

A dark, high-contrast image of a car's interior, focusing on the dashboard and steering wheel. The image is illuminated with blue and white highlights, giving it a futuristic or high-tech appearance. The text is overlaid on this image.

Consolidated Financial Results Ended March 31, 2021

DaikyoNishikawa Corporation

June, 2021

DaikyoNishikawa Corporation

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1. Financial Results

- Sales decreased year on year due to declined production of major customers in the first quarter mainly because of COVID-19.
- Profits decreased due to declined production/sales, although there were cost reductions and the increase in sales in Mexico.
- Period of the medium-term business plan formulated in FY2019 has been extended by one year to FY2023 in response to changes in the business environment, and the strategy and target management indicators have been reviewed.

Consolidated Profit and Loss Statement



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

	Financial Results Ended Mar.31, 2020	Financial Results Ended Mar.31, 2021	Changes (Y on Y)	(Millions of yen) Changes (%)
Net Sales	182,219	150,234	-31,984	-17.6%
Operating Income	8,995	4,456	-4,539	-50.5%
Ordinary Income	9,500	5,386	-4,113	-43.3%
Net Income Attributable to Owners of Parent	4,907	2,536	-2,371	-48.3%
Operating Margin	4.9%	3.0%	-1.9Pts	—
Net Income per Share	69.27Yen	35.75Yen	-33.52Yen	—

FY 2020 Result in comparison with the Forecast

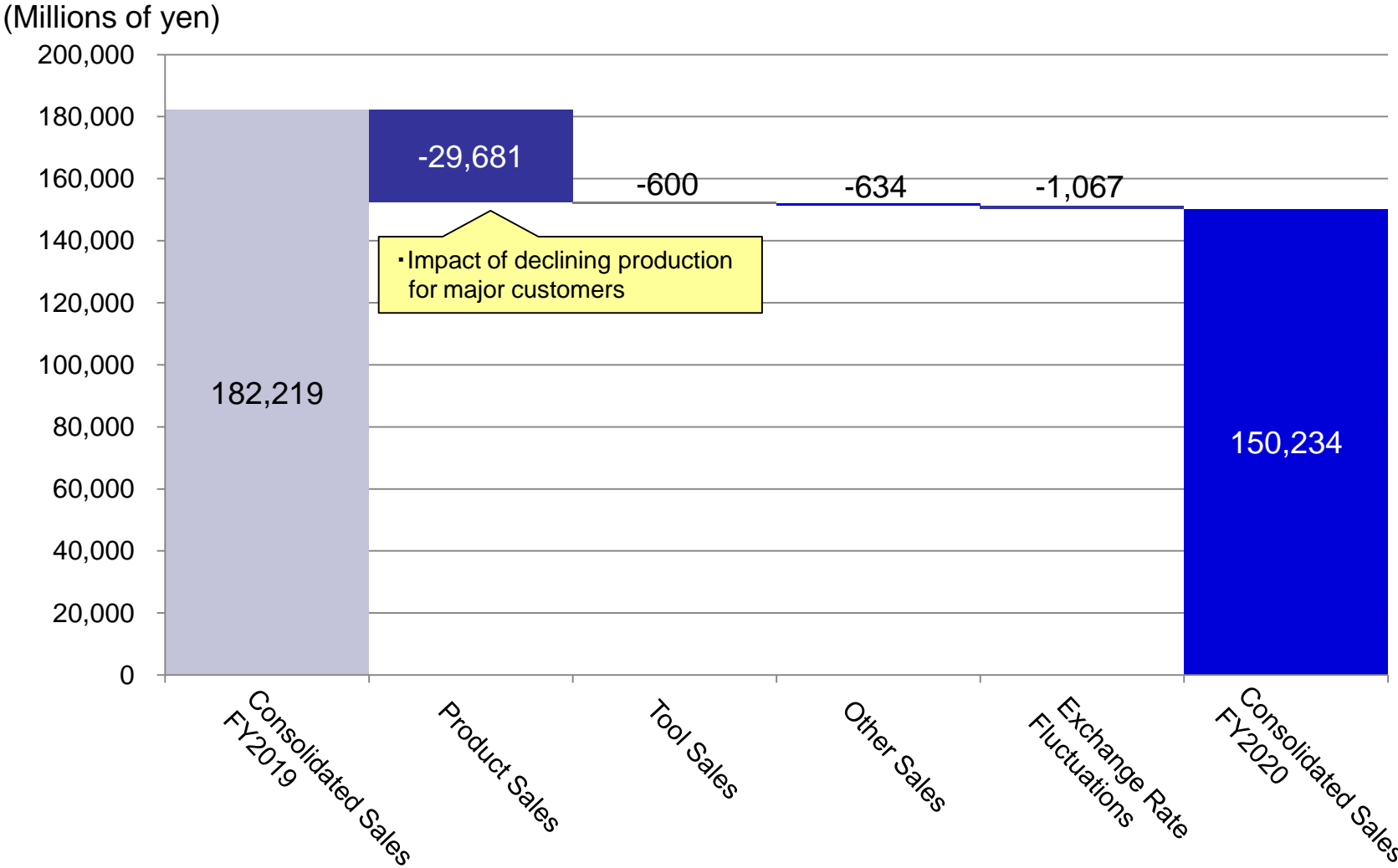


Results exceeded the forecast due to minimization of fire damage, group-wide fixed cost reduction, reduction of market quality response costs, etc.

(Millions of yen, %)

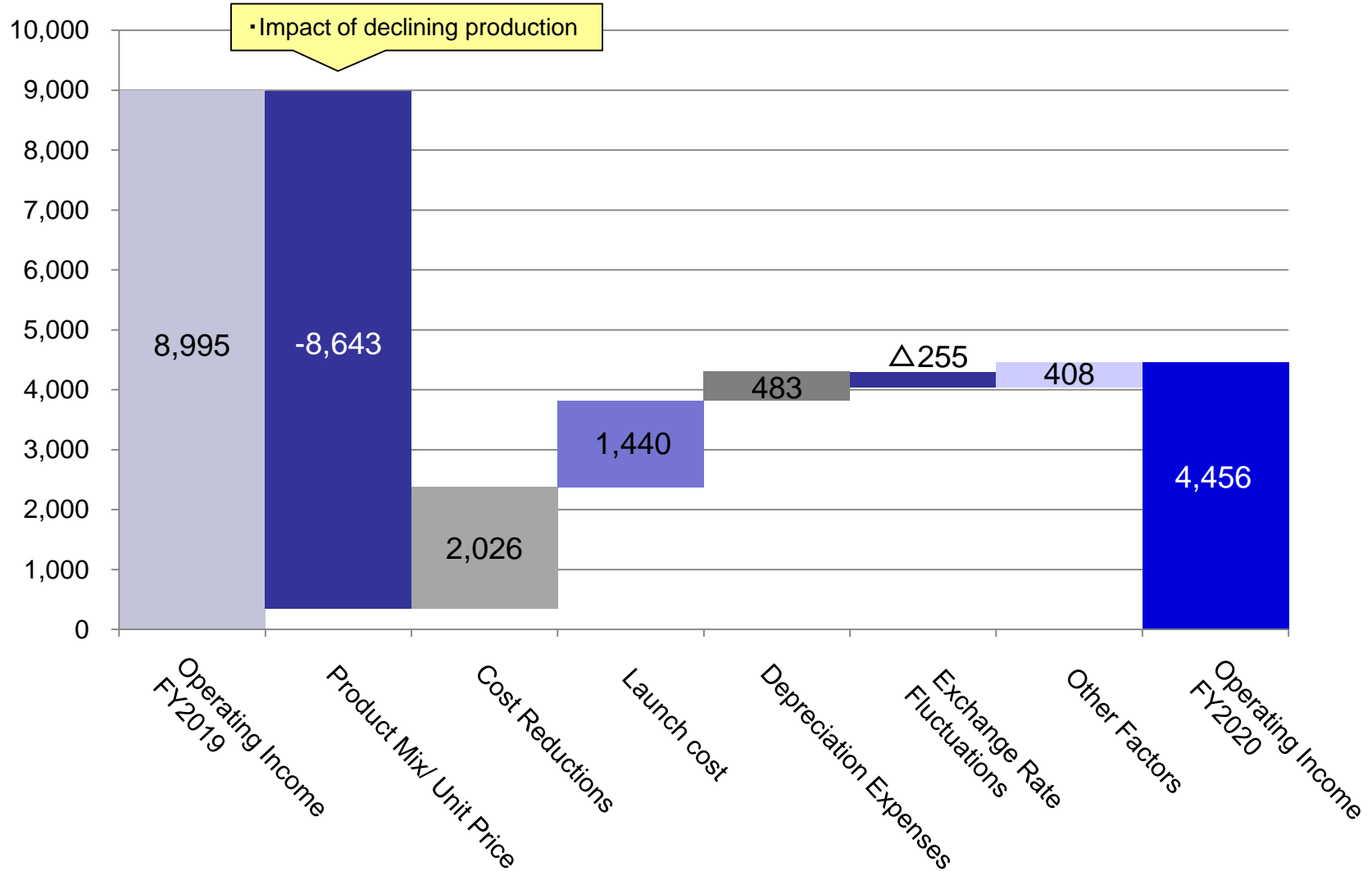
	FY2020 Result	FY 2020 Forecast (As of Nov.5, 2020)	Changes	FY 2020 Forecast (As of Apr.8, 2021)	Changes
Net Sales	150,234	150,000	0.2%	150,000	0.2%
Operating Income	4,456	3,300	35.0%	4,200	6.1%
Ordinary Income	5,386	3,600	49.6%	5,100	5.6%
Net Income Attributable to Owners of Parent	2,536	1,600	58.5%	2,400	5.7%
Operating Margin	3.0%	2.2%	—	2.8%	—
Net Income per Share	35.75Yen	22.55Yen	—	33.83Yen	—

Reasons for Increase or Decrease in Consolidated Sales



Operating income increase or decrease factor

(Millions of yen)



Outline of segment business performance



Segment	Outline of business performance
Japan	<ul style="list-style-type: none">■ SALES : Decreased due to declined production of major customers because of the impact of COVID-19■ PROFIT : Decreased due to the impact of decrease in sales and the impact of fires at affiliated companies
China/Korea	<ul style="list-style-type: none">■ SALES : Decreased due to declined sales to Japan■ PROFIT : Decreased due to the impact of declined sales
ASEAN	<ul style="list-style-type: none">■ SALES : Decreased due to declined production of major customers due to the impact of COVID-19■ PROFIT : Although there was cost reduction effect such as process improvement at the Thailand subsidiary, profit decreased due to the impact of declined production
Americas	<ul style="list-style-type: none">■ SALES : Increased due to production gain of major customers in Mexico■ PROFIT : Although there was preparation cost of the new US plant, profit increased due to favorable sales in Mexico

Sales by Region [Net sales to outside clients]



Sales increased due to increased production of major customers in Americas, but in other segments, sales decreased due to the impact of COVID-19

		Financial Results Ended Mar. 31, 2020	Financial Results Ended Mar. 31, 2021	Changes (Y on Y)	Changes (%)
(Millions of yen)					
Domestic	Japan (component ratio)	145,491 (79.8)	113,774 (75.7)	-31,716 (-4.1Pts)	-21.8%
	China/Korea	5,975	5,380	-595	-10.0%
Overseas	ASEAN	13,334	8,221	-5,113	-38.3%
	Americas	17,417	22,857	5,440	31.2%
	Sub total (component ratio)	36,728 (20.2)	36,460 (24.3)	-268 (4.1Pts)	-0.7%
Total		182,219	150,234	-31,984	-17.6%

Operating Income by Region



With the exception of Americas segments, where sales increased due to the production growth of major customers, profit decreased due to decreased production mainly because of COVID-19

(Millions of yen)

		Financial Results Ended Mar. 31, 2020	Financial Results Ended Mar. 31, 2021	Changes (Y on Y)	Changes (%)
Domestic	Japan (component ratio)	7,745 (85.6)	2,176 (50.1)	-5,569 (-35.5Pts)	-71.9%
	China/Korea	422	385	-37	-8.8%
Overseas	ASEAN	1,393	397	-995	-71.4%
	Americas	-515	1,382	1,898	—
	Sub total (component ratio)	1,299 (14.4)	2,165 (49.9)	866 (35.5Pts)	66.7%
Total		9,044	4,341	-4,702	-52.0%

2. Financial Forecast for Fiscal 2021

【 Updated on Jun 7th, 2021 】

【Financial Forecast for FY 2021】

- Cost factor: approximately 4.9 billion yen (depreciation, labor costs, development costs, etc.) will be needed to prepare for US plant operation.
- There are concerns about production decline in the first half FY2021 due to the impact of COVID-19 and semiconductor shortages, while a recovery trend will be seen in the later half.

【Efforts for FY2021】

- Promote company-wide cost improvement to carry out the medium-term business strategies.
- The preparation costs of the new US plant are under control as expected on our business plan, and we are making good progress toward a smooth start-up by the end of 2021.

Financial Forecast for FY 2021



Although there is impact of increased production, sales forecast decrease by applying new "Accounting Standard for Revenue Recognition".
Profit forecast decrease due to the preparation costs of the new US plant.

	FY2020 Result	FY2021 Forecast	Changes (Y on Y)	Changes (%)
Net Sales	150,234	(※)131,000	—	—
Operating Income	4,456	1,700	△2,756	△61.9%
Ordinary Income	5,386	2,900	△2,486	△46.2%
Net Income Attributable to Owners of Parent	2,536	300	△2,236	△88.2%
Operating Margin	3.0%	1.3%	△1.7Pts	—
Net Income per Share	35.75Yen	4.23Yen	△31.52Yen	—

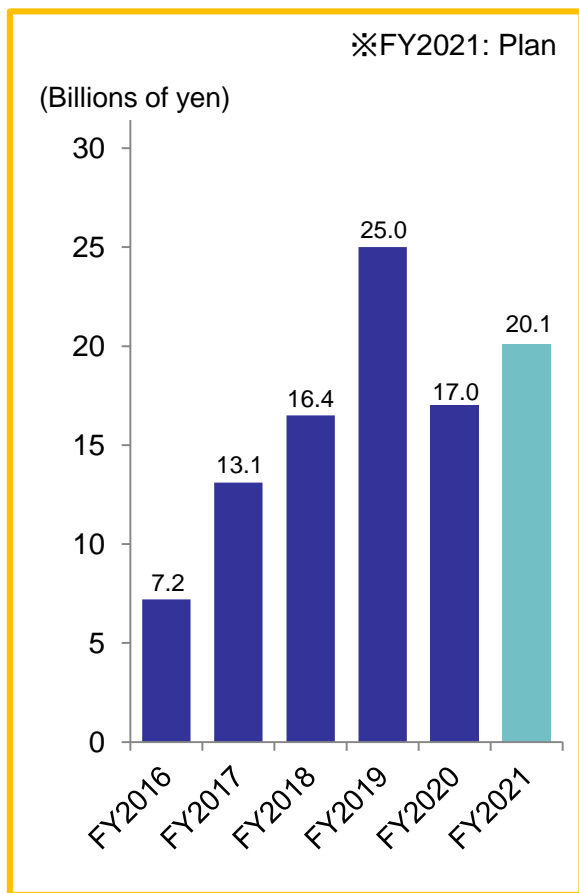
(※) As the "Accounting Standard for Revenue Recognition" is applied from FY2021, the financial forecast for FY2021 is based on this standard. Therefore, the amount and rate of increase / decrease in sales with respect to the actual value before the application of the standard are not stated.

If the "Accounting Standard for Revenue Recognition" is not applied, sales will be 167,000 million yen (up 11.2% from FY2020.)

Capital Investment, Depreciation and R&D Expenses

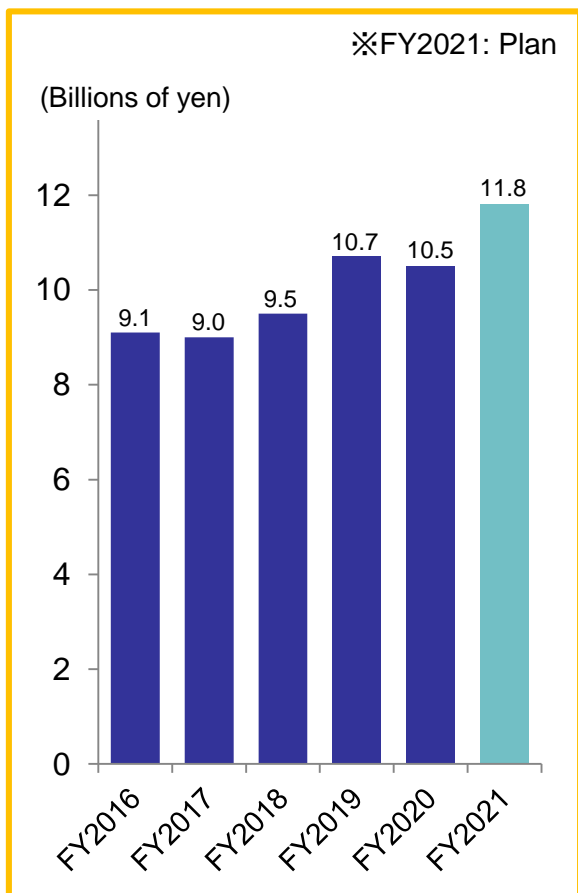
《Capital Investment》

Increase investment in molds for new products



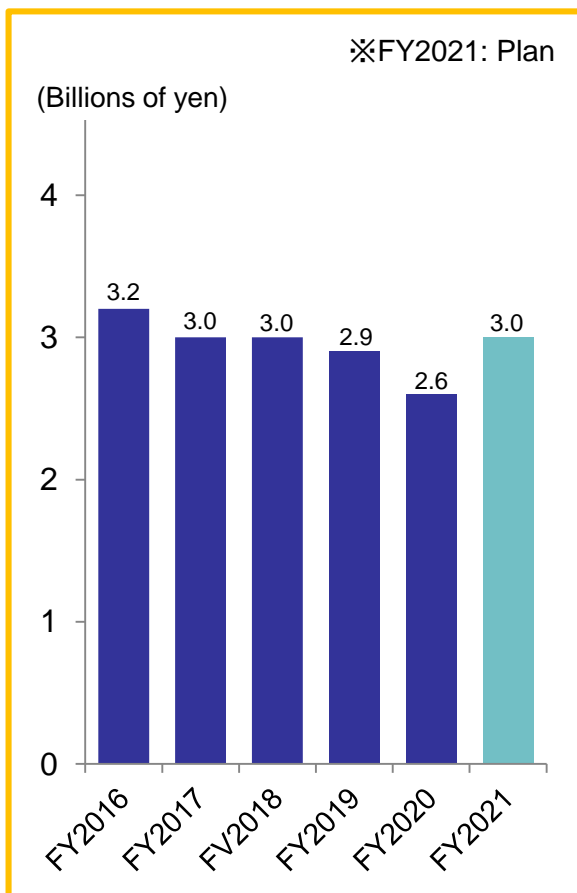
《Depreciation》

Start of depreciation in the new bases

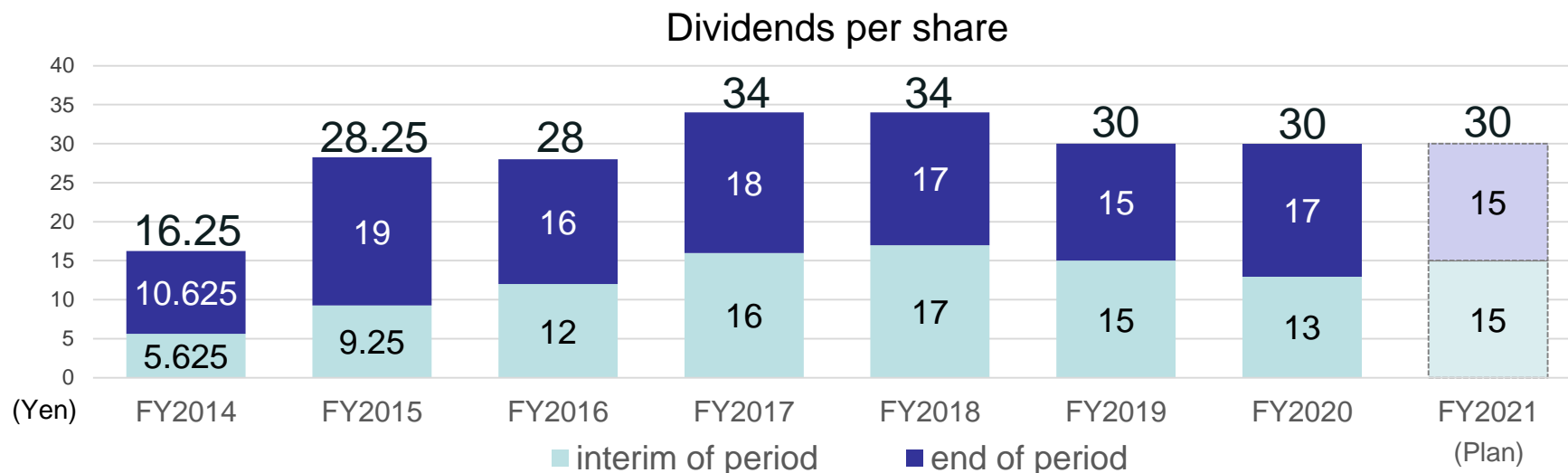


《R&D Expenses》

Accelerate R&D to create beyond expectation products



The year-end dividend for FY 2020 will be 17 yen as planned.
The annual dividends for FY 2021 will be 30 yen, the same as FY2020.



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

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

Payout Ratio

FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021 (Plan)
17.0%	17.7%	18.9%	19.3%	23.2%	43.3%	83.9%	709.2%

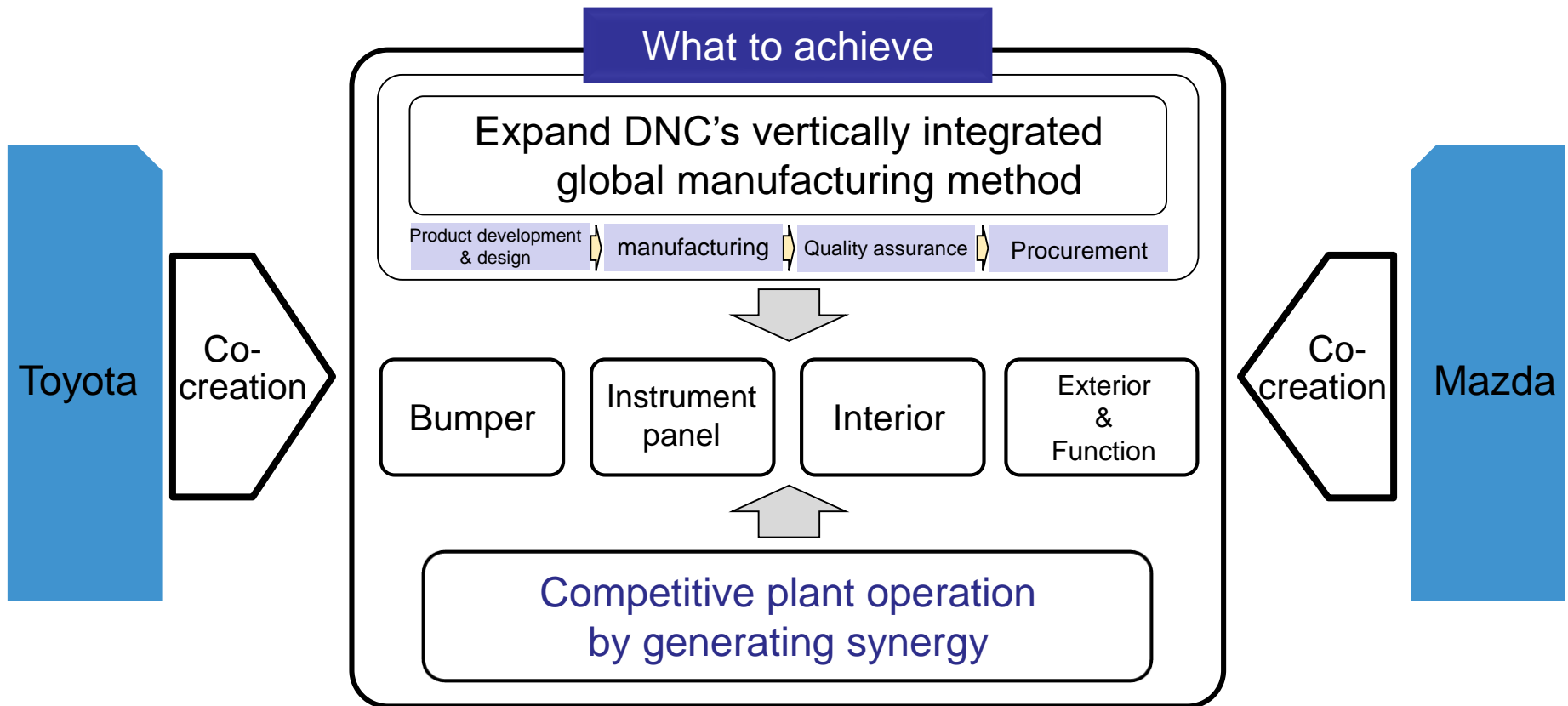
※FY2016 : Excluding commemorative dividend

3. Operation of the new US plant

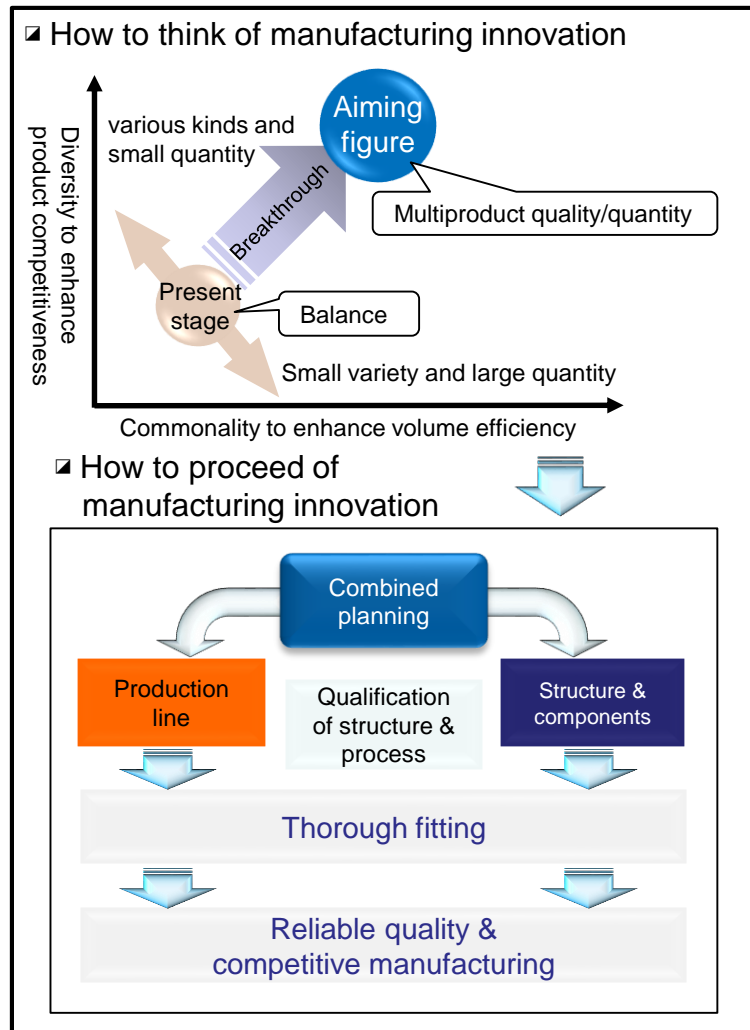
Aiming achievement of the new US plant (DNUS)



DNUS will be a global strategic plant where generates stable profits and continuous growth can be achieved



【Process of manufacturing innovation】



【Output of Efforts】

Field	Effort contents	Results (Output)
Product	<ul style="list-style-type: none"> ● Combined planning (Simultaneous structure and process design) 	<ul style="list-style-type: none"> • All test characteristics are OK at the local first trial • Satisfy with Cp / Cpk in consecutive production process
Production	<ul style="list-style-type: none"> ● Pursuit of high-efficiency flexible production line (Pursuit of ideal process) 	<ul style="list-style-type: none"> • Mixing Toyota and Mazda enables multiproduct variable quantity • Thorough loss reduction and the shortest production process • With defining fixed / variable, production process / line minimizes dedicated area
Procurement	<ul style="list-style-type: none"> ● Maximize synergy by 3 companies' cooperation 	<ul style="list-style-type: none"> • Commonization of molding with Toyota and Mazda ➡ Low cost procurement by commonization • Sharing the base of aqueous coating of Toyota and Mazda • Defined the sharing part and the original part about painting regulation with Toyota and Mazda
Logistic	<ul style="list-style-type: none"> ● Efficient supply chain with optimal zoning 	<ul style="list-style-type: none"> • Minimized lead time by synchronous supply to the line • Minimized the inventory and improvement of efficiency by producing kinds near the line

DNUS progress



1) Progress towards mass production

- Toyota : Confirmation stage for mass production equipment, materials and parts
- Mazda : Preparation stage for all touring

● Adjacent to MTMUS, Alabama, USA



2) Construction and equipment installation status

- Construction : Plant building, plant interior, exterior and office construction are completed

【Exterior】



【Interior】



- Equipment installation : Completed for Toyota

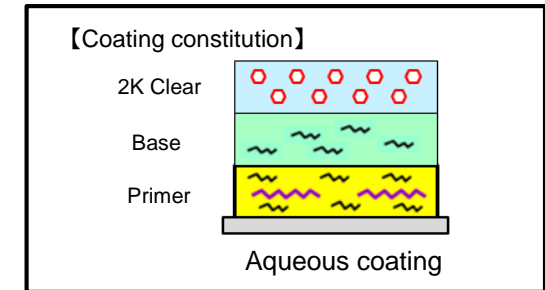
【Molding】 Toyota parts are being molded with a 3000-ton molding machine

【Painting】 Toyota parts are being painted on the painting line



1) Environmental initiatives

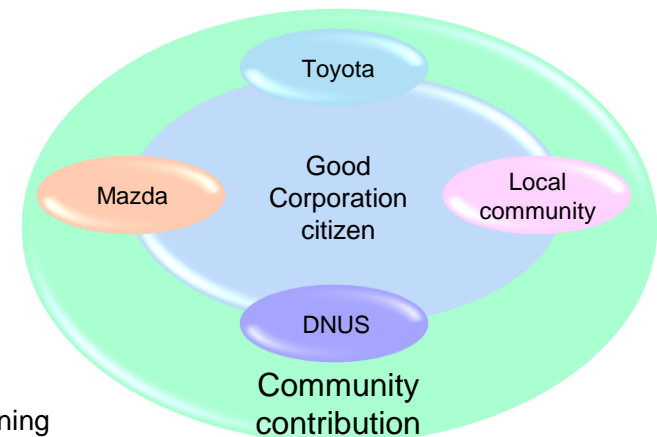
- Contribution to the SDGs through expansion of aqueous coating
 - ➡ Expansion to domestic and overseas affiliated companies



2) Towards localization in North America

- 1) Intimate operation with MTMUS, Toyota and Mazda
 - ➡ Share longstanding know-how in the fields of personnel and purchase
 - ➡ Enhance on-site communication
- 2) Community contribution (as a good neighbor)
 - ➡ Participation in local events and UNITED WAY fundraising activities
 - ➡ Cooperation with AIDT ※1 (Local recruitment and human resources training)

※1: Alabama Industrial Development Training



3) New business strategy

- 1) Promotion of new proposal activities as one North America base
 - ➡ Proposal of interior, exterior and powertrain parts : Incorporated into Medium-term Product Strategy and Customer Satisfaction Strategy

4. Strengthening of R&D capabilities

Consolidation and strengthen of R&D capabilities with relocation



Consolidate and reorganize development functions

Strengthening cooperation with sales, design, technical, and production departments

Head plant



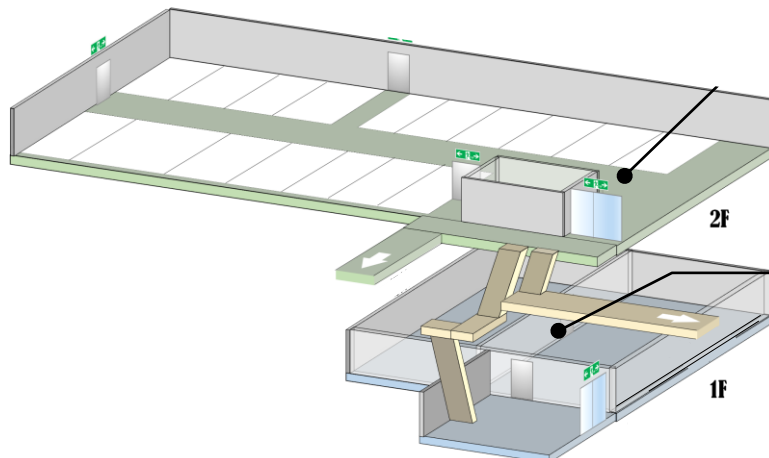
Technical building
(Laboratory)

Headquarters

Strengthening cooperation
with all departments

Improvement of R&D function

17 laboratories set up in the technical building



2F

17 laboratories set up divided 5 area

(Manufacturing / Sensitivity / performance evaluation / advanced analysis / processing)

2F

1F Trial labs

(Molding machine / material development equipment)

1F



Heat & Sound Laboratory



Injection molding machine



Material development
equipment
(2-axis extruder)

DaikyoNishikawa Corporation

R&D function improvement and strengthening

(Corresponded to the transformation of the automotive industry)



Improvement of analysis / measurement accuracy

Introduction of humidity temperature control equipment in advanced analysis and physical property measurement room

Linear expansion measurement



Molecular structure analysis



Thermal characteristics measurement



Various material analyzers

Strengthening heat & sound development

Introduction of evaluation equipment

Transmitted sound and sound absorption measurement



Sound measurement



Heat transfer measurement

Strengthening HMI development

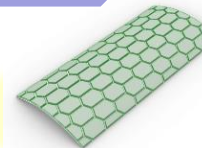
Introduction of equipment to evaluate operation and visibility of Human-Machine Interface



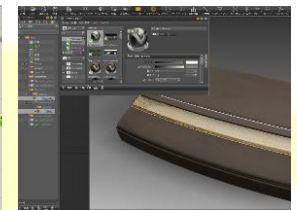
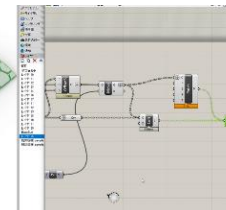
Driving Simulator

Strengthening design and sensitivity capabilities

Introduction of virtual environment and establishment of design studio



Algorithm



virtual

Introduction of tools to promote MBD / MBR development

Strengthening of Co-Creation

Exhibit new products and technologies

Set up a space to create awareness and new ideas by sharing ideas for solving challenges with various stakeholders

こんなとこまでプラスチック?![®]
Can you tell? - It's plastic!

イノベーションギャラリー
Innovation Gallery
先駆
SAKIGAKE

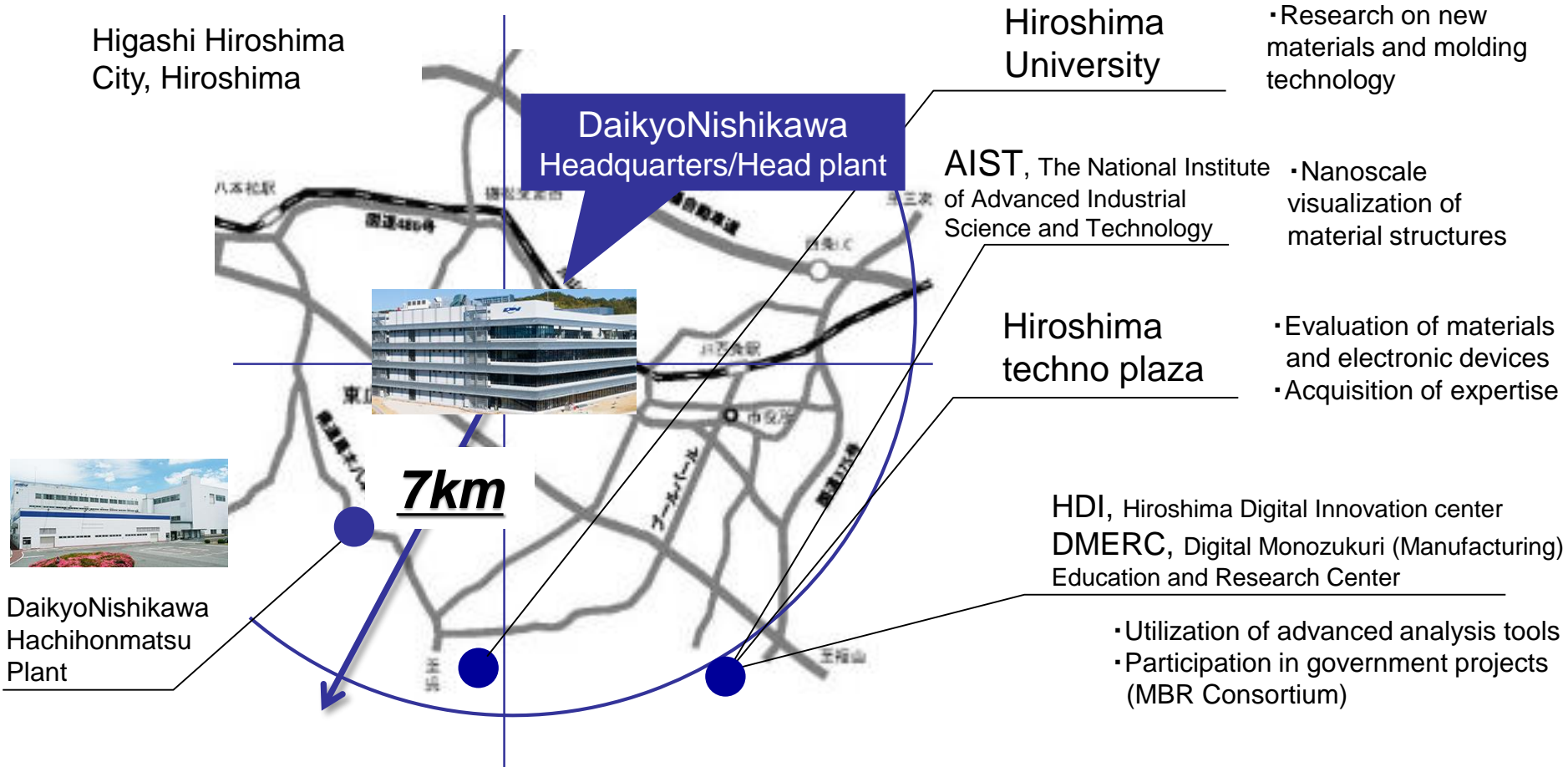


Open innovation through industry-government-academia collaboration



Promotion of open innovation

- Accelerate joint research by taking advantage of the superiority for the distance to neighboring universities and public testing and research institutions



5. Sustainability Initiatives

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

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



Social contribution through business activities by promoting the sustainability mind within the company and incorporating into business activities

DaikyoNishikawa SDGs Statement

SUSTAINABLE DEVELOPMENT GOALS

We support the SDGs and will contribute to the achievement of sustainable society through our business activities.

Management Philosophy

We will realize a company which places emphasis on people, society and the earth, in pursuit of happiness and prosperity of our employees.

We will make challenges to technological development and innovative manufacturing by aiming to be a sensation creating company.

We will establish a company that gains the confidence of communities by thoroughly implementing our corporate philosophy.

We declare that we will work on the SDGs based on management philosophy.



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

■ Women's empowerment project



Our challenges :

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

Measures :

1. Holding seminars for female employees and managers
2. Improving an employment environment that contributes to a balance between life and work



In addition to Women's empowerment, we will promote efforts to support the development of the next generation, the employment of diverse human resources, create rewarding workplaces, and focus on initiatives that are even more conscious of diversity.

Examples of Sustainability Initiatives 2 : Environmentally friendly manufacturing



Contributing to the formation of a recycling-oriented society through environmentally friendly manufacturing



- Utilization of renewable energy such as solar power generation, geothermal heat, rainwater, etc.
- Work in progress between processes and improvement of energy efficiency through straight line production, etc.
- Reduce CO₂ emissions in terms of both fuel efficiency and manufacturing process through weight reduction through resinification
- Industrial waste reduction
- Saving petroleum resources by developing bio-derived materials
- Green procurement



6. Efforts for Next Generation Product Development

Exhibited at AUTOMOTIVE ENGINEERING EXPOSITION 2021 ONLINE



自動車技術展 人とくるまのテクノロジー展2021

AUTOMOTIVE ENGINEERING EXPOSITION

Lightweight parts composed by Cellulose Nanofiber

- Low specific gravity, high rigidity, and light weight
- Sustainable and renewable plant-derived materials



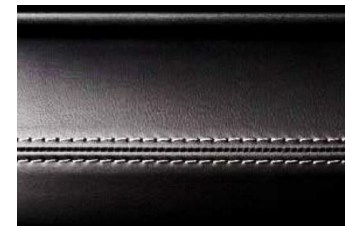
Cooling parts

- Cooling parts that are important for electrification
- Light weight and various shapes



Next-generation Switching Panel

- Crisp and user friendly icons appear on soft leather-like epidermis
- Accurate icon positioning by DaikyoNishikawa's unique manufacturing method





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

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Product Information – Automotive Parts

Major Product

Instrument Panel



For Mazda, Daihatsu,
and Honda

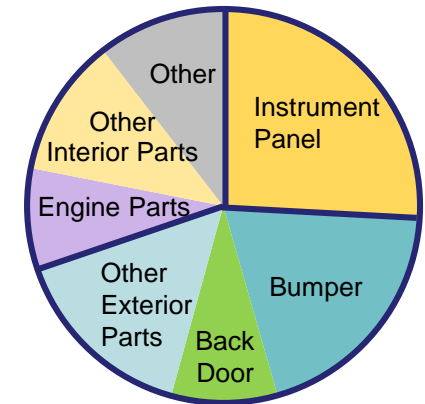
Bumper



For Mazda, Daihatsu,
and Mitsubishi (Indonesia)

Sales by Product

Total: 150.2 billion yen (FY2020)



Priority Products

Back Door



For Daihatsu

Strategic Products

Oil Strainer



Resin Share
No. 1

For Mazda, Daihatsu, Toyota, Honda,
Nissan, Suzuki, and Mitsubishi (Thailand)

Strategic Products

Fuel Saucer

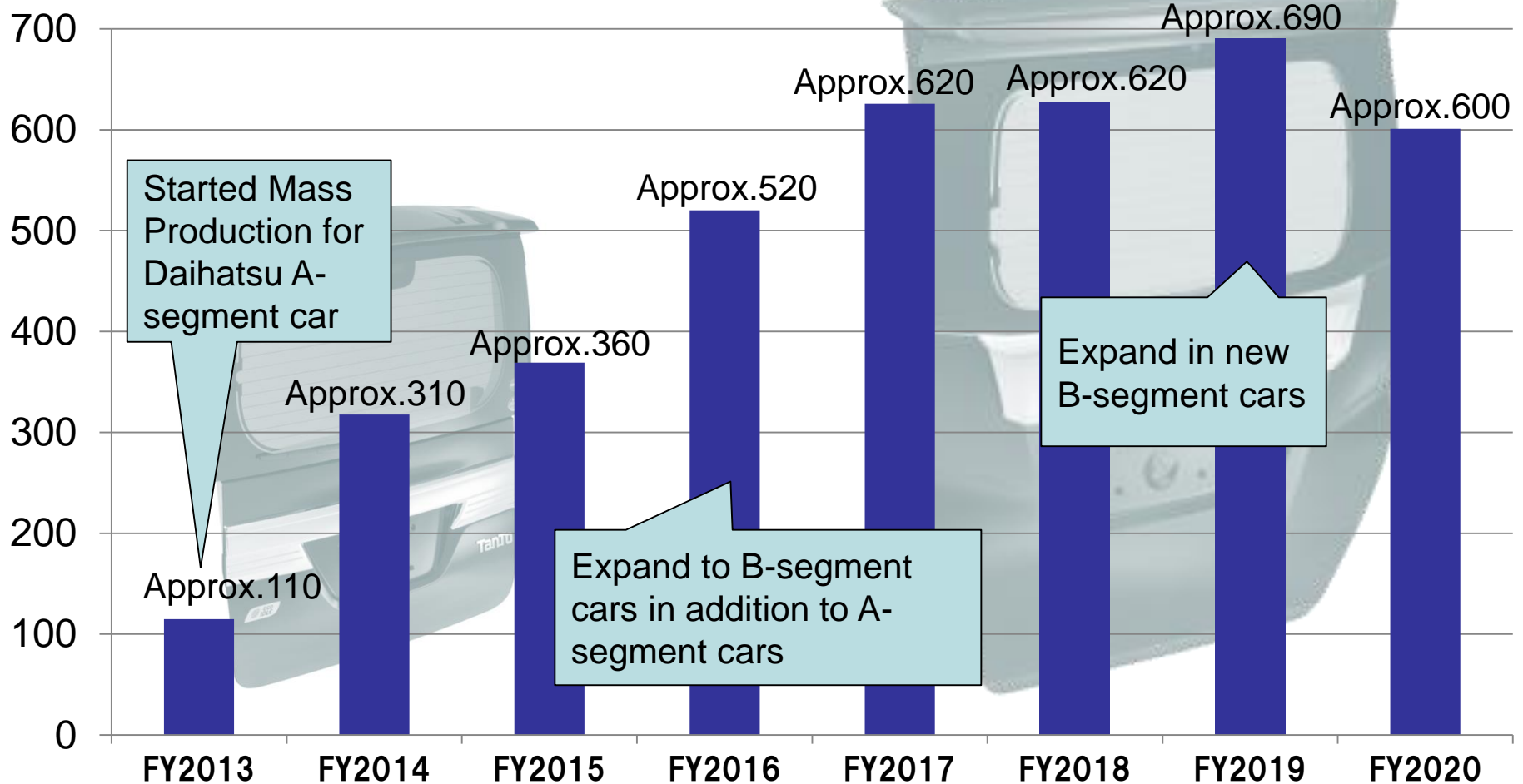


For Subaru,
Mazda, and Daihatsu

We manufacture instrument panels, bumpers, and other interior and exterior plastic parts. We also make engine parts, such as oil strainers that require high heat resistance. Our main focus now is plastic automotive body shells and fuel saucer.

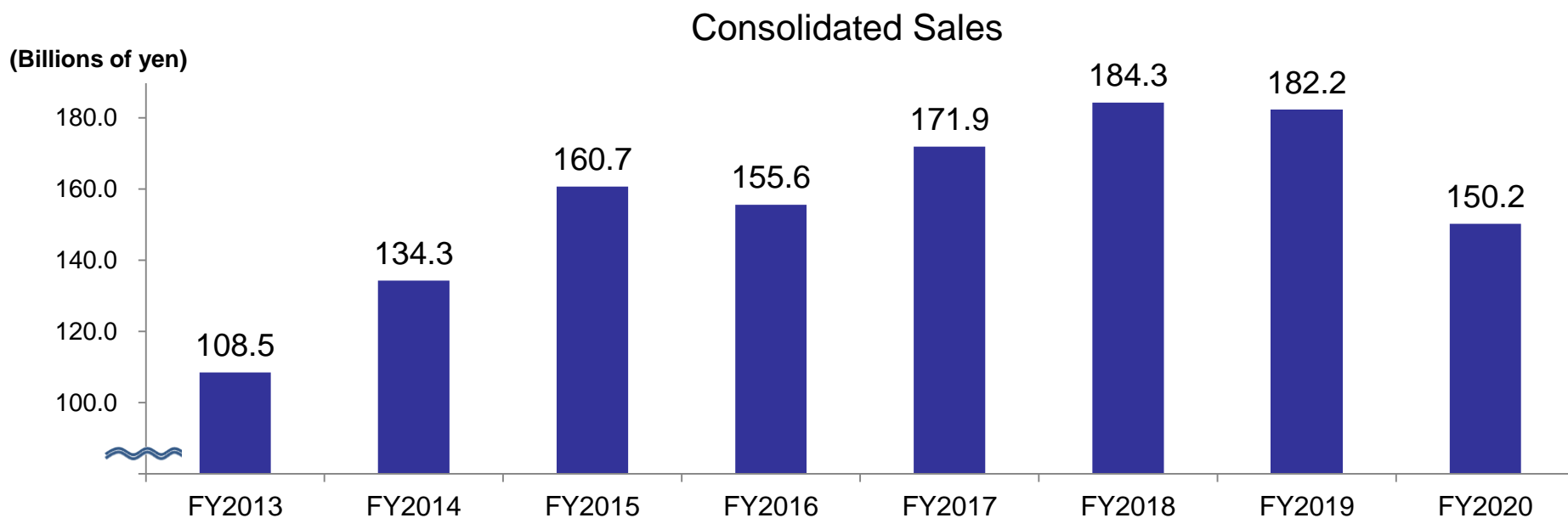
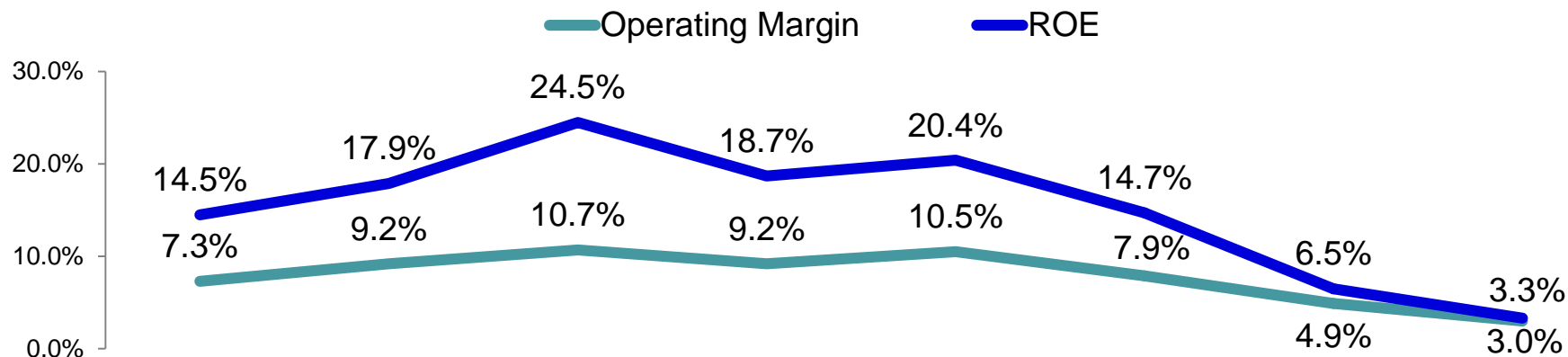
Outline of Resin Back Door Growth for Daihatsu

(Thousand Unit)



We are also focusing on expanding sales to other than Daihatsu, and aim to expand recruitment further.

Outline of Management index



Sales ratio by customer



Changes in composition ratio spurred by customer diversification

(Billion of yen)

