



Investor Relations Meeting FY2023 Financial Results & Outlook

**March 14th, 2024
Ichikoh Industries, Ltd.**

VISION IN MOTION



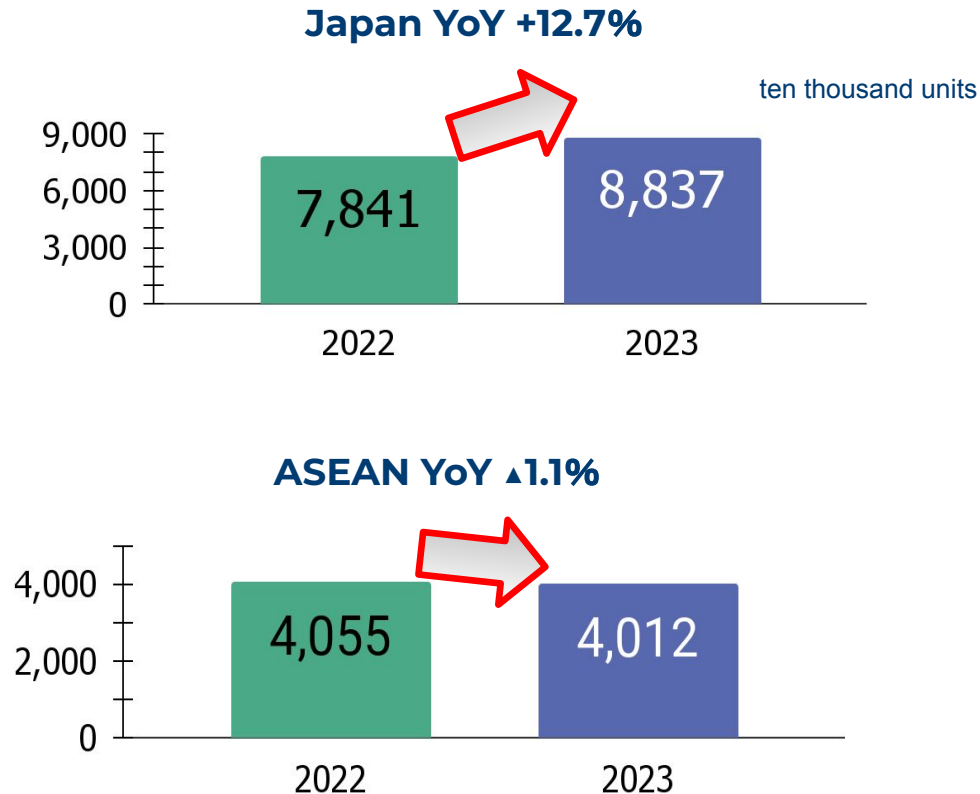
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01 FY2023 Financial Results (January~December 2023)

SALES OUTPERFORMANCE VS. MARKET

FY2023 Production Volumes per Market
(Source from Marklines)



2023 Sales outperformance vs Market
(Excluding Mirror)

2023 vs 2022	Sales Excl. tooling and R&D Variance	Market Production volume increase	Sales out performance vs Market production volume
Japan	15.8%	12.7%	3.1 pt
ASEAN*	13.4%	▲1.1%	14.5 pt

*ASEAN: Indonesia, Malaysia, Thailand

Both Regions outperforming the Market:

- Japan **achieved higher sales growth** in a recovering market thanks to New Project SOPs (incl. new models launched)
- ASEAN **market overperformance** and **strong growth** driven by new model launches (incl. new customers) has materialized despite a market showing first signs of stabilization

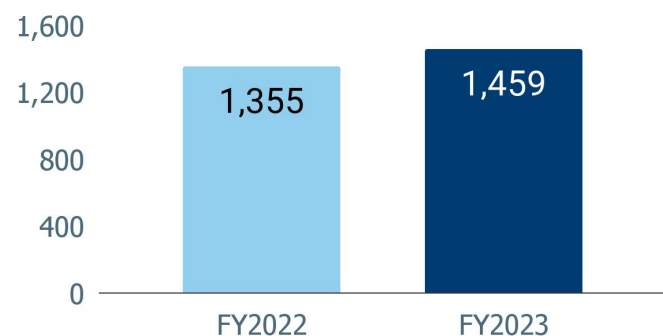
FY2023 FINANCIAL RESULT (YEAR-ON-YEAR)

- ◆ Sales increased both in Japan and ASEAN, offsetting fully the decrease subsequent to the sale of Mirror business
- ◆ Operating Income increased as consequence of the additional Sales but also following the productivity improvement and the further inflation pass-through

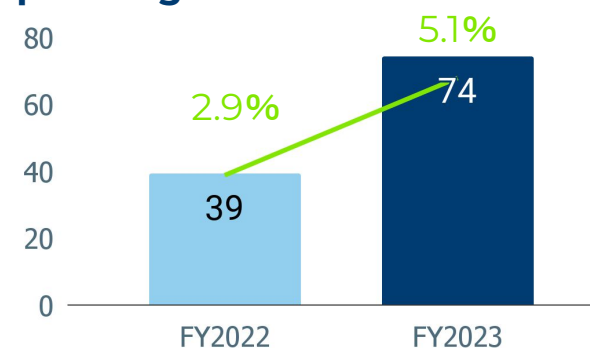
Hundreds million yen

	FY2022 (Jan.~Dec. 2022)	FY2023 (Jan.~Dec. 2023)	Increase/Decrease		Increase /Decrease
Sales	1,355	1,459	①	104	7.7%
Operating Income	39	74	②	35	88.5%
Operating Margin (%)	2.9%	5.1%	②/①	33.4%	2.2 pt
Ordinary Income	54	81		28	51.9%
Net Income	44	78		34	77.2%

Sales



Operating Income



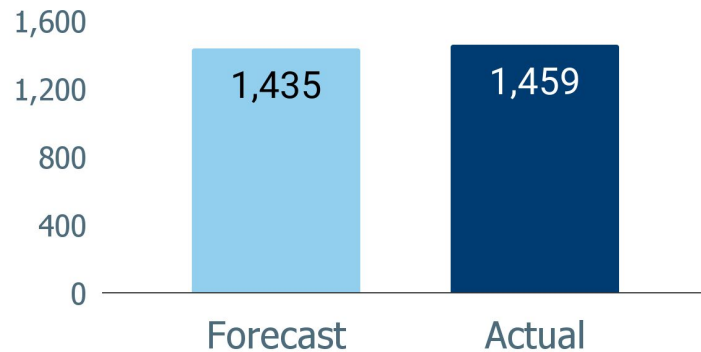
FY2023 FINANCIAL RESULT (VS. FORECAST)

- ◆ Sales slightly exceeded our Forecast and **Operating Income significantly overachieved** thanks to better **Operational Performance** in our Japan Operations
- ◆ Net Income was positively impacted from the gains on the sale of land in Isehara and other factors

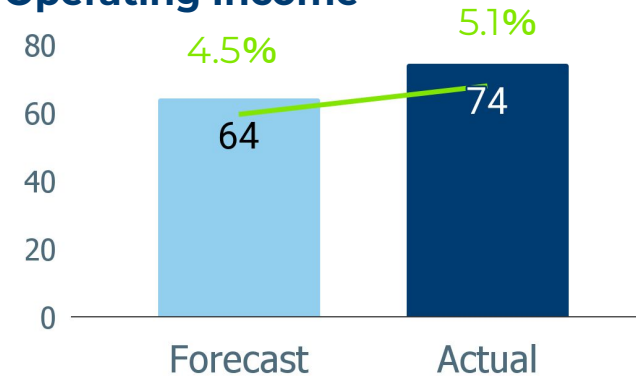
Hundreds million yen

	FY2023 Forecast (Jan.~Dec. 2023) <small>Forecast announced in TSE on Nov. 13, 2023</small>	FY2023 Actual (Jan.~Dec. 2023)	Increase /Decrease (vs. forecast)		Increase /Decrease
Sales	1,435	1,459	①	24	1.7%
Operating Income	64	74	②	10	16.0%
Operating Margin (%)	4.5%	5.1%	②/①	42.6%	0.6 pt
Ordinary Income	72	81		9	12.9%
Net Income	70	78		8	12.0%

Sales



Operating Income

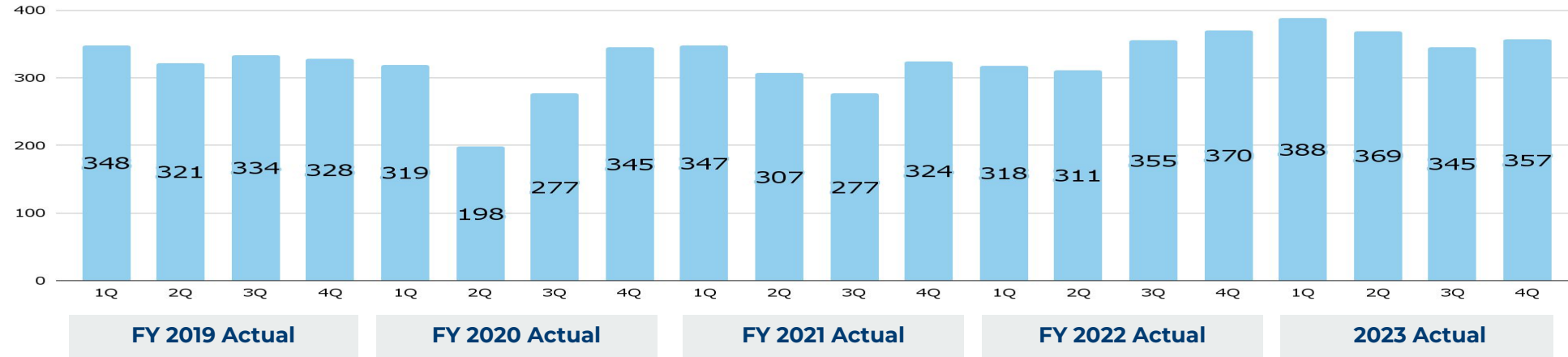


TREND IN QUARTERLY FINANCIAL RESULTS

Sales

◆ Generally stronger 1Q and 4Q while weaker 2Q and 3Q

Hundreds million yen



Operating Income

— Operating margin % ■ Operating Income

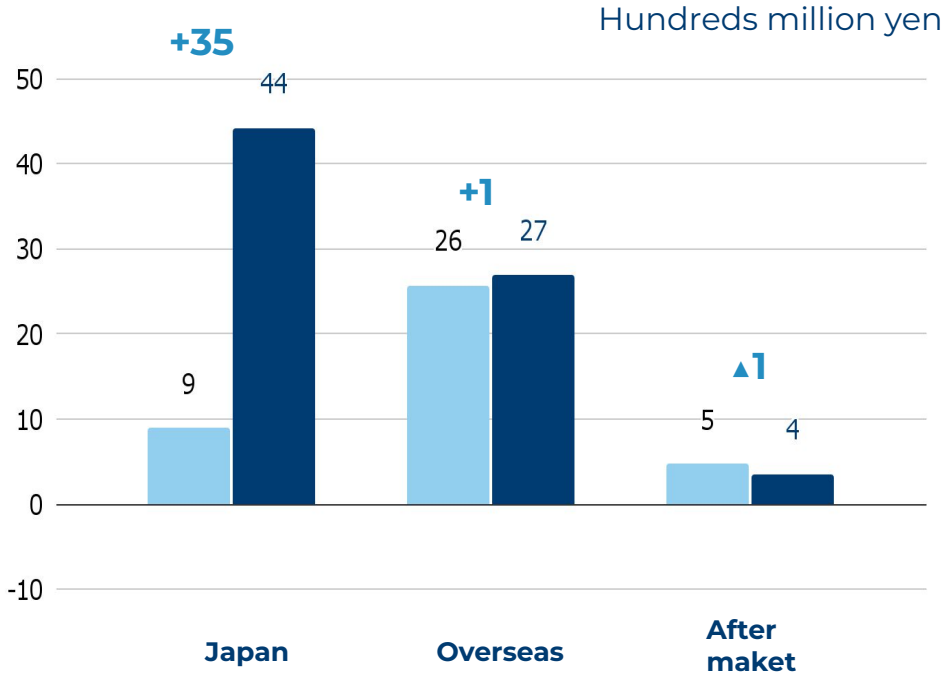
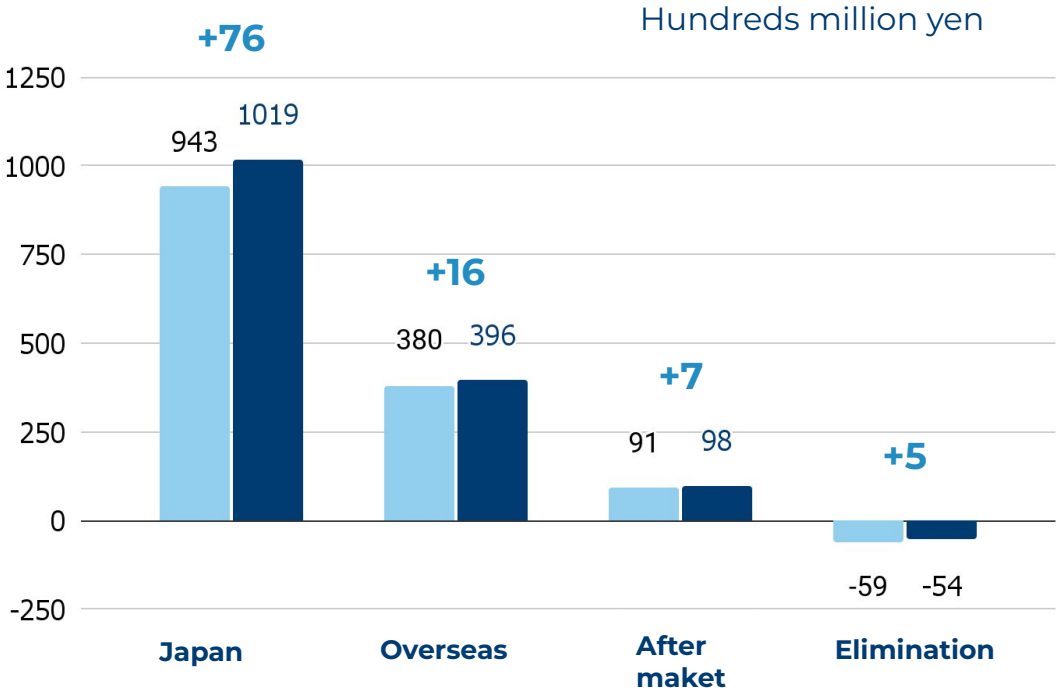


FY2023 RESULTS BY REGION vs FY2022

- ◆ **Japan:** higher Profits spurred by sales growth, productivity improvement in Atsugi Plant, and inflation passthrough recovery not only on energy but also on import costs impacted by weakening JPY
- ◆ **Overseas:** despite the divestment from Chinese subsidiary of Mirror and the negative growth of the ASEAN market, profit have increased driven by new SOPs

■ FY 2022 ■ FY2023
Sales 1,355⇒1,459 (YoY +104)

Operating Income 39⇒74 (YoY +35)
 Operating Margin % 2.9%⇒5.1% (YoY +2.2 pt.)



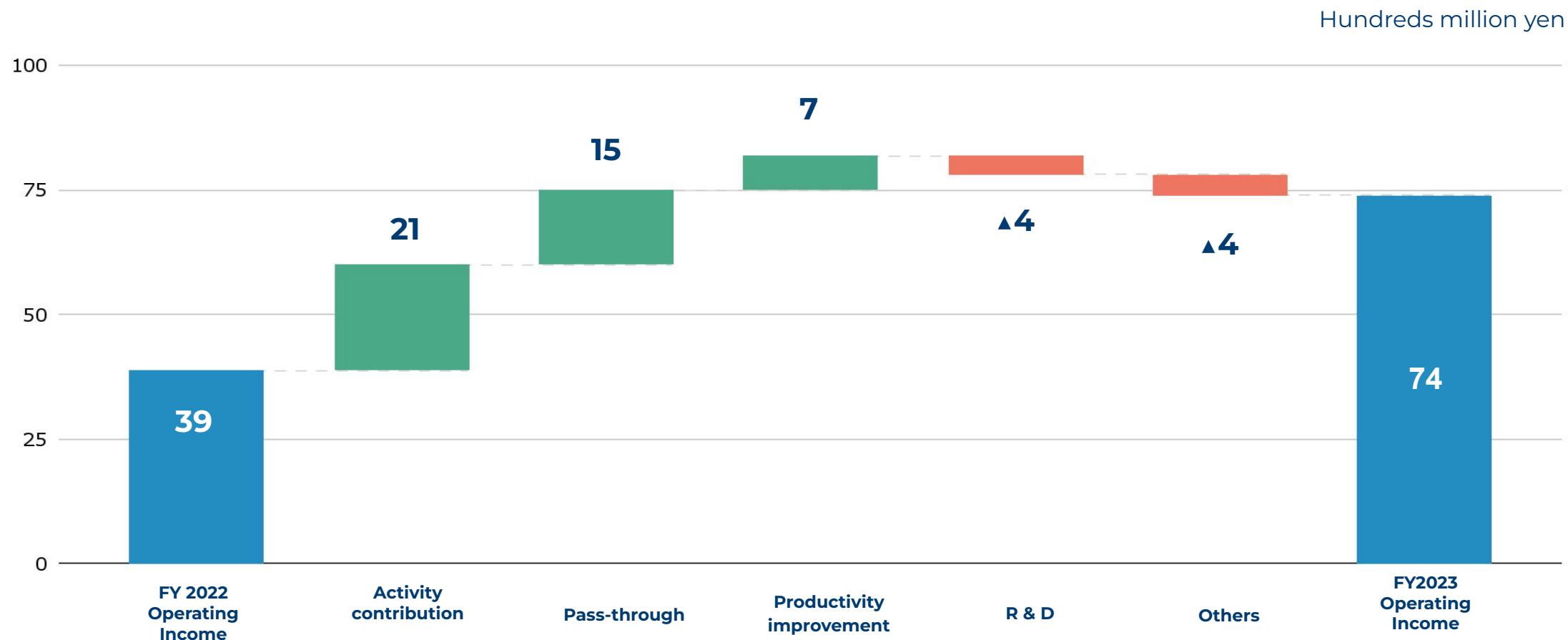
Japan: Ichikoh non-consolidated (Isehara·Fujioka·Mirror·HQ) and Kyushu Ichikoh (Only Operating Income)

Overseas : Indonesia·Malaysia·Thailand·China, Aftermarket : PIAA

OPERATING INCOME BRIDGE - FY2023 vs FY2022

【OPERATING INCOME】

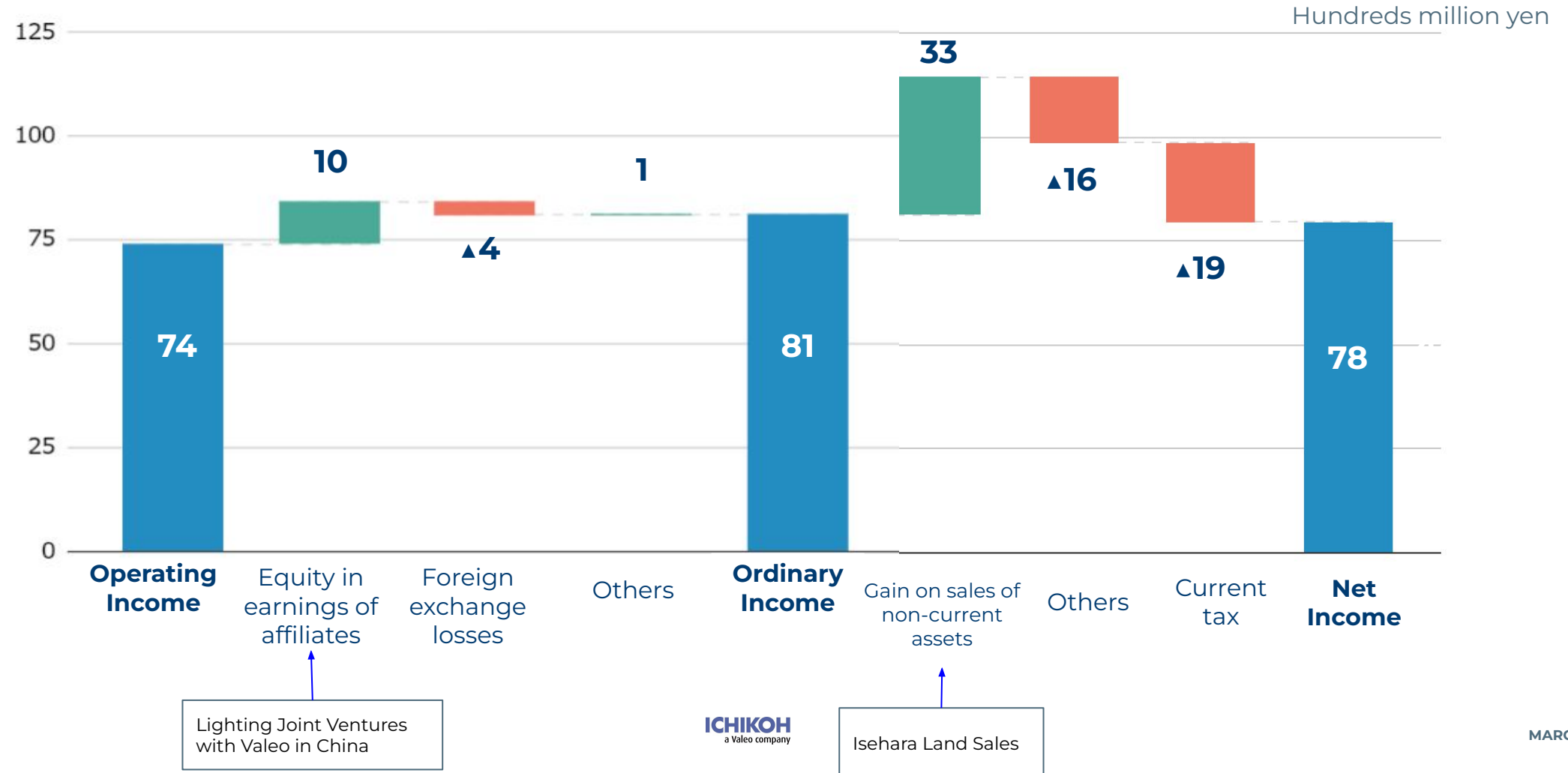
- ◆ Significant increase in Operating Income due to Sales Growth, improved Productivity in Japan, and Inflation Pass-Through recovery



FY2023 FINANCIAL RESULTS POINTS

[OPERATING INCOME~ORDINARY INCOME~NET INCOME]

- ◆ **Ordinary Income: Equity in earnings from the Lighting Joint Venture in China with Valeo accounted for 1.0 Billion Yen (down 0.5 Billion Yen from last year)**
- ◆ **Net income: Gain on sales of Land in Isehara offsets losses on sales of affiliates etc.**



CONSOLIDATED BALANCE SHEET (COMPARISON WITH PREVIOUS PERIOD)

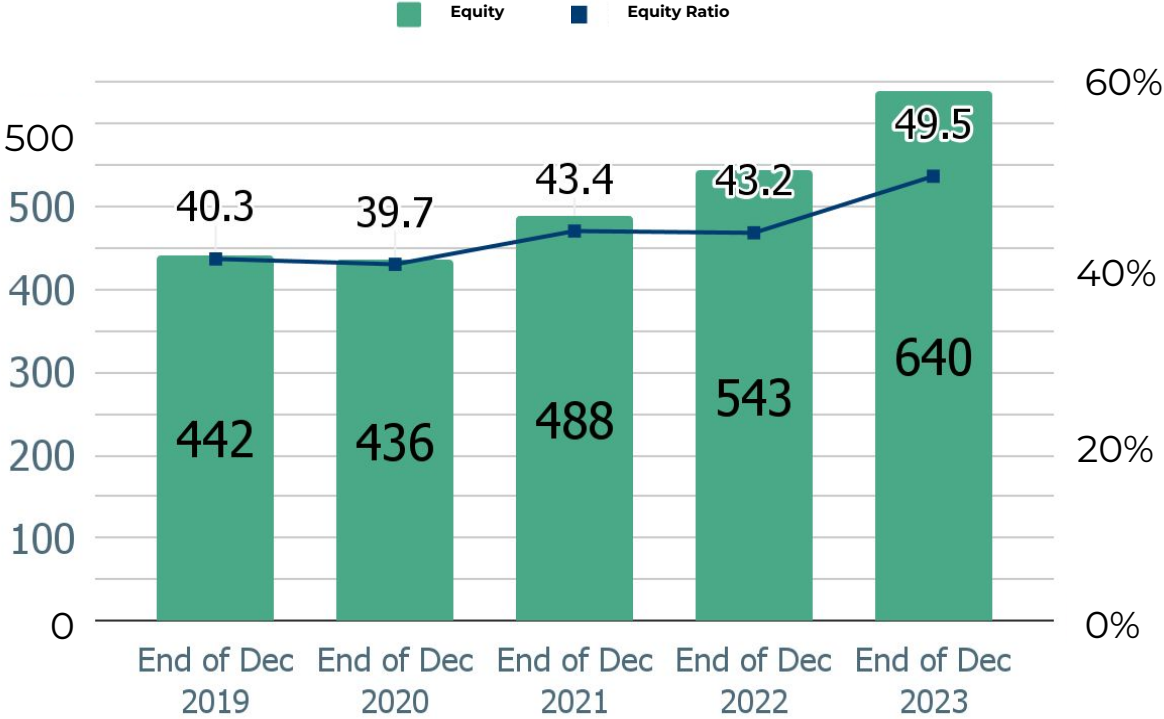
Hundreds million yen

	End of Dec 2022	End of Dec 2023	Increase/ Decrease
Cash and equivalents	86	89	3
Inventory	135	94	▲41
Tangible and Intangible Fixed Assets	425	398	▲27
Others	613	713	100
Total Assets	1,259	1,294	35
Interest Bearing Debt	78	60	▲18
Other Liabilities	631	587	▲44
Total Liabilities	709	647	▲62
Shareholders' Equity	561	630	69
Accumulated other comprehensive income	▲18	10	28
Minority Interest	7	7	0
Net Assets	550	647	97

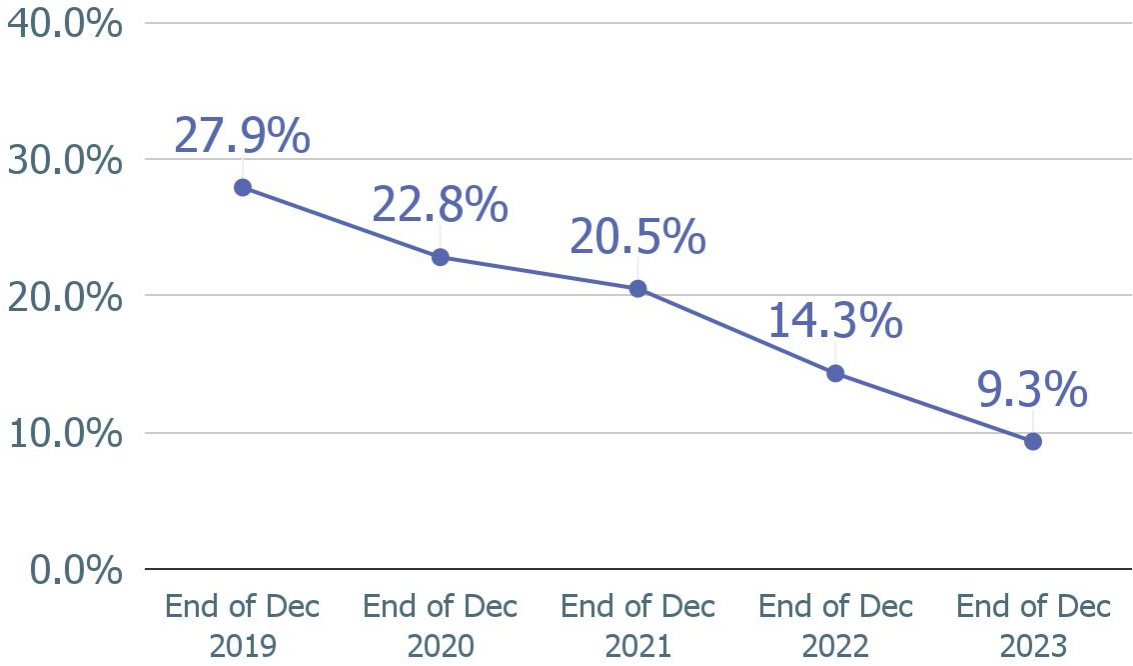
EQUITY RATIO AND D/E RATIO

Equity ratio is nearly 50%

Hundreds million yen

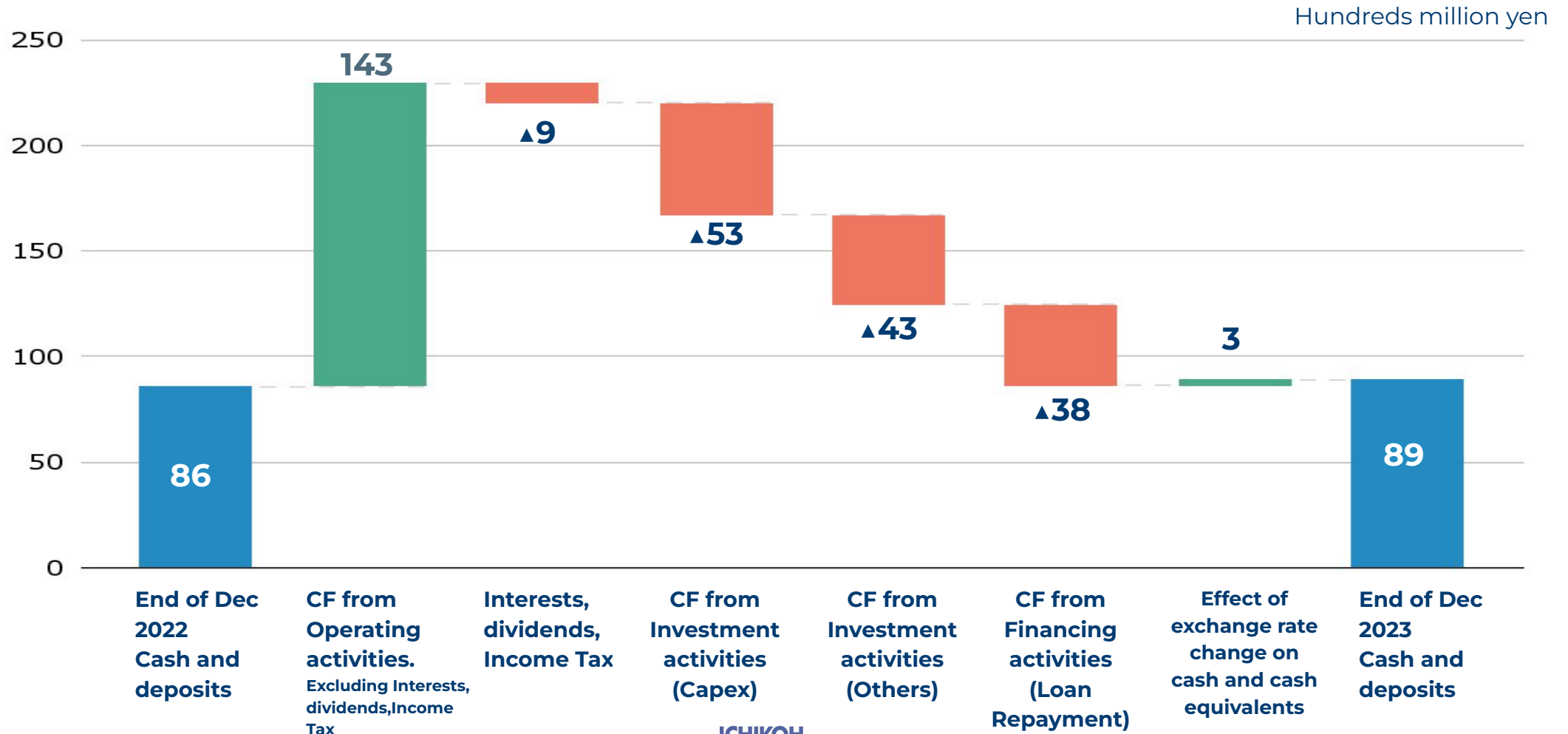


D/E ratio steadily improved



FY 2023 CONSOLIDATED STATEMENT OF CASH FLOW (YEAR-ON-YEAR COMPARISON OF “CHANGES IN CASH”)

- ◆ Operating CF of 13.4 billion yen (including interest, dividends, and income taxes) was used for Investment activities of 9.6 billion yen and Financing activities of 3.8 billion yen



02 FY2024 Financial Forecast (January~December 2024)

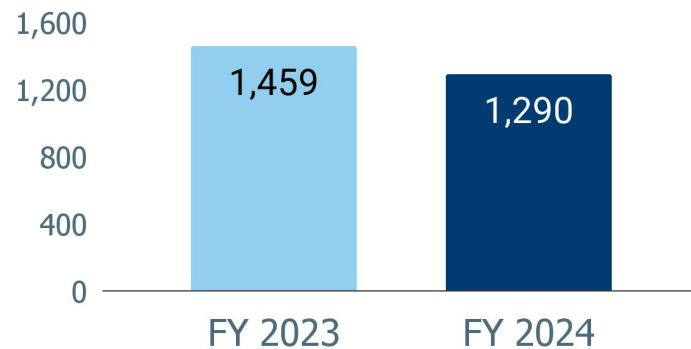
FY2024 CONSOLIDATED FORECAST

- ◆ Sales and Operating Income in value are expected to decrease due to the sale of the Mirror business and the impact of the vehicle certification issues in Japan, etc.
- ◆ However, Operating Margin in % is expected to increase by +0.1 percentage point

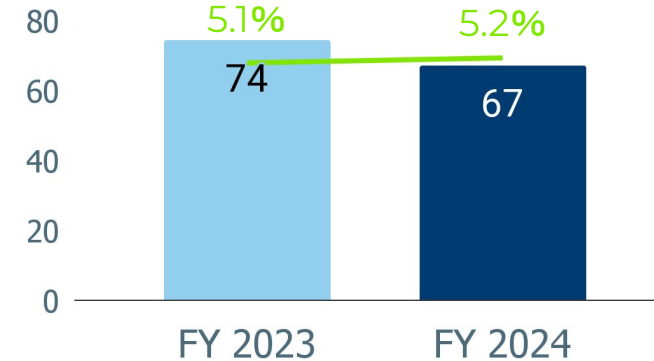
Hundreds million yen

	FY 2023 (Jan.~Dec. 2023)	FY 2024 (Jan.~Dec. 2024)	Increase /Decrease		Increase /Decrease %
Sales	1,459	1,290	①	▲169	▲11.6%
Operating Income	74	67	②	▲7	▲9.7%
Operating Margin (%)	5.1%	5.2%	②/①	4.3%	0.1 pt
Ordinary Income	81	75		▲6	▲7.7%
Net Income	78	50		▲28	▲36.2%

Sales



Operating Income



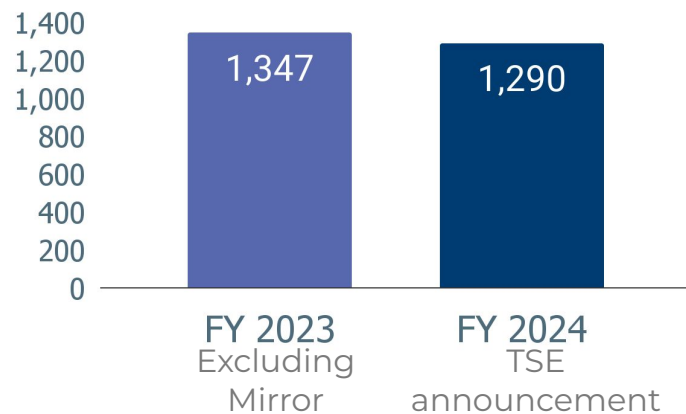
FY2024 CONSOLIDATED FORECAST (2023 EXCL. MIRROR VS. 2024 TSE ANNOUNCEMENT)

- ◆ Initial budget for 2024 assumed flat Sales and a further growth in profitability compared to 2023 results, excluding Mirror business results
- ◆ But TSE announcement for 2024 forecast is taking into consideration the latest impacts from lowered sales due to vehicle certification issues and consequently its impact on profit

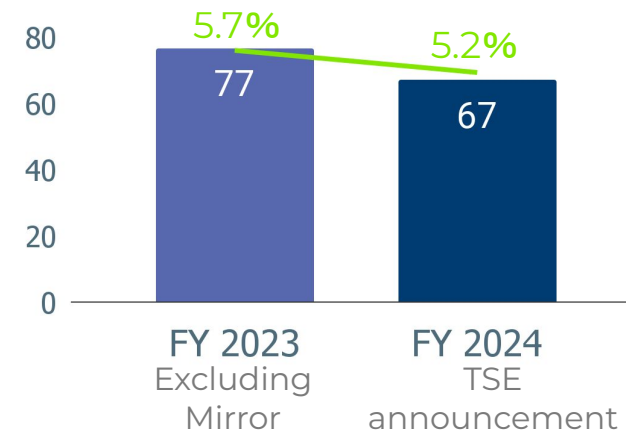
Hundreds million yen

	FY 2023 (Excluding Mirror)	FY 2024 (Initial budget)	FY 2024 (TSE announce)	Increase /Decrease (FY2023 vs TSE announce)		Increase /Decrease %
Sales	1,347	1,340	1,290	①	▲57	▲4.2%
Operating Income	77	81	67	②	▲10	▲12.6%
Operating Margin (%)	5.7%	6.0%	5.2%	②/①	17.1%	▲0.5 pt.

Sales



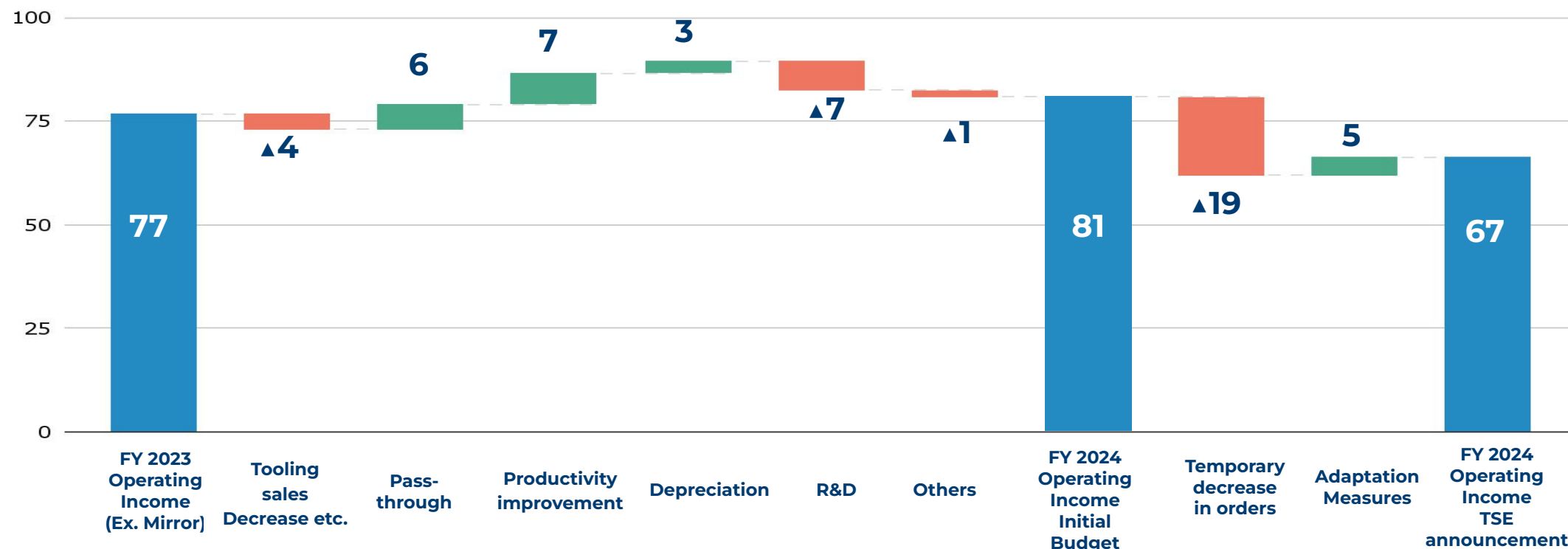
Operating Income



FY2024 FORECAST BRIDGE FOR OPERATING INCOME (2023 EX. MIRROR VS. 2024 INITIAL BUDGET VS. TSE ANNOUNCEMENT)

- ◆ While **initial Budget for 2024** was showing **higher profit vs Y-1** thanks to further productivities and Non Quality costs improvements, the **revised projection is deteriorated** by the impact of the vehicle certification issue and other factors
- ◆ **Investments in R&D** are increasing to a level capped at 7.0% of Sales to **accompany the growth** of the coming years

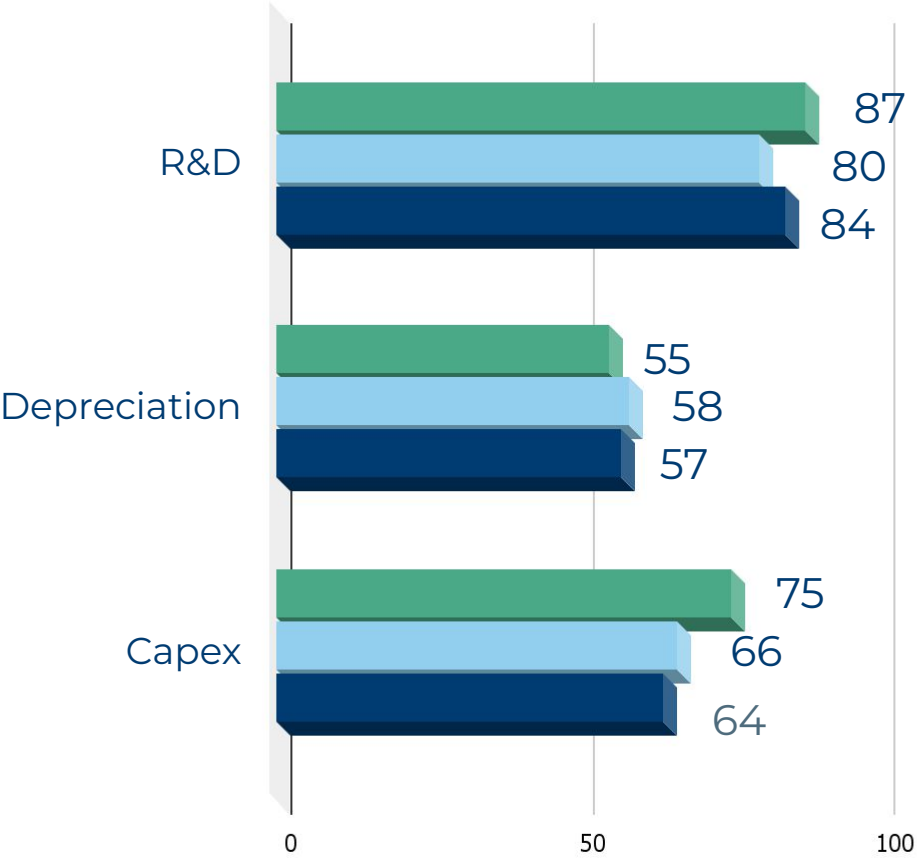
Hundreds million yen



FY2024 R&D-DEPRECIATION-CAPEX (PLAN)

Hundreds million yen

2024 Plan 2023 Actual 2022 Actual

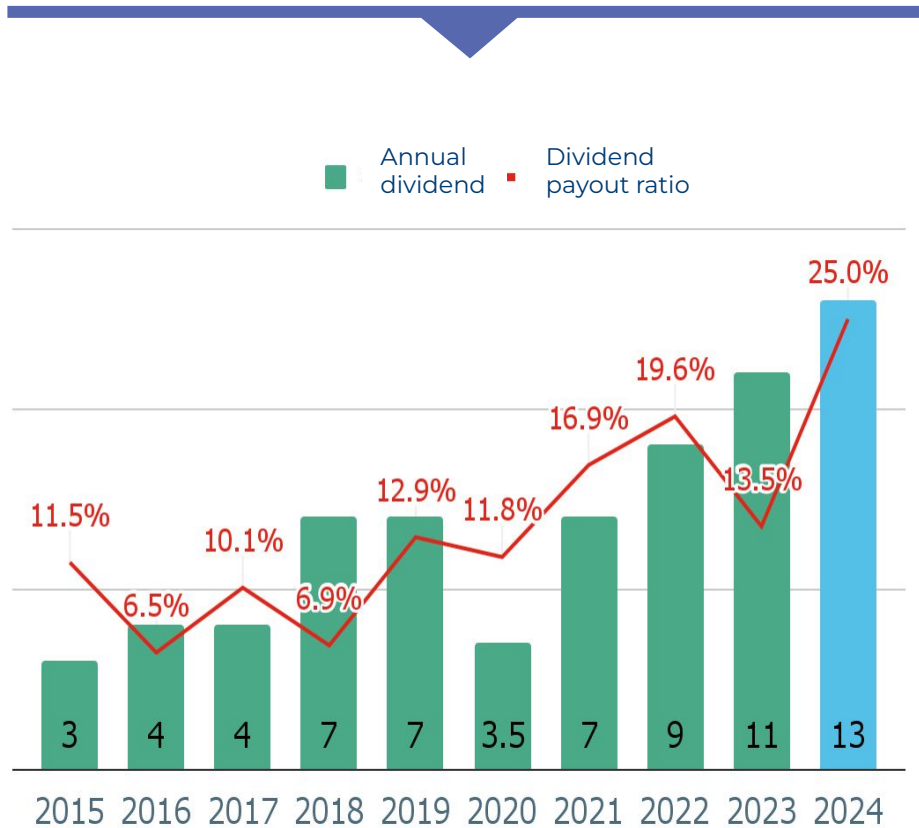


- ✓ Will increase in FY2024 to enhance development of high-end products, to prepare the product evolution for the next BEV generation and to accommodate new electronic system architectures introduced by major customers**
- ✓ Will decrease in FY2024 due to the carve out of the Mirror business and the strict control of investments over the past few years**
- ✓ Will increase in FY2024 because of Japan investment to prepare for FY2025 SOPs and because of postponed investments from FY2023 in both Japan & ASEAN**

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

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)

As for shareholder returns, enhancing corporate value through the use of capital invested by shareholders is the top priority, and dividend is regarded more important than share buybacks

FY 2023 Dividend

- ✓ Dividend target was determined considering payout ratio of 20%
- ✓ Significantly higher profit than expected, resulting in lower payout ratio than targeted

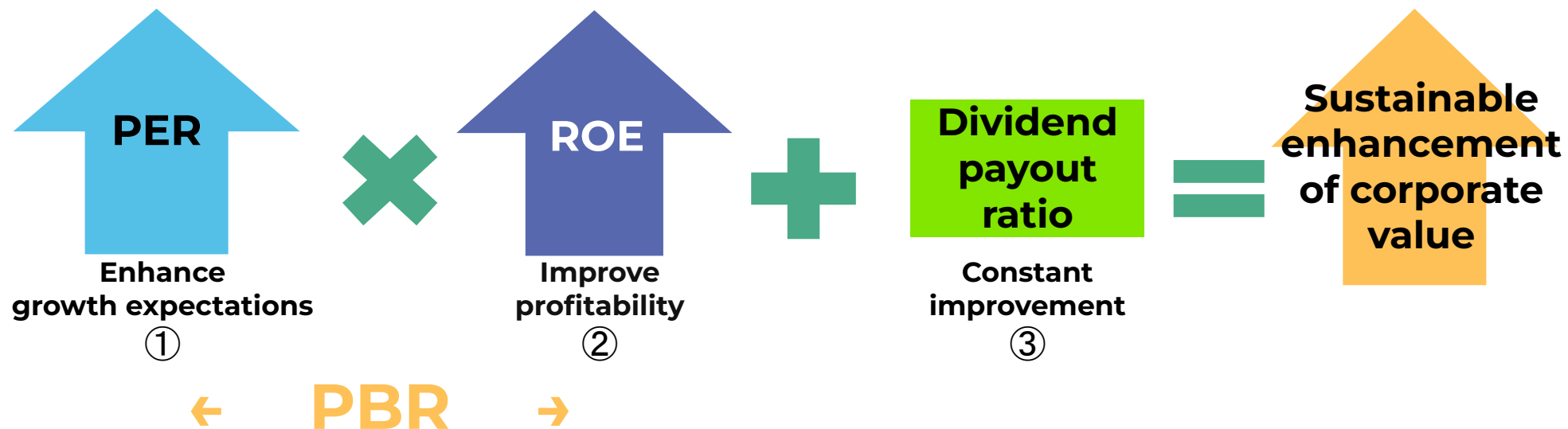
FY2024 Dividend - Forecast

- ✓ Dividend payout ratio target of 25%
- ✓ Plan for yearly dividend of 13 Yen per share
=> +2 Yen increase vs. previous year

03 Regarding PBR

MEASURES TO IMPROVE CORPORATE VALUE

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



Indicator	Target	Actual at the end of 2022	Actual at the end of 2023
PER	15.0 times	7.9 times	6.2 times
ROE	12.0%	8.6%	13.2%
Dividend Payout Ratio	25%~	19.6%	13.5%
PBR	1.80	0.68	0.82

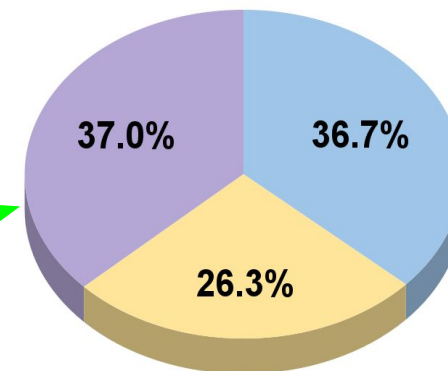
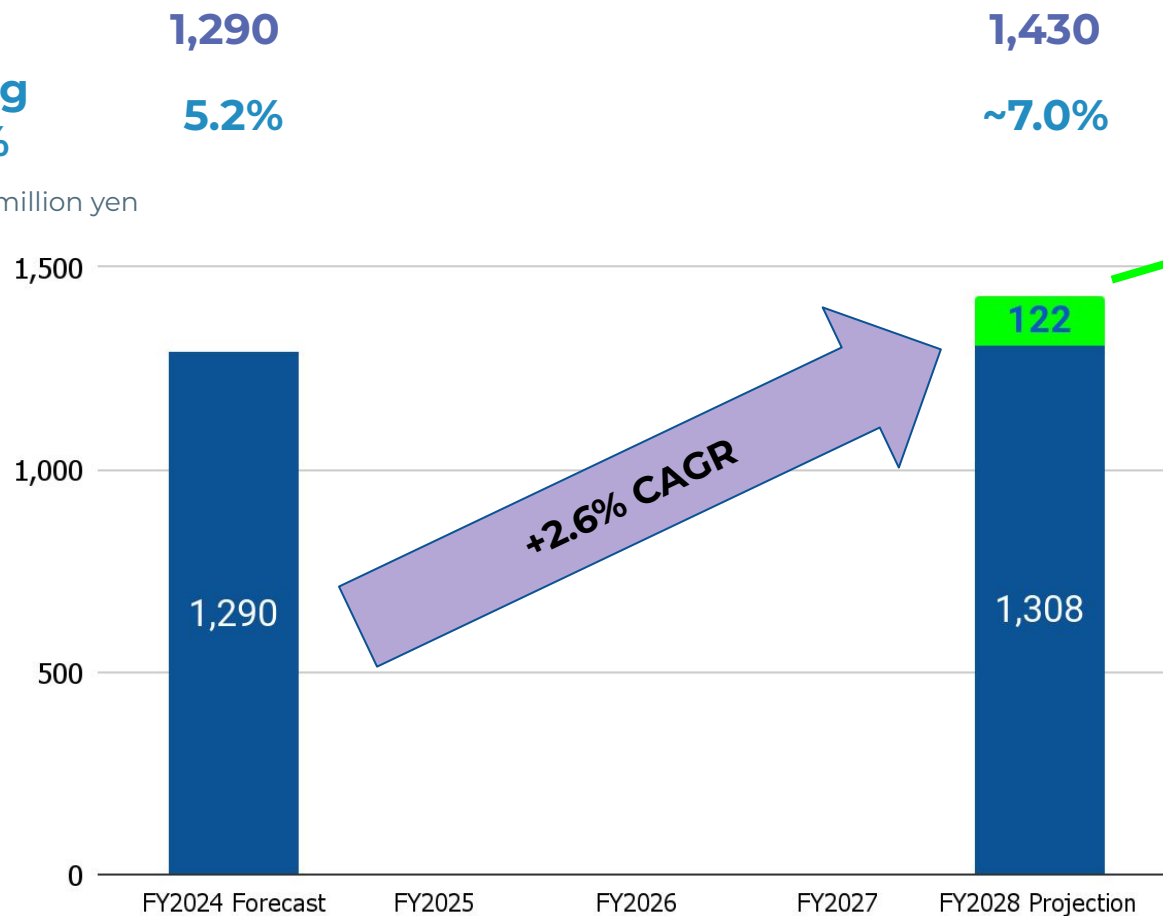
04 Medium- to Long-term Outlook

MEDIUM-TERM PLAN

- ◆ **Steady Growth** expected targeting Sales > 143B yen with Operating margin ~7% in 2028

Sales
Operating
Margin %

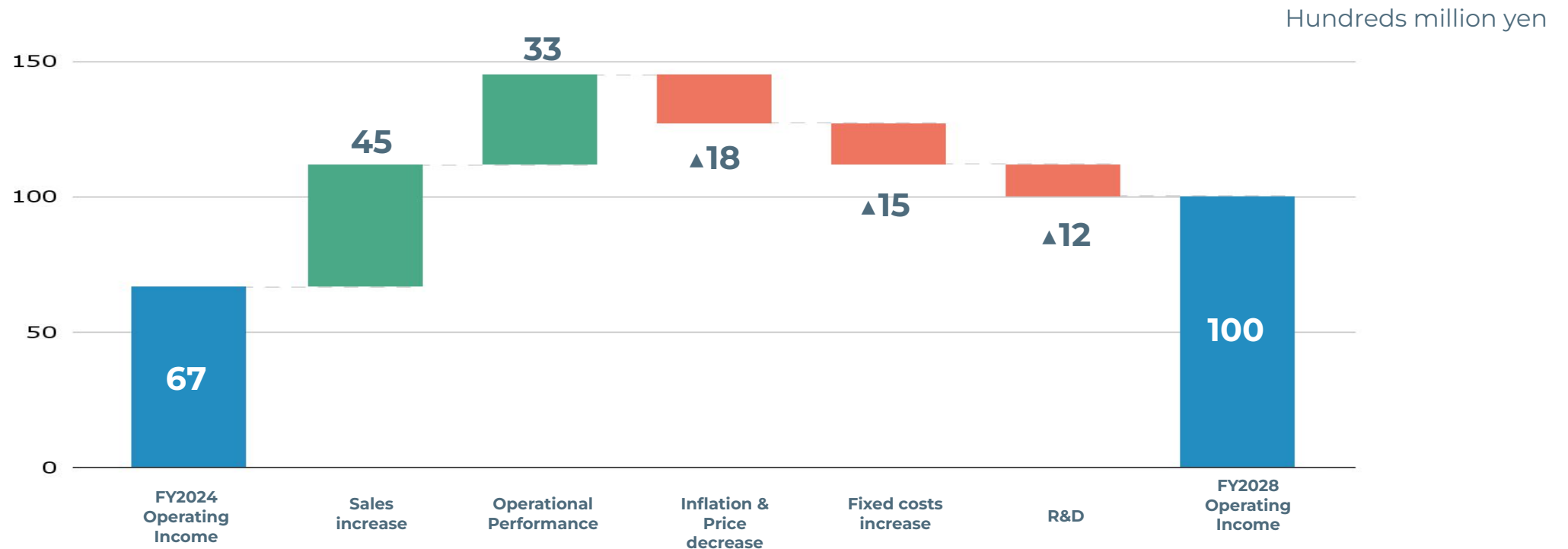
Hundreds million yen



● New Products ● Driver ● New Customer & Platform

Displayed figures do not reflect yet the growth expected from entry into New Territories

MEDIUM-TERM PLAN: OPERATING INCOME BRIDGE (FY 2024 VS FY 2028)

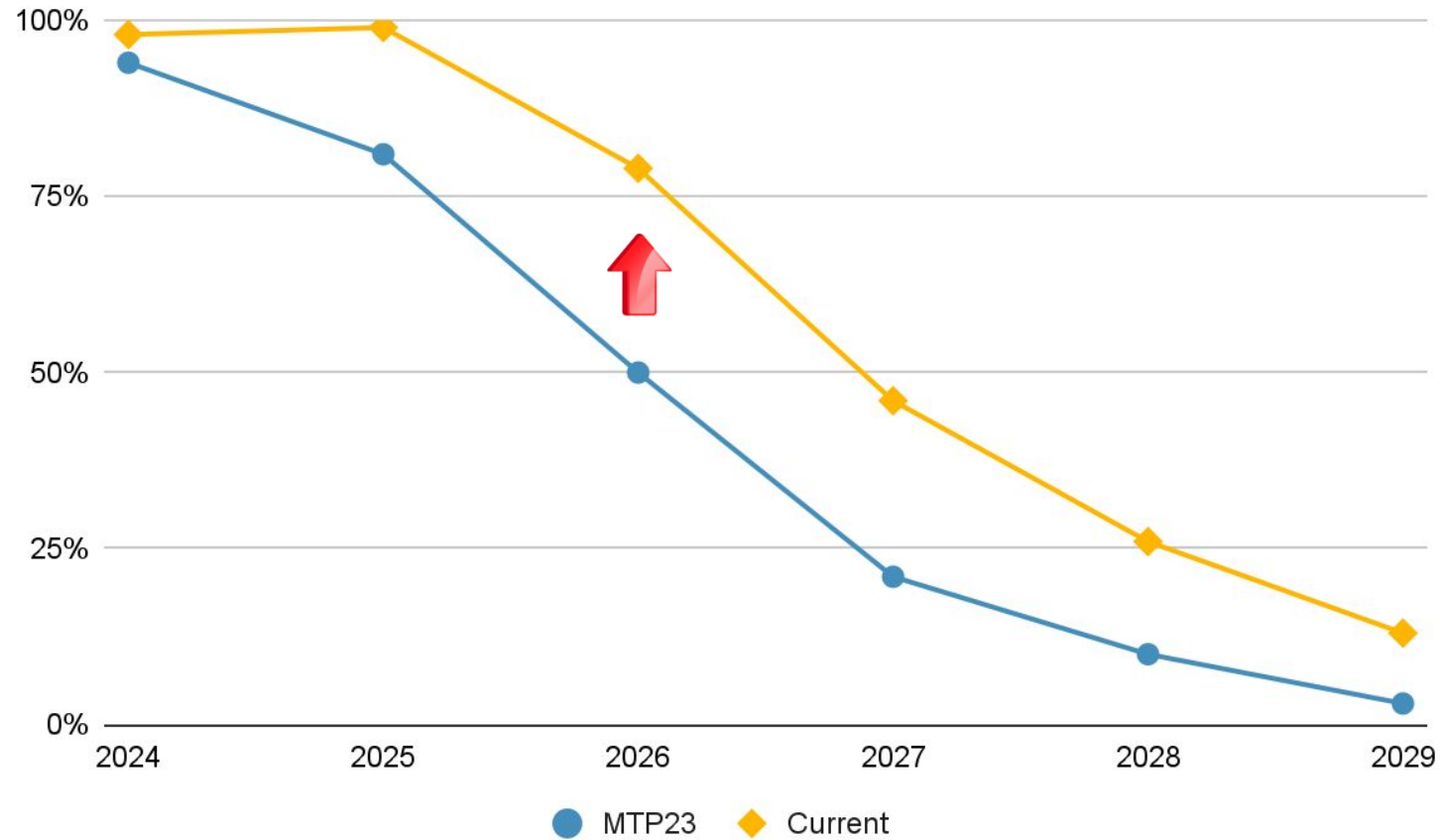


Profitability improvement fueled by **sales growth** and **operational improvement** thanks to **productivities**:

- ◆ **Year after year Operational Performance** doing more than financing Inflation & price decrease
- ◆ **Sales increase** doing more than covering Fixed costs increase and R&D effort

PROGRESS OF BOOKED RATIO

Booked Ratio* by each year is progressing as planned



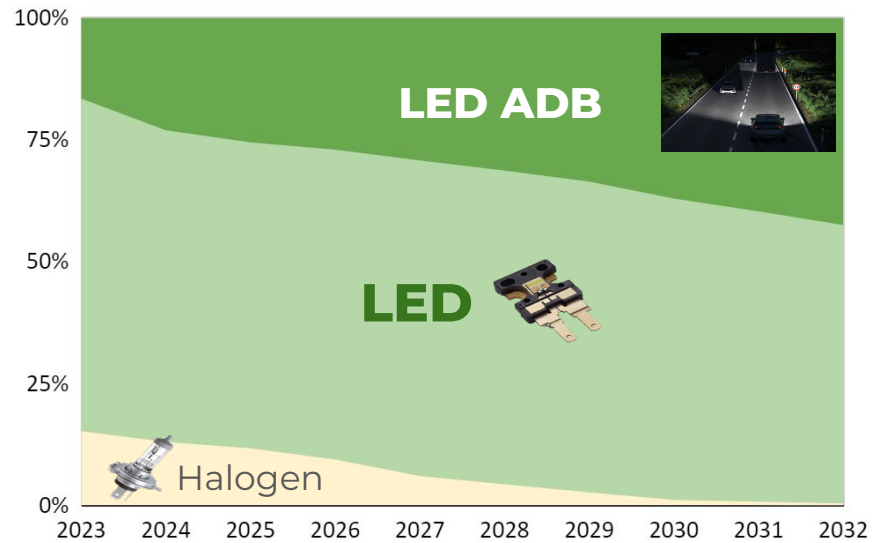
* Booked Ratio: existing or booked business over estimated sales for the respective year

EVOLUTION OF LIGHT SOURCE FOR HEADLAMPS AND REAR COMBINATION LAMPS (ICHIKOH'S MARKET ANALYSIS)

Japan



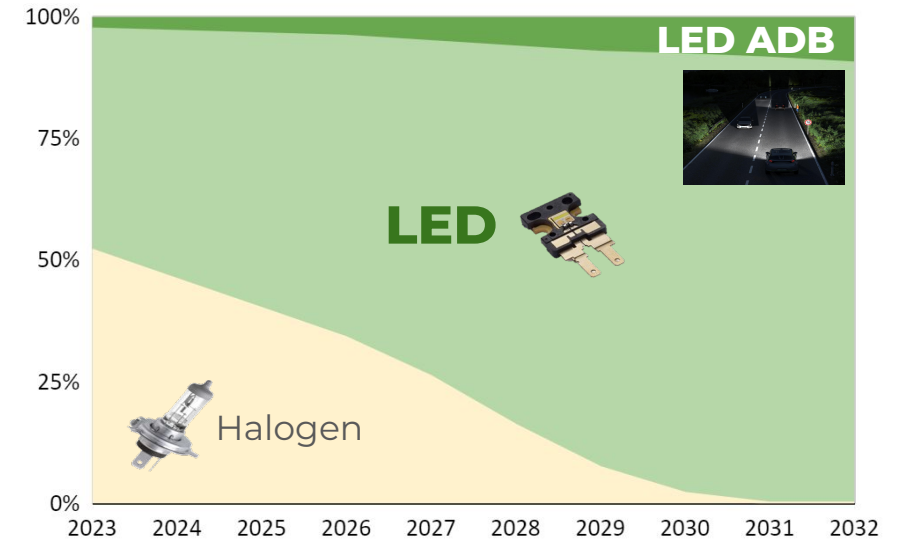
Head Lamp



Asean



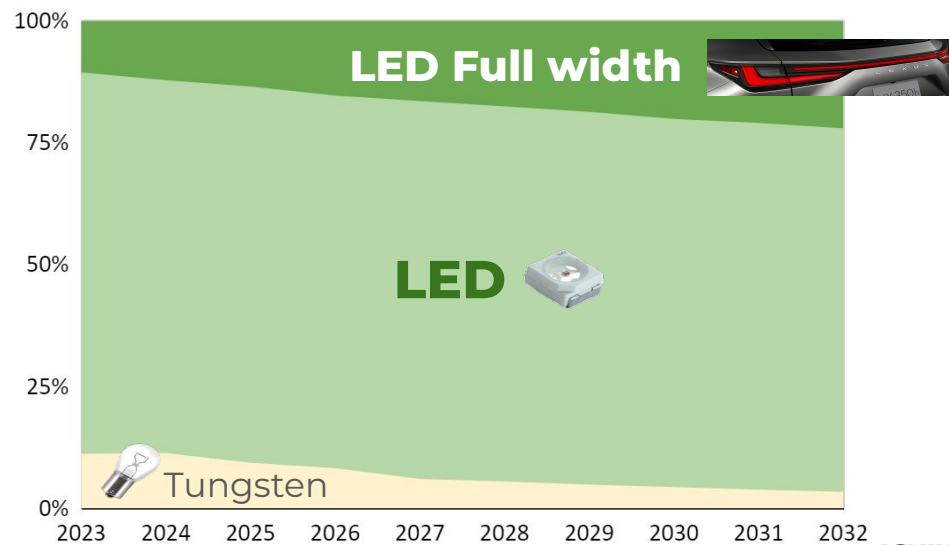
Head Lamp



Japan



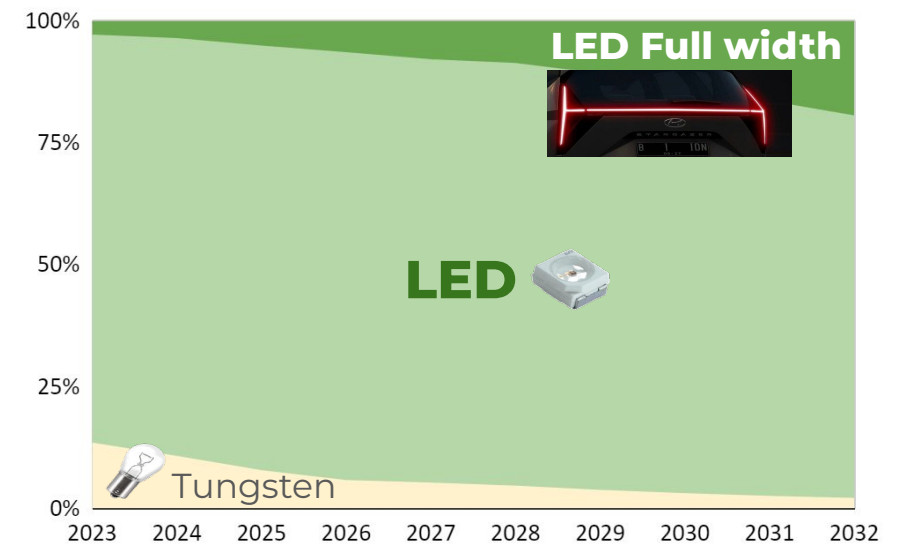
Rear Lamp



Asean



Rear Lamp



LIGHTING FOR VEHICLES OF THE NEW ERA

EVOLUTIONARY COMMUNICATION LIGHTING

Signaling Road Projection:

This new approach makes communication easier between the driver and the road users such as pedestrians, bikes and motorcycles. It aims to reduce accidental contact by clearly conveying the car's movement and potential dangers for the driver and the surrounding road users.



Next generation front and rear lighting:

This is a new lighting concept for vehicles in the age of electrification and automated driving. On the front face, the lamps are connected to the grille, and together with the headlamps, they are expected to play a new role as a communicator. On the rear face, the large lighting area further enhances the most important role of the rear lamps, which is visibility.



2023 PUBLICATION OF INTEGRATED REPORT

ICHIKOH released its first integrated report in December 2023. It illustrates the contribution of Ichikoh Group for global society development through sustainability, diversity promotion and corporate social responsibility.

Please find our website for more information.

<https://www.ichikoh.com/asset/80688/view>



Our Mission

- 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, leveraging ICHIKOH's expertise.
- Act as an **interface** between J-OEMs and VLS to secure successful Advance Production Launches.
- Generate new business opportunities with J-OEMs through **technical** and **business** leading technologies and innovations.
- Increase enterprise value for our shareholders by constant improvement of **compliance and ethics, social responsibility and** **environmental** performance.

Our Mission

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History of ICHIKOH

ICHIKOH celebrated its 100th anniversary in June 2023. The history of ICHIKOH can be traced back to the merging of two entities: Hattokubo, founded in 1903 (then "H") and Ichikawa Seisakusho, established in 1914 (then "I"). Their union in 1968 (Daima 42) marked the beginning of ICHIKOH, which has since experienced remarkable growth in tandem with the progress of motorization.

Through its journey, ICHIKOH has solidified its reputation as an innovator in manufacturing, employing the ethos of a "Manufacturer's Company." From introducing Japan's first projector headlights to developing highly efficient LED headlamps, the Company has consistently brought groundbreaking solutions to the market.

The year 2023 was the realization of a strategic alliance with Valeo, facilitated by the latter's capital investment in ICHIKOH. This partnership, initiated in 2021 when Valeo became the majority shareholder, reinforcing the alliance which ICHIKOH considered the market leading.

Capitalizing on the robust managerial relationship with its parent company, the Valeo Group, ICHIKOH has realized its role as a governing system provider and a leader in technology. It is committed to delivering innovative and superior quality products, paving the way for a greener, safer, and smarter mobility society.

Message from the President

Human Resources: The Backbone of ICHIKOH

Integrated in 100-year history, ICHIKOH has not only established itself as a manufacturing enterprise but has also consistently demonstrated that its corporate culture - or its very DNA - is rooted in safety, bringing innovation and cutting-edge technologies to fruition. At the heart of this culture and/or operations are our employees. They are pivotal for ICHIKOH to continue advancing its presence as a system provider and to remain a high-quality manufacturing entity, which is undoubtedly crucial to meet the expectations of our customers, the automotive manufacturers, and to ensure the greatest high quality, in the production and availability of our employees that bring their customer-orientation, readiness to say "human resources are an invaluable asset to ICHIKOH."

In our commitment to our employees, we promote employee well-being conditions and welfare benefits. We nurture the next generation of leaders and place a strong emphasis on leadership development in terms of gender diversity, cultural background, or age-diversity, fostering an inclusively diverse group that can best serve this Company. We are deeply passionate for developing a thriving work environment. In doing so, we believe we can safely navigate the challenges of a contracting labor market.

Enhancing Corporate Value to Become the Best Lighting Company

In December 2023, ICHIKOH spent its earnings for the fiscal year, delivering 115% Free Cash Flow and reinvested this amount in April 2023. By the end of that year, we had the valuable share into criteria, which we had previously not achieved, thereby fulfilling all the long-term requirements of our Shareholders.

Subsequently, the TEE, drawing from discussions at the "Round of Experts" Concerning the Follow-up of Market Rejuvenating, has been addressing a framework. This framework aims to maximize total shareholder returns in an increasingly global market, by long-term enhancements in corporate value, emphasizing aspects like capital cost management.

Responsibly, we have focused our efforts on strengthening a strong bond with this framework, mainly by: To address this, we recognize the need to (1) consistently advance our earnings, (2) provide clarity on our growth strategy, and (3) amplify returns to our shareholders.

To reach this objective, we have set ambitious targets for 2025, including: (1) 100% shareholder return on investment and an operating margin exceeding 8%. Our strategy revolves around three key points: (1) achieving customer satisfaction across quality, cost, and innovation; (2) Tapping into the rapid growth in the ASEAN region; (3) Deepening our collaboration with Valeo.

Notably, boosting sales and profitability hinges on a steady inflow of orders. This, in turn, is contingent upon continually refining the quality of our customer product lineup and ensuring top customer-level satisfaction to the utmost.

Regarding sustainability, we have charted a course towards carbon neutrality by 2050 and aim to realize 50% of this goal by 2030. Additionally, we are striving to establish a water conservation by a significant 80% compared to 2019 levels by 2030. We are also initiating discussions on how to engage more deeply with societal challenges, such as bolstering local educational ecosystems and facilitating a workforce balance for our female employees.

We aim to ensure that our shareholders fully recognize our strategies for enhancing profitability and growth, as well as our efforts towards sustainability. By diligently executing these strategies, we are determined to enhance shareholder value, significantly along with our ESG (ESG + WES).

The Direction ICHIKOH Should Take

The Valeo Group celebrated its 100th anniversary and has decided to release its first integrated Report. First, I wish to convey our management philosophy to all our stakeholders, including shareholders and investors.

With all the appreciation and gratitude, we would like to state that we are on the brink of significant developments, such as the production of autonomous vehicles and Battery Electric Vehicles (BEV) and shifts in our operating models. Anticipating these changes, ICHIKOH has been making general decisions.

One such decision was the divestment of our former business, WIPAC. ICHIKOH has grown as a specialized manufacturer of automotive lamps and mirrors, and we realized we are not an expert in this business. In 2022, therefore, we decided to divest this business, resulting in the receipt of "Net Cash Available for Investment."

To align with the philosophy of the Corporate Business Unit, we have also been proceeding in enhancing synergies with Valeo. This includes consolidating the role of our cross-divisional projects (including LED complex in 2022 and, in 2023, drawing attention to the factory in Mexico) and our head office structure.

In these transitional times, it is imperative to build trust and flexibility. Moving forward, ICHIKOH is expected to strategically deploy the resources we have amassed through our business decisions, enhancing synergies with Valeo. Along with ICHIKOH's mission to deliver "greener, safer and smarter" innovative and quality products, we believe it is crucial to meticulously yet judiciously prioritize new strategies, with agility in this time of change.

Representative Director,
President, CEO
Christophe Viatte

Unyielding Spirit: Our Continuous Challenge

ICHIKOH

ICHIKOH a Valeo company

SUSTAINABILITY: CORPORATE GOVERNANCE

ICHIKOH has made the appointment of a female independent director a resolution item at the next general meeting of shareholders scheduled for March 27 to strengthen governance. This will increase the ratio of independent directors to 1/3

Board of Directors Members (expected as of March 27, 2024)

Name	Title	Title as an Executive Officer
Ali Ordoobadi	Representative Director, Chairman	Responsible for Audit Department
Christophe Vilate	Representative Director, President	CEO / Lighting RO Director
Kazuyuki Miyashita	Representative Director, Deputy President	CTO / In charge of R&D Headquarters and Project Management Headquarters ; R&I Headquarters Director
Hideki Shirato	Director	CFO / Senior Managing Executive Officer; In charge of Corporate Planning Department, Legal Department, Finance Headquarters
Maurizio Martinelli	Director	
Raul Perez	Director	
Hideo Aomatsu	Outside Director	
Akemi Sagawa	Outside Director	
François-Xavier Lienhart	Outside Director	
Nobuteru Kato	Corporate Auditor (Full-time)	
Aki Tsurumaki	Outside Corporate Auditor	
Jean-Yves Jouas	Outside Corporate Auditor	

Board of Directors Skill Matrix (expected as of March 27, 2024)

Name	Corporate Management	Automotive Industry Experience	Technology and Innovation	Legal, Risk Management	Finance, Accounting, M&A	ESG	Close network with Valeo	Governance	Independency	Diversity (Gender)
Ali Ordoobadi	•	•	•				•	•		
Christophe Vilate	•	•	•		•	•	•	•		
Kazuyuki Miyashita	•	•	•			•	•			
Hideki Shirato	•			•	•			•		
Maurizio Martinelli	•	•	•			•	•	•		
Raul Perez	•	•		•	•		•			
Hideo Aomatsu	•				•			•	•	
Akemi Sagawa	•				•	•		•	•	•
François-Xavier Lienhart	•	•			•			•	•	

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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a Valeo company