

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2020 (Based on Japanese GAAP)

October 29, 2020

Company name: Aica Kogyo Company, Limited
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 4206 URL <http://www.aica.co.jp>
 Representative: President Yuji Ono
 Inquiries: General Manager, Financial Management Department Yousuke Mori TEL 052-533-3135
 Scheduled date to file Quarterly Securities Report: November 10, 2020
 Scheduled date to commence dividend payments: December 2, 2020
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2020	77,927	(15.2)	6,077	(39.3)	6,521	(37.9)	3,792	(42.4)
Six months ended September 30, 2019	91,848	1.1	10,005	3.5	10,502	3.9	6,582	8.9

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2020	58.08	58.06
Six months ended September 30, 2019	100.82	100.78

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2020	190,592	142,822	67.7
As of March 31, 2020	203,626	144,414	63.9

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2020	—	49.00	—	57.00	106.00
Year ending March 31, 2021	—	49.00			
Year ending March 31, 2021 (Forecast)			—	57.00	106.00

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	174,500	(8.9)	14,500	(30.5)	14,700	(31.1)	9,000	(29.3)	137.84

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2020
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of September 30, 2020	67,590,664 shares	As of March 31, 2020	67,590,664 shares
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Number of treasury shares at the end of the period

As of September 30, 2020	2,297,109 shares	As of March 31, 2020	2,296,827 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2020	65,293,669 shares	Six months ended September 30, 2019	65,294,297 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	40,690	40,619
Notes and accounts receivable - trade	61,691	48,970
Merchandise and finished goods	10,153	9,739
Work in process	1,132	1,368
Raw materials and supplies	8,098	7,741
Other	8,002	7,022
Allowance for doubtful accounts	(620)	(850)
Total current assets	129,148	114,612
Non-current assets		
Property, plant and equipment	49,478	49,900
Intangible assets		
Goodwill	6,352	6,901
Other	3,784	4,121
Total intangible assets	10,136	11,022
Investments and other assets		
Other	14,874	15,079
Allowance for doubtful accounts	(12)	(23)
Total investments and other assets	14,862	15,056
Total non-current assets	74,477	75,979
Total assets	203,626	190,592
Liabilities		
Current liabilities		
Notes and accounts payable - trade	24,799	18,574
Electronically recorded obligations - operating	5,207	3,814
Short-term borrowings	5,947	6,145
Income taxes payable	3,616	2,539
Provision for bonuses	1,957	1,604
Other	10,040	7,526
Total current liabilities	51,568	40,204
Non-current liabilities		
Long-term borrowings	914	904
Retirement benefit liability	1,476	1,478
Other	5,252	5,182
Total non-current liabilities	7,643	7,565
Total liabilities	59,212	47,769
Net assets		
Shareholders' equity		
Share capital	9,891	9,891
Capital surplus	13,276	13,276
Retained earnings	106,786	106,843
Treasury shares	(2,009)	(2,010)
Total shareholders' equity	127,945	128,002

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,743	3,080
Deferred gains or losses on hedges	16	(1)
Foreign currency translation adjustment	(474)	(1,937)
Remeasurements of defined benefit plans	(33)	(33)
Total accumulated other comprehensive income	2,252	1,107
Share acquisition rights	27	27
Non-controlling interests	14,188	13,685
Total net assets	144,414	142,822
Total liabilities and net assets	203,626	190,592

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Net sales	91,848	77,927
Cost of sales	67,411	56,823
Gross profit	24,436	21,103
Selling, general and administrative expenses	14,430	15,025
Operating profit	10,005	6,077
Non-operating income		
Interest income	86	79
Dividend income	191	163
Gain on sales of investment securities	195	556
Other	418	520
Total non-operating income	891	1,320
Non-operating expenses		
Interest expenses	51	70
Sales discounts	83	66
Delayed delivery fee	–	513
Other	259	226
Total non-operating expenses	394	877
Ordinary income	10,502	6,521
Extraordinary losses		
Loss on disaster	18	–
Total extraordinary losses	18	–
Profit before income taxes	10,484	6,521
Income taxes - current	2,989	2,503
Income taxes - deferred	205	(144)
Total income taxes	3,194	2,359
Profit	7,289	4,161
Profit attributable to non-controlling interests	706	369
Profit attributable to owners of parent	6,582	3,792

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit	7,289	4,161
Other comprehensive income		
Valuation difference on available-for-sale securities	(438)	336
Deferred gains or losses on hedges	0	(18)
Foreign currency translation adjustment	(935)	(1,777)
Remeasurements of defined benefit plans, net of tax	(79)	(0)
Share of other comprehensive income of entities accounted for using equity method	(42)	14
Total other comprehensive income	(1,494)	(1,445)
Comprehensive income	5,794	2,716
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,213	2,647
Comprehensive income attributable to non-controlling interests	580	68

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from operating activities		
Profit before income taxes	10,484	6,521
Depreciation	2,201	2,664
Increase (decrease) in allowance for doubtful accounts	92	228
Increase (decrease) in provision for bonuses	(262)	(340)
Increase (decrease) in retirement benefit liability	25	40
Interest and dividend income	(277)	(243)
Interest expenses	51	70
Decrease (increase) in trade receivables	4,678	12,477
Decrease (increase) in inventories	(206)	364
Decrease (increase) in other current assets	(665)	1,100
Increase (decrease) in trade payables	(4,788)	(7,386)
Increase (decrease) in other current liabilities	380	(2,182)
Other, net	(208)	(179)
Subtotal	11,508	13,136
Interest and dividends received	278	243
Interest paid	(53)	(69)
Income taxes paid	(3,081)	(3,473)
Net cash provided by (used in) operating activities	8,651	9,837
Cash flows from investing activities		
Payments into time deposits	(21)	(1,311)
Proceeds from withdrawal of time deposits	120	–
Purchase of property, plant and equipment	(3,374)	(2,572)
Purchase of intangible assets	(532)	(1,142)
Purchase of investment securities	(306)	(506)
Proceeds from sales of investment securities	582	1,020
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(668)	(341)
Purchase of shares of subsidiaries and associates	(29)	–
Other, net	(1,363)	(323)
Net cash provided by (used in) investing activities	(5,593)	(5,178)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	4	247
Repayments of long-term borrowings	(153)	(404)
Proceeds from long-term borrowings	–	234
Dividends paid	(3,522)	(3,720)
Dividends paid to non-controlling interests	(441)	(542)
Repayments of lease obligations	(84)	(148)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(128)	(1,255)
Other, net	(1)	(0)
Net cash provided by (used in) financing activities	(4,326)	(5,590)
Effect of exchange rate change on cash and cash equivalents	(203)	(468)
Net increase (decrease) in cash and cash equivalents	(1,472)	(1,400)
Cash and cash equivalents at beginning of period	45,379	40,644
Cash and cash equivalents at end of period	43,906	39,243