

Translation

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Summary of Consolidated Financial Results for the Year Ended December 31, 2020 (Based on Japanese GAAP)

February 9, 2021

Company name: Altech Corporation
 Stock exchange listing: Tokyo
 Stock code: 4641 URL <https://www.alpsgiken.co.jp/>
 Representative: President Atsushi Imamura
 Inquiries: Managing Director General Manager Nobuyuki Watanabe TEL 042(774)3333
 Scheduled date of ordinary general meeting of shareholders: March 25, 2021
 Scheduled date to file Securities Report: March 26, 2021
 Scheduled date to commence dividend payments: March 26, 2021
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended December 31, 2020 (from January 1, 2020 to December 31, 2020)

(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 December 31, 2020	35,753	(1.7)	3,640	(9.3)	4,595	12.1	3,057	5.1
Year ended December 31, 2019	36,371	11.0	4,014	11.9	4,098	13.7	2,908	9.0

	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 December 31, 2020	149.13	—	24.6	22.7	10.2
Year ended December 31, 2019	138.93	—	25.6	22.3	11.0

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2020	20,996	12,771	60.7	622.21
As of December 31, 2019	19,471	12,165	62.4	579.62

(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 December 31, 2020	3,900	(359)	(2,460)	7,998
Year ended December 31, 2019	3,109	(264)	(1,323)	6,921

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 December 31, 2019	—	35.00	—	38.00	—	1,461	50.3	12.8
Year ended December 31, 2020	—	35.00	—	40.00	75.00	1,535	50.3	12.5
Year ending December 31, 2021 (Forecast)	—	37.00	—	38.00	75.00		50.1	

3. Forecast of consolidated financial results for the year ending December 31, 2021 (from January 1, 2021 to December 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
Six months ending June 30, 2021	19,200	9.8	1,650	(7.6)	1,950	(8.9)	1,300	(8.9)	63.41
Full year	40,000	11.9	4,000	9.9	4,400	(4.3)	3,060	0.1	149.25

4. Notes

(1) Changes in significant subsidiaries during the year ended December 31, 2020

(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: No

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 December 31, 2020	24,746,675 shares	As of December 31, 2019	24,746,675 shares
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Number of treasury shares at the end of the period

As of December 31, 2020	4,261,696 shares	As of December 31, 2019	3,797,910 shares
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Average number of shares during the period

Year ended December 31, 2020	20,502,467 shares	Year ended December 31, 2019	20,932,011 shares
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Consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2019	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	7,442,059	8,619,755
Notes and accounts receivable - trade	5,382,018	5,227,621
Securities	1,301	1,301
Work in process	155,568	267,586
Raw materials and supplies	961	50,781
Other	425,392	494,266
Allowance for doubtful accounts	(2,115)	(3,848)
Total current assets	13,405,188	14,657,463
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,013,586	3,284,234
Accumulated depreciation	(1,286,261)	(1,538,931)
Buildings and structures, net	1,727,325	1,745,303
Machinery, equipment and vehicles	86,251	189,774
Accumulated depreciation	(71,877)	(159,401)
Machinery, equipment and vehicles, net	14,374	30,372
Land	1,449,757	1,529,761
Other	311,113	320,933
Accumulated depreciation	(245,122)	(266,131)
Other, net	65,990	54,802
Total property, plant and equipment	3,257,447	3,360,239
Intangible assets		
Goodwill	277,321	411,143
Other	160,120	146,838
Total intangible assets	437,442	557,982
Investments and other assets		
Investment securities	1,020,504	975,273
Shares of subsidiaries and associates	—	129,718
Deferred tax assets	643,338	669,693
Noncurrent assets for rent	345,035	66,775
Accumulated depreciation	(220,968)	(44,528)
Noncurrent asserts for rent, net	124,067	22,247
Other	583,449	624,351
Total investments and other assets	2,371,360	2,421,284
Total non-current assets	6,066,250	6,339,506
Total assets	19,471,438	20,996,970

(Thousands of yen)

	As of December 31, 2019	As of December 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	112,052	182,107
Short-term borrowings	700,000	1,058,716
Accounts payable - other	1,559,567	1,630,863
Income taxes payable	864,974	978,830
Accrued consumption taxes	839,756	962,689
Provision for bonuses	1,333,112	1,326,338
Provision for bonuses for directors (and other officers)	32,085	26,075
Other	1,546,685	1,602,526
Total current liabilities	6,988,234	7,768,147
Non-current liabilities		
Long-term borrowings	—	113,897
Provision for retirement benefits for directors (and other officers)	—	1,470
Deferred tax liabilities	—	2,137
Retirement benefit liability	206,035	198,160
Other	111,430	141,998
Total non-current liabilities	317,466	457,663
Total liabilities	7,305,700	8,225,811
Net assets		
Shareholders' equity		
Share capital	2,347,163	2,347,163
Capital surplus	3,060,564	3,086,165
Retained earnings	10,425,509	11,971,018
Treasury shares	(3,963,015)	(4,981,321)
Total shareholders' equity	11,870,221	12,423,026
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	257,173	300,176
Foreign currency translation adjustment	15,021	22,840
Total accumulated other comprehensive income	272,195	323,017
Non-controlling interests	23,321	25,115
Total net assets	12,165,737	12,771,158
Total liabilities and net assets	19,471,438	20,996,970

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

(Thousands of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Net sales	36,371,294	35,753,733
Cost of sales	27,173,320	27,289,613
Gross profit	9,197,973	8,464,120
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	148,315	144,787
Employees' salaries	1,565,387	1,570,759
Provision for bonuses	129,792	129,321
Retirement benefit expenses	31,764	32,127
Depreciation	244,788	254,564
Provision for bonuses for directors (and other officers)	32,085	25,923
Provision of allowance for doubtful accounts	184	383
Other	3,031,115	2,665,690
Total selling, general and administrative expenses	5,183,433	4,823,558
Operating profit	4,014,540	3,640,561
Non-operating income		
Interest income	2,718	4,612
Dividend income	24,569	20,262
Subsidy income	31,178	887,536
Rental income	37,963	3,597
Compensation income	487	56,827
Other	51,210	50,278
Total non-operating income	148,129	1,023,116
Non-operating expenses		
Interest expenses	3,347	4,550
Rental costs	20,458	22,827
Donations	18,356	3,000
Loss on extinguishment share-based compensation expenses	9,079	10,216
Loss on investments in investment partnerships	2,652	10,404
Foreign exchange losses	8,751	7,651
Other	1,958	9,264
Total non-operating expenses	64,605	67,915
Ordinary profit	4,098,064	4,595,762

(Thousands of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Extraordinary income		
Gain on sales of non-current assets	112	219
donation income	200,000	100,000
Total extraordinary income	200,112	100,219
Extraordinary losses		
Loss on sales of non-current assets	443	—
Loss on retirement of non-current assets	2	1,761
Loss on valuation of investment securities	—	107,746
Loss on valuation of membership	299	—
Total extraordinary losses	746	109,507
Profit before income taxes	4,297,430	4,586,474
Income taxes - current	1,428,509	1,573,944
Income taxes - deferred	(42,858)	(46,927)
Total income taxes	1,385,650	1,527,016
Profit	2,911,779	3,059,457
Profit attributable to non-controlling interests	3,647	1,829
Profit attributable to owners of parent	2,908,132	3,057,628

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Profit	2,911,779	3,059,457
Other comprehensive income		
Valuation difference on available-for-sale securities	26,244	43,003
Foreign currency translation adjustment	(3,475)	7,783
Total other comprehensive income	22,769	50,787
Comprehensive income	2,934,549	3,110,244
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,930,793	3,108,450
Comprehensive income attributable to non-controlling interests	3,755	1,794

Consolidated statements of changes in equity

Fiscal year ended December 31, 2019

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,347,163	3,035,196	8,962,864	(4,000,849)	10,344,375
Changes during period					
Dividends of surplus			(1,445,488)		(1,445,488)
Profit attributable to owners of parent			2,908,132		2,908,132
Purchase of treasury shares				(4,084)	(4,084)
Disposal of treasury shares		25,367		41,918	67,286
Net changes in items other than shareholders' equity					
Total changes during period	–	25,367	1,462,644	37,833	1,525,845
Balance at end of period	2,347,163	3,060,564	10,425,509	(3,963,015)	11,870,221

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	230,928	18,746	249,675	19,565	10,613,616
Changes during period					
Dividends of surplus					(1,445,488)
Profit attributable to owners of parent					2,908,132
Purchase of treasury shares					(4,084)
Disposal of treasury shares					67,286
Net changes in items other than shareholders' equity	26,244	(3,724)	22,519	3,755	26,275
Total changes during period	26,244	(3,724)	22,519	3,755	1,552,121
Balance at end of period	257,173	15,021	272,195	23,321	12,165,737

Fiscal year ended December 31, 2020

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,347,163	3,060,564	10,425,509	(3,963,015)	11,870,221
Changes during period					
Dividends of surplus			(1,512,119)		(1,512,119)
Profit attributable to owners of parent			3,057,628		3,057,628
Purchase of treasury shares				(1,068,193)	(1,068,193)
Disposal of treasury shares		25,601		49,887	75,489
Net changes in items other than shareholders' equity					
Total changes during period	–	25,601	1,545,509	(1,018,306)	552,804
Balance at end of period	2,347,163	3,086,165	11,971,018	(4,981,321)	12,423,026

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	257,173	15,021	272,195	23,321	12,165,737
Changes during period					
Dividends of surplus					(1,512,119)
Profit attributable to owners of parent					3,057,628
Purchase of treasury shares					(1,068,193)
Disposal of treasury shares					75,489
Net changes in items other than shareholders' equity	43,003	7,818	50,822	1,794	52,616
Total changes during period	43,003	7,818	50,822	1,794	605,420
Balance at end of period	300,176	22,840	323,017	25,115	12,771,158

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Cash flows from operating activities		
Profit before income taxes	4,297,430	4,586,474
Depreciation	191,255	191,287
Amortization of goodwill	58,383	71,197
Increase (decrease) in allowance for doubtful accounts	184	383
Increase (decrease) in provision for bonuses for directors (and other officers)	6,265	(9,010)
Increase (decrease) in provision for bonuses	(3,260)	(10,518)
Increase (decrease) in retirement benefit liability	(14,027)	(10,358)
Interest and dividend income	(27,288)	(24,875)
Subsidy income	(31,178)	(887,536)
Compensation income	(487)	(56,827)
Interest expenses	3,347	4,550
Cost of rent income	20,458	22,827
Donation	18,356	3,000
Loss on extinguishment share-based compensation expenses	9,079	10,216
Loss (gain) on investments in investment partnerships	2,652	10,404
Donation income	(200,000)	(100,000)
Loss (gain) on sales of non-current assets	331	(219)
Loss on retirement of non-current assets	2	1,761
Loss on valuation of membership	299	—
Loss (gain) on valuation of investment securities	—	107,746
Decrease (increase) in trade receivables	(756,349)	394,995
Decrease (increase) in inventories	182,573	(77,981)
Increase (decrease) in trade payables	2,566	14,588
Increase (decrease) in accounts payable - other	47,694	53,521
Increase (decrease) in accrued consumption taxes	381,580	123,198
Decrease (increase) in consumption taxes refund receivable	(2,261)	(3,655)
Other, net	103,655	80,861
Subtotal	4,291,262	4,496,031
Interest and dividends received	27,288	24,875
Interest paid	(3,353)	(4,548)
Subsidies received	21,178	830,373
Proceeds from contribution revenues	200,000	100,000
Payment of contribution	(16,170)	(3,000)
Proceeds from compensation	487	54,265
Income taxes paid	(1,411,460)	(1,597,004)
Net cash provided by (used in) operating activities	3,109,234	3,900,993

(Thousands of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Cash flows from investing activities		
Payments into time deposits	(24,014)	(87,816)
Purchase of property, plant and equipment	(131,855)	(80,383)
Proceeds from sales of property, plant and equipment	1,112	219
Purchase of intangible assets	(90,773)	(30,442)
Purchase of noncurrent assets for rent	(1,736)	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(26,671)
Purchase of shares of subsidiaries and associates	–	(118,620)
Other, net	(16,942)	(15,991)
Net cash provided by (used in) investing activities	(264,208)	(359,705)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	105,903
Repayments of long-term borrowings	–	(103,659)
Purchase of treasury shares	(3,870)	(1,068,938)
Dividends paid to non-controlling interests	–	(467)
Dividends paid	(1,319,669)	(1,393,022)
Net cash provided by (used in) financing activities	(1,323,539)	(2,460,183)
Effect of exchange rate change on cash and cash equivalents	(6,363)	(4,224)
Net increase (decrease) in cash and cash equivalents	1,515,122	1,076,879
Cash and cash equivalents at beginning of period	5,406,169	6,921,291
Cash and cash equivalents at end of period	6,921,291	7,998,171