

## ▶ Analysis Related to Management Performance

### 🕒 Business progress and results

With regard to the world economy for this consolidated accounting year, until January the overall economy was on a gradual recovery trend, but from February onwards the world economy, including Japan, the United States, Europe, China, and ASEAN, has slowed sharply due to the spread of the novel coronavirus COVID-19.

In the automobile industry as well, the number of vehicles sold worldwide fell below the previous year due to the rapid economic slowdown that accompanies the spread of infectious diseases.

Our group continued to commit to “thorough implementation of safety first,” “assuring manufacturing quality at Group-level,” “development and acquisition of human resources, and improvement in labor quality,” “steadily enhancing global Monozukuri and supply structures,” “developing next-generation products,” “establishing a strong revenue base,” and “activities as a corporate citizen and the maintenance and construction of healthy employer-employee relationships.”

In the development of new products, we exhibited a future cockpit (experience type) at the 46<sup>th</sup> Tokyo Motor Show with the concept of “Bridging the human experience and mobility”, showcasing proposals for the forthcoming mobility society through experience.

Furthermore, we started joint demonstration tests of a digital key system-based service for company vehicles with Kimura Unity Co., Ltd. (Head Office: Nagoya, Aichi, Japan) with the aim of further expanding our business domain. By leveraging our communication and encryption technologies, we will contribute to improving user convenience and creating new value by collaborating with sharing services.

In addition, the “integrated multi-function switch” (Daihatsu Motor Co., Ltd.), which we proposed, has reached the stage of mass production. And “La Lock II” (Toyota Housing Corporation) has been highly evaluated for its contribution to improving product appeal.

Furthermore, we established a new design office in Shibuya Ward, Tokyo. Our new office will leverage

our thinking based on actual experiences in real time to freely present, cutting-edge, and compelling product proposals like never before in an effort to create new value.

In March 2020 our efforts to maintain and improve our company health were recognized when we received “White 500” certification under the “Certified Health and Productivity Management Outstanding Organization Recognition Program” jointly awarded by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi.

Through these activities, we have been striving to strengthen our management structure for further growth.

On the other hand, since the spread of infectious diseases began in February, to prevent this spread we have implemented measures such as working from home and promoting Web conferences, ensuring social distancing, distributing masks to employees, and wearing them in order to reduce contact between employees. In addition, our group has also been engaged in activities to contribute to communities, such as donating money to the Red Cross Society of China.

With regard to the business performance for this consolidated accounting year, the net sales were 500,002 million yen, which was a decrease of 7,643 million yen (a decrease by 1.5%) in revenue compared to the previous consolidated accounting year. With regard to profit for this consolidated accounting year, the consolidated operating income was 22,597 million yen, which was a decrease of 7,021 million yen (a decrease by 23.7%) in revenue compared to the previous consolidated accounting year. The consolidated ordinary income was 22,914 million yen, which was a decrease of 7,196 million yen (a decrease by 23.9%) in revenue compared to the previous consolidated accounting year. The Profit attributable to owners of parent attributes to the shareholders of the parent company was 15,067 million yen, which was a decrease of 3,023 million yen (a decrease by 16.7%) compared to the previous consolidated accounting year.

## ▶ Analysis Related to Financial Status

### 🕒 Assets, liabilities, and total equity status

#### ■ Assets

Assets were 378,489 million yen, which was a 9,067-million-yen decrease from the end of the previous consolidated accounting year. This is mainly due to a decrease in accounts receivable.

#### ■ Liabilities

Liabilities were 137,466 million yen, which was an 8,655-million-yen decrease from the end of the previous consolidated accounting year. This is mainly due to a decrease in accounts payable.

#### ■ Total equity

Total equity was 241,023 million yen, which was a 412-million-yen decrease from the end of the previous consolidated accounting year. This is mainly due to an increase in retained earnings and a decrease in foreign currency translation adjustments.

As a result, the equity ratio changed from 59.0% at the end of the previous consolidated accounting year to 60.3%.

### 🕒 Cash flows status

Cash and cash equivalents (hereinafter referred to as “funds”) for the consolidated base at the end of this consolidated accounting year were 65,429 million yen, which was a 9,702-million-yen increase from the end of the previous consolidated accounting year.

#### ■ Cash flows from operating activities

Funds acquired as a result of operating activities were 40,346 million yen, an increase of 2,427 million yen compared to the previous consolidated accounting year. This is mainly the result of the collections accounts receivable having increased by 15,305 million yen.

#### ■ Cash flows from investing activities

Funds acquired as a result of investing activities were 22,289 million yen, a decrease of 9,644 million yen compared to the previous consolidated accounting year. This is mainly the result of an increase of 8,300 million yen in proceeds from sales and redemption of marketable securities.

#### ■ Cash flows from financing activities

Funds acquired as a result of financing activities were 6,772 million yen, a decrease of 1,261 million yen compared to the previous consolidated accounting year. This is mainly the result of a net increase of 1,574 million yen in short-term borrowings.