

Summary of consolidated financial results as of December 31, 2023

14-Feb-23

Listed Company **ICHIKOH INDUSTRIES, LTD.**

Prime section of Tokyo

Code No, 7 2 4 4

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Date for holding shareholders' meeting: March 27, 2024

Date for submitting financial statement reports: March 28, 2024

Date for starting dividends payment: March 28, 2024

Preparation of supplementary explanations of Financial Results: Yes

Financial Results presentation to be held: Yes (Institutional Investor, Analyst)

(Figures under million yen rounded down)

1. Summary of financial results as of December 31, 2023(January 1, 2023 ~ December 31, 2023)

(1) Consolidated operating results (Percentages(%) shows fluctuation to the previous.)

	Net sales		Operating income		Ordinary income		Net income attributable to the	
	million yen	%	million yen	%	million yen	%	million yen	%
31-Dec-23	145,897	7.7	7,422	88.5	8,130	51.9	7,838	77.2
31-Dec-22	135,451	7.9	3,937	△ 29.2	5,351	△ 17.8	4,423	11.1

(Note) Comprehensive income:

Dec 31,2023 10,716 million yen (99.3 %) Dec 31,2022 5,378 million yen (△11.5 %)

	Net income per share	Net income per share including assuming diluted stocks	Net income / Shareholders' equity	Ordinary income / Total assets	Operating income / Net sales
	yen	yen	%	%	%
31-Dec-23	81.53	-	13.2	6.4	5.1
31-Dec-22	46.02	-	8.6	4.5	2.9

(Reference) Investment gains / losses on equity method :

Dec 31,2023 1,024 million yen Dec 31,2022 1,575 million yen

(2) Consolidated financial conditions

	Total assets	Net assets	Ratio of shareholders' equity	Net assets per share
	million yen	million yen	%	yen
31-Dec-23	129,417	64,730	49.5	666.00
31-Dec-22	125,915	55,007	43.2	565.32

(Reference) Shareholders' equity:

Dec 31,2023 64,038 million yen Dec 31,2022 54,334 million yen

(3) Consolidated cash flow

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at the end
	million yen	million yen	million yen	million yen
31-Dec-23	13,372	△9,609	△3,799	8,937
31-Dec-22	13,005	△5,912	△4,404	8,631

2. Dividends

	Dividend per share					Total payment (Full year)	Dividends payout	Total payment / Shareholders' equity
	1Q	2Q	3Q	4Q	Full Year			
	yen	yen	yen	yen	yen	million yen	%	%
31-Dec-22	-	4.50	-	4.50	9.00	865	19.6	1.7
31-Dec-23	-	5.50	-	5.50	11.00	1,057	13.5	1.8
Dec-24 (forec)	-	6.50	-	6.50	13.00		25.0	

3. Consolidated earnings forecasts for the year ending December 31, 2024 (January 1, 2024 ~ December 31, 2024)
(Percentages(%) shows fluctuation to the previous respectively.)

	Net sales		Operating income		Ordinary income		Net income attributable to the shareholder parent company		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
First half	64,300	△ 15.1	3,000	△ 20.6	3,500	△ 7.5	2,200	△ 12.7	22.88
Full year	129,000	△ 11.6	6,700	△ 9.7	7,500	△ 7.7	5,000	△ 36.2	52.01

※ Note

(1) Principal affiliates' transfer in this fiscal term (in accordance with the change of consolidation scope) Yes

Added - (Corporate name)

Excluded 1 (Corporate name) Ichikoh (Wuxi) Automotive Parts Co., Ltd

(2) 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

(3) Number of issued stocks (Common stocks)

① Number of issued stocks at the end (including treasury stocks)

31-Dec-23 96,334,226 31-Dec-22 96,292,401

② Number of treasury stocks at the end

31-Dec-23 180,942 31-Dec-22 179,414

③ Average shares outstanding over period (cumulative; consolidated)

31-Dec-23 96,141,275 31-Dec-22 96,114,528

(Reference) Summary of Non-consolidated financial results as of December 31, 2023

1. Summary of financial results as of December 31, 2023 (January 1, 2023 ~ December 31, 2023)

(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	%
31-Dec-23	101,871	8.0	3,877	275.3	4,097	31.5	4,072	99.6
31-Dec-22	94,304	△ 0.2	1,033	△ 71.7	3,115	△ 15.2	2,040	△ 28.4

	Net income per share	Net income per share including assuming diluted stocks
	yen	yen
31-Dec-23	42.36	—
31-Dec-22	21.23	—

(2) Financial conditions

	Total assets	Net assets	Ratio of shareholders' equity	Net assets per share
	million yen	million yen	%	yen
31-Dec-23	92,284	45,626	49.4	474.52
31-Dec-22	92,215	42,494	46.1	442.14

(Reference Shareholders' equity:

Dec 31,2023 45,626 million yen

Dec 31,2022 42,494 million yen

* Indication for status of an audit

This is not subject of an audit based on Financial Instruments and Exchange Act, and the audit is not finished when this is released.

* Appropriate use of business forecast; other special items:

Those prospects have been made on the basis of the information available as of today. Accordingly, actual financial results may materially differ from those prospects due to various factors and events that may occur hereafter.

1. Summary of Financial Results

(1) Summary of Financial Results of this fiscal year

The Japanese economy of this cumulative fiscal year demonstrated a mild recovery, as shown by improvement in personal consumption and corporate earnings assisted by normalization of business activities in stabilization of the COVID-19 pandemic. Particularly, pay rise and pass-through development established the base to overcome deflation. On the other hand, heightened tension in the Middle East and Ukraine, and yen depreciation caused concerns about the future of the Japanese economy.

As for the automotive industry to which the company group belongs, automotive production volume increased year on year in Japan due to the normalization of production reflecting mitigation of effects from semiconductor shortages and also, due to increase in the competitiveness in the exports market driven by yen depreciation. In China, automotive production volume significantly increased supported by price reductions by manufacturers. In ASEAN, automotive production volume in Malaysia increased year on year but decreased in Indonesia and Thailand, and the total of the three countries decreased year on year.

Under these circumstances, the increase rate of non-consolidated sales for this cumulative fiscal year in mainstay Japan fell short of the rate of the Japanese automotive production market due to the effect of transferring the mirror business to SMR Group on August 1, 2023. However, total sales for the three ASEAN subsidiaries increased by the effects of SOP while market growth rates in the three ASEAN countries were negative. As a result, sales increased to 145,897 million yen (up 7.7% year-on-year) on a consolidated basis despite the transfer of the mirror business. Operating income was 7,422 million yen (up 88.5% year-on-year) due to the effects of increased sales and progress in pass-through of the sharp rise in raw material costs. Ordinary income was 8,130 million yen (up 51.9% year-on-year) including the recording of 1,024 million yen in the equity in earnings. The net income attributable to shareholders of the parent company increased to 7,838 million yen (up 77.2% year on-year) impacted by recording 3,971 million yen gain on disposal of fixed assets through a partial sale of the land of the Isehara Plant.

Results by each segment are as follows:

1. Auto-Components business

Increase rate of non-consolidated sales for this cumulative fiscal year in mainstay Japan fell short of the rate of the Japanese automotive production market due to the effect of transferring the mirror business to SMR Group. However, total sales for the three ASEAN subsidiaries increased by the effects of SOP while market growth rates in the three ASEAN countries were negative. As a result, sales were 137,839 million yen (up 7.7% year-on-year) and operating income was 7,063 million yen (up 104.1% year-on-year).

2. After-Market business

Sales increased to 9,827 million yen (up 8.3% year-on-year) due to strong sales of lighting products and filters to mass retailers, as well as sales of dealer options and the sales through the Internet. Operating income decreased to 357 million yen (down 24.4% year-on-year) due to an increase in purchasing costs caused by inflation and yen depreciation.

(2) Future Outlooks

As for the performance forecast for FY 2024, an ease of semiconductor shortage and a recovery in automotive production are expected, but there are also concerns about an economic slowdown, such as rising prices due to the yen depreciation and the possibility of monetary tightening after overcoming deflation.

In such a market environment, the Company forecasts a decrease in net sales and income. The forecasts are: sales of 129,000 million yen (down 11.6%) given that decrease in sales from the transfer of mirror business in FY2023, impact of production suspension of some car models due to certification issues, and concerns about a decrease in production volume in the ASEAN market. Operating income of 6,700 million yen (down 9.7%), ordinary income of 7,500 million yen (down 7.7%), and net income attributable to shareholders of the parent company of 5,000 million yen (down 36.2%) despite an improvement in productivity and a decrease in quality-related costs.

As for the dividend of FY2024, the annual dividend will be 13 yen per share, increasing by 2 yen per share from 11 yen of FY2023 comprehensively taking into consideration returning profits to shareholders and improving the dividend payout ratio that was disclosed at the financial results IR meeting for institutional investors and analysts.

2. Basic concept on the selection accounting standards

The Japanese accounting standard is currently adopted in the company to realize easier year-on-year comparison and comparability to other companies of the same industry in Japan. However, comprehensively taking into account the fact that IFRS is adopted in the parent company, the company continues to consider the change of accounting system to IFRS in the future.

3. Consolidated Financial Statement

(1) Consolidated Balance Sheets

(Millions of yen)

	Previous Year End As of December 31, 2022	Current Year End As of December 31, 2023
Assets		
Current assets		
Cash and deposits	8,631	8,937
Notes, accounts receivable-trade, and contract assets	27,121	24,401
Electronically recorded monetary claims-operating	388	379
Merchandise and finished goods	5,438	4,172
Work in progress	2,776	782
Raw materials and supplies	5,284	4,427
Short-term loans	10,841	21,648
Other	2,857	2,671
Allowance for doubtful accounts	(60)	(82)
Total current assets	63,280	67,337
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	29,693	23,707
Accumulated depreciation	(17,361)	(12,903)
Buildings and structures, net	12,332	10,803
Machinery, equipment and vehicles	45,261	40,642
Accumulated depreciation	(27,507)	(23,304)
Machinery, equipment and vehicles, net	17,753	17,337
Tools, furniture and fixtures	14,363	11,524
Accumulated depreciation	(11,729)	(9,252)
Tools, furniture and fixtures, net	2,633	2,271
Land	2,788	2,302
Lease assets	7,397	7,503
Accumulated depreciation	(4,413)	(4,120)
Lease assets, net	2,983	3,383
Construction in progress	3,164	3,602
Total property, plant and equipment	41,656	39,701
Intangible assets		
Other	859	123
Total intangible assets	859	123
Investments and other assets		
Investment securities	2,268	2,958
Long-term loans receivable	1,128	737
Investment in affiliates	9,477	10,527
Net defined benefit asset	303	1,556
Deferred tax assets	5,569	4,804
Other	1,374	1,673
Allowance for doubtful accounts	(3)	(2)
Total investments and other assets	20,118	22,255
Total noncurrent assets	62,634	62,079
Total assets	125,915	129,417

(Millions of yen)

	Previous Year End (As of December 31, 2022)	Current Year End (As of December 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	36,982	32,680
Short-term loans payable	1,400	1,150
Current portion of long-term loans payable	2,022	920
Lease obligations	541	640
Income taxes payable	453	1,376
Accrued expenses	5,112	5,480
Accounts payable	3,857	3,770
Provision for bonuses	1,113	910
Provision for directors' bonuses	36	25
Provision for product warranties	1,983	1,764
Other	4,983	5,191
Total current liabilities	58,485	53,910
Noncurrent liabilities		
Long-term loans payable	920	-
Lease obligations	2,892	3,257
Deferred tax liabilities	153	-
Retirement benefits	8,182	7,296
Asset retirement obligations	172	26
Provision for environmental measures	23	-
Other	76	195
Total noncurrent liabilities	12,421	10,775
Total liabilities	70,907	64,686
Net assets		
Shareholders' equity		
Capital stock	8,986	8,996
Capital surplus	2,505	2,515
Retained earnings	44,660	51,536
Treasury stock	(55)	(55)
Total shareholders' equity	56,096	62,993
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	91	89
Foreign currency translation adjustment	41	2,014
Adjustment retirement benefits	(1,895)	(1,058)
Total accumulated other comprehensive income	(1,762)	1,044
Minority interests	673	692
Total net assets	55,007	64,730
Total liabilities and net assets	125,915	139,417

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

Consolidated Statements of Income

(Millions of yen)

	Previous FY (January 1, 2022 ~ December 31, 2022)	Current FY (January 1, 2023 ~ December 31, 2023)
Net sales	135,451	145,897
Cost of sales	112,253	118,172
Gross profit	23,198	27,724
Selling, general and administrative expenses	19,260	20,301
Operating income	3,937	7,422
Non-operating income		
Interest income	144	215
Dividends income	42	10
Equity in earnings of affiliates	1,575	1,024
Other	164	22
Total non-operating income	1,926	1,273
Non-operating expenses		
Interest expenses	165	130
Commission fee	7	6
Foreign exchange losses	288	368
Other	51	60
Total non-operating expenses	512	565
Ordinary income	5,351	8,130
Extraordinary income		
Gain on disposal of noncurrent assets	0	3,971
Total extraordinary income	0	3,971
Extraordinary loss		
Loss on disposal of noncurrent assets	578	651
Impairment loss	-	40
Loss on sales of stocks of affiliates	-	1,261
Business structure improvement expenses	365	341
Total extraordinary losses	943	2,295
Income before income taxes and minority interests	4,408	9,806
Income taxes-current	1,083	1,647
Income taxes-deferred	(1,177)	266
Total income taxes	(94)	1,914
Income before minority interests	4,502	7,891
Minority interests in income	78	53
Net income	4,423	7,838

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Previous FY (January 1, 2022 ~ December 31, 2022)	Current FY (January 1, 2023 ~ December 31, 2023)
Income before minority interests	4,502	7,891
Other comprehensive income		
Valuation difference on available-for-sale securities	11	(2)
Foreign currency translation adjustment	741	1,283
Remeasurements of defined benefit plans.	(502)	836
Share of other comprehensive income of associates accounted for using equity method	624	706
Total other comprehensive income	875	2,825
Comprehensive income	5,378	10,716
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	5,251	10,645
Comprehensive income attributable to minority interests	126	71

(3) Consolidated Statements of Change in Net Assets

(Millions of yen)

	Previous FY (January 1, 2022 ~ December 31, 2022)	Current FY (January 1, 2023 ~ December 31, 2023)
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	8,986	8,986
Share issuance costs	-	10
Balance at the end of current period	8,986	8,996
Capital surplus		
Balance at the beginning of current period	2,505	2,505
Share issuance costs	-	10
Balance at the end of current period	2,505	2,515
Retained earnings		
Balance at the beginning of current period	40,073	41,660
Cumulative effects of changes in accounting policies	932	-
Net income	4,423	7,838
Dividend of Surplus	(768)	(961)
Total changes of items during the period	3,654	6,876
Balance at the end of current period	44,660	51,536
Treasury stock		
Balance at the beginning of current period	(54)	(55)
Purchase of treasury stock	(1)	(0)
Total changes of items during the period	(1)	(0)
Balance at the end of current period	(55)	(55)
Total shareholders' equity		
Balance at the beginning of current period	51,511	56,096
Cumulative effects of changes in accounting policies	932	-
Net income	4,423	7,838
Share issuance costs	-	20
Dividend of Surplus	(768)	(961)
Purchase of treasury stock	(1)	(0)
Total changes of items during the period	3,653	6,897
Balance at the end of current period	56,096	62,993
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	80	91
Net changes of items other than shareholders' equity	11	(2)
Total changes of items during the period	11	(2)
Balance at the end of current period	91	89
Foreign currency translation adjustment		
Balance at the beginning of current period	(1,277)	41
Net changes of items other than shareholders' equity	1,318	1,972
Total changes of items during the period	1,318	1,972
Balance at the end of current period	41	2,014
Adjustment retirement benefits		
Balance at the beginning of current period	(1,393)	(1,895)
Net changes of items other than shareholders' equity	(502)	836
Total changes of items during the period	(502)	836
Balance at the end of current period	(1,895)	(1,058)

(3) Consolidated Statements of Change in Net Assets

(Millions of yen)

	Previous FY (January 1, 2022 ~ December 31, 2022)	Current FY (January 1, 2023 ~ December 31, 2023)
Total accumulated other comprehensive income		
Balance at the beginning of current period	(2,590)	(1,762)
Net changes of items other than shareholders' equity	828	2,807
Total changes of items during the period	828	2,807
Balance at the end of current period	(1,762)	1,044
Minority interests		
Balance at the beginning of current period	603	673
Net changes of items other than shareholders' equity	70	18
Total changes of items during the period	70	18
Balance at the end of current period	673	692
Total net assets		
Balance at the beginning of current period	49,523	55,007
Cumulative effects of changes in accounting policies	932	-
Net income	4,423	7,838
Share issuance costs	-	20
Dividend of Surplus	(768)	(961)
Purchase of treasury stock	(1)	(0)
Net changes of items other than shareholders' equity	898	2,825
Total changes of items during the period	4,551	9,722
Balance at the end of current period	55,007	64,730

(4) Consolidated Cash Flows

(Millions of yen)

	Previous FY (January 1, 2022 ~ December 31, 2022)	Current FY (January 1, 2023 ~ December 31, 2023)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	4,408	9,806
Depreciation and amortization	5,684	5,814
Increase (decrease) in allowance for doubtful accounts	38	14
Increase (decrease) in provision for bonuses	49	(32)
Increase (decrease) in provision for product warranties	503	(131)
Increase (decrease) in retirement benefits	(226)	400
Interest and dividends income	(186)	(226)
Interest expenses	165	131
Equity in (earnings) losses of affiliates	(1,575)	(1,024)
Loss (gain) on disposal of noncurrent assets	577	(3,319)
Impairment losses	-	40
Loss (gain) on sale of investment securities	-	1,261
Decrease (increase) in notes and accounts receivable-tr	(1,584)	1,697
Decrease (increase) in inventories	(1,015)	2,528
Decrease (increase) in other current assets	64	(1,738)
Increase (decrease) in notes and accounts payable-trad	7,217	(2,129)
Increase (decrease) in other current liabilities	543	2,694
Other, net	(1,062)	(1,488)
Subtotal	13,600	14,297
Interest and dividends income received	1,299	195
Interest expenses paid	(200)	(133)
Income taxes paid	(1,694)	(988)
Net cash provided by (used in) operating activities	13,005	13,372
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(5,351)	(5,305)
Proceeds from sales of property, plant and equipment	0	4,516
Payments acquisition of intangible fixed assets	(11)	(18)
Purchase of investment securities	(11)	(12)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	-	1,809
Decrease (increase) in short-term loans receivable	(538)	(10,677)
Other, net	(0)	77
Net cash provided by (used in) investing activities	(5,912)	(9,609)

(Millions of yen)

	Previous FY (January 1, 2022~ December 31, 2022)	Current FY (January 1, 2023~ December 31, 2023)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	1,100	(250)
Repayment of long-term loans payable	(4,286)	(2,022)
Cash dividends paid	(768)	(961)
Dividends paid to non-controlling interests	(56)	(52)
Repayments of lease obligations	(391)	(513)
Other, net	(1)	(0)
Net cash provided by (used in) financing activities	(4,404)	(3,799)
Effect of exchange rate change on cash and cash equivalents	223	343
Net increase (decrease) in cash and cash equivalents	2,910	305
Cash and cash equivalents at beginning of period	5,720	8,631
Cash and cash equivalents at end of period	8,631	8,937

Segment Information

I . Previous consolidated fiscal year (January 1, 2022 to December 31, 2022)

1. Sales and profits or losses for each reportable segment

(Millions of yen)

	Segments		Total
	Automotive Parts	Automotive Aftermarket	
Net sales			
Domestic	92,955	6,756	99,711
Oversea	34,934	805	35,740
Revenue from contracts with customers	127,889	7,561	135,451
Other income	-	-	-
Sales to Outside Customers	127,889	7,561	135,451
Intersegment Sales or Transfers	41	1,508	1,549
TOTAL	127,931	9,069	137,001
Segment income	3,460	472	3,933
Segment assets	119,651	6,917	126,568
Other items			
Depreciation	5,581	106	5,688
Investment in entities accounted for using equity method	11,433	-	11,433
Increase in property, plant and equipment and intangible assets	7,068	80	7,149

* "Increase in property, plant and equipment and intangible assets" is not included increase in construction in progress.

Segment Information

II. Current consolidated fiscal year (January 1, 2023 to December 31, 2023)

1. Sales and profits or losses for each reportable segment

(Millions of yen)

	Segments		Total
	Automotive Parts	Automotive Aftermarket	
Net sales			
Domestic	100,283	7,310	107,594
Oversea	37,537	765	38,302
Revenue from contracts with customers	137,820	8,076	145,897
Other income	-	-	-
Sales to Outside Customers	137,820	8,076	145,897
Intersegment Sales or Transfers	18	1,750	1,769
TOTAL	137,839	9,827	147,666
Segment income	7,063	357	7,421
Segment assets	123,015	7,077	130,093
Other items			
Depreciation	5,663	151	5,815
Investment in entities accounted for using equity method	13,164	-	13,164
Increase in property, plant and equipment and intangible assets	6,230	147	6,377

* "Increase in property, plant and equipment and intangible assets" is not included increase in construction in progress.

2. Information on assets by reportable segment

During the third quarter of the current fiscal year, the segment assets of "Automotive Parts Business" decreased by 13,195 million yen from the end of the previous fiscal year due to the transfer of the mirror business, which constituted the "Automotive Parts Business".

(Millions of yen)

Sales	Previous FY	Current FY
Total amount for Segment	137,001	147,666
Elimination for intersegment	(1,549)	(1,769)
Sales in consolidated statement	135,451	145,897

(Millions of yen)

Profit	Previous FY	Current FY
Total amount for Segment	3,933	7,421
Elimination for intersegment	4	0
Operating income in consolidated statement	3,937	7,422

(Millions of yen)

Assets	Previous FY	Current FY
Total amount for Segment	126,568	130,093
Elimination for intersegment	(653)	(676)
Operating income in consolidated statement	125,915	129,417