

Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2021

November 10, 2021

Company name **ICHIKOH INDUSTRIES, LTD.**

Listing: Tokyo Stock Exchange, First Section

Code number: 7 2 4 4

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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 at the end of the Third Quarter as of September 30, 2021 (January 1, 2021 to September 30, 2021)

(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, 2021)	93,072	17.2	4,659	934.5	5,614	371.3	3,871	-
3rd Quarter (ended on Sep. 30, 2020)	79,388	(20.8)	450	(91.8)	1,191	(78.9)	325	(91.5)

(Note) Comprehensive income:

Sep. 30, 2021 5,296 million yen (-%) Sep. 30, 2020 (941) million yen (-%)

	Net income per share (Yen)	Net income per share- diluted (Yen)
3rd Quarter (ended on Sep. 30, 2021)	40.28	-
3rd Quarter (ended on Sep. 30, 2020)	3.39	-

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

	Total Assets	Net Assets	Equity Ratio (%)
3rd Quarter (as of Sep. 30, 2021)	107,966	48,622	44.5
FY2020 (as of Dec. 31, 2020)	109,634	44,544	39.7

[Reference] Equity Third Quarter as of Sep. 30, 2021 48,041 million yen

Fiscal Year as of Dec. 31, 2020 43,559 million yen

2. Cash Dividends

(Cut-off Date)	Cash Dividends per share (Yen)				
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Full Year
FY2020 (ended on Dec. 31, 2020)	-	1.00	-	2.50	3.50
FY2021 (ended on Dec. 31, 2021)	-	3.50	-		
FY2021 (ended on Dec. 31, 2021) [plan]				3.50	7.00

Note: Revision to previous dividend forecast : No

3. Consolidated Performance Forecasts for the Fiscal Year 2021 (January 1, 2021 to December 31, 2021)

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

	Net Sales		Operating Income		Ordinary Income		net income (loss) attributable to the shareholder parent company	Net Income per Share (Yen)	
		%		%		%	%	yen	
Full Year	124,500	9.3	6,000	143.1	7,300	44.6	5,200	82.0	54.10

Note: Revision to previous consolidated performance forecast : Applied

4. Other

- (1) Principal affiliates' transfer in this fiscal term (in accordance with the change of consolidation) 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, 2021 96,292,401
As of December 31, 2020 96,292,401
② Number of shares of treasury stock at the end of period
As of September 30, 2021 176,499
As of December 31, 2020 165,198
③ Average number of shares during the period (cumulative)
FY2021 3rd quarter: 96,122,668
FY2020 3rd quarter: 96,127,289

*Quarterly review procedures:

This quarterly financial flash report is out of scope of the review procedures by certified public accountants or auditing firms

*Appropriate use of business forecast; other special items:

Performance Forecasts are based on judgments and estimated that have been made on the basis of currently available information. Change in the company's business environment and in market trends may cause actual result to differ materially from these forecast figures.

1. Qualitative Information on Quarterly Results

(1) Analysis of operating results

The Japanese economy for the cumulative third quarter, recovery temporarily slowed due to the shortage of parts caused by the spread of COVID-19 infection in Southeast Asia. As for the global economy, personal consumption showed only slight growth in the USA due to the rebound of COVID-19 infection and economic activities slowed down in China due to the stagnation in production caused by electric shortage. As for ASEAN, the slow pace of economic recovery continued. The spread of COVID-19 infection in Malaysia resulted in shortage of semiconductors which had a significant impact on the world automobile industry. Restriction of activities was strengthened in Indonesia in July due to the rapid spread of COVID-19 infection and in Thailand, the prevention measures such as prohibition from going out in the areas that the COVID-19 infection are spreading and expansion of the restricted area were implemented.

As for the automotive market to which the company group belongs, despite the effect of global shortage of semiconductors, the volume of domestic car production increased compared to the same period of last year as a reaction to decline of production. As for ASEAN, car production volume in Malaysia decreased while it increased in Thailand and Indonesia compared to the same period of last year, and total car production volume of the three countries increased compared to the same period of last year.

Under those circumstances, for the cumulative third quarter, sales increased in three regions, Japan which is a mainstay, ASEAN and China thanks to strong sales and the increase of sales was larger than the increase of the automotive production market in the three regions. On the other hand, sales decreased from the previous quarter due to the serious shortage of semiconductors and the rebound of COVID-19 infection in ASEAN.

As a result, sales was 93,072 million yen (17.2% increase compared to the same period of last year), operating income was 4,659 million yen (934.5% increase compared to the same period of last year) as a consequence of reduction of fixed costs by structural reform in recent years and improvement of productivity through capital investment despite of the impact of soaring costs of raw material such as resin. Ordinary income was 5,614 million yen (371.3% increase compared to the same period of last year) as the result of recording equity in earnings of affiliates of 1,098 million yen. Net income attributable to shareholders of the parent company was 3,871 million yen (1,089.6% increase compared to the same period of last year) due to record of impairment loss of 190 million yen as extraordinary losses.

Results by each segment are as follows:

1. Auto-Components business

Increase of sales was larger than the increase of the automotive production market in three regions, Japan which is a mainstay, ASEAN and China, and sales was 87,550 million yen (18.2% increase compared to the same period of last year) and operating income was 4,434 million yen (978.6% increase compared to the same period of last year).

2. After-Market business

As for after-market business, sales was 6,031 million yen (8.9% increase compared to the same period of last year) as a reaction to decline of demand of aftermarket due to effect of COVID-19 in the previous year, and operating income was 173 million yen (68.5% increase compared to the same period of last year).

(2) Analysis of forward-looking information such as cumulative performance forecast

The Company has decided to revise downward the earnings forecast for the consolidated fiscal year ending December 31, 2021, in consideration of the fact that the car production volume in Japan and ASEAN decreased from the forecast as parts supplies to car makers from Southeast Asia slowed due to the spread of COVID-19 infection in addition to the global shortage of semiconductors, the fact that the status of profitability of the Company for the cumulative third quarter was below the forecast due to the soaring costs of raw material such as resin, and of the future sales forecast.

There is no revision in the dividend forecast accompanying this revision of earnings forecast.

	Net Sales	Operating Income	Ordinary Income	Net Income Attributable to Shareholders of the Parent Company	Net Income per Share
	million yen	million yen	million yen	million yen	yen
Previous Forecast (A)	132,000	7,300	8,400	5,900	61.38
Revised Forecast (B)	124,500	6,000	7,300	5,200	54.10
Difference (B – A)	(7,500)	(1,300)	(1,100)	(700)	(7.28)
Ratio (%)	(5.7)	(17.8)	(13.1)	(11.9)	(11.9)
((Ref) Consolidated Result of Previous Period(ending December, 2020)	113,859	2,468	5,048	2,857	29.73

The forecasted statements such as performance forecast shown in these materials are based on information currently available that the Company regards as reasonable; and therefore, actual performance may differ due to numerous factors.

2. Consolidated Financial Statement

(1) Consolidated Balance Sheets

(Millions of yen)

	Previous Fiscal Year End (As of December 31, 2020)	Third Quarter End (As of September 30, 2021)
Assets		
Current assets		
Cash and deposits	5,426	5,016
Notes and accounts receivable-trade	21,050	16,237
Electronically recorded monetary claims-operating	1,838	1,340
Merchandise and finished goods	4,308	6,121
Work in process	625	689
Raw materials and supplies	3,316	4,737
Other	10,412	10,189
Allowance for doubtful accounts	(44)	(28)
Total current assets	46,934	44,304
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	12,489	12,144
Machinery, equipment and vehicles, net	16,128	17,177
Tools, furniture and fixtures, net	5,725	5,122
Land	3,241	2,742
Lease assets, net	978	1,835
Construction in progress	7,419	5,725
Total property, plant and equipment	45,983	44,748
Intangible assets		
Other	1,080	1,009
Total intangible assets	1,080	1,009
Investments and other assets		
Investment securities	268	479
Long-term loans receivable	833	1,403
Deferred tax assets	5,283	5,219
Other	9,257	10,805
Allowance for doubtful accounts	(7)	(4)
Total investments and other assets	15,636	17,903
Total noncurrent assets	62,700	63,661
Total assets	109,634	107,966

(Millions of yen)

	Previous Fiscal Year End (As of December 31, 2020)	Third Quarter End (As of September 30, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	29,839	26,575
Short-term loans payable	-	600
Current portion of long-term loans payable	2,045	4,361
Lease obligations	227	201
Income taxes payable	2,087	757
Accrued expenses	3,289	3,655
Allowance for bonuses	1,087	1,877
Allowance for directors' bonuses	33	59
Allowance for product warranties	1,612	1,541
Other	8,556	6,560
Total current liabilities	48,779	46,190
Noncurrent liabilities		
Long-term loans payable	6,928	2,942
Lease obligations	720	1,624
Deferred tax liabilities	169	196
Retirement benefits	8,244	8,261
Asset retirement obligations	158	93
Other	87	35
Total noncurrent liabilities	16,310	13,153
Total liabilities	65,090	59,343
Net assets		
Shareholders' equity		
Capital stock	8,986	8,986
Capital surplus	2,505	2,505
Retained earnings	36,692	39,840
Treasury stock	(45)	(54)
Total shareholders' equity	48,138	51,278
Accumulated other comprehensive income		
Valuation difference on other securities.	70	120
Foreign currency translation adjustment	(3,052)	(1,942)
Adjustment retirement benefits	(1,597)	(1,414)
Total accumulated other comprehensive income	(4,578)	(3,236)
Minority interests	984	580
Total net assets	44,544	48,622
Total liabilities and net assets	109,634	107,966

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

Consolidated Statements of Income	(Millions of yen)	
	Previous 3rd Quarter (January 1, 2020 ~ September 30, 2020)	Current 3rd Quarter (January 1, 2021 ~ September 30, 2021)
Net sales	79,388	93,072
Cost of sales	64,411	73,846
Gross profit	14,977	19,226
Selling, general and administrative expenses	14,527	14,566
Operating income	450	4,659
Non-operating income		
Interest income	43	112
Dividends income	128	6
Gain on sale of investment securities	675	5
Equity in earnings of affiliates	177	1,098
Other	53	17
Total Non-operating income	1,078	1,240
Non-operating expenses		
Interest expenses	96	75
Commission paid	1	6
Foreign exchange losses	182	146
Other	55	56
Total Non-operating expenses	337	284
Ordinary income	1,191	5,614
Extraordinary income		
Gain on sales of noncurrent assets	-	10
Total Extraordinary income	-	10
Extraordinary loss		
Loss on disposal of noncurrent assets	48	143
Impairment Loss	-	190
Loss on sale of shares of subsidiaries and affiliates	-	126
Business structure improvement expenses	568	-
Total Extraordinary loss	616	459
Income (loss) before income taxes	574	5,165
Income taxes	268	1,232
Income (loss) before minority interests	306	3,932
Minority interests in income	(19)	60
quarterly net income (loss) attributable to the shareholder parent company	325	3,871

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Previous 3rd Quarter (January 1, 2020 ~ September 30, 2020)	Current 3rd Quarter (January 1, 2021 ~ September 30, 2021)
Income (loss) before minority interests	306	3,932
Other comprehensive income		
Valuation difference on other securities	(934)	49
Foreign currency translation adjustment	(367)	292
Adjustment retirement benefits	91	182
Share of other comprehensive income of associates accounted for using equity method	(37)	839
Total other comprehensive income	(1,247)	1,364
Comprehensive income	(941)	5,296
Comprehensive income attributable to		
Owners of the parent	(901)	5,214
Minority interests	(39)	82

- (3) Note on assumptions for going concern
There is no item to be reported.

(4) Segment Information

I . Previous Third Quarter (January 1, 2020 to September 30, 2020)

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	74,058	4,701	78,760	628	79,388
(2) Intersegment Sales or Transfers	1	835	836	643	1,479
TOTAL	74,060	5,536	79,597	1,271	80,868
Segment income or loss	411	103	514	(90)	423

* "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	514
Profit including "Other"	(90)
Elimination for intersegment	26
Operating income in quarterly consolidated statement	450

II . Current Third Quarter (January 1, 2021 to September 30, 2021)

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	87,539	5,077	92,617	455	93,072
(2) Intersegment Sales or Transfers	11	953	965	583	1,549
TOTAL	87,550	6,031	93,582	1,039	94,622
Segment income or loss	4,434	173	4,608	44	4,653

* "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	4,608
Loss including "Other"	44
Elimination for intersegment	6
Operating income in quarterly consolidated statement	4,659