



# **2023 First Half Financial Results Investor Relations Meeting**

**September 8, 2023  
Ichikoh Industries, Ltd.**

VISION IN MOTION



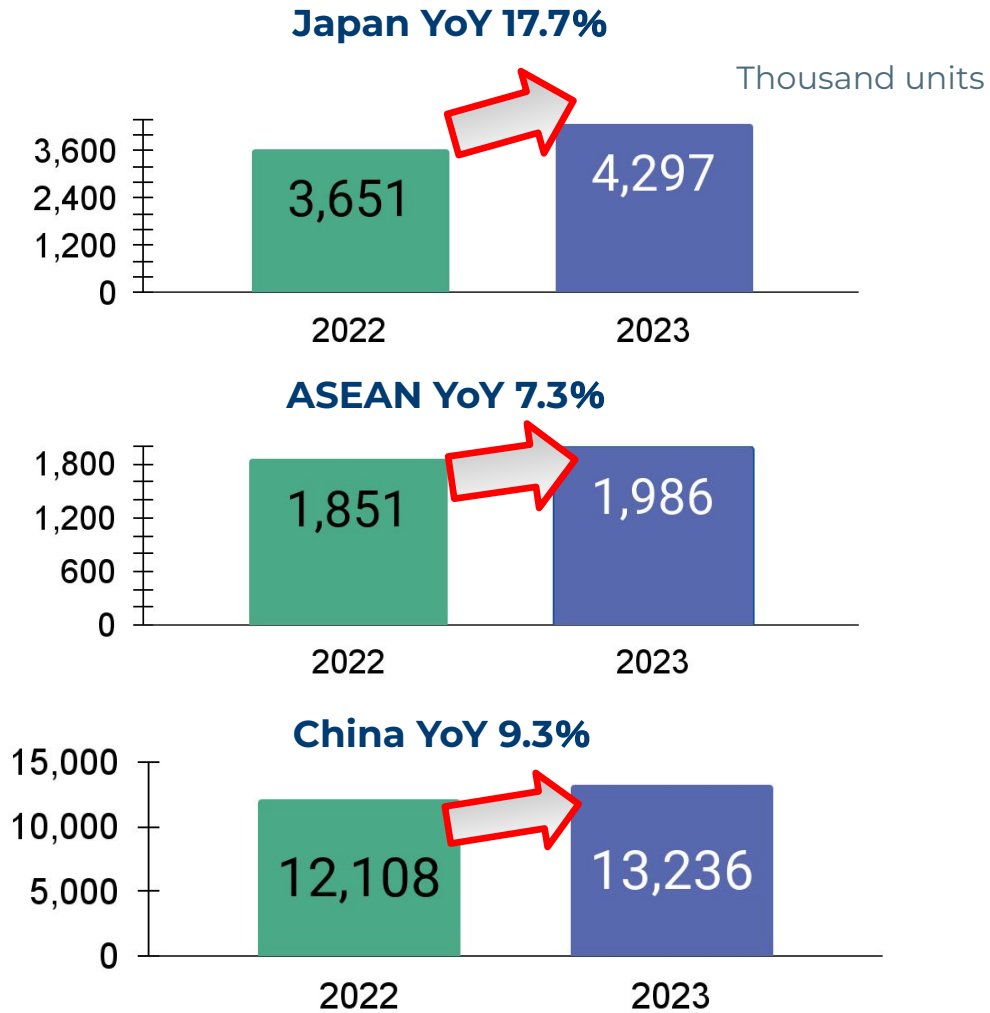
# Table of Contents

- ① FY2023 First Half Financial Results  
(January~June 2023)
- ② FY2023 Financial Forecast  
(January ~ December 2023)
- ③ Towards Sustainable Enhancement of  
Corporate Value

# 01 FY2023 First Half Financial Results (January~June 2023)

# SALES OUTPERFORMANCE VS MARKET - Acceleration on our two historical markets

First Half 2023 Production Volumes per Market \*



\*Production volumes from Marklines

First Half 2023 Sales outperformance vs Market

2023 vs 2022	Sales Excl. tooling and R&D, Forex Variances	Market Production volume increase	Sales out performance vs Market production volume
Ichikoh Group	21.1%	10.8%	10.3 pt

2023 vs 2022	Sales Excl. tooling and R&D, Forex Variances	Market Production volume increase	Sales out performance vs Market production volume
Japan	19.2%	17.7%	1.5 pt
ASEAN	35.3%	7.3%	28.0 pt
China	▲5.4%	9.3%	▲14.7 pt

ASEAN: Malaysia, Indonesia, Thailand

**Sales outperforming the market by +10.3pts in First Half 2023 with strong outperformance in Asean (+28pts) and better Japan(+1.5pt) doing more than offsetting China (-14.7pts)**

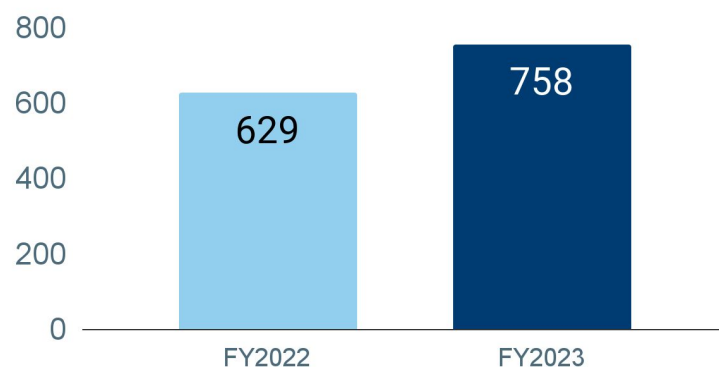
# FY2023 FIRST HALF RESULT (YEAR-ON-YEAR) - Growth & Profit Recovery

- ◆ Significant year-on-year increase in sales and profits
- ◆ Steady progress of inflation pass-through in Japan doing more than offsetting the the slower improvement and one-off events of non quality costs related to the launch of new projects in the fast growing ASEAN region

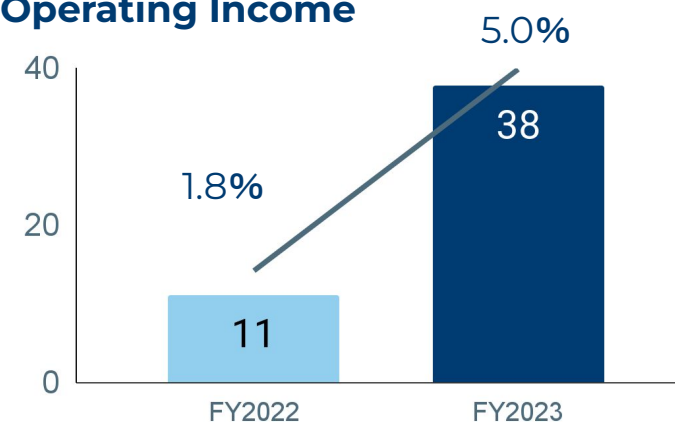
Hundreds million yen

	FY2022 (Jan.~Jun. 2022)	FY2023 (Jan.~Jun. 2023)	Increase/Decrease (vs. previous year)		Increase /Decrease %
<b>Sales</b>	<b>629</b>	<b>758</b>	①	<b>128</b>	<b>20.4%</b>
<b>Operating Income</b>	<b>11</b>	<b>38</b>	②	<b>27</b>	<b>236.9%</b>
<b>Operating Margin (%)</b>	<b>1.8%</b>	<b>5.0%</b>	②/①	<b>20.7%</b>	<b>3.2 pt</b>
<b>Ordinary Income</b>	<b>16</b>	<b>38</b>		<b>22</b>	<b>134.4%</b>
<b>Net Income belonging to Parent company's shareholders</b>	<b>13</b>	<b>25</b>		<b>13</b>	<b>99.1%</b>

Sales



Operating Income



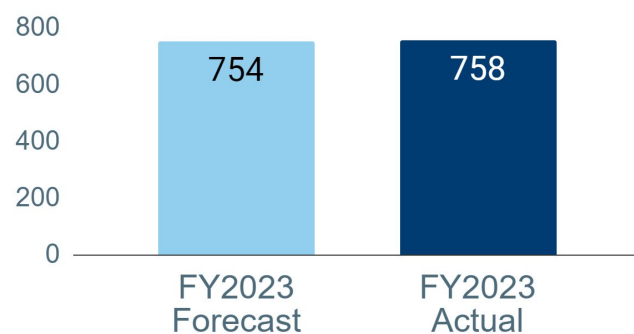
# FY2023 FIRST HALF RESULTS (VS. FORECAST) - Revised **Guidance achieved**

- ◆ Sales in line with expectations
- ◆ Operating income in line with expectations thanks to the quicker passthrough recovery offsetting the slower improvement and one-off events of non quality costs in ASEAN
- ◆ Ordinary income: Equity in earnings of affiliates was significantly lower vs previous year impacted by the chinese slow down

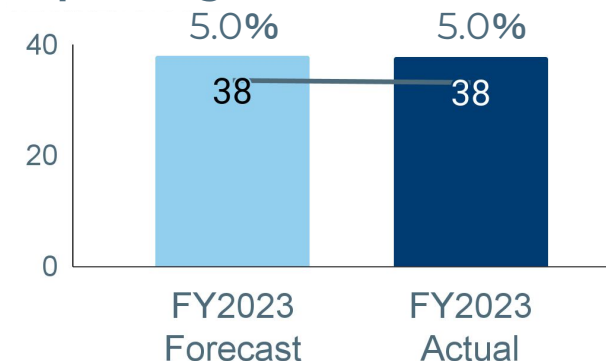
Hundreds million yen

	FY2023 Forecast (Jan.~Jun. 2023) <small>* Forecast announced in TSE on May 11 2023</small>	FY2023 Actual (Jan.~Jun. 2023)	Increase /Decrease (vs. forecast)		Increase /Decrease %
<b>Sales</b>	<b>754</b>	<b>758</b>	①	<b>4</b>	<b>0.5%</b>
<b>Operating Income</b>	<b>38</b>	<b>38</b>	②	<b>▲0</b>	<b>▲0.6%</b>
<b>Operating Margin (%)</b>	<b>5.0%</b>	<b>5.0%</b>	②/①	<b>-6.2%</b>	<b>▲0.1 pt.</b>
<b>Ordinary Income</b>	<b>41</b>	<b>38</b>		<b>▲3</b>	<b>▲7.7%</b>
<b>Net Income Attributable to the Parent Company Shareholders</b>	<b>30</b>	<b>25</b>		<b>▲5</b>	<b>▲16.0%</b>

Sales



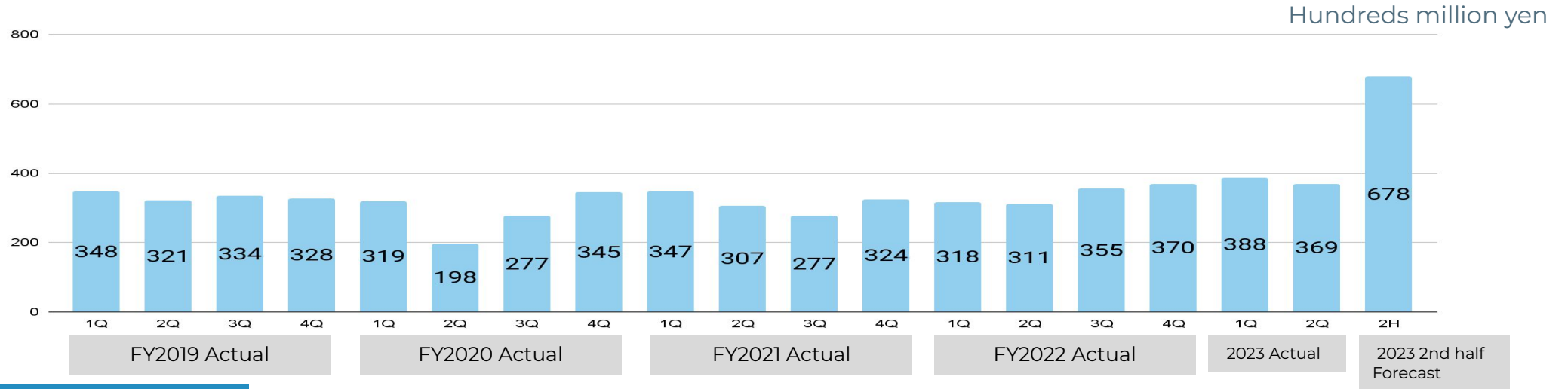
Operating Income



# TREND IN QUARTERLY FINANCIAL RESULTS - BACK TO NORMALITY

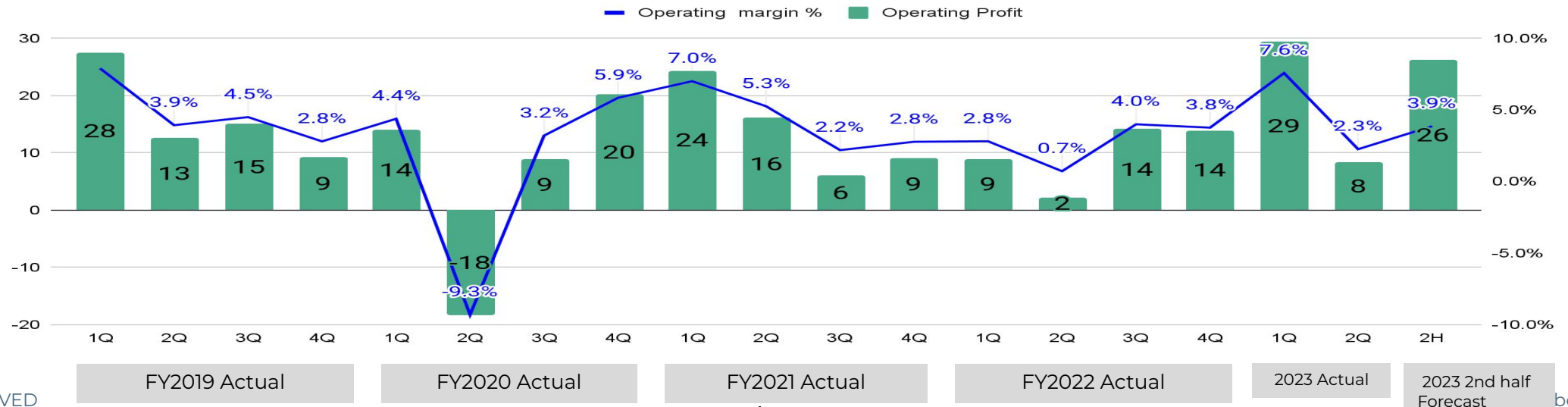
## Sales

◆ FY2023 shows a return to historical profile with stronger Q1 and Q4



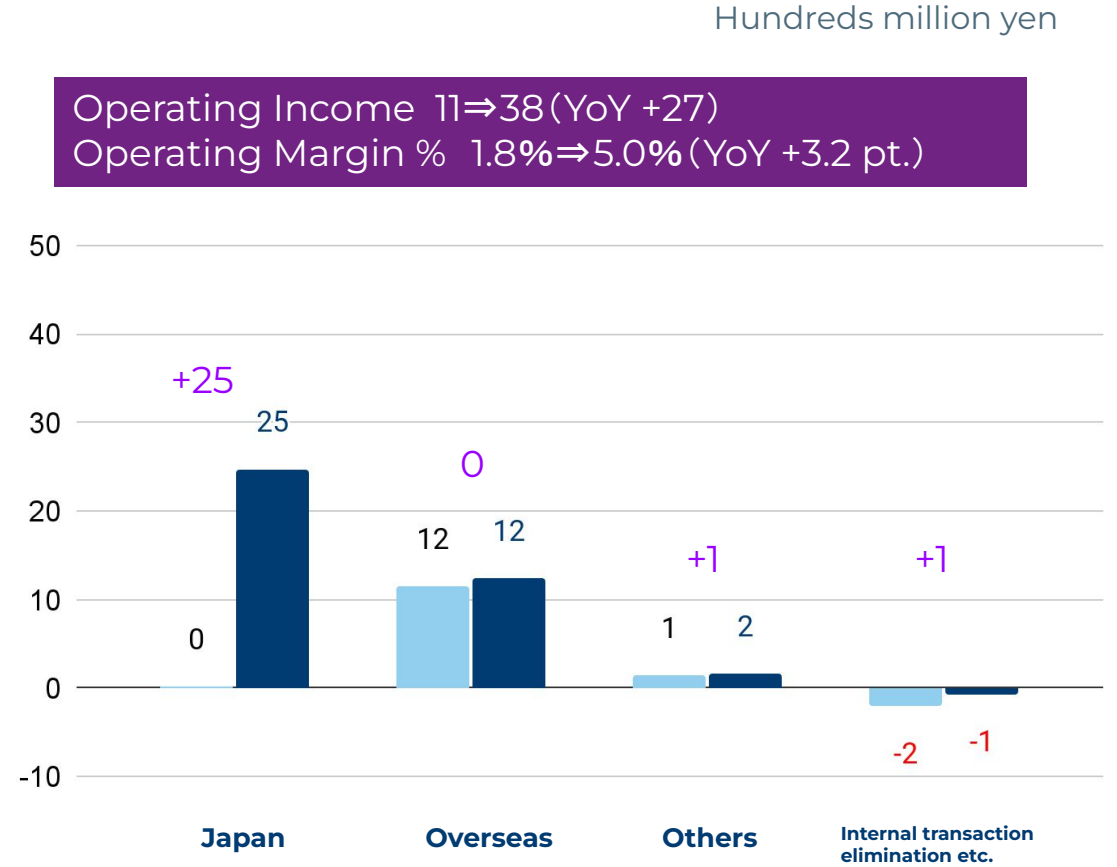
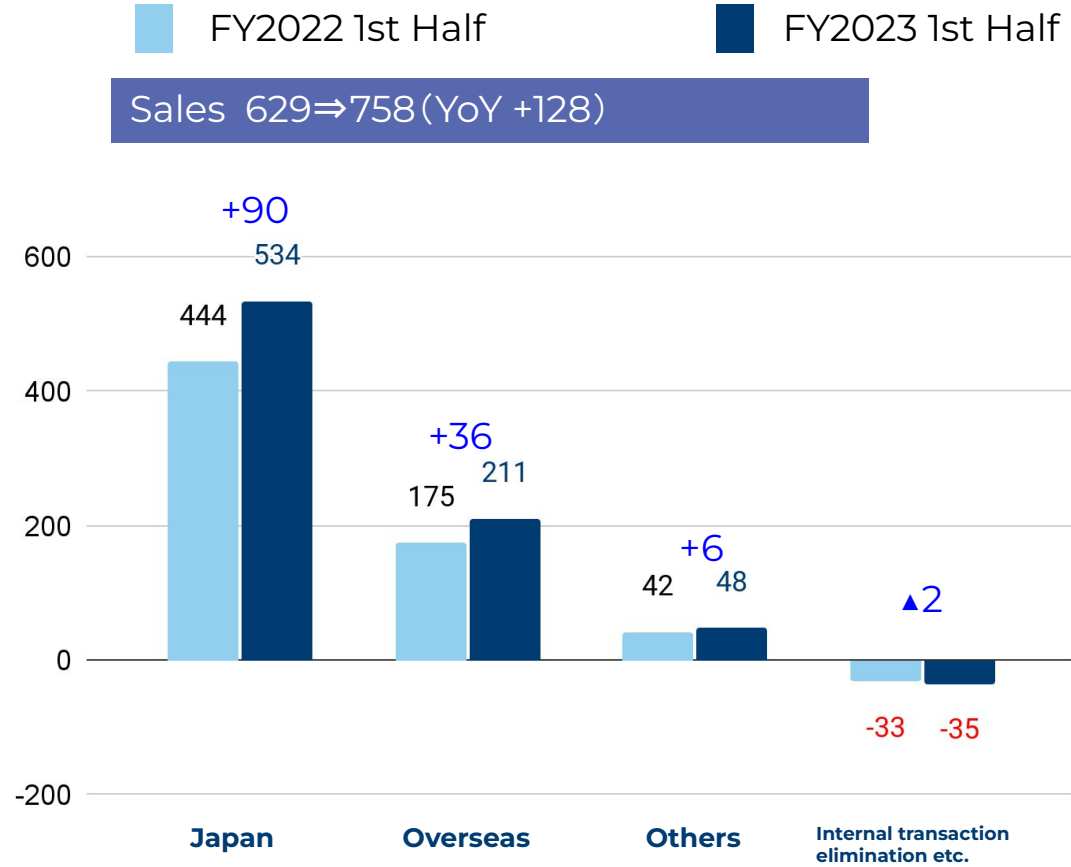
## Operating Income

◆ Q2 2023 lower than Q1 due to anticipated collection of passthrough compensation



# FY2023 FIRST HALF RESULTS BY REGION vs FY2022

- ◆ **Japan** : **Strong Momentum of Sales recovery** (above production volume recovery rate), translated into **profit increase** thanks to passthrough of inflation
- ◆ **Overseas** : **Sales increasing** year-on-year thanks to new SOPs in Thailand & Indonesia but **Operating Income negatively affected** by the slower recovery and one-off events of non quality costs in ASEAN (obsolete inventory write-off & Premium Freights) in addition to the lack of volumes in China (Mirror business)



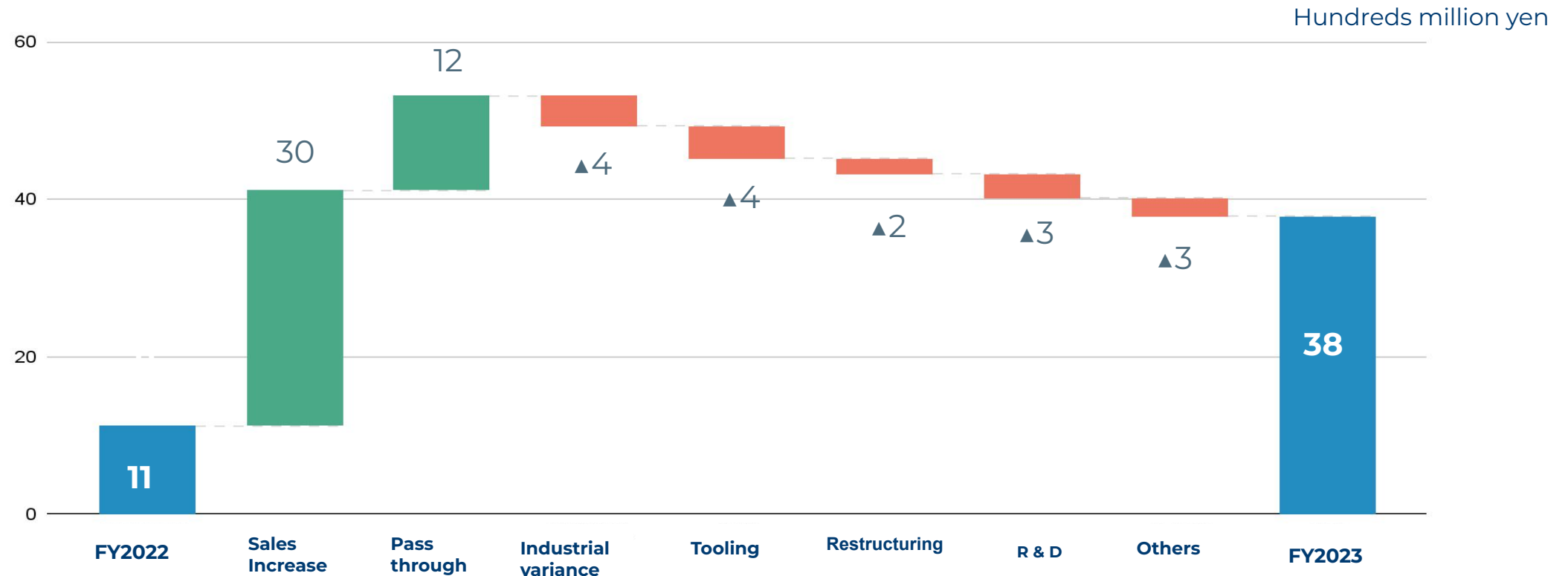
Japan: Ichikoh non-consolidated (Isehara • Fujioka • Mirror • HQ), Overseas : Indonesia • Malaysia • Thailand • China  
 Others : Automotive aftermarket business (PIAA)



# FY2023 FIRST HALF FINANCIAL RESULTS POINTS (YEAR-ON-YEAR)

## 【Operating Income】

- ◆ **Strong increase of profitability** driven by **activity recovery** in Japan, **confirmed growth** in Asean and **inflation better compensated through passthrough** doing more than offsetting a worse quality performance in Asean and a dull activity in China



Mainly ASEAN

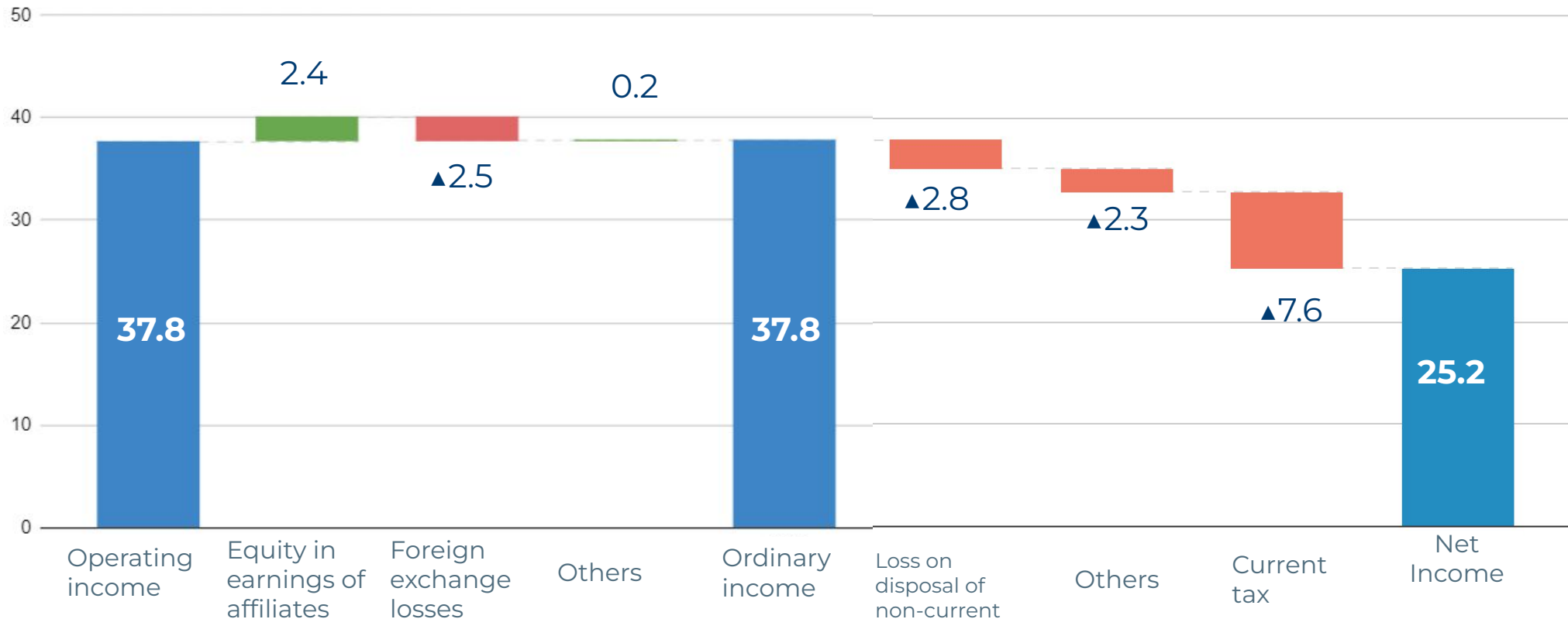
Losses in the mirror business

# FY2023 FIRST HALF FINANCIAL RESULTS POINTS

【Operating Income~Ordinary Income~Net Income】

- ◆ Equity in earnings from Lighting Joint Ventures with Valeo China decreased by 540 million yen y-o-y

Hundreds million yen



Lighting joint ventures with Valeo in China

Purchases from overseas

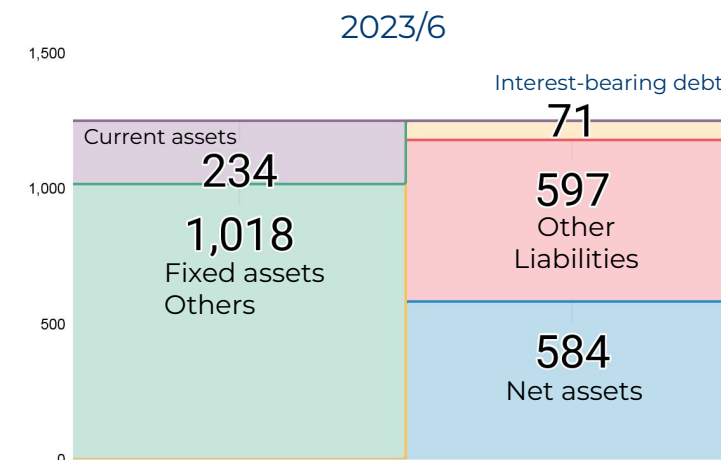
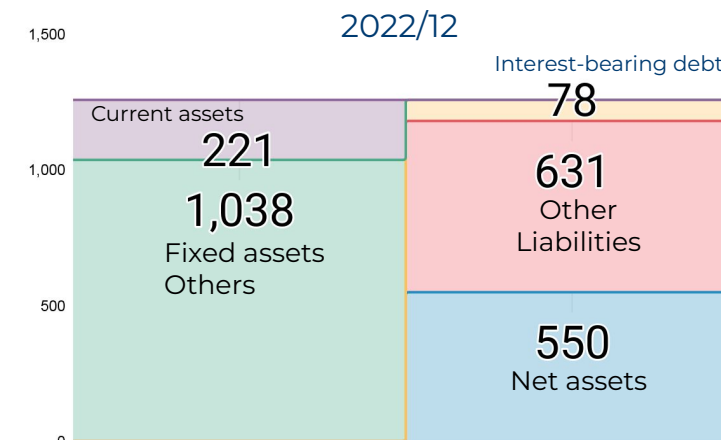
**ICHIKOH**  
a Valeo company

Isehara Redevelopment Expenses

# CONSOLIDATED BALANCE SHEET (COMPARISON WITH PREVIOUS PERIOD)

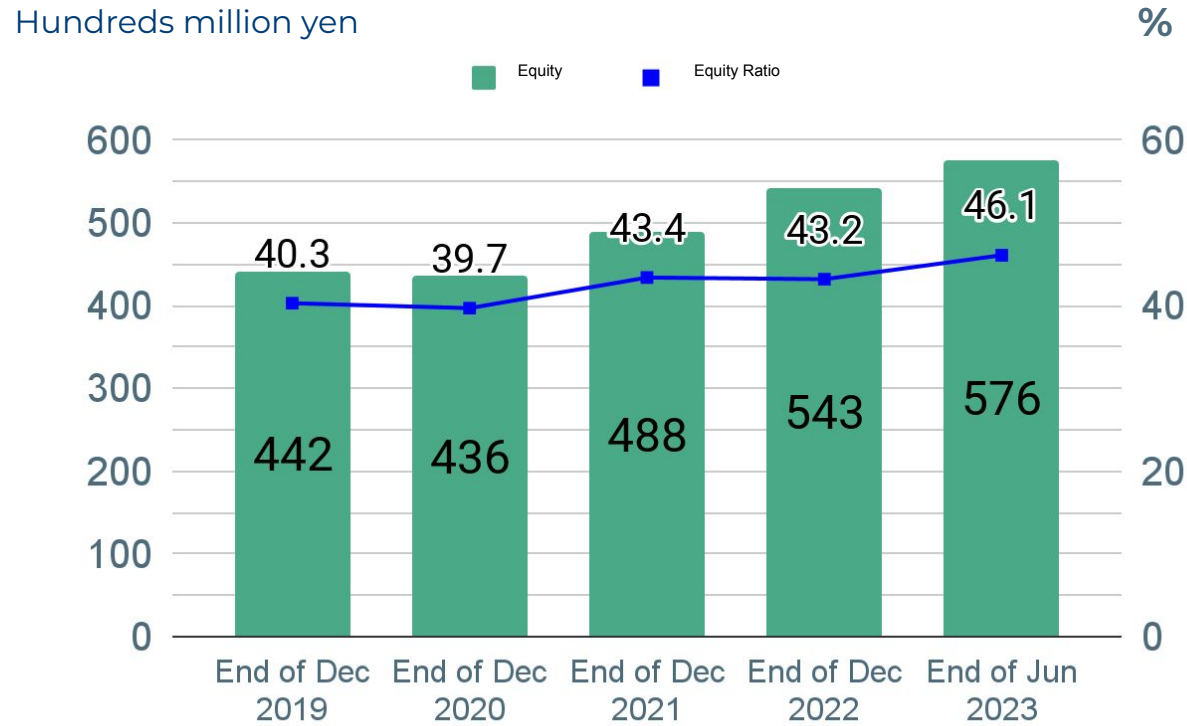
Hundreds million yen

	2022/12	2023/6	Inc/Dec
Cash and equivalents	86	97	11
Inventory	135	137	2
Tangible and Intangible Fixed Assets	425	437	12
Others	613	580	▲33
<b>Total Assets</b>	<b>1,259</b>	<b>1,251</b>	<b>▲8</b>
Interest Bearing Debt	78	71	▲7
Other Liabilities	631	597	▲34
<b>Total Liabilities</b>	<b>709</b>	<b>668</b>	<b>▲42</b>
Shareholders' Equity	570	582	12
Accumulated other comprehensive income	▲27	▲6	21
Minority Interest	7	7	1
<b>Net Assets</b>	<b>550</b>	<b>584</b>	<b>34</b>



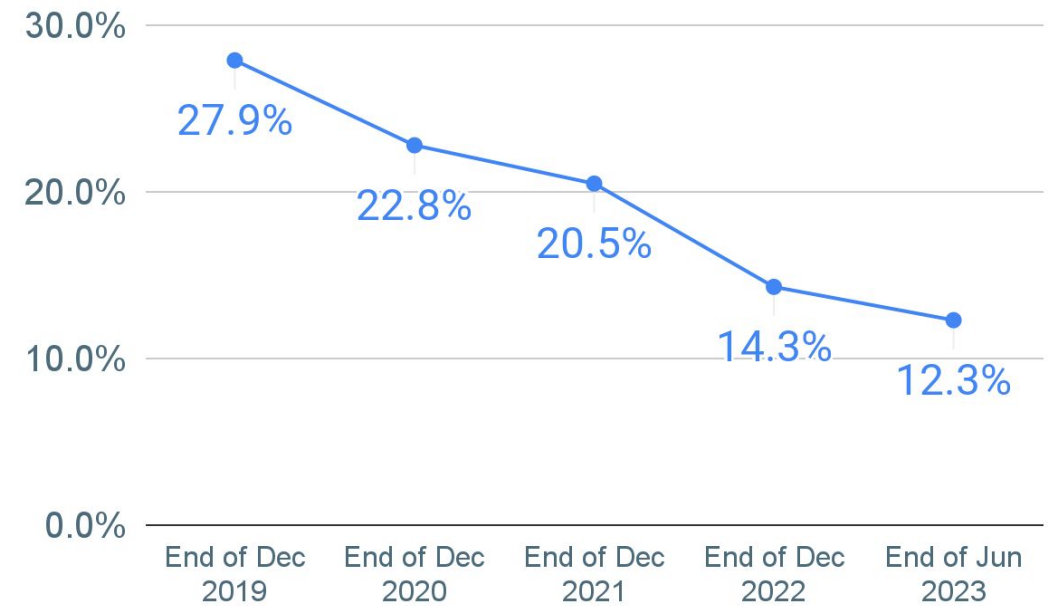
# EQUITY RATIO AND D/E RATIO

## Equity ratio increasing above 45%



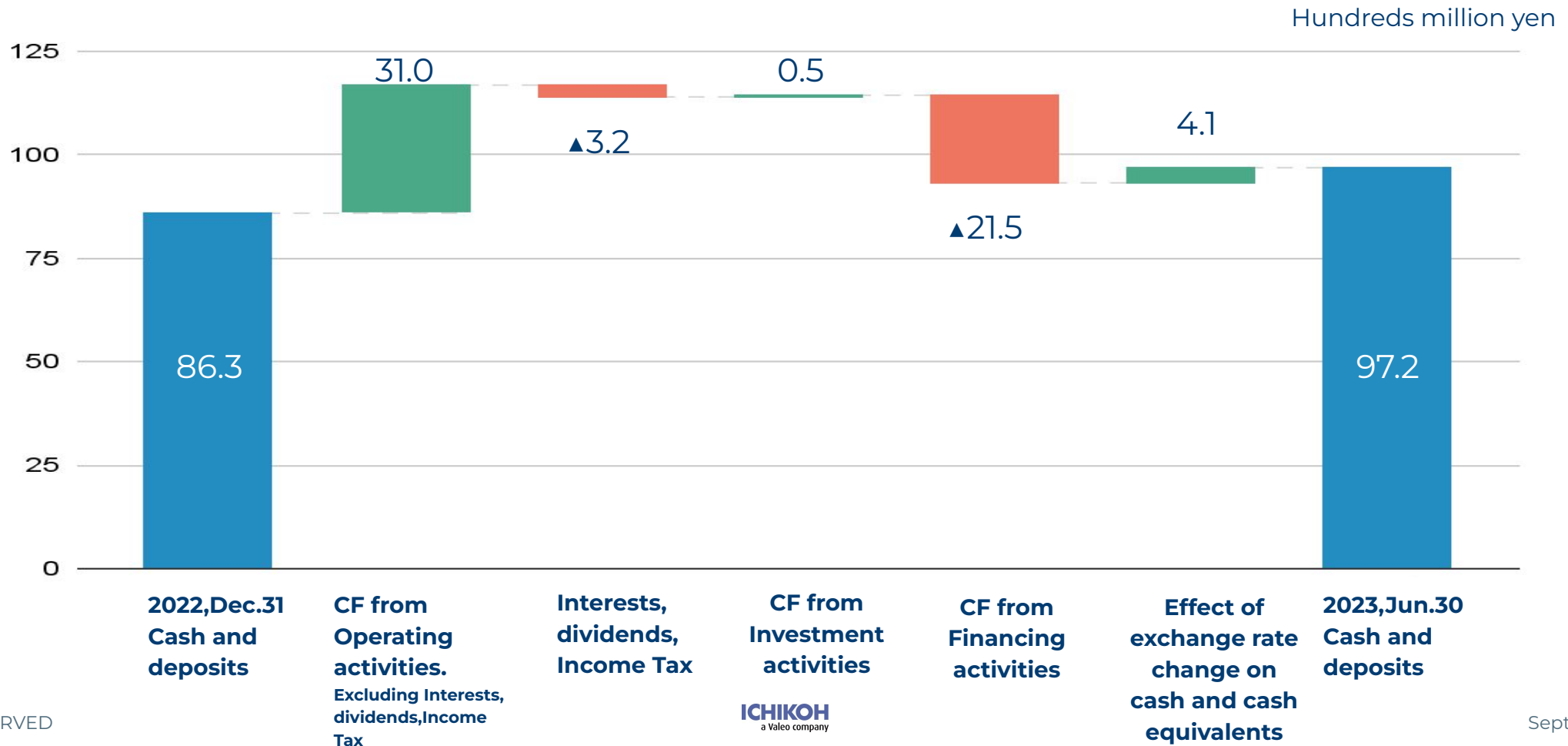
\*Equity=Net Assets-Minority Interest

## D/E ratio steadily improving



# FY2023 FIRST HALF Statement of Cash Flow (Year-on-Year Comparison of “Changes in Cash”)

- ◆ Operating CF at +3.1BY enabling repayment of short- and long-term loans and Lease obligations for -1.7BY as well as higher dividends payment -0.4BY.
- ◆ Investment CF: Short-term loans repaid +2.5BY covering manufacturing investments and others -2.0BY



# 02 FY2023 Financial Forecast (January ~ December 2023)

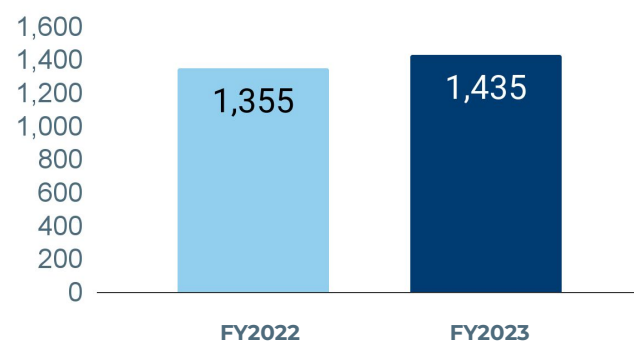
# FY2023 FULL YEAR FORECAST vs FY2022 - **Guidance Confirmed**

- ◆ Based on the first half results, **confidence** in achieving the guidance of May 11th **is maintained**

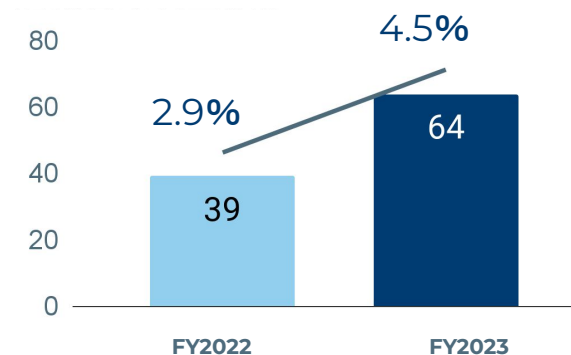
Hundreds million yen

	FY2022 (Jan.~Dec. 2022)	FY2023 (Jan.~Dec. 2023)	Increase /Decrease (vs. previous year)		Increase /Decrease %
<b>Sales</b>	<b>1,355</b>	<b>1,435</b>	①	<b>80</b>	<b>5.9%</b>
<b>Operating Income</b>	<b>39</b>	<b>64</b>	②	<b>25</b>	<b>63.0%</b>
<b>Operating Margin (%)</b>	<b>2.9%</b>	<b>4.5%</b>	②/①	<b>30.7%</b>	<b>1.6 pt</b>
<b>Ordinary Income</b>	<b>54</b>	<b>72</b>		<b>18</b>	<b>34.6%</b>
<b>Net Income belonging to Parent company's shareholders</b>	<b>44</b>	<b>53</b>		<b>9</b>	<b>19.8%</b>

**Sales**



**Operating Income**



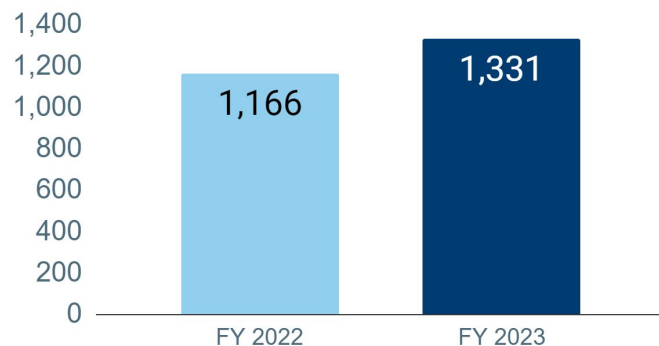
# FY2023 CONSOLIDATED FORECAST (excluding MIRROR)

- ◆ 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

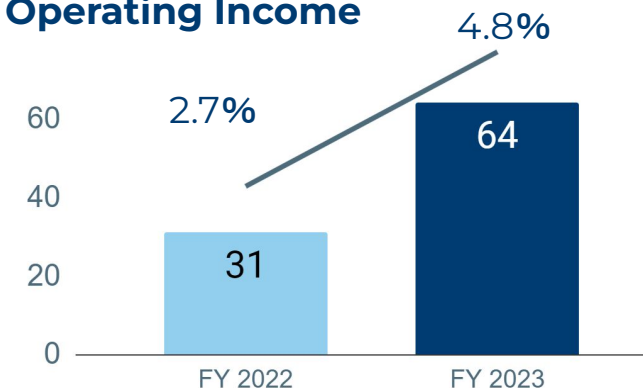
Hundreds million yen

	FY2022 (Jan.~Dec. 2022)	FY2023 (Jan.~Dec. 2023)	Increase /Decrease (vs. previous year)		Increase /Decrease %
<b>Sales</b>	<b>1,166</b>	<b>1,331</b>	①	<b>166</b>	<b>14.2%</b>
<b>Operating Income</b>	<b>31</b>	<b>64</b>	②	<b>33</b>	<b>105.3%</b>
<b>Operating Margin (%)</b>	<b>2.7%</b>	<b>4.8%</b>	②/①	<b>19.9%</b>	<b>2.1 pt</b>

**Sales**



**Operating Income**

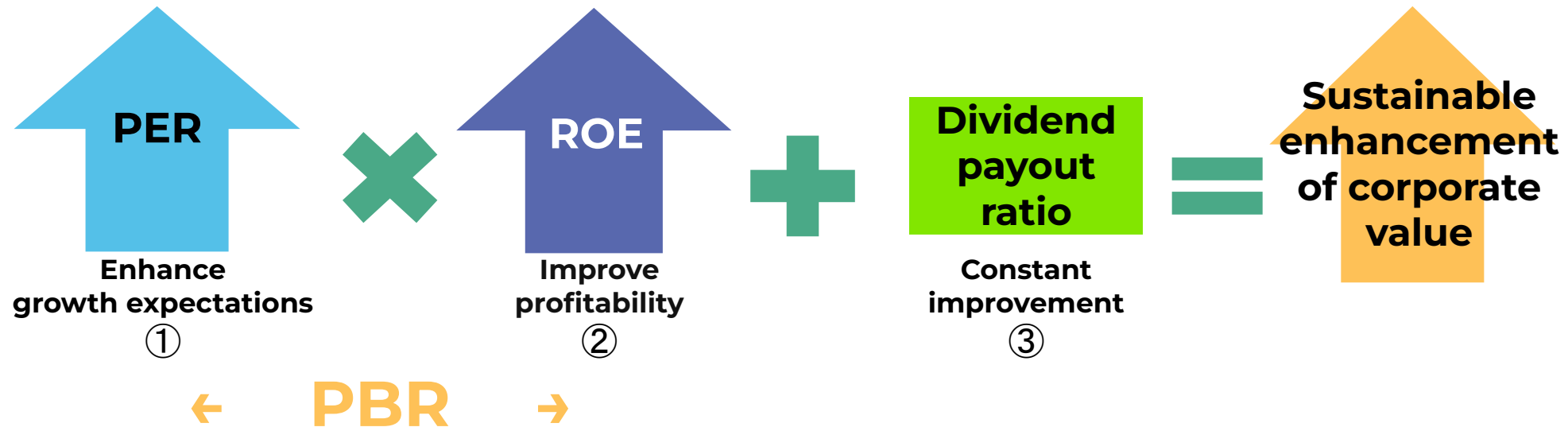




# 03 Towards Sustainable Enhancement of Corporate Value

# MEASURES TO IMPROVE CORPORATE VALUE

Aiming for sustainable growth in corporate value by increase of **PBR (over 1x)** and dividend payout ratio

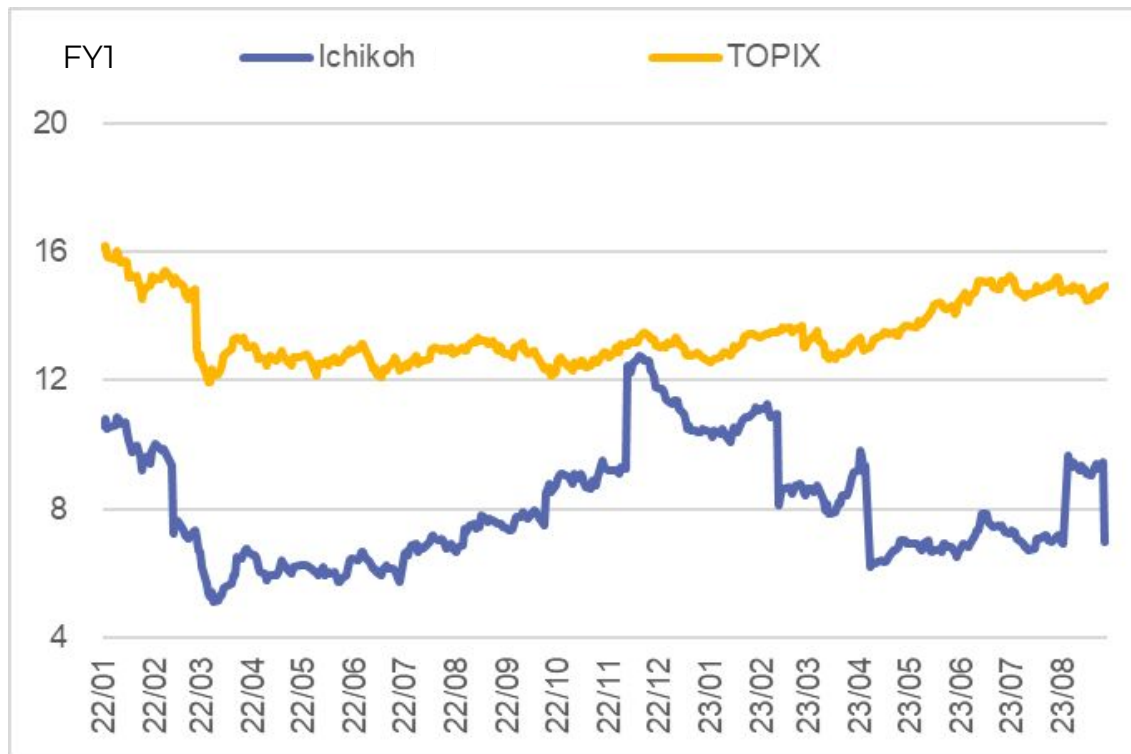


Focusing on the improvement of **Three Axes**

①	<b>PER</b>	15 times	⇔	Currently 7~10 times
②	<b>ROE</b>	12%	⇔	FY2022 result 8.1%
③	<b>Dividend Payout Ratio</b>	25%~	⇔	FY2022 result 20%

# MEASURES TO IMPROVE PER

**TOPIX PER ranges 12x ~ 16x**  
**Ichikoh PER is around 8x for the same period**



**Improve PER up to 15x thanks to a strategy based on 3 pillars:**

## 1. Enlightened Growth strategy through

- Footprint extension to benefit further of Indonesian market strong dynamism
- Penetrating a new region with high growth potential
- Enhancing technology and footprint synergies with Valeo to establish a competitive advantage on Global platforms

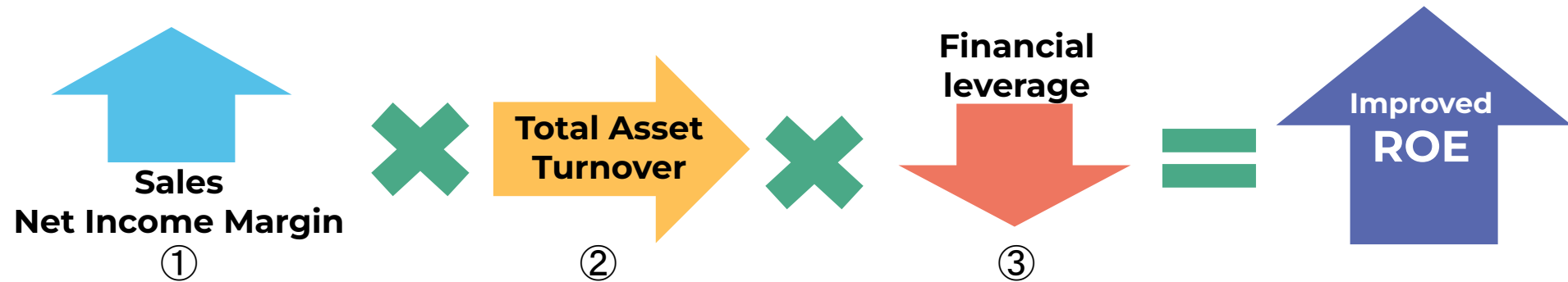
## 1. Investing in R&D to develop differentiating and high added value products

- Development of products supporting our customers to affirm their unique Brand image
- Catch the opportunities created by the revolution of the electrified and autonomous vehicles

## 1. Investing in Carbon Neutrality and Human Capital

- Promote personal growth among our Group to attract the best talents and ensure continuous development of our teams
- Play our role in the fight against climate change and grasp the benefits of carbon neutrality and savings on energy

## MEASURES TO IMPROVE ROE



<b>FY2022 results</b>	<b>3.3%</b>	<b>1.1</b>	<b>2.3</b>	<b>8.1%</b>
<b>FY2028 target</b>	<b>6%</b>	<b>1</b>	<b>2</b>	<b>12%</b>

### Growth strategy through investment + Increase in productivity → Improved ROE 12%

- ① Attractiveness improvement through **innovative & differentiating products** on top of **productivity enhancement** in each region  
=> Profitability enhancement
- ② Aggressive investment but with **effective use of excess cash**  
=> Total asset turnover remains **at the current level**
- ③ **Further strengthening of shareholders equity** through improved profitability  
=> **Decrease in financial leverage** as a result

# INCREASE IN DIVIDEND PAYOUT RATIO

Dividend payout ratio target for 2024: targeting **25%**  
**Constantly increase the dividend payout ratio**

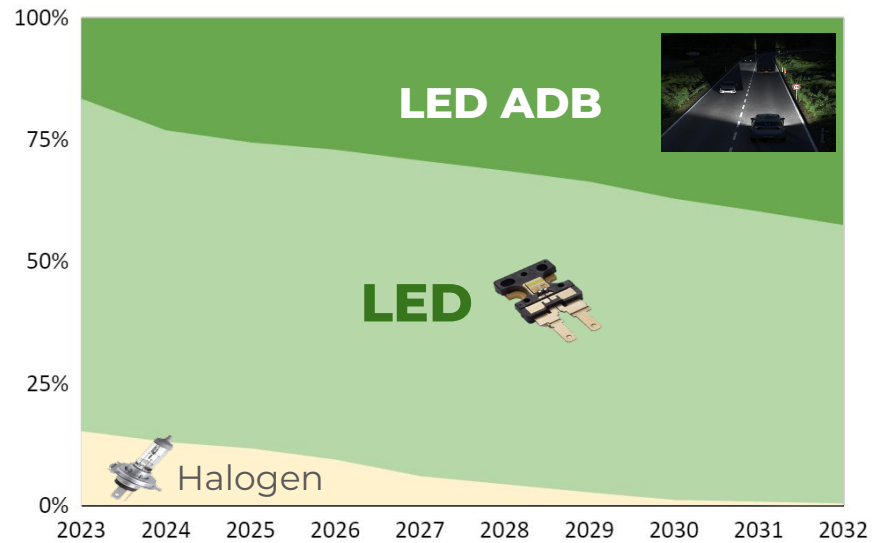


# EVOLUTION OF LIGHT SOURCE FOR HEADLAMPS AND REAR COMBINATION LAMPS (Ichikoh's Market Analysis)

Japan



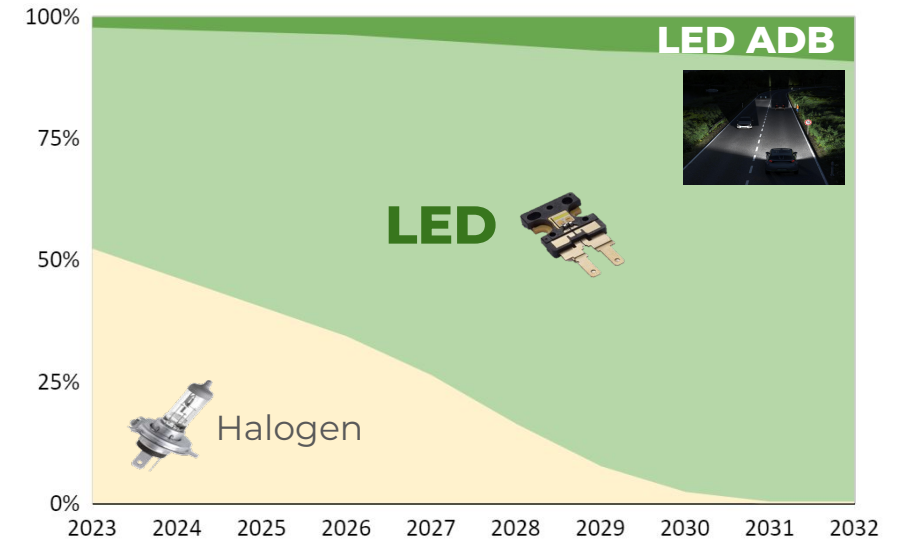
Head Lamp



Asean



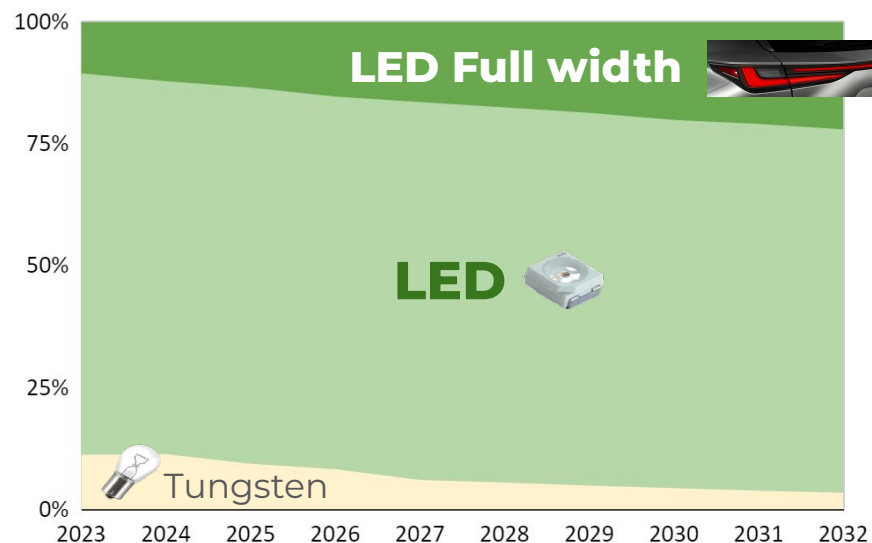
Head Lamp



Japan



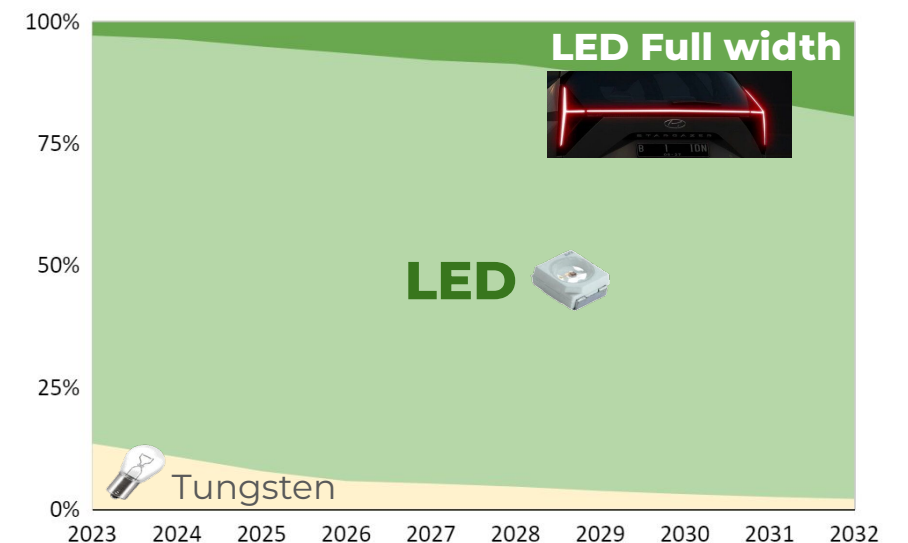
Rear Lamp



Asean



Rear Lamp



# Innovative High Value-Added Products

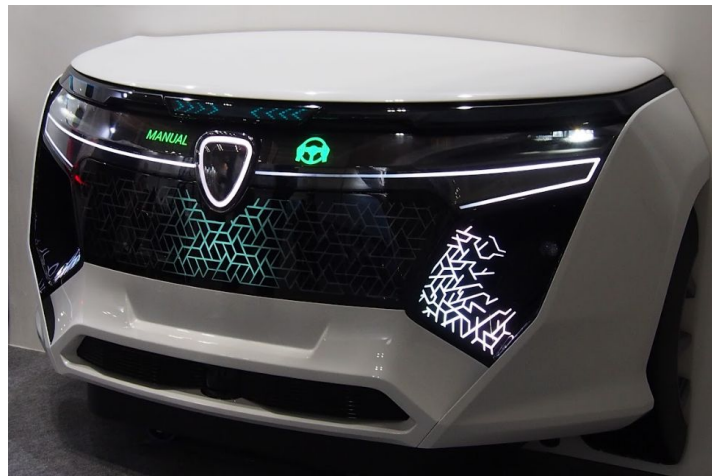
## Next-generation Front and Rear Faces, First Shown in Japan

Ichikoh exhibited front and rear faces for vehicles in the age of electrification and automated driving for the first time in Japan under the theme of “Lighting Everywhere” at the Automotive Engineering Exposition 2023 in Yokohama, and they were well received.

We will further develop **Communication Lighting**.

### Front face for vehicles in the age of electrification and automated driving:

The lighting, which extends to the grille and bumper improves the “**visibility**” with surrounding road users, and promotes communication aiming to realize a safer and more secure society.



### Rear face for a new era of vehicles:

Lighting of the latest styling trends gives the vehicle a progressive look, and the large lighting area further enhances the most important role of the rear lamps, “**visibility**”.



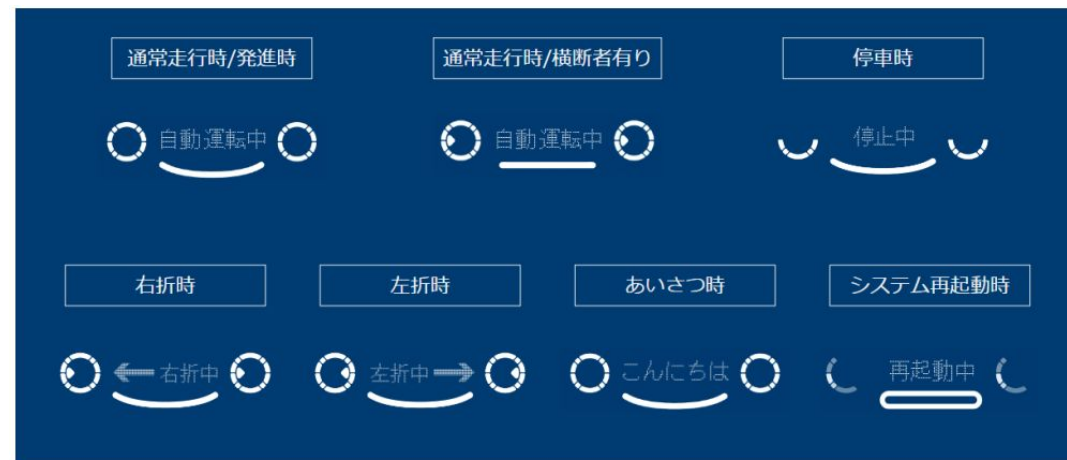
# Innovative High Value-Added Products

## HMI for Automated Driving Buses: Safety and Security by Communication Lighting

From June 19th to July 5th 2023, Ichikoh and BOLDLY Inc. (Softbank's subsidiary) conducted a demonstration experiment on public roads in Sakaimachi, Ibaraki Prefecture on a **H**uman-**M**achine **I**nterface (HMI) to support communication from automated driving vehicles to surrounding traffic participants (pedestrians and drivers), for future operation of Level 4 automated driving service.

In this demonstration, a display developed by Ichikoh was installed on an automated driving bus operating in Sakaimachi and it shows signs such as 'start', 'there are crossing pedestrians', 'stop', 'turn right', 'turn left' and greetings using text and facial expressions according to the vehicle status. In this way, the external HMI replaces part of the driver's normal communication with the surrounding traffic participants.

**Our goal is to ensure safe operation without driver in Level 4 automated driving services by using an external HMI to communicate appropriately with surrounding traffic participants.**



Signs displayed on external HMI



# Ichikoh appeared on TV, “Unknown Gulliver - Excellent Company”

Ichikoh appeared on the program of TV Tokyo “Unknown Gulliver - Excellent Company” broadcast on June 17th, 2023. It is a documentary program that spotlights world-class Japanese companies and introduces their appeal through manufacturing.

The program featured an interview with CEO Christophe Vilatte, as well as our technologies and plants.

\*On-demand viewing is available on [TV Tokyo BIZ](#).

## Program Description:

Ichikoh Industries, with over 100 years of history, leads the industry in the development and production of automotive lamps such as headlamps, rear lamps, and indicator lights, which play an important role in the safe driving of cars. The company has demonstrated expertise in designing innovative technology and supplies lamp products to many car manufacturers. In this program, Ichikoh’s cutting-edge products such as glare-free high beam and lamps that project light onto the road surface are reported.



# 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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