



# 2021 First Half Financial Results Investor Relations Meeting

**September 9, 2021**  
**Ichikoh Industries, Ltd.**

Vision in motion



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(January~June 2021)
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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**.

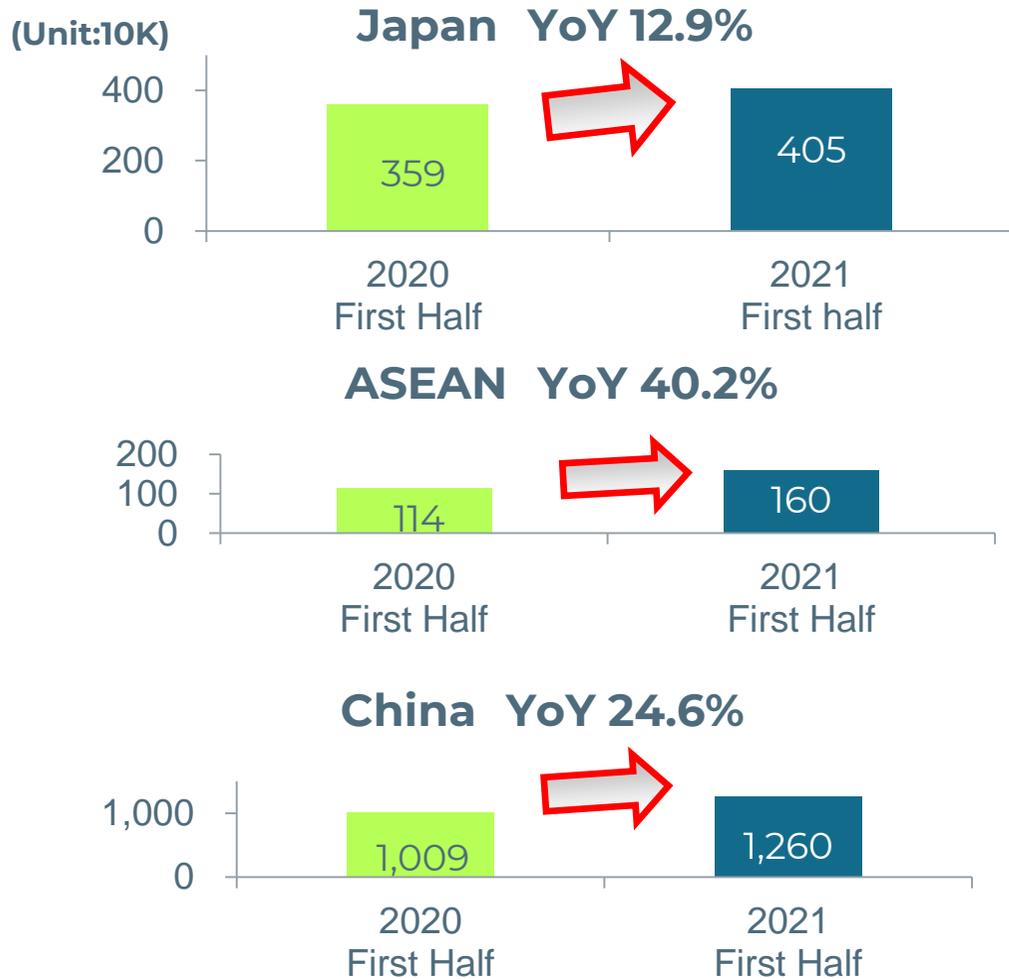
(\*): VLS = Valeo Lighting Systems

# 01 FY2021 First Half Financial Results (January~June 2021)

# FY2021 FIRST HALF

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

Production volume of the market  
(from LMC Automotive)



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	23.1%	12.9%	10.2 pt.
ASEAN	44.0%	40.2%	3.8 pt.
China	62.6%	24.6%	38.0 pt.

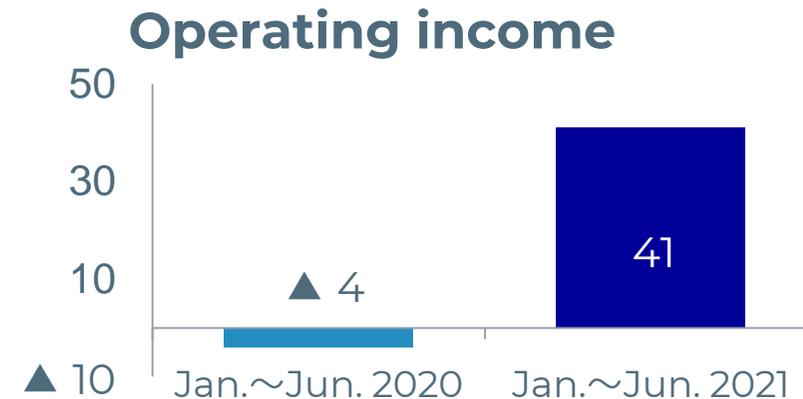
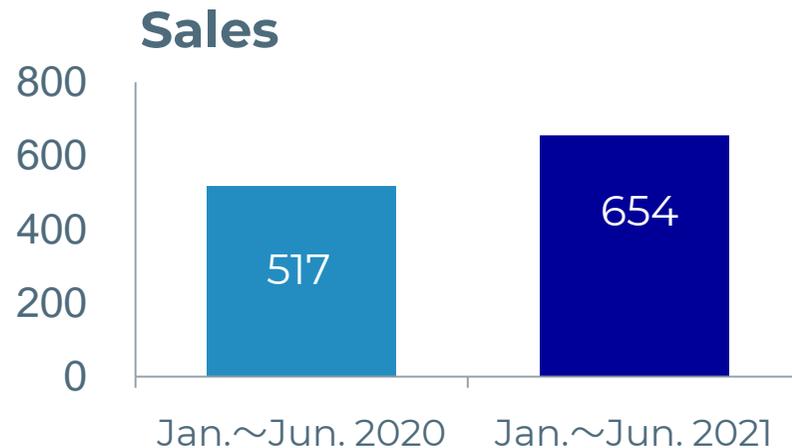
ASEAN: Malaysia, Indonesia, Thailand

## FY2021 FIRST HALF RESULTS

- ◆ Significant increase in sales and profits benefitting from the rebound effect post COVID-19 crisis in 2020
- ◆ Even with a slight decline in sales compared to 2019 which was prior to COVID-19 pandemic, profit was increased due to productivity improvement and effect of reducing structure costs

Hundreds million yen

	FY2019 (Jan.~Jun. 2019)	FY2020 (Jan.~Jun. 2020)	<b>FY2021 (Jan.~Jun. 2021)</b>	Increase /Decrease	Increase /Decrease %
<b>Sales</b>	<b>669</b>	<b>517</b>	<b>654</b>	<b>137</b>	<b>26.5%</b>
<b>Operating Income</b>	<b>40</b>	<b>▲4</b>	<b>41</b>	<b>45</b>	<b>-</b>
<b>Operating Margin (%)</b>	<b>6.0%</b>	<b>▲0.8%</b>	<b>6.3%</b>	<b>-</b>	<b>7.1 pt.</b>
<b>Ordinary Income</b>	<b>42</b>	<b>▲7</b>	<b>47</b>	<b>54</b>	<b>-</b>
<b>Net Income belonging to Parent company's shareholders</b>	<b>28</b>	<b>▲6</b>	<b>30</b>	<b>36</b>	<b>-</b>



## FY2021 FIRST HALF RESULTS BY EACH REGION

◆ Japan Domestic has not recovered to the pre-Corona 2019 levels due to production cuts caused by semiconductor shortages, etc.

◆ Overseas increase in sales and profit over FY2019

Hundreds million yen

	Japan (Ichikoh Industries)	Overseas	Others	Internal transaction elimination etc.	Total
<b>Sales</b>	<b>506</b> <b>(411)</b> <b>[525]</b>	<b>125</b> <b>(84)</b> <b>[113]</b>	<b>52</b> <b>(46)</b> <b>[52]</b>	<b>▲29</b> <b>(▲24)</b> <b>[▲21]</b>	<b>654</b> <b>(517)</b> <b>[669]</b>
<b>Operating Income</b>	<b>30</b> <b>(6)</b> <b>[33]</b>	<b>11</b> <b>(▲4)</b> <b>[9]</b>	<b>1</b> <b>(▲1)</b> <b>[0]</b>	<b>▲1</b> <b>(▲5)</b> <b>[▲2]</b>	<b>41</b> <b>(▲4)</b> <b>[40]</b>
<b>Operating Income %</b>	<b>5.9%</b> <b>(1.4%)</b> <b>[6.2%]</b>	<b>8.8%</b> <b>(▲4.3%)</b> <b>[8.2%]</b>	<b>1.9%</b> <b>(▲1.1%)</b> <b>[0.6%]</b>	<b>-</b>	<b>6.3%</b> <b>(▲0.8%)</b> <b>[6.0%]</b>

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

Overseas : Indonesia ・ Malaysia ・ Thailand ・ China

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

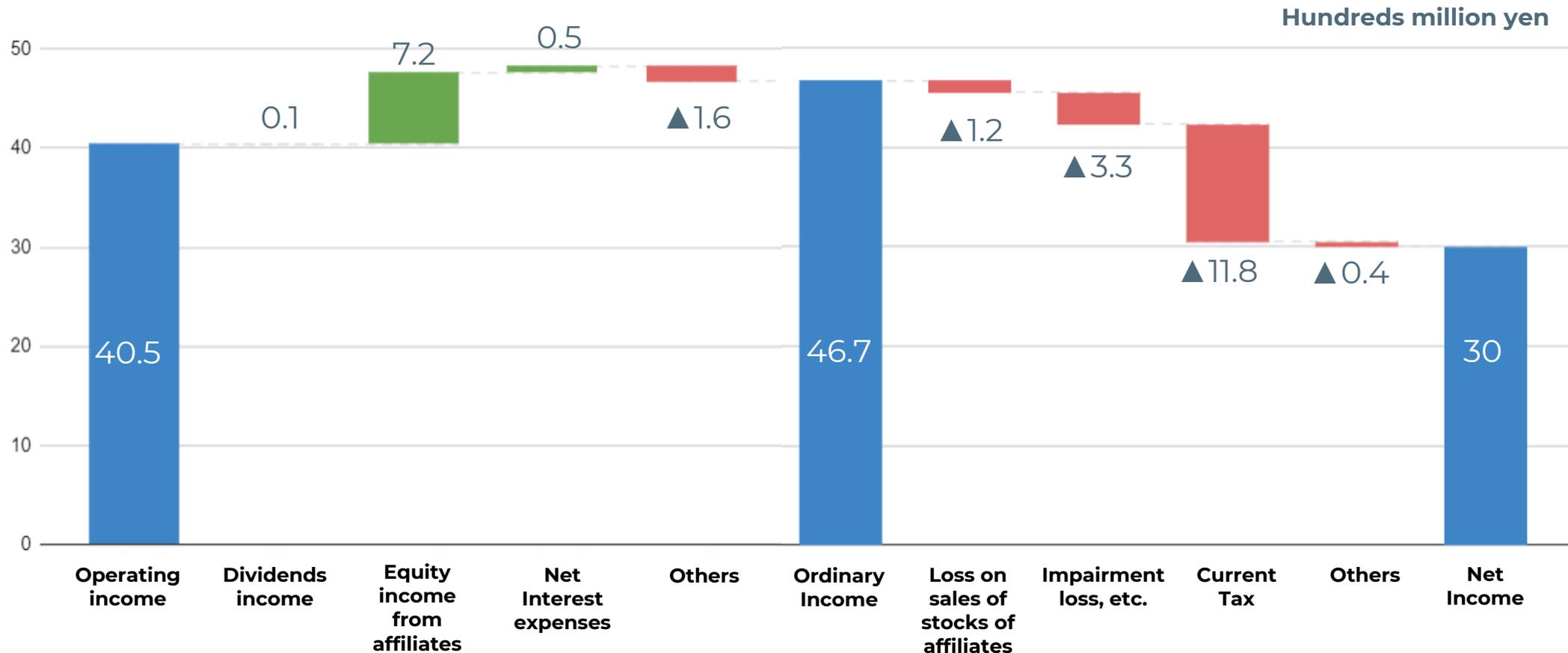
( ) : Same term result of the last year (Jan. ~ Jun. 2020)

[ ] : Same term result of the year before last (Jan. ~ Jun. 2019)

# FY2021 FIRST HALF

【OPERATING INCOME ~ ORDINARY INCOME ~ NET INCOME】

- ◆ **Equity income from affiliates : 0.7 Billion Yen of equity earnings from the lighting joint venture with Valeo (showing a sharp recovery from ▲0.2 Billion Yen in the same period of last year)**
- ◆ **Dividend income : Almost zero due to sale of cross-shareholdings**



# FY2021 FIRST HALF RESULTS HIGHLIGHTS

## Comparison with the same period of last year

- ◆ All three markets, Japan, ASEAN, and China, have improved significantly benefitting from the rebound from drop due to effect of COVID-19 but as well have achieved an increase in sales that exceeds the market recovery rate

## Comparison with the same period of 2019

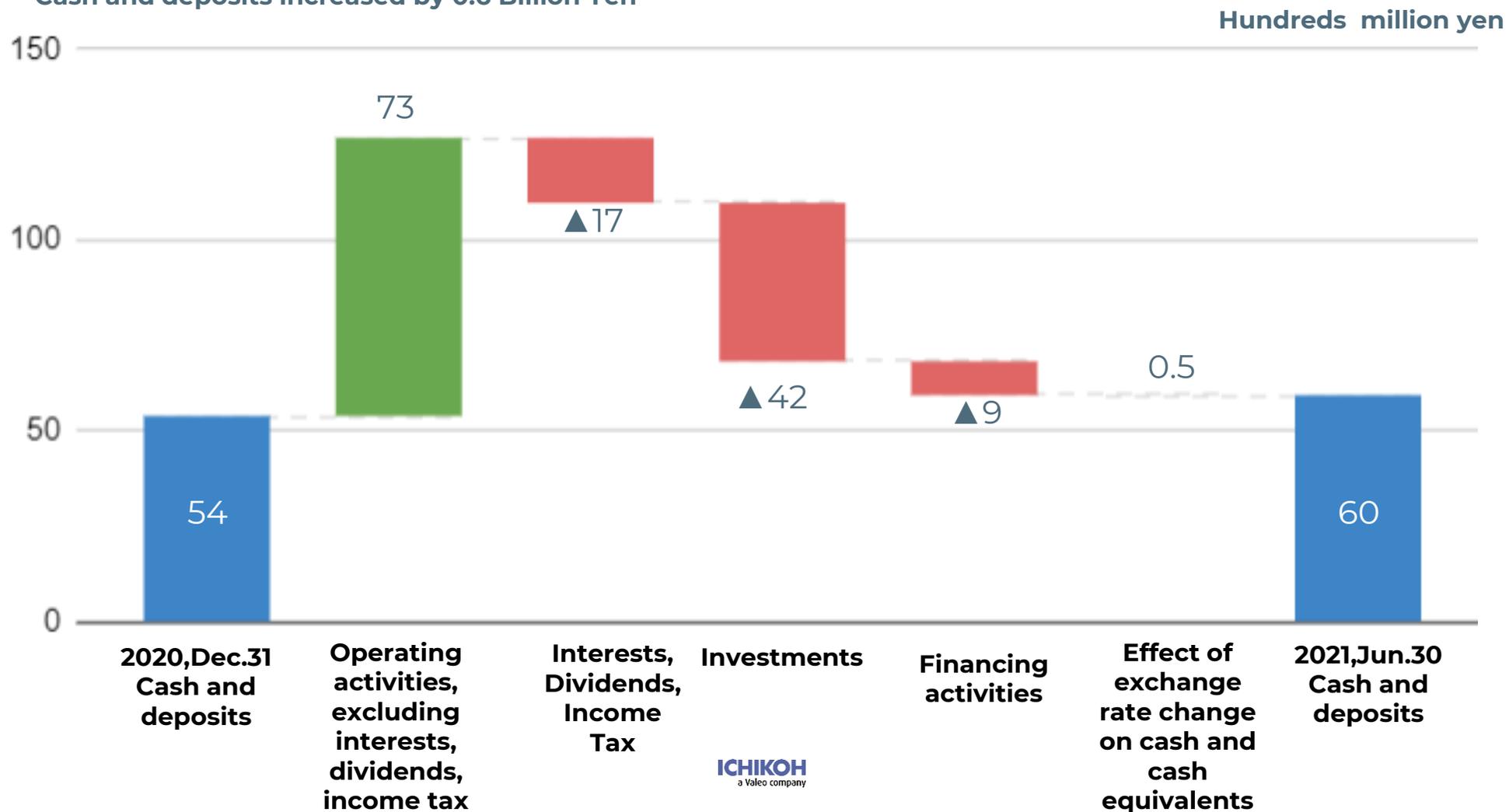
- ◆ Consolidated sales in Japan, which is the mainstay, has not recovered to the 2019 level due to the global shortage of semiconductors, but Overseas (Total of ASEAN and China) exceeded the 2019 level. As a result, the Total Sales were slightly below the 2019 level on a consolidated basis
- ◆ Secured higher profit than the 2019 level by thorough cost reduction (including voluntary retirement) and productivity improvement (transfer to Atsugi Plant, etc.) even though prices of raw materials such as resin are soaring

FY2021 FIRST HALF  
 CONSOLIDATED BALANCE SHEET (COMPARISON WITH PREVIOUS YEAR-END)

	Hundreds million yen		
	2020/12	2021/6	Inc/Dec
Cash and equivalents	54	60	6
Inventory	82	97	15
Tangible and Intangible Fixed Assets	471	464	▲7
Others	489	498	9
<b>Total Assets</b>	<b>1,096</b>	<b>1,119</b>	23
Interest Bearing Debt	99	103	4
Other Liabilities	552	537	▲15
<b>Total Liabilities</b>	<b>651</b>	<b>640</b>	▲11
Shareholders' Equity	481	507	26
Accumulated other comprehensive income	▲46	▲33	13
Minority Interest	10	6	▲4
<b>Net Assets</b>	<b>445</b>	<b>480</b>	35
<b>Ratio of Shareholder's Equity</b>	39.7%	42.4%	
<b>D/E Ratio</b>	22.8%	21.7%	

# FY2021 FIRST HALF CONSOLIDATED STATEMENT OF CASH FLOW

- ◆ **5.6 Billion Yen of CF was from operating activities including interests, dividends, income tax. 4.2 Billion Yen allotted to Investments (3.2 Billion Yen of capital expenditures + 1.0 Billion Yen of loan to parent company\*) and 0.9 Billion Yen allotted to Financing activities (0.9 Billion Yen of debt repayment)**
- \* Loan to Valeo: non-compulsory, solely selected based on economic basis (e.g. comparison of deposit rates with external banks)
- ◆ **Cash and deposits increased by 0.6 Billion Yen**



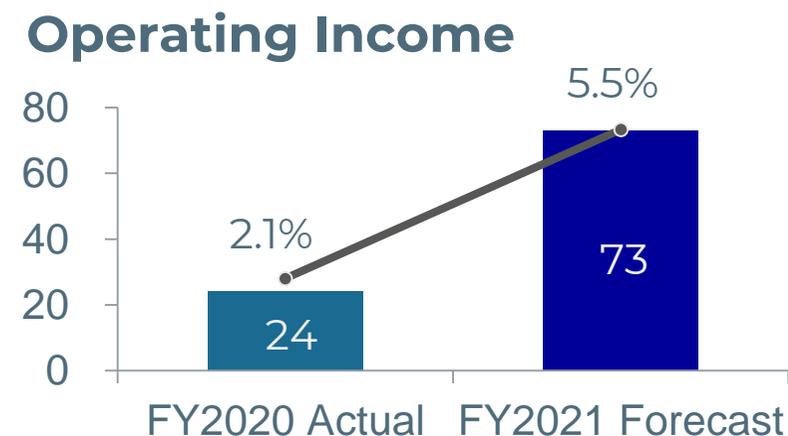
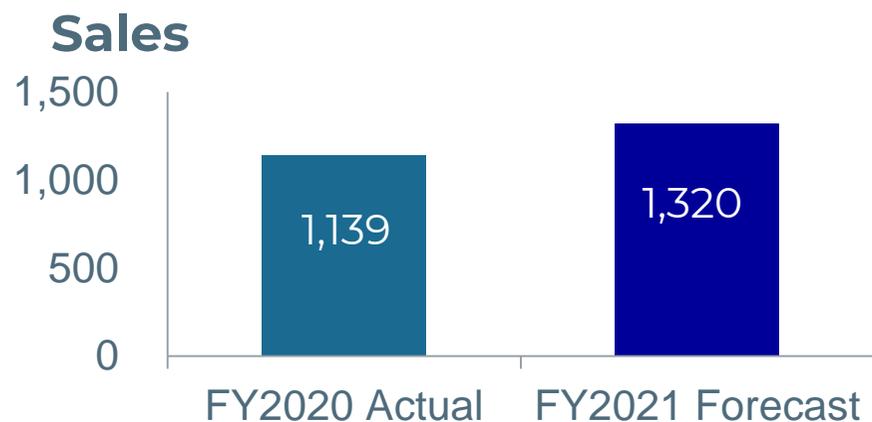
# 02 FY2021 Financial Forecast (January ~ December 2021)

## FY2021 FULL YEAR FORECAST

- ◆ For 2021 Full Year, the performance forecast is maintained; following the upward revision made on the announcement of the 1<sup>st</sup> Quarter
- ◆ Lower sales than in FY2019 level, but with a higher profit level than in FY2019

Hundreds million yen

	FY2019 Actual	FY2020 Actual	FY2021 Forecast	Inc/Dec	Increase /Decrease %
<b>Sales</b>	<b>1,331</b>	<b>1,139</b>	<b>1,320</b>	<b>181</b>	<b>15.9%</b>
<b>Operating Income</b>	<b>64</b>	<b>24</b>	<b>73</b>	<b>49</b>	<b>204.2%</b>
<b>Operating Margin(%)</b>	<b>4.8%</b>	<b>2.1%</b>	<b>5.5%</b>	<b>-</b>	<b>3.4 pt.</b>
<b>Ordinary Income</b>	<b>74</b>	<b>50</b>	<b>84</b>	<b>34</b>	<b>68%</b>
<b>Net Income belonging to Parent Company's Shareholders</b>	<b>52</b>	<b>29</b>	<b>59</b>	<b>30</b>	<b>103.4%</b>



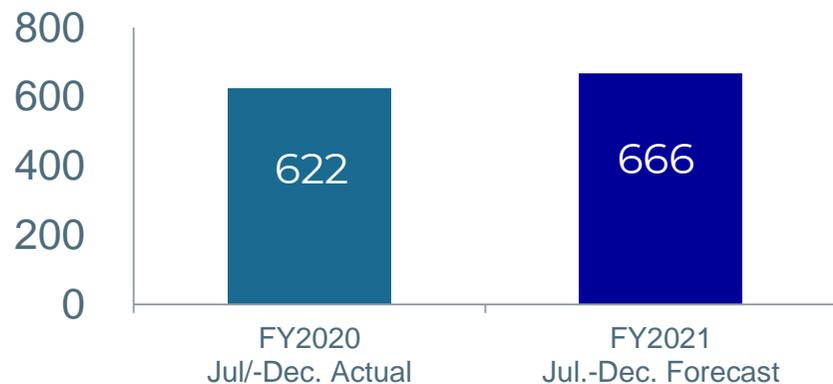
## FY2021 SECOND HALF FORECAST

- ◆ For the 2<sup>nd</sup> Half, many uncertain factors remain such as cuts in production by OEM customers caused by the shortage of semiconductors, status of recovering production and sharp price increases for raw materials such as resin
- ◆ Under such circumstances, Sales are projected to be about the same as FY2019 (as the initial budget). In terms of profits, we will continue to thoroughly manage costs and aim to secure operating income on the level of the initial budget
- ◆ Ordinary Income for FY2020 was affected by the gain on sales of securities of 2.1 Billion Yen

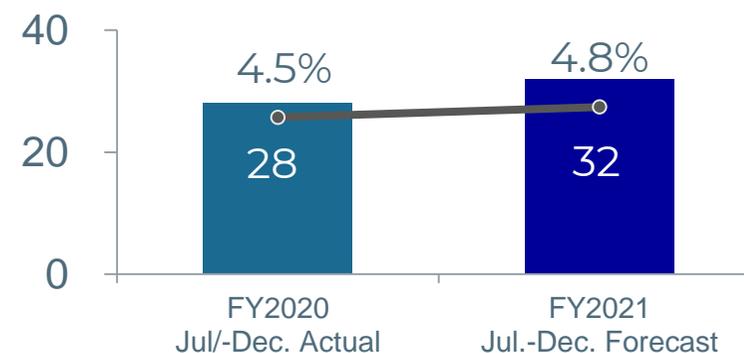
Hundreds million yen

	FY2019 Actual Jul.-Dec.	FY2020 Actual Jul.-Dec.	FY2021 Forecast Jul.-Dec.	Inc/ Dec	Inc/Dec %
<b>Sales</b>	<b>662</b>	<b>622</b>	<b>666</b>	<b>44</b>	<b>7.1%</b>
<b>Operating Income</b>	<b>24</b>	<b>28</b>	<b>32</b>	<b>4</b>	<b>14.3%</b>
<b>Operating Margin(%)</b>	<b>3.6%</b>	<b>4.5%</b>	<b>4.8%</b>	<b>-</b>	<b>0.3 Pt.</b>
<b>Ordinary Income</b>	<b>32</b>	<b>57</b>	<b>37</b>	<b>▲20</b>	<b>▲35.1%</b>
<b>Net Income belonging to Parent Company's Shareholders</b>	<b>24</b>	<b>35</b>	<b>29</b>	<b>6</b>	<b>17.1%</b>

### Sales



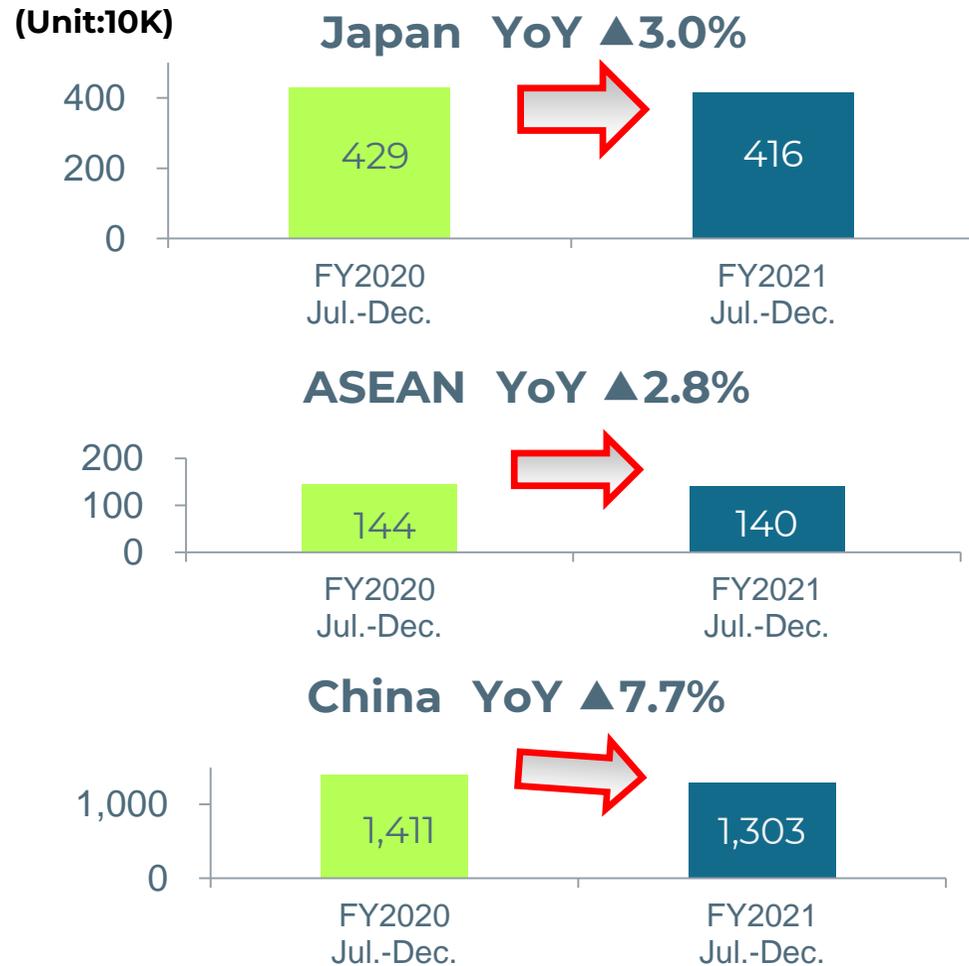
### Operating Income



# FY2021 SECOND HALF FORECAST

## MARKET PRODUCTION VOLUME VS SALES (MARKET IS FORECAST)

Forecast of production volume of the market  
(from LMC Automotive)



Forecast of sales of the Company vs  
Production volume in the market

Comparison with the same period of last year

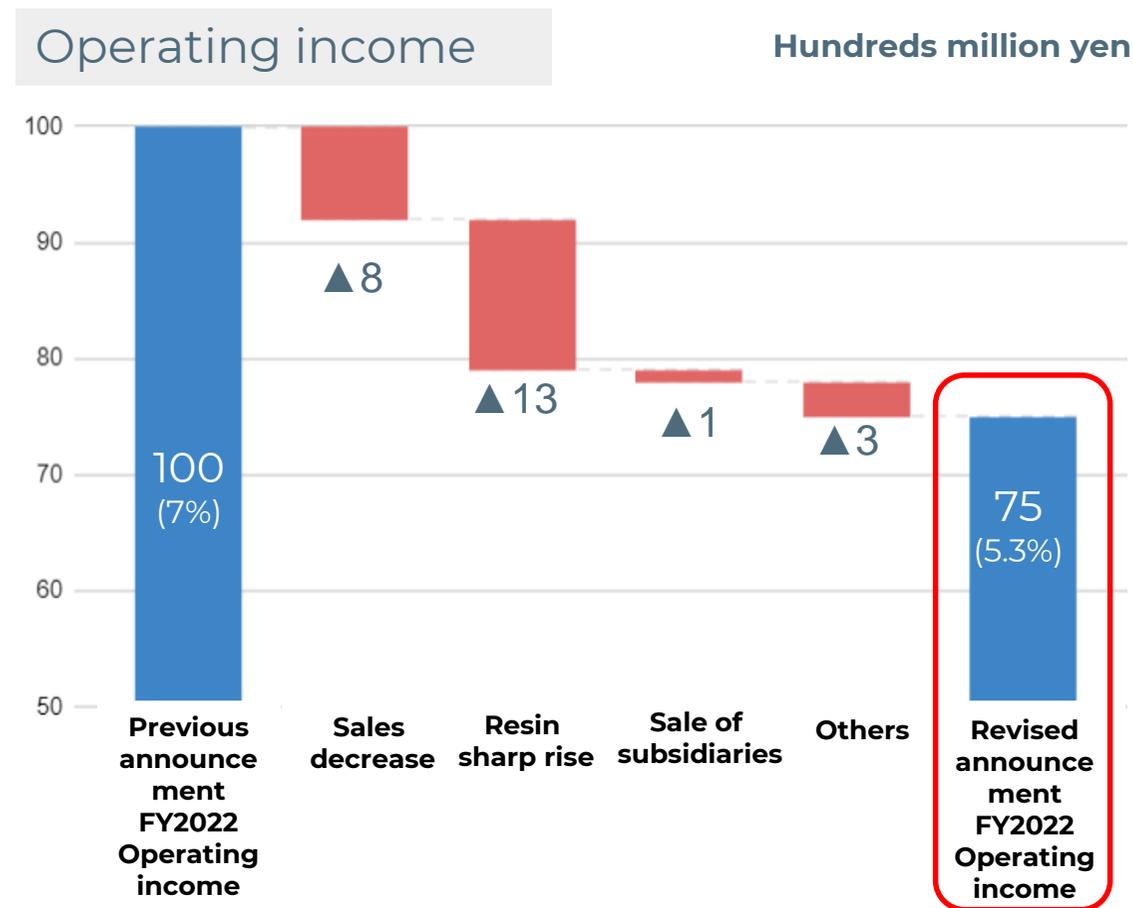
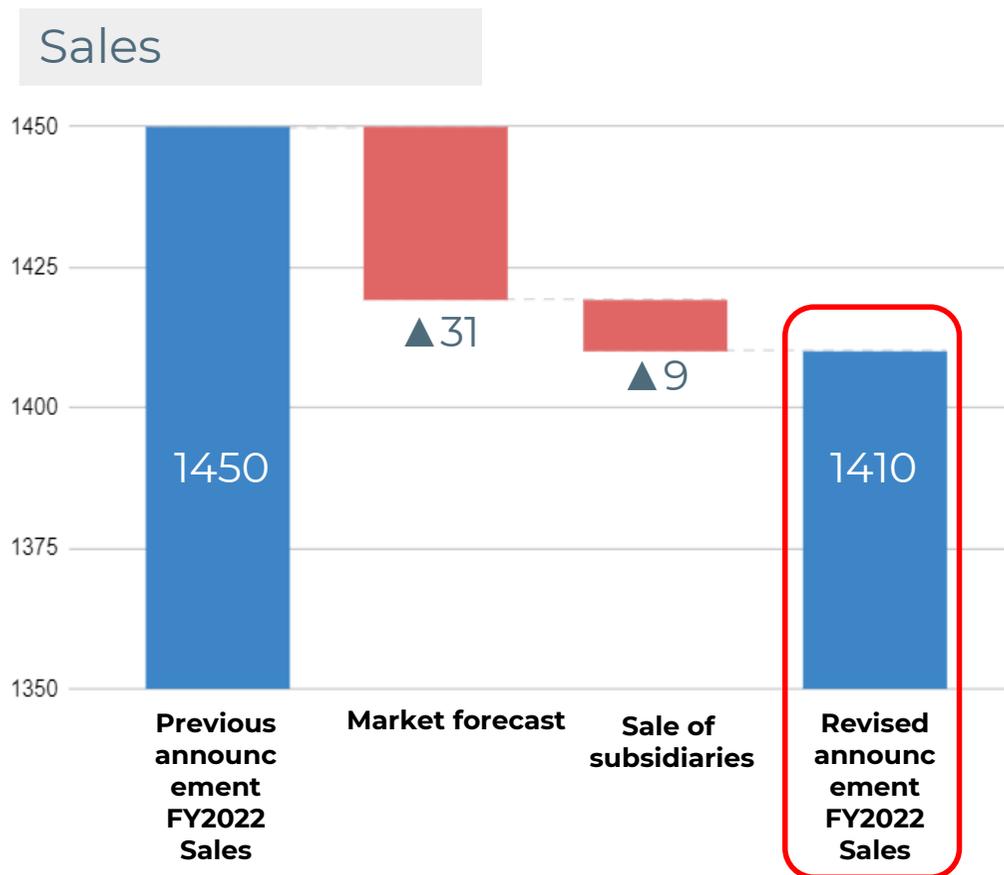
	Sales of the Company	Production volume of the market	Outperformance
Japan	3.3%	▲3.0%	6.3 pt.
ASEAN	17.7%	▲2.8%	20.5 pt.
China	3.5%	▲7.7%	11.2 pt.

ASEAN: Malaysia, Indonesia, Thailand

# 03 Mid-Term Plan – Focus on 2022

# REVISION OF FY2022 FORECAST

- ◆ **Sales: Previous announcement at 145 Billion Yen → Revised announcement at 141 Billion Yen**  
Major factors: deteriorating market outlook and sales decline due to sale of a subsidiary (Life Elex)
- ◆ **Operating income: Previous announcement at 10.0 Billion Yen → Revised at 7.5 Billion Yen**  
Major factors: impact of decreased sales, soaring resin prices, and the sale of a subsidiary



## REVISION OF FY2022 FORECAST (BY REGION)

- ◆ **Japan : Previous projection was revised downwards due to the production cutbacks caused by semiconductor shortages and Covid-19 effects and soaring resin prices, etc.**
- ◆ **Overseas : Same as the above**
- ◆ **Others : Sales decrease due to sale of a subsidiary**

Hundreds million yen

FY2022	Previous announcement		Revised Announcement		Gap		Gap/Previous announcement	
	Sales	Operating income (Ratio)	Sales	Operating income (Ratio)	Sales	Operating income	Sales	Operating income ratio
Consolidate	1,450	100 (7%)	1,410	75 (5.3%)	-40	-25	-2.8%	-1.7 pt
Japan	1,010	60 (5.9%)	1,000	45 (4.5%)	-10	-15	-1.0%	-1.4 pt
Overseas	380	40 (10.5%)	370	30 (8.1%)	-10	-10	-2.6%	-2.4 pt.
Others	60	0 (0%)	40	0 (0%)	-20	0	-33.3%	0 pt.

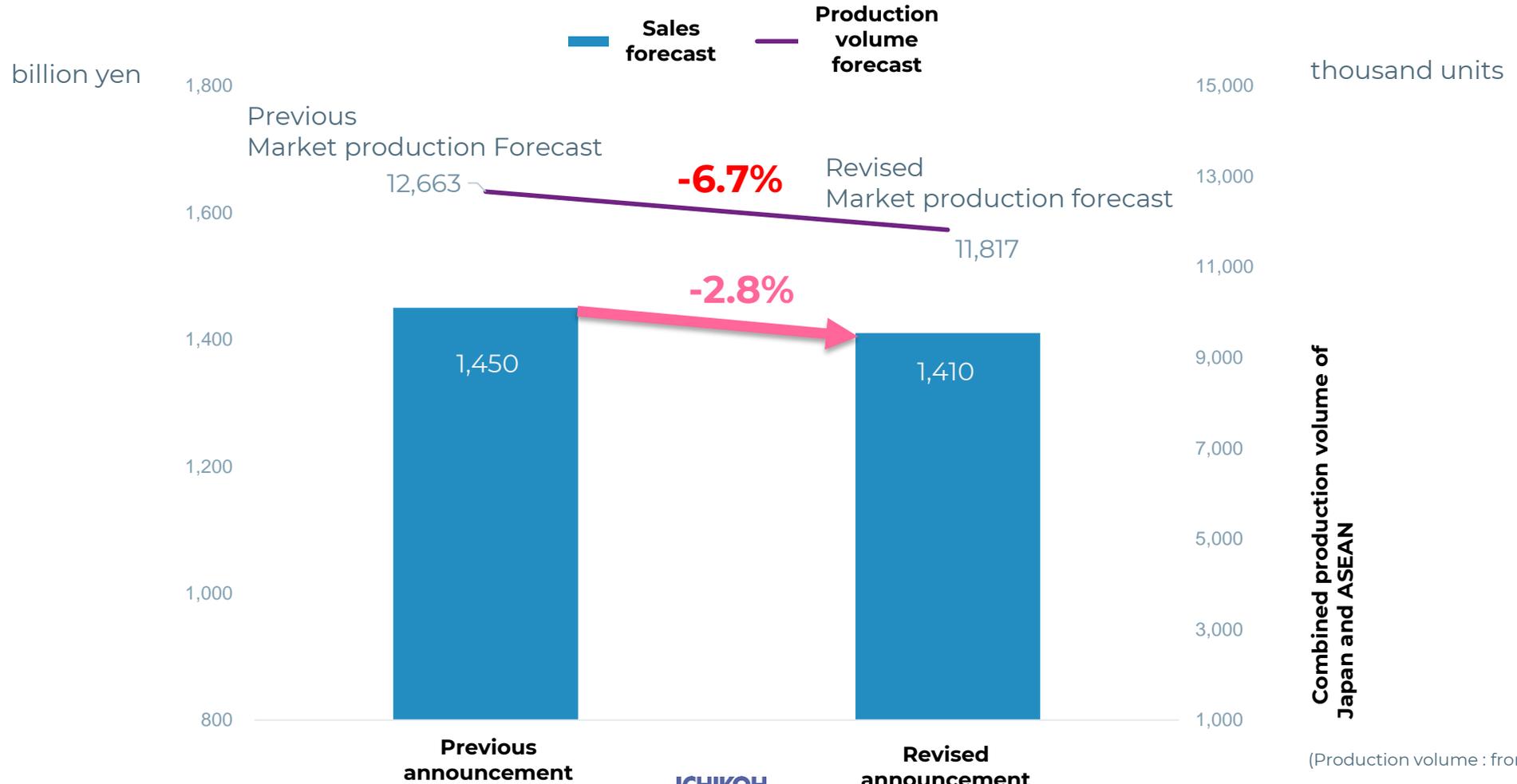
Japan : Ichikoh non-consolidated (Isehara · Fujioka · Mirror · HQ)

Overseas : Indonesia · Malaysia · Thailand · China

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

# REVISION OF FY2022 SALES FORECAST(VS. PREVIOUS FORECAST)

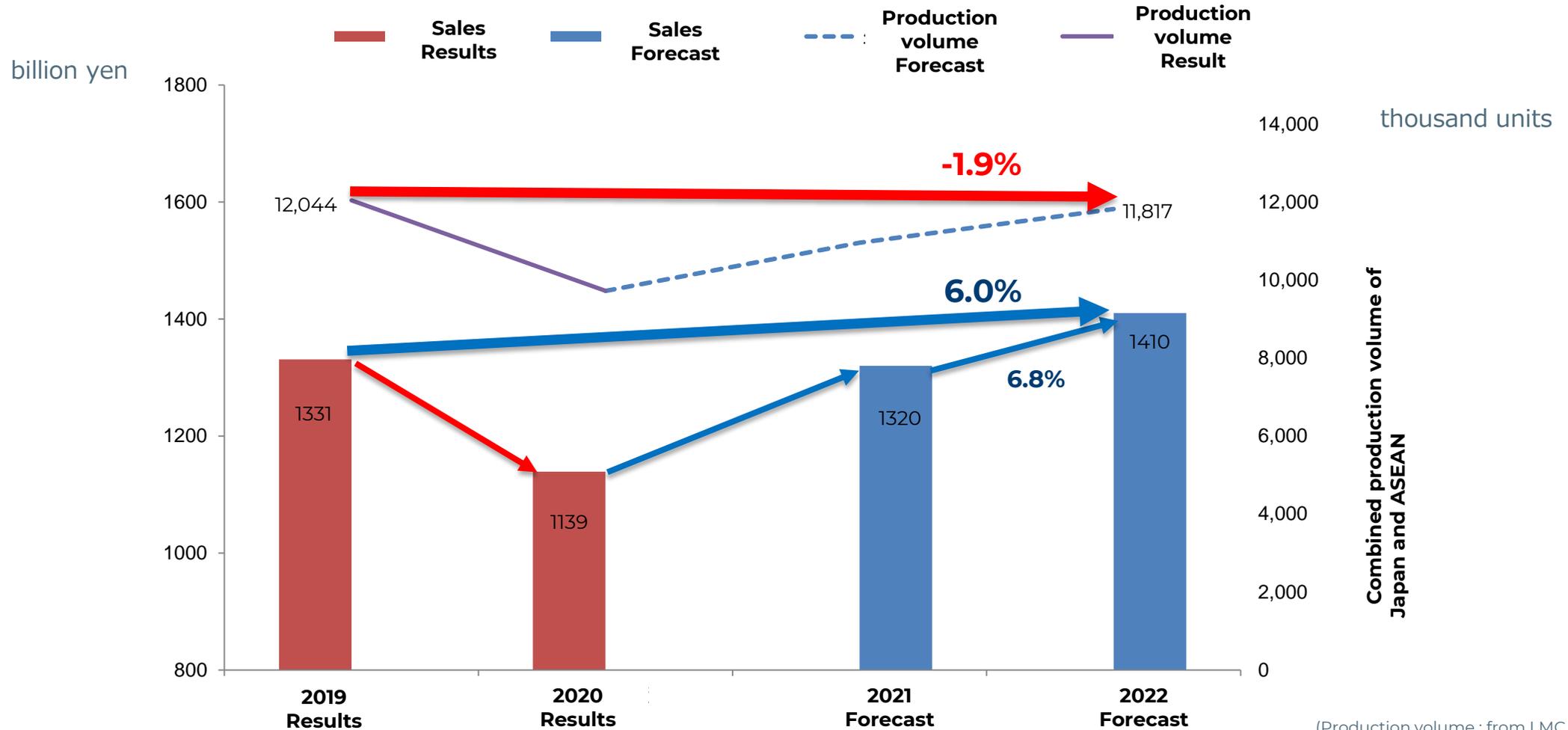
◆ Our downward revision of the forecasted sales is smaller than the market forecast (Japan + ASEAN).



(Production volume : from LMC Automotive)

# FY2022 SALES FORECAST (VS. PRE-COVID19)

◆ Market (Japan + ASEAN) production forecast has not recovered to the pre-COVID-19 levels, but Ichikoh sales forecast is higher than pre-COVID-19



(Production volume : from LMC Automotive)

## 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

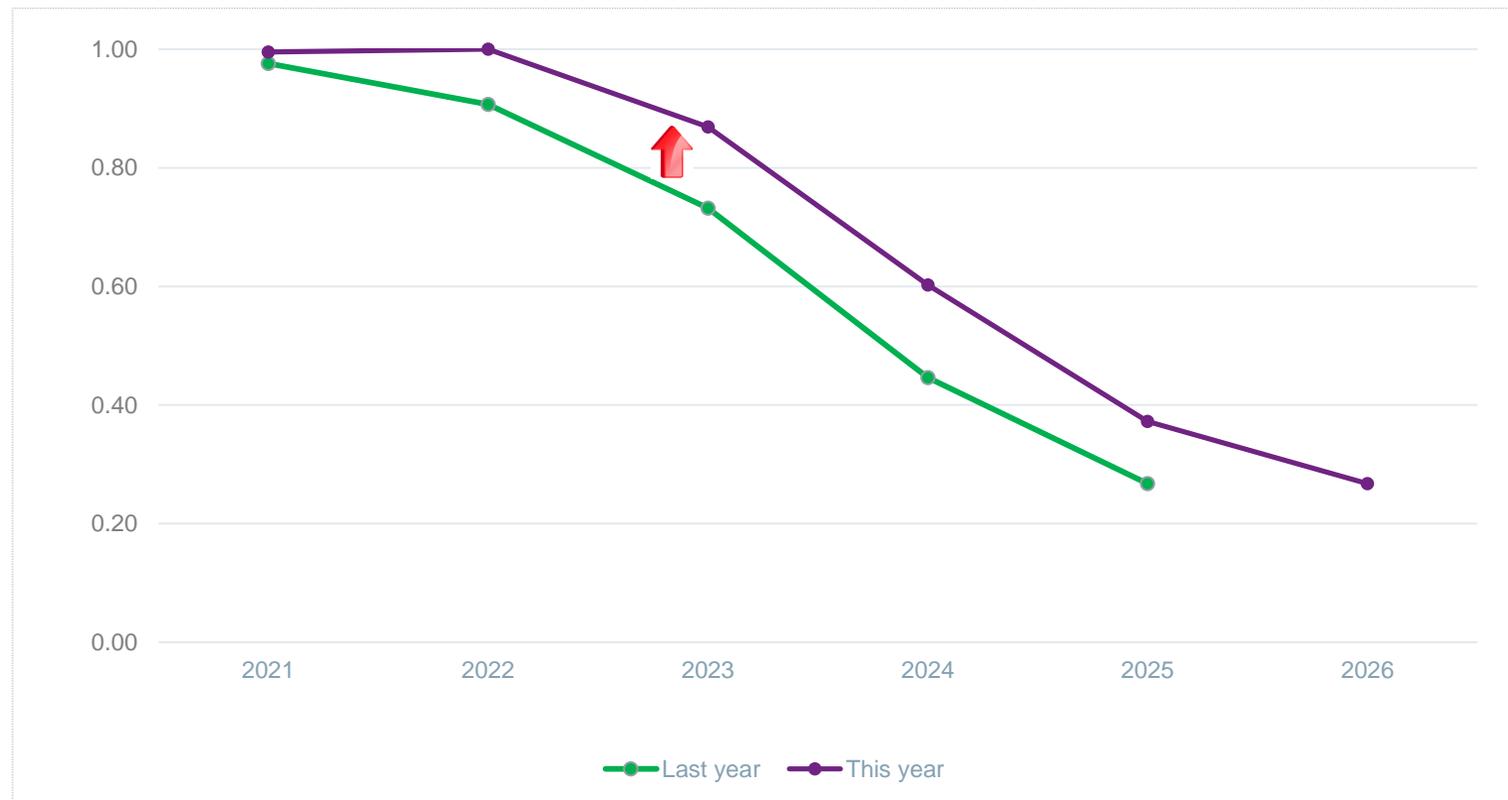
### Global Model Mandates

- ✓ **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

# PROGRESS OF BOOKED RATIO

- ◆ **Booked Ratio\* for each year steadily increases thanks to steady progress of order intakes**
- ◆ **To further increase order intakes, strengthening proposals of innovative products through close tie-ups with Valeo**

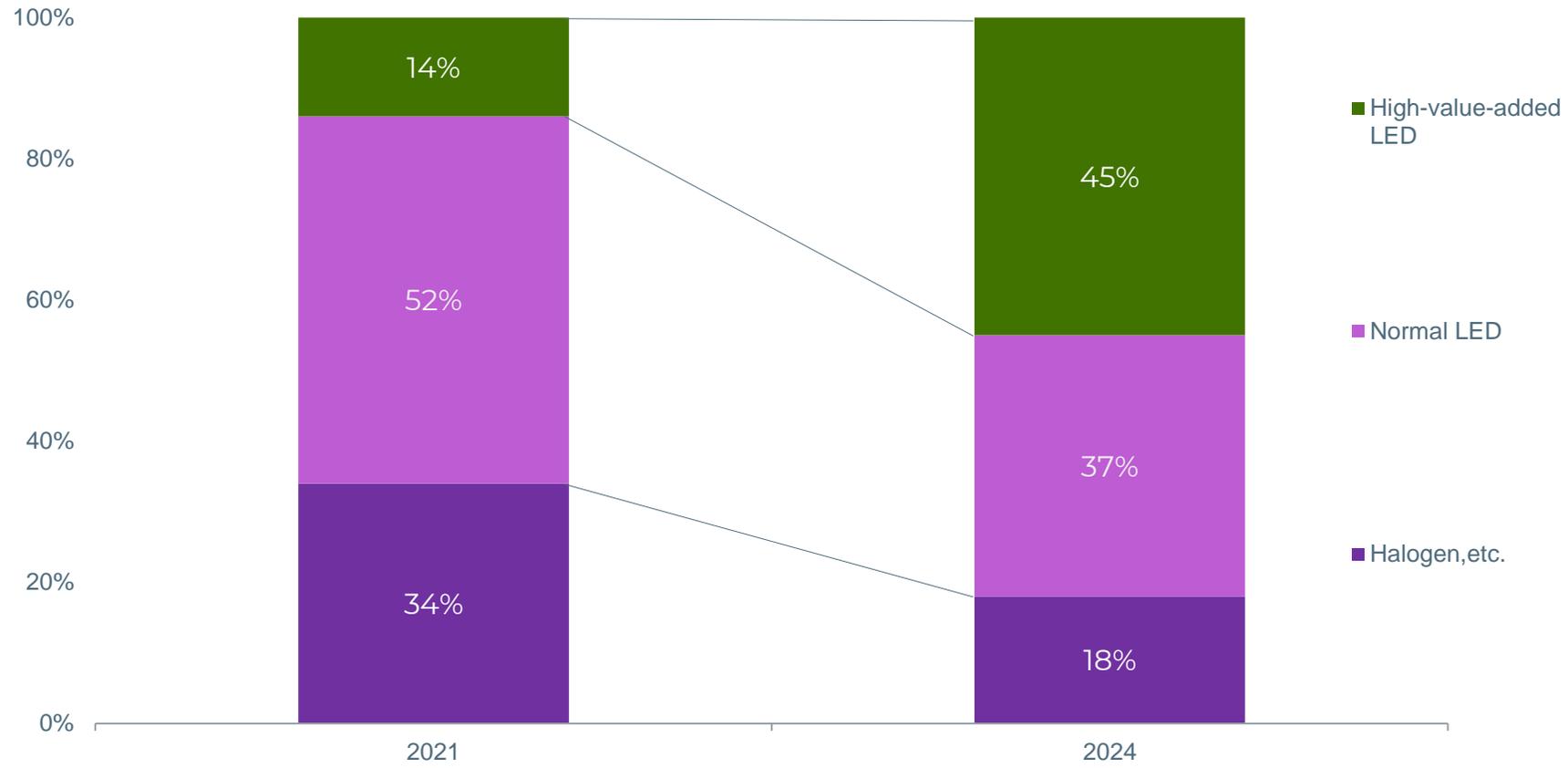
\* Booked Ratio: existing or booked business over estimated sales for the respective year



# FORECAST OF RATIO OF HIGH-VALUE-ADDED PRODUCTS

Expect steady increase of ratio of LED and high-value-added products

Ratio of high-value-added products in headlamps (Japan, volume basis)



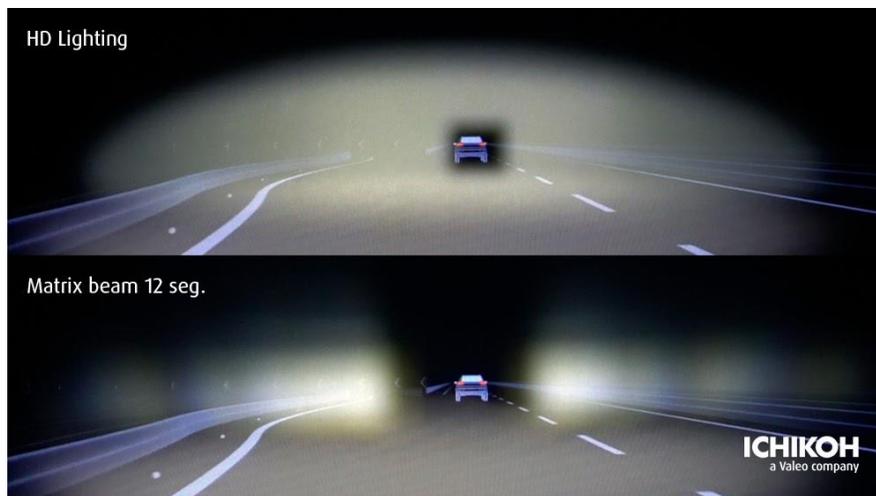
# REALIZATION OF A SAFE SOCIETY: VERIFICATION OF ADVANCED TECHNOLOGIES UNDER DEVELOPMENT

## High Resolution Headlamp "HD Lighting".

The glare-free high beam, which individually controls light divided into thousands of pixels and shades only the minimum necessary area, prevents distraction to oncoming and preceding vehicles.

The system also provides driver assistance by drawing the road surface with the headlamps.

Comparison of conventional technology and HD lighting



## Safety Measures: Night Driving and Driver Stress

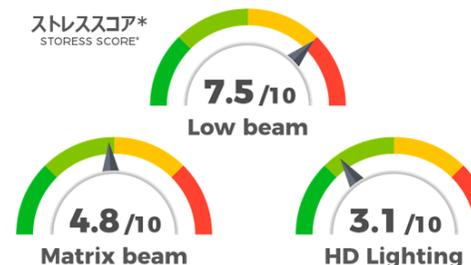
Ichikoh Industries compared the stress levels of drivers driving at night with conventional ADB and with HD lighting.

The results showed that, on average, the stress level was 36% lower for all subjects driving with HD lighting.

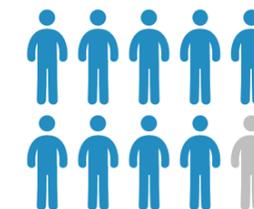
This suggests that the features of HD lighting contribute significantly to the reduction of stress levels.

Ichikoh Industries will continue to research solutions for safe and comfortable driving.

### ストレス測定結果のまとめ/STRESS TEST RESULTS BY THE SCORE



試験前の安静時に心拍を計測し、運転ストレスがかかっていない状態と比較した。  
The heart rate at rest was measured before driving to be referred as the low stress state.



HD Lightingを使用している運転中、  
10人中9人の被験者で  
より大きなストレス軽減効果が見られた。  
9 out of 10 drivers  
give advantage to HD Lighting compared to  
Matrix beam

\* ストレススコアは市光工業独自の算出による値  
\* The stress score is a value calculated independently by ICHIKOH.

## ICHIKOH WINS 2021 “NISSAN GLOBAL SUPPLIER AWARD – INNOVATION AWARD”!

### Nissan Note’s headlights, “affordable-price 4-eyes LED projector,” for achieving high price-competitiveness and high quality

The development of this product was highly challenging, as it was a four-eye with a high level of design, and at the same time, no compromise was allowed in terms of price competitiveness. All light distribution is controlled by a single, simple part, which reduces variation among parts, reduces the number of molds, and utilizes parts of the same size and shape for simple assembly.

It is designed to be environmentally friendly as well as cost and quality conscious.

#### Three keywords

- Nimble: Changing the position of LEDs to create, with only one lens, two types of light distribution (spot and wide)
- Light: Reducing the size of the heat sink, making the product lightweight
- Efficient: Adjusting the distance between the LEDs to improve heat efficiency



# 04 Sustainable Development Goals

# VALEO'S 2030 COMMITMENTS

## SCOPE 3 UPSTREAM

9.5 Mt eq CO<sub>2</sub>

**-15%\***



8.1 Mt eq CO<sub>2</sub>

R&D +  
Supply  
chain +  
Purchasing

## SCOPE 1&2

1.1 Mt eq CO<sub>2</sub>

**-75%\***



0.28 Mt eq CO<sub>2</sub>

Industrial +  
Purchasing

## SCOPE 3 DOWNSTREAM

39 Mt eq CO<sub>2</sub>

**-50%\*\***



19.5 Mt eq CO<sub>2</sub>

R&D +  
Sales +  
Marketing

**BUSINESS AMBITION FOR 1.5°C**



SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

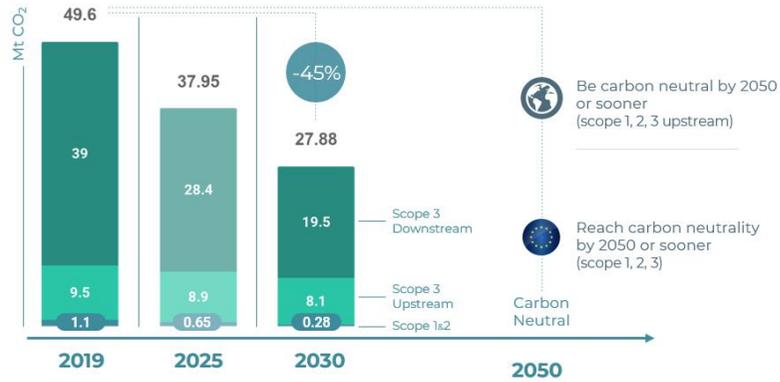
\* 2019 baseline

\*\* NET 2030 Valeo target = SBTi 2030 absolute value + additional 2030 CO<sub>2</sub> reduction yearly realised vs 2019 baseline thanks to Valeo electrification portfolio

# Sustainability Initiatives



WE WILL GO **CARBON NEUTRAL** BY 2050  
**-45% ACHIEVED IN 2030**



FEBRUARY 2021 | 23



## 1. Valeo Group is committed to achieving Carbon Neutrality by 2050

- On February 4, 2021, Valeo committed to achieving carbon neutrality by 2050 and to reaching 45% of its objective by 2030. This “CAP 50” carbon neutrality plan includes its suppliers, its own operating activities and the end use of its products (Scopes 1, 2 and 3).

## 2. Ichikoh Group being part of the Valeo Group is fully committed to contributing to this achievement

## 3. Ichikoh Group “Sustainability Committee” was launched in S2 2021

## 4. Next steps for S2 2021 & 2022

- Roadmap to achieve 2030 objective for each Scope (S2 2021).
- ISO50001 certification for all Sites in Japan (2022) and in Asean (2023).
- Communication on Ichikoh’s “Sustainable Development Goals” (2022).

# Ichikoh's "Sustainable Development Goals"

1. Ichikoh's "Sustainable Development Goals" will be based on a similar approach as the Key Objectives and Performance Indicators defined by Valeo in its "Integrated Report"

2. Valeo's "Integrated Report" can be found:

- [https://www.valeo.com/wp-content/uploads/2021/06/valeo\\_2020\\_integrated\\_report.pdf](https://www.valeo.com/wp-content/uploads/2021/06/valeo_2020_integrated_report.pdf)
- Sustainable Development Goals are reported in page 39
- Ichikoh Sites have been integrated in Valeo's Sustainability reporting (including emissions) in 2018 (and publicly reported since this date), with a full coverage of all Ichikoh Sites.

## Sustainable development goals in the Group's business

The Group's sustainable development initiatives are designed to support the United Nations' Sustainable Development Goals (SDGs). The Group's initiatives contribute to the seven following objectives:



## PERFORMANCE CHART SHOWING THE KEY OBJECTIVES AND PERFORMANCE INDICATORS OF THE GROUP'S SUSTAINABLE DEVELOPMENT POLICY

AXES	CHALLENGES	KEY INDICATORS	2019 RESULTS <sup>(1)</sup>	2020 RESULTS	2021 OBJECTIVES	OBJECTIVES 2025	REFERENCE SECTIONS
INNOVATION	Carbon Plan and Low-Carbon Mobility Solutions	<ul style="list-style-type: none"> <li>CO<sub>2</sub> emissions reduction across all operating activities, suppliers and the end use of its products (Scopes 1, 2 and 3)</li> </ul>	49.6	39.7	48.1	45.1	4.3.3, page 230 4.5.3, pages 268 to 272
		<ul style="list-style-type: none"> <li>Share of products contributing to the reduction of CO<sub>2</sub> emissions (as a % of sales)</li> </ul>	57%	60%	>50%	>50%	4.1.4, page 209
ENVIRONMENTAL ECO-EFFICIENCY	Energy and carbon efficiency of production	<ul style="list-style-type: none"> <li>Energy consumption as a proportion of sales (MWh/€m) and change vs. 2019)</li> </ul>	142	163 15%	140 -1%	134 -6%	4.5.3, page 269
		<ul style="list-style-type: none"> <li>Direct (scope 1) and indirect (scope 2) emissions as a proportion of sales (tCO<sub>2</sub>/€m) and change vs. 2019)</li> </ul>	57.6	42.1 -27%	50 -14%	42 -28%	4.5.3, page 270
		<ul style="list-style-type: none"> <li>ISO 50001 energy management certification (% of sites)</li> </ul>	18%	20%	23%	40%	4.5.3, page 263
	Discharges and waste	<ul style="list-style-type: none"> <li>Production of hazardous and non-hazardous waste as a proportion of sales (t/€m) and change vs. 2019)</li> </ul>	16.4	17.4 +6%	16.0 -2%	15.0 -9%	4.3.3, page 238
Water	<ul style="list-style-type: none"> <li>Water consumption as a proportion of sales (cu.m/€m) and change vs. 2019)</li> </ul>	197	213 +8%	193 -2%	185 -6%	4.5.3, page 265	

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a Valeo company