



Investor Relations Meeting FY2022 Financial Results

**March 15th, 2023
Ichikoh Industries, Ltd.**

VISION IN MOTION



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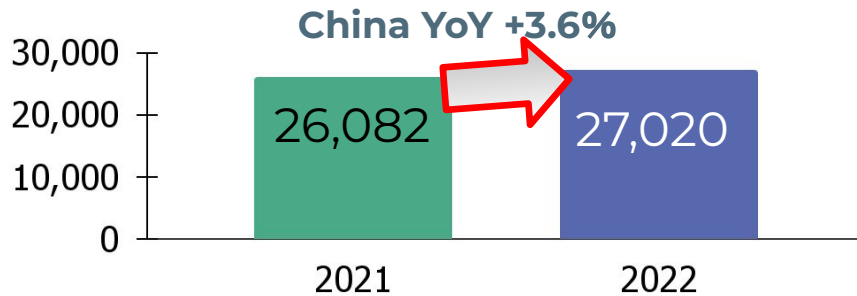
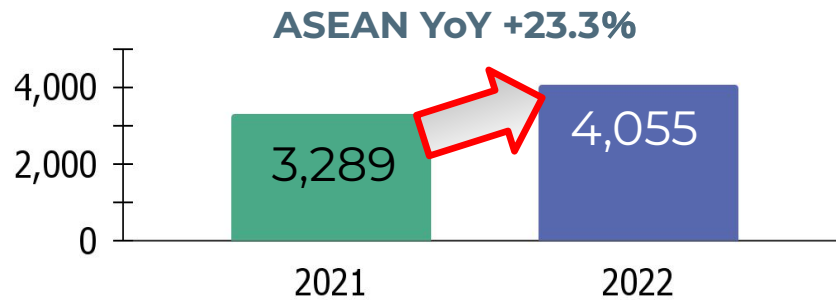
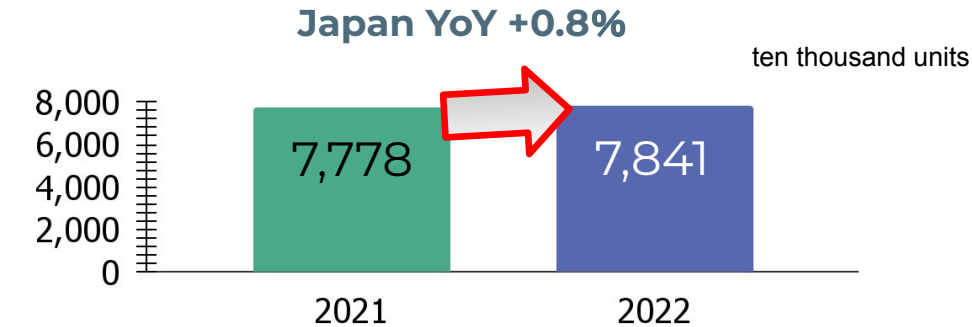
- ① FY2022 Financial Results (Jan~Dec)
- ② FY2023 Financial Forecast (Jan ~ Dec)
- ③ Growth strategy for the future
- ④ Progress in meeting Prime Market listing criteria

01 FY2022 Financial Results

(January~December 2022)

SALES OUTPERFORMANCE VS MARKET

2022 Sales outperformance vs Market*



*Production volume from Marklines

2022 Sales outperformance vs Market

2022 vs 2021	Total Sales	Market Production volume increase	Sales out performance vs Market production volume
Ichikoh Group	9.7%	4.3%	5.4 pt

2022 vs 2021	Sales Excl. tooling and R&D Variance	Market Production volume increase	Sales out performance vs Market production volume
Japan	4.1%	0.8%	3.3 pt
ASEAN*	39.9%	23.3%	16.6 pt
China	7.1%	3.6%	3.5 pt

*ASEAN: Indonesia, Malaysia, Thailand

Sales outperforming the market by +5.4pts in 2022 and in every region, with strong acceleration of our Asean Growth Engine (+16.6pts vs Market)

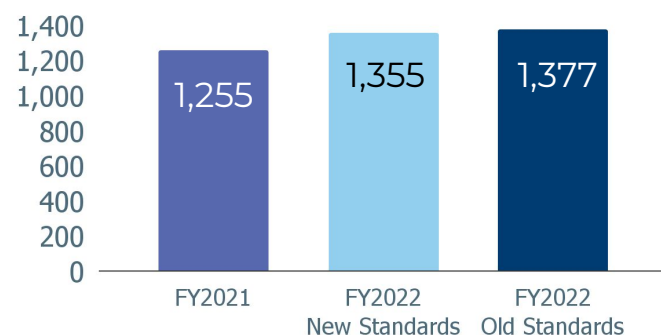
FY2022 FINANCIAL RESULT (YEAR-ON-YEAR) - Growth in a changing world

- ◆ Significant Growth achieved with +9.7% higher Sales vs 2021
- ◆ Operating Income impacted by the changes of global economy: adverse effect of inflation on Energy and Raw materials as well as weakening of the JPY deteriorating competitiveness of imported components

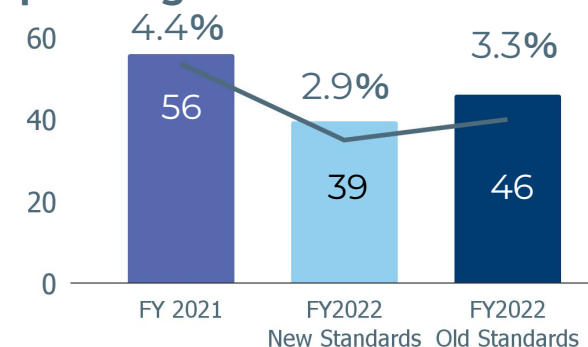
Hundreds million yen

Hundreds million yen	FY 2021 (Jan.~Dec. 2021)	FY2022 (New accounting standards) (Jan.~Dec. 2022)	FY2022 (Old accounting standards) (Jan.~Dec. 2022)	Increase/Decrease (Old standards vs. previous year)		Increase /Decrease %
Sales	1,255	1,355	1,377	①	122	9.7%
Operating Income	56	39	46	②	▲10	▲18.2%
Operating Income (%)	4.4%	2.9%	3.3%	②/①	▲8.3%	▲1.1 pt.
Ordinary Income	65	54	60		▲5	▲7.7%
Net Income belonging to Parent company's shareholder	40	44	51		11	27.5%

Sales



Operating Income

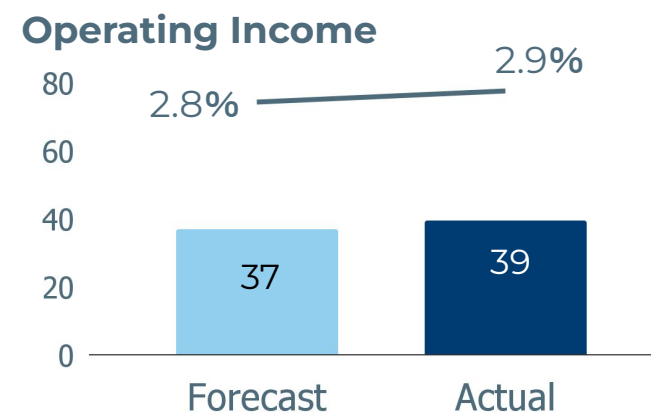
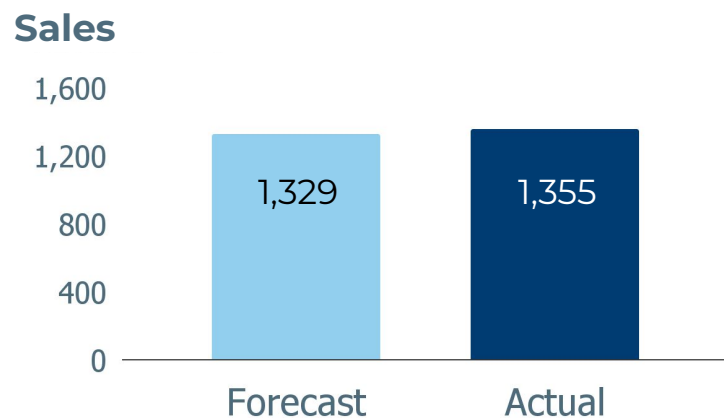


FY2022 FINANCIAL RESULT (VS. FORECAST) - Revised Guidance **Overachieved**

- ◆ Sales +1.9% above Forecast despite components shortage at customers & Covid-19 supply chain disruptions
- ◆ Net Income exceeding guidance, spurred by higher equity contribution from affiliates as well as deferred tax assets recognition in Overseas

Hundreds million yen

	FY2022 Forecast (Jan. ~ Dec. 2022) <small>* Forecast announced in TSE on Oct. 19, 2022</small>	FY2022 Actual (Jan. ~ Dec. 2022)	Increase /Decrease (vs. forecast)		Increase /Decrease %
Sales	1,329	1,355	①	26	1.9%
Operating Income	37	39	②	2	6.4%
Operating Income (%)	2.8%	2.9%	②/①	9.3%	0.1 pt
Ordinary Income	45	54		9	18.9%
Net Income Attributable to the Parent Company	31	44		13	42.7%

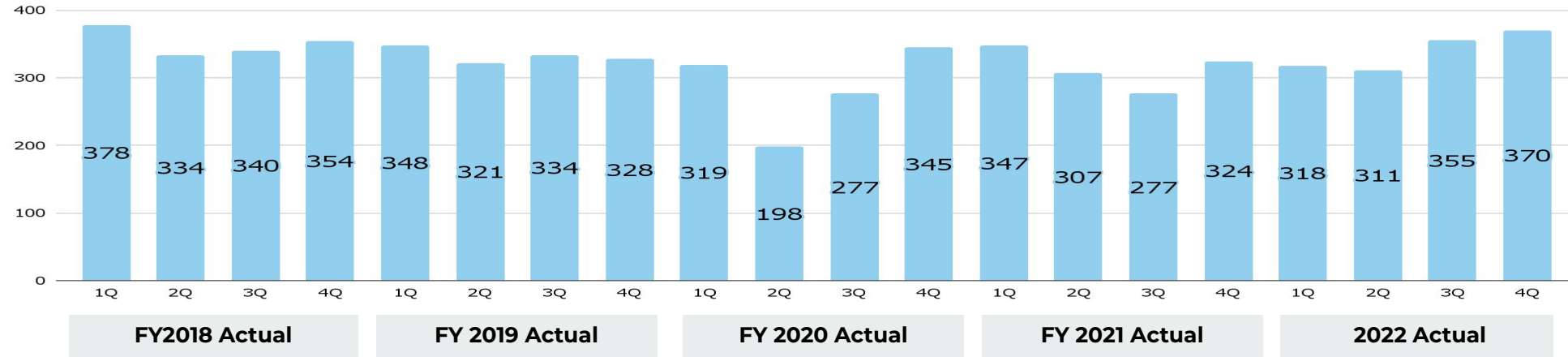


TREND IN QUARTERLY FINANCIAL RESULTS

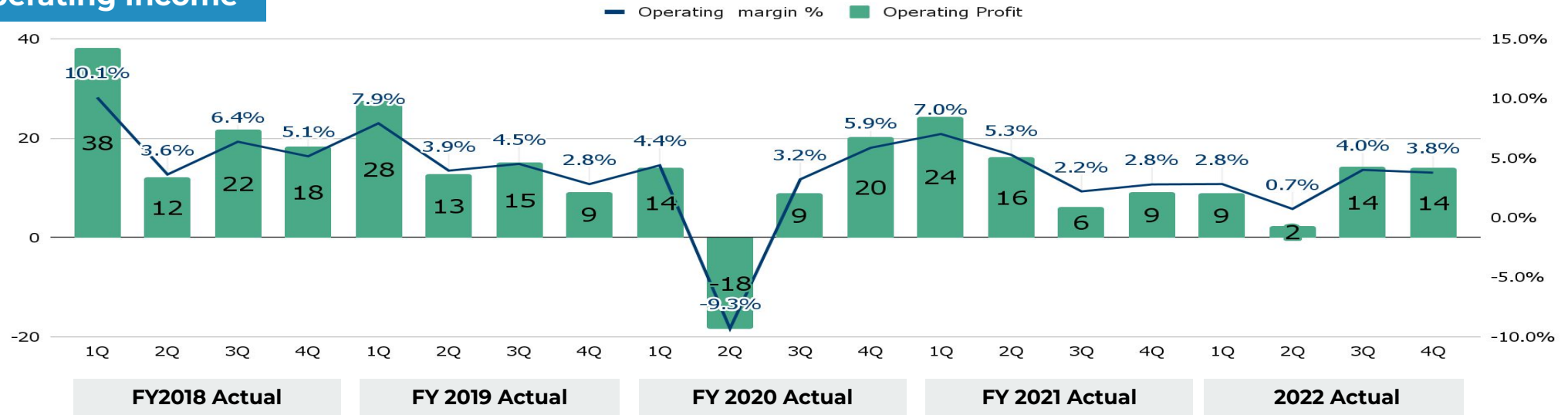
Sales

- ◆ While Historical activity profile shows a stronger activity in Q1 and Q4, FY2022 is characterized by a stronger S2 period

Hundreds million yen

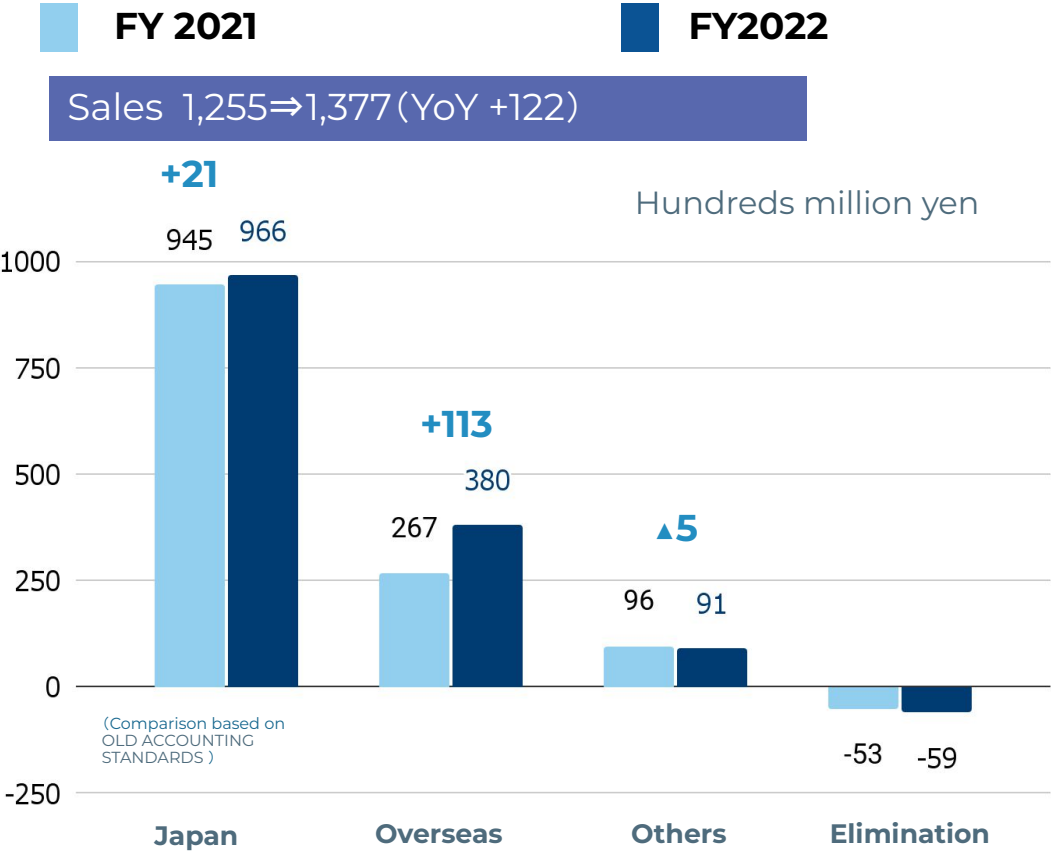


Operating Income

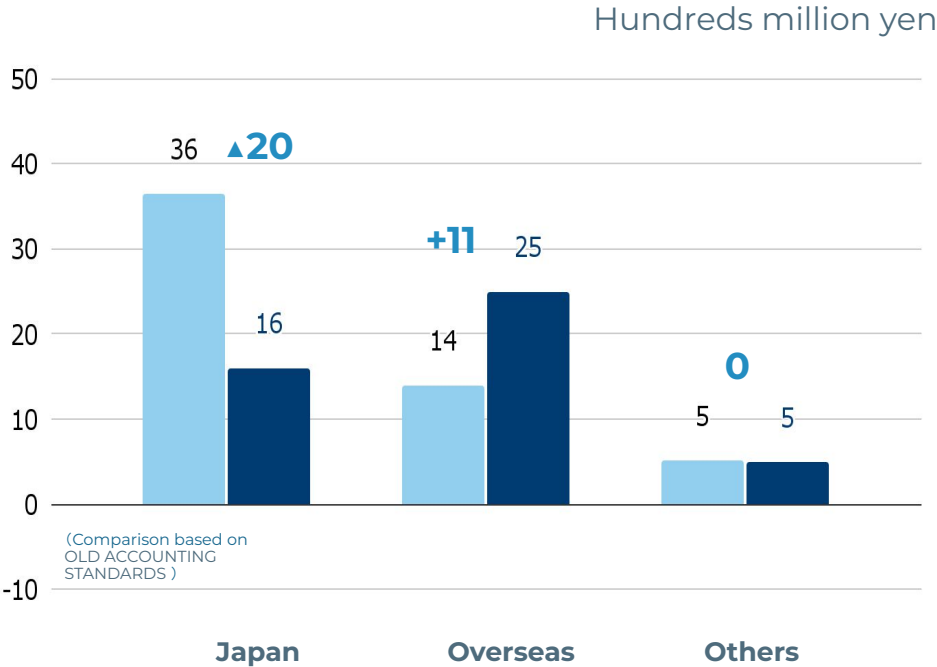


FY2022 RESULT BY REGION vs FY 2021 (Comparison based on Old Accounting standards)

- ◆ Japan: performance lowered by the adverse impact of weaker JPY on import components as well as raging inflation on energy and raw materials
- ◆ Overseas: improvement driven by ASEAN, benefiting from a growth faster than market thanks to new SOPs



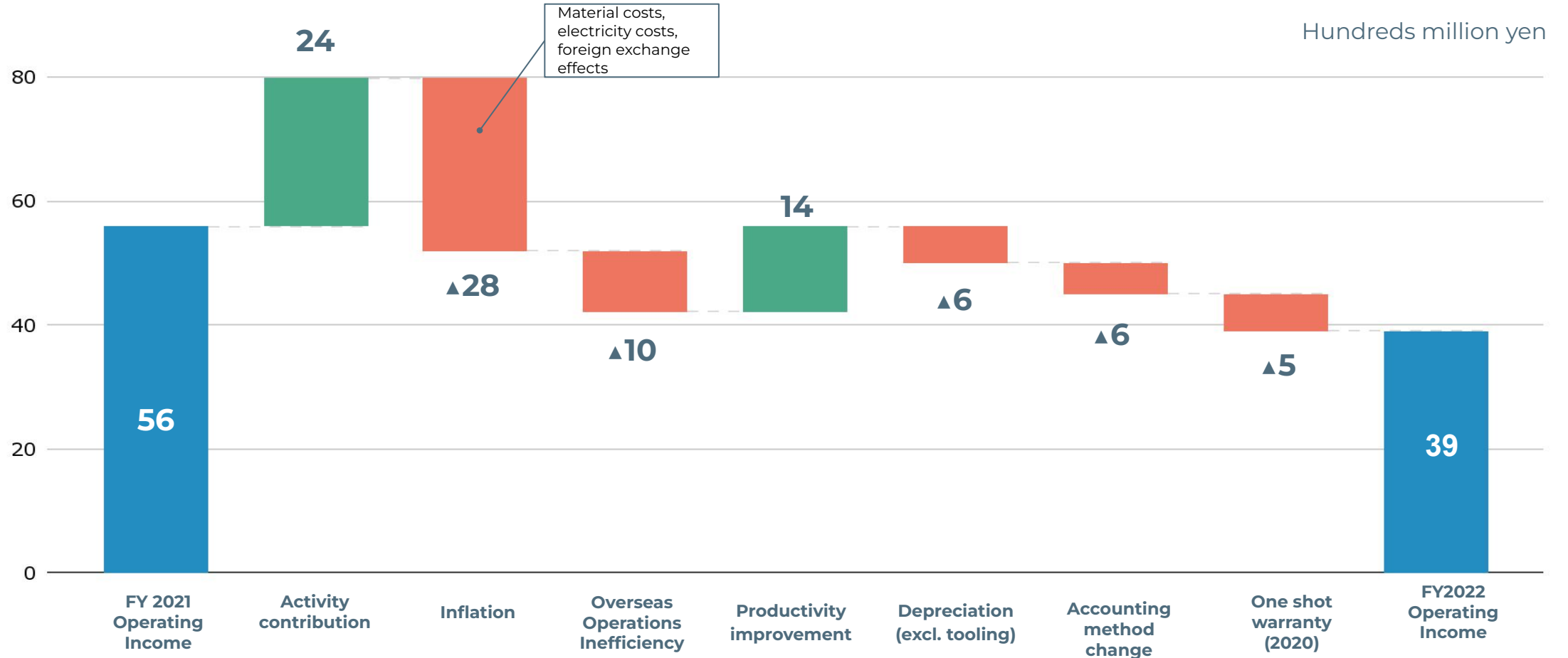
Operating Income 56 ⇒ 46 (YoY ▲10)
Operating Income % 4.4% ⇒ 3.3% (YoY ▲1.1 pt.)



Japan: Ichikoh non-consolidated (Isehara • Fujioka • Mirror • HQ), Overseas : Indonesia • Malaysia • Thailand • China
 Others : Automotive aftermarket business (PIAA) and Bulb business (Life Elex) were included until 2021

OPERATING INCOME - 2022 vs 2021

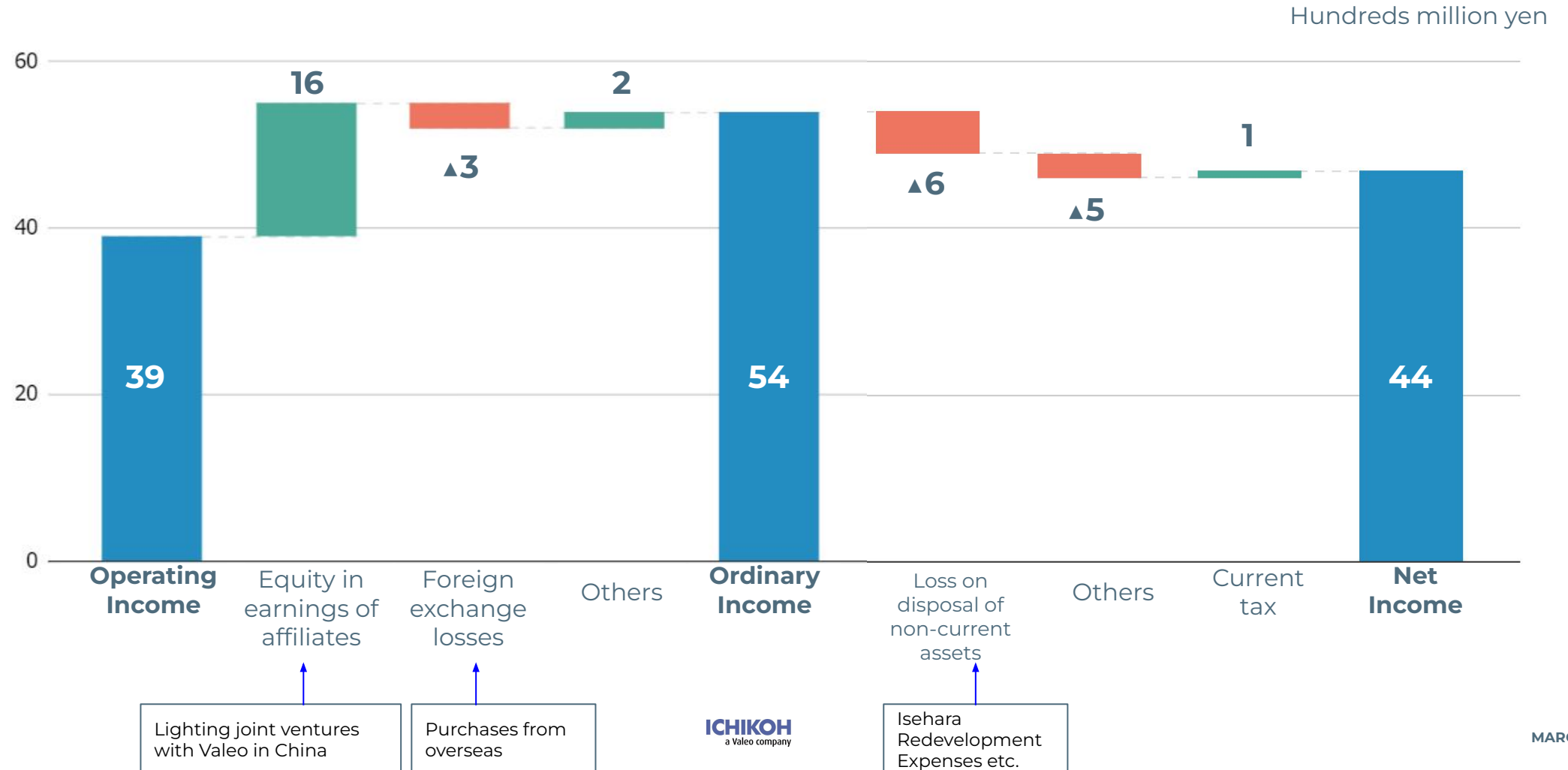
- ◆ Benefits from the **Rapid Growth** and **Productivities in Japan** could not fully offset the impacts from **inflation** (Semiconductors, Forex, Energy...) and the **inefficiencies in overseas** related to the numerous SOP and lockdown in China



FY2022 FINANCIAL RESULTS POINTS

【Operating Income~Ordinary Income~Net Income】

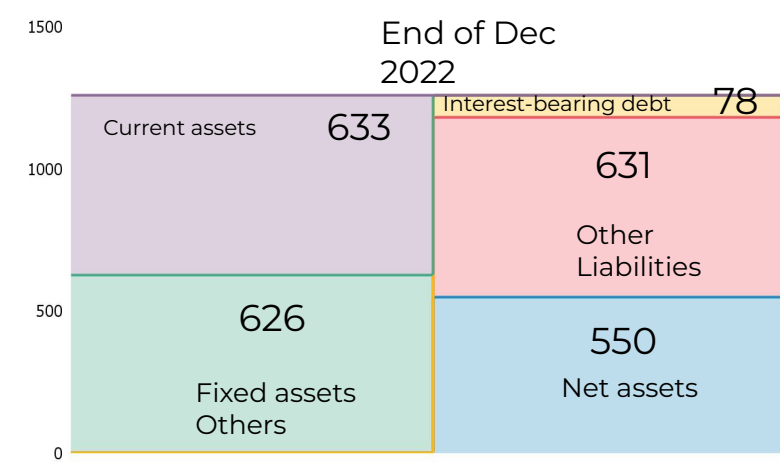
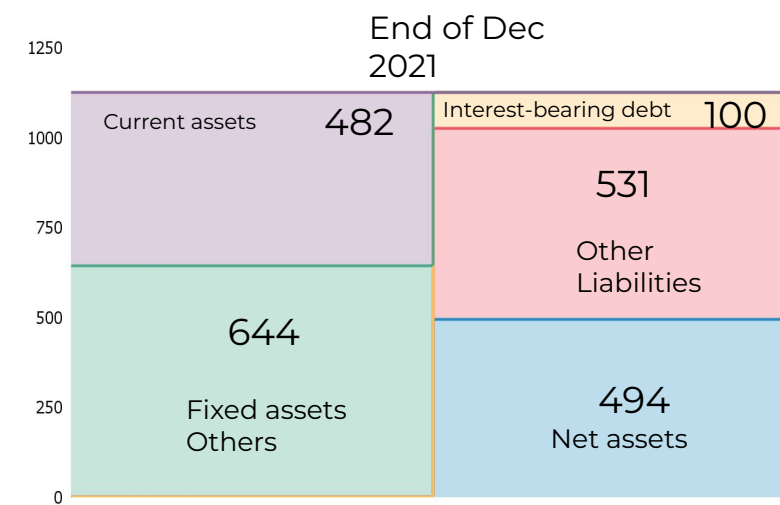
- ◆ Ordinary Income is benefiting from +1.6BY equity earnings from Lighting JV in China
- ◆ Net income is affected by costs related to the redevelopment of the Isehara plant



CONSOLIDATED BALANCE SHEET (COMPARISON WITH PREVIOUS PERIOD)

	End of Dec 2021	End of Dec 2022	Increase/ Decrease
Cash and equivalents	57	86	29
Inventory	109	135	26
Tangible and Intangible Fixed Assets	463	425	▲38
Others	496	613	117
Total Assets	1,125	1,259	134
Interest Bearing Debt	100	78	▲22
Other Liabilities	531	631	100
Total Liabilities	631	709	78
Shareholders' Equity	514	561	47
Accumulated other comprehensive income	▲26	▲18	8
Minority Interest	6	7	1
Net Assets	494	550	56

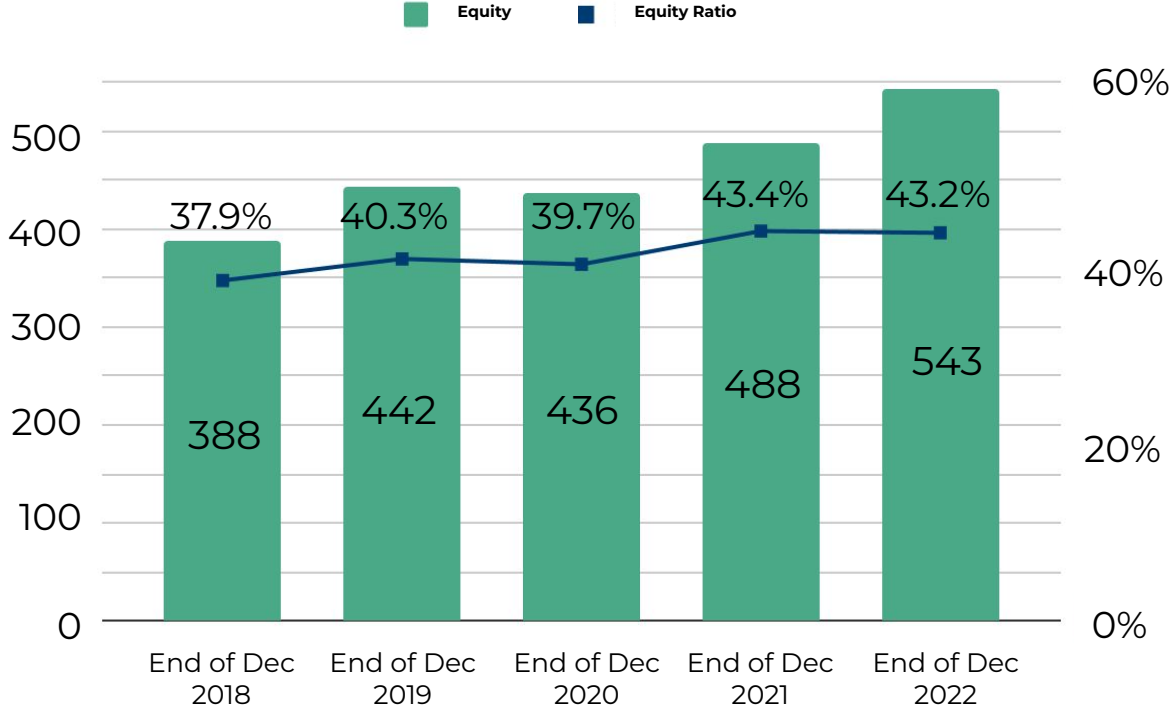
Hundreds million yen



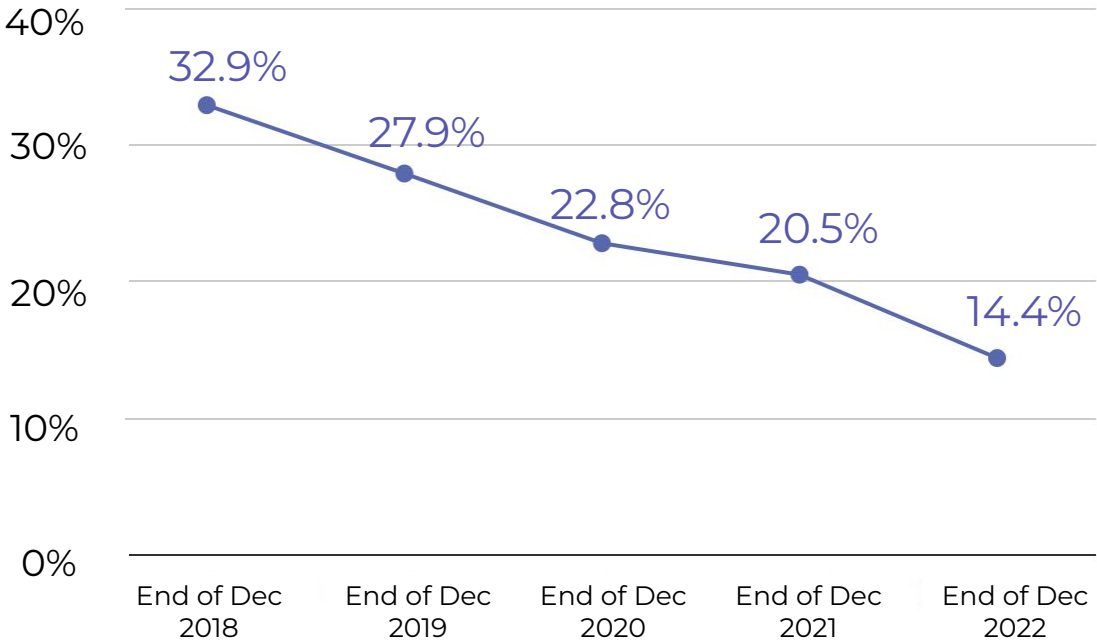
EQUITY RATIO AND D/E RATIO

Equity ratio maintained above 40%

Hundreds million yen

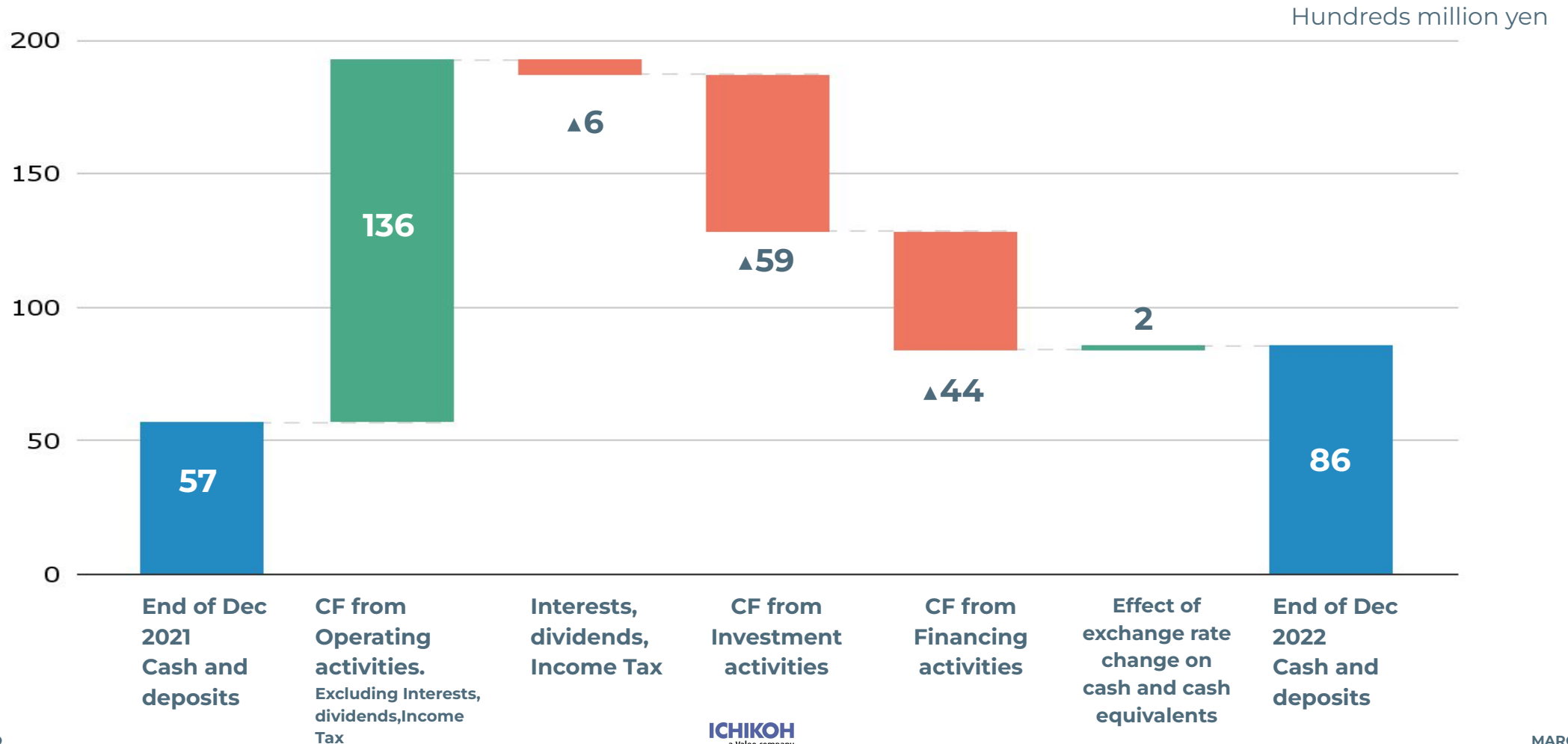


D/E ratio steadily improved



FY2022 Consolidated Statement of Cash Flow (Year-on-Year Comparison of “Changes in Cash”)

- ◆ ¥ 13.6 billion operating CF (including interest, dividends and income tax) used to fund investing activities of ¥ 5.9 billion and financing activities of ¥ 4.4 billion (repayment of borrowings of ¥ 4.3 billion)
- ◆ Cash and deposits at the end of the period increased by ¥ 2.9 billion



02 FY2023 Financial Forecast (January ~ December 2023)

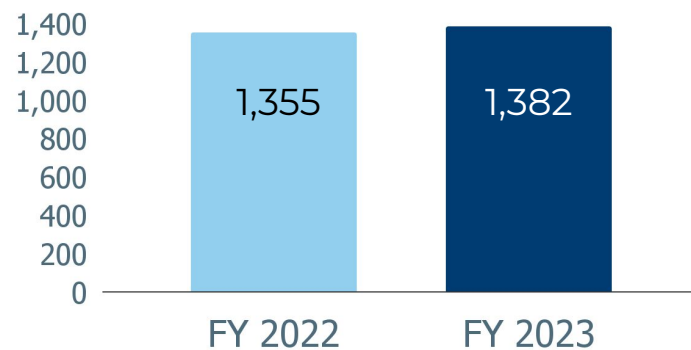
FY2023 CONSOLIDATED FORECAST

- ◆ While the Forecast includes only 4 months of Mirror activity (due to the Sale of Mirror business), it is expected that both Sales and Operating Income will exceed FY2022

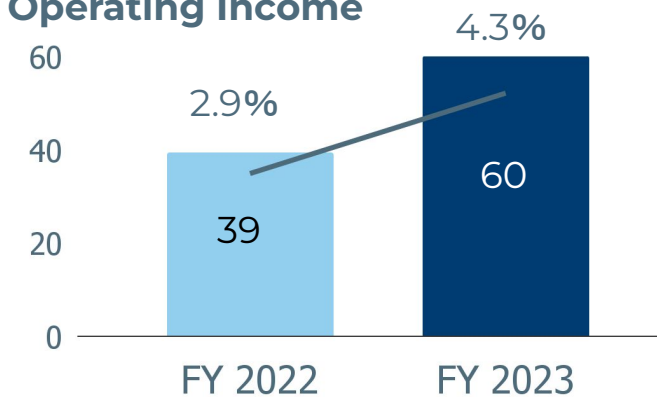
Hundreds million yen

	FY 2022 (Jan.~Dec. 2022)	FY 2023 (Jan.~Dec. 2023)	Increase /Decrease		Increase /Decrease %
Sales	1,355	1,382	①	27	2.0%
Operating Income	39	60	②	21	52.4%
Operating Income (%)	2.9%	4.3%	②/①	75.0%	1.4 pt
Ordinary Income	54	75		21	40.2%
Net Income belonging to Parent company's shareholder	44	55		11	24.3%

Sales



Operating Income



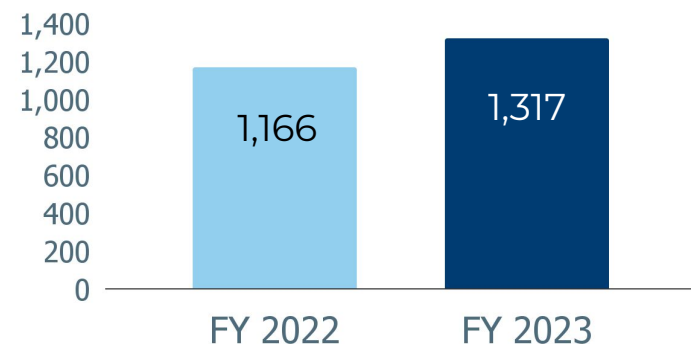
FY2023 CONSOLIDATED FORECAST (excluding MIRROR)

- ◆ When excluding Mirror activity, both Sales and Operating Income will increase significantly, driven by the volume recovery, the launches of new models and the successful inflation passthrough effect on prices

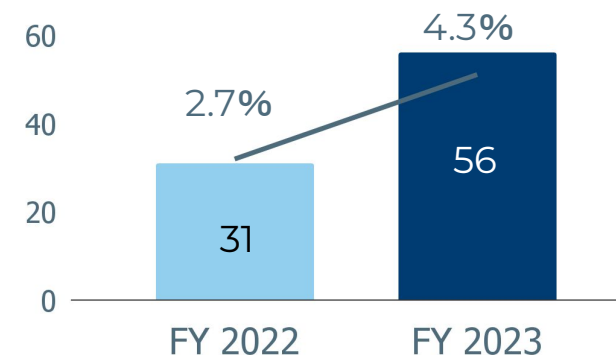
Hundreds million yen

	FY 2022 (Jan.~Dec. 2022)	FY 2023 (Jan.~Dec. 2023)	Increase /Decrease		Increase /Decrease %
Sales	1,166	1,317	①	151	13.0%
Operating Income	31	56	②	25	80.6%
Operating Income (%)	2.7%	4.3%	②/①	16.6%	1.7 pt

Sales

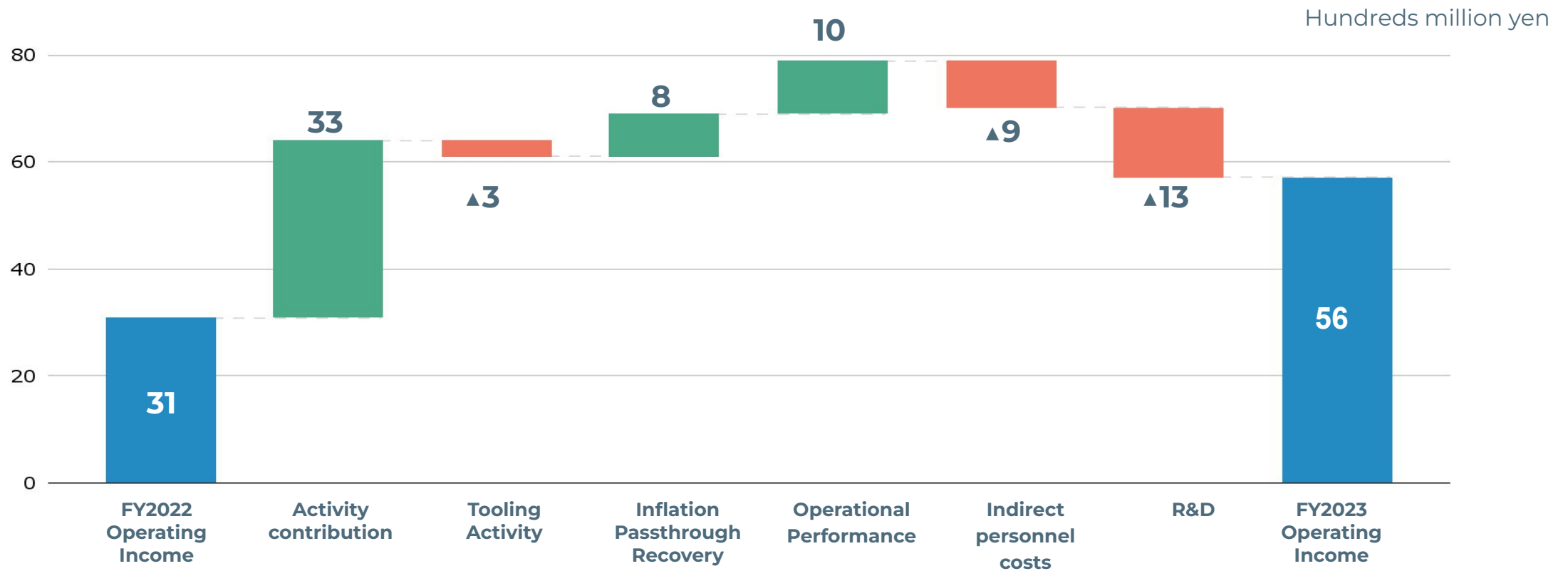


Operating Income



FY2023 FORECAST BRIDGE FOR OPERATING INCOME

(YEAR-ON-YEAR, **excluding MIRROR**)



- ◆ Additional contribution from **Sales increase**, inflation **passthrough** and industrial **productivities** are **doing more** than offsetting the **inflation** continuing on energy and spreading to personnel costs as well as the **indirect personnel costs increase** related to the ongoing growth
- ◆ Increasing R&D expenses driven by **new projects** but also **innovation** activities

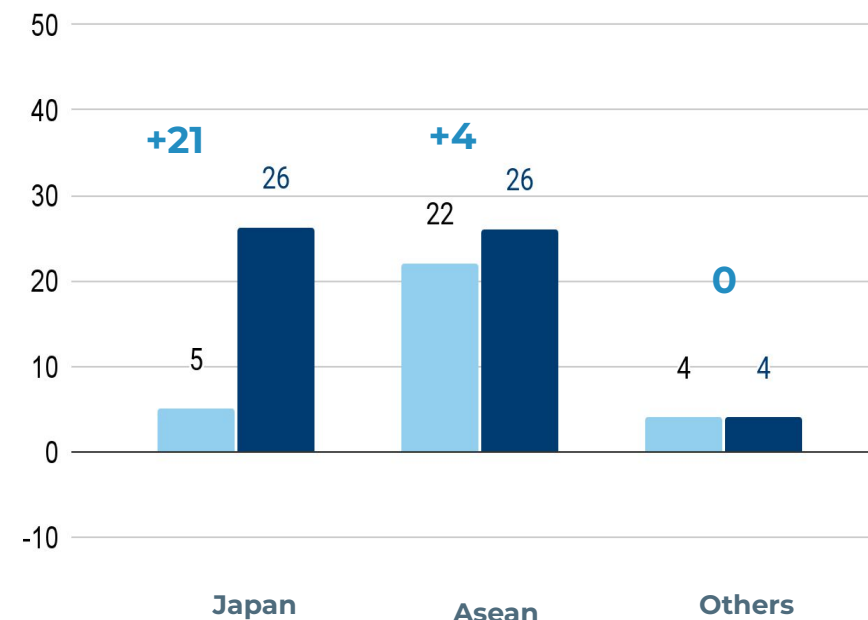
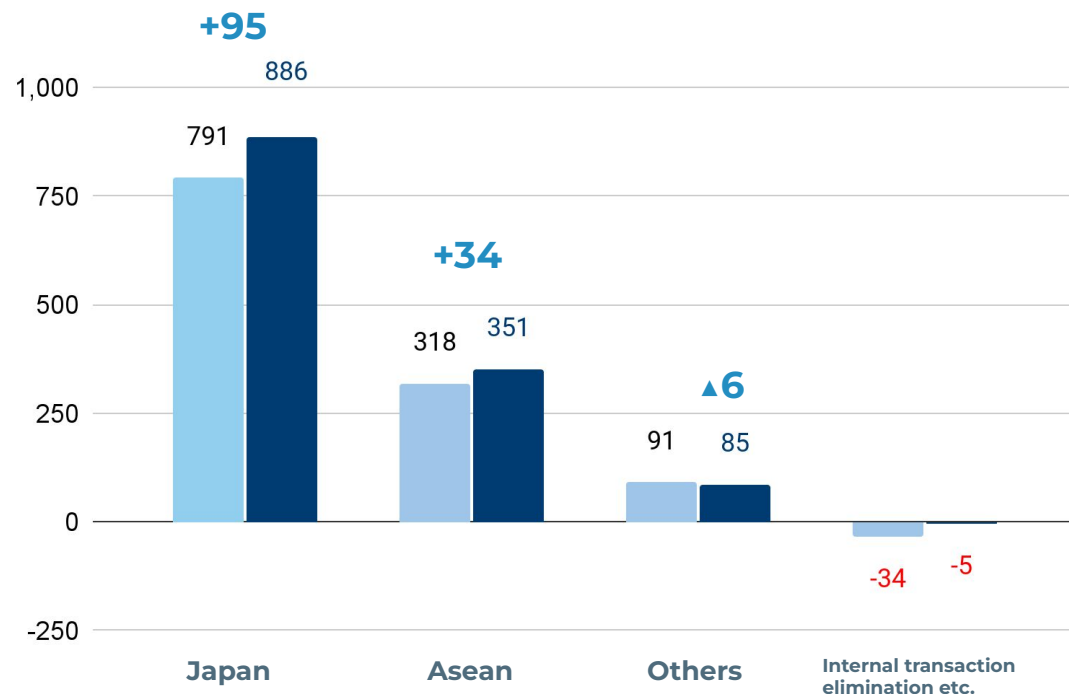
FY 2023 FORECAST BY REGION vs FY 2022 (excluding MIRROR)

■ FY2022
 ■ FY2023

Hundreds million yen

Sales 1,166⇒1,317 (YoY +151)

Operating Income 31⇒56 (YoY +25)
 Operating Income % 2.7%⇒4.3% (YoY +1.6 pt.)



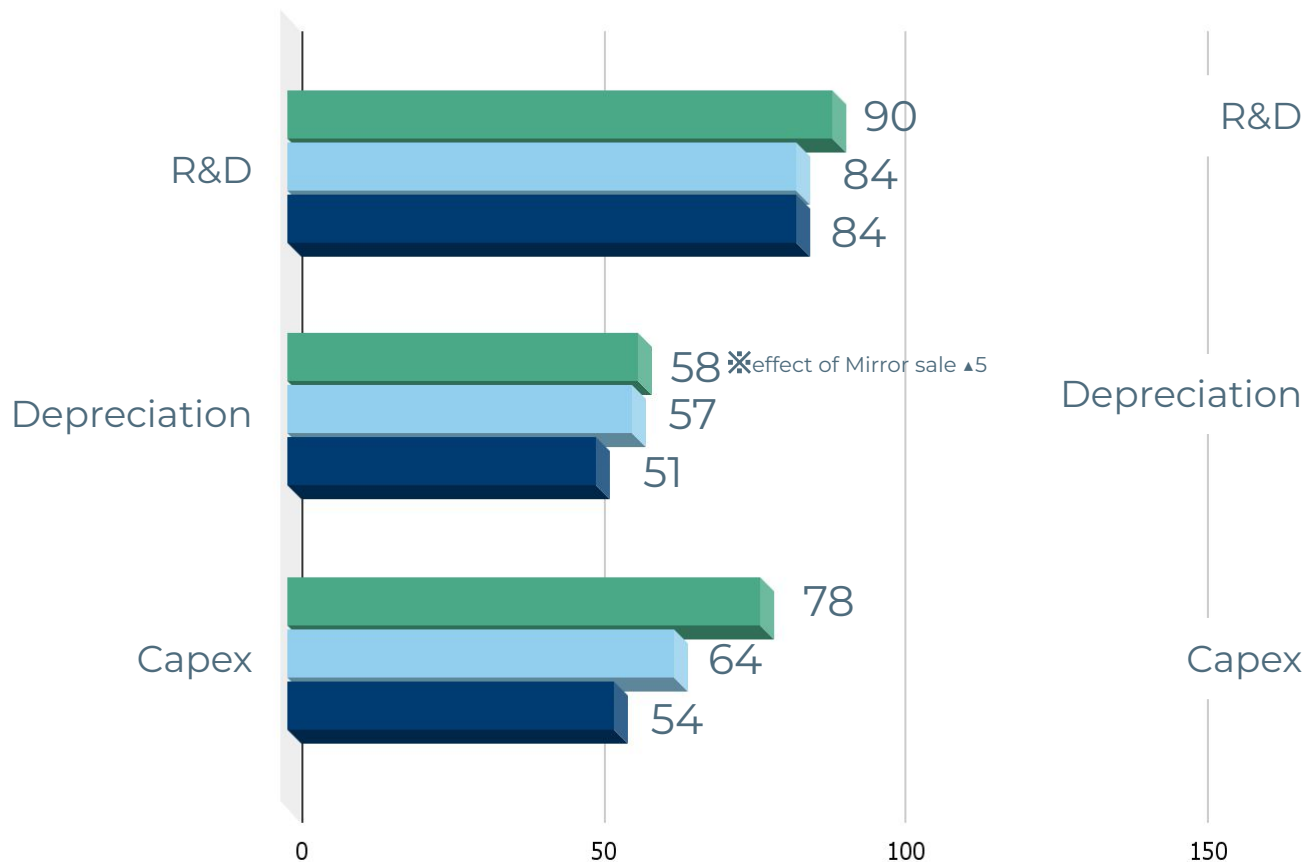
Japan: Ichikoh non-consolidated (Isehara·Fujioka·HQ), Asean : Indonesia·Malaysia·Thailand
 Others : Automotive aftermarket business (PIAA)

- ◆ Sales increase in both Japan and ASEAN driven by the **launch of new models** and **Inflation Passthrough**
- ◆ **Operating Income increase** in each region but **stronger in Japan** thanks to the phasing of inflation recovery

FY2023 R&D-DEPRECIATION-CAPEX (PLAN)

Hundreds million yen

■ 2023 Plan ■ 2022 Actual ■ 2021 Actual



✓ **Containment of R&D expenses in 2021 and 2022 to cope with Covid-19 economic slow down**
 ✓ **Increase in 2023 to enhance development of high-end products and to prepare for the new electronic system architecture to be introduced by major customers**

✓ **Depreciation in 2023 will remain stable thanks to refocus on Lighting core activities and Mirror business carve out**

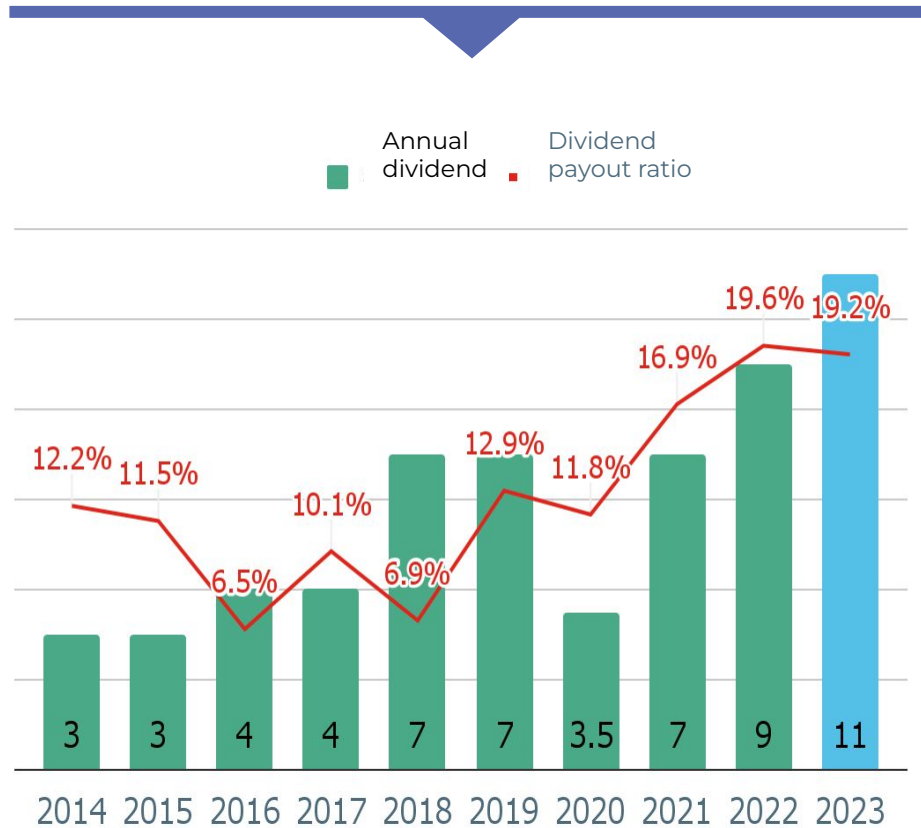
✓ **Continued investment in new Atsugi Plant**
 □ **End of FY 2021 : OEM line relocation completed (Isehara Plant => Atsugi Plant)**
 □ **FY2022~FY2023 : New line expansion due to increase in headlamp volume and automation enhancement**

*R & D includes prototype and PJ development costs
 *Capex includes investment resulting from leases

*Change in accounting standards removes tooling from depreciation and capex

DIVIDEND POLICY AND PAYOUT RATIO

Dividends (Unit: Yen/share)



Basic Policy

- (1) Increase the enterprise value through active R&D and Capital investments utilizing internal reserves
- (2) Improve the profit payout to shareholders

Concurrently achieve both (1) and (2)

FY2022 Dividend

- ✓ Needed funds for financing new technology developments necessary for our mid-term growth
- ✓ Committed to increase the dividend payout ratio compared to the previous year
- ✓ Annual dividend increased to 9 Yen per share

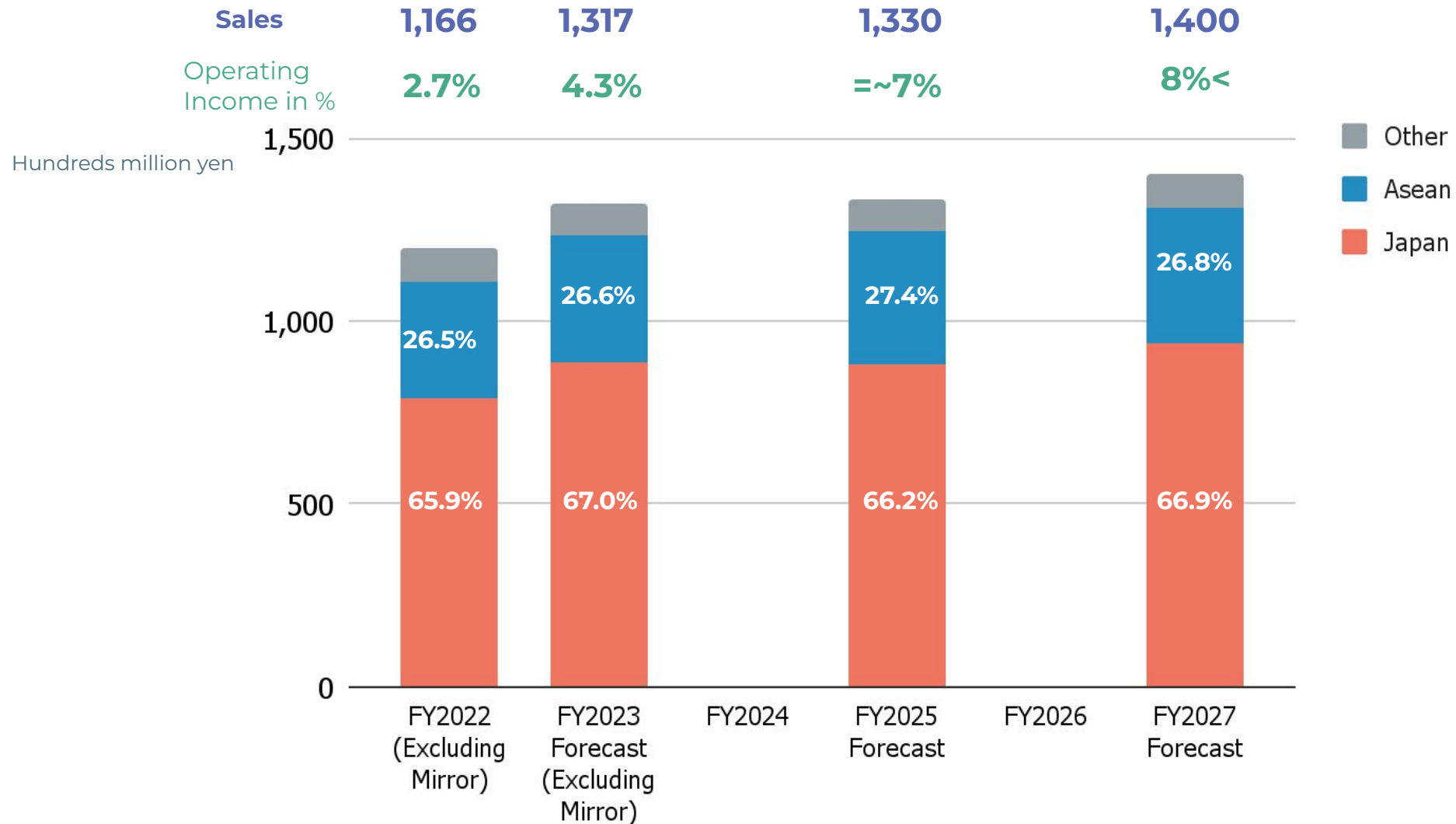
FY2023 Dividend - Forecast

- ✓ Taking into consideration the increase of Sales & Profit
- ✓ Dividend payout ratio considering the target of 20%
- ✓ Plan for year-end dividend of 11 Yen per share
=> +2 Yen increase vs. previous year
- ✓ Next payout ratio target (FY2024~): 20~25%

03 Growth strategy for the future

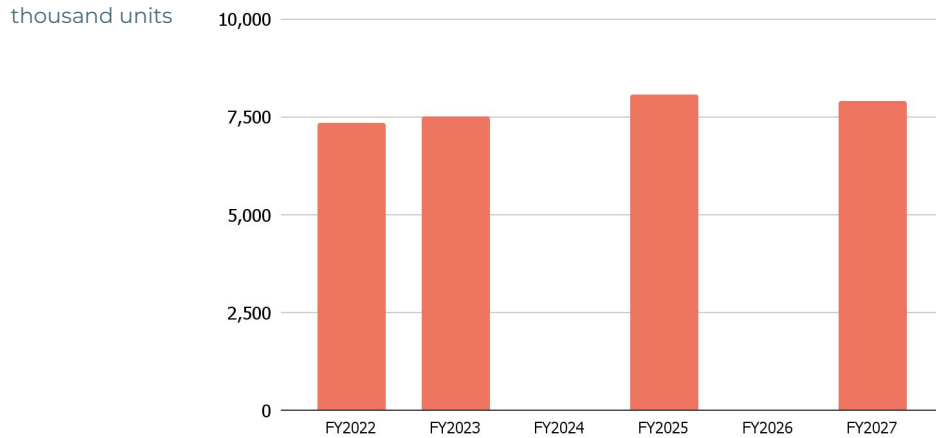
MEDIUM-TERM PLAN (Excl. Mirror)

◆ Regular and Continuous Growth expected



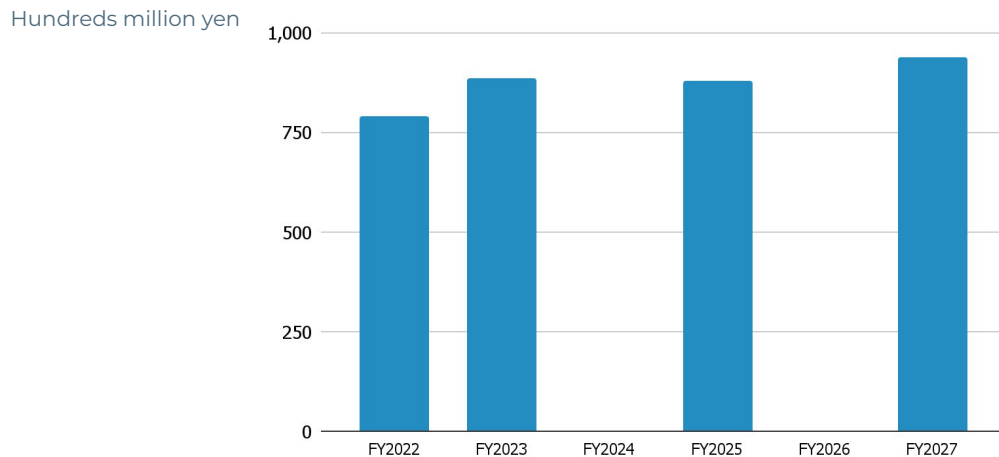
MEDIUM-TERM PLAN: JAPANESE MARKET GROWTH AND SALES IN JAPAN

Japanese market growth



CAGR
22-27
+1.4%

Japan Sales (excl. Tooling & Mirror)

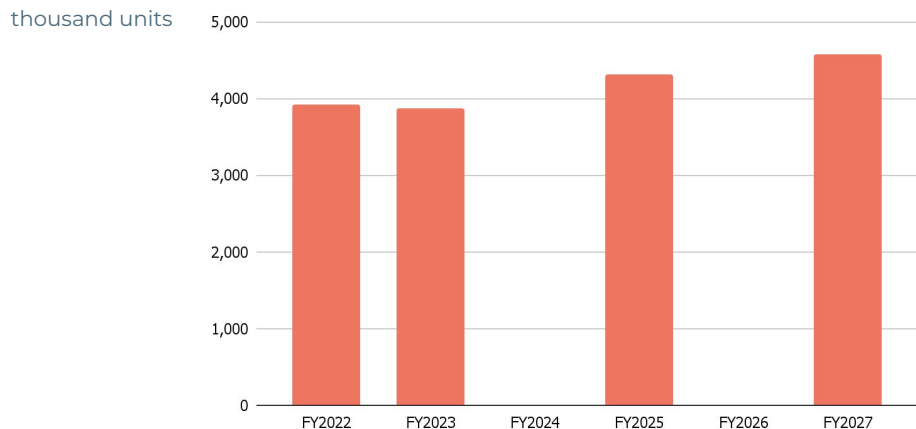


CAGR
22-27
+3.4%

- ◆ **Recentering** Ichikoh Resources on the **Lighting Core Business** will enable to **outperform** the market growth by **+2.0pt** for the period 2022-2027
- ◆ Ichikoh Growth strategy rely on 3 main pillars :
 - Increased **added value** delivered through **highly innovative** and **differentiating** products
 - Supply of the **next generation of drivers**, capitalizing on **System Architecture change of major customers**
 - Further acquisition of **global models**

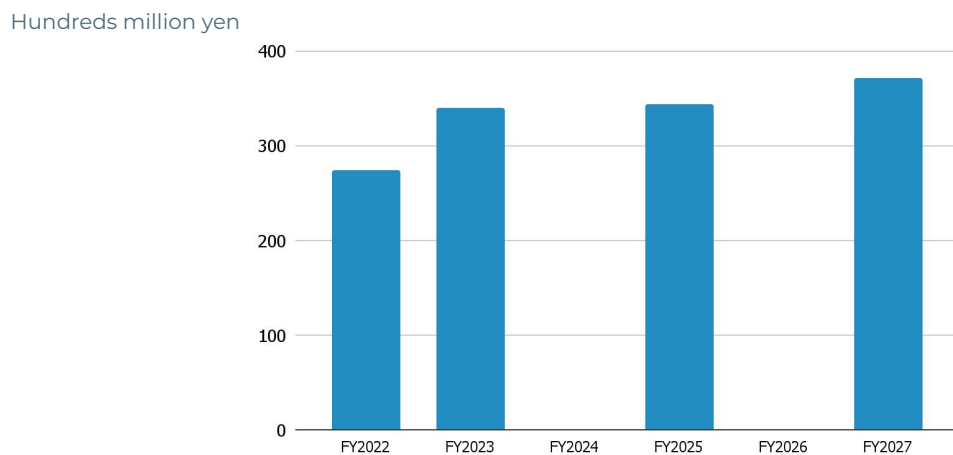
MEDIUM-TERM PLAN: ASEAN MARKET GROWTH AND SALES IN ASEAN

Asean market growth



CAGR
22-27
+3.2%

Asean Sales (excl. Tooling & Forex Impacts)

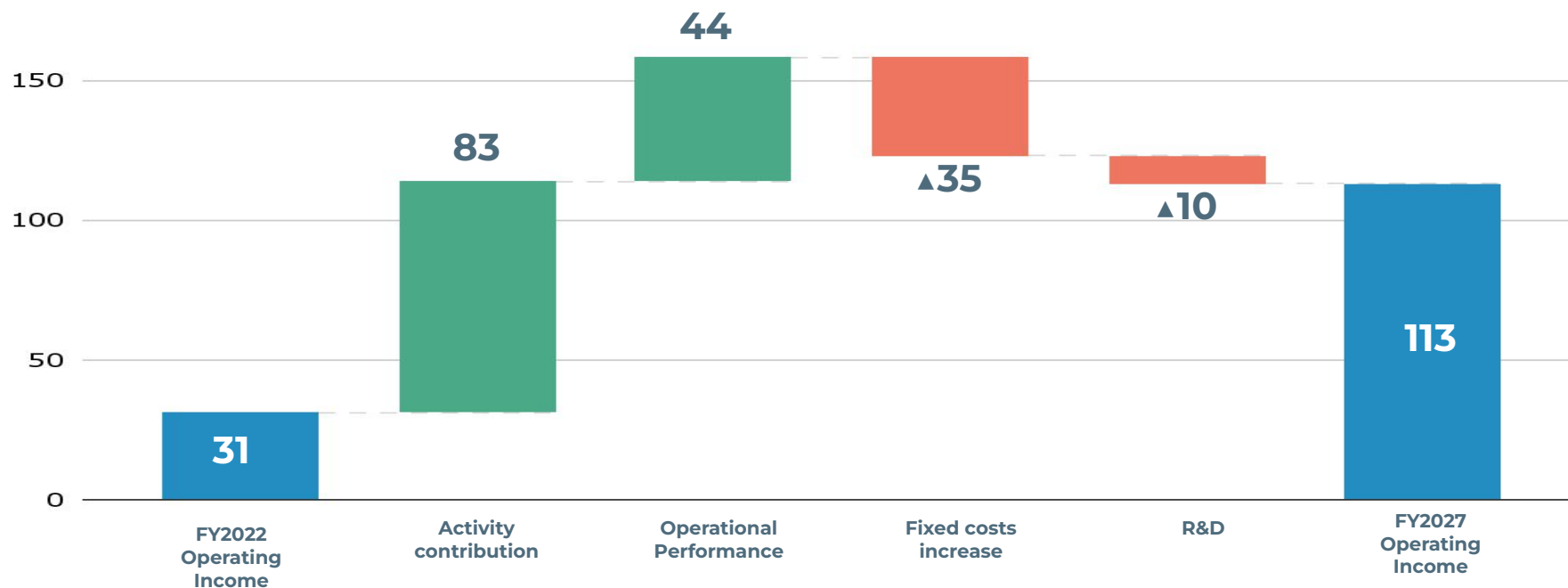


CAGR
22-27
+6.3%

- ◆ **Continued expansion** strategy in ASEAN relying on 3 pillars:
 - Capitalizing on **close relationship** with **JOEMs**
 - Further **expansion of client base** taking full opportunity of the new players entry
 - Seizing opportunities on **new markets**

MEDIUM-TERM PLAN: OPERATING INCOME (excluding MIRROR)

Hundreds million yen



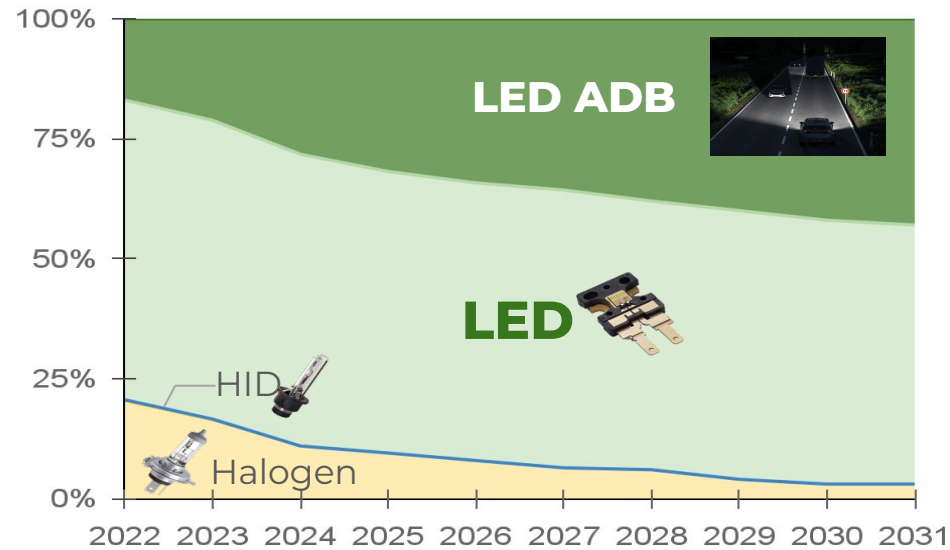
- ◆ **Profitability improvement** fueled by regular and continuous **growth** and **accelerated** thanks to **productivities** year after year
- ◆ **Controlled** increase of the **fixed costs** and **R&D** expenses:
 - Sales increase from **innovative** and **adding-value products**
 - Productivity improvement from further investments in Japan on **lean production** and **automation**
 - R&D cost control from **joint development** with Valeo and expansion of **LCC development sites**
- ◆ **Asean Stabilization** by strengthening the foundation for growth through **mother-daughter activities** and **local human resource development**

EVOLUTION OF LIGHT SOURCE FOR HEADLAMPS AND REAR COMBINATION LAMPS (Ichikoh's Market Analysis)

Japan



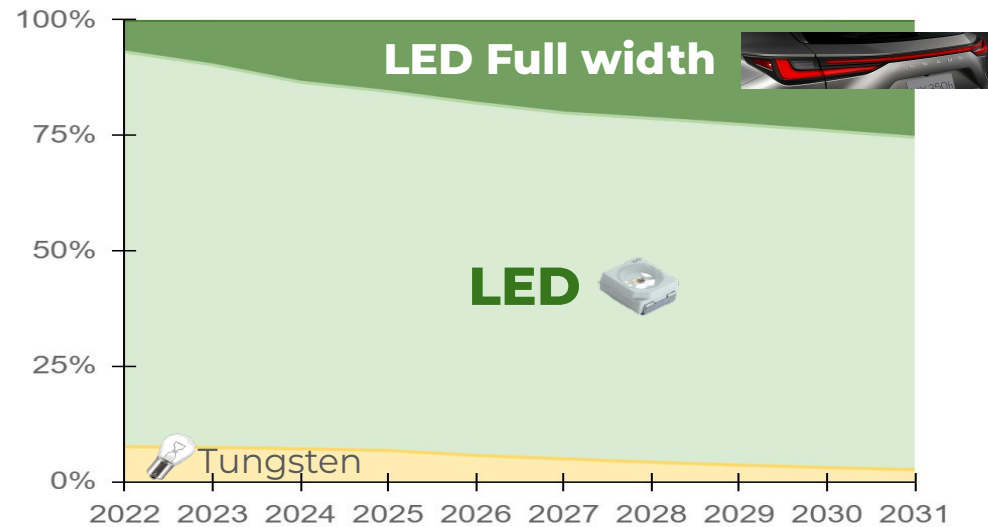
Head Lamp



Japan



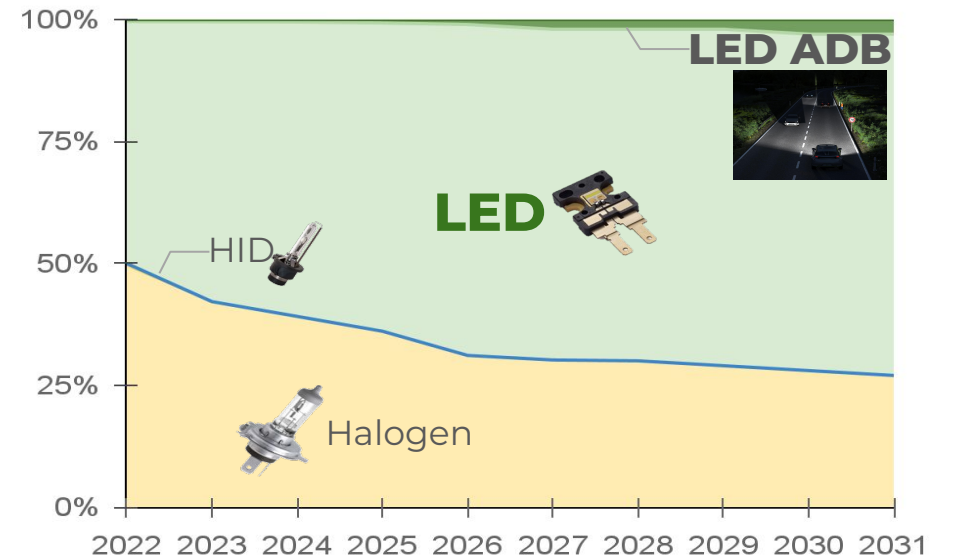
Rear Lamp



Asean



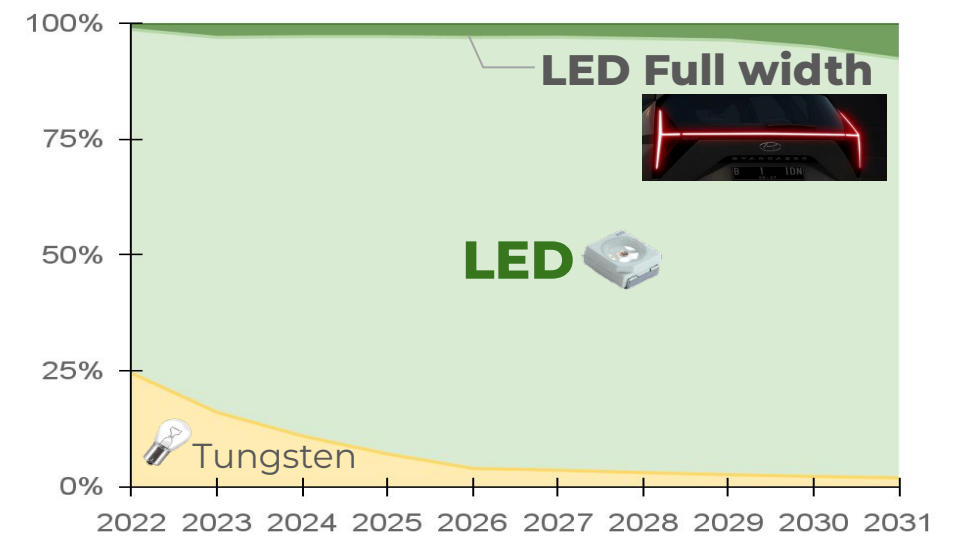
Head Lamp



Asean



Rear Lamp



04 Progress in meeting Prime Market listing criteria

PROGRESS OF THE PLAN



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%

⇒ **35.6 % as of December 31st, 2022**

The plan was achieved one year ahead of schedule

2

Development of Governance Systems

Ratio of independent director: 20%
-> 1/3

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

⇒ **Scheduled to be raised in 2023**

Conflicts of Interest Monitoring Committee (established):

⇒ **Added the independent directors and Chaired by the independent director**

3

Efforts for Sustainability

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

⇒ **Scheduled for publication in 2023 as planned**

Diversity of BOD:

⇒ **Disclosed Skills Matrix in 2022**

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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