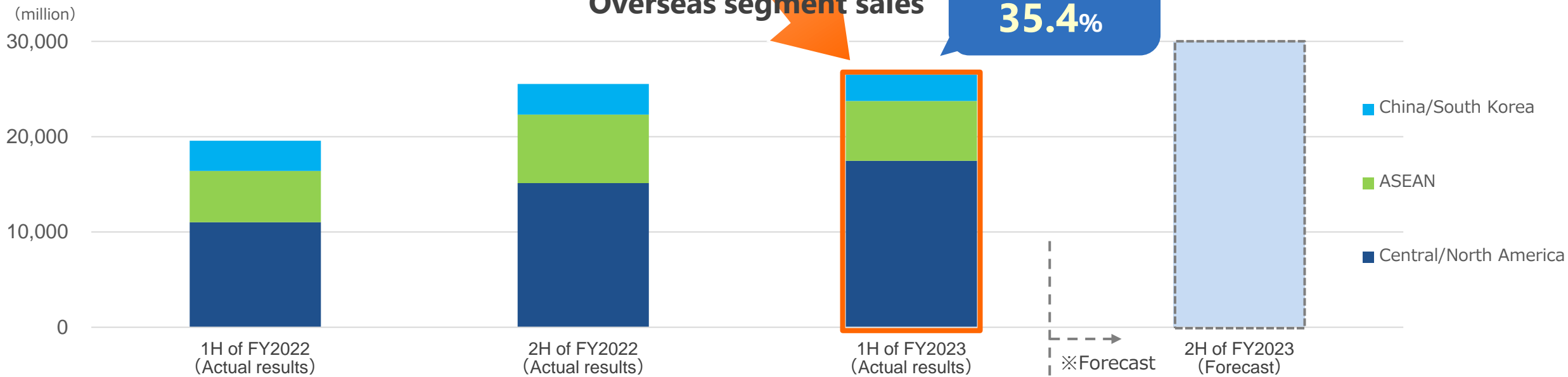
North America (DNUS) will be a global sales growth driver in the medium term



Contribution items

- **North America** : Bumper, fender flare and side garnish
- **ASEAN** : Rear spoiler and roof rail

Overseas segment sales





Establish a production system in line with increased customers' production and strengthen ongoing human resource recruitment/training

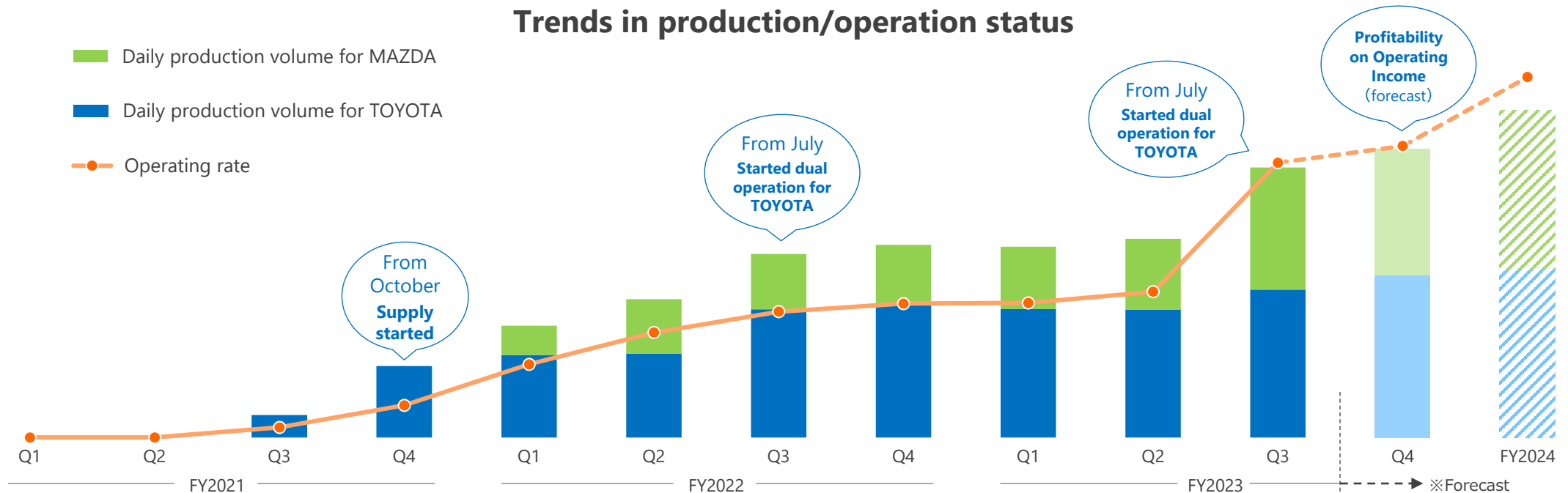
Production system

- Prior to production increase, improvement of difficult tasks in each process and preemptive hiring of leader class and training of operators were implemented.
- Short-term development to handle mass production by receiving additional orders for parts, and introduction of automated production lines in sequence.

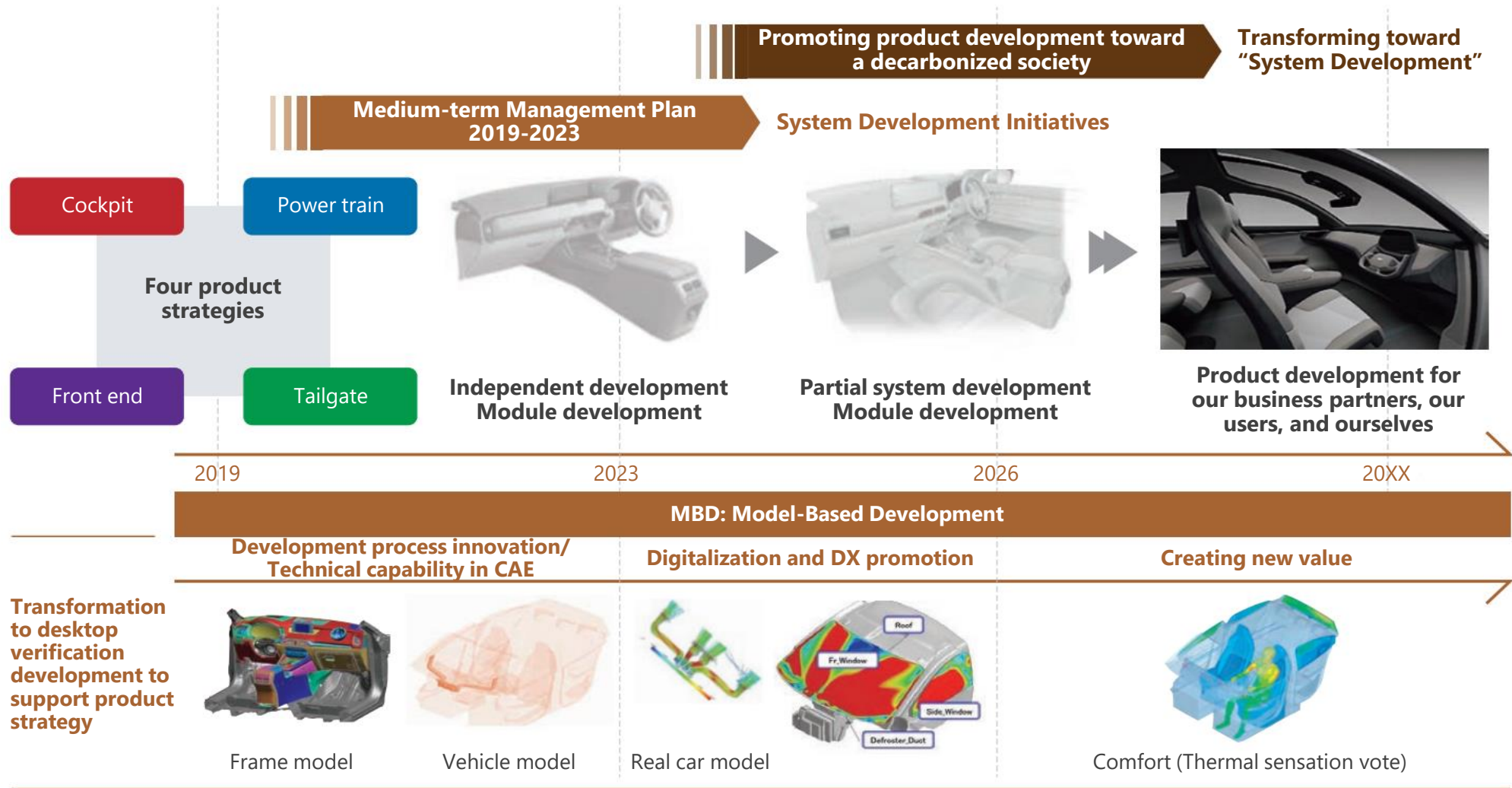
Management Situation

- Forecast non-consolidated profitability (operating income) in FY2023Q4 (Oct.-Dec.)
- FY2024 aims to return to profitability (net income) for the full year

Trends in production/operation status

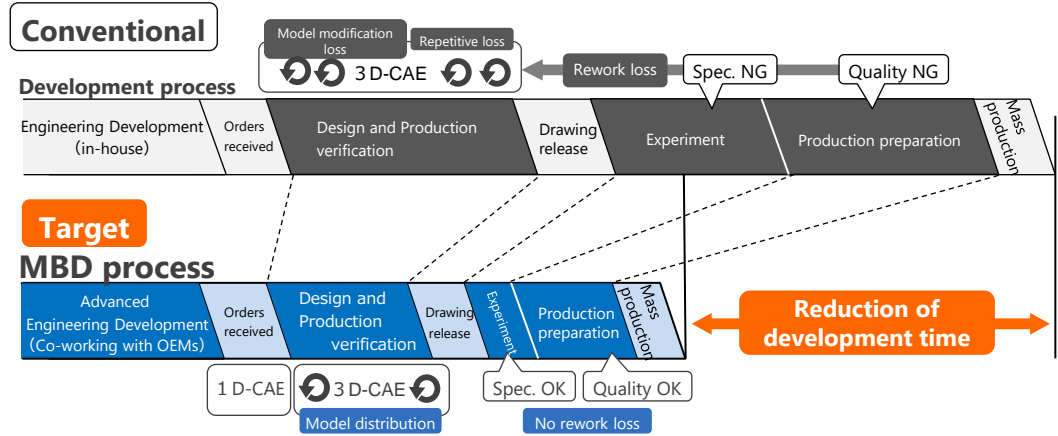


Strengthening the “module development” for a decarbonized society and “system development” including functional integration



Innovation of "development process" and "CAE technology" for the transformation to desk-top verification development

Model-Based Development (MBD) enables highly efficient short-term development process



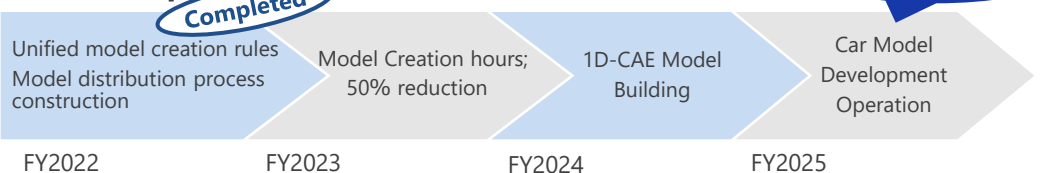
Challenges in realizing the targets

Shorten CAE analysis time...Timely feedback of analysis results

Car Model Development Under Trial

- Efficiency through model unification**
 - Establish model distribution system between OEMs and suppliers
 - Model Transfer system improvement
- Shortened 3D-CAE timeframe**
 - Model creation time cut in half
 - Streamlining the modeling process
 - Establish automation
- Reduction of 3D-CAE frequency**
 - Utilize 1D-CAE physical equations in the early stages of development
 - Establishment of functionally optimized design

Road map



Activities up to the first half of FY2023

Efficiency through model unification

Establish model distribution system

For FY2025 vehicle model development and operation, model distribution trial underway
⇒ Work on problem identification and countermeasures

Provide assembled models

Shortened 3D-CAE timeframe

Unify model creation rules and reduction of model creation hours by half

Streamlining the model creation process reduces man-hours by 45%

Model Creation Time

Reduction of 3D-CAE frequency

Build 1D-CAE model

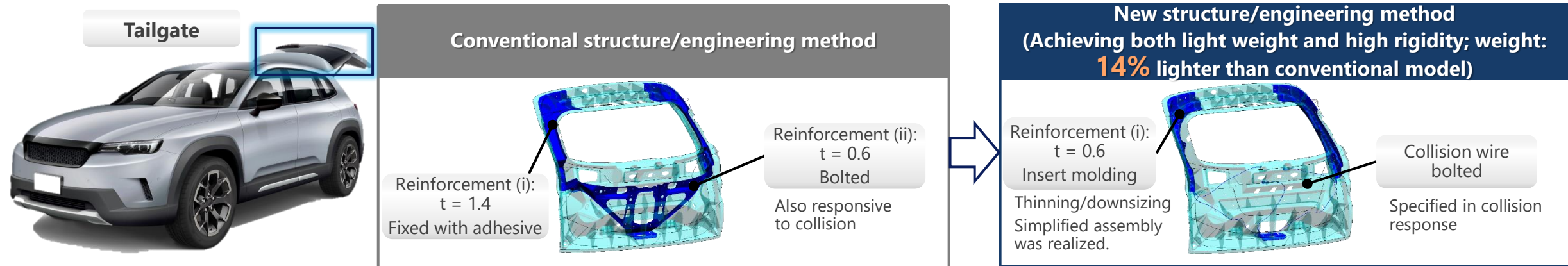
1D-CAE spring-mass model physical equation constructed at key areas of instrument panel impact performance

Spring-mass model

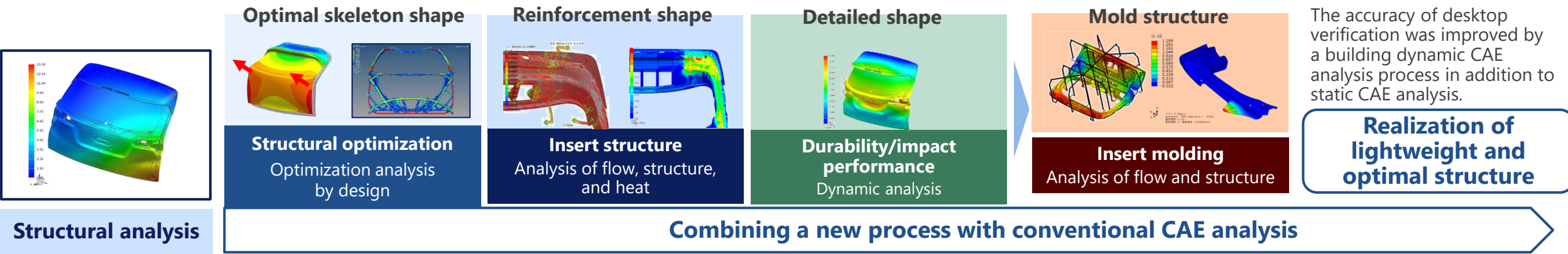
Calculation Results

Further deepening of weight reduction technology through minimum necessary reinforcement

Weight reduction achieved by minimizing reinforced parts and increasing rigidity through insert molding

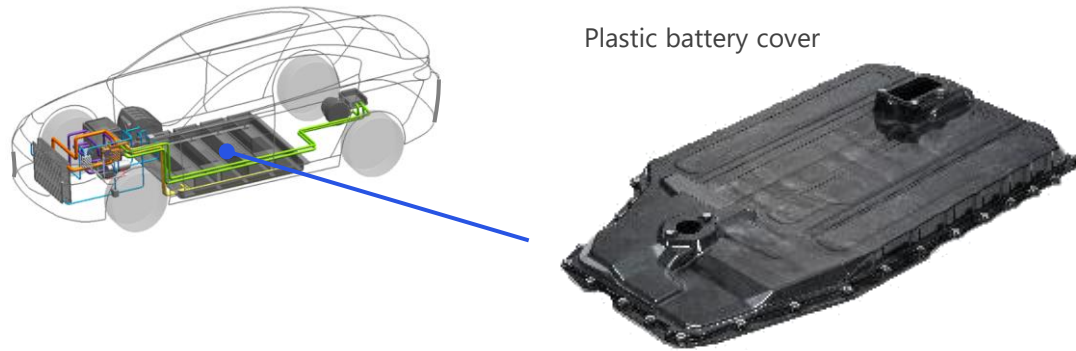


Establishment of CAE analysis process that leads to improved accuracy of desktop verification of structures and engineering methods



Evolution of internal parts of EV battery packs

Developed SMC materials that meet the fire resistance standard (GB standard) for EV by replacing iron with resin



Advantages of replacing metal battery cover with plastic material

1 CO₂ emissions reduction: **40%** Weight reduction: **△30%**

2 Improved safety | Improved insulation during battery thermal runaway

3 Improved flexibility in shape and layout

Pursuing highly efficient production that is both human- and earth-friendly

Introduced SMC resin press molding machine with energy-saving/high-efficiency production specifications for the battery cover molding process (October 2023)

CO₂ emissions per product 40.6% reduction



SMC resin press molding machine

① Increased number of parts molded per cycle, increased cycles due to improved hydraulic path

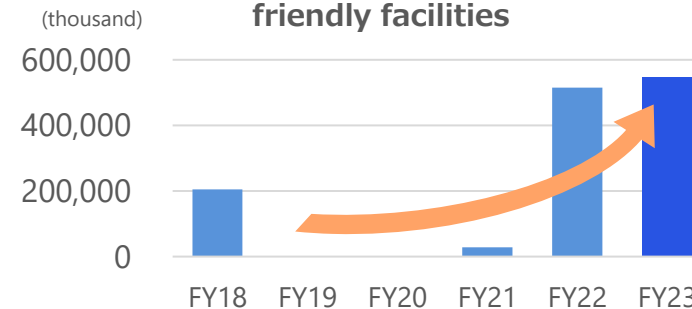
▶ **Productivity: 2.1x vs. conventional machines**

② Motor downsizing by introducing accumulators (pressure storage tanks)

▶ **Power consumption of molding machines:**

Reduced by 18.7% vs. conventional machines

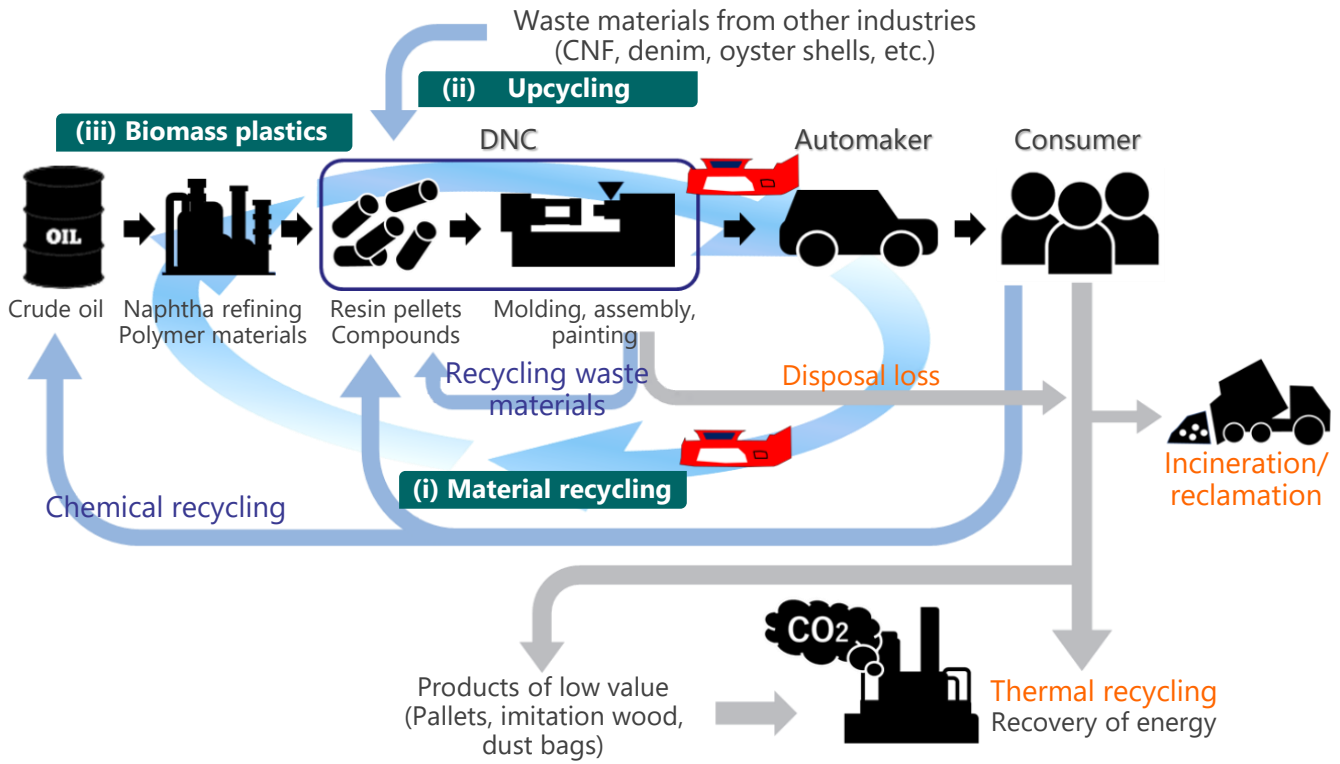
Investment in environmentally friendly facilities



- **Improved energy saving** (Waste Heat Recycling, etc.)
- **Renewed energy-saving facilities** (Molding machines, boiler equipment renewed, etc.)

From **“Recycling as Fuel”** that emits CO₂ to **“Recycling as Material”** that recycles resources

Key Efforts to Reduce Loss on Disposal



(i) Material recycling

Promoting the development of elemental technologies for material recycling in industry-academia-government collaboration

- Elucidation of resin deterioration mechanism in the market
- Establishment of functional restoration technology against physical and chemical deterioration

(ii) Upcycling

Reusing discarded materials to increase the added value of products

- Development of composite materials using wood fibers from thinning
- Development of designed products that effectively utilize waste non-edible materials
Oyster shells, rice husks, denim scraps, etc.

(iii) Biomass plastics

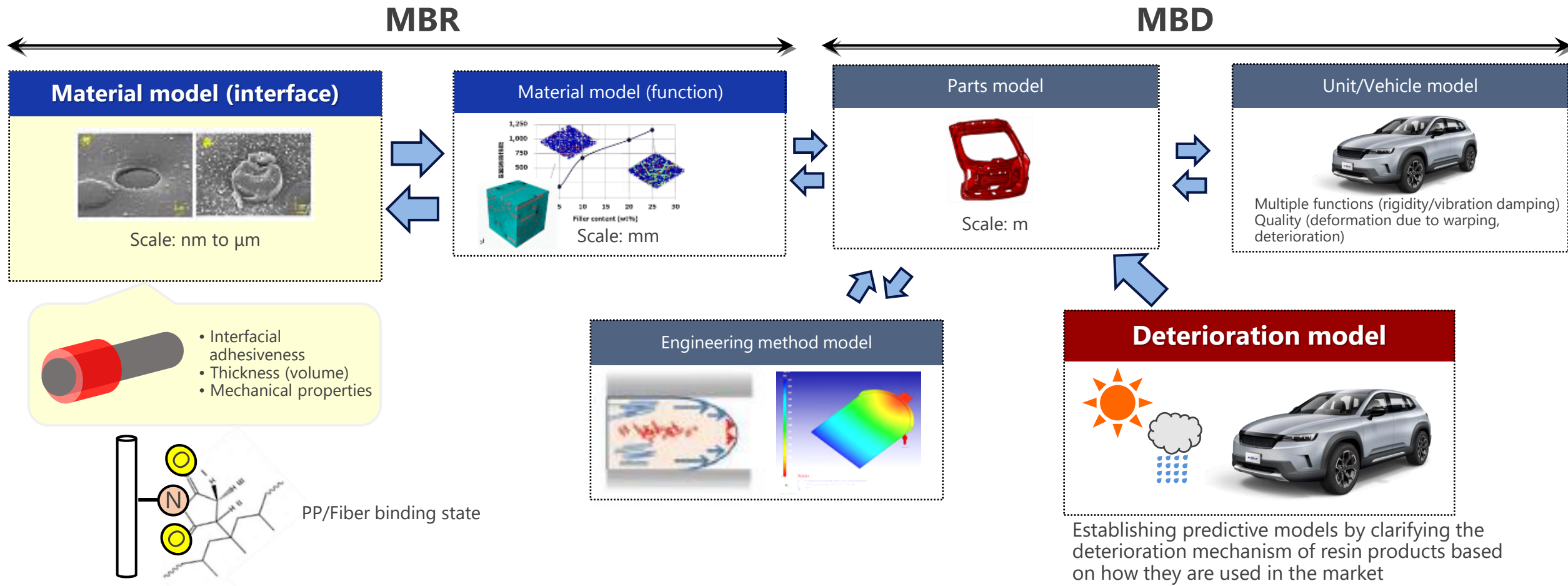
Proactively using plant-derived resin to reduce CO₂ emissions



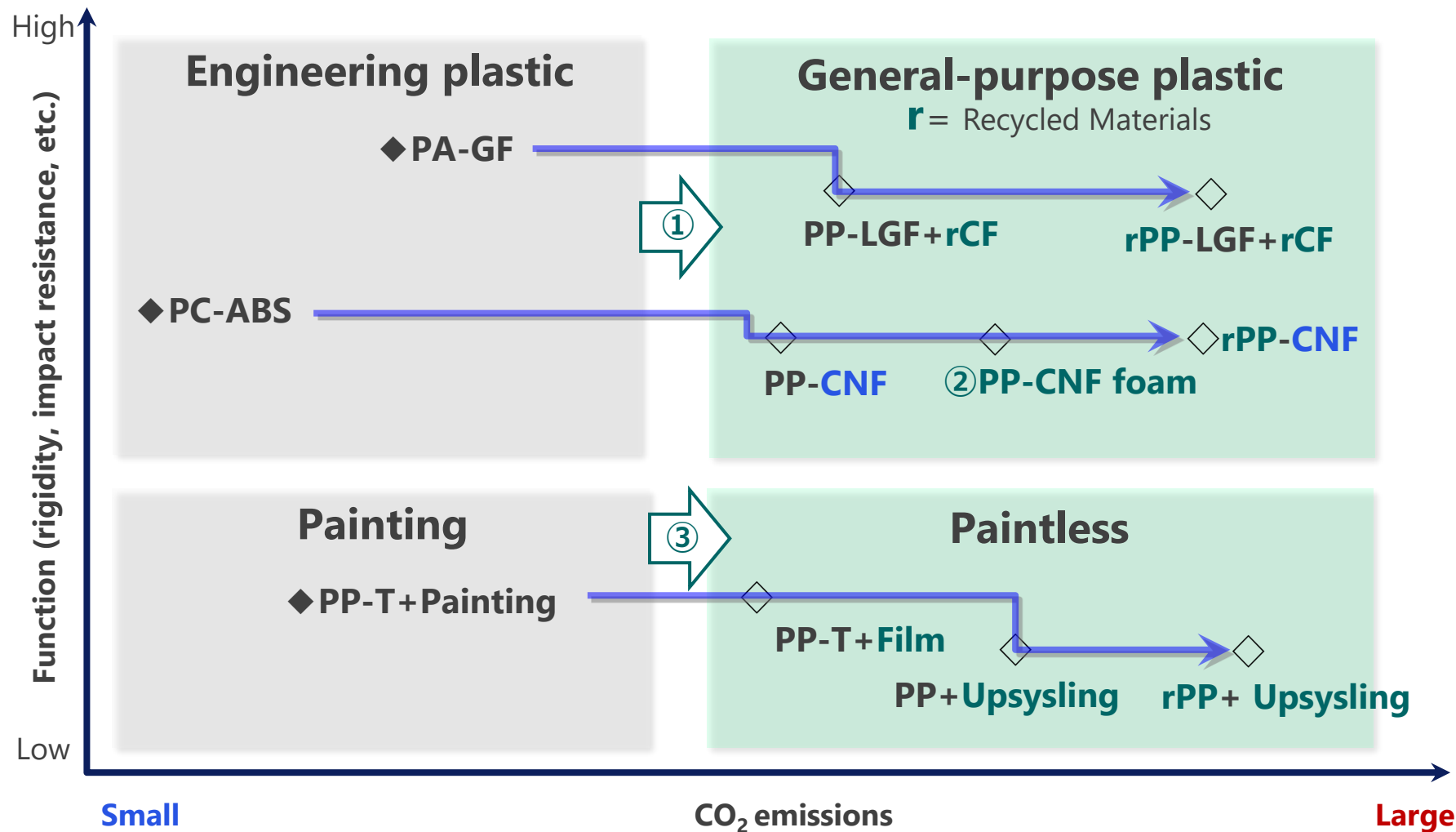
A concept that makes extensive use of plant-derived resins
Exhibited at the Automotive Engineering Exposition 2023

Development of material recycling: Coordination of MBR and MBD

Establishment of a technology to restore material performance by modeling the deterioration mechanism and linking it to a material model



Roadmap for developing in-house materials and engineering methods centered on reducing CO₂ emissions



(i) Replacement with low CO₂ materials

Replacement of engineering plastics (PC-ABS, PA) with general-purpose plastics (PP) and utilization of recycled materials

- Utilization of cellulose nanofiber (CNF)
- Use of recycled polypropylene (rPP) and recycled carbon fiber (rCF)

(ii) Development of low specific gravity molding method

- Development of foam molding method



(iii) Development of paintless engineering method

- Development of film method to replace painting
- Design development through upcycling

Manufacturing Strategy: Initiatives to Reduce CO₂ Emissions from Resin Materials



Development of CNF composite materials that can take advantage of their light weight, low CO₂ emissions, and heat resistance

Features

Realizing a coating appearance quality through our unique material formulation technology
CO₂ emissions reduced through the entire process up to the manufacturing of materials

Effects

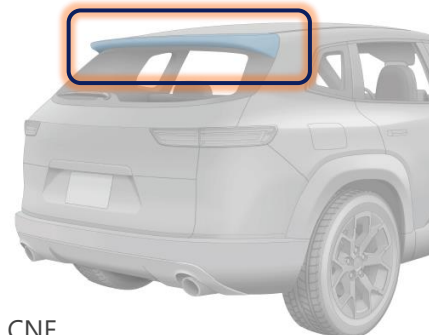
In-house development of composite material of general-purpose resin and CNF (cellulose nanofiber)

Ratio to engineering plastic products

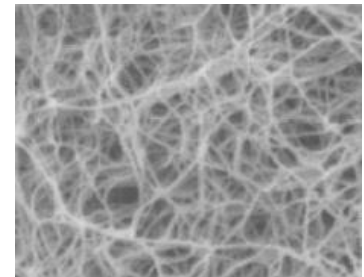
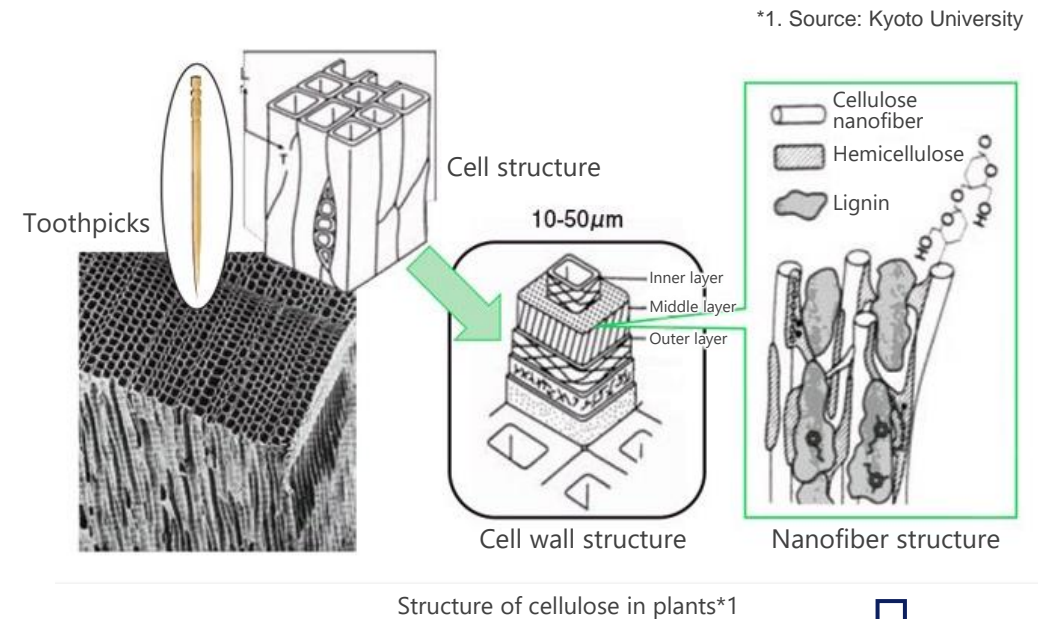
Weight:	Reduced by 15%
CO ₂ emissions:	Reduced by 30%
Heat resistance:	Almost the same

Progress of development

Application development of painted exterior panel parts completed



PP spoiler using CNF



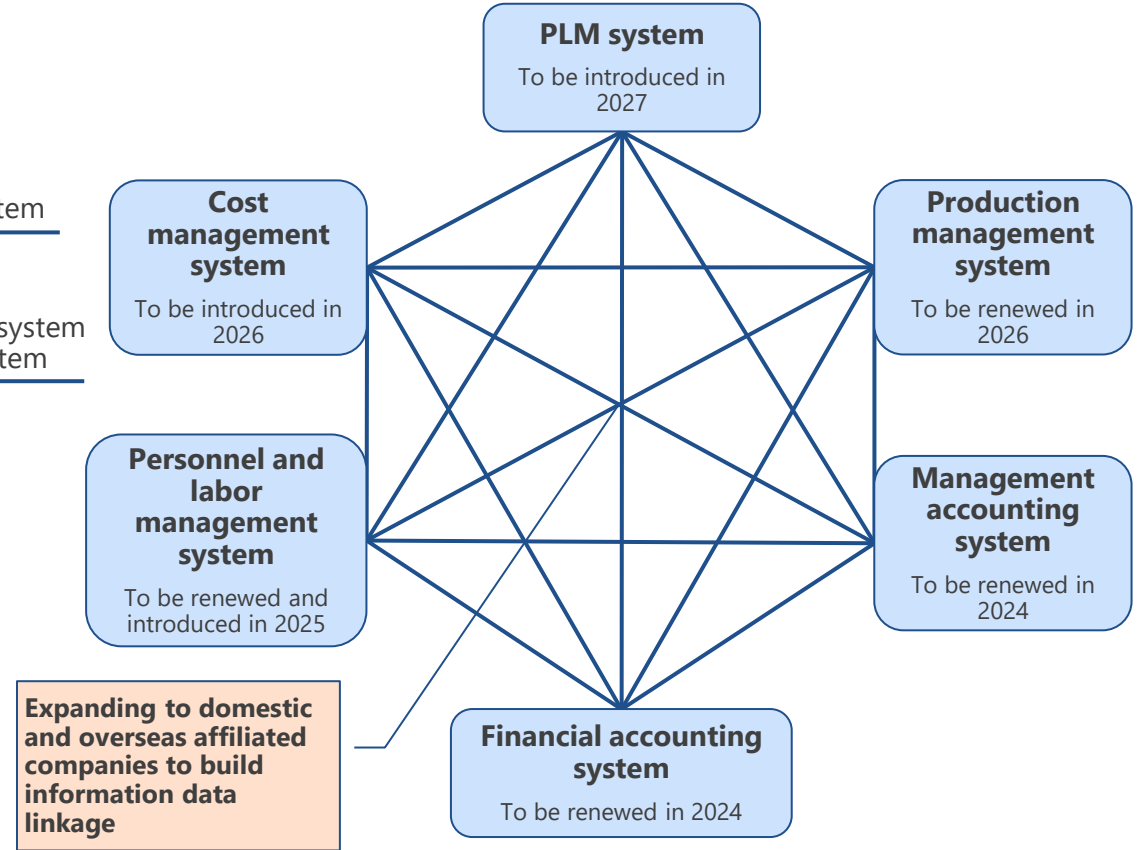
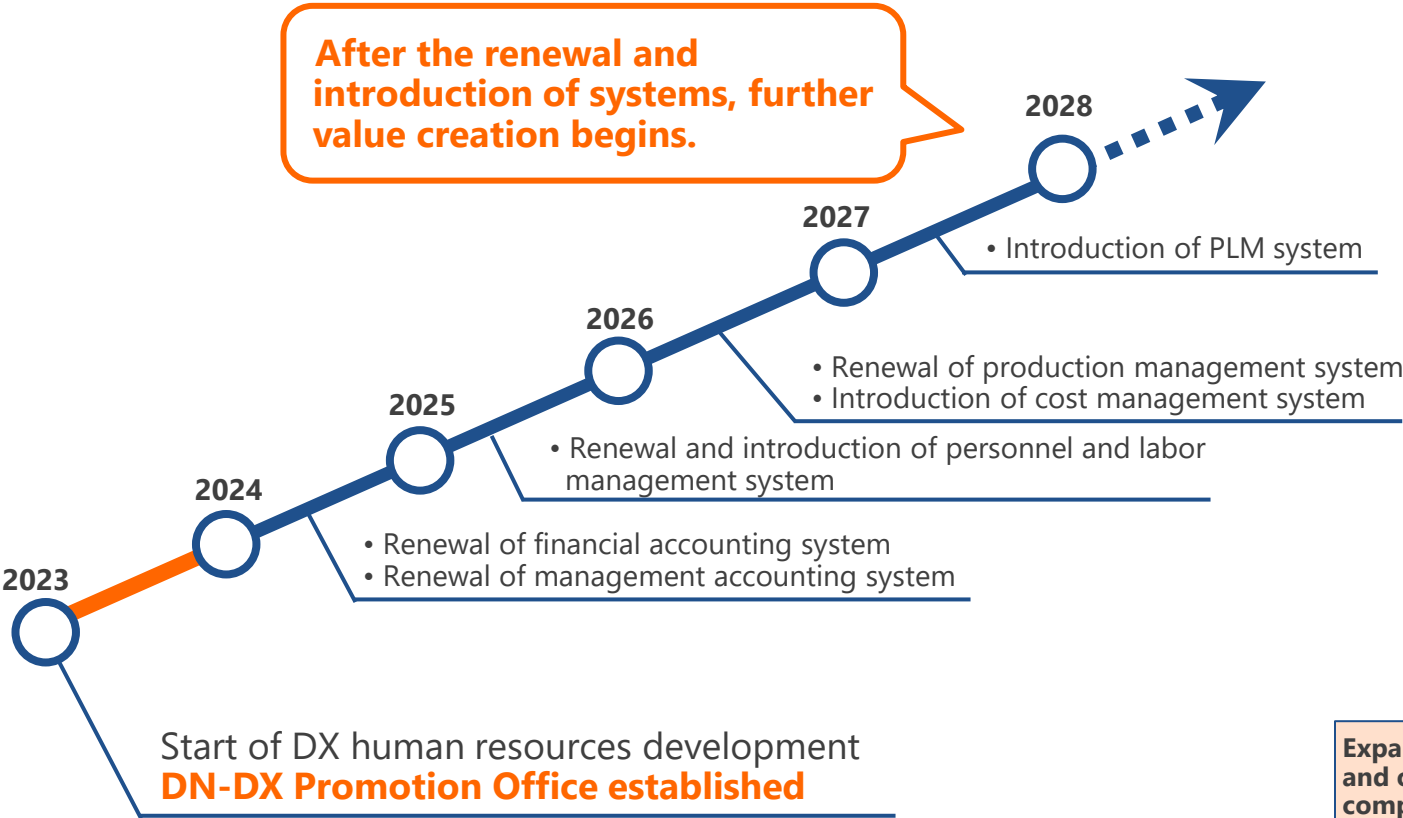
* CNF: Cellulose nanofiber

Project activities to introduce systems

For system innovation, we are focusing on designing business systems based on a long-term vision.

DN-DX: What DaikyoNishikawa wants to achieve with DX and its continued activities

Each employee plays a leading role in promoting DN-DX activities as a company-wide and cross-sectional effort to achieve the vision we aim to achieve.



Advancing from efforts to empower women to D&I management for further improvement of job satisfaction

Results of promoting women's empowerment



Three steps of D&I management

Themes and details of activities

The project to enhance promotion of women's empowerment system started.

Building a system that allows employees to continue working for a long time

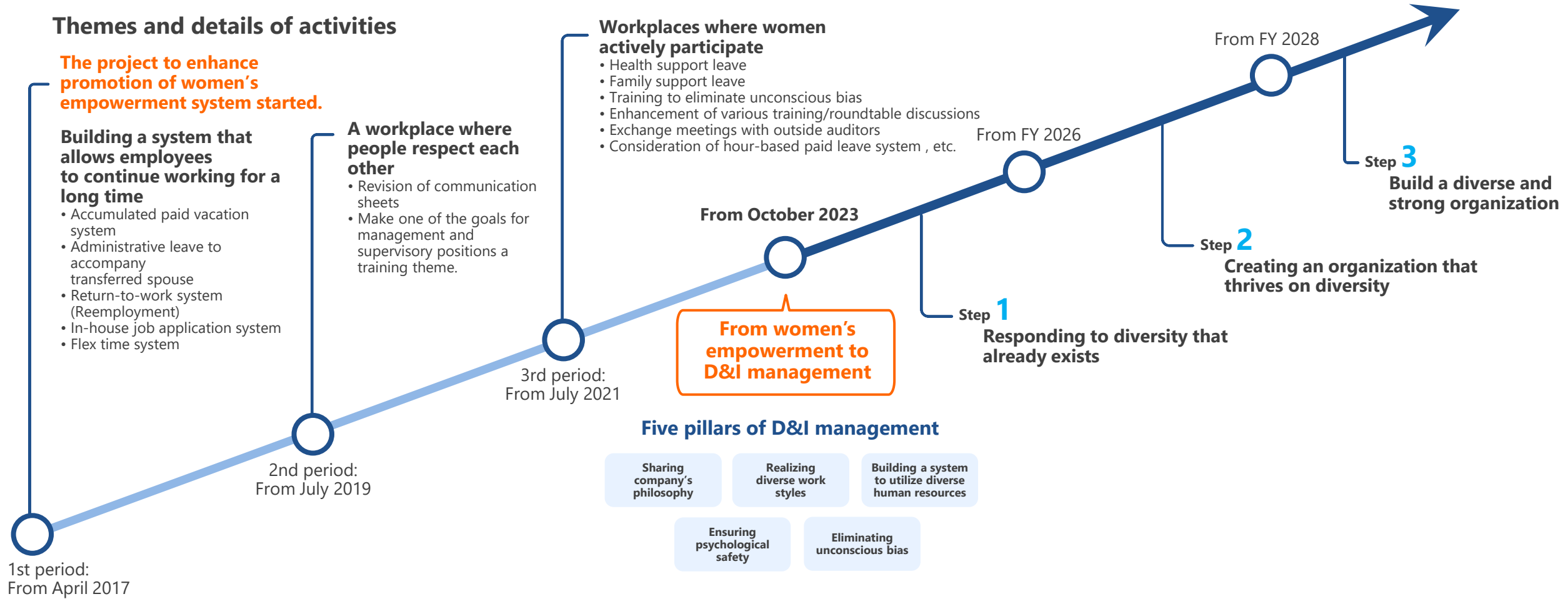
- Accumulated paid vacation system
- Administrative leave to accompany transferred spouse
- Return-to-work system (Reemployment)
- In-house job application system
- Flex time system

A workplace where people respect each other

- Revision of communication sheets
- Make one of the goals for management and supervisory positions a training theme.

Workplaces where women actively participate

- Health support leave
- Family support leave
- Training to eliminate unconscious bias
- Enhancement of various training/roundtable discussions
- Exchange meetings with outside auditors
- Consideration of hour-based paid leave system, etc.



1st period:
From April 2017

2nd period:
From July 2019

3rd period:
From July 2021

From October 2023

From women's empowerment to D&I management

From FY 2026

From FY 2028

Step 1
Responding to diversity that already exists

Step 2
Creating an organization that thrives on diversity

Step 3
Build a diverse and strong organization

Five pillars of D&I management

- Sharing company's philosophy
- Realizing diverse work styles
- Building a system to utilize diverse human resources
- Ensuring psychological safety
- Eliminating unconscious bias

3. Consolidated Financial Forecast for Fiscal 2023

Consolidated Financial Forecast for Fiscal 2023



Full year

- Both net sales and operating income are expected to increase, reflecting the difference in results for the first six-month period.
- Ordinary income is anticipated to increase by including foreign exchange gains recorded for the first six-month period.
- Profit attributable to owners of the parent include impairment losses on fixed assets and the sale of shares in an equity-method affiliate, considering changes in the business environment in China.

(Million yen)

	FY2022	FY2023 (Announced on August 8)	FY2023 (Announced on November 7)	Difference from previous forecast		[Reference] FY2023 (Announced on May 11)
	Full-year results	Full-year forecast	Full-year forecast	Amount of increase/decrease	Ratio of increase/decrease	Full-year forecast
Net sales	145,744	160,000	165,000	5,000	3.1%	163,000
Operating income	3,453	8,300	10,300	2,000	24.1%	8,200
Operating margin	2.4%	5.2%	6.2%	1.0 pts		5.0%
Ordinary income	2,864	7,700	9,800	2,100	27.3%	7,200
Profit attributable to owners of the parent	518	5,000	5,200	200	4.0%	4,800

Capital Investment, Depreciation, R&D Costs



<<Capital investment>>

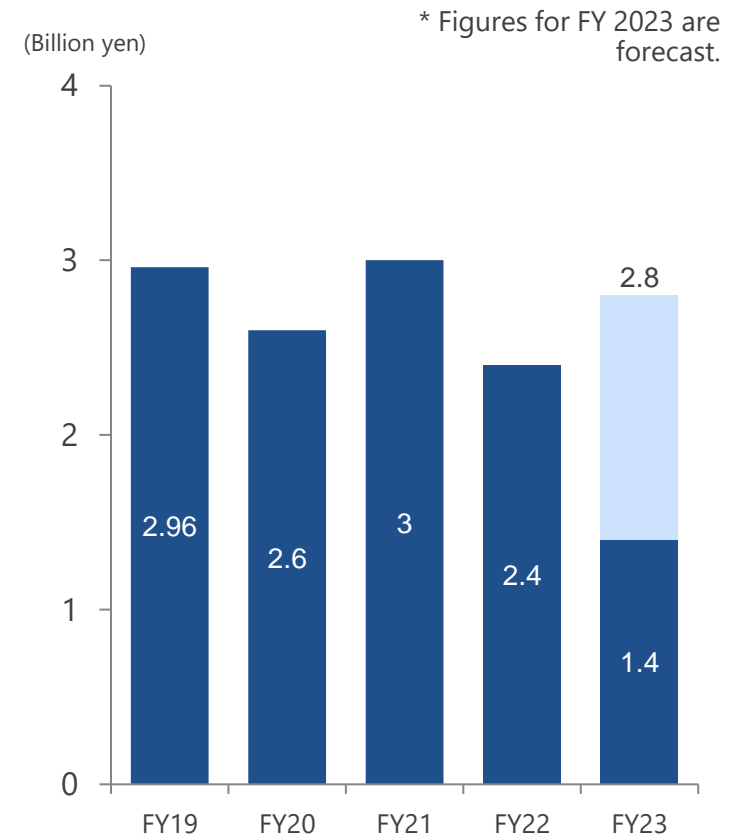
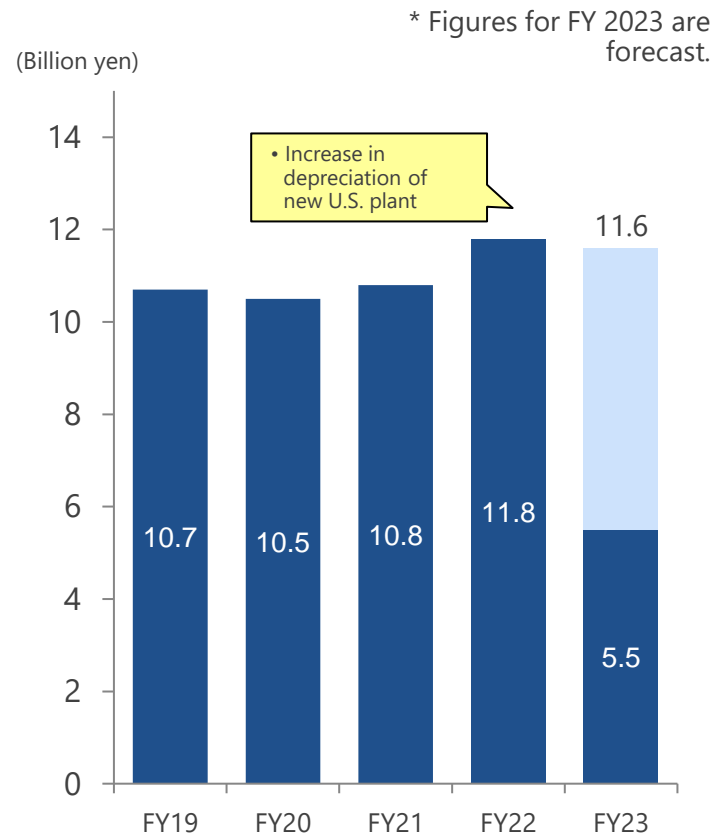
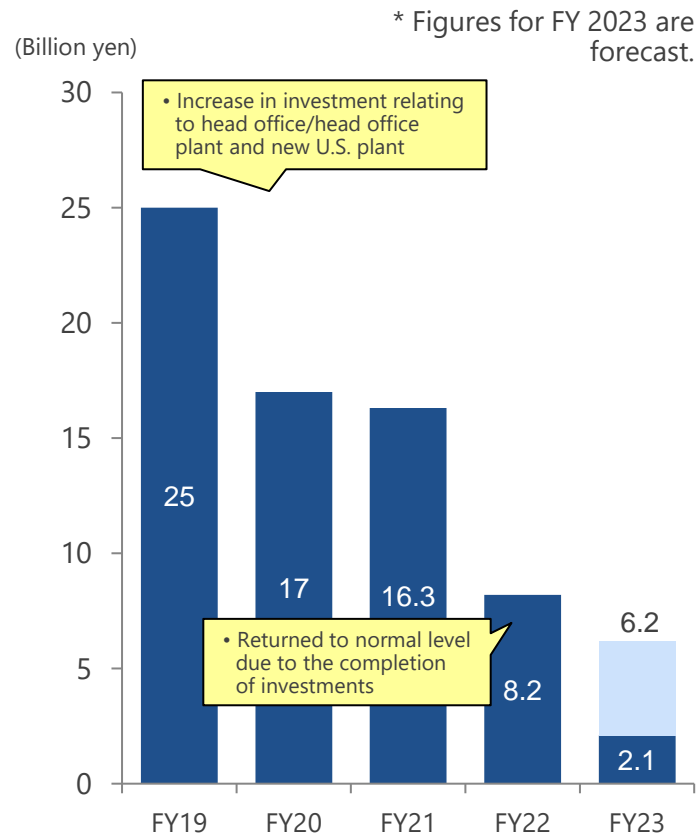
Decreased from the initial plan (7.7 billion yen) due to postponements including changes in the timing of launch of new vehicles by customers.

<<Depreciation>>

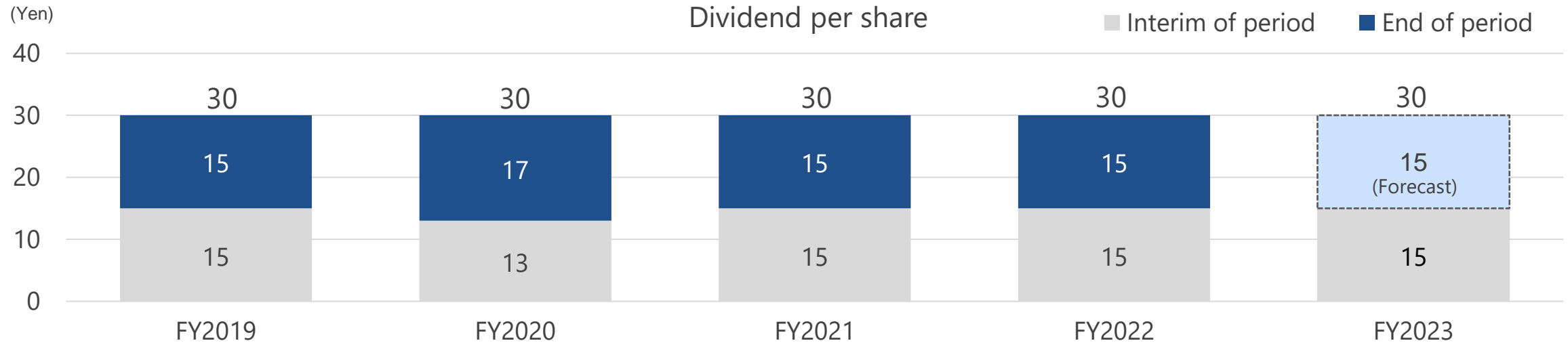
Decreased from the initial plan (12.3 billion yen) as capital investment, etc. were curtailed.

<<R&D>>

Research and development continued to create products that exceed the expectations of society and customers.



- The interim dividend for FY 2023 will be 15 yen per share as expected.
- The forecast for the annual dividend per share for FY 2023 will be maintained at 30 yen.



Payout ratio

FY 2019	FY 2020	FY 2021	FY 2022	FY 2023 (Forecast)
43.3%	83.9%	-	411.2%	41.0%

Note:

This presentation material contains certain statements on future performance, such as strategies and forecasts. These statements are based on our current judgment and include risks and uncertainties. They are subject to change due to various factors, such as changes in the business environment. Furthermore, the sole purpose of this document is to provide information, and it is not intended to solicit transactions.

Please note that actual results may differ from the forecast due to various factors.

Contact:

PR & Branding Promotion Department, Corporate Planning Division

PR & IR Group

Telephone: +81-82-493-5610

Reference Materials

Key Performance and Financial Indicators (Consolidated)



(Millions of yen)

	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

	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 Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2024 (vs. First Quarter)



Sales and profits increased in Q2 compared to Q1.

- Increase in production volume by major customers mainly in Japan
- Partial transfer of increases in raw material/energy costs/labor costs to prices

(Million yen)

	FY 2022				FY 2023		Change from First Quarter (FY23Q2/FY23Q1)	
	Q1	Q2	Q3	Q4	Q1	Q2	Amount of increase/ decrease	Ratio of increase/ decrease
Net sales	30,074	32,937	39,618	43,114	37,217	40,253	3,035	8.2%
Operating income	-1,241	-205	823	4,076	1,339	2,945	1,606	119.9%
Operating margin	-4.1%	-0.6%	2.1%	9.5%	3.6%	5.5%	1.9 pts	
Ordinary income	-1,008	-171	114	3,929	1,749	2,868	1,119	64.0%
Profit attributable to owners of the parent	-1,127	-438	-362	2,446	1,150	1,799	649	56.5%

External Sales by Segment (vs. Q1)



- In Japan, sales increased due to increased production by major customers and partial transfer of raw material, energy, and labor costs to prices.
- In Central and North America, sales decreased due to a fall in production volume by customers in Central America and the recovery of costs due to the delay in implementing the two-shift operation in North America in Q1.
- In ASEAN countries, sales shrank due to decreases in production by customers and sales of molds.
- In China and South Korea, sales grew due to increases in sales of molds and production by customers.

(Million yen)

		FY 2022				FY 2023		Change from Q1 (FY23Q2/FY23Q1)	
		Q1	Q2	Q3	Q4	Q1	Q2	Amount of increase/ decrease	Ratio of increase/ decrease
Domestic	Japan	19,431	25,171	28,062	30,291	23,973	28,107	4,134	17.2%
Overseas	Central/ North America	6,390	4,552	7,020	8,072	9,186	8,275	-910	-9.9%
	ASEAN	2,839	2,373	3,320	3,753	3,465	2,581	-884	-25.5%
	China/ South Korea	1,412	839	1,215	997	592	1,288	696	117.5%
	Overseas Total	10,642	7,765	11,555	12,823	13,244	12,145	-1,098	-8.3%
Total		30,074	32,937	39,618	43,114	37,217	40,253	3,035	8.2%

Segment profit/loss (vs. Q1)



- In Japan, profits increased mainly due to the impact of growth of sales and the partial transfer of increased costs of raw materials, energy, and labor to prices.
- In Central and North America, profits decreased due to a fall in sales and the recovery of costs arising from the delay in implementing the two-shift operation in North America in Q1.
- In ASEAN, profits decreased due to the impact of lower sales.
- In China and South Korea, segment loss decreased due to the impact of increased sales.

(Million yen)

		FY 2022				FY 2023		Change from Q1 (FY23Q2/FY23Q1)	
		Q1	Q2	Q3	Q4	Q1	Q2	Amount of increase/ decrease	Ratio of increase/ decrease
Domestic	Japan	-1,158	296	1,056	3,904	165	2,387	2,221	1338.4%
Overseas	Central/ North America	-1,493	-585	-465	-206	1,322	674	-647	-49.0%
	ASEAN	277	218	411	127	521	170	-350	-67.2%
	China/ South Korea	65	-50	-19	-76	-260	-7	252	-
	Overseas Total	-1,150	-418	-73	-155	1,583	837	-746	-47.1%
Consolidation adjustment		1,067	-83	-159	327	-409	-278		
Consolidated operating income/loss		-1,241	-205	823	4,076	1,339	2,945	1,606	119.9%

* Consolidation adjustment for Q1 FY2022 include development costs for Central and North America recorded in FY2021.

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2024 (vs. Forecast)



First half

- Both net sales and operating income expanded due to transient factors such as the advancement of profit improvement activities and a partial transfer of the increase in labor costs to prices despite a decrease in production volume by major customers.
- Ordinary income increased due to foreign exchange gains, etc.

(Million yen)

	FY2023		Difference from forecast	
	Forecast for the first six-month period	Results for the first six-month period	Amount of increase/decrease	Ratio of increase/decrease
Net sales	76,000	77,470	1,470	1.9%
Operating income	3,200	4,285	1,085	33.9%
Operating margin	4.2%	5.5%	1.3 pts	
Ordinary income	3,100	4,617	1,517	49.0%
Profit attributable to owners of the parent	2,000	2,950	950	47.5%