

Consolidated Financial Results

for the First Quarter of the Fiscal Year Ending December 31, 2024

May 13, 2024

Company name: **ICHIKOH INDUSTRIES, LTD.**
 Listing: Tokyo Stock Exchange
 Code number: 7 2 4 4
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Filing date of Quarterly Financial Report: May 14, 2024

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 First Quarter ended on March 31, 2024 (January 1, 2024 to March 31, 2024)

(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
	%	%	%	%
1st Quarter (ended on Mar. 31, 2024)	30,643 Δ 21.0	1,503 Δ 48.9	1,513 Δ 48.7	802 Δ 63.6
1st Quarter (ended on Mar. 31, 2023)	38,809 22.1	2,942 228.4	2,951 101.9	2,202 67.5

(Note) Comprehensive income:

Mar. 31, 2024 1,725 million yen (Δ 34.4%) Mar. 31, 2023 2,630 million yen (7.7%)

	Net income per share (Yen)	Net income per share-diluted (Yen)
1st Quarter (ended on Mar. 31, 2024)	8.35	-
1st Quarter (ended on Mar. 31, 2023)	22.92	-

(2) Consolidated Financial Position

(Millions of yen; except for per share figures)

	Total Assets	Net Assets	Equity Ratio (%)
			%
1st Quarter (as of March 31, 2024)	125,977	65,927	51.8
FY2022 (as of December 31, 2023)	129,417	64,730	49.5

[Reference] Equity: First Quarter as of March 31, 2024 65,201 million yen

Fiscal Year as of December 31, 2023 64,038 million yen

2. Cash Dividends

(Cut-off Date)	Cash Dividends per share (Yen)				
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Full Year
FY2023 (ended on December 31, 2023)	-	5.50	-	5.50	11.00
FY2024 (ended on December 31, 2024)	-	-	-	-	-
FY2024 (ended on Dec. 31, 2024) [plan]	-	6.50	-	6.50	13.00

Note: Revision to quarterly dividend forecast : No

3. Consolidated Performance Forecasts for the Fiscal Year 2024 (January 1, 2024 to December 31, 2024)

(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
First Half	64,300 Δ 15.1	3,000 Δ 20.6	3,500 Δ 7.5	2,200 Δ 12.7	22.88
Full Year	129,000 Δ 11.6	6,700 Δ 9.7	7,500 Δ 7.7	5,000 Δ 36.2	52.01

Note: Revision to consolidated performance forecast : No

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 March 31, 2024	96,334,226
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As of December 31, 2023	96,334,226
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- ② Number of shares of treasury stock at the end of period

As of March 31, 2024	180,992
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As of December 31, 2023	180,942
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- ③ Average number of shares during the period (cumulative; consolidated)

FY2024 1st quarter:	96,153,271
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FY2023 1st quarter:	96,112,974
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*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

(1) Analysis of operating results

(1) Summary of Financial Results

In the Japanese economy of the consolidated cumulative first quarter of this fiscal year, the recovery of personal consumption was stand still due to the rise in import prices caused by yen depreciation despite large increase in wage resulting from spring labor offensives and the normalization of monetary policy by the Bank of Japan. Meanwhile, corporate business performance improved and signs of a recovery in capital investment materialized.

In the US, monetary policy continued to tighten due to inflationary pressure, but personal consumption remained strong thanks to favorable employment conditions and improvement of income situation. In addition, production activities in the manufacturing industry recovered and the non-manufacturing industry also remained strong.

As for ASEAN, in Indonesia, consumption continuously downturned and in particular new car sales decreased year-on-year, and the export value of resources such as oil and gas turned to decrease year-on-year. In Malaysia, domestic demand was strong but external demand remained weak because sluggish exports to China depressed overall exports. In Thailand, exports increased but the rate of growth remained low, and domestic demand saw a decline in new car sales year-on-year and personal consumption remained sluggish.

Under these circumstances, car production volume in the consolidated cumulative first quarter of this fiscal year decreased year-on-year in mainstay Japan due to the impact of the vehicle certification issue, and also decreased in ASEAN as a whole.

As a result, comparing the rate of change in our sales and in car production volume to the same period of last year, ASEAN outperformed the market, while Japan underperformed the market affected by the mirror business sales and the total of Japan and ASEAN fell short of the market growth rate. Sales decreased to 30,643 million yen (down 21.0% year-on-year). Operating income was 1,503 million yen (down 48.9% year-on-year) due to decrease in profits because of sales decrease. Ordinary income was 1,513 million yen (down 48.7% year-on-year) and the net income attributable to shareholders of the parent company was 802 million yen (down 63.6% year-on-year).

Results by each segment are as follows:

1. Auto-Components business

Sales in ASEAN increased more than the change rate of car production volume but sales in mainstay Japan was lower than the change rate of car production volume affected by the mirror business sales, and sales was 28,652 million yen (down 22.3% year-on-year) and operating income was 1,419 million yen (down 50.4% year-on-year).

2. After-Market business

Price increases in response to rising purchase prices resulted in positive sales and Sales was 2,428 million yen (up 2.6% year-on-year). Operating income was 93 million yen (up 14.4% year-on-year) due to improvement of profit margins resulting from sales increase and the effect of cost reductions.

(2) Description of future outlooks such as consolidated earnings forecast

There is no revision to the earnings forecast for the FY2024 announced on February 14.

A decrease in sales and change in profits including the gain from the shares sales are expected due to the share transfer of our consolidated subsidiary PIAA Corporation but they were not factored into this earnings forecast as the related expenses have not yet been determined. When the amounts become clear, we will revise the earnings forecast if necessary.

As for the future statements of performance forecast, etc. contained in this material, the statements are based on the information currently available to the company and certain information that the company deems reasonable. Please note that actual results may differ due to various factors.

2. Consolidated Financial Statement

(1) Consolidated Balance Sheets

(Millions of yen)

	Previous Fiscal Year End (As of December 31, 2023)	First Quarter End (As of March 31, 2024)
Assets		
Current assets		
Cash and deposits	8,937	10,373
Notes and accounts receivable-trade	24,401	22,538
Electronically recorded monetary claims-operating	379	256
Merchandise and finished goods	4,172	4,715
Work in process	782	1,375
Raw materials and supplies	4,427	4,748
Short-term loans receivable	21,648	17,000
Other	2,671	2,510
Allowance for doubtful accounts	(82)	(74)
Total current assets	67,337	63,444
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	10,803	10,687
Machinery, equipment and vehicles, net	17,337	17,105
Tools, furniture and fixtures, net	2,271	2,909
Land	2,302	2,502
Lease assets, net	3,383	3,329
Construction in progress	3,602	2,752
Total property, plant and equipment	39,701	39,285
Intangible assets		
Other	123	102
Total intangible assets	123	102
Investments and other assets		
Investment securities	2,958	3,259
Long-term loans receivable	737	771
Deferred tax assets	4,804	4,576
Other	13,757	14,540
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	22,255	23,144
Total noncurrent assets	62,079	62,533
Total assets	129,417	125,977

(Millions of yen)

	Previous Fiscal Year End (As of December 31, 2023)	First Quarter End (As of March 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	15,724	14,915
Electronically recorded obligations	16,956	16,018
Short-term loans payable	1,150	800
Current portion of long-term loans payable	920	-
Lease obligations	640	676
Income taxes payable	1,376	404
Accrued expenses	5,480	5,654
Provision for bonuses	910	1,711
Provision for directors' bonuses	25	39
Provision for product warranties	1,764	1,790
Other	8,961	7,138
Total current liabilities	53,910	49,148
Noncurrent liabilities		
Lease obligations	3,257	3,142
Retirement benefits	7,296	7,340
Asset retirement obligations	26	26
Other	195	391
Total noncurrent liabilities	10,775	10,901
Total liabilities	64,686	60,050
Net assets		
Shareholders' equity		
Capital stock	8,996	8,996
Capital surplus	2,515	2,515
Retained earnings	51,536	51,810
Treasury stock	(55)	(55)
Total shareholders' equity	62,993	63,267
Accumulated other comprehensive income		
Valuation difference on other securities.	89	111
Foreign currency translation adjustment	2,014	2,817
Adjustment retirement benefits	(1,058)	(994)
Total accumulated other comprehensive income	1,044	1,934
Minority interests	692	725
Total net assets	64,730	65,927
Total liabilities and net assets	129,417	125,977

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

Consolidated Statements of Income

(Millions of yen)

	Previous 1st Quarter (January 1, 2023 ~ March 31, 2023)	Current 1st Quarter (January 1, 2024 ~ March 31, 2024)
Net sales	38,809	30,643
Cost of sales	30,871	25,037
Gross profit	7,938	5,606
Selling, general and administrative expenses	4,996	4,103
Operating income	2,942	1,503
Non-operating income		
Interest income	32	6
Dividends income	0	0
Equity in earnings of affiliates	55	266
Other	11	13
Non-operating income	100	286
Non-operating expenses		
Interest expenses	24	51
Commission paid	2	1
Foreign exchange losses	51	219
Other	13	2
Non-operating expenses	91	275
Ordinary income	2,951	1,513
Extraordinary income		
Gain on sales of noncurrent assets	0	-
Total extraordinary income	0	-
Extraordinary loss		
Loss on disposal of noncurrent assets	73	34
Business restructuring expenses	39	23
Total Extraordinary loss	113	58
Income (loss) before income taxes	2,838	1,455
Income taxes	613	646
Income (loss) before minority interests	2,224	809
Minority interests in income	22	6
quarterly net income (loss) attributable to the shareholder parent company	2,202	802

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Previous 1st Quarter (January 1, 2023 ~ March 31, 2023)	Current 1st Quarter (January 1, 2024 ~ March 31, 2024)
Income (loss) before minority interests	2,224	809
Other comprehensive income		
Valuation difference on other securities	0	21
Foreign currency translation adjustment	182	124
Adjustment retirement benefits	37	64
Share of other comprehensive income of associates accounted for using equity method	185	705
Total other comprehensive income	405	916
Comprehensive income	2,630	1,725
(Details)		
Comprehensive income attributable to		
Owners of the parent	2,600	1,691
Minority interests	29	33

3) Note on assumptions for going concern

There is no item to be reported.

(4) Segment Information

I . Previous First Quarter (January 1, 2023 to March 31, 2023)

1. Sales and profits or losses for each reportable segment

(Millions of yen)

	Segments		Total
	Automotive Parts	Automotive Aftermarket	
Net sales			
Domestic	25,926	1,719	27,645
Overseas	10,954	210	11,164
Revenue from Contracts with Customers	36,880	1,929	38,809
Other income	-	-	-
(1) Sales to Outside Customers	36,880	1,929	38,809
(2) Intersegment Sales or Transfers	0	437	437
TOTAL	36,880	2,366	39,247
Segment income	2,864	81	2,945

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	2,945
Elimination for intersegment	(3)
Operating income in quarterly consolidated statement	2,942

II . Current First Quarter (January 1, 2024 to March 31, 2024)

1. Sales and profits or losses for each reportable segment

(Millions of yen)

	Segments		Total
	Automotive Parts	Automotive Aftermarket	
Net sales			
Domestic	20,433	1,821	22,255
Overseas	8,218	169	8,388
Revenue from Contracts with Customers	28,652	1,990	30,643
Other income	-	-	-
(1) Sales to Outside Customers	28,652	1,990	30,643
(2) Intersegment Sales or Transfers	-	437	437
TOTAL	28,652	2,428	31,081
Segment income	1,419	93	1,513

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	1,513
Elimination for intersegment	(10)
Operating income in quarterly consolidated statement	1,503