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Consolidated Financial Results for the Year Ended December 31, 2024 [Japanese GAAP]

February 14, 2025

Company name: ICHIKOH INDUSTRIES, LTD.

Listing: Tokyo

Securities code: 7244

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Scheduled date of annual general meeting of shareholders: March 27, 2025

Scheduled date to commence dividend payments: March 28, 2025

Scheduled date to file annual securities report: March 28, 2025

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2024 (January 1, 2024 to December 31, 2024)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	125,544	(14.0)	4,883	(34.2)	6,517	(19.8)	4,470	(43.0)
December 31, 2023	145,897	7.7	7,422	88.5	8,130	51.9	7,838	77.2

(Note) Comprehensive income: Fiscal year ended December 31, 2024: ¥ 7,360 million [(31.3) %]
Fiscal year ended December 31, 2023: ¥ 10,716 million [99.3 %]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
December 31, 2024	46.48	-	6.7	5.0	3.9
December 31, 2023	81.53	-	13.2	6.4	5.1

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended December 31, 2024: ¥ 2,093 million
Fiscal year ended December 31, 2023: ¥ 1,024 million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2024	130,089	70,951	53.8	728.29
December 31, 2023	129,417	64,730	49.5	666.00

(Reference) Equity: As of December 31, 2024: ¥ 70,048 million
As of December 31, 2023: ¥ 64,038 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2024	11,047	(4,729)	(3,036)	12,642
December 31, 2023	13,372	(9,609)	(3,799)	8,937

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
December 31, 2023	-	5.50	-	5.50	11.00	1,057	13.5	1.8
December 31, 2024	-	6.50	-	6.50	13.00	1,250	28.0	1.9
Fiscal year ending December 31, 2025 (Forecast)	-	7.00	-	7.00	14.00		34.5	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2025 (January 1, 2025 to December 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending June 30, 2025	57,300	(7.9)	2,500	42.1	3,000	28.8	1,700	23.0	17.68
Full year	121,000	(3.6)	5,400	10.6	6,200	(4.9)	3,900	(12.8)	40.57

* Notes:

(1) Significant changes in the scope of consolidation during the period:

Yes

Newly included: - (Company name:)

Excluded: 1 (Company name: PIAA Corporation)

(2) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: None

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(3) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

December 31, 2024: 96,363,161 shares

December 31, 2023: 96,334,226 shares

2) Number of treasury shares at the end of the period:

December 31, 2024: 181,424 shares

December 31, 2023: 180,942 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended December 31, 2024: 96,170,820 shares

Fiscal Year ended December 31, 2023: 96,141,275 shares

(Reference) Overview of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2024 (January 1, 2024 to December 31, 2024)

(1) Non-consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	87,042	(14.6)	2,012	(48.1)	2,929	(28.5)	3,428	(15.8)
December 31, 2023	101,871	8.0	3,877	275.2	4,097	31.5	4,072	99.6

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
December 31, 2024	35.65	-
December 31, 2023	42.36	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2024	90,446	47,915	53.0	498.17
December 31, 2023	92,284	45,626	49.4	474.52

(Reference) Equity: As of December 31, 2024: ¥ 47,915 million
As of December 31, 2023: ¥ 45,626 million

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters

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

(1) Explanation of business results

During this consolidated fiscal year, the Japanese economy was on a recovery trend, with improvements in the employment and income environment and a recovery in capital investment, despite the impact of high prices on personal consumption. However, concerns remain about the outlook for overseas economies, including the stagnation of the Chinese real estate market, policy trends in the United States, and the situation in the Middle East.

In the automobile industry to which our group belongs, domestic production in Japan decreased compared to the previous year due to the issue of certification fraud by automobile manufacturers, etc. In ASEAN, automobile production volume increased compared to the previous year in Malaysia, but decreased compared to the previous year in Indonesia and Thailand due to sluggish sales caused by a decline in the utilization rate of automobile loans, etc., and the total for the three ASEAN countries decreased compared to the previous year.

Under this market environment, in the current consolidated fiscal year, sales decreased to 125,544 million yen (down 14.0% from the previous year) due to the impact of the decline in sales from the mirror business, which was sold in the previous consolidated fiscal year, and the after-market business, which was sold in the current consolidated fiscal year, as well as the impact of reduced production due to the certification fraud issue in Japan. In terms of profits, although there were positive aspects such as the promotion of price pass-through, improvement in defect rates, and improvement in productivity, the impact of the sales decline and other factors led to a decrease in operating profit to 4,883 million yen (down 34.2% from the previous year), ordinary profit to 6,517 million yen (down 19.8% from the previous year) due to the recording of investment profits under the equity method of 2,093 million yen, etc., and net profit attributable to parent company to 4,470 million yen (down 43.0% from the previous year) despite the recording of a gain on the sale of shares of affiliated companies by the transfer of PIAA shares of 869 million yen, etc.

The performance by segment is as follows:

1. Auto-Components business

In Japan, our main market, the year-on-year decline in our non-consolidated sales exceeded the market decline, due to the impact by reduction in production of many vehicle models. In ASEAN, the market for the three ASEAN countries in total declined year-on-year, while the total sales of our three ASEAN subsidiaries increased year-on-year due to the favorable sales of Malaysia. As a result, the sales for the auto-components business reduced to 121,345 million yen (down 12.0% year-on-year), and operating profit reduced to 4,679 million yen (down 33.8% year-on-year).

2. After-Market Business

The after-market business includes the results of our subsidiary PIAA, but due to the transfer of our shares in the company at the end of August, the record of the results are up to June in the current consolidated fiscal year. As a result, both sales and profits decreased compared to the previous year, with sales decreasing to 5,002 million yen (down 49.1% year-on-year) and operating profit decreasing to 206 million yen (down 42.2% year-on-year).

(3) Future outlook

Regarding the business outlook for the fiscal year ending December 2025, while we expect a recovery in production as the certification fraud issue is resolved, we also anticipate concerns such as a decline in consumption due to the economic slowdown, including the impact of U.S. policies, rising prices due to the weak yen, and the possibility of monetary tightening after overcoming deflation.

Under this market environment, we expect sales to be affected by the sale of the after-market business and concerns about a decline in production volume in the ASEAN market, leading to a forecast of sales of 121,000 million yen (down 3.6%). In terms of profits, although there will be an impact from the decline in sales, we expect operating profit to be 5,400 million yen (up 10.6%) due to the effects of productivity improvements, rationalization, and the promotion of price pass-through. Due to the loss of the one-off increase in investment profits accounted for using the equity method recorded in the previous year, we expect ordinary profit to be 6,200 million yen (down 4.9%), and due to the loss of the gain on sale of PIAA shares recorded in the previous year, we expect net profit attributable to parent company to be 3,900 million yen (down 12.8%).

Regarding dividends for the fiscal year ending December 2025, taking into consideration the improvement in the dividend payout ratio and dividend on equity (DOE) disclosed at the financial results briefing, etc., we plan to pay an annual dividend of 14 yen per share, an increase of 1 yen from the 13 yen per share for the fiscal year ending December 2024.

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	8,937	12,642
Notes and accounts receivable - trade	24,401	16,606
Electronically recorded monetary claims - operating	379	19
Merchandise and finished goods	4,172	1,888
Work in process	782	3,210
Raw materials and supplies	4,427	3,668
Short-term loans receivable	21,648	25,917
Other	2,671	2,639
Allowance for doubtful accounts	(82)	(81)
Total current assets	67,337	66,512
Non-current assets		
Property, plant and equipment		
Buildings and structures	23,707	22,918
Accumulated depreciation	(12,903)	(12,997)
Buildings and structures, net	10,803	9,921
Machinery, equipment and vehicles	40,642	42,318
Accumulated depreciation	(23,304)	(25,962)
Machinery, equipment and vehicles, net	17,337	16,355
Tools, furniture and fixtures	11,524	11,543
Accumulated depreciation	(9,252)	(9,751)
Tools, furniture and fixtures, net	2,271	1,791
Land	2,302	1,781
Leased assets	7,503	7,988
Accumulated depreciation	(4,120)	(4,468)
Leased assets, net	3,383	3,520
Construction in progress	3,602	5,089
Total property, plant and equipment	39,701	38,461
Intangible assets		
Other	123	38
Total intangible assets	123	38
Investments and other assets		
Investment securities	2,958	3,474
Long-term loans receivable	737	769
Investments in capital of subsidiaries and associates	10,527	12,921
Retirement benefit asset	1,556	2,633
Deferred tax assets	4,804	3,891
Other	1,673	1,389
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	22,255	25,076
Total non-current assets	62,079	63,577
Total assets	129,417	130,089

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,724	14,091
Electronically recorded obligations - operating	16,956	16,554
Short-term borrowings	1,150	13
Current portion of long-term borrowings	920	-
Lease liabilities	640	635
Income taxes payable	1,376	1,021
Accrued expenses	5,480	6,406
Accounts payable - other	3,770	3,366
Provision for bonuses	910	910
Provision for bonuses for directors (and other officers)	25	34
Provision for product warranties	1,764	973
Other	5,191	4,075
Total current liabilities	53,910	48,082
Non-current liabilities		
Lease liabilities	3,257	3,731
Retirement benefit liability	7,296	7,148
Asset retirement obligations	26	26
Other	195	149
Total non-current liabilities	10,775	11,055
Total liabilities	64,686	59,138
Net assets		
Shareholders' equity		
Share capital	8,996	9,003
Capital surplus	2,515	2,523
Retained earnings	51,536	54,853
Treasury shares	(55)	(56)
Total shareholders' equity	62,993	66,323
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	89	-
Foreign currency translation adjustment	2,014	4,195
Remeasurements of defined benefit plans	(1,058)	(470)
Total accumulated other comprehensive income	1,044	3,724
Non-controlling interests	692	902
Total net assets	64,730	70,951
Total liabilities and net assets	129,417	130,089

Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
Net sales	145,897	125,544
Cost of sales	118,172	103,639
Gross profit	27,724	21,904
Selling, general and administrative expenses	20,301	17,021
Operating profit	7,422	4,883
Non-operating income		
Interest income	215	206
Dividend income	10	6
Share of profit of entities accounted for using equity method	1,024	2,093
Other	22	18
Total non-operating income	1,273	2,324
Non-operating expenses		
Interest expenses	130	166
Commission expenses	6	6
Foreign exchange losses	368	517
Other	60	0
Total non-operating expenses	565	690
Ordinary profit	8,130	6,517
Extraordinary income		
Gain on disposal of non-current assets	3,971	7
Gain on sale of shares of subsidiaries and associates	-	869
Total extraordinary income	3,971	876
Extraordinary losses		
Loss on disposal of non-current assets	651	100
Impairment losses	40	-
Loss on sale of shares of subsidiaries and associates	1,261	-
Business restructuring expenses	341	432
Total extraordinary losses	2,295	532
Profit before income taxes	9,806	6,861
Income taxes - current	1,647	1,877
Income taxes - deferred	266	394
Total income taxes	1,914	2,272
Profit	7,891	4,589
Profit attributable to non-controlling interests	53	118
Profit attributable to owners of parent	7,838	4,470

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
Profit	7,891	4,589
Other comprehensive income		
Valuation difference on available-for-sale securities	(2)	(89)
Foreign currency translation adjustment	1,283	1,180
Remeasurements of defined benefit plans, net of tax	836	588
Share of other comprehensive income of entities accounted for using equity method	706	1,092
Total other comprehensive income	2,825	2,771
Comprehensive income	10,716	7,360
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,645	7,150
Comprehensive income attributable to non-controlling interests	71	210

Consolidated Statements of Changes in Equity
For the fiscal year ended December 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,986	2,505	44,660	(55)	56,096
Changes during period					
Profit attributable to owners of parent			7,838		7,838
Issuance of new shares	10	10			20
Dividends of surplus			(961)		(961)
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	10	10	6,876	(0)	6,897
Balance at end of period	8,996	2,515	51,536	(55)	62,993

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	91	41	(1,895)	(1,762)	673	55,007
Changes during period						
Profit attributable to owners of parent						7,838
Issuance of new shares						20
Dividends of surplus						(961)
Purchase of treasury shares						(0)
Net changes in items other than shareholders' equity	(2)	1,972	836	2,807	18	2,825
Total changes during period	(2)	1,972	836	2,807	18	9,722
Balance at end of period	89	2,014	(1,058)	1,044	692	64,730

For the fiscal year ended December 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,996	2,515	51,536	(55)	62,993
Changes during period					
Profit attributable to owners of parent			4,470		4,470
Issuance of new shares	7	7			14
Dividends of surplus			(1,154)		(1,154)
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	7	7	3,316	(0)	3,330
Balance at end of period	9,003	2,523	54,853	(56)	66,323

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	89	2,014	(1,058)	1,044	692	64,730
Changes during period						
Profit attributable to owners of parent						4,470
Issuance of new shares						14
Dividends of surplus						(1,154)
Purchase of treasury shares						(0)
Net changes in items other than shareholders' equity	(89)	2,180	588	2,679	210	2,890
Total changes during period	(89)	2,180	588	2,679	210	6,220
Balance at end of period	-	4,195	(470)	3,724	902	70,951

Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
Cash flows from operating activities		
Profit before income taxes	9,806	6,861
Depreciation	5,814	6,032
Increase (decrease) in allowance for doubtful accounts	14	(0)
Increase (decrease) in provision for bonuses	(32)	150
Increase (decrease) in provision for product warranties	(131)	(792)
Increase (decrease) in retirement benefit liability	400	273
Interest and dividend income	(226)	(212)
Interest expenses	131	166
Share of loss (profit) of entities accounted for using equity method	(1,024)	(2,093)
Loss (gain) on disposal of non-current assets	(3,319)	93
Impairment losses	40	-
Loss (gain) on sale of shares of subsidiaries and associates	1,261	(869)
Decrease (increase) in trade receivables	1,697	6,734
Decrease (increase) in inventories	2,528	(1,521)
Decrease (increase) in other current assets	(1,738)	(18)
Increase (decrease) in trade payables	(2,129)	(423)
Increase (decrease) in other current liabilities	2,694	(640)
Other, net	(1,488)	(435)
Subtotal	14,297	13,303
Interest and dividends received	195	123
Interest paid	(133)	(148)
Income taxes paid	(988)	(2,231)
Net cash provided by (used in) operating activities	13,372	11,047
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,305)	(3,633)
Proceeds from sale of property, plant and equipment	4,516	8
Purchase of intangible assets	(18)	(18)
Purchase of investment securities	(12)	(6)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	1,809	2,622
Net decrease (increase) in short-term loans receivable	(10,677)	(3,935)
Other, net	77	234
Net cash provided by (used in) investing activities	(9,609)	(4,729)

(Millions of yen)

	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(250)	(336)
Repayments of long-term borrowings	(2,022)	(920)
Dividends paid	(961)	(1,154)
Dividends paid to non-controlling interests	(52)	-
Repayments of lease liabilities	(513)	(625)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	(3,799)	(3,036)
Effect of exchange rate change on cash and cash equivalents	343	423
Net increase (decrease) in cash and cash equivalents	305	3,704
Cash and cash equivalents at beginning of period	8,631	8,937
Cash and cash equivalents at end of period	8,937	12,642

(3)Note on assumptions for going concern

There is no item to be reported.

(Segment Information)

1. Information on sales, profit or loss, assets, liabilities, and other items by reportable segment and decomposition of income

I. . Previous consolidated fiscal year (January 1, 2023 to December 31, 2023)

(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
Investments in equity method affiliates	13,164	-	13,164
Increase in property, plant and equipment and intangible assets	6,230	147	6,377

(Notes) 1. Increase in property, plant and equipment and intangible assets does not include increase in construction in progress.

II. Current consolidated fiscal year (January 1, 2024 to December 31, 2024)

(Millions of yen)

	Segments		Total
	Automotive Parts	Automotive Aftermarket	
Net sales			
Domestic	83,870	3,892	87,763
Oversea	37,474	305	37,780
Revenue from contracts with customers	121,385	4,198	125,544
Other income	-	-	-
Sales to Outside Customers	121,345	4,198	125,544
Intersegment Sales or Transfers	0	803	803
TOTAL	121,345	5,002	126,347
Segment income	4,679	206	4,886
Segment assets	130,089	-	130,089
Other Items			
Depreciation	5,948	84	6,032
Investments in equity method affiliates	16,350	-	16,350
Increase in property, plant and equipment and intangible assets	4,571	60	4,632

(Notes) 1. Increase in property, plant and equipment and intangible assets does not include increase in construction in progress.

3. Difference between the total amount of reportable segments and the amount recorded in the consolidated financial statements and the main details of such difference (matters related to difference adjustment)

(Millions of yen)

Sales	Previous consolidated fiscal year	Current fiscal year
Total of reportable segments	147,666	126,347
Elimination of intersegment transactions	(1,769)	(803)
Net sales in consolidated financial statements	145,897	125,544

(Millions of yen)

Profit	Previous consolidated fiscal year	Current fiscal year
Total of reportable segments	7,421	4,886
Elimination of intersegment transactions	0	(2)
Net sales in consolidated financial statements	7,422	4,883

(Millions of yen)

Assets	Previous consolidated fiscal year	Current fiscal year
Total of reportable segments	130,093	130,089
Elimination of intersegment transactions	(676)	(0)
Net sales in consolidated financial statements	129,417	130,089

(Millions of yen)

Other Items	Total of reportable segments		Adjustment		Amount recorded in consolidated financial statements	
	Previous consolidated fiscal year	Current fiscal year	Previous consolidated fiscal year	Current fiscal year	Previous consolidated fiscal year	Current fiscal year
Depreciation	5,815	6,032	(1)	(0)	5,814	6,032
Increase in property, plant and equipment and intangible assets	6,377	4,632	-	-	6,377	4,632