

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

May 12, 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 in the First Quarter ended on March 31, 2021 (January 1, 2021 to March 31, 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
	%	%	%	%
1st Quarter (ended on Mar. 31, 2021)	34,744 8.8	2,437 74.0	2,830 132.1	1,897 117.1
1st Quarter (ended on Mar. 31, 2020)	31,933 Δ 8.1	1,401 Δ 49.1	1,219 Δ 54.2	871 Δ 48.8

(Note) Comprehensive income:

Mar. 31, 2021 2,981 million yen (-%) Mar. 31, 2020 Δ 408 million yen (-%)

	Net income per share (Yen)	Net income per share-diluted (Yen)
1st Quarter (ended on Mar. 31, 2021)	19.74	-
1st Quarter (ended on Mar. 31, 2020)	9.07	-

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

	Total Assets	Net Assets	Equity Ratio (%)
			%
1st Quarter (as of March 31, 2021)	113,096	47,285	40.9
FY2020 (as of December 31, 2020)	109,634	44,544	39.7

[Reference] Equity: First Quarter as of March 31, 2021 46,251 million yen
 Fiscal Year as of December 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 December 31, 2020)	-	1.00	-	2.50	3.50
FY2021 (ended on December 31, 2021)	-	-	-	-	-
FY2021 (ended on Dec. 31, 2021) [plan]	-	3.50	-	3.50	7.00

Note: Revision to quarterly 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	quarterly net income (loss) attributable to the shareholder parent company	Net Income per Share (Yen)
	%	%	%	%	yen
First Half	66,000 27.6	3,900 -	4,800 -	3,400 -	35.37
Full Year	132,000 15.9	7,300 195.8	8,400 66.4	5,900 106.5	61.38

Note: Revision to consolidated performance forecast : Yes

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, 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 March 31, 2021	165,336
As of December 31, 2020	165,198
 - ③ Average number of shares during the period (cumulative; consolidated)

FY2021 1st quarter:	96,127,130
FY2019 1st quarter:	96,127,367

*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

The pace of the economic recovery in Japan for the cumulative first quarter slowed down due to the second declaration of a state of emergency for Tokyo, Kanagawa, Chiba and Saitama because of the spread of Coronavirus Disease (COVID-19) infection. As for the global economy, recovery of employment continued and consumer sentiment improved in the USA, and in China the economic recovery continued although the pace slowed due to temporary restrictions of activity. However, as for ASEAN, the economy deteriorated due to spread of infection from a large scale cluster in Thailand and the slow pace of economic recovery continued in Indonesia and Malaysia.

As for automotive market to which the company group belongs, the volume of domestic car production for the cumulative first quarter decreased compared to the same period of last year though it increased in single-month of March compared to the same month of last year. The total car production volume of the three countries in ASEAN decreased compared to the same period of last year, increased in Thailand and Malaysia and decreased in Indonesia.

Under those circumstances, for the cumulative first quarter, sales increased in three regions, Japan which is a mainstay, ASEAN and China thanks to favorable order-intake. The increase of sales was larger than the increase of the automotive production market in China, Thailand and Malaysia in which the car production volume significantly increased compared to the same period of last year.

As a result, sales was 34,744 million yen(8.8% increase compared to the same period of last year) , operating income was 2,437 million yen(74.0% 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. Ordinary income was 2,830 million yen (132.1% increase compared to the same period of last year) as the result of recording equity in earnings of affiliates of 422 million yen. Net income attributable to shareholders of the parent company was 1,897 million yen (117.7% 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 32,987 million yen (9.5% increase compared to the same period of last year) and operating income was 2,392 million yen (76.8% increase compared to the same period of last year).

2. After-Market business

As for after-market business, sales was 1,897 million yen (1.3% decrease compared to the same period of last year) and operating income was 17 million yen (57.4% decrease compared to the same period of last year), but in comparison after eliminating temporary profit recorded in the same period of last year, both sales and operating income were almost the same level with the same period of last year.

2. Consolidated Financial Statement

(1) Consolidated Balance Sheets

(Millions of yen)

	Previous Fiscal Year End (As of December 31, 2020)	First Quarter End (As of March 31, 2021)
Assets		
Current assets		
Cash and deposits	5,426	5,617
Notes and accounts receivable-trade	21,050	22,428
Electronically recorded monetary claims-operating	1,838	1,424
Merchandise and finished goods	4,308	4,989
Work in process	625	584
Raw materials and supplies	3,316	3,770
Other	10,412	9,709
Allowance for doubtful accounts	(44)	(41)
Total current assets	46,934	48,482
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	12,489	12,445
Machinery, equipment and vehicles, net	16,128	17,014
Tools, furniture and fixtures, net	5,725	6,003
Land	3,241	3,061
Lease assets, net	978	1,704
Construction in progress	7,419	6,410
Total property, plant and equipment	45,983	46,639
Intangible assets		
Other	1,080	1,074
Total intangible assets	1,080	1,074
Investments and other assets		
Investment securities	268	300
Long-term loans receivable	833	1,185
Deferred tax assets	5,283	5,302
Other	9,257	10,118
Allowance for doubtful accounts	(7)	(7)
Total investments and other assets	15,636	16,900
Total noncurrent assets	62,700	64,614
Total assets	109,634	113,096

(Millions of yen)

	Previous Fiscal Year End (As of December 31, 2020)	First Quarter End (As of March 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	29,839	30,039
Current portion of long-term loans payable	2,045	2,961
Lease obligations	227	189
Income taxes payable	2,087	709
Accrued expenses	3,289	4,328
Provision for bonuses	1,087	1,869
Provision for directors' bonuses	33	58
Provision for product warranties	1,612	1,653
Other	8,556	7,999
Total current liabilities	48,779	49,809
Noncurrent liabilities		
Long-term loans payable	6,928	5,822
Lease obligations	720	1,481
Deferred tax liabilities	169	185
Retirement benefits	8,244	8,269
Asset retirement obligations	158	157
Other	87	84
Total noncurrent liabilities	16,310	16,001
Total liabilities	65,090	65,811
Net assets		
Shareholders' equity		
Capital stock	8,986	8,986
Capital surplus	2,505	2,505
Retained earnings	36,692	38,349
Treasury stock	(45)	(45)
Total shareholders' equity	48,138	49,795
Accumulated other comprehensive income		
Valuation difference on other securities.	70	92
Foreign currency translation adjustment	(3,052)	(2,096)
Adjustment retirement benefits	(1,597)	(1,539)
Total accumulated other comprehensive income	(4,578)	(3,543)
Minority interests	984	1,033
Total net assets	44,544	47,285
Total liabilities and net assets	109,634	113,096

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

Consolidated Statements of Income

(Millions of yen)

	Previous 1st Quarter (January 1, 2020 ~ March 31, 2020)	Current 1st Quarter (January 1, 2021 ~ March 31, 2021)
Net sales	31,933	34,744
Cost of sales	25,171	27,002
Gross profit	6,762	7,742
Selling, general and administrative expenses	5,361	5,304
Operating income	1,401	2,437
Non-operating income		
Interest income	19	33
Dividends income	52	0
Equity in earnings of affiliates	—	422
Other	46	34
Non-operating income	118	490
Non-operating expenses		
Interest expenses	29	25
Commission paid	0	3
Equity in losses of affiliates	134	—
Foreign exchange losses	131	24
Other	3	44
Non-operating expenses	300	97
Ordinary income	1,219	2,830
Extraordinary income		
Gain on sales of noncurrent assets	—	0
Total extraordinary income	—	0
Extraordinary loss		
Loss on disposal of noncurrent assets	4	25
Impairment loss	—	190
Total Extraordinary loss	4	216
Income (loss) before income taxes	1,215	2,614
Income taxes	335	689
Income (loss) before minority interests	879	1,924
Minority interests in income	7	27
quarterly net income (loss) attributable to the shareholder parent company	871	1,897

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Previous 1st Quarter (January 1, 2020 ~ March 31, 2020)	Current 1st Quarter (January 1, 2021 ~ March 31, 2021)
Income (loss) before minority interests	879	1,924
Other comprehensive income		
Valuation difference on other securities	(660)	21
Foreign currency translation adjustment	(507)	359
Adjustment retirement benefits	30	57
Share of other comprehensive income of associates accounted for using equity method	(150)	617
Total other comprehensive income	(1,287)	1,056
Comprehensive income	(408)	2,981
(Details)		
Comprehensive income attributable to		
Owners of the parent	(389)	2,932
Minority interests	(18)	48

(3) Note on assumptions for going concern

There is no item to be reported.

(4) Segment Information

I. Previous First Quarter (January 1, 2020 to March 31, 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	30,128	1,552	31,680	252	31,933
(2) Intersegment Sales or Transfers	0	369	370	281	651
TOTAL	30,129	1,921	32,051	534	32,585
Segment income	1,352	41	1,394	(7)	1,387

* "Other" shows business segments which is not included in reportable segment. It shows "Realestate business 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	1,394
Profit including "Other"	(7)
Elimination for intersegment	13
Operating income in quarterly consolidated statement	1,401

II. Current First Quarter (January 1, 2021 to March 31, 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	32,985	1,526	34,511	233	34,744
(2) Intersegment Sales or Transfers	2	370	373	310	683
TOTAL	32,987	1,897	34,884	543	35,428
Segment income	2,392	17	2,410	28	2,438

* "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	2,410
Profit including "Other"	28
Elimination for intersegment	(0)
Operating income in quarterly consolidated statement	2,437