

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

April 28, 2023

Company name: Aica Kogyo Company, Limited
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 4206 URL <https://www.aica.co.jp>
 Representative: President Kenji Ebihara
 General Manager, Financial Management
 Inquiries: Department Yousuke Mori TEL 052-533-3135
 Scheduled date of ordinary general meeting of shareholders: June 23, 2023
 Scheduled date to file Securities Report: June 26, 2023
 Scheduled date to commence dividend payments: June 26, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

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	%
Year ended March 31, 2023	242,055	12.8	20,557	1.0	22,088	1.1	10,059	(23.3)
Year ended March 31, 2022	214,514	22.8	20,348	13.1	21,840	18.5	13,117	21.9

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2023	157.27	157.21	6.9	9.0	8.5
Year ended March 31, 2022	200.90	200.82	9.4	9.8	9.5

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	250,049	158,074	58.1	2,270.08
As of March 31, 2022	240,388	162,734	60.4	2,223.98

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2023	19,852	(9,061)	(9,355)	47,943
Year ended March 31, 2022	11,685	(8,342)	(1,114)	44,997

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2022	–	50.00	–	58.00	108.00	7,057	53.8	5.0
Year ended March 31, 2023	–	50.00	–	59.00	109.00	6,977	69.3	4.8
Year ending March 31, 2024 (Forecast)	–	51.00	–	59.00	110.00		53.3	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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
Six months ending September 30, 2023	119,000	1.1	10,000	6.0	10,300	0.1	6,200	(3.7)	96.93
Full year	250,000	3.3	21,500	4.6	22,500	1.9	13,200	31.2	206.37

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of March 31, 2023	67,590,664 shares	As of March 31, 2022	67,590,664 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	3,627,311 shares	As of March 31, 2022	2,292,410 shares
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Average number of shares during the period

Year ended March 31, 2023	63,962,043 shares	Year ended March 31, 2022	65,297,087 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	47,178	50,993
Notes receivable - trade	19,365	21,419
Accounts receivable - trade	50,107	48,250
Merchandise and finished goods	13,689	15,867
Work in process	1,397	1,575
Raw materials and supplies	13,463	13,979
Other	7,262	8,129
Allowance for doubtful accounts	(757)	(934)
Total current assets	151,706	159,279
Non-current assets		
Property, plant and equipment		
Buildings and structures	43,842	45,710
Accumulated depreciation and impairment	(28,782)	(30,705)
Buildings and structures, net	15,059	15,004
Machinery, equipment and vehicles	65,735	69,925
Accumulated depreciation and impairment	(52,820)	(57,300)
Machinery, equipment and vehicles, net	12,915	12,625
Tools, furniture and fixtures	13,694	14,263
Accumulated depreciation and impairment	(11,133)	(12,135)
Tools, furniture and fixtures, net	2,561	2,127
Land	16,829	17,032
Leased assets	6,700	7,394
Accumulated depreciation	(736)	(854)
Leased assets, net	5,963	6,540
Construction in progress	3,761	7,541
Total property, plant and equipment	57,090	60,872
Intangible assets		
Goodwill	4,799	3,617
Other	9,441	8,915
Total intangible assets	14,241	12,532
Investments and other assets		
Investment securities	14,807	14,927
Deferred tax assets	494	589
Retirement benefit asset	754	561
Other	1,295	1,287
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	17,350	17,365
Total non-current assets	88,682	90,769
Total assets	240,388	250,049

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	31,451	28,824
Electronically recorded obligations - operating	5,284	6,126
Short-term borrowings	14,462	7,299
Income taxes payable	3,306	4,058
Accrued consumption taxes	538	687
Provision for bonuses	2,035	2,147
buy-sell transaction liabilities	2,056	2,165
Other	7,191	8,359
Total current liabilities	66,327	59,669
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	–	18,072
Long-term borrowings	2,173	4,222
Deferred tax liabilities	5,034	5,431
Retirement benefit liability	1,585	1,577
Other	2,533	3,002
Total non-current liabilities	11,326	32,305
Total liabilities	77,654	91,974
Net assets		
Shareholders' equity		
Share capital	9,891	9,891
Capital surplus	13,294	8,541
Retained earnings	116,626	119,695
Treasury shares	(2,150)	(6,141)
Total shareholders' equity	137,663	131,986
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,979	4,270
Deferred gains or losses on hedges	11	(12)
Foreign currency translation adjustment	3,353	8,962
Remeasurements of defined benefit plans	214	(5)
Total accumulated other comprehensive income	7,558	13,215
Share acquisition rights	23	23
Non-controlling interests	17,489	12,848
Total net assets	162,734	158,074
Total liabilities and net assets	240,388	250,049

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	214,514	242,055
Cost of sales	160,429	185,257
Gross profit	54,084	56,798
Selling, general and administrative expenses		
Packing and transportation costs	9,243	9,257
Advertising expenses	1,620	1,842
Salaries and bonuses	9,385	9,885
Provision for bonuses	1,040	976
Retirement benefit expenses	355	237
Welfare expenses	1,966	2,103
Depreciation	2,052	2,446
Rent expenses	755	858
Other	7,318	8,633
Total selling, general and administrative expenses	33,736	36,241
Operating profit	20,348	20,557
Non-operating income		
Interest income	175	240
Dividend income	382	720
Gain on sale of investment securities	517	349
Other	1,099	1,113
Total non-operating income	2,175	2,423
Non-operating expenses		
Interest expenses	185	275
Loss on disposal of non-current assets	63	119
Other	433	498
Total non-operating expenses	682	892
Ordinary profit	21,840	22,088
Extraordinary losses		
Business restructuring costs	224	–
Impairment losses	–	3,531
Total extraordinary losses	224	3,531
Profit before income taxes	21,616	18,556
Income taxes - current	6,906	7,662
Income taxes - deferred	319	(32)
Total income taxes	7,226	7,630
Profit	14,389	10,926
Profit attributable to non-controlling interests	1,271	867
Profit attributable to owners of parent	13,117	10,059

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	14,389	10,926
Other comprehensive income		
Valuation difference on available-for-sale securities	(615)	291
Deferred gains or losses on hedges	11	(23)
Foreign currency translation adjustment	6,275	6,935
Remeasurements of defined benefit plans, net of tax	240	(219)
Share of other comprehensive income of entities accounted for using equity method	1	18
Total other comprehensive income	5,912	7,002
Comprehensive income	20,302	17,928
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	17,638	15,715
Comprehensive income attributable to non-controlling interests	2,663	2,212

Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,891	13,280	110,563	(2,011)	131,724
Changes during period					
Dividends of surplus			(7,054)		(7,054)
Profit attributable to owners of parent			13,117		13,117
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		9		3	12
Exercise of share acquisition rights		1		2	3
Disposal of treasury stock to stock benefit trust		141		41	183
Acquisition of treasury stock by stock transfer trust				(183)	(183)
Disposal of treasury stock through a stock trust					-
Change in ownership interest of parent due to transactions with non-controlling interests		(137)			(137)
Net changes in items other than shareholders' equity					-
Total changes during period	-	13	6,063	(138)	5,938
Balance at end of period	9,891	13,294	116,626	(2,150)	137,663

	Accumulated other comprehensive income				
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at beginning of period	4,594	(0)	(1,512)	(26)	3,055
Changes during period					
Dividends of surplus					-
Profit attributable to owners of parent					-
Purchase of treasury shares					-
Disposal of treasury shares					-
Exercise of share acquisition rights					-
Disposal of treasury stock to stock benefit trust					-
Acquisition of treasury stock by stock transfer trust					-
Disposal of treasury stock through a stock trust					-
Change in ownership interest of parent due to transactions with non-controlling interests					-
Net changes in items other than shareholders' equity	(615)	11	4,866	240	4,502
Total changes during period	(615)	11	4,866	240	4,502
Balance at end of period	3,979	11	3,353	214	7,558

	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of period	27	15,697	150,505
Changes during period			
Dividends of surplus			(7,054)
Profit attributable to owners of parent			13,117
Purchase of treasury shares			(2)
Disposal of treasury shares			12
Exercise of share acquisition rights	(3)		0
Disposal of treasury stock to stock benefit trust			183
Acquisition of treasury stock by stock transfer trust			(183)
Disposal of treasury stock through a stock trust			–
Change in ownership interest of parent due to transactions with non-controlling interests			(137)
Net changes in items other than shareholders' equity		1,791	6,294
Total changes during period	(3)	1,791	12,229
Balance at end of period	23	17,489	162,734

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,891	13,294	116,626	(2,150)	137,663
Changes during period					
Dividends of surplus			(6,990)		(6,990)
Profit attributable to owners of parent			10,059		10,059
Purchase of treasury shares				(4,001)	(4,001)
Disposal of treasury shares		5		9	14
Exercise of share acquisition rights					–
Disposal of treasury stock to stock benefit trust					–
Acquisition of treasury stock by stock transfer trust					–
Disposal of treasury stock through a stock trust				0	0
Change in ownership interest of parent due to transactions with non-controlling interests		(4,759)			(4,759)
Net changes in items other than shareholders' equity					–
Total changes during period	–	(4,753)	3,068	(3,991)	(5,676)
Balance at end of period	9,891	8,541	119,695	(6,141)	131,986

	Accumulated other comprehensive income				
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at beginning of period	3,979	11	3,353	214	7,558
Changes during period					
Dividends of surplus					–
Profit attributable to owners of parent					–
Purchase of treasury shares					–
Disposal of treasury shares					–
Exercise of share acquisition rights					–
Disposal of treasury stock to stock benefit trust					–
Acquisition of treasury stock by stock transfer trust					–
Disposal of treasury stock through a stock trust					–
Change in ownership interest of parent due to transactions with non-controlling interests					–
Net changes in items other than shareholders' equity	291	(23)	5,608	(219)	5,656
Total changes during period	291	(23)	5,608	(219)	5,656
Balance at end of period	4,270	(12)	8,962	(5)	13,215

	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of period	23	17,489	162,734
Changes during period			
Dividends of surplus			(6,990)
Profit attributable to owners of parent			10,059
Purchase of treasury shares			(4,001)
Disposal of treasury shares			14
Exercise of share acquisition rights			–
Disposal of treasury stock to stock benefit trust			–
Acquisition of treasury stock by stock transfer trust			–
Disposal of treasury stock through a stock trust			0
Change in ownership interest of parent due to transactions with non-controlling interests			(4,759)
Net changes in items other than shareholders' equity		(4,640)	1,016
Total changes during period	–	(4,640)	(4,660)
Balance at end of period	23	12,848	158,074

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	21,616	18,556
Depreciation	6,487	7,149
Increase (decrease) in allowance for doubtful accounts	65	137
Increase (decrease) in provision for bonuses	(97)	63
Increase (decrease) in retirement benefit liability	(21)	(158)
Interest and dividend income	(537)	(961)
Interest expenses	185	275
Impairment losses	–	3,531
Decrease (increase) in trade receivables	(9,391)	1,548
Decrease (increase) in inventories	(6,827)	(1,484)
Decrease (increase) in other current assets	(322)	(39)
Increase (decrease) in trade payables	7,193	(3,135)
Increase (decrease) in other current liabilities	(145)	171
Other, net	263	562
Subtotal	18,469	26,218
Interest and dividends received	562	850
Interest paid	(186)	(267)
Income taxes paid	(7,160)	(6,949)
Net cash provided by (used in) operating activities	11,685	19,852
Cash flows from investing activities		
Payments into time deposits	(1,080)	(667)
Proceeds from withdrawal of time deposits	158	51
Purchase of property, plant and equipment	(6,695)	(7,646)
Purchase of intangible assets	(738)	(938)
Proceeds from sale of securities	1,000	–
Purchase of investment securities	(611)	(11)
Proceeds from sale of investment securities	1,424	536
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,945)	(101)
Other, net	1,147	(283)
Net cash provided by (used in) investing activities	(8,342)	(9,061)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	7,536	(7,659)
Repayments of long-term borrowings	(524)	(454)
Proceeds from long-term borrowings	1,123	3,022
Proceeds from issuance of convertible bonds with subscription rights to shares	–	18,090
Dividends paid	(7,056)	(6,980)
Dividends paid to non-controlling interests	(890)	(804)
Repayments of lease liabilities	(261)	(429)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(1,099)	(10,138)
Purchase of treasury shares	(2)	(4,001)
Other, net	61	0
Net cash provided by (used in) financing activities	(1,114)	(9,355)
Effect of exchange rate change on cash and cash equivalents	1,583	1,510
Net increase (decrease) in cash and cash equivalents	3,812	2,946
Cash and cash equivalents at beginning of period	41,185	44,997
Cash and cash equivalents at end of period	44,997	47,943