

A museum exhibit of car parts including an engine, interior panels, and car body shells. The exhibit is displayed in a modern, well-lit gallery with white walls and a white floor. The car parts are arranged on white pedestals and are labeled with numbers. The background features a wall with large numbers from 01 to 11. The text "Medium-Term Management Plan for FY2027" is overlaid on the image in a large, bold, black font.

Medium-Term Management Plan for FY2027

DaikyoNishikawa Corporation

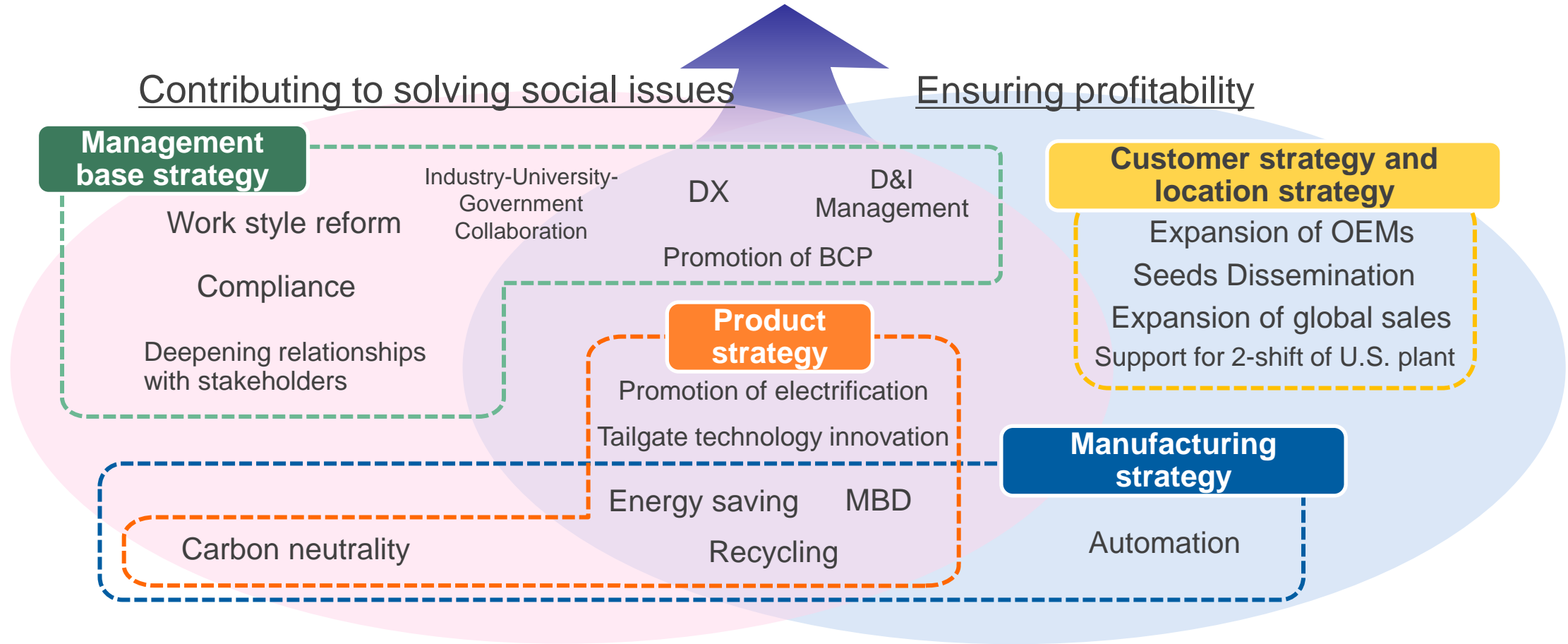
May, 2024

1. Review of the FY2023 Medium-term Management Plan Page 2
2. Long-Term Vision & FY2027 Medium-term Management Plan Page 14
3. Outline of the Medium-Term Management Plan for FY2027 Page 21

1. Review of the FY2023 Medium-term Management Plan

Promoting CSR management by solving social issues through business activities and ensuring profitability

Strengthening CSR Management

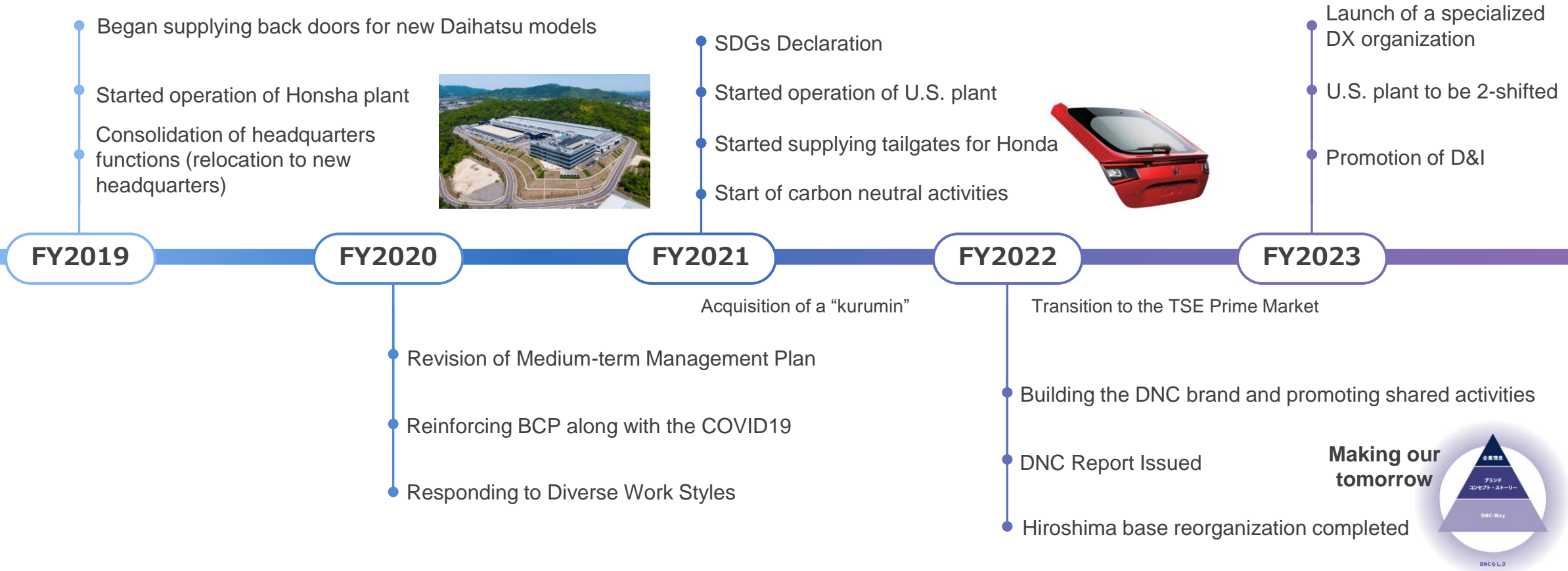


Review of the FY2023 Medium-Term Management Plan



Strengthening CSR management through reorganization of bases and diverse work styles

Five Years of Achievements and Results



2023 Medium-term Management Plan Basic Policy and Evaluation



Steadily promote basic policy based on five strategies

	Main Results	Evaluation and review
Customer Strategy	<ul style="list-style-type: none"> ■ Sales growth rate of four strategic OEMs FY2023 : 24.7% increase (compared to previous period) 	<ul style="list-style-type: none"> • Raise awareness of our technological capabilities by actively disseminating seeds • New item orders and sales expansion of existing products through increased RFI/RFQ acquisition
Location Strategy	<ul style="list-style-type: none"> ■ Profit and Loss Status of U.S. Plants FY2023Q4: Operating income returned to profitability 	<ul style="list-style-type: none"> • Smooth start-up as a highly efficient plant with state-of-the-art facilities and straight production concept • 2-shift operation has started, and profit has improved as a mid-term growth driver
Product Strategy	<ul style="list-style-type: none"> ■ CO2 emissions reduction (product area) FY2023 : 18%decrease (compare with steel product) 	<ul style="list-style-type: none"> • Create a roadmap for environmental responsiveness • Commenced research on environmental material development, horizontal recycling
Manufacturing Strategy	<ul style="list-style-type: none"> ■ Percentage of elemental work automated FY2023 : approx.40% achieved 	<ul style="list-style-type: none"> • Of the 28 elemental tasks, 11 were made in-house and automated. • Highly efficient production with big data by introducing IoT technology
Management Base Strategy	<ul style="list-style-type: none"> ■ Number of women in managerial and supervisory positions Manager: 6 persons (2 in 2020) Supervisor: 28persons (24 in 2020) 	<ul style="list-style-type: none"> • Steady progress in expanding systems and improving the environment to promote women's activities • Tripled the number of women in management positions, achieving the FY2025 target ahead of schedule.

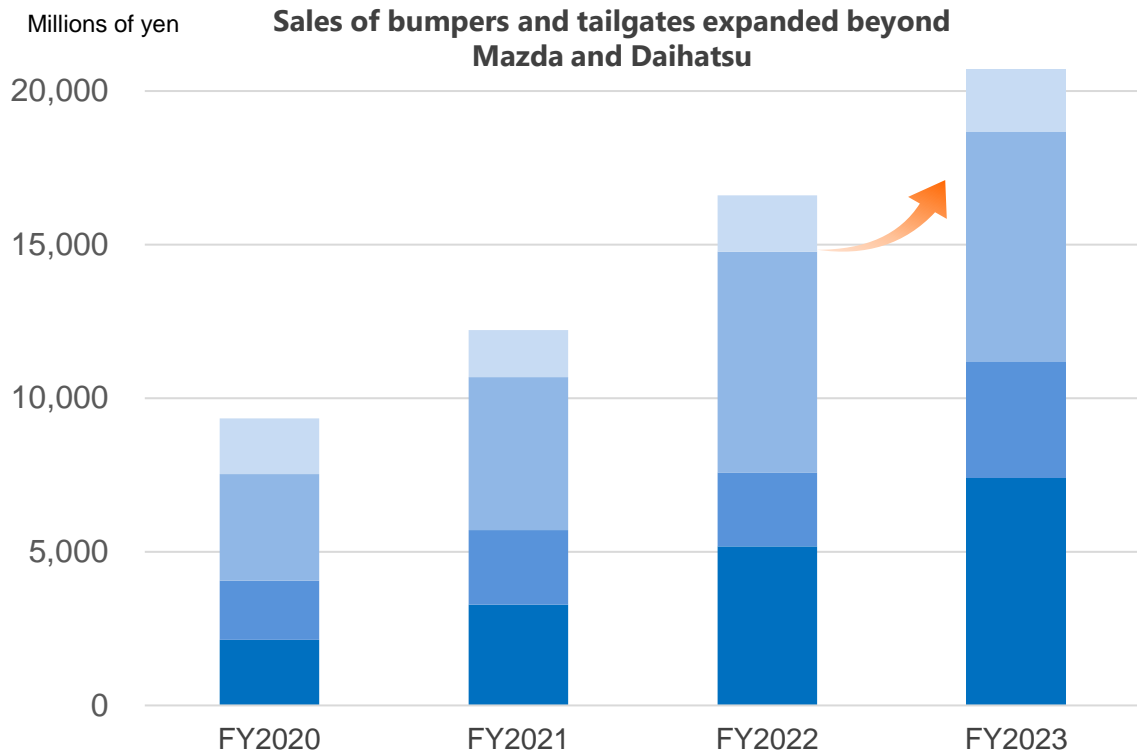
FY2023 Medium-term Management Plan Outcome

Customer and Location Strategy



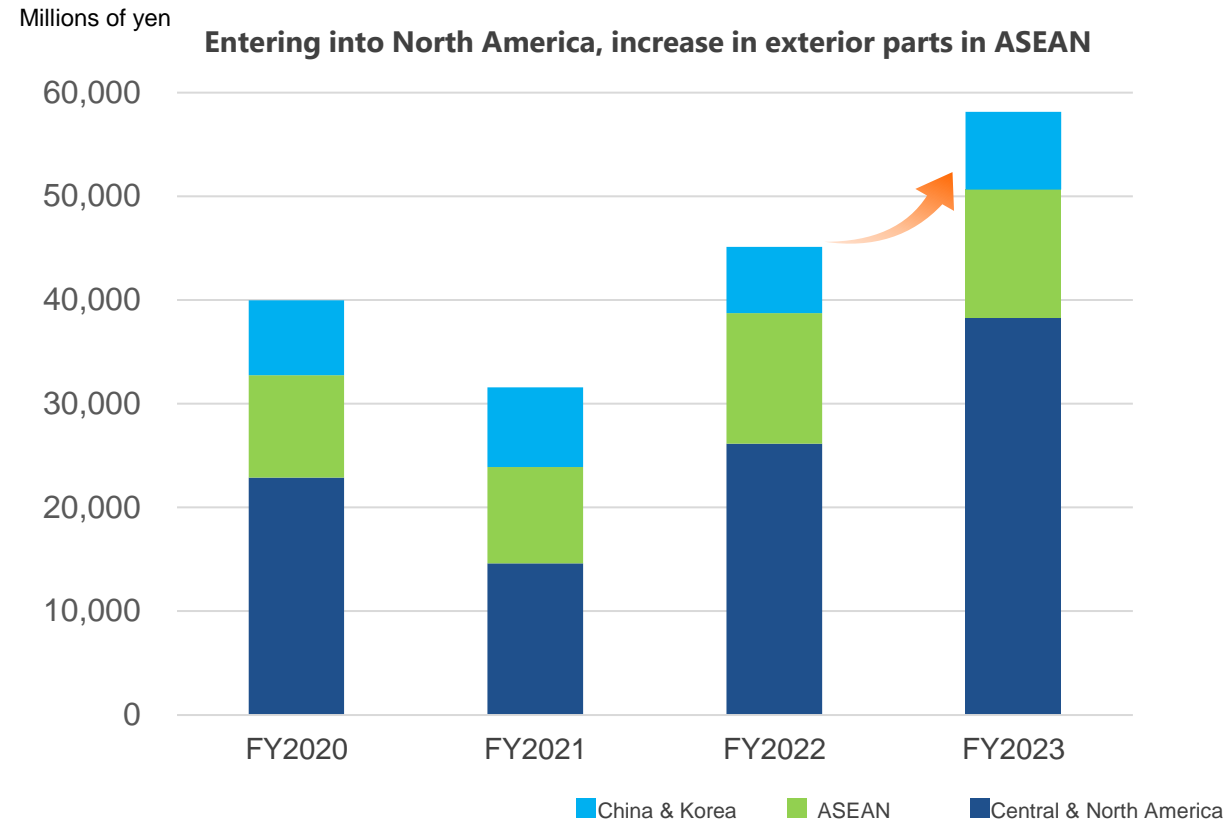
Sales expansion to strategic 4 OEMs

FY2023 Sales Growth Rate (compared to previous period)
 Total sales : **9.1%** → 4 Strategic OEMs : **24.7%**



Overseas Segment Growth

FY2023 Sales Growth Rate (compared to previous period)
 Total sales : **9.1%** → Overseas sales : **30.2%**



FY2023 Medium-term Management Plan Outcome

Hiroshima base reorganization



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

Relocation of headquarters in January 2020 Consolidation to be completed in FY2022

Headquarters/Plant Surface area Approx. 60,000 m²



New Headquarters/Honsha Plant
Consolidation from 6 to 4 sites

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

Goal

Fostering a culture and environment in which employees feel “fulfilled” and “comfortable” in their work, with an emphasis on “people development”

Results

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

Effect

Cost reduction : 1.3billion yen/year

CO₂ emission : Headquarters reduced by 60%

(against previous HQ)

Honsha plant reduced by 30%

(against Hachihonmatsu plant)

FY2023 Medium-term Management Plan Outcome

DNUS Operation



Establish a production system to meet customers' increased production and strengthen ongoing human resource recruitment/training

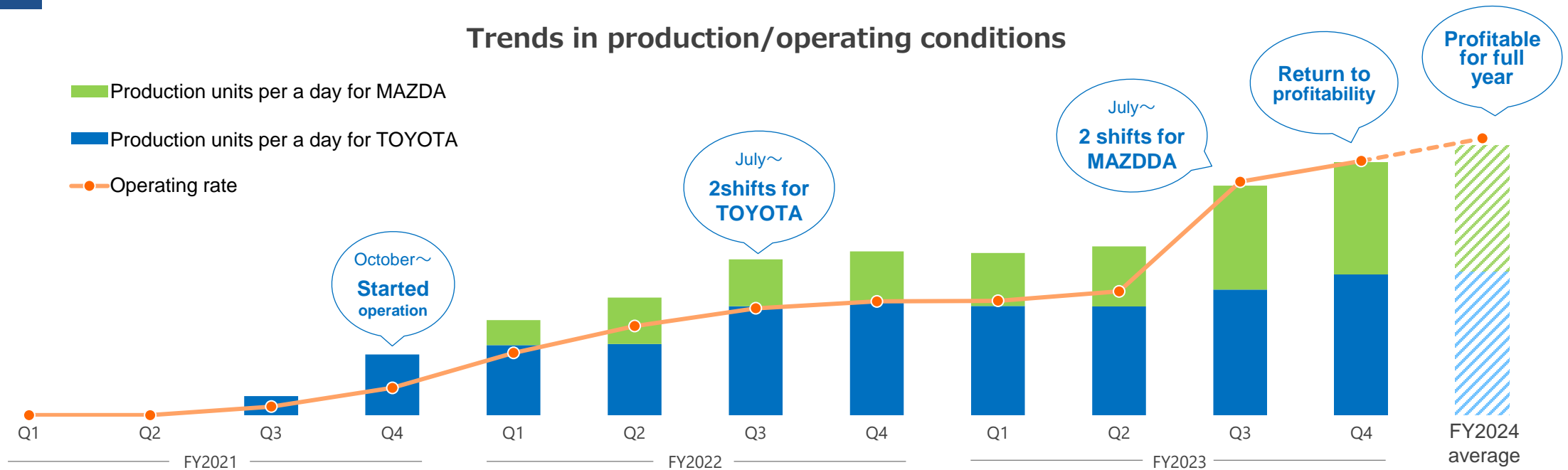
Production system

- Prior to production increase, improvement of difficult tasks in each process and preemptive hiring of leader class/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

- FY2023Q4: Return to profitability on a non-consolidated basis (operating income)
- FY2024: Aim to return to profitability (net income) for the full year

Trends in production/operating conditions



Examples of production technology contributing to sustainable manufacturing



Deepening of gas injection method hollow pipe by pursuing good conditions (achieving zero defects)



- Analyze good conditions for required quality
- Automated standardization of elemental work
- Complete synchronization from molding to packaging

Zero waste by in-process recycling

- ①Crushing and recycling of cut sections in the molding process
- ②Recovery and recycling of machining debris from the assembly process
- ③In-process grinding process

Achieved complete in-process recycling of waste materials (our company's first)

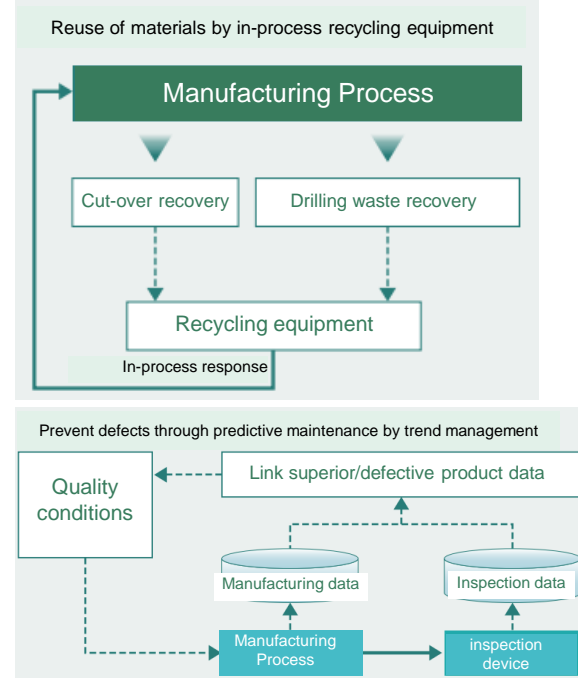
Quality Control for IoT Utilization

- ①Complete data management of good conditions
- ②Trend management of equipment deterioration factors
- ③Quality assurance through data management

Process quality assurance through data monitoring

Promotion of people-friendly, high-quality, fully automated operations

- ①Automation through standardization of high-difficulty work
- ②Simplification, slimming down and compacting of processes
- ③Zero inspection manpower through numerical data determination of inspection work

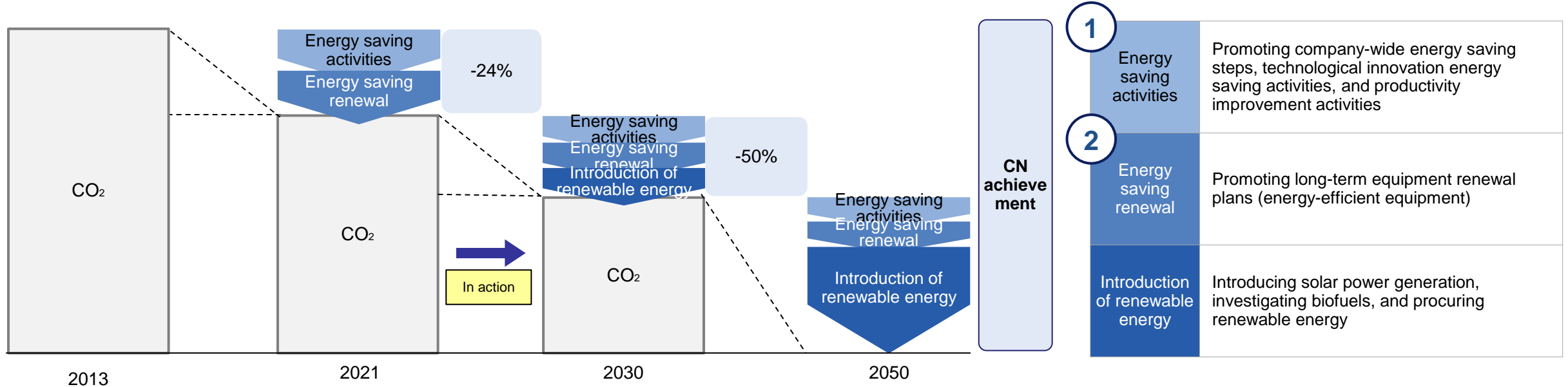


FY2023 Medium-term Management Plan Outcome

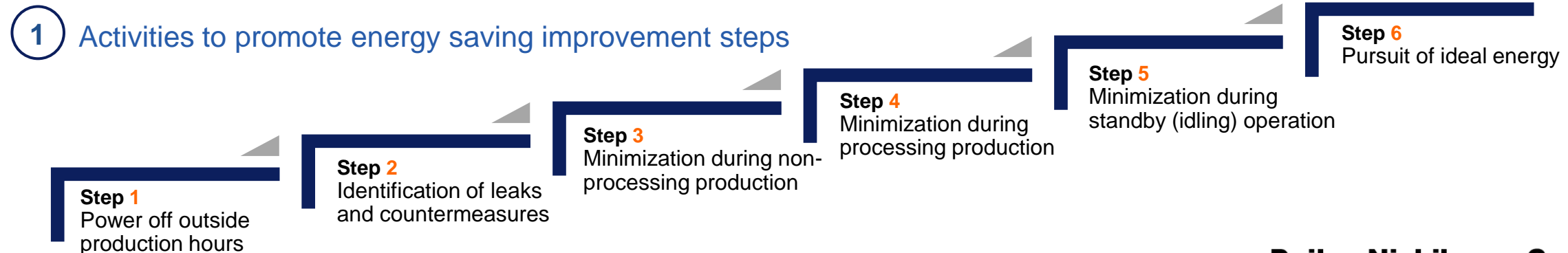
Carbon Neutral



Scope 1 · 2 Roadmap for CO2 Emission Reduction



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



FY2023 Medium-term Management Plan Outcome

Carbon Neutral



② Introduction of renewable energy equipment

DNC Group's solar panel installation plan

Base	FY2022	FY2023	FY2024	FY2025	FY2026
Honsha Plant	Study	Installation on roofs	Operation start		
Headquarters		Study	Installation on slopes	Operation start	
KantoDaikyo Co., Ltd.		Study	Installation on vacant lots	Operation start	
Daiwa Plant		Study		Installation on vacant lots	Operation start
Tsuruhama Plant				Study	
Nakanoseki Plant 2				Study	

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



Estimated CO2 emissions: -1,070 ton-CO2/year

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



Estimated CO2 emissions: -175 ton-CO2/year

FY2023 Medium-term Management Plan Outcome

Women being active in the workforce



Promoting initiatives to create a comfortable working environment for every employees

Background of Women's Activity Promotion

Our Challenges

Low ratio of women in managerial and supervisory positions relative to the ratio of women in full-time positions

Target

Increase the number of women in managerial and supervisory positions by creating a workplace where women can work and play an active role.

KPI Number of female managers : 3x compared to FY2020
 Number of women in supervisory positions : 1.5x compared to FY2020

Started a project to expand the women's activity promotion system (April 2017~March 2024)

Results of Activities

System

- Accumulated Paid Leave System
- Leave to accompany spouse on transfer
- Job return (rehire)
- internal recruitment system
- flextime system
- Communication Sheet Revision
- Health Support Leave
- Family Support Leave

Training

- Unconscious Bias Training
- Various training/roundtable discussions

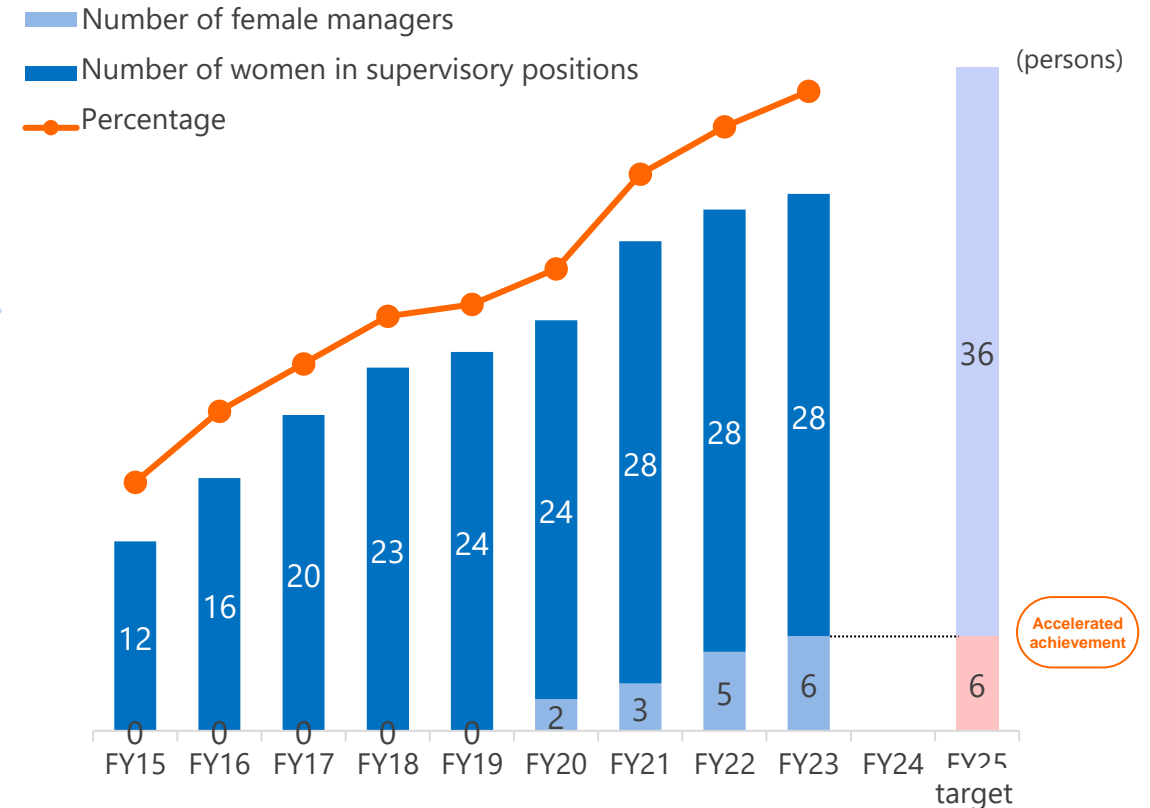


2021 Acquisition of a "kurumin"

Results

※DNC stand alone

Steady increase in the number of women in managerial and supervisory positions, ahead of the FY2025 target



Accelerated achievement



Although sales targets were achieved, profit indices were not achieved due to price hikes and strengthened CSR management, etc.

Consolidated net sales :	Target achieved due to the end of major production fluctuations caused by the new coronavirus and difficulties in procuring parts for semiconductors, etc., and a recovery trend in production volume.
OP ratio :	Target not achieved due to delay in North America's 2 shift, rising prices, and active promotion of ESG-related investments.
ROE :	Target not achieved due to lower net income resulting from lower operating income.

FY2023 Consolidated net sales

Target: **150**Billion Yen Result: **159**Billion Yen

FY2023 Operating profit ratio

Target: **9.0%** or more Result: **5.5%**

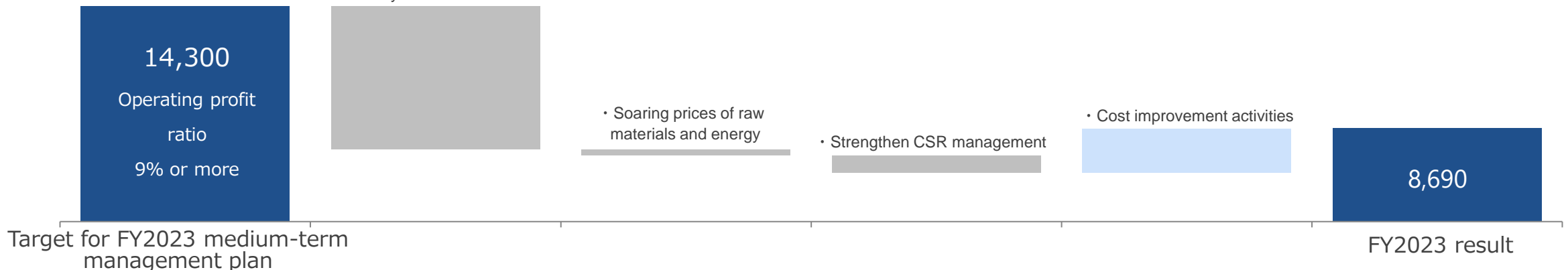
FY2023 ROE

Target: **10.0%** or more Result: **7.4%**

Operating Income Fluctuation Factors

(Million yen)

- Unit volume Impact
- Operating loss due to reduced production
- Delay of 2 direct conversion in North America



2. Long-term Vision & FY2027 Medium-term Management Plan

To identify issues that we recognize from the environment in which we operate, and to develop a concrete long-term direction for the future.

Social

- The SDGs and ESG concepts have become widespread in society, and it is now a matter of course for corporate management to be aware of the need to balance profit generation and the realization of a sustainable society.

Automotive Industry

- Changing the way we build cars and the way we think.
- Acceleration of environmental response
- circular economy

As a listed company

- Proactive information disclosure and constructive dialogue
- Management Conscious of Cost of Capital and Stock Price
- Strengthening Governance

Stakeholder Feedback

- Realization of a sustainable society
- Sustainable growth of the company

Issues in the Previous Medium-term Management Plan

Long-term Vision

Vision 2040

- Present the desired image with the corporate philosophy and brand in mind.

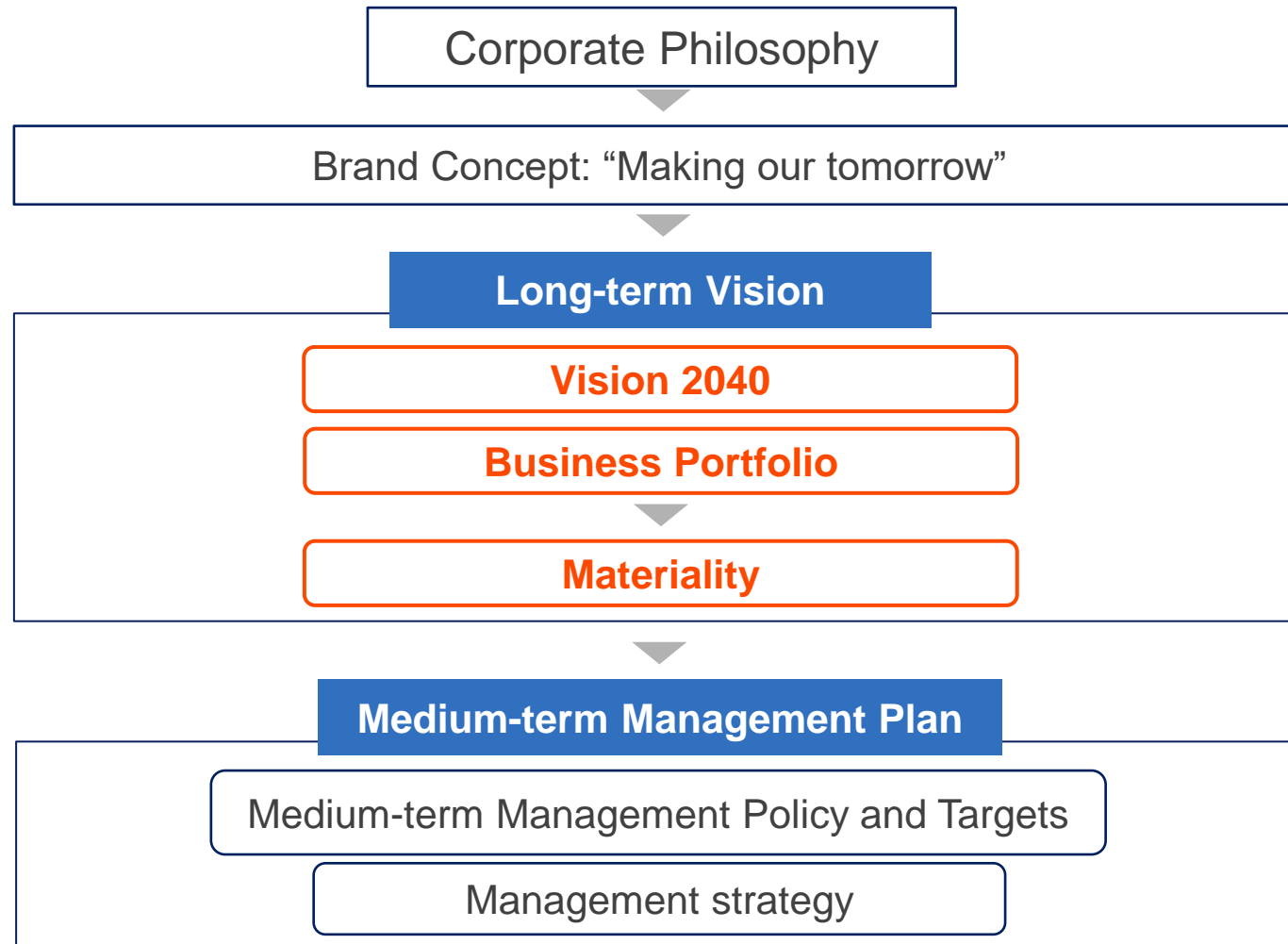
Business Portfolio

- To present the **direction** of the DNC Group's business so that it can respond flexibly to changes in the external environment and continue its business in perpetuity.

Materiality

- Present issues that the DNC Group will address with **“special emphasis”** to **realize its long-term vision and clarify areas of focus.**

Long-term vision and new medium-term management plan formulated based on social issues and remaining issues from the previous medium-term management plan



Long-term vision set by DNC Group as “our tomorrow” in FY2040.

Corporate philosophy

- We strive to be a company which places emphasis on people, society and the earth, in pursuit of the happiness and prosperity of our employees.
- We will aim to exceed expectations by taking on challenges to technological development and innovative Monozukuri.
- We will establish a company that gains the confidence of our community by thoroughly creating and following our general business ethics.

Brand Concept

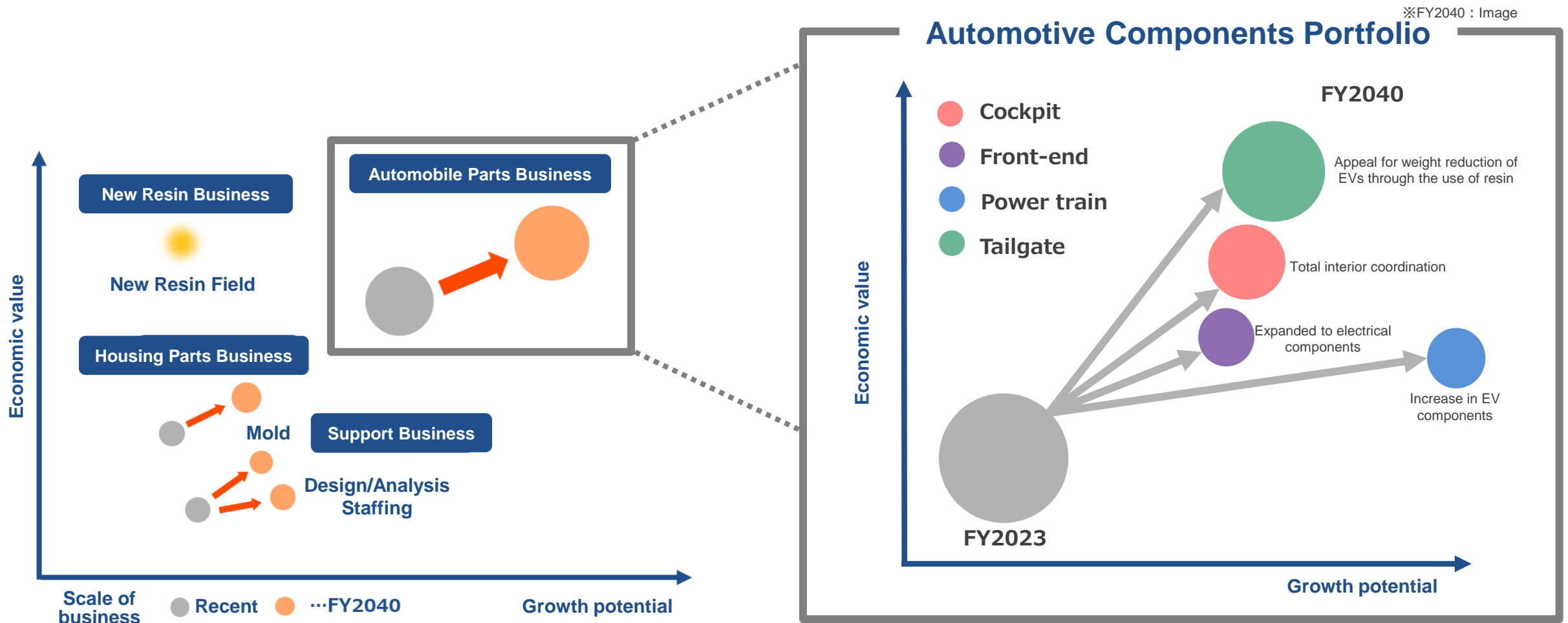
“Making our tomorrow”

Vision 2040

An essential company where people with rich personalities pursue the possibilities of resins and contribute to people, society, and the earth on a global scale.

- Established a resin circulation cycle and is providing products to new fields.
- Engagement has increased and all employees are proud of the company.

Challenging new resin fields with the knowledge and technology we have cultivated, centered on the automotive parts business



Establish 12 issues to be recognized and weave them into each strategy to ensure progress is managed.

Materiality

People & Society

- D&I Promotion and Respect for Human Rights
 - Career development
 - Branding
 - Contribution to the community
- Corresponding Strategy:
Management Base

Manufacturing

- Develop and expand sales of high value-added resin products
 - Develop and expand sales of environmentally friendly resin products
- Corresponding strategies:
customers, products, manufacturing

The earth

- Carbon neutral
 - Circular economy
- Corresponding strategies:
customers, products, manufacturing

Management Bases

- Improve financial performance
 - Strengthen risk management
 - DX promotion
 - Fair and equitable business activities
- Corresponding strategy:
All strategies

Medium-Term Management Plan along with Long-Term Vision



Formulate a medium-term management plan by back casting from the long-term vision

Materiality is incorporated into the medium-term management plan to realize Vision 2040, and each measure is promoted

**VISION
2040**

An essential company where people with rich personalities pursue the possibilities of resins and contribute to people, society, and the earth on a global scale.

Our goal for FY2040

- Established a resin circulation cycle and is providing products to new fields.
- Engagement has increased and all employees are proud of the company.

Stage 1

FY2024-2027

**Medium-term
Management Plan**

Medium-term Management Policy

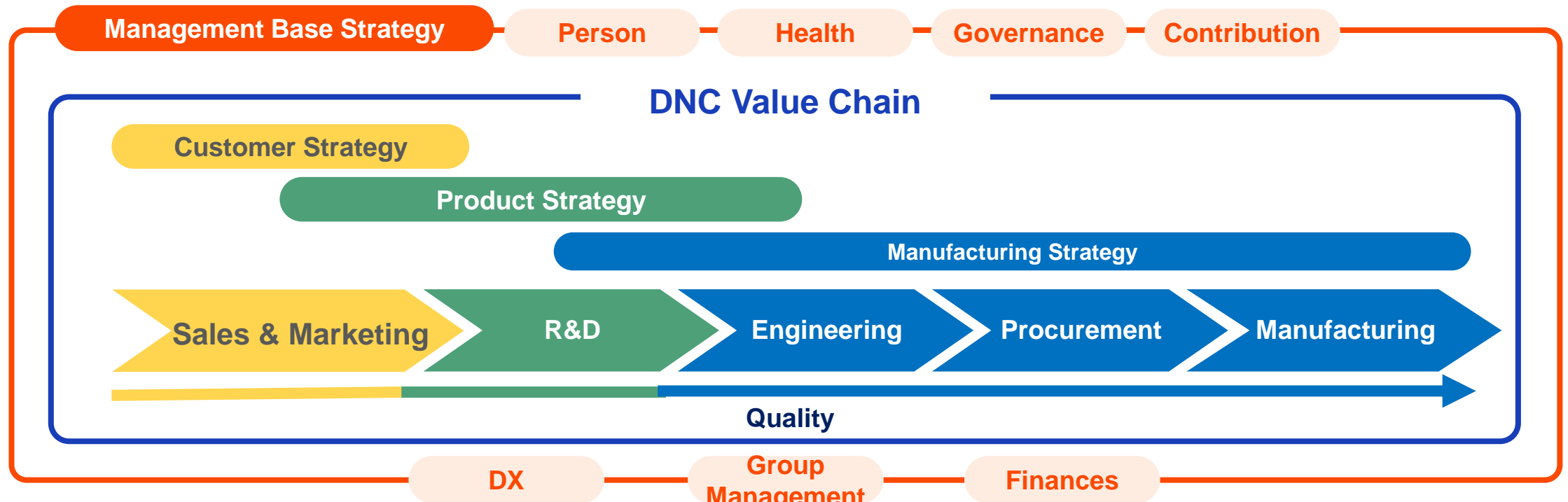
- Create a model for a product that achieves a cyclical cycle of resin.
- Implement marketing with a view to doubling the number of business partners.
- Create a comfortable and pleasant work environment so that each employee can maximize his or her abilities.

3. Outline of the Medium-term Management Plan for FY2027

Work on measures to resolve issues and realize our long-term vision based on four management strategies

Medium-term Management Policy

- Create a model for a product that achieves a cyclical cycle of resin.
- Implement marketing with a view to doubling the number of business partners.
- Create a comfortable and pleasant work environment so that each employee can maximize his or her abilities.



Manage progress by linking materiality to the strategies of the medium-term management plan.

Category	Materiality	Management Strategies			
		Customer	Product	Manufacturing	Management Base
People & Society	D&I Promotion and Respect for Human Rights				●
	Career development				●
	Branding				●
	Contribution to the community				●
The earth	Carbon neutral		●	●	
	Circular economy		●	●	
Manufacturing	Develop and expand sales of value-added resin products	●	●	●	
	High quality and high efficiency production		●	●	
Management Bases	Improve financial performance				●
	Strengthen risk management			●	●
	DX promotion	●	●	●	●
	Fair and equitable business activities				●

FY2027 Medium-term Management Plan Indicators

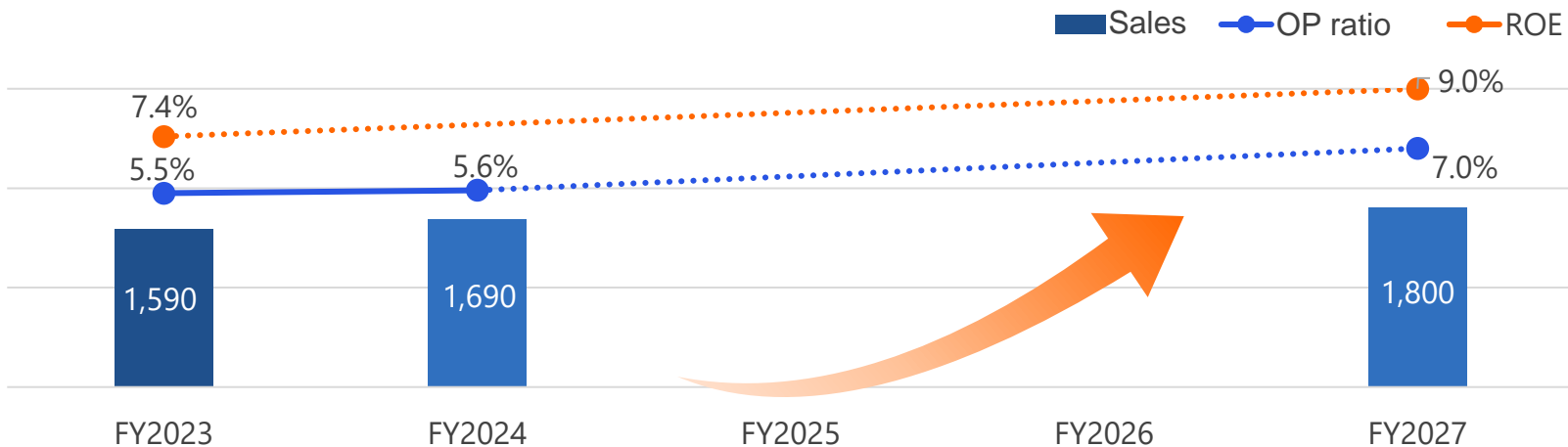


Solidify management foundation for sustainable growth in addition to securing stable earnings

Consolidated Sales : Maintain and expand business with existing OEMs while developing new OEMs/Tier 1s/new areas for sustained growth.
 Operation Profit : Continue to strengthen CSR management to contribute to solving social issues and improve profitability
 ROE : Sustainably increase ROE by improving profitability and improve PBR

Financial Targets

FY2027 Consolidated sales	FY2027 Operation Profit Ratio	FY2027 ROE
180.0 Billion Yen	7.0%	9.0%



Non-financial Targets

CO₂ Emission (Scope 1, 2)
 Reduce **45.0%** vs FY2013

D&I

Female managers : **13**
 Women in supervisory positions : **42**
 Male fertility rate : **90%**

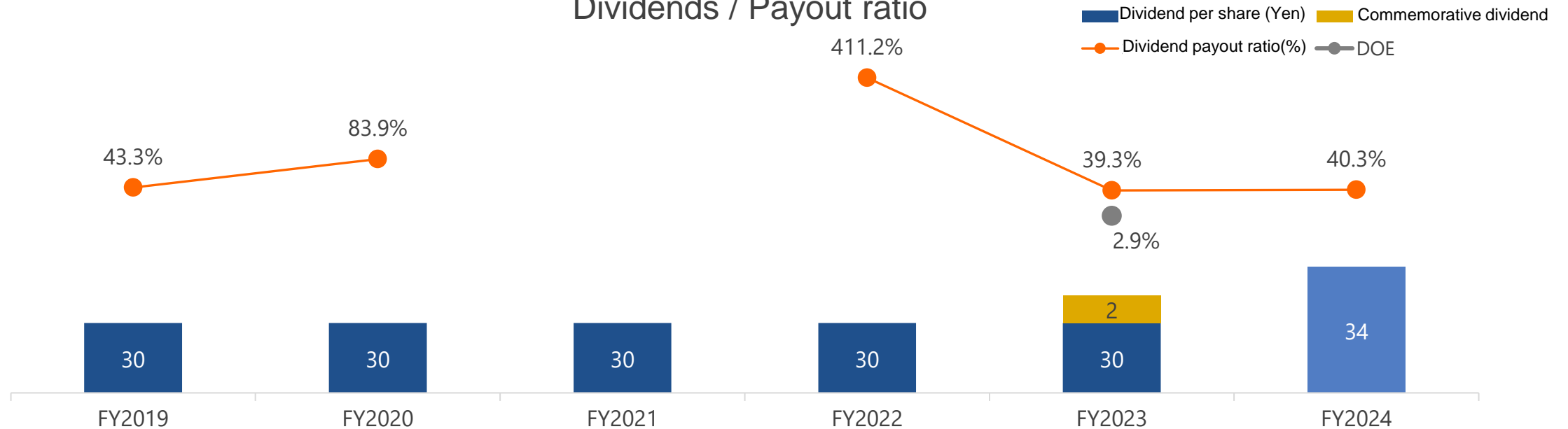
Dividend Policy

- Secure internal reserves necessary for business strategies that enhance future corporate value
- Stable and continuous dividend payout ratio of approximately 30% on a consolidated basis and DOE of at least 2.5%.

FY2023 ■ Commemorative dividend of ¥2 per share in response to shareholders' ongoing support on the occasion of the 10th anniversary of the Company's listing on the Tokyo Stock Exchange (Annual dividend is 32 yen)

FY2024 ■ 34 yen per share is planned, taking into consideration R&D for growth, securing funds for capital investment, and the dividend payout ratio, among other factors. (Interim dividend 17 yen / Year-end dividend 17 yen)

Dividends / Payout ratio



Customer Strategy

- 1 . Marketing for new market development with resin
- 2 . Strengthen the sales function of the entire group

Developing New Markets

Basic policy

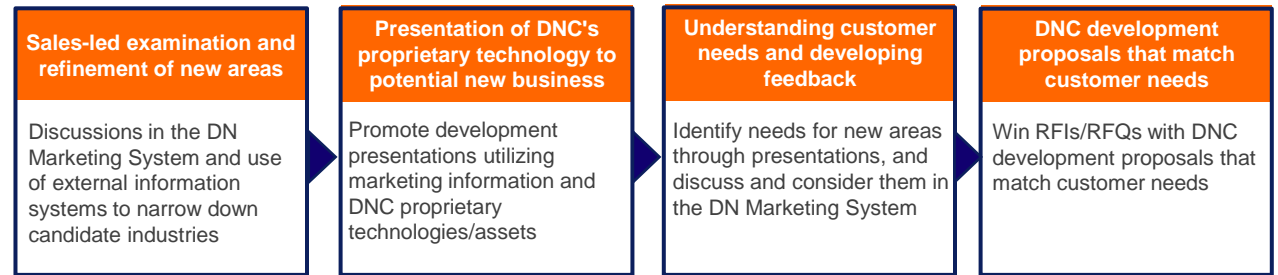
Strengthen marketing to develop new markets

Increase the number of business partners by approaching previously untraded automotive OEMs/Tier 1 manufacturers and obtaining RFQs

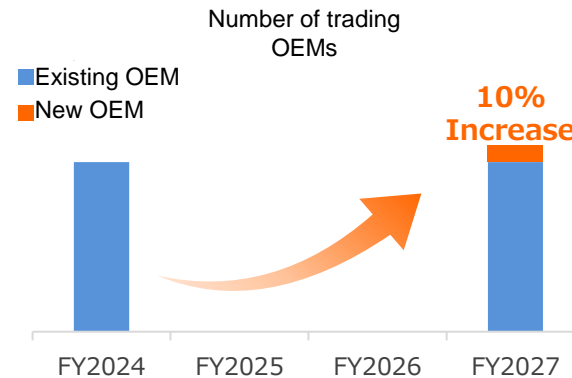
Goal for FY2027

OEM : 30→33companies
Tier1 : →10companies or more
RFQ : Double

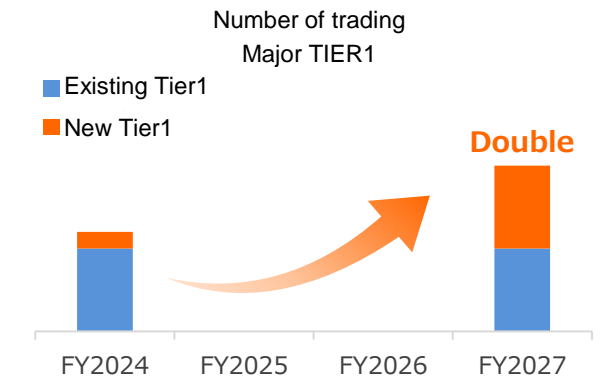
Measure



New OEMs
Sales activities to Japanese & overseas manufacturers
Compared to FY2023 : 10% increase



Major TIER 1
Sales activities, focusing on EV-related parts
Compared to FY2023 : Double



Developing New Markets

Basic policy

Strengthen marketing to develop new markets

Identify a wide range of needs so as to receive inquiries from non-automotive markets

Goal for FY2027

**New business area :
2 areas or more**

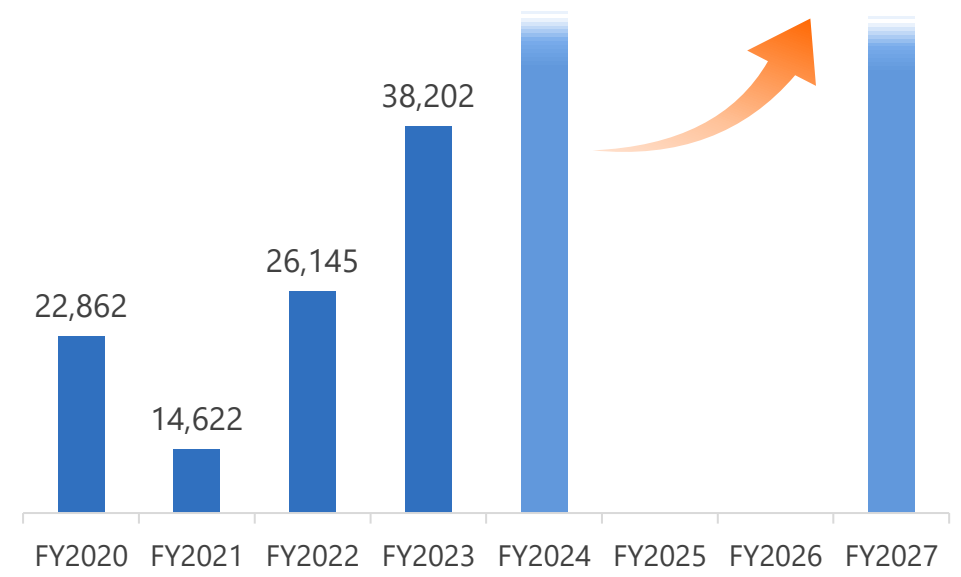
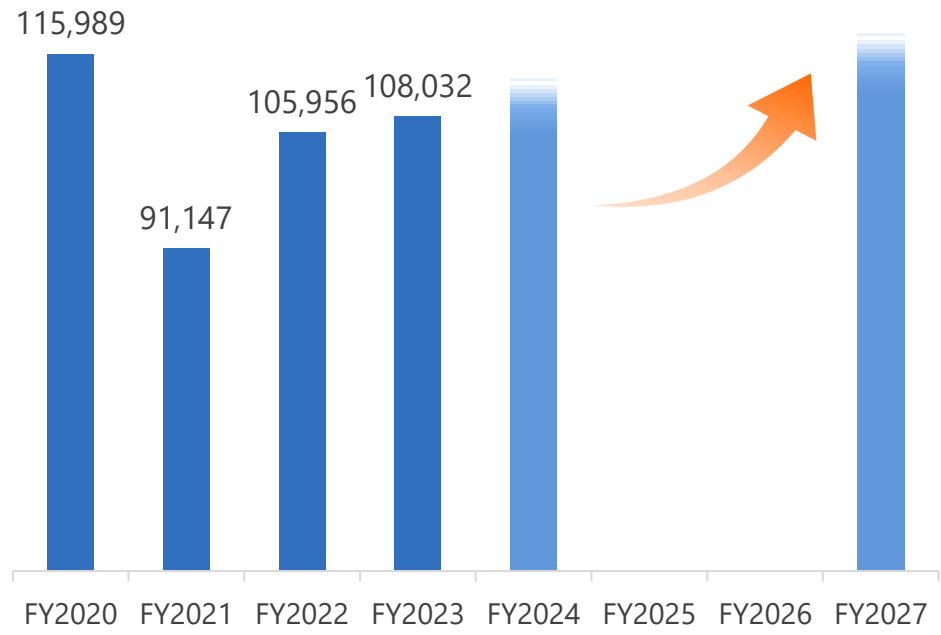
Measure



Two major segments as growth drivers for business performance

Japan Maintain sales scale of major customers and promote expansion of other companies' sales

Americas Strengthening the sales expansion system of other companies in cooperation in the U.S./Mexico



Product Strategy

- 1 . New value creation by resin (automotive/new fields)
- 2 . Providing new value as a system creator

Value creation by resin and providing value as a “System Creator”

Basic policy

Creating New Value with Resin (Automobile and new market)

Formulate next-generation product scenarios and develop one-of-a-kind products

Goal for FY2027

Develop environmentally friendly products

Product development using CNF* composite materials and environmentally friendly materials
Start of mass production using PCR materials* including ELV*-derived materials

Product area
CO2 emission: 30%less

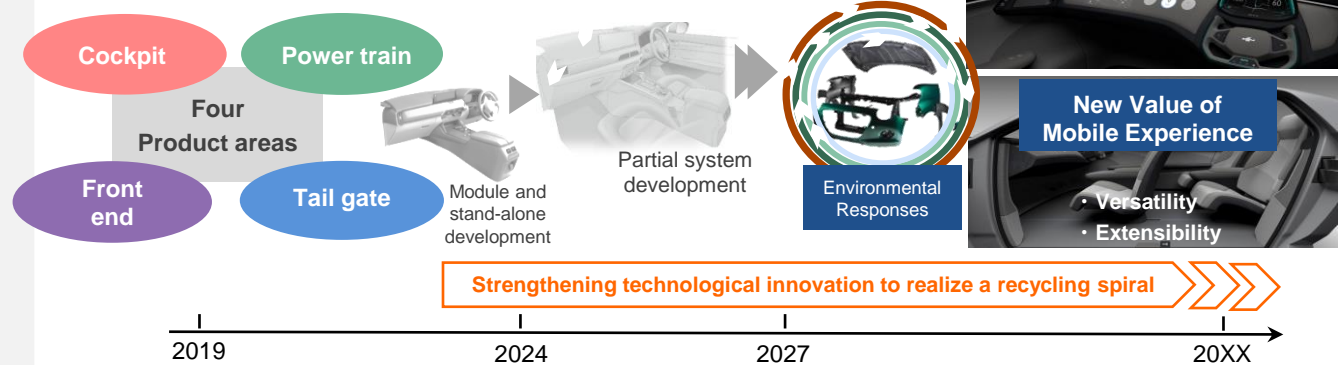
*CNF : Cellulose NanoFiber

*ELV : End-of-Life Vehicle

*PCR : Post-Consumer Recycled resin

Measure

Formulate next-generation product scenarios and develop one-of-a-kind products



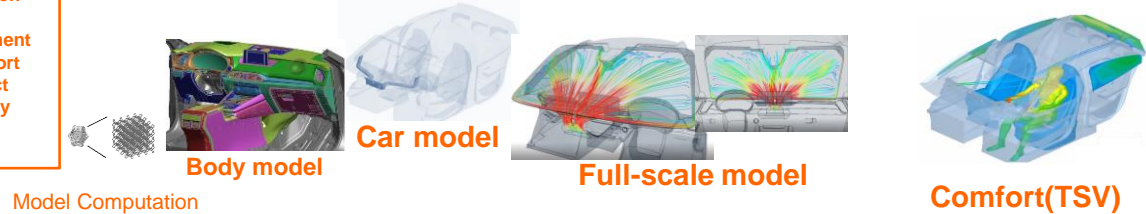
Build MBR and MBD for highly efficient short-term development process

Process innovation · CAE

Digital Transformation

Create new values

Transformation to desk-top verification-type development to support product strategy



Product Strategy: Realization of resin circulation cycle



Development of environmentally friendly products

Basic policy

Product development and technological innovation for the realization of the resin circulation cycle

Goal for FY2027

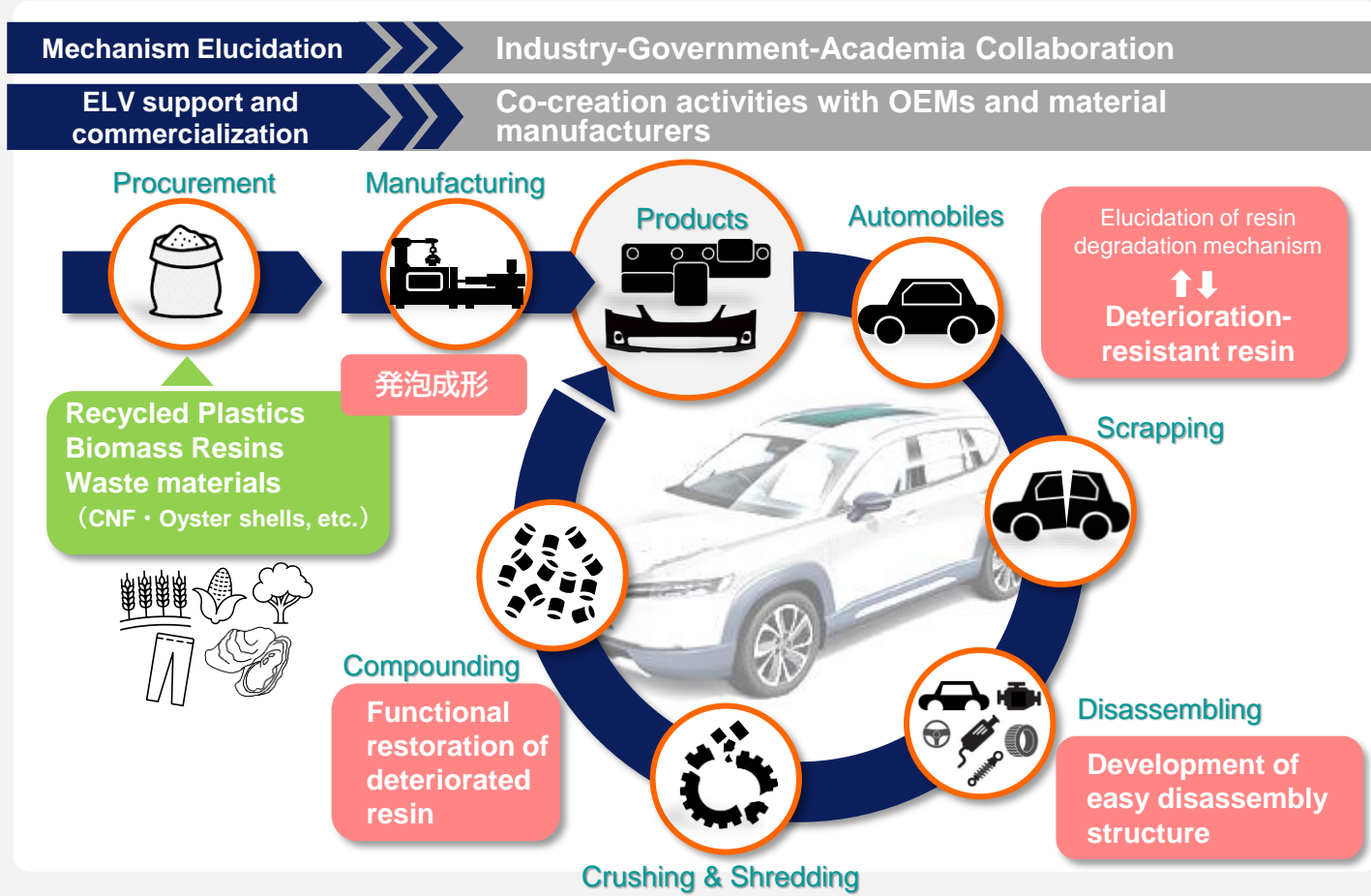
Establish products and technologies that comply with ELV regulations

ELV regulation concept

At least 25% of the plastic used in vehicle manufacturing shall be recycled plastic, 25% of which shall be of ELV origin.

※ELV : End-of-Life Vehicle

Measure



Manufacturing Strategy

- 1 . Realize a quality management system for next-generation products
- 2 . Responding to all changes and achieving highly efficient manufacturing throughout the entire value chain

In-house automation technology for work elements

Basic policy

Flexible, cost-effective automated production

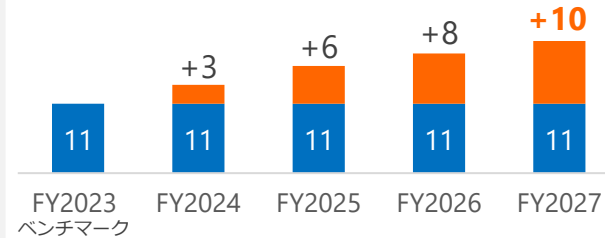
Goal for FY2027

Make in-house engineering know-how of automation work
11 cases → 21 cases (out of 28 cases)
(10 cases increase compare with FY2023 result)

Measure

To expand automation by making the technology in-house through verification and trials to automate work elements, and then building automation equipment based on the technology.

Make automation in-house know-how



Completed

- Tightening screws
- Fastener assembly
- Ultrasonic welding
- Parts assembly inspection
- Primer application

TBD

- Appearance inspection of painted materials
- Appearance inspection of molded materials
- Tape application
- Torch finishing
- Clip assembly

Completed cases

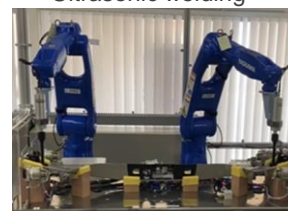
Tightening screws



Fastener assembly



Ultrasonic welding



Parts assembly inspection



Primer application



Manufacturing Strategy: Realize non-stop production



Non-stop production by strengthening predictive and self-initiated maintenance

Basic policy

Achieve non-stop production by enhancing equipment maintenance management for preventive self-maintenance

Goal for FY2027

Compared to FY2023

Equipment breakdown time **50%** reduction

MTBF (Mean Time Between Failures) **50%** improve

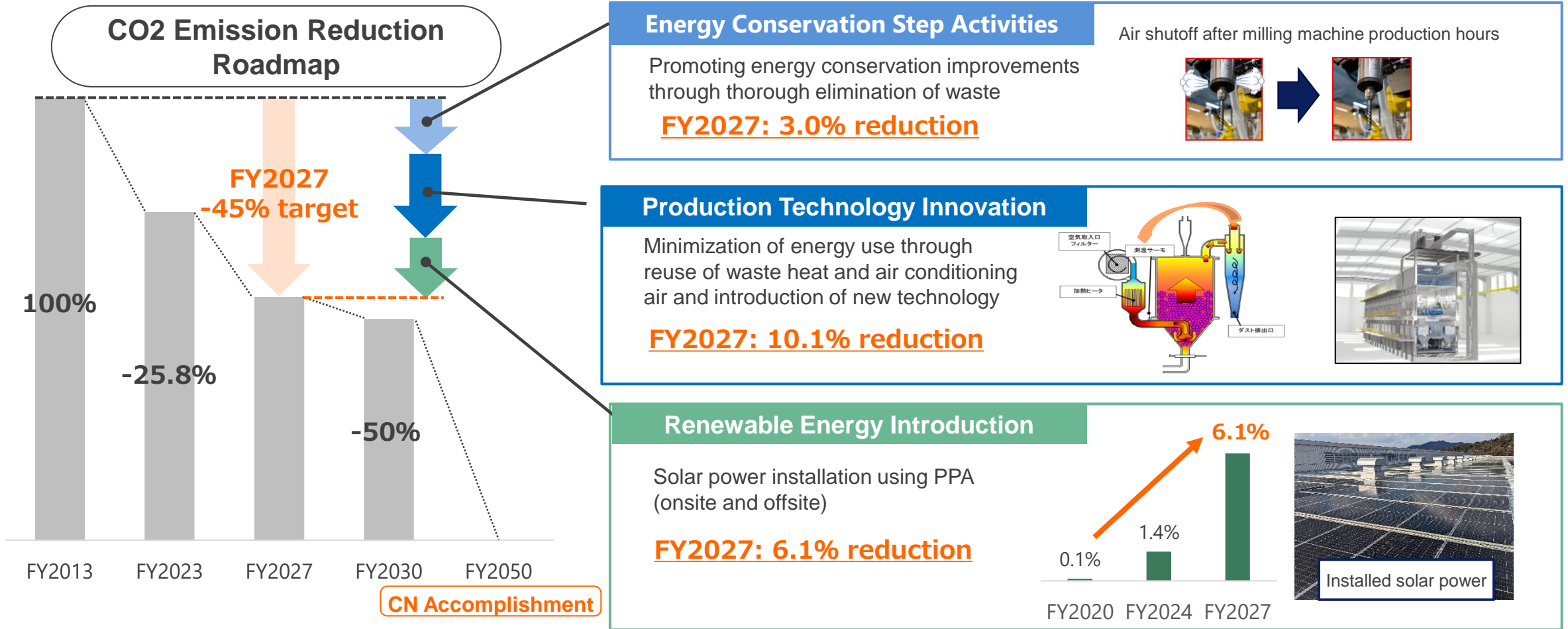
Measure

Visualize when to replace parts and engage in predictive maintenance by accumulating and analyzing data on equipment conditions through the construction of maintenance systems and the use of IoT.

FY2024	FY2025	FY2026	FY2027
Preparation for systemization Information analysis learning DB collection	Establishment of maintenance system Analysis learning DB collection	Equipment condition DB collection Constant status monitoring	Alignment of state DB and learning DB Maintenance Prediction by AI
Learning data	Safety Systems	Linkage with IoT	AI Maintenance Prediction
<p>Unified Management</p>	<p>Cloud Data Management</p>	<p>Unattended real-time monitoring</p>	<p>Timing optimization</p>

Create environmentally friendly technologies and accelerate to reduce impact

FY2027 Scope1・2 CO₂ emission reduction by 45% (compare with FY2013)



Management Base Strategy

1. Developing people to make the most of each person's individuality
2. Strengthen efforts to maintain/promote employee health
3. Fair and equitable business activities and strengthened governance
4. Coexistence and co-prosperity with local communities
5. Reform business processes using digital technology
6. Strengthen consolidated group management
7. Strengthen financial functions

Developing people to make the most of each person's individuality

Basic policy

Creating a workplace where everyone is respected and can play an active role

Evolving from women's activities to D&I management, responding to the diversity that already exists and creating a workplace where diversity can thrive

Goal for FY2027 ※DNC stand-alone

Addressing the diversity that already exists

- Female managers : 6 → 13 persons
- Women in supervisory positions: 28 → 42 persons
- Male fertility rate: 46.5% → 90%

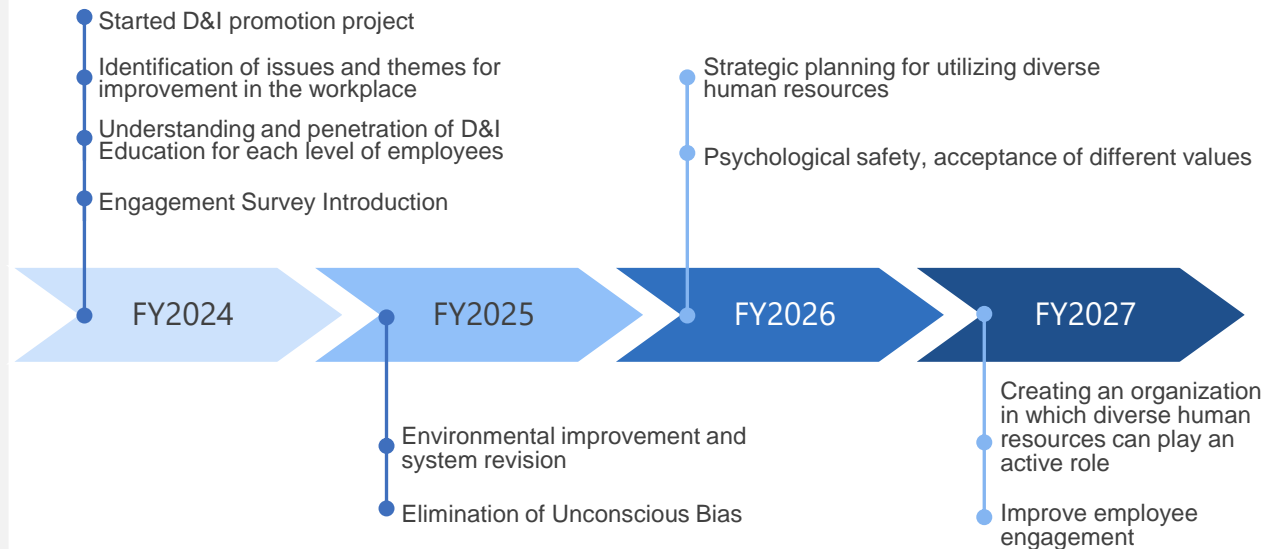
Creating a Workplace Where Diversity Thrives

- Improve employee engagement
- A strong organization with a diverse workforce

Measure

Creating a workplace where diverse human resources can work comfortably through the creation of an environment and systems from the perspective of women to work and play an active role.

Started D&I project consisting of diverse human resources



Management Base Strategy: Promotion of career development



Developing people to make the most of each person's individuality

Basic policy

Building and utilizing talent management

Share career development expectations and individual career plans for human resource development and appropriate placement

Goal for FY2027 ※DNC stand-alone

Building a career development mechanism

- Alignment of career development expectations with individual career plans

Appropriate placement

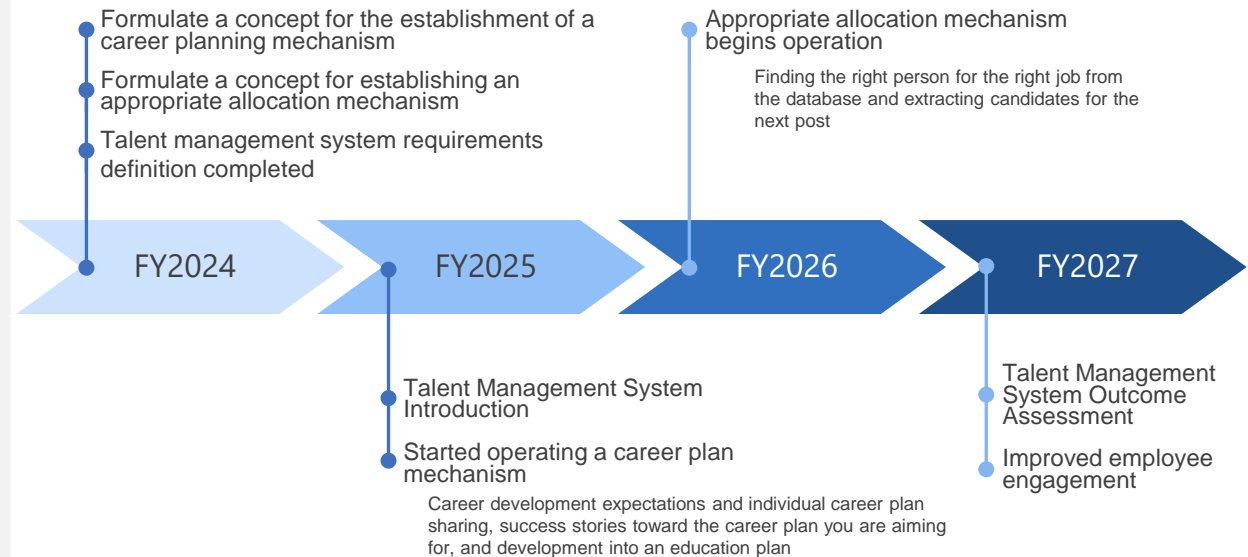
- Appointment and promotion of the right person to the next post

Developing Human Resources for Career Growth

- Developing into an educational plan that promotes capacity building based on career planning

Measure

Identify the right person for the right job from the human resources database, identify candidates for the next post, and create a mechanism to develop an education plan that promotes skill improvement based on employees' career plans.



Reform business processes through the use of digital technology

Basic policy

- Optimize business processes across departments to improve productivity, work style reforms and value creation
- Establish a foundation for data-driven decision making by linking mission-critical systems

Goal for FY2027

Improved efficiency and productivity of business processes

- Improvement of business processing time...30% or more (compare with FY2023)

In-house diffusion of digital skills and work style reform

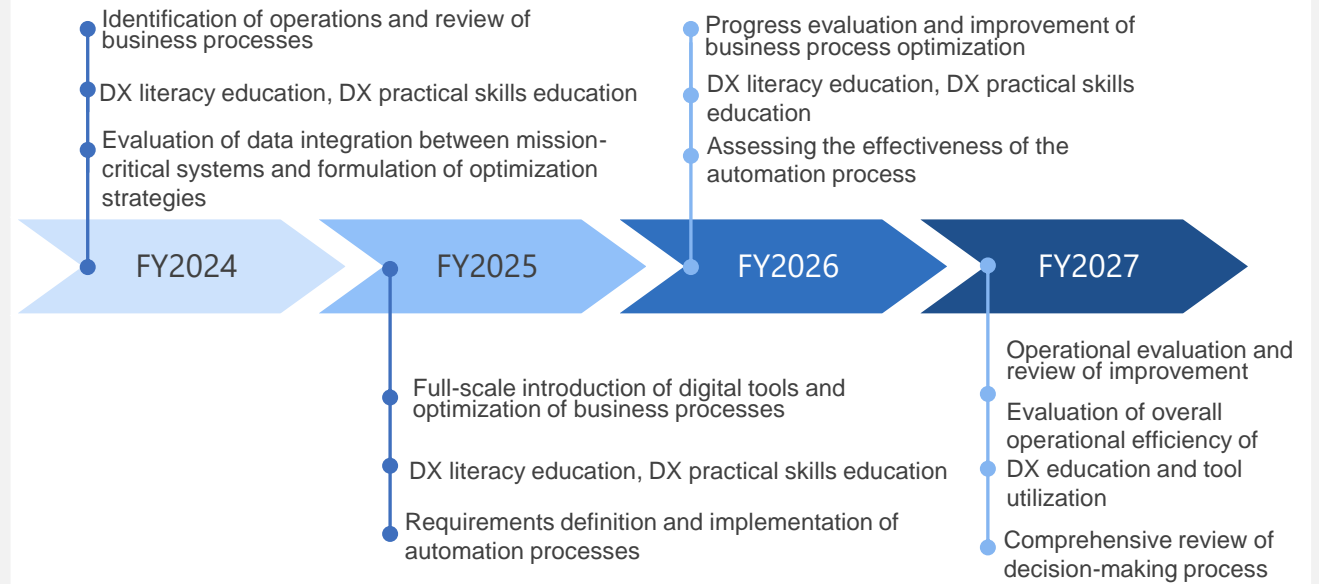
- Education Completion Rate...100%

Accelerate management judgment and decision-making processes

- Decision-making time reduction rate...10% or more (compare with FY2023)

Measure

- Optimize business processes using digital tools
- Improve digital skills and promote work style reform
- Shift to value-creating areas and improve productivity across departments



Management Base Strategy: Improve financial performance



Establish cash allocation to improve financial performance

Approx. 80.0billion yen



Growth Investments

- R&D : Resin recirculation cycle development
- Human capital : Implement a talent management system for career development
- DX : Building a foundation for rapid, data-driven decision-making
- Carbon neutral : Resin recycle cycle development

Shareholder Returns

- Dividend Policy : Stable and continuous dividend payout ratio of approximately 30% and DOE of 2.5% or more

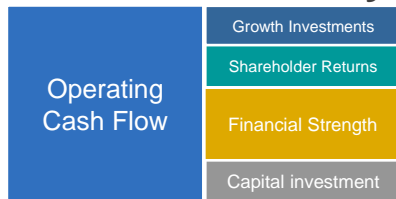
Financial Strength

- Enhancement of group fund management
- Retained earnings for the future with a view to realizing our long-term vision

Capital Investment

- Renewal or enhancement of existing facilities
- Investment in development of new car models
- Tooling investment

Result: 20.3billion yen



Source of Funds

Use of Funds

FY2023
(single year)

Source of Funds

Use of Funds

FY2024~FY2027
(accumulated total)

[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
Corporate Planning Department
PR/IR Group
Phone: +81-82-493-5610