

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2021 (Based on Japanese GAAP)

October 27, 2021

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 8, 2021
 Scheduled date to commence dividend payments: December 2, 2021
 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, 2021 (from April 1, 2021 to September 30, 2021)

(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, 2021	98,650	26.6	9,426	56.0	10,156	56.6	6,261	63.0
Six months ended September 30, 2020	77,927	(15.2)	6,040	(39.6)	6,484	(38.3)	3,841	(41.6)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2021	95.90		95.87	
Six months ended September 30, 2020	58.84		58.82	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2021	221,537	157,846	63.4
As of March 31, 2021	207,363	150,505	65.0

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2021	–	49.00	–	58.00	107.00
Year ending March 31, 2022	–	50.00			
Year ending March 31, 2022 (Forecast)			–	58.00	108.00

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

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	200,000	14.5	21,000	16.7	21,400	16.1	13,000	20.8	199.10

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2021
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- (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: Yes
- 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, 2021	67,590,664 shares	As of March 31, 2021	67,590,664 shares
--------------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of September 30, 2021	2,292,169 shares	As of March 31, 2021	2,297,405 shares
--------------------------	------------------	----------------------	------------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2021	65,295,855 shares	Six months ended September 30, 2020	65,293,669 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	42,420	43,059
Notes and accounts receivable - trade	57,892	58,293
Merchandise and finished goods	9,537	13,927
Work in process	1,064	1,355
Raw materials and supplies	7,584	10,584
Other	8,582	8,466
Allowance for doubtful accounts	(612)	(612)
Total current assets	126,468	135,075
Non-current assets		
Property, plant and equipment	50,750	53,203
Intangible assets		
Goodwill	4,589	5,961
Other	7,931	8,021
Total intangible assets	12,520	13,983
Investments and other assets		
Other	17,635	19,276
Allowance for doubtful accounts	(12)	(1)
Total investments and other assets	17,623	19,275
Total non-current assets	80,894	86,461
Total assets	207,363	221,537
Liabilities		
Current liabilities		
Notes and accounts payable - trade	23,469	27,115
Electronically recorded obligations - operating	4,887	5,179
Short-term borrowings	6,015	6,563
Income taxes payable	3,428	2,606
Provision for bonuses	2,090	1,698
buy-sell transaction liabilities	–	1,964
Other	7,633	7,304
Total current liabilities	47,524	52,433
Non-current liabilities		
Long-term borrowings	1,255	2,268
Retirement benefit liability	1,486	1,516
Other	6,591	7,473
Total non-current liabilities	9,333	11,258
Total liabilities	56,858	63,691

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Net assets		
Shareholders' equity		
Share capital	9,891	9,891
Capital surplus	13,280	13,423
Retained earnings	110,563	113,051
Treasury shares	(2,011)	(2,152)
Total shareholders' equity	131,724	134,214
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,594	5,005
Deferred gains or losses on hedges	(0)	5
Foreign currency translation adjustment	(1,512)	1,007
Remeasurements of defined benefit plans	(26)	280
Total accumulated other comprehensive income	3,055	6,298
Share acquisition rights	27	23
Non-controlling interests	15,697	17,309
Total net assets	150,505	157,846
Total liabilities and net assets	207,363	221,537

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, 2020	Six months ended September 30, 2021
Net sales	77,927	98,650
Cost of sales	56,857	72,948
Gross profit	21,069	25,702
Selling, general and administrative expenses	15,029	16,276
Operating profit	6,040	9,426
Non-operating income		
Interest income	79	93
Dividend income	163	175
Gain on sale of investment securities	556	164
Other	520	555
Total non-operating income	1,320	988
Non-operating expenses		
Interest expenses	70	100
Sales discounts	66	–
Delayed delivery fee	513	–
Other	226	158
Total non-operating expenses	877	258
Ordinary income	6,484	10,156
Profit before income taxes	6,484	10,156
Income taxes - current	2,503	2,971
Income taxes - deferred	(174)	262
Total income taxes	2,328	3,234
Profit	4,155	6,922
Profit attributable to non-controlling interests	314	660
Profit attributable to owners of parent	3,841	6,261

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	4,155	6,922
Other comprehensive income		
Valuation difference on available-for-sale securities	336	411
Deferred gains or losses on hedges	(18)	6
Foreign currency translation adjustment	(1,709)	3,132
Remeasurements of defined benefit plans, net of tax	(0)	306
Share of other comprehensive income of entities accounted for using equity method	14	1
Total other comprehensive income	(1,377)	3,856
Comprehensive income	2,778	10,779
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,765	9,504
Comprehensive income attributable to non-controlling interests	13	1,275

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Profit before income taxes	6,484	10,156
Depreciation	2,814	3,047
Increase (decrease) in allowance for doubtful accounts	228	(41)
Increase (decrease) in provision for bonuses	(340)	(415)
Increase (decrease) in retirement benefit liability	40	(21)
Interest and dividend income	(243)	(268)
Interest expenses	70	100
Decrease (increase) in trade receivables	12,477	888
Decrease (increase) in inventories	364	(6,558)
Decrease (increase) in other current assets	1,100	(348)
Increase (decrease) in trade payables	(7,386)	3,299
Increase (decrease) in other current liabilities	(2,182)	1,556
Other, net	(292)	104
Subtotal	13,136	11,500
Interest and dividends received	243	268
Interest paid	(69)	(100)
Income taxes paid	(3,473)	(3,915)
Net cash provided by (used in) operating activities	9,837	7,753
Cash flows from investing activities		
Payments into time deposits	(1,311)	(765)
Proceeds from withdrawal of time deposits	–	161
Purchase of property, plant and equipment	(2,572)	(1,963)
Purchase of intangible assets	(1,142)	(406)
Purchase of investment securities	(506)	(607)
Proceeds from sale of investment securities	1,020	908
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(341)	(2,946)
Other, net	(323)	84
Net cash provided by (used in) investing activities	(5,178)	(5,534)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	247	95
Repayments of long-term borrowings	(404)	(325)
Proceeds from long-term borrowings	234	1,189
Dividends paid	(3,720)	(3,789)
Dividends paid to non-controlling interests	(542)	(158)
Repayments of lease obligations	(148)	(109)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(1,255)	–
Other, net	(0)	(1)
Net cash provided by (used in) financing activities	(5,590)	(3,099)
Effect of exchange rate change on cash and cash equivalents	(468)	895
Net increase (decrease) in cash and cash equivalents	(1,400)	15
Cash and cash equivalents at beginning of period	40,644	41,185
Cash and cash equivalents at end of period	39,243	41,200