

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending December 31, 2024

August 8, 2024

Company name: **ICHIKOH INDUSTRIES, LTD.**
 Listing: Tokyo Stock Exchange
 Code number: 7 2 4 4
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Filing of Quarterly Financial Report: August 9, 2024

Date for starting dividends payment: September 10, 2024

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, 2024 (January 1, 2024 to June 30, 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
	%	%	%	%
2nd Quarter (ended on Jun. 30, 2024)	62,182 Δ 17.9	1,758 Δ 53.4	2,329 Δ 38.4	1,382 Δ 45.2
2nd Quarter (ended on Jun. 30, 2023)	75,770 20.4	3,777 236.9	3,783 134.4	2,521 99.1

(Note) Comprehensive income:

Jun. 30, 2024 3,821 million yen (1.0%) Jun. 30, 2023 3,782 million yen (4.6%)

	Net income per share (Yen)	Net income per share-diluted (Yen)
2nd Quarter (ended on Jun. 30, 2024)	14.37	-
2nd Quarter (ended on Jun. 30, 2023)	26.23	-

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

	Total Assets	Net Assets	Equity Ratio (%)
2nd Quarter (as of Jun. 30, 2024)	127,223	68,037	52.9
FY2023 (as of Dec. 31, 2023)	129,417	64,730	49.5

[Reference] Equity: Second Quarter as of Jun. 30, 2024 67,239 million yen
 Fiscal Year as of Dec. 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 Dec. 31, 2023)	-	5.50	-	5.50	11.00
FY2024 (ended on Dec. 31, 2024)	-	6.50	-	-	-
FY2024 (ended on Dec. 31, 2024) [plan]	-	-	-	6.50	13.00

Note: Revision to previous 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
Full Year	122,000 Δ 16.4	4,700 Δ 36.7	5,700 Δ 29.9	4,300 Δ 45.1	44.71

Note: Revision to previous 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 June 30, 2024 96,363,161

As of December 31, 2023 96,334,226

② Number of shares of treasury stock at the end of period

As of June 30, 2024 181,340

As of December 31, 2023 180,942

③ Average number of shares during the period (cumulative)

FY2024 2nd quarter: 96,161,426

FY2023 2nd quarter: 96,130,698

*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 of the consolidated cumulative period of the second quarter of this fiscal year was stagnant due to higher cost burden from the depreciation of the yen, negative impact of the increasing labor costs on corporate profits and sluggish personal consumption attributable to rising prices.

Although personal consumption in the US remained firm due to the wealth effect arising from higher stock prices, business activities of the manufacturing industry declined and the capital investment fell down, and the pace of economic expansion slowed down.

As for ASEAN, the economy in Malaysia remained strong, driven by consumption and IT exports such as semiconductors, but in Indonesia, consumption of durable goods was weak due to high interest, new car sales was sluggish, and momentum of domestic demand slowed down.

In Thailand, the economic recovery continued through the strong overseas demand, but new car sales was sluggish due to the high debt ratio of households.

Under these circumstances, car production volume in this cumulative period of the second quarter decreased year-on-year in mainstay Japan due to the impact of the vehicle certification issue. And car production volume also decreased year-on-year in ASEAN as a whole, due to the decrease in car production volume in Thailand and Indonesia despite the recovery of production in Malaysia.

As a result, for this cumulative period of the second quarter, the ratio of decrease of our sales both in Japan and ASEAN excluding the impact of mirror business transfer was smaller than that of the market, but the impact of certification issues prolonged, and sales decreased to 62,182 million yen (down 17.9% year-on-year). Due to decrease in profits impacted by sales decrease in spite of the efforts to pass-through the increased cost of raw materials caused by inflation and the yen depreciation, operating income was 1,758 million yen (down 53.4% year-on-year), ordinary income was 2,329 million yen (down 38.4% year-on-year) and the net income attributable to shareholders of the parent company was 1,382 million yen (down 45.2% year-on-year).

Results by each segment are as follows:

1. Auto-Components business

The ratio of decrease of our sales both in Japan and ASEAN excluding the impact of mirror business transfer was smaller than that of the market, but the impact of certification issues prolonged, and sales was 57,983 million yen (down 19.3% year-on-year). Operating income was 1,580 million yen (down 56.4% year-on-year) due to decrease in profits impacted by sales decrease.

2. After-Market business

Sales was 5,002 million yen (up 5.1% year-on-year) due to price increases in response to inflation and sales growth of dealer option products. Operating income was 206 million yen (up 23.5% year-on-year) due to improvement of profit margins resulting from sales increase and the effect of cost reductions.

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

Regarding our earnings forecast, the market trends of the automotive production market remains unpredictable in Japan due to factors such as the prolonged suspension of operations by automotive manufacturers due to certification issues, the progressing inflation caused by the yen depreciation and soaring raw material prices, the impact of the Bank of Japan's shift in monetary easing policy on the economy. As for the second half of the fiscal year, although there will be an impact from a decrease in sales and profits and the recognition of a gain on sale which accompanied the transfer of our subsidiary PIAA, we forecast a recovery in profits compared to the first half by promoting pass-through and rationalization. Considering the above, the earnings forecast for this fiscal year has been revised as below.

(M yen)

	Net Sales	Operating Income	Ordinary Income	Net Income Attributable to Shareholders of the Parent Company	Net Income per Share
Previous Forecast (A)	129,000	6,700	7,500	5,000	52.01 yen
Revised Forecast (B)	122,000	4,700	5,700	4,300	44.71 yen
Difference (B – A)	△7,000	△2,000	△1,800	△700	
Ratio (%)	△5.4%	△29.9%	△24.0%	△14.0%	
(Ref) Results of Previous full of the Term ending December 2023	145,897	7,422	8,130	7,838	81.53 yen

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)	Second Quarter End (As of June 30, 2024)
Assets		
Current assets		
Cash and deposits	8,937	9,845
Notes and accounts receivable-trade	24,401	20,613
Electronically recorded monetary claims-operating	379	197
Merchandise and finished goods	4,172	4,013
Work in process	782	1,255
Raw materials and supplies	4,427	4,265
Short-term loans receivable	21,648	19,846
Other	2,671	3,377
Allowance for doubtful accounts	(82)	(54)
Total current assets	67,337	63,360
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	10,803	10,558
Machinery, equipment and vehicles, net	17,337	17,164
Tools, furniture and fixtures, net	2,271	2,616
Land	2,302	2,522
Lease assets, net	3,383	3,291
Construction in progress	3,602	2,754
Total property, plant and equipment	39,701	38,909
Intangible assets		
Other	123	104
Total intangible assets	123	104
Investments and other assets		
Investment securities	2,958	3,824
Long-term loans receivable	737	811
Deferred tax assets	4,804	4,727
Other	13,757	15,488
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	22,255	24,849
Total noncurrent assets	62,079	63,863
Total assets	129,417	127,223

(Millions of yen)

	Previous Fiscal Year End (As of December 31, 2023)	Second Quarter End (As of June 30, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	15,724	14,610
Electronically recorded obligations - operating	16,956	14,920
Short-term loans payable	1,150	800
Current portion of long-term loans payable	920	-
Lease obligations	640	663
Income taxes payable	1,376	349
Accrued expenses	5,480	5,958
Provision for bonuses	910	2,421
Provision for directors' bonuses	25	58
Provision for product warranties	1,764	1,908
Other	8,961	6,346
Total current liabilities	53,910	48,038
Noncurrent liabilities		
Lease obligations	3,257	3,089
Retirement benefits	7,296	7,535
Asset retirement obligations	26	26
Other	195	496
Total noncurrent liabilities	10,775	11,148
Total liabilities	64,686	59,186
Net assets		
Shareholders' equity		
Capital stock	8,996	9,003
Capital surplus	2,515	2,523
Retained earnings	51,536	52,390
Treasury stock	(55)	(56)
Total shareholders' equity	62,993	63,861
Accumulated other comprehensive income		
Valuation difference on other securities.	89	137
Foreign currency translation adjustment	2,014	4,195
Adjustment retirement benefits	(1,058)	(954)
Total accumulated other comprehensive income	1,044	3,378
Minority interests	692	797
Total net assets	64,730	68,037
Total liabilities and net assets	129,417	127,223

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

Consolidated Statements of Income

(Millions of yen)

	Previous 2nd Quarter (January 1, 2023 ~ June 30, 2023)	Current 2nd Quarter (January 1, 2024 ~ June 30, 2024)
Net sales	75,770	62,182
Cost of sales	61,192	51,292
Gross profit	14,578	10,889
Selling, general and administrative expenses	10,800	9,130
Operating income	3,777	1,758
Non-operating income		
Interest income	101	80
Dividends income	5	6
Equity in earnings of affiliates	235	927
Other	16	5
Non-operating income	359	1,019
Non-operating expenses		
Interest expenses	56	68
Commission paid	3	3
Foreign exchange losses	249	351
Other	44	26
Non-operating expenses	353	448
Ordinary income	3,783	2,329
Extraordinary income		
Gain on disposal of noncurrent assets	5	-
Total Extraordinary income	5	-
Extraordinary loss		
Loss on disposal of noncurrent assets	280	42
Business restructuring expenses	198	205
Total Extraordinary loss	478	248
Income (loss) before income taxes	3,310	2,081
Income taxes	756	665
Income (loss) before minority interests	2,553	1,415
Minority interests in income	32	33
Quarterly net income (loss) attributable to the shareholder parent company	2,521	1,382

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Previous 2nd Quarter (January 1, 2023 ~ June 30, 2023)	Current 2nd Quarter (January 1, 2024 ~ June 30, 2024)
Income (loss) before minority interests	2,553	1,415
Other comprehensive income		
Valuation difference on other securities	3	47
Foreign currency translation adjustment	553	709
Adjustment retirement benefits	71	104
Share of other comprehensive income of associates accounted for using equity method	598	1,544
Total other comprehensive income	1,228	2,405
Comprehensive income	3,782	3,821
Comprehensive income attributable to		
Owners of the parent	3,723	3,716
Minority interests	58	105

(3) Note on assumptions for going concern

There is no item to be reported.

(4) Segment Information

I. Previous Second Quarter (January 1, 2023 to June 30, 2023)

1. Sales and profits or losses for each reportable segment

(Millions of yen)

	Segments		Total
	Automotive Parts	Automotive Aftermarket	
Net sales			
Domestic	52,064	3,538	55,602
Oversea	19,767	400	20,168
Revenue from contracts with customers	71,831	3,938	75,770
Other income	-	-	-
Sales to Outside Customers	71,831	3,938	75,770
Intersegment Sales or Transfers	1	819	820
TOTAL	71,832	4,758	76,590
Segment income	3,623	167	3,790

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	3,790
Elimination for intersegment	△ 12
Operating income in quarterly consolidated statement	3,777

II. Current Second Quarter (January 1, 2024 to June 30, 2024)

1. Sales and profits or losses for each reportable segment

(Millions of yen)

	Segments		Total
	Automotive Parts	Automotive Aftermarket	
Net sales			
Domestic	40,335	3,892	44,228
Oversea	17,648	305	17,953
Revenue from contracts with customers	57,983	4,198	62,182
Other income	-	-	-
Sales to Outside Customers	57,983	4,198	62,182
Intersegment Sales or Transfers	0	803	803
TOTAL	57,983	5,002	62,985
Segment income	1,580	206	1,787

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	1,787
Elimination for intersegment	△ 28
Operating income in quarterly consolidated statement	1,758

(Reference) Summary of Non-consolidated financial results as of June 30,2024 (January 1, 2024 ~ June 30, 2024)

(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.24	42,286	△20.9	638	△69.6	547	△73.5	255	△77.2
30-Jun.23	53,448	20.2	2,101	-	2,062	245.0	1,120	139.5

(2) Financial conditions

	Total assets	Net assets	Ratio of shareholders' equity	Net assets per share
	million yen	million yen	%	yen
30-Jun.24	86,783	45,367	52.3	471.68
31-Dec.23	92,284	45,626	49.4	474.52

(Reference) Shareholders' equity:

Jun. 30, 2024 45,367 million yen Dec. 31, 2023 45,626 million yen