



OCTOBER 2022

Investor Relations Meeting

October 20, 2022
Ichikoh Industries, Ltd.

VISION IN MOTION



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(January~June 2022)
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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

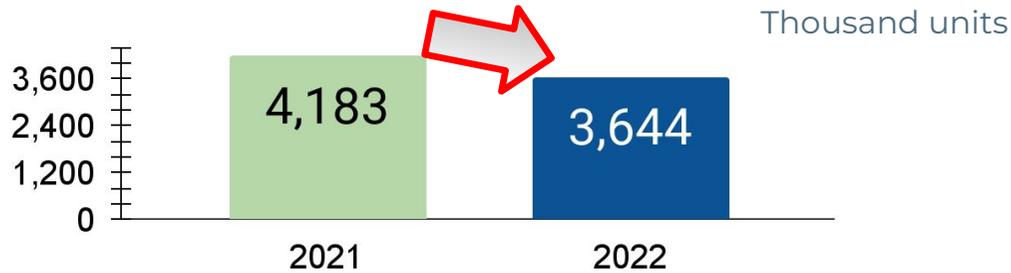
01 FY2022 First Half Financial Results (January~June 2022)

FY2022 FIRST HALF

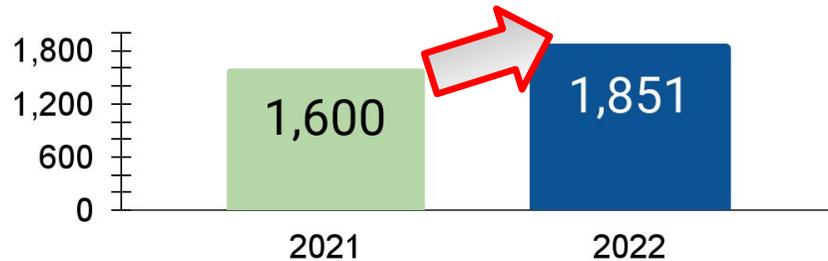
MARKET PRODUCTION VOLUME VS SALES (MARKET IS IN PRELIMINARY BASE)

Production volume of the market
(from MarkLines)

Japan YoY \uparrow 12.9%



ASEAN YoY \uparrow 15.7%



China YoY \uparrow 3.7%



Sales of the Company vs Production volume in the market

Comparison with the same period of last year

	Sales of the Company (excl. tooling sales and Forex)	Production volume of the market	Outperformance
Japan	\uparrow 11.1%	\uparrow 12.9%	1.8 pt
ASEAN	11.9%	15.7%	\uparrow 3.8 pt
China	1.6%	\uparrow 3.7%	5.3 pt

ASEAN: Malaysia, Indonesia, Thailand

FY2022 FIRST HALF RESULT (YEAR-ON-YEAR)

Hundreds million yen

- ◆ Compared to the last year, the change in accounting standards* had a negative impact of -1.8 billion yen on sales and -0.6 billion yen on Operating Profit
- ◆ Percentage of decrease in profits is larger than the percentage of decrease in sales => Rising raw material and energy prices, one-time recall in Q1

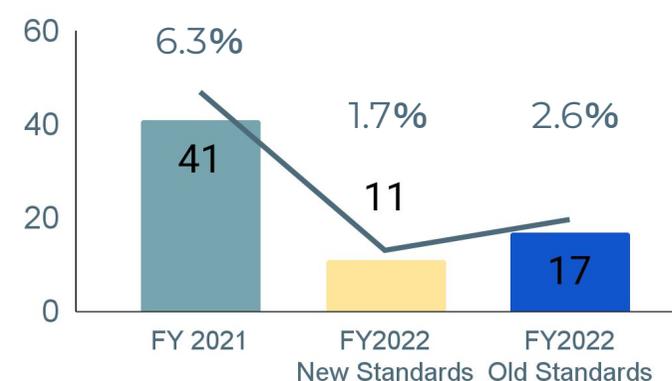
* Change in Accounting standards: One time recognition of Tooling Sales and Expenses in Japan at the time of SOP, instead of the recognition over 24 months

	FY2021 (Jan.~Jun. 2021)	FY2022 (New accounting standards) (Jan.~Jun. 2022)	FY2022 (Old accounting standards) (Jan.~Jun. 2022)	Increase/Decrease (Old standards vs. previous year)		Increase /Decrease %
Sales	654	629	647	①	▲7	▲1.1%
Operating Profit	41	11	17	②	▲24	▲218.2%
Operating Margin (%)	6.3%	1.7%	2.6%	②/①	342.9%	▲3.7 pt.
Ordinary Income	47	16	22		▲25	▲156.3%
Net Income belonging to Parent company's shareholder	30	13	19		▲11	▲84.6%

Sales



Operating Profit



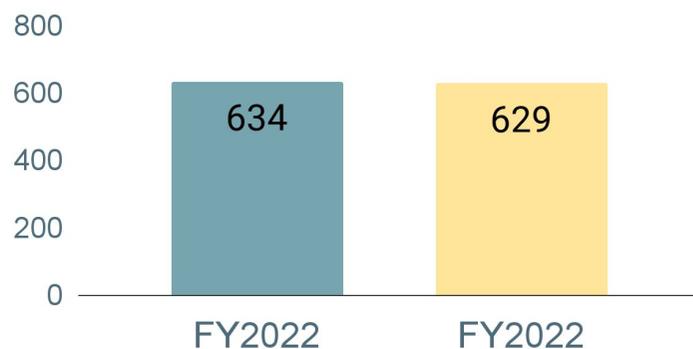
FY2022 FIRST HALF RESULT (VS. FORECAST)

- ◆ Domestic sales in 2Q declined despite expectation of recovery, but sales in ASEAN covered the decline in Japan
- ◆ Rising imports cost due to yen depreciation and inefficiencies due to fluctuations in operations were unexpected

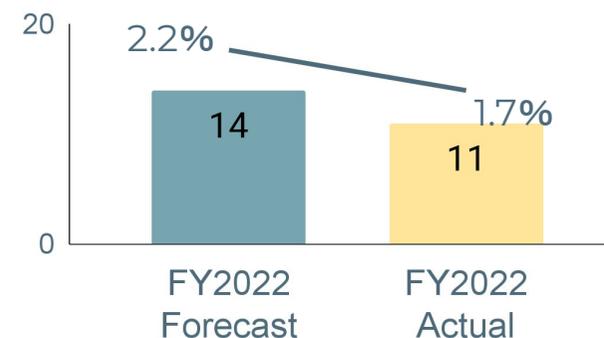
Hundreds million yen

	FY2022 Forecast (Jan.~Jun. 2022) <small>* Forecast announced in TSE on May 12, 2022</small>	FY2022 Actual (Jan.~Jun. 2022)	Increase /Decrease (vs. forecast)		Increase /Decrease %
Sales	634	629	①	▲5	▲0.8%
Operating Profit	14	11	②	▲3	▲21.4%
Operating Margin (%)	2.2%	1.7%	②/①	60.0%	▲0.5 pt.
Ordinary Income	21	16		▲5	▲23.8%
Net Income Attributable to the Parent Company	18	13		▲5	▲27.8%

Sales



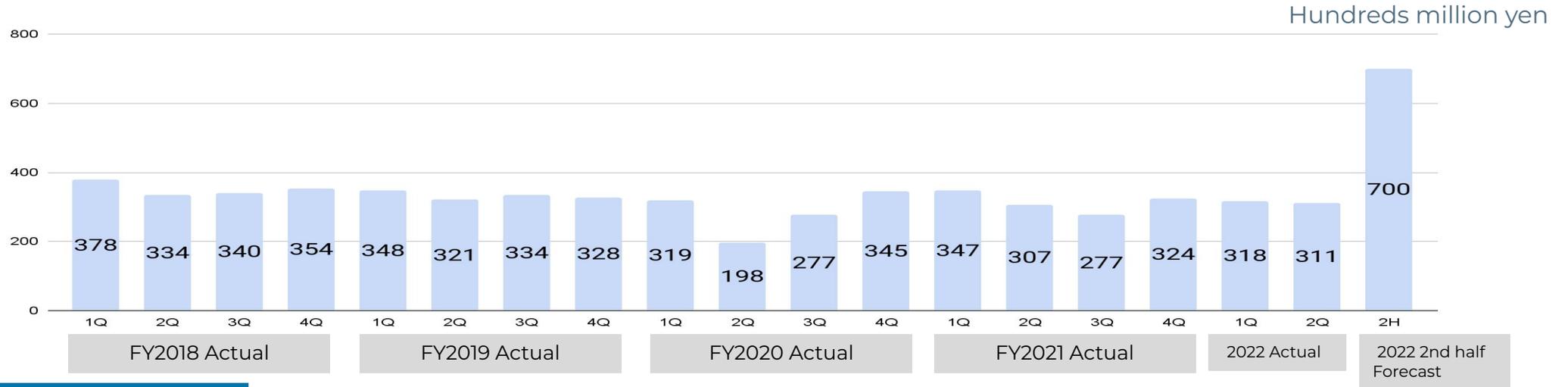
Operating Profit



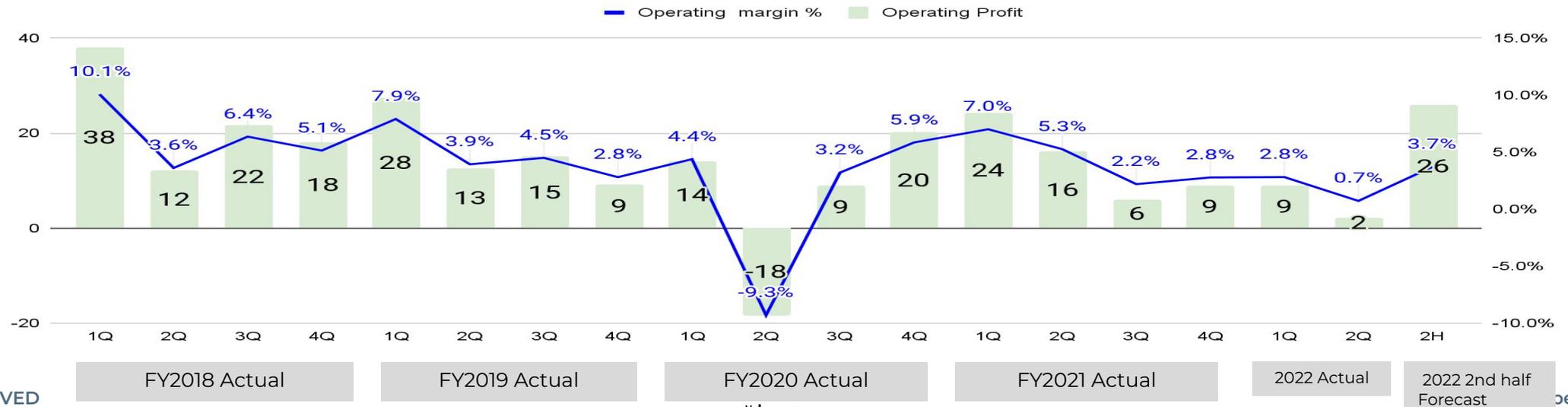
TREND IN QUARTERLY FINANCIAL RESULTS

Sales

◆ Historically, stronger in 1Q and 4Q, weaker in 2Q and 3Q

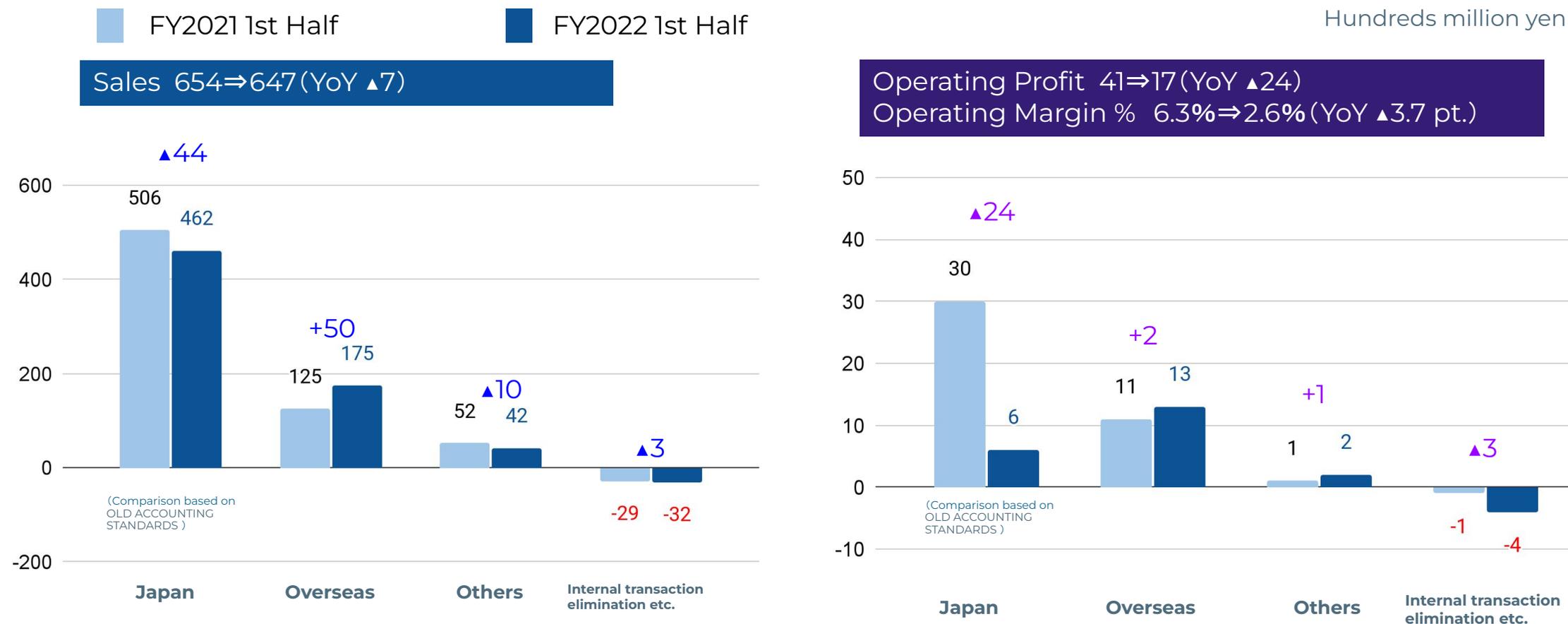


Operating Profit



FY2022 FIRST HALF RESULT BY REGION vs FY2021 (Comparison based on Old Accounting standards)

- ◆ **Japan** : Significant impact of the production cutback (the sales drop almost equivalent to the market production drop) as well as material & energy price increase etc.
- ◆ **Overseas** : Sales growth exceeded the market thanks to new SOPs in ASEAN, although affected by extra-costs due to the Stop&Go of production which happened at most customers



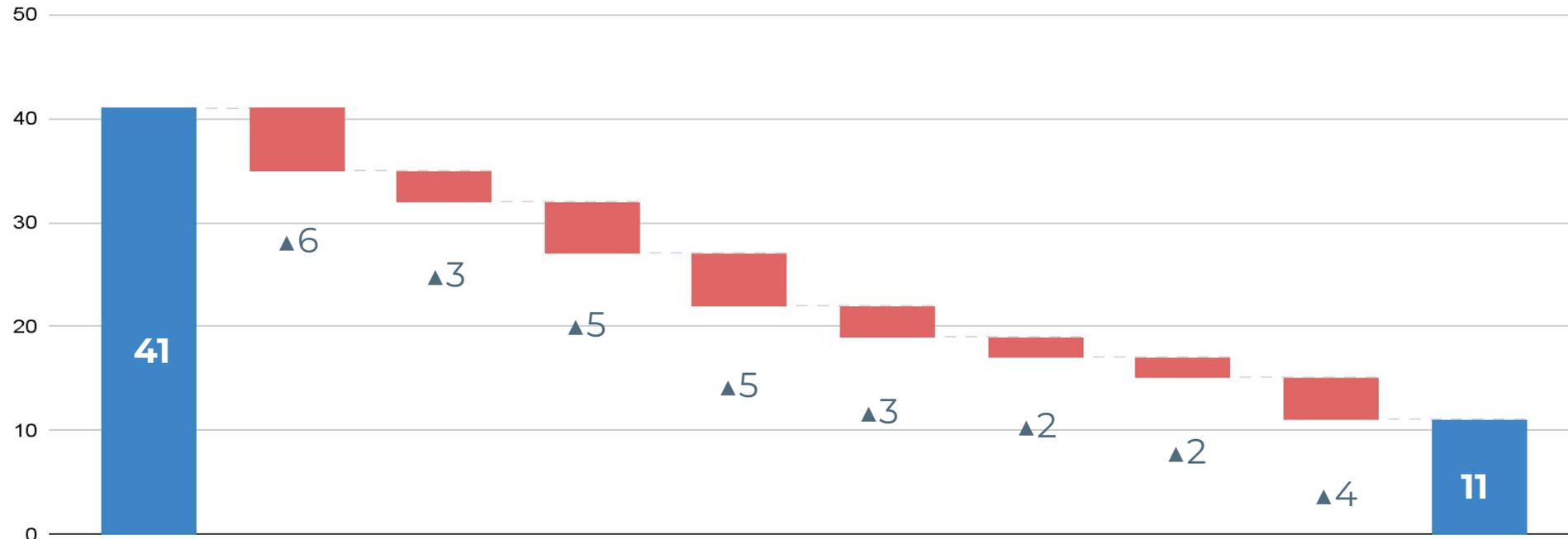
Japan: Ichikoh non-consolidated (Isehara·Fujioka·Mirror·HQ), Overseas : Indonesia·Malaysia·Thailand·China
 Others : Automotive aftermarket business (PIAA) and Bulb business (Life Elex) were included until 2021

FY2022 FIRST HALF FINANCIAL RESULT POINTS (YEAR-ON-YEAR)

【Operating Profit】

- ◆ Decrease of 0.6 billion yen due to change in accounting standards
- ◆ Japan: Decrease in production efficiency due to fluctuations in production and decrease in sales in highly profitable products
- ◆ Overseas: Operations' efficiency impacted due to the Stop&Go of production at customers, due to personnel fluctuations in the COVID-19 crisis and the impact of new product launches

Hundreds million yen



FY2021

Changes in accounting standards

Sales Decrease

Raw material & Energy costs

Quality Claims

Overseas Operations Inefficiency

Impact of exchange rates

Depreciation

Decreased efficiency

FY2022

Lower marginal profit margin than usual due to mix of vehicle types

Temporary response, 1Q only

Deterioration in Asean

Some imports

Impact of fluctuations in production operation in Q2

a Valeo company

FY2022 FIRST HALF FINANCIAL RESULT POINTS

【Operating Profit~Ordinary Income~Net Income】

◆ Equity in earnings of affiliates: 780 million yen from lighting joint ventures with Valeo in China



FY2022 FIRST HALF KEY PERFORMANCE POINTS

Difficulties

- ◆ Sudden change of the production plan due to the the demand decline from OEM
- ◆ Asean: deterioration of the Operations' efficiency due to the Stop&Go of production at customers, due to personnel fluctuations caused by COVID-19 and new product launches
- ◆ Soaring raw material and energy costs
- ◆ Foreign exchange losses due to yen depreciation

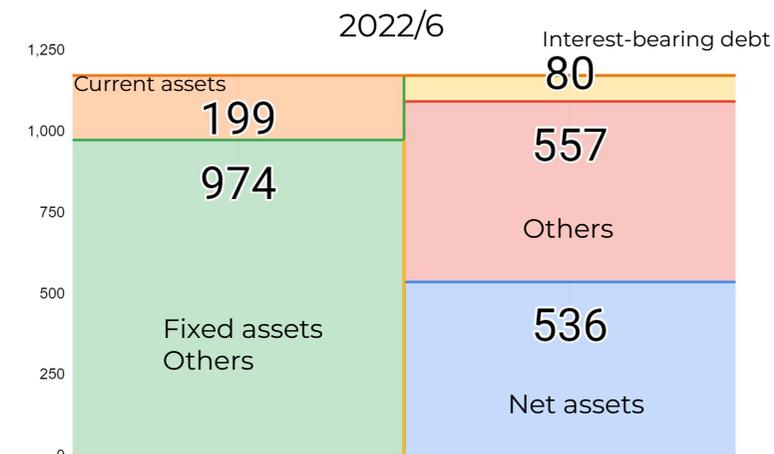
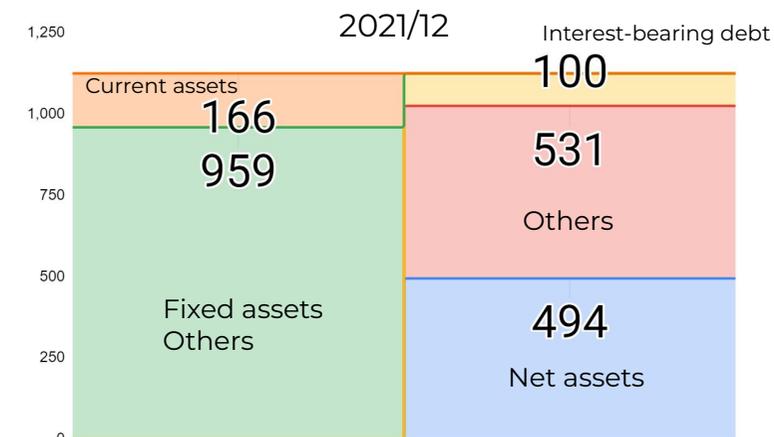
Better Points

- ◆ Flexible production system and implementation of temporary plant closures to mitigate operational fluctuations in Japan
- ◆ Sales increase in overseas
- ◆ Continuous negotiation for improving pass-through ratio of raw material and energy costs as well as foreign exchange losses

CONSOLIDATED BALANCE SHEET (COMPARISON WITH PREVIOUS PERIOD)

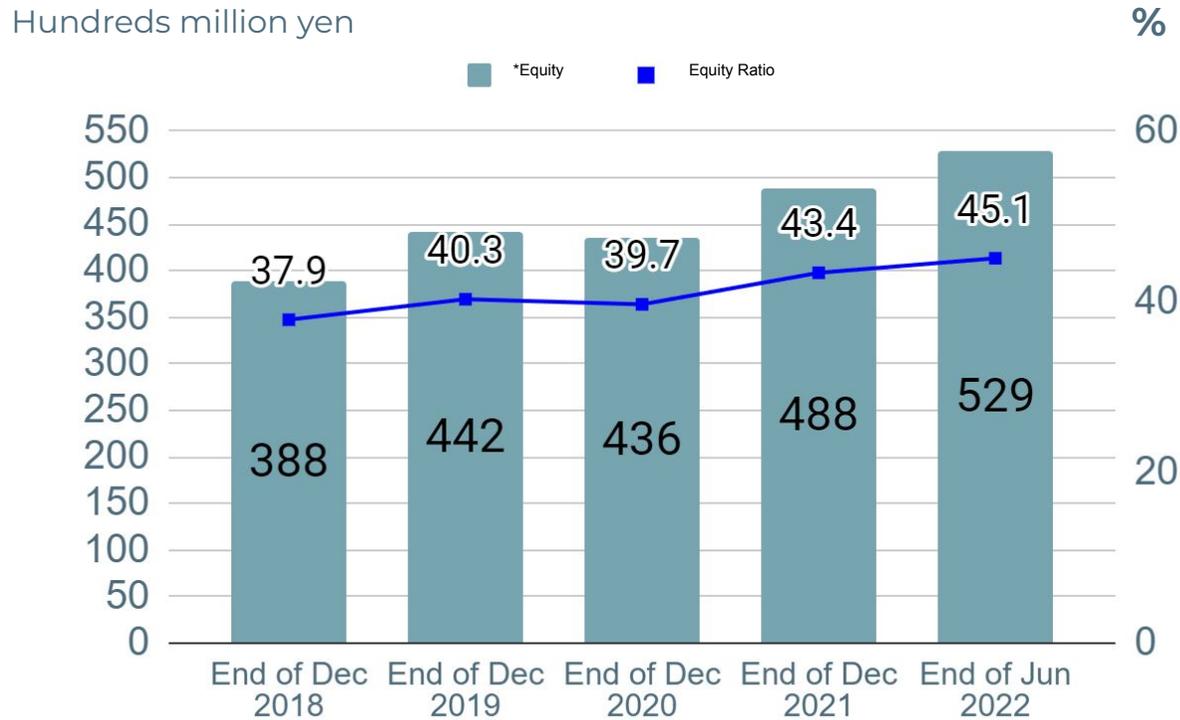
Hundreds million yen

	2021/12	2022/6	Inc/Dec
Cash and equivalents	57	58	1
Inventory	109	141	32
Tangible and Intangible Fixed Assets	463	422	▲41
Others	496	552	56
Total Assets	1,125	1,173	48
Interest Bearing Debt	100	80	▲20
Other Liabilities	531	557	26
Total Liabilities	631	637	6
Shareholders' Equity	514	533	19
Accumulated other comprehensive income	▲26	▲4	22
Minority Interest	6	7	1
Net Assets	494	536	42



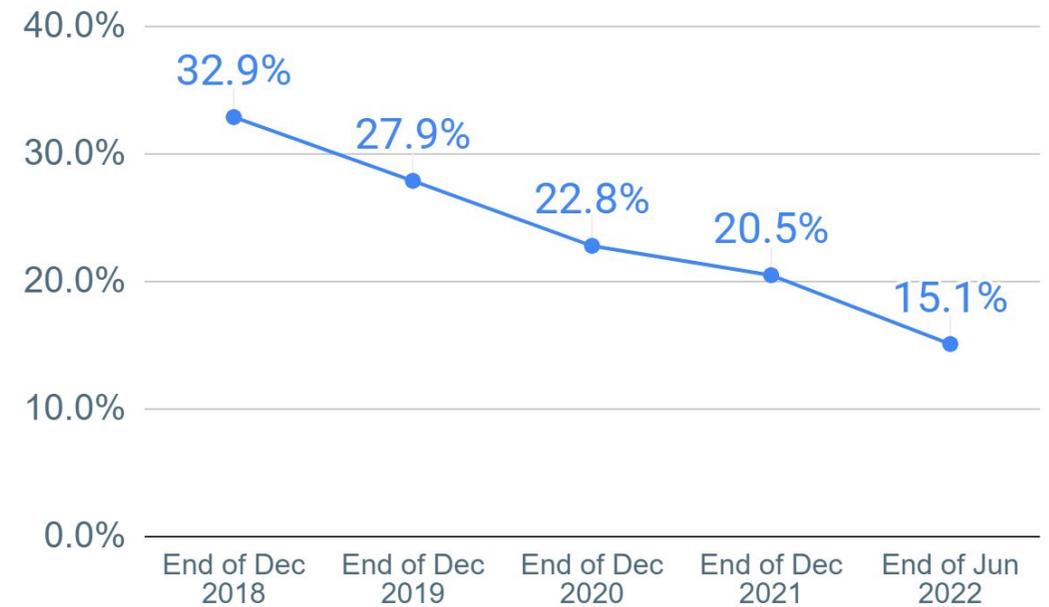
EQUITY RATIO AND D/E RATIO

Equity ratio surpassed 45%



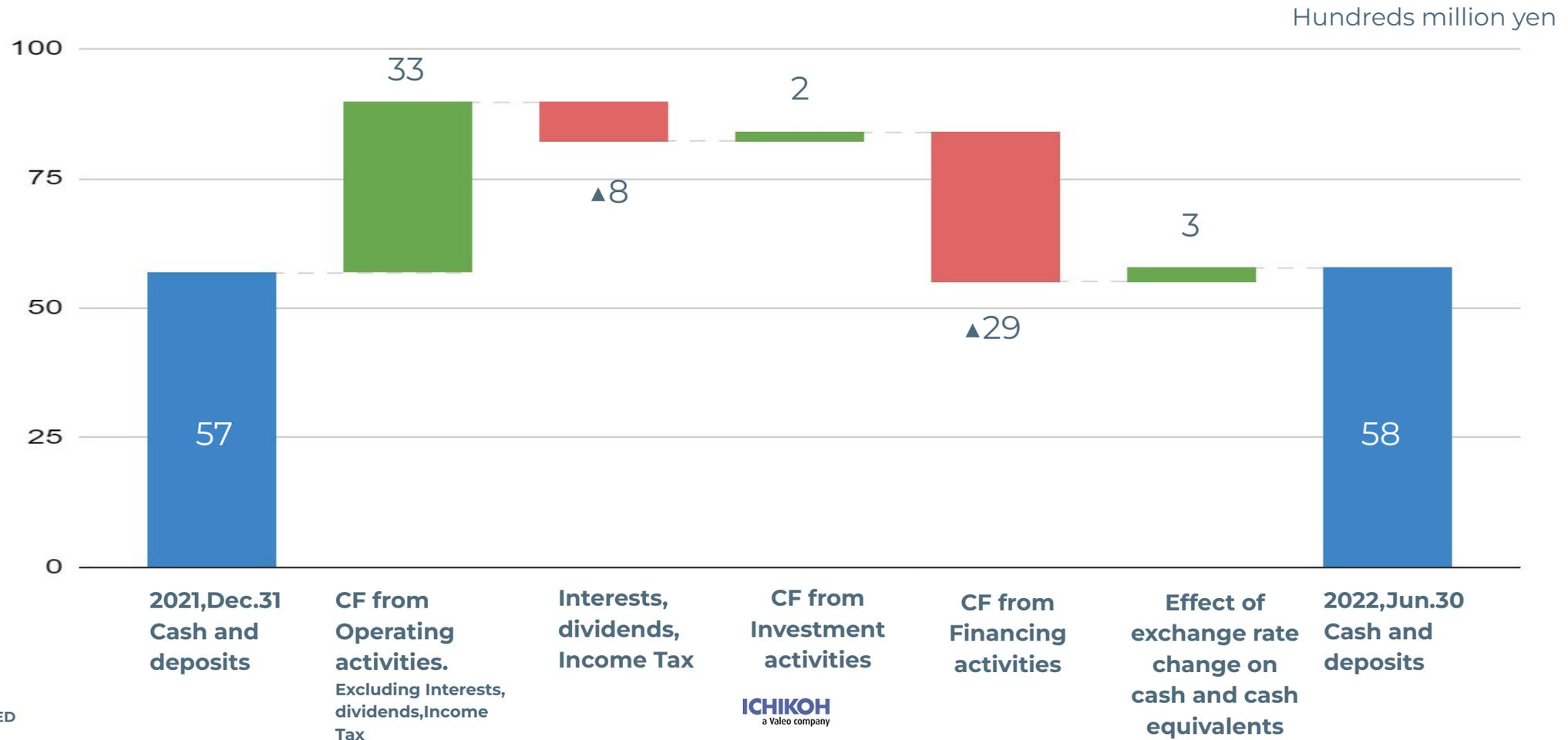
*Equity=Net Assets-Minority Interest

D/E ratio steadily improved



FY2022 FIRST HALF Statement of Cash Flow (Year-on-Year Comparison of “Changes in Cash”)

- ◆ Operating CF of 2.5 billion yen (excluding interest, dividends, and income taxes) covered 2.3 billion yen of investment CF for acquisition of tangible fixed assets
- ◆ Repaid long- and short-term loans in the financing investment CF by getting 2.3 billion yen short-term loans repaid



02 FY2022 Financial Forecast (January ~ December 2022)

REVISION OF FY2022 FULL YEAR FORECAST

- ◆ Announced downward revision on Oct 19 reflecting worse than expected domestic car production and further soaring energy price & continuing forex depreciation etc.
- ◆ See the next page for details

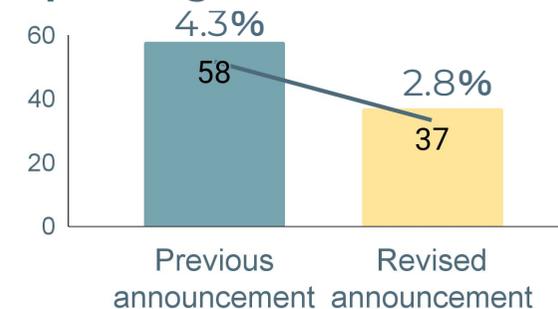
Hundreds million yen

	FY2022 Forecast Before Revision	FY2022 Forecast After Revision	Increase /Decrease		Increase /Decrease %
	Forecast announced in TSE on May 12	Revised Forecast announced in TSE on Oct 19			
Sales	1,344	1,329	①	▲15	▲1.1%
Operating Profit	58	37	②	▲21	▲36.2%
Operating Margin (%)	4.3%	2.8%	②/①	140.0%	▲1.5 pt.
Ordinary Income	69	45		▲24	▲34.8%
Net Income Attributable to the Parent Company	51	31		▲20	▲39.2%

Sales

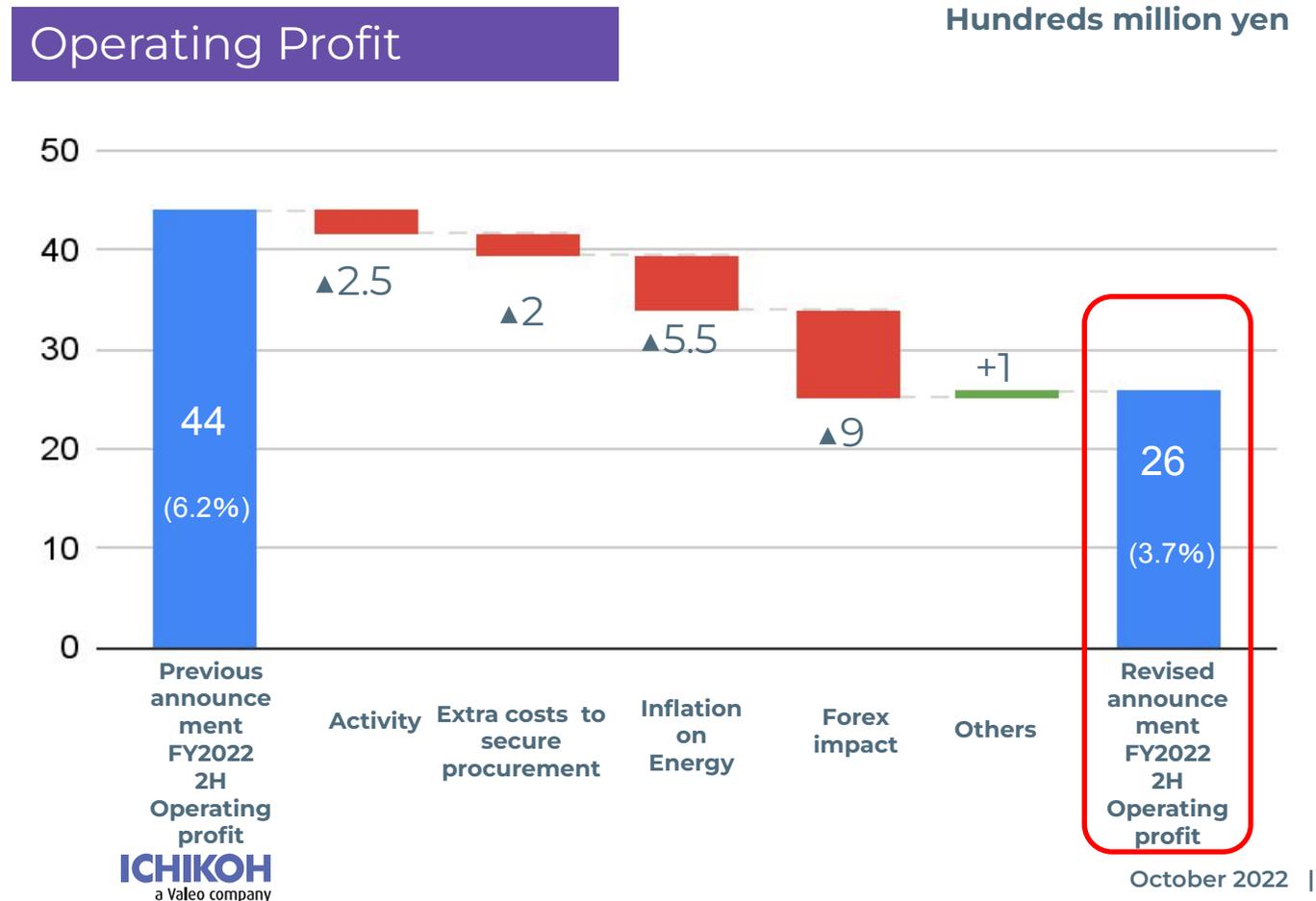
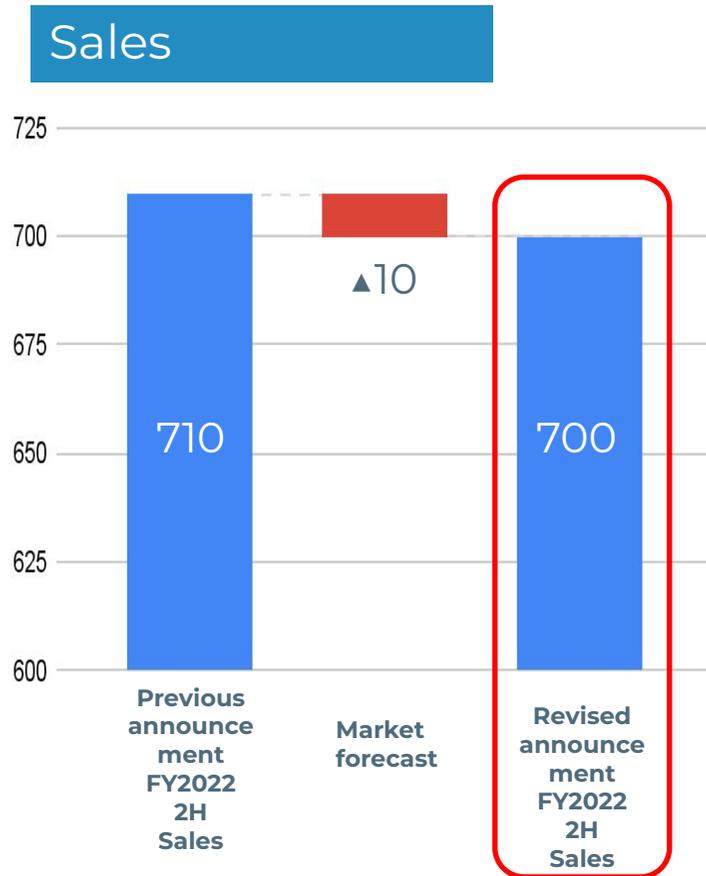


Operating Profit



REVISION OF FY2022 SECOND HALF FORECAST

- ◆ **Sales:** Previous announcement at 71.0 Billion Yen → Revised announcement at 70 Billion Yen
Major factors: Decrease of sales reflecting deterioration of OEM production volumes in Japan & China, partially offset by higher demand in ASEAN.
- ◆ **Operating Profit:** Previous announcement at 4.4 Billion Yen → Revised at 2.6 Billion Yen
Major factors: Impact of lower sales, soaring energy costs, exchange rate impact (while material price increase was largely offset by passthrough to customers)

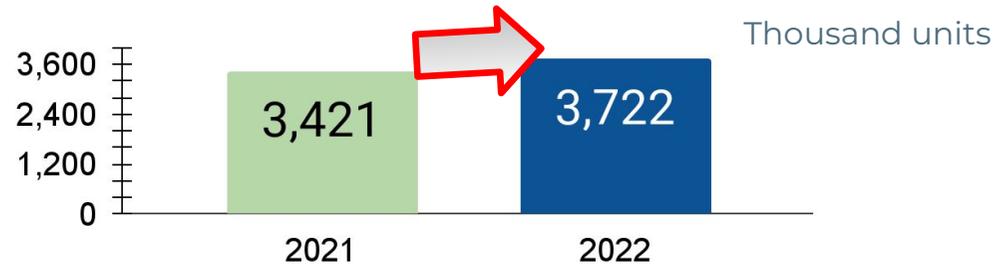


FY2022 SECOND HALF FORECAST

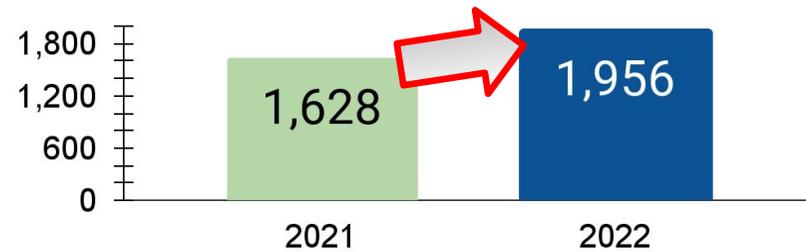
MARKET PRODUCTION VOLUME VS SALES (MARKET IS PRELIMINARY BASE)

Production volume of the market (from LMC Automotive)

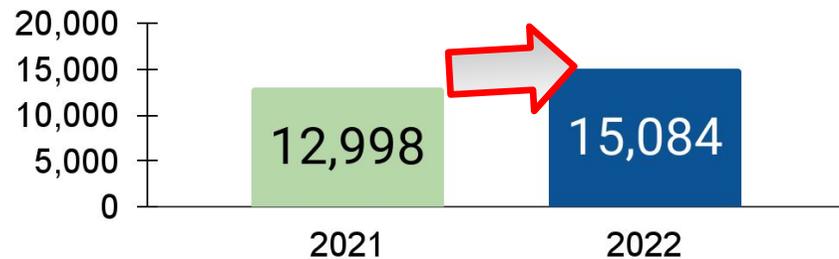
Japan YoY 8.8%



ASEAN YoY 20.1%



China YoY 16.0%



Sales of the Company vs Production volume in the market

Comparison with the same period of last year

	Sales of the Company (excl. tooling sales and Forex)	Production volume of the market	Outperformance
Japan	13.4%	8.8%	4.6 pt
ASEAN	62.9%	20.1%	42.8 pt
China	36.3%	16.0%	20.3 pt

ASEAN: Indonesia, Malaysia, Thailand

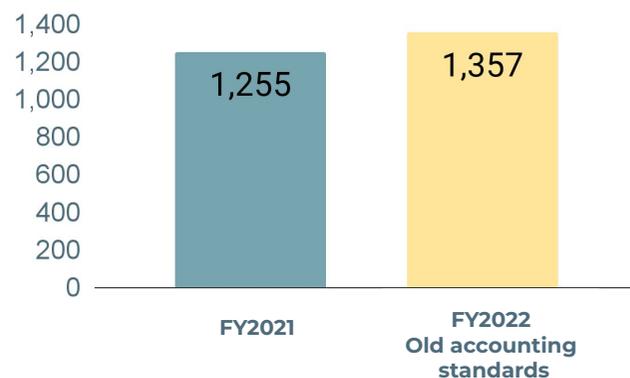
FY2022 REVISED FULL YEAR FORECAST vs FY2021 (Comparison based on Old Accounting standards)

- ◆ Based on the same accounting standards*, Sales will increase by 8.1% and Operating Profit will decrease by 12.5% compared to FY 2021
- ◆ 2nd Half forecast was revised downwards as explained in p18

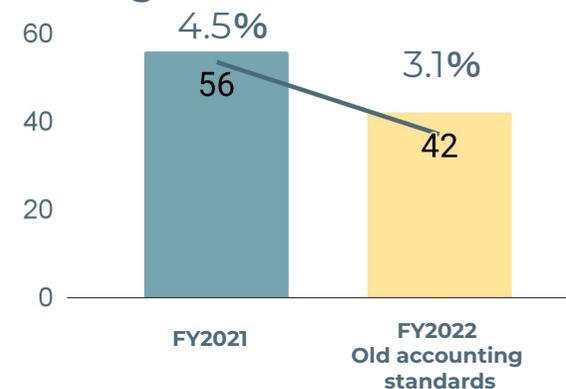
* Change in Accounting standards from 2022: One time recognition of Tooling Sales and Expenses in Japan at the time of SOP, instead of the recognition over 24 months
 Hundreds million yen

	FY2021 (Jan.~Dec. 2021)	FY2022 (New accounting standards)	FY2022 (Old accounting standards)	Increase /Decrease (Old standards vs. previous year)		Increase /Decrease %
				①	②	
Sales	1,255	1,329	1,357	①	102	8.1%
Operating Profit	56	37	42	②	-14	-25.0%
Operating Margin (%)	4.5%	2.8%	3.1%	②/①	-13.7%	▲1.4 pt.
Ordinary Income	65	45	50		-15	-23.1%
Net Income belonging to Parent company's shareholder	40	31	34		-6	-15.0%

Sales

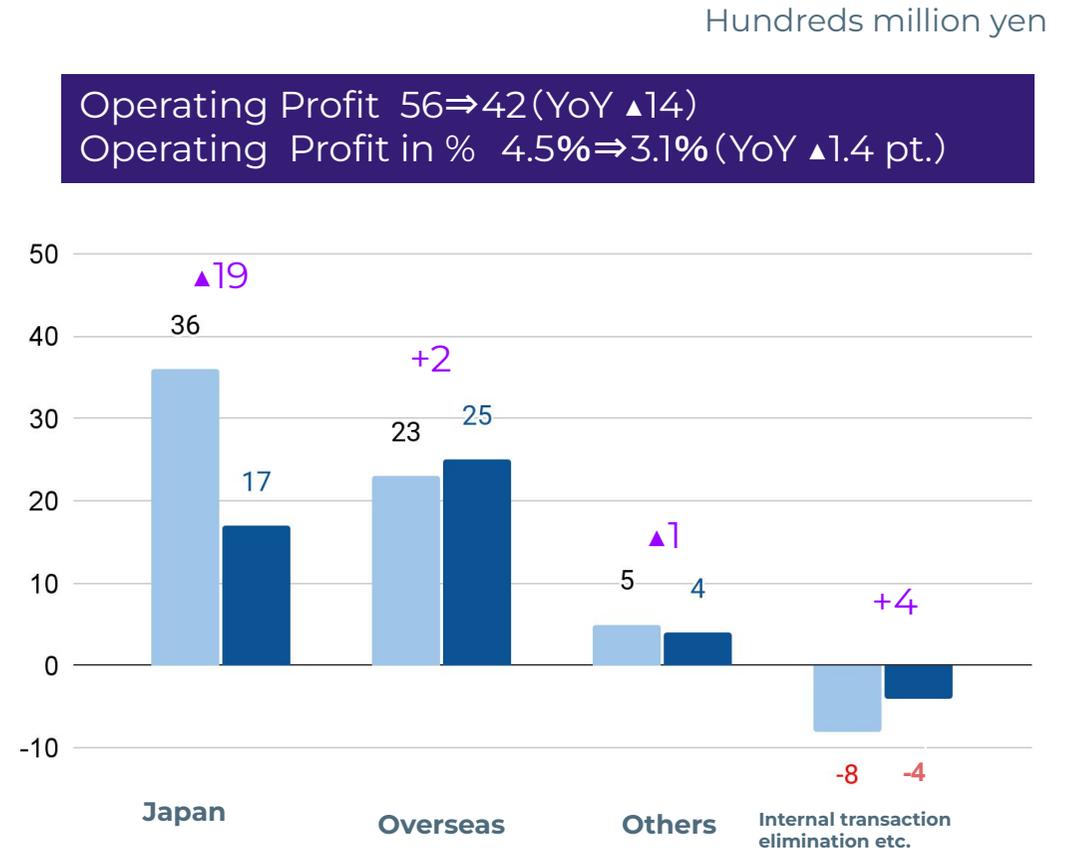
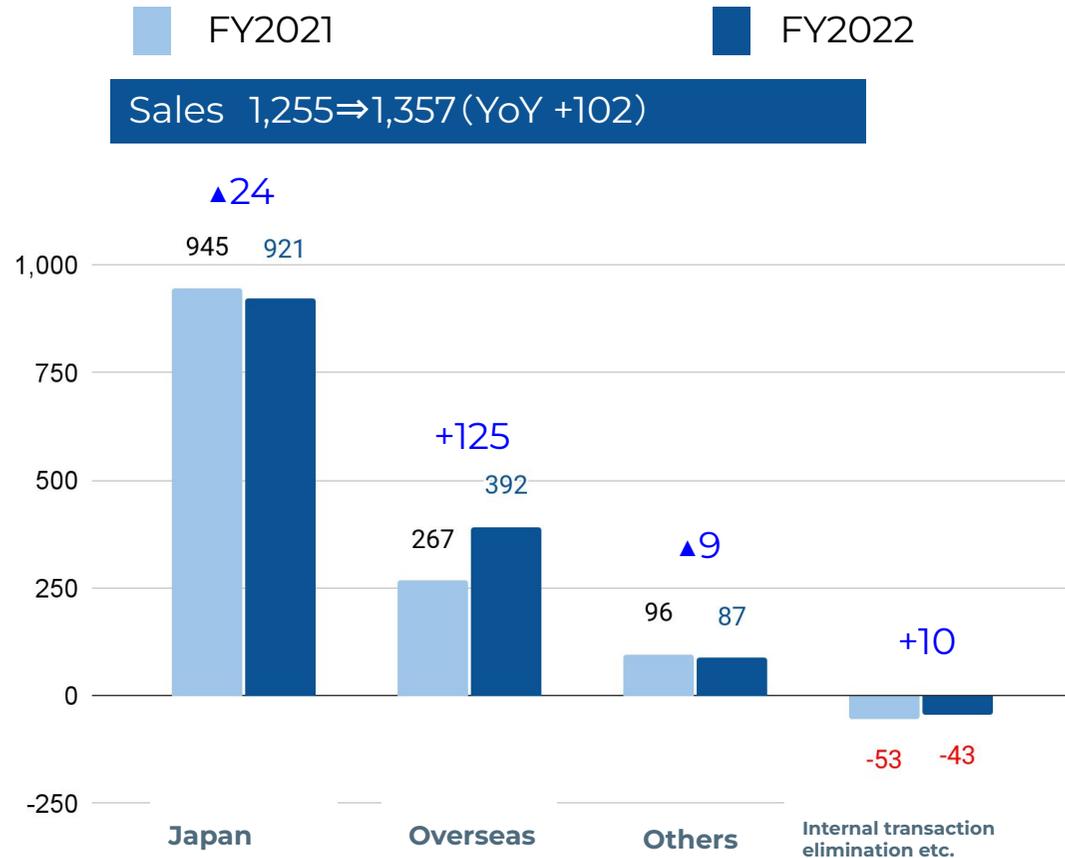


Operating Profit



FY2022 REVISED FORECAST BY REGION vs FY2021 (Comparison based on Old Accounting standards)

- ◆ **Japan: Despite new SOPs in H2, Sales will decrease due to slower than expected car production recovery and Operating Profit will decrease due to continuous inflation on material & energy, yen depreciation and one time recall impact in Q1**
- ◆ **Overseas: Sales growth in ASEAN will significantly exceed market growth rate due to new SOPs, although affected by extra-costs due to the Stop&Go of production which happened at most customers**



Sales 1,255⇒1,357 (YoY +102)

Operating Profit 56⇒42 (YoY ▲14)
Operating Profit in % 4.5%⇒3.1% (YoY ▲1.4 pt.)

Japan: Ichikoh non-consolidated (Isehara・Fujioka・Mirror・HQ), Overseas : Indonesia・Malaysia・Thailand・China
Others : Automotive aftermarket business (PIAA)・ Bulb business (Life Elex) included until 21 years

03 Purpose of the sale of the Mirror Business

Sales of Mirror Business

On September 26th, the Company announced the sales of the Mirror Business as outlined below

(Outline of the Mirror Business sales)

Item	Contents	Note
Target Business	Mirror Business in Japan China and ASEAN	
Purchaser of the business	Motherson Group	
Business transfer scheme	Company split and sales of the share	The detail will be find in the latter page
Signing Date	September 26th, 2022	
Closing date of the business transfer	May 1st, 2023	
Enterprise Value	5.2 Billion JPY	

Sales of Mirror Business

Objective of the Sale of the Mirror business:

- **Strengthening competitiveness of the Mirror Business by integrating to the global leading company in the automotive mirror business**
 - **Sale to SMR Automotive Mirrors UK Limited, a mirror business company of the Motherson Group in India**
 - **Expected effects : Establishment of a foundation for medium- to long-term business development**
 - **Strengthen global responsiveness**
 - **Strengthen development capabilities for new products such as next-generation of electronic mirrors**
 - **Strengthen price competitiveness**

Ichikoh's Objective:

- **Strategic focus on the automotive lighting business**
 - **Be recognized as The Technology Leader and as a Solution Provider**
 - **Further strengthen our competitiveness**
 - **Take benefits from the automotive industry transformations (CASE & Electrification)**
 - **Focus of the business on areas of high synergy with Valeo, the parent company**

Overview of **Vision Systems** Business division of **Motherson**.



- Global tier 1 supplier to the automotive industry with focus on electro-mechanical systems
- Leading exterior mirror manufacturer globally and a pioneer for intelligent camera system
- History of 'First to Markets' with Long tradition of inventing outstanding solutions providing cost optimisation, increased comfort, enhanced safety and unique styling.
- In-house design, manufacturing and assembly



18

countries



37

facilities



~10,000

employees



~\$ 1.8 Bn¹



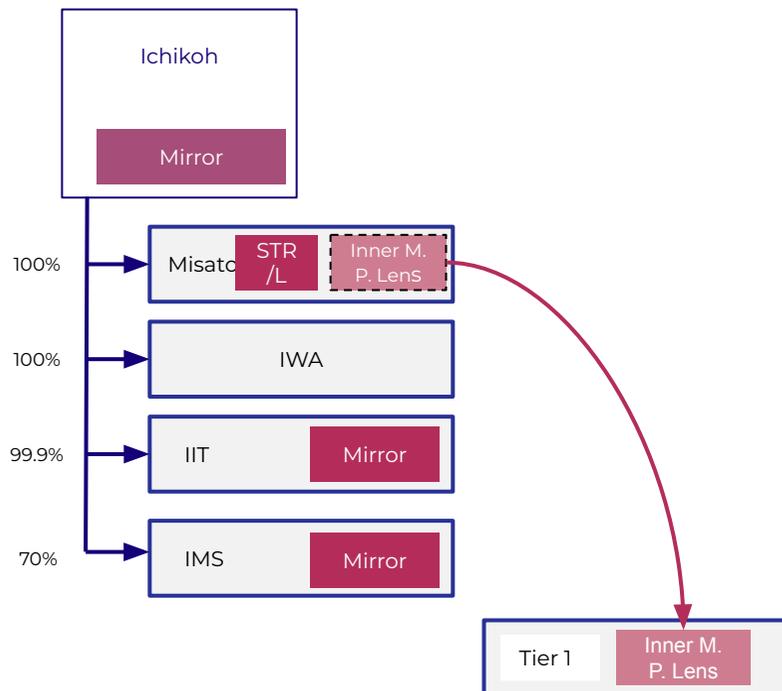
1. Numbers mentioned are gross sales for the division including sales from joint ventures consolidated under equity method for FY 22

(Note: From SMR disclosure documents)

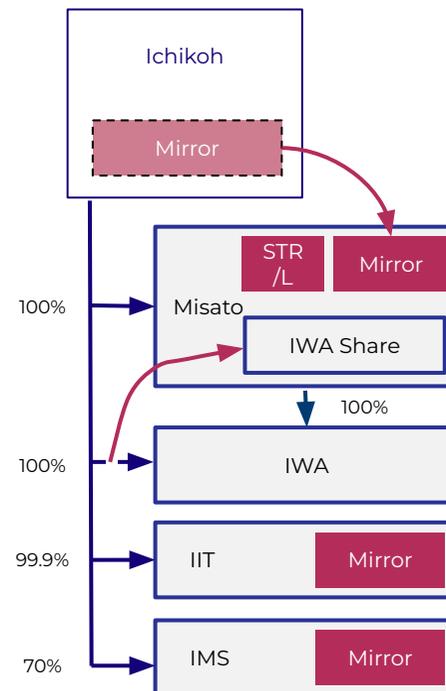
Scheme Diagram of Mirror Business Sale

- ❑ **Step 1: Reorganization of Ichikoh Mirror Business**
 - Consolidation of Misato Plant into Fujioka Mirror Plant (completed in March 2021)
 - Business succession on Misato Industries' inner mirror and projector lens businesses to Tier 1 supplier through a corporate divestiture (completed in April 2021)
- ❑ **Step 2: Transfer of Ichikoh's mirror business to wholly owned subsidiary Misato Industries through a corporate divestiture (scheduled for Mar. 1, 2023)**
- ❑ **Step 3: Plans to sell shares of Misato Industries to SMR (scheduled for May 1, 2023)**
- ❑ **After Closing: Transfer of IIT and IMS mirror business to SMR (date to be determined - after obtaining necessary certifications)**

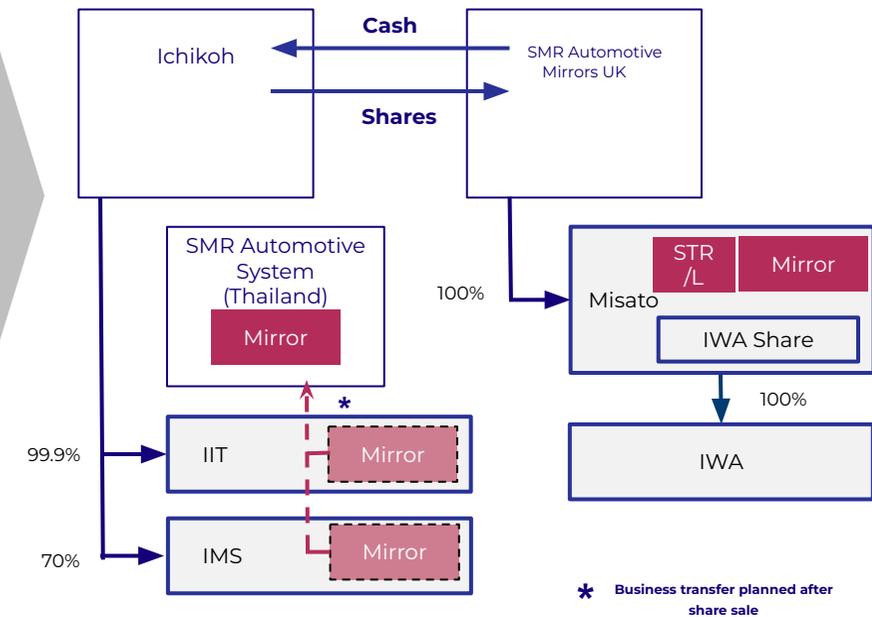
Step 1 (Completed)



Step 2 (Scheduled for the Mar. 1, 2023)



Step 3 (Scheduled for May 1, 2023)



* Business transfer planned after share sale

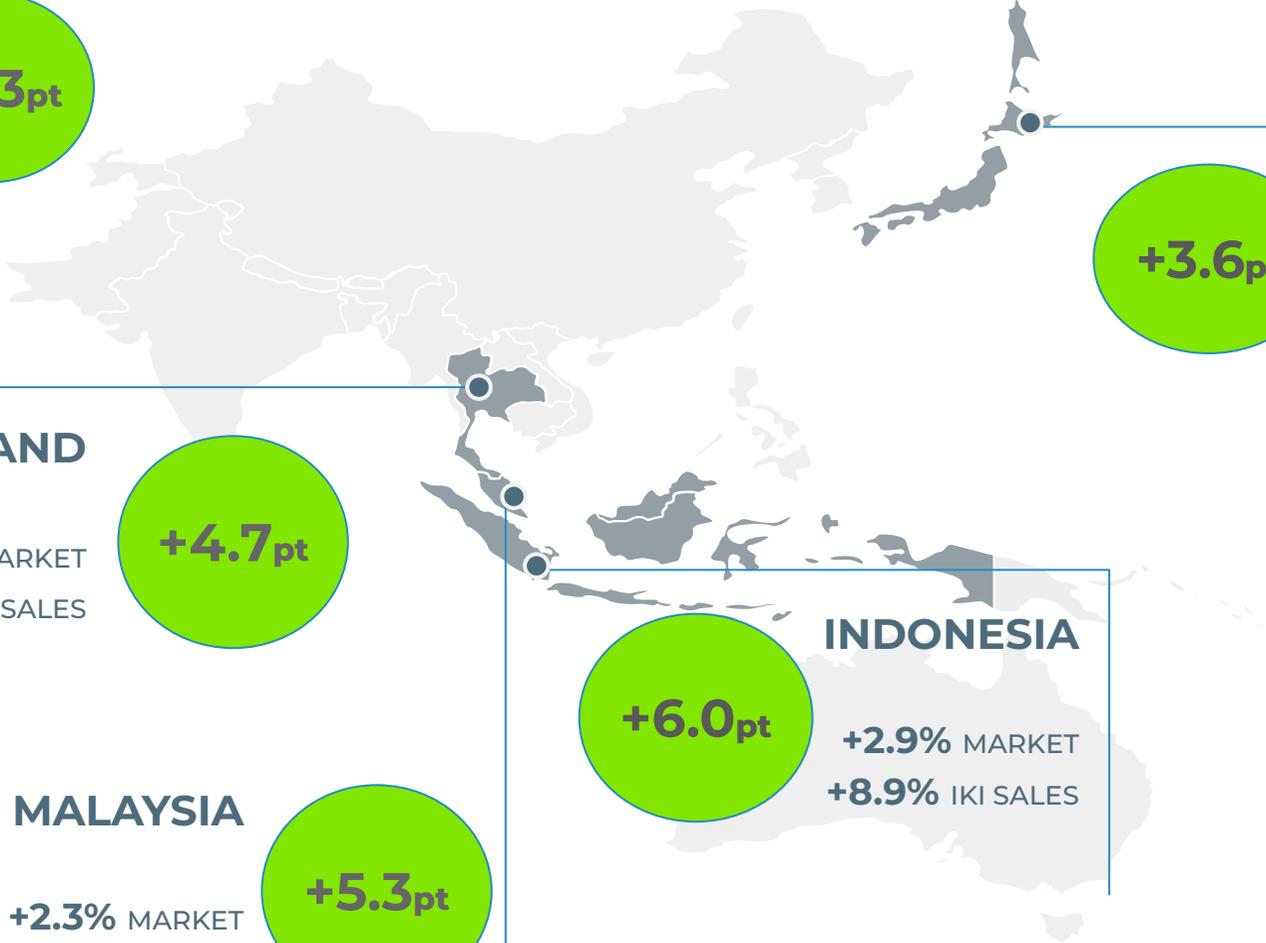
04 Direction of the Mid-Term Plan

MARKET PERFORMANCE 2019-2027

Sales in Local Currency vs Market evolution

ICHIKOH GROUP CAGR 19-27

+0.1% MARKET
+3.4% IKI SALES



THAILAND

+1.9% MARKET
+6.6% IKI SALES

+4.7pt

MALAYSIA

+2.3% MARKET
+7.6% IKI SALES

+5.3pt

JAPAN

+3.6pt

-0.8% MARKET
+2.8% IKI SALES

INDONESIA

+6.0pt

+2.9% MARKET
+8.9% IKI SALES

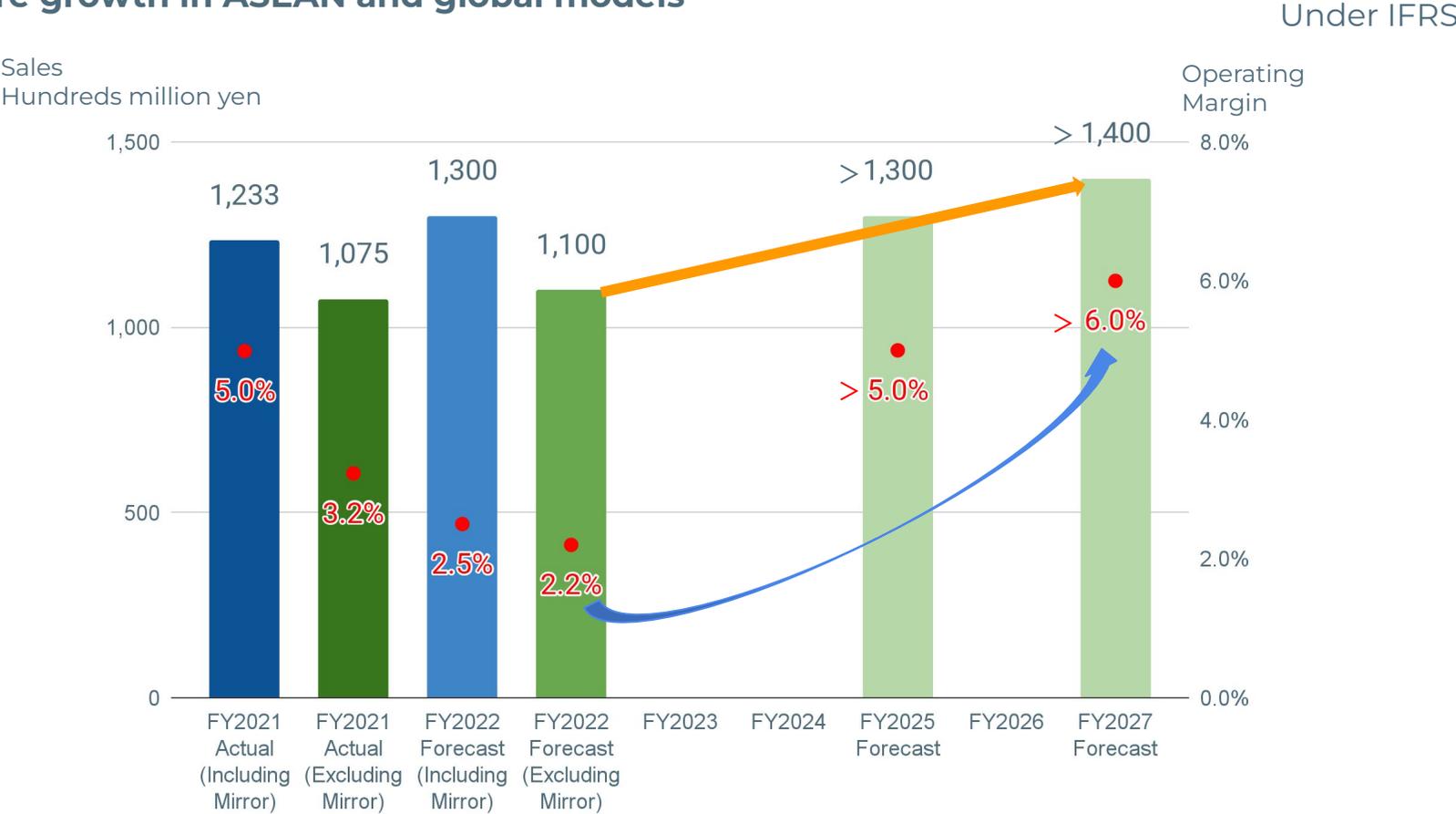
MAIN FRAMEWORK FOR THE NEW MID-TERM PLAN

- In the short-term (~2023), the imminent target is to implement strong and comprehensive measures to address the still current unstable business environment, so as to recover the operating margin before 2019 (>5%)
 - ◆ Manage the Inflation Balance
 - ◆ Improve our Operations' efficiency
 - ◆ Optimize our R&D expenses
- In the mid- to long term (2024~2027), we aim to realize our profitable growth strategy
 - ◆ Japan: Profitability Increase through
 - Introduction of Innovative Products
 - Maximization of the utilization of our Plants
 - Supply of the next generation of drivers
 - Market share increase by acquisition of Global Models
 - ◆ Overseas: Sales Growth driven by ASEAN
 - Continue to secure Order Intakes
 - Further strengthen Operations' efficiency

Will pursue other Growth Opportunities as well...

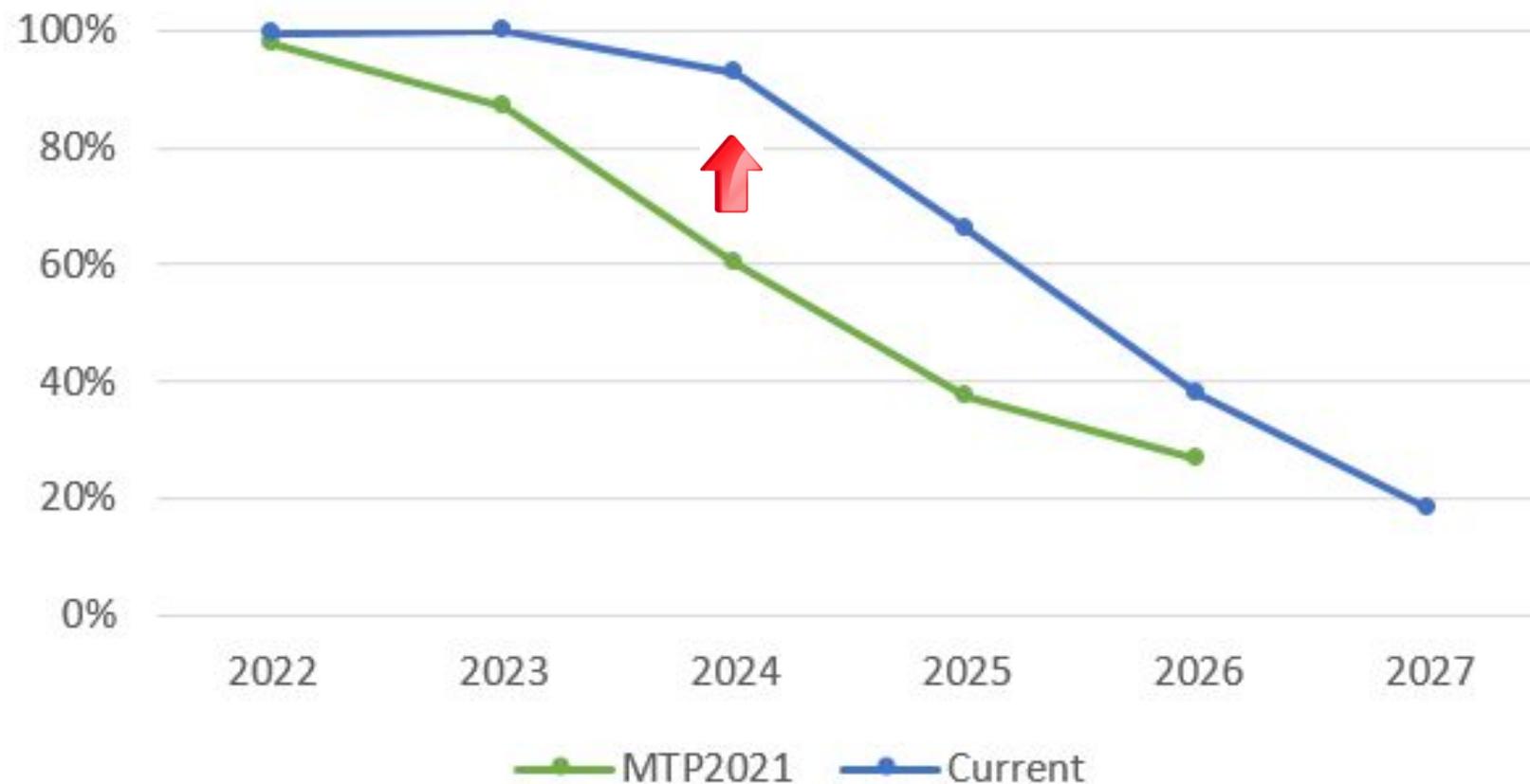
MID-TO-LONG-TERM MANAGEMENT OUTLOOK EXCLUDING MIRROR BUSINESS

- ◆ Will realize higher sales and operating margin without Mirror Business, by focusing on the lighting business:
 - Innovative products and productivity improvement in Japan
 - Capture growth in ASEAN and global models



PROGRESS OF BOOKED RATIO

- ◆ **Booked Ratio*** for each year steadily increases thanks to steady progress of order intakes

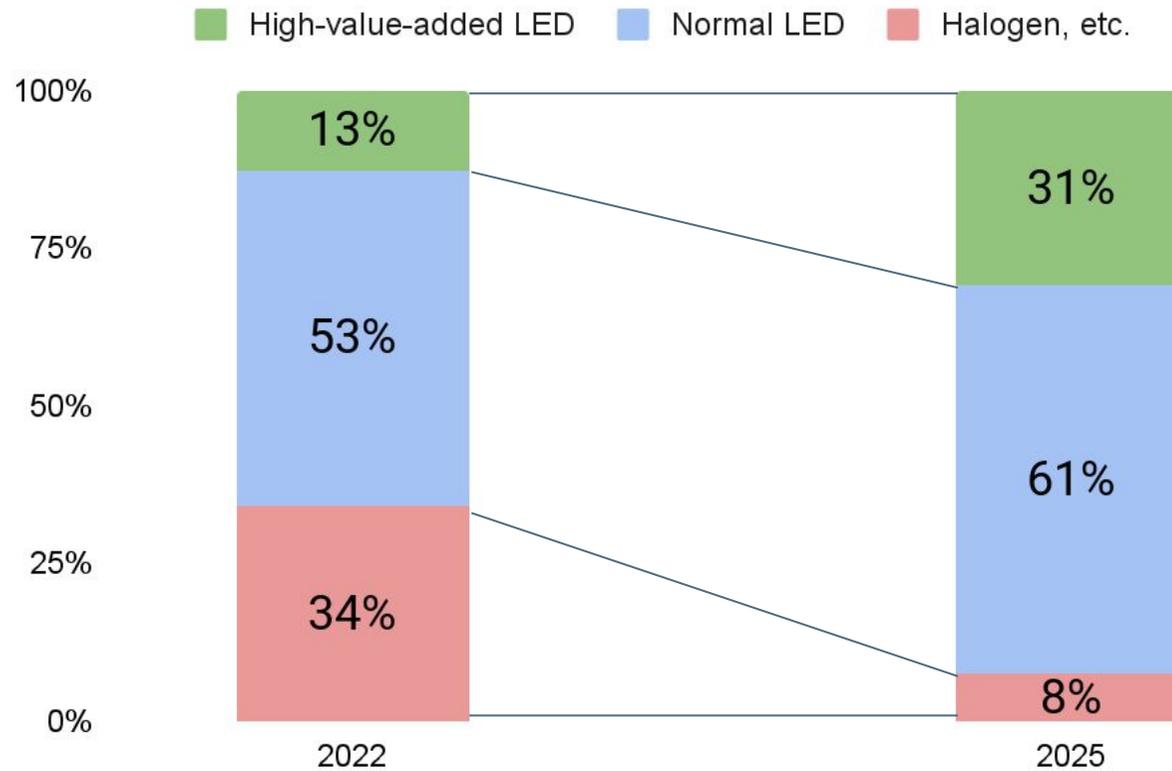


* Booked Ratio: existing or booked business over estimated sales for the respective year

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)



AWARDED FOR SECOND YEAR 2022 “Nissan Global Supplier Award - Innovation Award”

ARIYA Design Intention "Invisible Lighting" Rear Lamps Recognized for Innovation in Development

Ichikoh Industries, Ltd.

The distinctive graphics emerge clearly from the blacked-out rear lamps
The world's first advanced design expression with a digital feel that symbolizes
the next generation of EVs.

Features of the developed product :

By adding pigments and dyes that absorb specific wavelengths to the outer lens, we succeeded in transmitting only specific wavelengths, which could not be achieved with conventional vapor deposition.



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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