

## Consolidated Financial Results for the third Quarter of the Fiscal Year Ending December 31, 2018

Company name: **ICHIKOH INDUSTRIES, LTD.**  
 Listing: Tokyo Stock Exchange, First Section  
 Code number: 7 2 4 4  
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Filing of Quarterly Financial Report: November 8, 2018

Date for starting dividends payment: —

Quarterly earnings supplementary explanatory documents: No

Quarterly earnings presentation: No

\*Amounts under one million yen have been rounded down.

### 1. Performance in the third Quarter Ended September 30, 2018 (January 1, 2018 to September 30, 2018)

(1) Consolidated Financial Results (Millions of yen; percentage figures indicate year-on-year change)

	Net Sales	Operating Income	Ordinary Income	quarterly net income (loss) attributable to the shareholder parent company
	%	%	%	%
3rd. Quarter (ended on Sep. 30, 2018)	105,188	7,182	7,901	6,066
3rd. Quarter (ended on Dec. 31, 2017)	-	-	-	-

(Note) Comprehensive income:  
 Sep. 30, 2018 5,416 million yen (— %) Dec. 31 2017 — million yen (— %)

	Net income per share (Yen)	Net income per share-diluted (Yen)
3rd. Quarter (ended on Sep. 30, 2018)	63.15	-
3rd. Quarter (ended on Dec. 31, 2017)	-	-

Ichikoh Industries implemented a change of the fiscal term in which the fiscal year-end changed from March 31 to December 31, starting from the fiscal year 2017. Accordingly, the consolidated results (cumulative total) for the nine months ended December 31, 2017 and the percent of change from the corresponding period of the previous year are not indicated, since the financial results for nine months ended December 31, 2017 have not been prepared.

(2) Consolidated Financial Position (Millions of yen; except for per share figures)

	Total Assets	Net Assets	Equity Ratio (%)
3rd. Quarter (As of Sep. 30, 2018)	101,758	38,166	36.3
FY2017 (As of Dec. 31, 2017)	103,177	33,266	30.9

[Reference] Equity: Third Quarter as of Sep. 30, 2018 ¥36,954 million  
 Fiscal Year as of Dec 31, 2017 ¥31,910 million

### 2. Cash Dividends

(Cut-off Date)	Cash Dividends per share (Yen)				
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Full Year
FY2017 (ended on Dec. 31, 2017)	-	2.50	-	1.50	4.00
FY2018 (ended on Dec. 31, 2018)	-	2.50	-		
FY2018 (ended on Dec. 31, 2018) [plan]				2.50	5.00

Note: Revision to quarterly dividend forecast : No

### 3. Consolidated Performance Forecasts for the Fiscal Year 2018 (January 1, 2018 to December 31, 2018)

(Millions of yen; percentages indicate changes over the same period in the previous fiscal year)

	Net Sales	Operating Income	Ordinary Income	quarterly net income (loss) attributable to the shareholder parent company	Net Income per Share (Yen)
	%	%	%	%	yen
Full Year	139,000	9,000	9,800	7,500	78.06

Note: Revision to consolidated performance forecast : Yes

Ichikoh Industries changed its fiscal year-end from the last fiscal year, then the previous full term is 9 months which is started from April 1 and ended on December 31, 2017. It is the reason why the differences between the previous term and the previous quarter have not been written in the above.

#### 4. Other

(1) Principal affiliates' transfer in this fiscal term (in accordance with the change of consolidation scope) No

Added - (Corporate name)

Excluded - (Corporate name)

(2) Application of simple accounting as well as specific accounting for preparing the quarterly consolidated financial statements: Applied

(3) Changes in accounting policies, changes in accounting estimates, and restatement

① Changes in accounting policies due to revisions to accounting standard: No

② Changes in accounting policies due to other reasons: No

③ Changes in accounting estimates: No

④ Restatement: No

(4) Number of issued shares (common stock)

① Number of shares outstanding at the end of the period (including treasury stock)

As of September 30, 2018 96,250,001

As of December 31, 2017 96,225,501

② Number of shares of treasury stock at the end of period

As of September 30, 2018 163,554

As of December 31, 2017 161,925

③ Average number of shares during the period (cumulative; consolidated)

FY2018 3rd quarter: 96,075,293

FY2017 3rd quarter: -

\*Quarterly review procedures:

As of when this summary of quarterly results have been released as flash report, we have not completed the review for the quarterly financial reporting required in accordance with the Financial Instruments and Exchange Act.

## 1. Qualitative Information on Quarterly Results

### (1) Analysis of operating results

The Japanese economy for the third quarter gradually recovered on domestic demand by continued housing constructions of high standard, construction investments under the low interest rate environment, and also on foreign demand, by strong export aimed at Asia countries. As for global economy, despite concerns such as protective movement of United States and its relation between China, the employment index in USA maintained steady continuingly, and the economy of developing countries China and ASEAN in total remained strong.

As for automotive market to which the company group belongs, the domestic car production volume decreased a little compared to the same term of last year. In ASEAN market, production volume of the three countries in ASEAN regions increased in total compared to the same term of last year due to the growth of production volume in the main three ASEAN countries, Thailand where export led economic recovery, Malaysia where Mahathir administration abolished the consumption tax substantially in June and gained special demand, and Indonesia where compact car sales were strong. Also for China, car production volume was almost flat compared with the same period of the last year.

Under those circumstances, the consolidated cumulative third quarter results of the company increased both in sales and profit thanks to the increase of domestic sales due to the launch of new products and strong sales of value-added products such as LED lamp and camera monitor system, also thanks to the increased sales and improved profitability of ASEAN overseas affiliates. As a result, sales was 105,188 million yen (same term of last year was 91,623 million yen, 14.8% increase), operating income was 7,182 million yen (same term of last year was 4,404 million yen, 63.1% increase). Ordinary income was 7,901 million yen (same term of last year was 4,945 million yen, 59.8% increase). And net income attributable to shareholders of the parent company was 6,066 million yen (same term of last year was 4,593 million yen, 32.1% increase)

Results by each segment are as follows:

#### 1. Auto-Components business

As for auto-components business, sales and profit increased compared to the same term of last year, thanks to the increase of domestic sales by the launch of new products and strong sales of value-added products such as LED lamp and camera monitor system, also thanks to the increased sales and improved profitability of ASEAN overseas affiliates. As a result, sales was 98,729 million yen (same term of last year was 85,113 million yen, 16.0% increase), operating income was 7,047 million yen (same term of last year was 4,439 million yen, 58.8% increase).

#### 2. After-Market business

The results of after-market business: sales 6,232 million yen (same term of last year was 6,156 million yen, 1.2 % increase), operating income 143 million yen (same term of last year was operating loss of 50 million yen).

#### 3. Other business

The sale of other business was 1,480 million yen (same term of last year was 1,517 million yen, 2.4% decrease), operating income was 1 million yen (same term of last year was 40 million yen, 96.8% decrease).

(Reference)	(Millions of yen)		
	Same term of the last year (January 1, 2017 ~ September 30, 2017)	Current 3rd Quarter (January 1, 2018 ~ September 30, 2018)	Difference
Net sales	91,623	105,188	14.8%
Operating income	4,404	7,182	63.1%
Ordinary income	4,945	7,901	59.8%
quarterly net income attributable to the shareholder parent company	4,593	6,066	32.1%

## 2. Consolidated Financial Statement

### (1) Consolidated Balance Sheets

(Millions of yen)

	Previous Fiscal Year End (As of December 31, 2017)	Third Quarter Ended (As of September 30, 2018)
<b>Assets</b>		
Current assets		
Cash and deposits	9,422	10,164
Notes and accounts receivable-trade	23,402	23,211
Electronically recorded monetary claims-operating	1,091	958
Merchandise and finished goods	4,658	4,411
Work in process	713	742
Raw materials and supplies	3,310	3,509
Deferred tax assets	1,616	1,642
Other	3,145	1,796
Allowance for doubtful accounts	(130)	(79)
Total current assets	47,229	46,357
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	10,479	11,557
Machinery, equipment and vehicles, net	11,508	11,924
Tools, furniture and fixtures, net	3,128	3,754
Land	3,434	3,388
Lease assets, net	7,412	4,728
Construction in progress	3,699	2,466
Total property, plant and equipment	39,662	37,819
Intangible assets		
goodwill	551	381
Other	1,301	1,046
Total intangible assets	1,852	1,428
Investments and other assets		
Investment securities	6,407	6,074
Long-term loans receivable	1,035	836
Deferred tax assets	142	139
Other	6,851	9,109
Allowance for doubtful accounts	(4)	(7)
Total investments and other assets	14,433	16,152
Total noncurrent assets	55,948	55,401
Total assets	103,177	101,758

(Millions of yen)

	Previous Fiscal Year End (As of December 31, 2017)	Third Quarter Ended (As of September 30, 2018)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	24,938	24,865
Short-term loans payable	6,733	4,886
Current portion of long-term loans payable	985	1,329
Lease obligations	5,270	4,132
Income taxes payable	265	1,439
Accrued expenses	3,693	4,214
Provision for bonuses	958	2,014
Provision for directors' bonuses	29	48
Provision for product warranties	1,361	1,196
Other	3,374	3,443
<b>Total current liabilities</b>	<b>47,611</b>	<b>47,571</b>
Noncurrent liabilities		
Long-term loans payable	8,817	4,979
Lease obligations	3,750	1,771
Deferred tax liabilities	856	720
Retirement benefits	8,603	8,297
Asset retirement obligations	214	200
Provision for environmental program	8	8
Other	48	43
<b>Total noncurrent liabilities</b>	<b>22,299</b>	<b>16,020</b>
<b>Total liabilities</b>	<b>69,911</b>	<b>63,592</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	8,957	8,972
Capital surplus	2,476	2,491
Retained earnings	20,449	26,135
Treasury stock	(43)	(45)
<b>Total shareholders' equity</b>	<b>31,840</b>	<b>37,553</b>
Accumulated other comprehensive income		
Valuation difference on other securities.	2,306	2,066
Foreign currency translation adjustment	(1,982)	(2,423)
Adjustment retirement benefits	(254)	(241)
<b>Total accumulated other comprehensive income</b>	<b>69</b>	<b>(598)</b>
Minority interests	1,356	1,211
<b>Total net assets</b>	<b>33,266</b>	<b>38,166</b>
<b>Total liabilities and net assets</b>	<b>103,177</b>	<b>101,758</b>

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income  
Consolidated Statements of Income (Millions of yen)

	Current 3rd Quarter (January 1, 2018 ~ September 30, 2018)
Net sales	105,188
Cost of sales	83,246
Gross profit	21,942
Selling, general and administrative expenses	14,760
Operating income	7,182
Non-operating income	
Interest income	68
Dividends income	163
Equity in earnings of affiliates	993
Other	267
Non-operating income	1,492
Non-operating expenses	
Interest expenses	306
Commission fee	140
Foreign exchange losses	183
Other	142
Non-operating expenses	773
Ordinary income	7,901
Extraordinary income	
Gain on sales of noncurrent assets	4
Extraordinary income	4
Extraordinary loss	
Loss on sales and retirement of noncurrent assets	160
Total Extraordinary loss	160
Income before income taxes and minority interests	7,745
Income taxes	1,646
Quarterly net income	6,099
Quarterly net income (loss) attributable to the Non-controlling shareholder	32
Quarterly net income (loss) attributable to the shareholder parent company	6,066

Consolidated Statements of Comprehensive Income	(Millions of yen)
	Current 3rd Quarter (January 1, 2018 ~ September 30, 2018)
Quarterly net income	6,099
Other comprehensive income	
Valuation difference on other securities	(240)
Foreign currency translation adjustment	(286)
Adjustment retirement benefits	13
Share of other comprehensive income of associates accounted for using equity method	(169)
Total other comprehensive income	(682)
Quarterly comprehensive income	5,416
(items)	
Quarterly comprehensive income (loss) attributable to equity holders of the parent	5,398
Quarter comprehensive income (loss) attributable to Non-controlling shareholders	17

(3) Note on assumptions for going concern

There is no item to be reported.

(4) Segment Information

I . Previous same term of this third Quarter (January 1, 2017 to September 30, 2017)

1. Sales and profits or losses for each reportable segment

(Millions of yen)

	Segments			Other	Total
	Automotive Parts	Automotive Aftermarket	Sub Total		
Net sales					
(1) Sales to Outside Customers	88,110	5,464	90,574	1,048	91,623
(2) Intersegment Sales or Transfers	3	691	695	468	1,164
TOTAL	85,113	6,156	91,270	1,517	92,787
Segment income	4,439	(50)	4,388	40	4,428

\* "Other" shows business segments which is not included in reportable segment. It shows "Sales and production business of electric bulb for automotive in our group".

2. Total amount for profit and loss in reportable segment and

Details of adjustment in the quarterly consolidated statement (Adjustment amounts and items)

(Millions of yen)

Profit	Amount
Total amount for Segment	4,388
Profit including "Other"	40
Elimination for intersegment	(24)
Operating income in quarterly consolidated statement	4,404

II . Current Third Quarter (January 1, 2018 to September 30, 2018)

1. Sales and profits or losses for each reportable segment

(Millions of yen)

	Segments			Other	Total
	Automotive Parts	Automotive Aftermarket	Sub Total		
Net sales					
(1) Sales to Outside Customers	98,725	5,463	104,188	999	105,188
(2) Intersegment Sales or Transfers	3	769	772	481	1,254
TOTAL	98,729	6,232	104,961	1,480	106,442
Segment income	7,047	143	7,191	1	7,192

\* "Other" shows business segments which is not included in reportable segment. It shows "Sales and production business of electric bulb for automotive in our group".

2. Total amount for profit and loss in reportable segment and

Details of adjustment in the quarterly consolidated statement (Adjustment amounts and items)

(Millions of yen)

Profit	Amount
Total amount for Segment	7,191
Profit including "Other"	1
Elimination for intersegment	(10)
Operating income in quarterly consolidated statement	7,182



**( Reference) Summary of Non-consolidated financial results as of September 30,2018 (Jan. 1, 2018 ~ Sep. 30, 2018)**

(1) Operating results (Percentages(%) shows fluctuation to the previous)

	Net Sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
30-Sep.18	82,894	15.4	5,888	78.6	6,807	109.0	5,203	64.4
30-Sep.17 *	71,819	-	3,297	-	3,256	-	3,165	-

(Notice \*) Same period of the last year (January 1, 2017 ~ June 30, 2017)

(2) Financial conditions

	Total assets	Net assets	Ratio of shareholders' equity	Net assets per share
	million yen	million yen	%	yen
30-Sep.18	79,914	31,227	39.1	324.99
31-Dec.17	80,162	26,611	33.2	277.02

(Reference) Shareholders' equity:

Sep. 30, 2018      31,227 million yen      Dec. 31, 2017      26,611 million yen