



FY2021 Financial Result Investor Relations Meeting

**March 11, 2022
Ichikoh Industries, Ltd.**

VISION IN MOTION



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MISSIONS

- Be the preferred partner of our customers by providing innovative and high quality products for a **greener, safer** and **smarter** mobility.
- Lead the Business Development of VLS with J-OEMs thanks to Ichikoh's experience of the **“Japanese Way”**.
- Act as **interface** between J-OEMs and VLS to secure successful Advanced Development, Project Management and Production Launches.
- Generate new business opportunities with J-OEMs through **technical breakthrough** by promoting and adapting Valeo leading technologies and innovations.
- Increase enterprise value for our shareholders by constant improvements of our financial performance, non negotiable **compliance & ethics, social responsibility** and **Carbon neutrality**.

(*): VLS = Valeo Lighting Systems

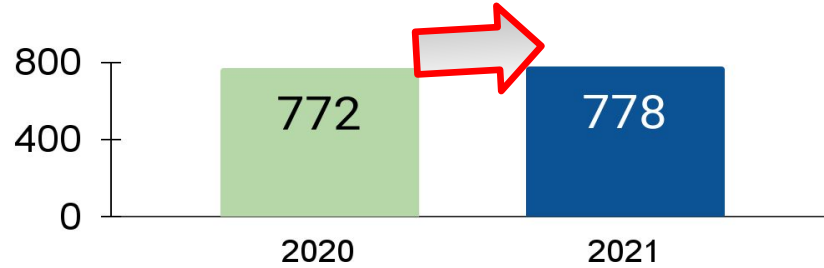
01 FY2021 Financial Results

(January~December 2021)

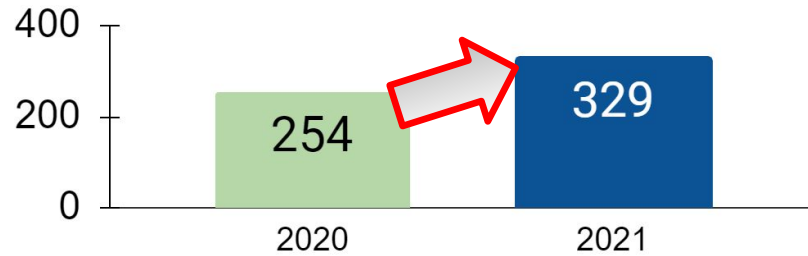
MARKET PRODUCTION VOLUME VS SALES (MARKET IS IN PRELIMINARY BASE)

Production volume of the market
(from LMC Automotive)

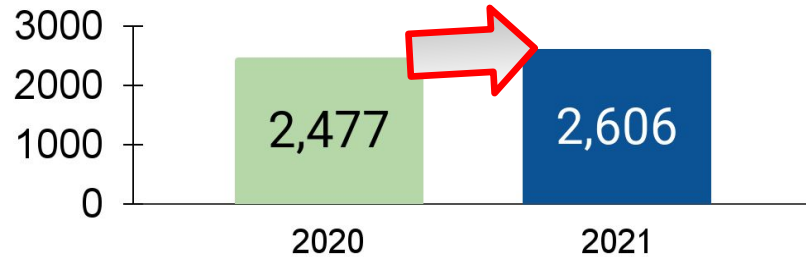
Japan YoY 0.8%



ASEAN YoY 29.6%



China YoY 5.2%



Sales of the Company vs Production volume in the market

Comparison with the same period of last year

	Sales of the Company	Production volume of the market	Outperformance
Japan	5.8%	0.8%	5.0 pt
ASEAN	41.2%	29.6%	11.6 pt
China	21.6%	5.2%	16.4 pt

ASEAN: Malaysia, Indonesia, Thailand

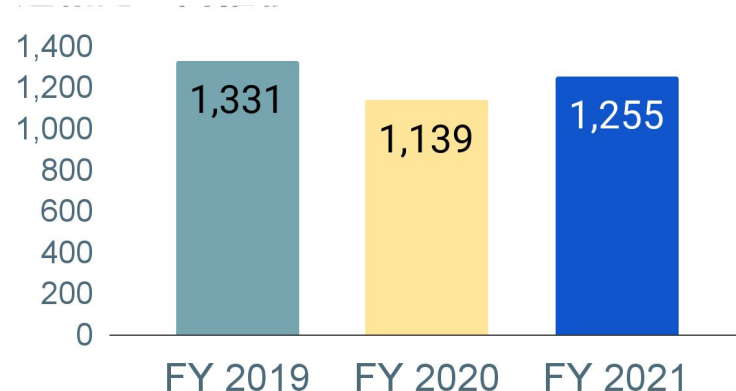
FY2021 FINANCIAL RESULT (YEAR-ON-YEAR)

- ◆ Significant year-on-year increase in sales and profit due to the rebound from COVID-19
- ◆ However, did not recover sales and profits of Pre COVID-19, FY2019

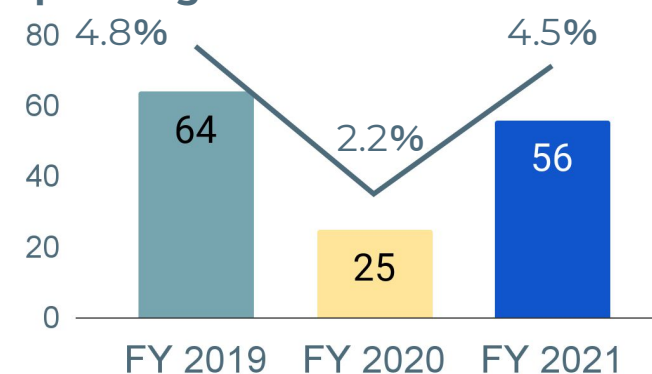
Hundreds million yen

	FY 2019 (Jan.~Dec. 2019)	FY 2020 (Jan.~Dec. 2020)	FY 2021 (Jan.~Dec. 2021)	Increase /Decrease (YoY)	Increase /Decrease %
Sales	1,331	1,139	1,255	① 116	10.2%
Operating Income	64	25	56	② 31	124.0%
Operating Margin (%)	4.8%	2.2%	4.5%	②/① 26.7%	2.3 pt
Ordinary Income	74	50	65	15	30.0%
Net Income belonging to Parent company's shareh	52	29	40	11	37.9%

Sales



Operating income

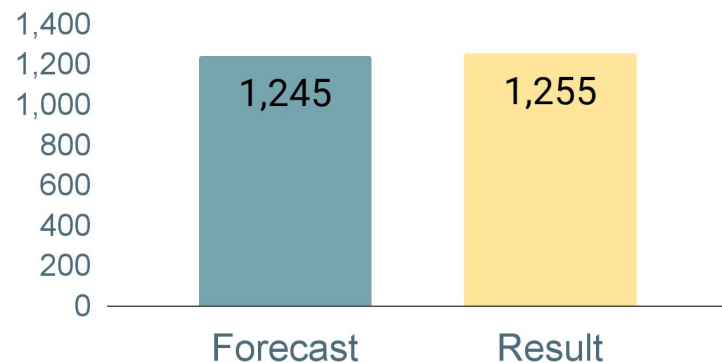


FY2021 FINANCIAL RESULT (VS. FORECAST)

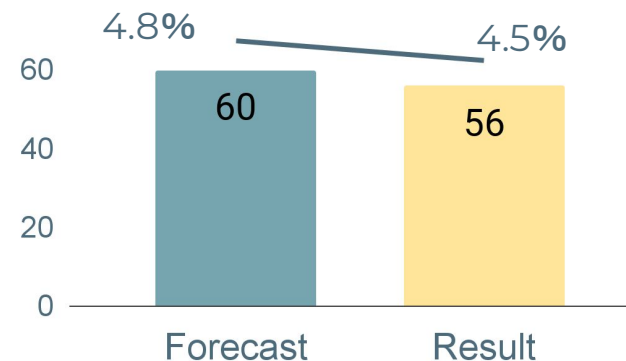
- ◆ Sales slightly above forecast despite semiconductor shortages and production cuts due to COVID-19, principally driven by depreciation of yen in Q4
 - ◆ Operating income was lower than forecast due to the difficulty to respond to production fluctuation
- Hundreds million yen

	FY 2021 Forecast (Jan.~Dec. 2021) <small>* Forecast announced in TSE on Nov 10, 2020</small>	FY 2021 Result (Jan.~Dec. 2021)	Increase /Decrease	Increase /Decrease %
Sales	1,245	1,255	① 10	0.8%
Operating Income	60	56	② ▲4	▲6.7%
Operating Margin (%)	4.8%	4.5%	②/① ▲40.0%	0.3 pt
Ordinary Income	73	65	▲8	▲11.0%
Net Income belonging to Parent company's shareh	52	40	▲12	▲23.1%

Sales



Operating income



FY2021 RESULT BY REGION (YEAR-ON-YEAR)

- ◆ **Japan : Has not recovered to pre COVID-19, FY2019 of due to semiconductor shortages and production cuts affected by the coronavirus**
- ◆ **Overseas: Higher sales and profits than in FY2019, thanks to the large recovery in ASEAN** Hundreds million yen

	Japan (Ichikoh Industries)	Overseas	Others	Internal transaction elimination etc.	Total
Sales	945 (893) 【1,023】	267 (196) 【246】	96 (100) 【107】	▲53 (▲50) 【▲45】	1,255 (1,139) 【1,331】
Operating Income	36 (30) 【52】	23 (2) 【17】	5 (2) 【1】	▲8 (▲10) 【▲6】	56 (25) 【64】
Operating Income %	3.9% (3.4%) 【5.0%】	8.6% (1.0%) 【6.9%】	4.7% (2.0%) 【1.1%】	-	4.5% (2.2%) 【4.8%】

Japan: Ichikoh non-consolidated (Isehara・Fujioka・Mirror・HQ)

Overseas : Indonesia・Malaysia・Thailand・China

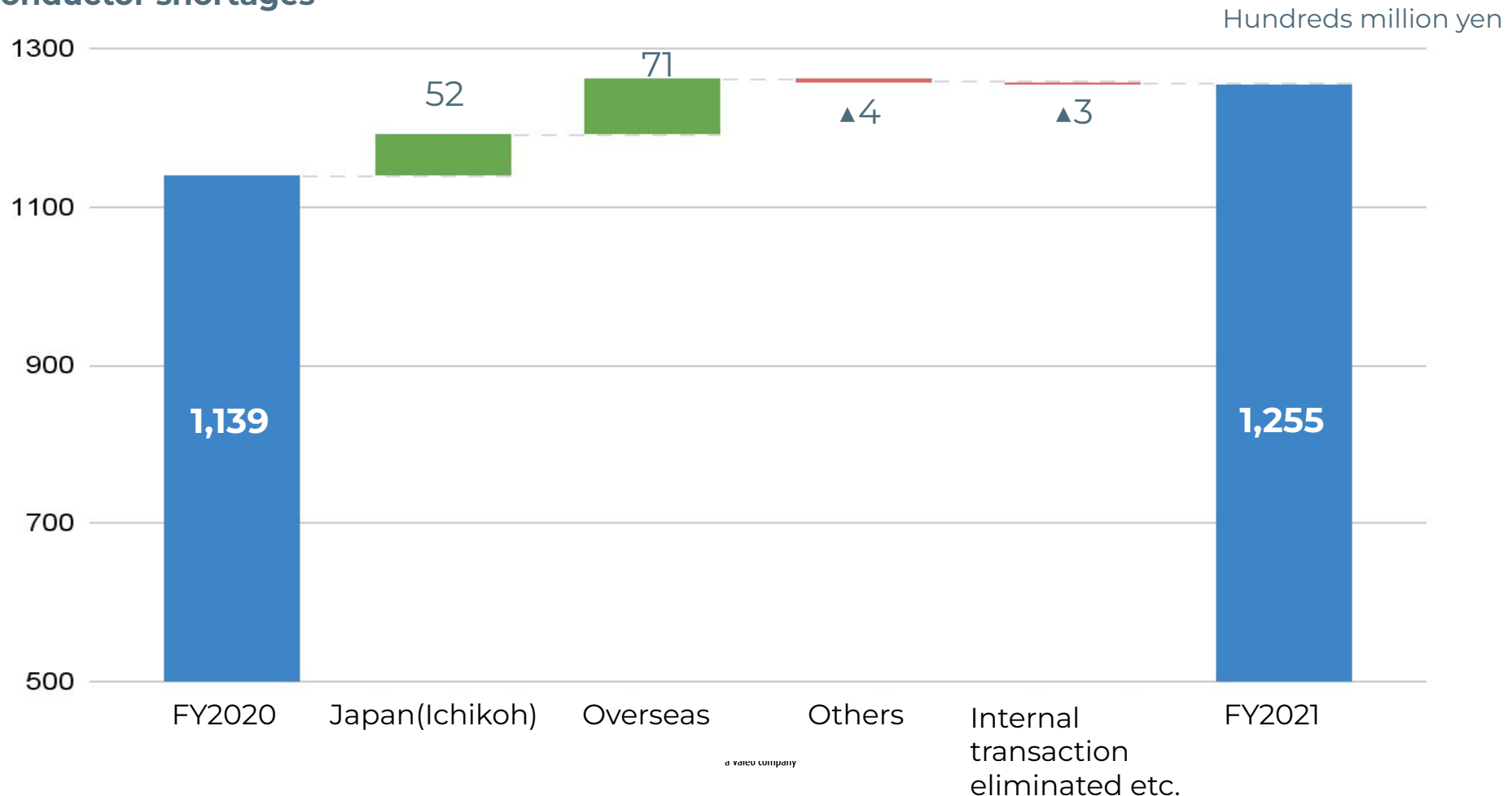
Others : Automotive aftermarket business (PIAA)・ Bulb business (Life Elex)

() : Same period of the previous year (Jan.-Dec. 2020)、【 】 : Same period a year ago (Jan-Dec 2019)

FY2021 FINANCIAL RESULT POINTS (YEAR-ON-YEAR)

【Sales】

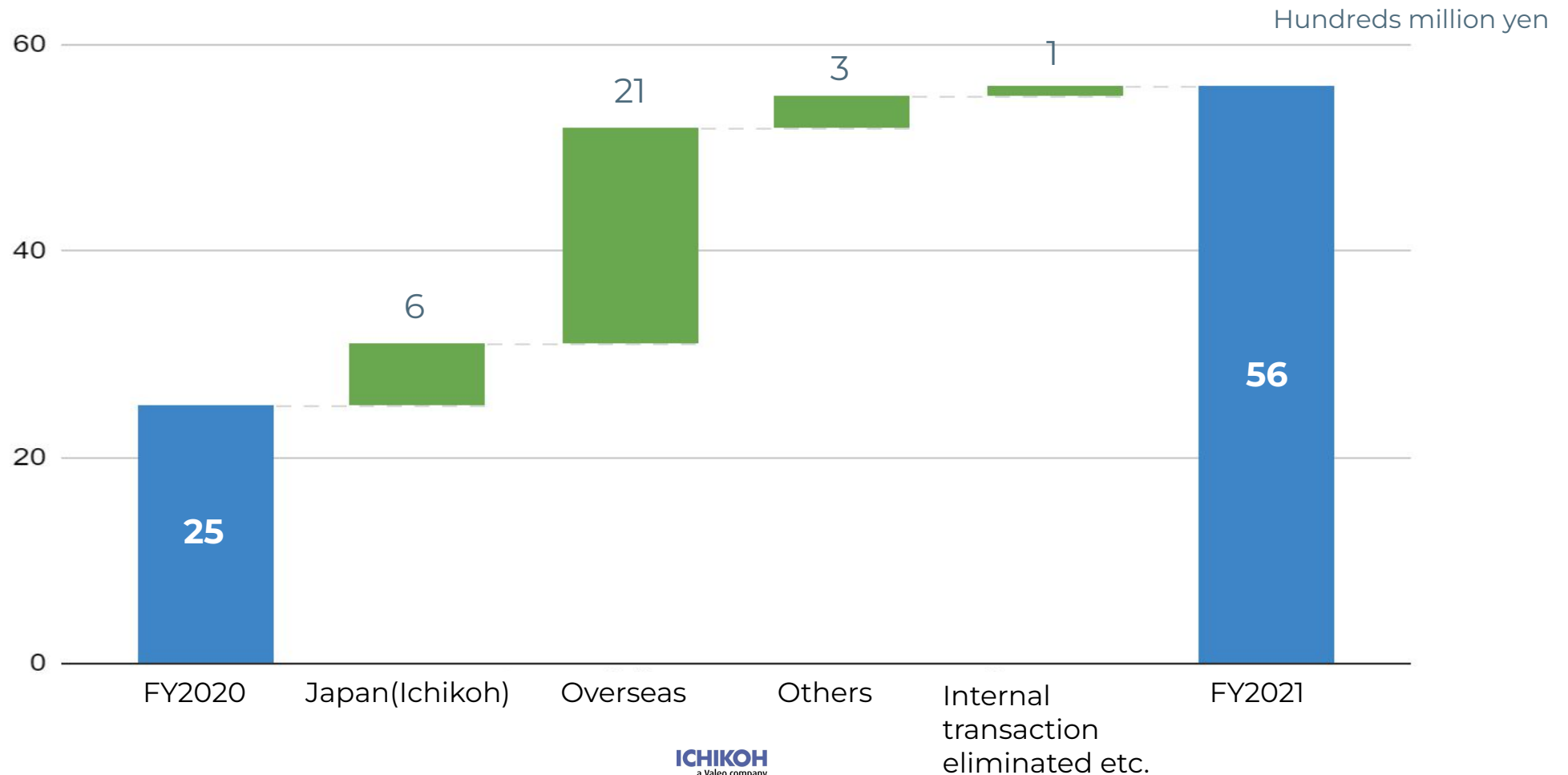
- ◆ **Consolidated:** While the first half of the year saw a rebound from the previous year's decline, the second half saw a yoy decline due to a shortage of semiconductors and a resurgence of infection spread, resulting in a consolidated revenue increase of only 11.6 billion yen (10.2%) year-on-year
- ◆ **Overseas:** Indonesia increased sharply by 236% yoy. Sales in Thailand declined 5% yoy due to the impact of semiconductor shortages



FY2021 FINANCIAL RESULT POINTS (YEAR-ON-YEAR)

【Operating income】

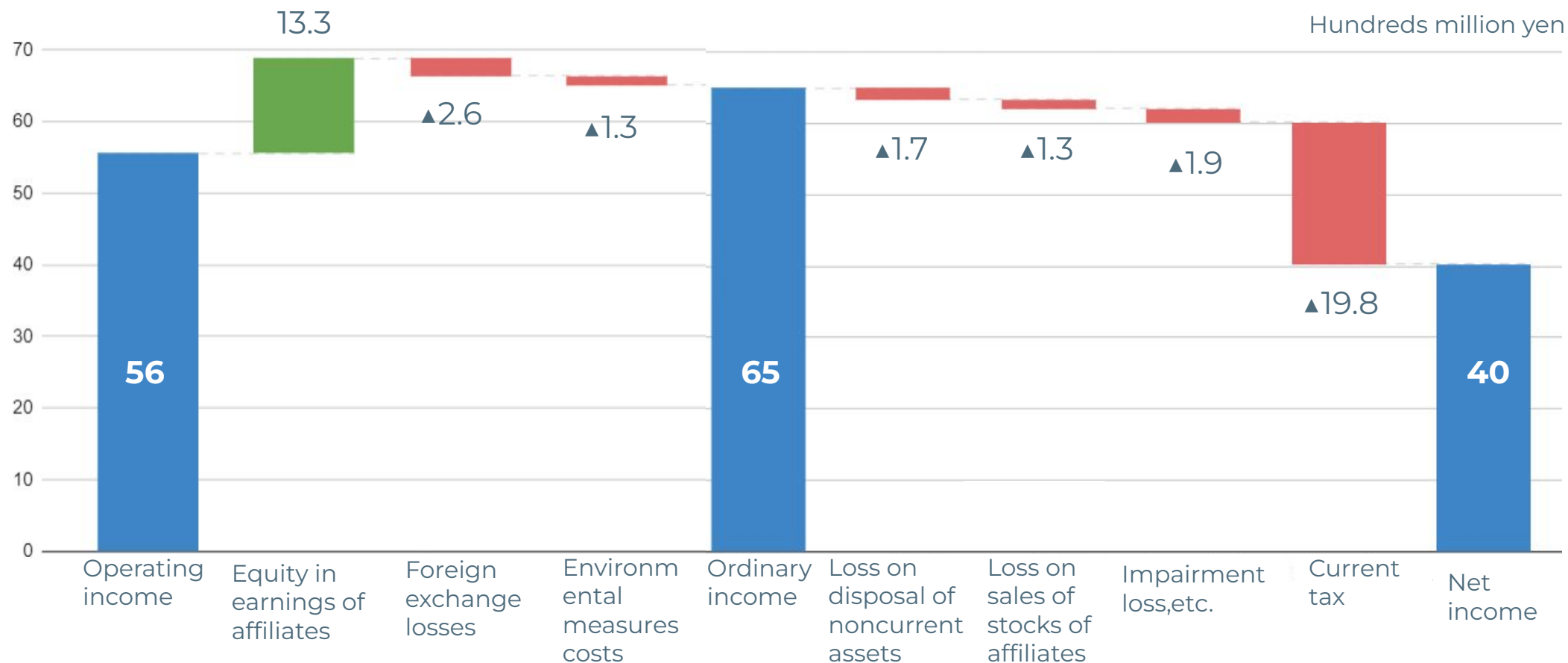
- ◆ **Japan** : Increased only 0.6 billion yen YoY due to the impact of soaring resin prices etc.
- ◆ **Overseas**: 70% of increase was in Indonesia, 20% in Thailand



FY2021 FINANCIAL RESULT POINTS

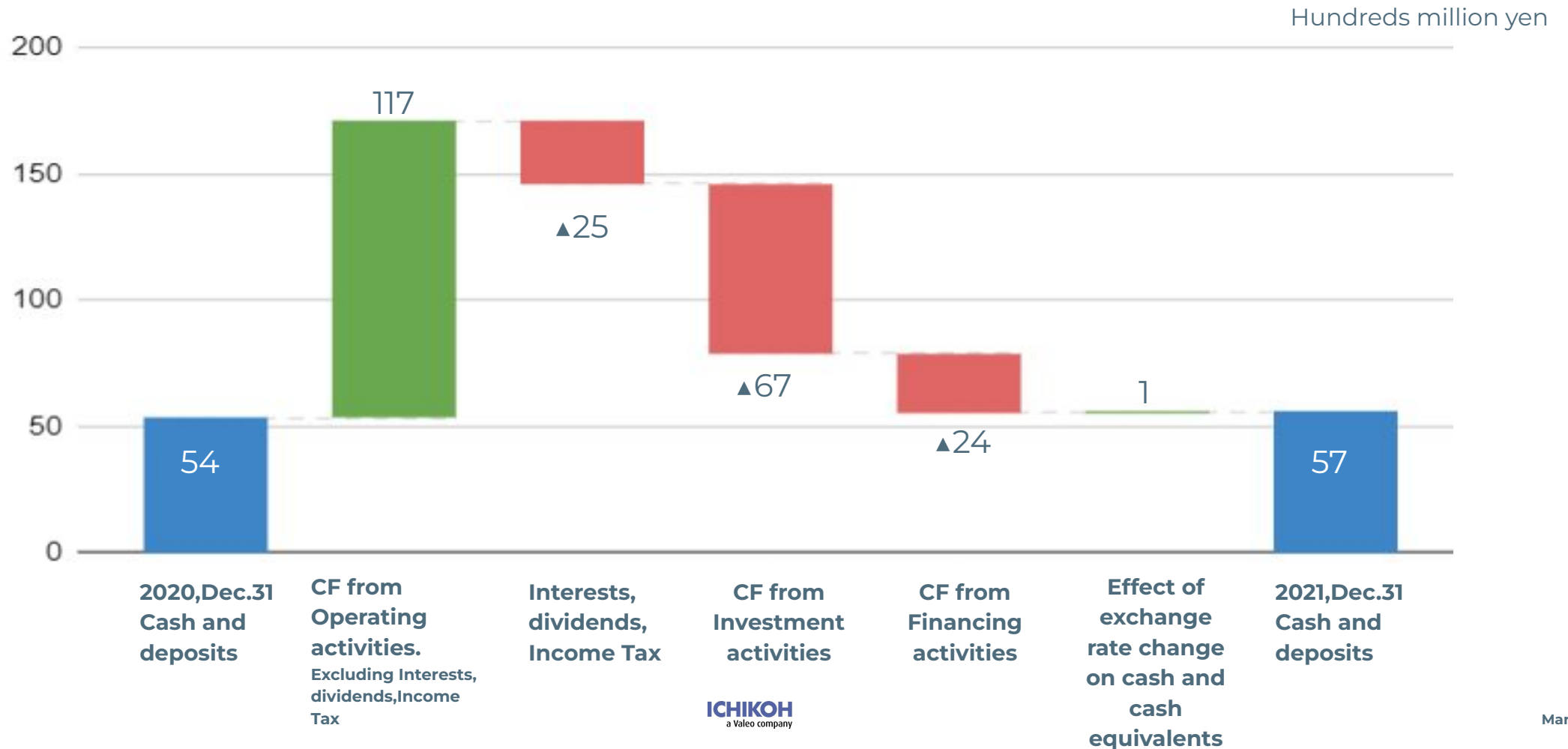
【Operating Income~Ordinary Income~Net Income】

- ◆ Significant increase of Equity in earnings of affiliates: 1.33 billion yen from the lighting joint venture in China with Valeo



FY2021 Consolidated Statement of Cash Flow (Year-on-Year Comparison of “Changes in Cash”)

- ◆ **Operating CF of 9.2 billion yen (including interest, dividends, and income taxes) covered 6.7 billion yen in investing activities and 2.4 billion yen in financing activities (2.0 billion yen in debt repayment)**
- ◆ **Cash and deposits at the end of the period increased by 300 million yen**



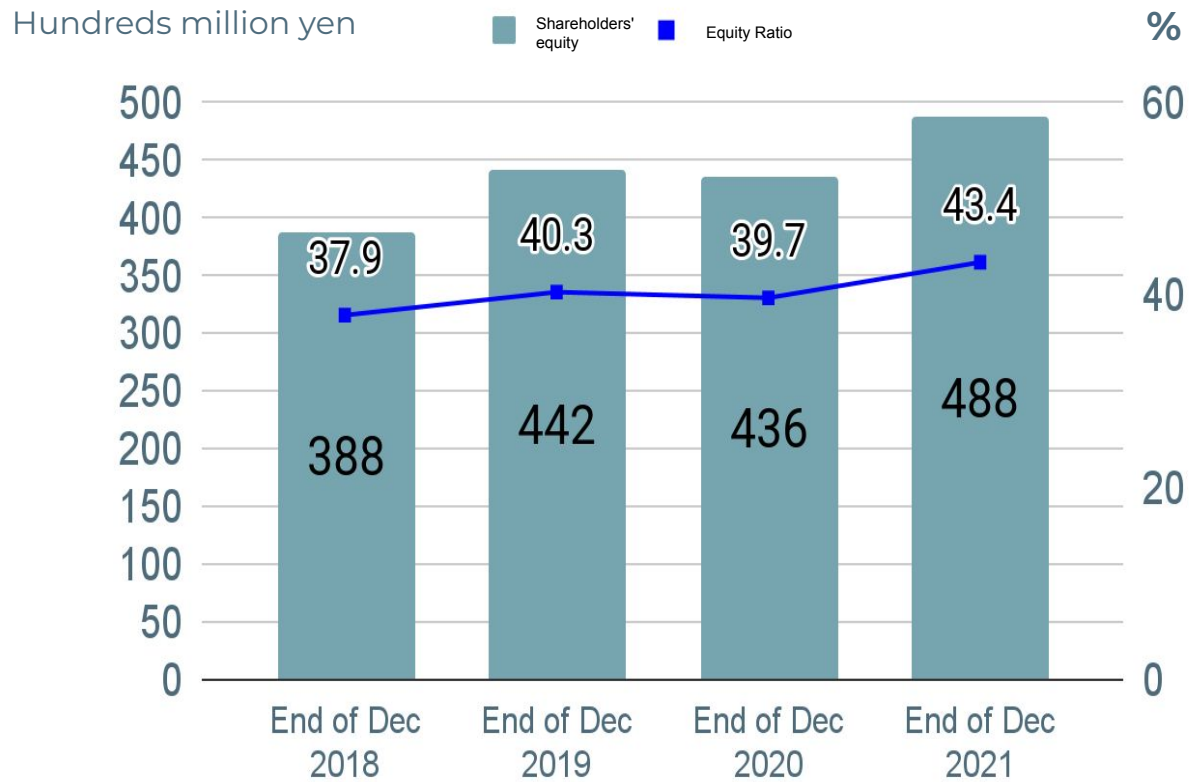
CONSOLIDATED BALANCE SHEET (COMPARISON WITH PREVIOUS PERIOD)

Hundreds million yen

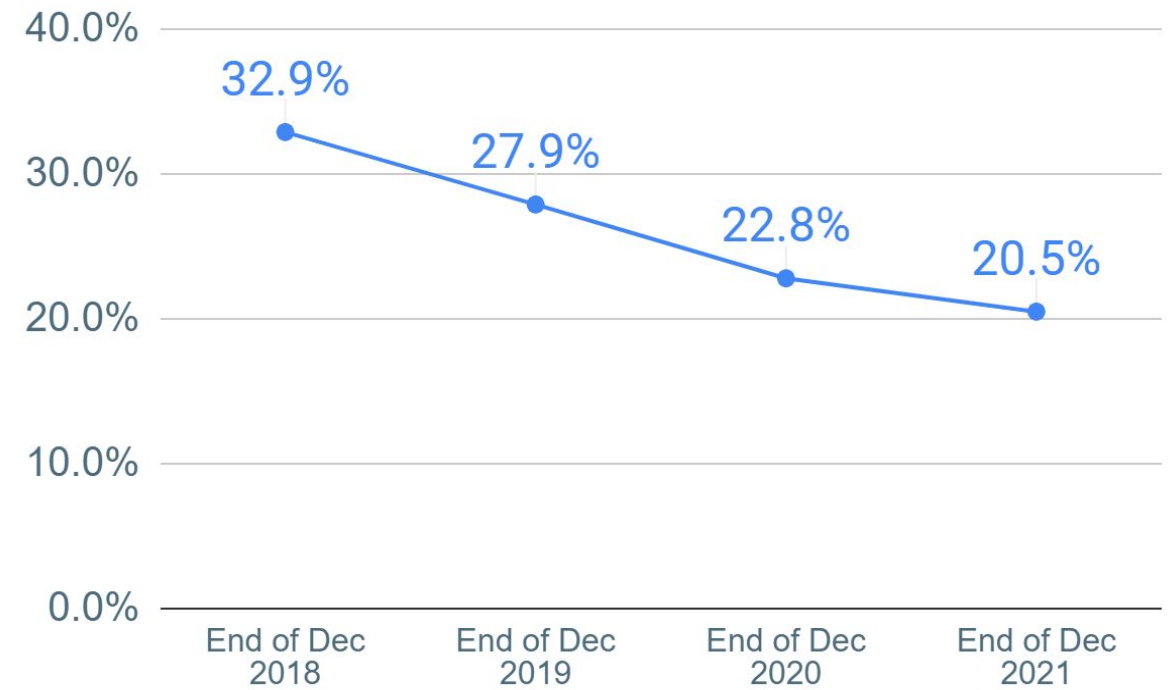
	2020/12	2021/12	Inc/Dec
Cash and equivalents	54	57	3
Inventry	82	109	27
Tangible and Intangible Fixed Assets	471	463	▲8
Others	489	496	7
Total Assets	1,096	1,125	29
Interest Bearing Debt	99	100	1
Other Liabilities	552	531	▲21
Total Liabilities	651	631	▲20
Shareholders' Equity	481	514	33
Accumulated other comprehensive income	▲46	▲26	20
Minority Interest	10	6	▲4
Net Assets	445	494	49
Ratio of Shareholder's Equity	39.7%	43.4%	
D/E Ratio	22.8%	20.5%	

EQUITY RATIO AND D/E RATIO

Equity ratio again surpassed 40%



D/E ratio steadily improved



02 FY2022 Financial Forecast (January ~ December 2022)

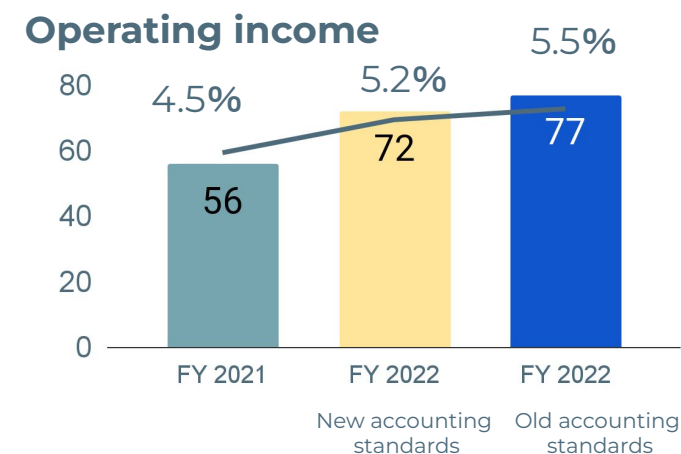
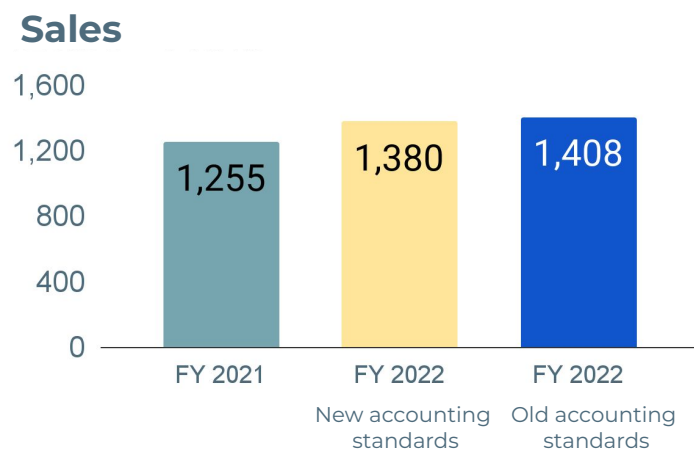
FY2022 CONSOLIDATED FORECAST

- ◆ Excluding the impact of the change in accounting policies*, the previously announced plan in Sep 2021 IR Meeting will be almost achieved (Sales 141 B yen, Operating Income 7.5 B yen)
- ◆ Steady increase of sales and profits year-on-year is expected

* Change in Accounting Policy: One time recognition of Tooling Sales and Expenses in Japan at the time of SOP, instead of 24 months spread recognition

Hundreds million yen

	FY 2021 (Jan.~Dec. 2021)	FY 2022 (New accounting standards)	FY 2022 (Old accounting standards)	Increase /Decrease (Old standards vs. previous year)	Increase /Decrease %
Sales	1,255	1,380	1,408	① 153	12.2%
Operating Income	56	72	77	② 21	37.5%
Operating Margin (%)	4.5%	5.2%	5.5%	②/① 13.7%	1.0 pt
Ordinary Income	65	80	85	20	30.8%
Net Income belonging to Parent company's shareholder	40	55	58	18	45.0%



FY2022 FORECAST BY REGION (YEAR-ON-YEAR, Old standard)

- ◆ **Japan: Will continue investment for the next generation, resulting in the increase of R&D and depreciation expenses. As a result, smaller Operating Income increase expected**
- ◆ **Overseas: Responding to the constant increase of sales in ASEAN operation, will take necessary measures including headcount increase (especially in Indirect)**

Hundreds million yen

	Japan (Ichikoh Industries)	Overseas	Others	Internal transaction elimination etc.	Total
Sales	1,023 (945)	364 (267)	81 (96)	▲60 (▲53)	1,408 (1,255)
Operating Income	41 (36)	33 (23)	5 (5)	▲2 (▲8)	77 (56)
Operating Income %	4.0% (3.9%)	8.9% (8.6%)	6.0% (4.7%)	-	5.5% (4.5%)

Japan: Ichikoh non-consolidated (Isehara・Fujioka・Mirror・HQ)

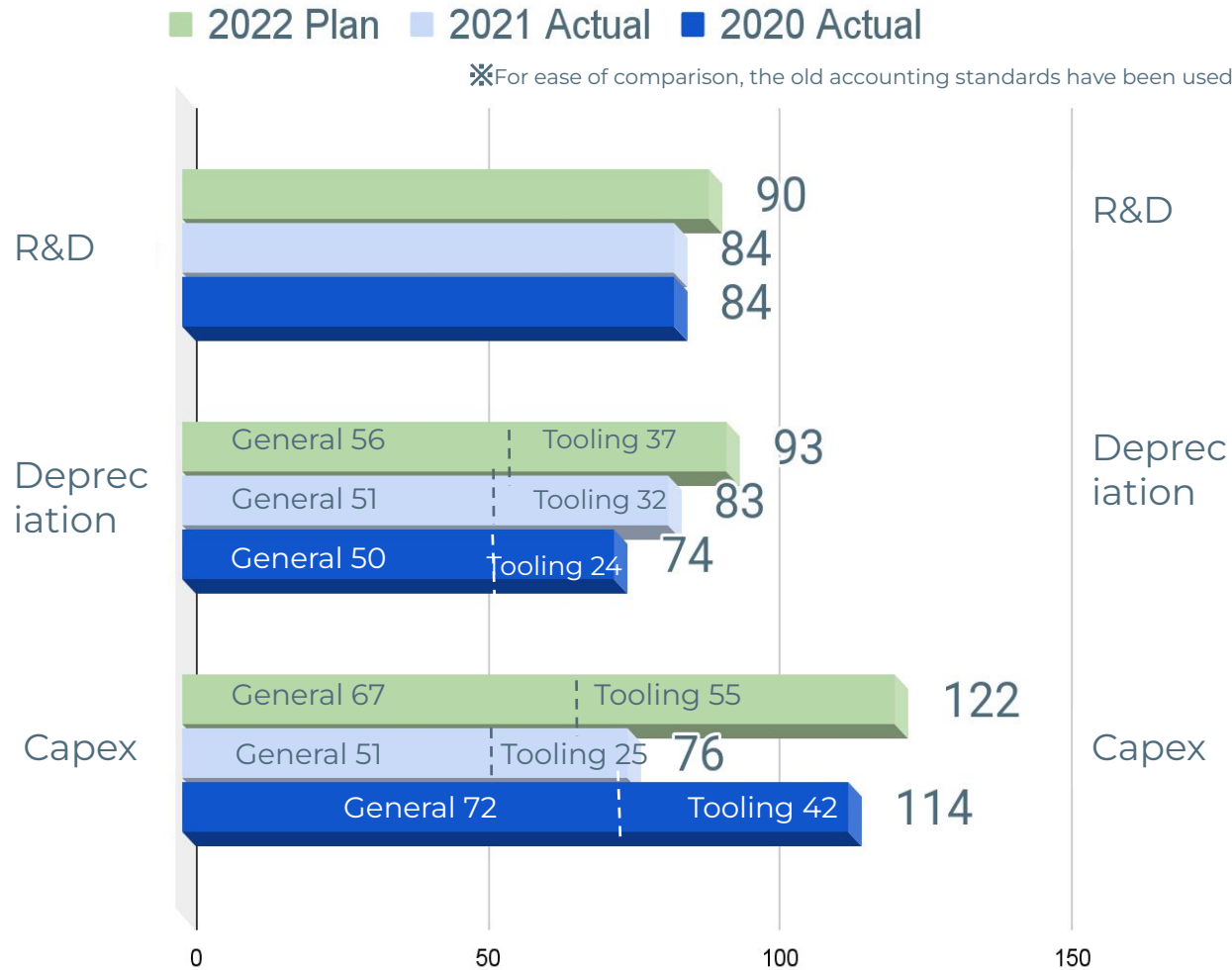
Overseas : Indonesia・Malaysia・Thailand・China

Others : Automotive aftermarket business (PIAA)・Bulb business (Life Elex)

(): Same period of the previous year (Jan.-Dec. 2020)

FY2022 R&D・DEPRECIATION・CAPEX EXPENSES (PLAN)

Hundreds million yen



✓ **Temporarily decreased from 2020 to 2021 due to corona damage**

✓ **Increased in 2022 due to larger number of PJs and higher added value of products**

- Strengthen Chubu Technical Center and enhance customer service
- Cost control by utilizing LCC R&D bases

✓ **Depreciation from general investments increased due to continued investments related to the Atsugi Plant**

✓ **Depreciation related to molds is linked to changes in mold revenues. Impact on earnings is limited**

✓ **Reference: FY2022 plan under the new accounting policy 5.6 billion yen**

✓ **Continued investment in new Atsugi Plant**

- End of FY2021 : OEM line relocation completed (Isehara Plant => Atsugi Plant)
- FY2022~FY2023 : New line expansion due to increase in headlamp volume

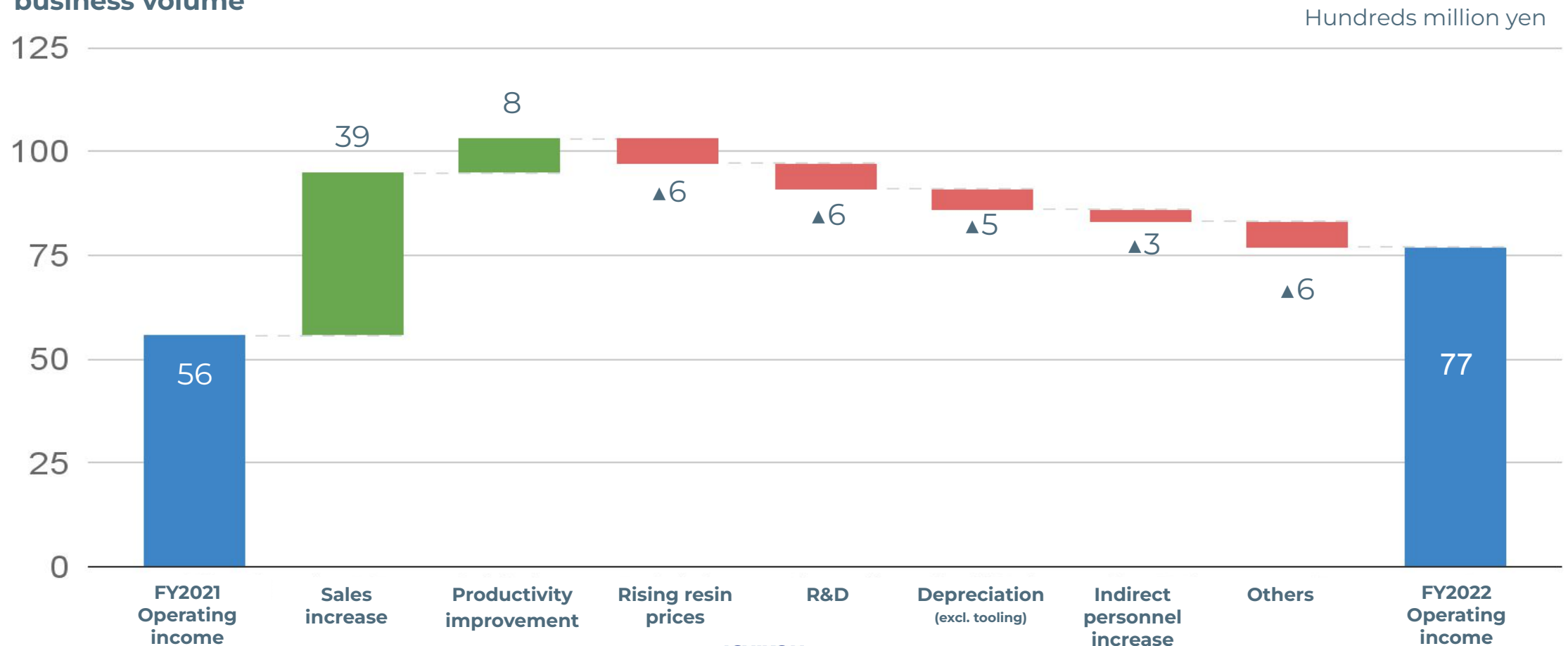
✓ **Reference: FY2022 plan under the new accounting policy 6.7 billion yen**

※R & D includes prototype and PJ development costs

※Capex includes investment resulting from leases

FY2022 FORECAST BRIDGE FOR OPERATING INCOME POINTS (YEAR-ON-YEAR, Old standard)

- ◆ Allocate to next-generation investments, such as R&D and depreciation, from increased profits from higher sales and consistent productivity improvements
- ◆ Increase in factory indirect and head office indirect personnel, both mainly in Asia, due to expansion of business volume



FOUR MEDIUM-TERM STRATEGIES FOR GROWTH

Quality Improvement & Cost Reduction

- ✓ Thorough QCD initiatives: Leading to further reduction of Non-Quality Costs (especially in ASEAN)
- ✓ Design-to-Cost, Design-to-Manufacturability
- ✓ Lean Manufacturing and Automation: Continue to improve productivity through investment in Atsugi, Fujioka, and Kyushu

R&D and Innovation

- ✓ Solution Provider: Strengthen capabilities in electronics (Driver, ECU) and system development, leading to Innovative Products
- ✓ R&D cost control: Enhance joint development with Valeo and utilization of LCC development centers

Mother Daughter

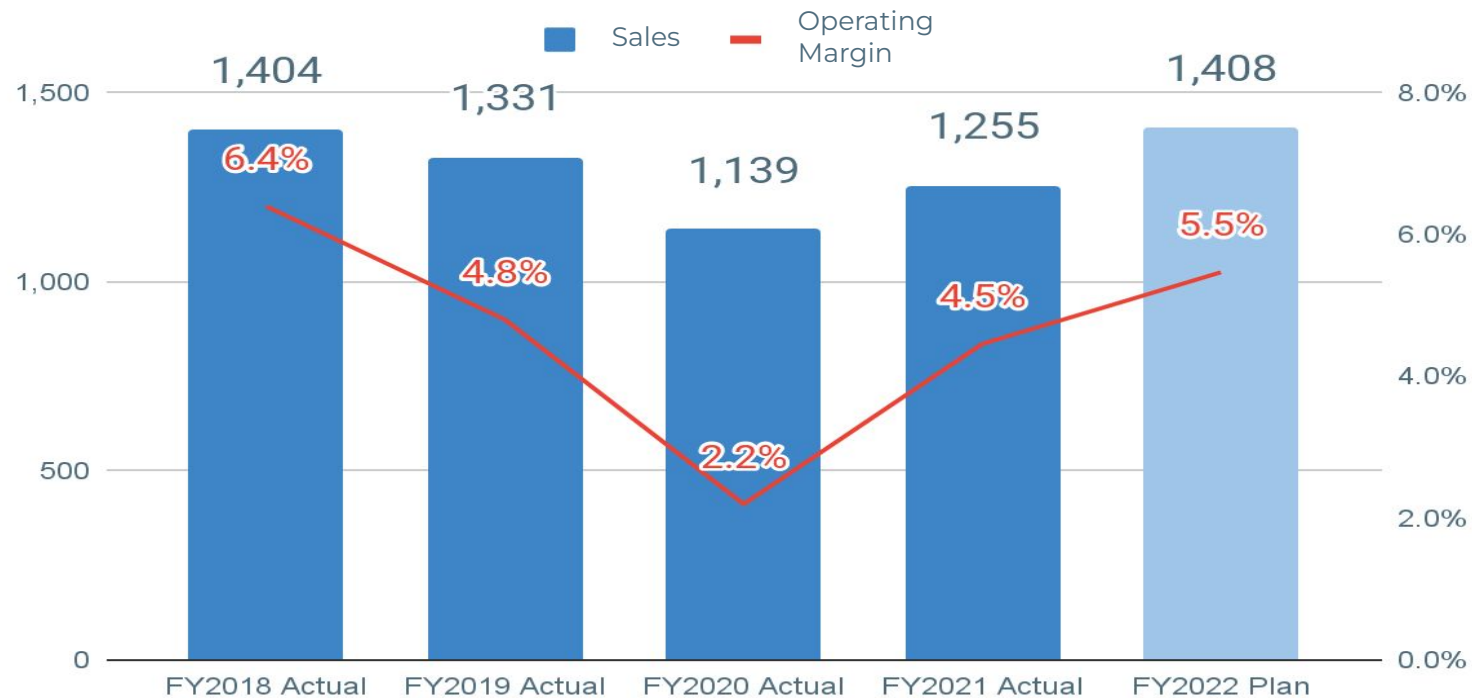
- ✓ ASEAN: Medium to Long-Term growth engine
- ✓ Support of ASEAN's Growth: Establish the firm base for growth through Mother Daughter activities and Local Talent Development Plan
- ✓ Future Expansion: Plan to expand production capacity by a new plant

Global Model Mandates

- ✓ Further acquisition of global models: Major growth potential for Ichikoh
- ✓ Ichikoh's initiative: Actively communicate the needs of Japanese OEMs to Valeo Group (cost, design, PJ management) and lead all activities

ACHIEVEMENT OF MID-TERM PLAN TARGET 2022

- ◆ The Mid-term Plan for 2022 announced in Sep 2021 IR Meeting will be almost achieved
 - Sales: Sep 2021 IR Meeting 141 billion yen => 140.8 billion yen this time
 - Operating Margin: Sep 2021 IR Meeting 5.3% => 5.5% this time
- ◆ New Mid-term Plan target beyond 2023 will be announced in Sep 2022 IR Meeting *
 - * Pending due to the global evolution of current worldwide crisis by Russia



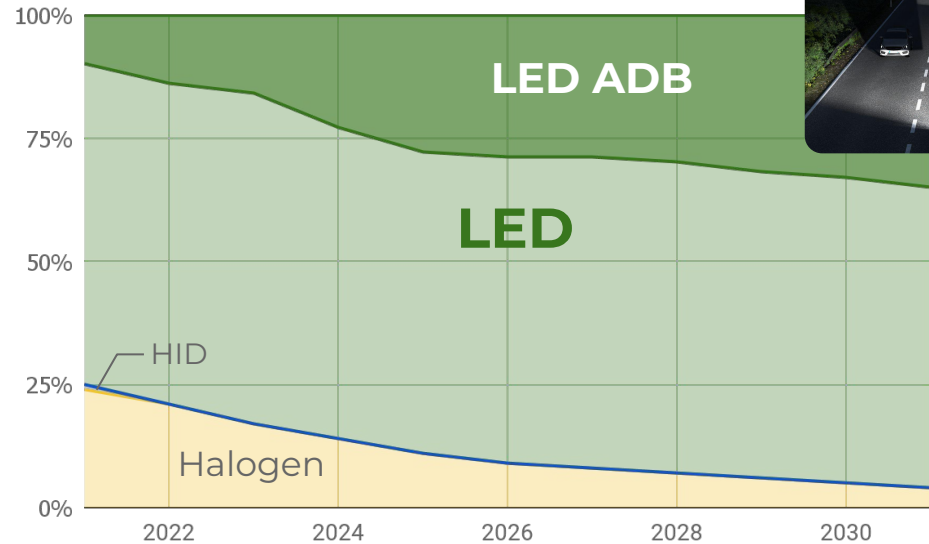
Evolution of Light Source for Headlamps and Rear combination lamps

(Ichikoh estimate)

Japan



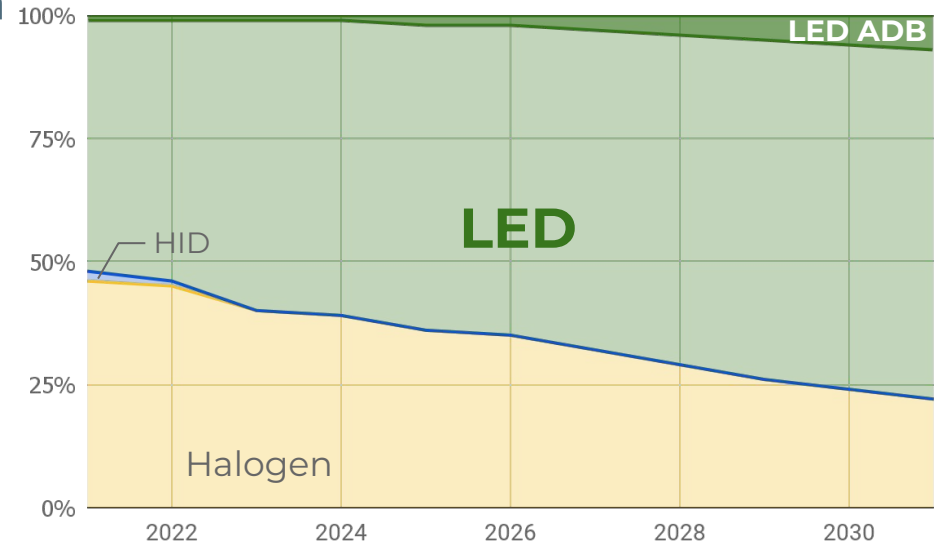
Head Lamp



Asean



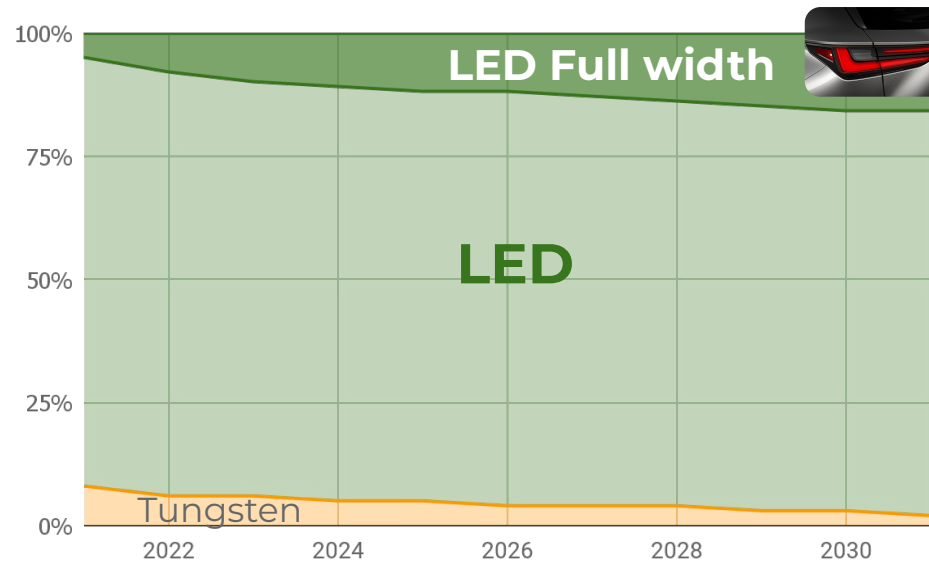
Head Lamp



Japan



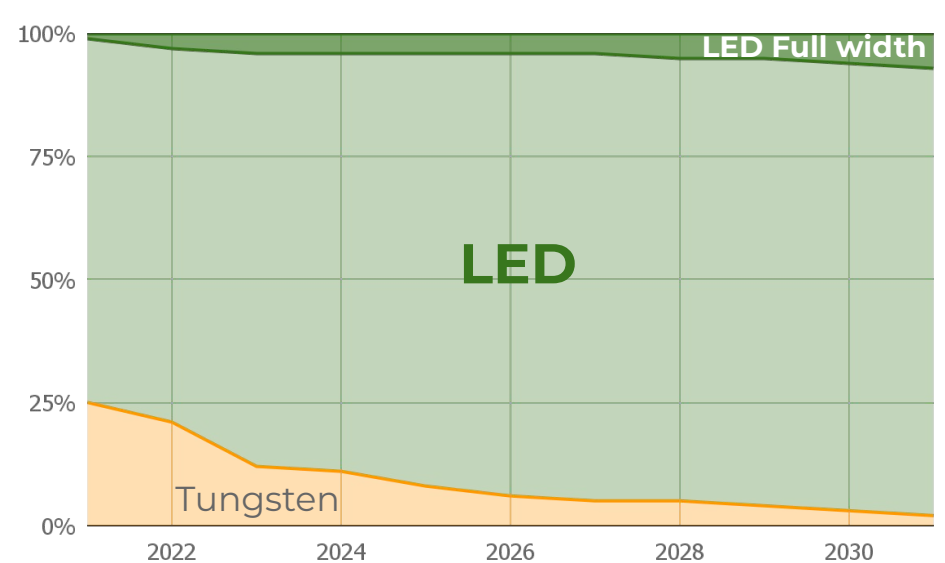
Rear Lamp



Asean

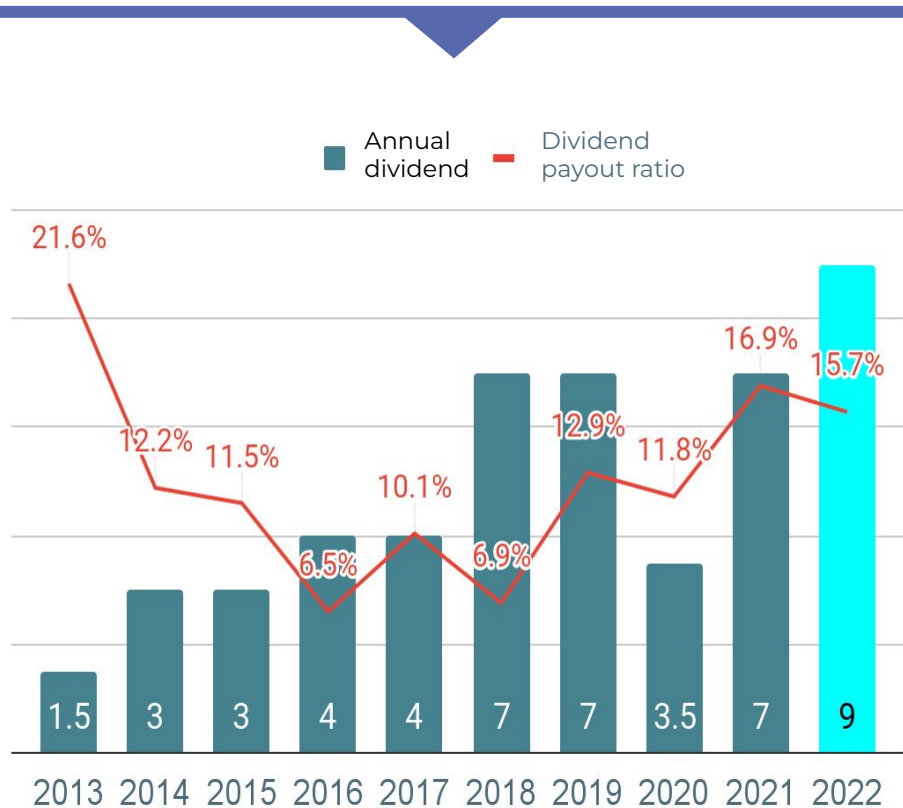


Rear Lamp



Dividend policy and payout ratio

Dividends (Unit: yen/share)



Basic Policy

- (1) Increase the enterprise value by active R&D and capital investments utilizing internal reserves
 - (2) Improve the profit payout to shareholders
- Concurrently achieve both (1) and (2)

Year-end of FY2021 dividend

- ✓ Needed funds for active technology developments to survive in the intense competitive environment
- ✓ Intended to increase the dividend payout ratio compared to the previous year
- ✓ Resumption of annual dividend to 7 yen per share

Dividend forecast of FY2022

- ✓ Projects increase of sales and profits
- ✓ Targets further improvement of payout ratio
- ✓ Plans year-end dividend of 9 yen per share with 2 yen increase

03 Plan to meet the Listing Criteria of Prime Market



Select the Prime Market

Consider impacts on stock price, brand image of the Company, employment, employee's motivation and Company's credibility
Aim for sustainable growth and medium- to long-term enhancement of corporate value driven by “constructive dialogue with investors”

1

Achievement of Listing Criteria (Prime)

Ensure tradable shares ratio 35%:

- 1) Sales in the market, or
- 2) Request of declaration that the shareholding is for pure investment purpose

2

Development of Governance Systems

Ratio of independent director: raise from 20% to 1/3

Compensation Committee (established): Have majority of the member be independent directors and outside advisor

Conflicts of Interest Monitoring Committee (established): Add the independent directors as member

Nominating Committee (not established): Item to be explained

3

Efforts for Sustainability

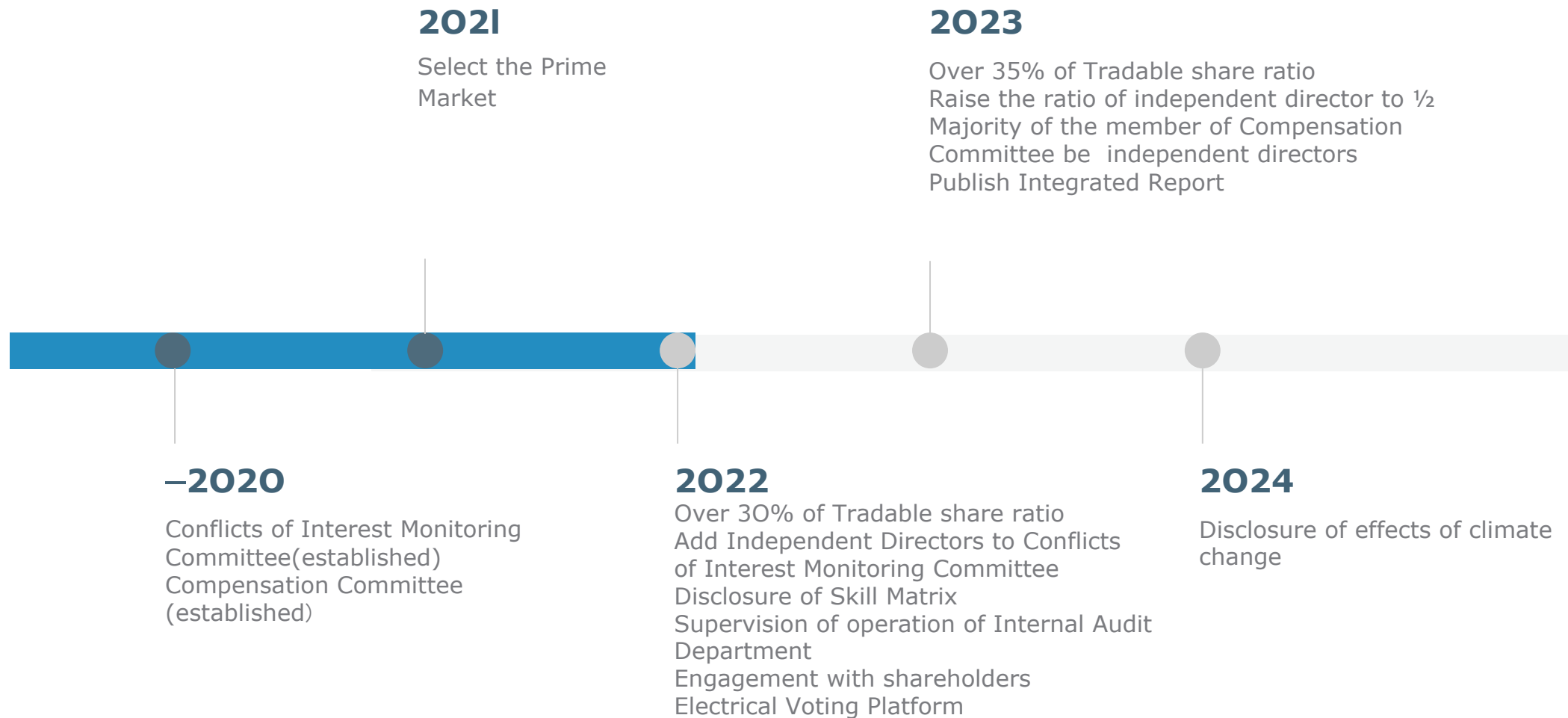
Efforts and disclosure of sustainability: Prepare Integrated Report (Disclosure equivalent level to TCFD)

Diversity of BOD: Disclosure of skill matrix

*

* (Reference) At present, we hold meetings consisting solely of independent directors to share information and exchange opinions among independent directors in order to form opinions.

Schedule



Disclaimer regarding forecasted figures

- Material contained in this presentation such as financial projections that are predictive in nature are based on information available at the current date and assumptions judged to be reasonable; and therefore, actual performance may differ due to numerous factors.
- Please use your own judgement when using this information. Ichikoh Industries, Ltd. cannot be held responsible for any losses incurred resulting from investment decisions made based on these forward looking statements.
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