

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

August 6, 2021

Company name: **ICHIKOH INDUSTRIES, LTD.**  
 Listing: Tokyo Stock Exchange, First Section  
 Code number: 7 2 4 4  
 URL: <http://www.ichikoh.com/>  
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Filing of Quarterly Financial Report: August 6, 2021

Date for starting dividends payment: September 6, 2021

Quarterly earnings supplementary explanatory documents: Yes

Quarterly earnings presentation: Yes (Institutional Investor, Analyst)

\*Amounts under one million yen have been rounded down.

### 1. Performance at the end of the Second Quarter as of June 30, 2021 (January 1, 2021 to June 30, 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
	%	%	%	%
2nd Quarter (ended on Jun. 30, 2021)	65,397 26.5	4,051 -	4,676 -	2,999 -
2nd Quarter (ended on Jun. 30, 2020)	51,713 $\Delta$ 22.7	$\Delta$ 439 -	$\Delta$ 665 -	$\Delta$ 636 -

(Note) Comprehensive income:

Jun. 30, 2021 4,286 million yen ( - %) Jun. 30, 2020  $\Delta$ 1,590 million yen ( - %)

	Net income per share (Yen)	Net income per share-diluted (Yen)
2nd Quarter (ended on Jun. 30, 2021)	31.21	-
2nd Quarter (ended on Jun. 30, 2020)	$\Delta$ 6.63	-

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

	Total Assets	Net Assets	Equity Ratio (%)
2nd Quarter (as of Jun. 30, 2021)	111,925	47,959	42.3 %
FY2020 (as of Dec. 31, 2020)	109,634	44,544	39.7

[Reference] Equity: Second Quarter as of Jun. 30, 2021 47,396 million yen  
 Fiscal Year as of Dec. 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 Dec. 31, 2020)	-	1.00	-	2.50	3.50
FY2021 (ended on Dec. 31, 2021)	-	3.50	-	-	-
FY2021 (ended on Dec. 31, 2021) [plan]	-	-	-	3.50	7.00

Note: Revision to previous 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
Full Year	132,000 15.9	7,300 195.8	8,400 66.4	5,900 106.5	61.38

Note: Revision to previous 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 June 30, 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 June 30, 2021	176,253
As of December 31, 2020	165,198
  - ③ Average number of shares during the period (cumulative)

FY2021 2nd quarter:	96,125,539
FY2020 2nd quarter:	96,127,325

\*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

The Japanese economy for the cumulative second quarter showed signs of recovery owing to improvement in the export to Europe, the USA and China, although personal consumption was remained sluggish due to restriction of activity for suppressing 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 due to the expansion of personal consumption in accordance with increase of number of people going out and increase in export. However, as for ASEAN, the slow pace of economic recovery continued. Thailand failed to halt the spread of COVID-19 infection although it implemented restriction of activities during Thai New Year. In Indonesia, restriction of movement including prohibition of homecoming visit was implemented in May but it hasn't had a great effect for prevention. In Malaysia, countrywide restriction of movement was implemented in the beginning of May and the rock-down was implemented in June and personal consumption and production activity were constrained.

As for automotive market to which the company group belongs, despite the effect of global shortage of semiconductor, the volume of domestic car production increased compared to the same period of last year as a reaction to decline of production. As for ASEAN, car production volume in Thailand, Indonesia and Malaysia increased compared to the same period of last year.

Under those circumstances, for the cumulative second quarter, sales increased in three regions, Japan which is a mainstay, ASEAN and China thanks to strong sales and the increase of sales was larger than the increase of the automotive production market in the three regions.

As a result, sales was 65,397 million yen (26.5% increase compared to the same period of last year) , operating income was 4,051 million yen (439 million yen of operating loss in 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 despite of the impact of soaring costs of raw material such as resin. Ordinary income was 4,676 million yen (665 million yen of ordinary loss in the same period of last year) as the result of recording equity in earnings of affiliates of 726 million yen. Net income attributable to shareholders of the parent company was 2,999 million yen (636 million yen of net loss attributable to shareholders of the parent company in 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 61,458 million yen (27.1% increase compared to the same period of last year) and operating income was 3,917 million yen (396 million yen of operating loss in the same period of last year).

#### 2. After-Market business

As for after-market business, sales was 4,085 million yen (15.8% increase compared to the same period of last year) as a reaction to decline of demand of aftermarket due to effect of COVID-19 in the previous year, and operating income was 94 million yen (7 million yen of operating loss in the same period of last year) thanks to efforts to reduce indirect costs.

### (3) Analysis of forward-looking information such as cumulative performance forecast

Cumulative performance forecast for the fiscal year ending December 31, 2021 has not been changed from the forecast announced on May 12, 2021.

The description about future, such as performance forecast, is based on currently available information and information considered by the Company to be reasonable. Please note that actual results could differ from the description due to various factors.

Distribution of midterm dividends is 3.5 yen per share in line with dividend forecast announced on May 12, 2021.

Year-end dividend forecast has not been changed from the forecast announced on May 12, 2021.

## 2. Consolidated Financial Statement

### (1) Consolidated Balance Sheets

(Millions of yen)

	Previous Fiscal Year End (As of December 31, 2020)	Second Quarter End (As of June 30, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	5,426	5,958
Notes and accounts receivable-trade	21,050	19,684
Electronically recorded monetary claims-operating	1,838	1,381
Merchandise and finished goods	4,308	5,055
Work in process	625	447
Raw materials and supplies	3,316	4,169
Other	10,412	11,626
Allowance for doubtful accounts	(44)	(36)
<b>Total current assets</b>	<b>46,934</b>	<b>48,286</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	12,489	12,348
Machinery, equipment and vehicles, net	16,128	17,551
Tools, furniture and fixtures, net	5,725	5,439
Land	3,241	2,757
Lease assets, net	978	1,806
Construction in progress	7,419	5,439
<b>Total property, plant and equipment</b>	<b>45,983</b>	<b>45,342</b>
Intangible assets		
Other	1,080	1,028
<b>Total intangible assets</b>	<b>1,080</b>	<b>1,028</b>
Investments and other assets		
Investment securities	268	364
Long-term loans receivable	833	1,353
Deferred tax assets	5,283	5,193
Other	9,257	10,361
Allowance for doubtful accounts	(7)	(4)
<b>Total investments and other assets</b>	<b>15,636</b>	<b>17,268</b>
<b>Total noncurrent assets</b>	<b>62,700</b>	<b>63,639</b>
<b>Total assets</b>	<b>109,634</b>	<b>111,925</b>

(Millions of yen)

	Previous Fiscal Year End (As of December 31, 2020)	Second Quarter End (As of June 30, 2021)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	29,839	28,527
Short-term loans payable	-	50
Current portion of long-term loans payable	2,045	4,361
Lease obligations	227	200
Income taxes payable	2,087	1,366
Accrued expenses	3,289	3,905
Provision for bonuses	1,087	2,744
Provision for directors' bonuses	33	75
Provision for product warranties	1,612	1,568
Other	8,556	6,837
<b>Total current liabilities</b>	<b>48,779</b>	<b>49,637</b>
Noncurrent liabilities		
Long-term loans payable	6,928	4,048
Lease obligations	720	1,675
Deferred tax liabilities	169	193
Retirement benefits	8,244	8,248
Asset retirement obligations	158	133
Other	87	30
<b>Total noncurrent liabilities</b>	<b>16,310</b>	<b>14,329</b>
<b>Total liabilities</b>	<b>65,090</b>	<b>63,966</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	8,986	8,986
Capital surplus	2,505	2,505
Retained earnings	36,692	39,306
Treasury stock	(45)	(53)
<b>Total shareholders' equity</b>	<b>48,138</b>	<b>50,744</b>
Accumulated other comprehensive income		
Valuation difference on other securities.	70	112
Foreign currency translation adjustment	(3,052)	(1,984)
Adjustment retirement benefits	(1,597)	(1,476)
<b>Total accumulated other comprehensive income</b>	<b>(4,578)</b>	<b>(3,348)</b>
Minority interests	984	562
<b>Total net assets</b>	<b>44,544</b>	<b>47,959</b>
<b>Total liabilities and net assets</b>	<b>109,634</b>	<b>111,925</b>

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

## Consolidated Statements of Income

(Millions of yen)

	Previous 2nd Quarter (January 1, 2020 ~ June 30, 2020)	Current 2nd Quarter (January 1, 2021 ~ June 30, 2021)
Net sales	51,713	65,397
Cost of sales	42,319	51,360
Gross profit	9,394	14,036
Selling, general and administrative expenses	9,834	9,985
Operating income	(439)	4,051
Non-operating income		
Interest income	41	92
Dividends income	129	6
Equity in earnings of affiliates	-	726
Other	50	7
Non-operating income	221	833
Non-operating expenses		
Interest expenses	69	45
Commission paid	0	5
Equity in losses of affiliates	161	-
Foreign exchange losses	155	93
Other	60	65
Non-operating expenses	447	208
Ordinary income	(665)	4,676
Extraordinary loss		
Loss on disposal of noncurrent assets	4	139
Impairment of fixed assets	-	190
Loss on sales of shares of subsidiaries	-	126
Total Extraordinary loss	4	456
Income (loss) before income taxes	(670)	4,219
Income taxes	(9)	1,182
Income (loss) before minority interests	(660)	3,036
Minority interests in income	(23)	36
quarterly net income (loss) attributable to the shareholder parent company	(636)	2,999

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Previous 2nd Quarter (January 1, 2020 ~ June 30, 2020)	Current 2nd Quarter (January 1, 2021 ~ June 30, 2021)
Income (loss) before minority interests	(660)	3,036
Other comprehensive income		
Valuation difference on other securities	(515)	41
Foreign currency translation adjustment	(293)	351
Adjustment retirement benefits	60	121
Share of other comprehensive income of associates accounted for using equity method	(182)	736
Total other comprehensive income	(930)	1,250
Comprehensive income	(1,590)	4,286
Comprehensive income attributable to		
Owners of the parent	(1,541)	4,230
Minority interests	(49)	56

(3) Note on assumptions for going concern

There is no item to be reported.

(4) Segment Information

I. Previous Second Quarter (January 1, 2020 to June 30, 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	48,345	2,887	51,232	480	51,713
(2) Intersegment Sales or Transfers	1	639	640	431	1,072
TOTAL	48,346	3,527	51,873	912	52,785
Segment income	(396)	(7)	(403)	(57)	(461)

\* "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	(403)
Profit including "Other"	(57)
Elimination for intersegment	21
Operating income in quarterly consolidated statement	(439)

II. Current Second Quarter (January 1, 2021 to June 30, 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	61,447	3,494	64,941	455	65,397
(2) Intersegment Sales or Transfers	11	590	602	583	1,186
TOTAL	61,458	4,085	65,543	1,039	66,583
Segment income	3,917	94	4,011	44	4,056

\* "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	4,011
Profit including "Other"	44
Elimination for intersegment	(5)
Operating income in quarterly consolidated statement	4,051



**( Reference) Summary of Non-consolidated financial results as of June 30,2021 (January 1, 2021 ~ June 30, 2021)**

(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	%
30-Jun.21	50,656	23.1	3,015	444.1	3,115	436.6	2,501	444.7
30-Jun.20	41,139	△21.6	554	△83.1	586	△82.1	393	△81.6

(2) Financial conditions

	Total assets	Net assets	Ratio of shareholders' equity	Net assets per share
	million yen	million yen	%	yen
30-Jun.21	89,481	40,190	44.9	418.10
31-Dec.20	90,102	37,930	42.1	394.59

(Reference) Shareholders' equity:

Jun. 30, 2021      40,190 million yen      Dec. 31, 2020      37,930 million yen