

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 9, 2022

Company name: Aica Kogyo Company, Limited
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 4206 URL <http://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 24, 2022
 Scheduled date to file Securities Report: June 27, 2022
 Scheduled date to commence dividend payments: June 27, 2022
 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, 2022 (from April 1, 2021 to March 31, 2022)

(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, 2022	214,514	22.8	20,348	13.1	21,840	18.5	13,117	21.9
Year ended March 31, 2021	174,628	(8.8)	17,991	(13.7)	18,438	(13.6)	10,759	(15.5)

	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, 2022	200.90	200.82	9.4	9.8	9.5
Year ended March 31, 2021	164.79	164.73	8.1	8.9	10.3

(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, 2022	240,388	162,734	60.4	2,223.98
As of March 31, 2021	207,363	150,505	65.0	2,064.24

(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, 2022	11,685	(8,342)	(1,114)	44,997
Year ended March 31, 2021	19,713	(9,756)	(9,179)	41,185

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, 2021	—	49.00	—	58.00	107.00	6,986	64.9	5.3
Year ended March 31, 2022	—	50.00	—	58.00	108.00	7,057	53.8	5.0
Year ending March 31, 2023 (Forecast)	—	50.00	—	59.00	109.00		52.5	

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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, 2022	105,000	6.4	9,500	0.8	9,700	(4.5)	6,000	(4.2)	93.81
Full year	225,000	4.9	21,500	5.7	22,000	0.7	13,300	1.4	207.95

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022

(changes in specified subsidiaries resulting in the change in scope of consolidation):

Yes

(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, 2022	⋮	67,590,664 shares	As of March 31, 2021	⋮	67,590,664 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	⋮	2,292,410 shares	As of March 31, 2021	⋮	2,297,405 shares
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Average number of shares during the period

Year ended March 31, 2022	⋮	65,297,087 shares	Year ended March 31, 2021	⋮	65,293,525 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	42,420	47,178
Notes and accounts receivable - trade	57,892	–
Notes receivable - trade	–	19,365
Accounts receivable - trade	–	50,107
Merchandise and finished goods	9,537	13,689
Work in process	1,064	1,397
Raw materials and supplies	7,584	13,463
Other	8,582	7,262
Allowance for doubtful accounts	(612)	(757)
Total current assets	126,468	151,706
Non-current assets		
Property, plant and equipment		
Buildings and structures	41,244	43,842
Accumulated depreciation	(27,054)	(28,782)
Buildings and structures, net	14,190	15,059
Machinery, equipment and vehicles	62,149	65,735
Accumulated depreciation	(49,385)	(52,820)
Machinery, equipment and vehicles, net	12,764	12,915
Tools, furniture and fixtures	11,967	13,694
Accumulated depreciation	(9,936)	(11,133)
Tools, furniture and fixtures, net	2,030	2,561
Land	14,451	16,829
Leased assets	5,675	6,700
Accumulated depreciation	(525)	(736)
Leased assets, net	5,150	5,963
Construction in progress	2,163	3,761
Total property, plant and equipment	50,750	57,090
Intangible assets		
Goodwill	4,589	4,799
Other	7,931	9,441
Total intangible assets	12,520	14,241
Investments and other assets		
Investment securities	15,632	14,807
Deferred tax assets	445	494
Retirement benefit asset	255	754
Other	1,301	1,295
Allowance for doubtful accounts	(12)	(1)
Total investments and other assets	17,623	17,350
Total non-current assets	80,894	88,682
Total assets	207,363	240,388

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	23,469	31,451
Electronically recorded obligations - operating	4,887	5,284
Short-term borrowings	6,015	14,462
Income taxes payable	3,428	3,306
Accrued consumption taxes	1,147	538
Provision for bonuses	2,090	2,035
buy-sell transaction liabilities	–	2,056
Other	6,485	7,191
Total current liabilities	47,524	66,327
Non-current liabilities		
Long-term borrowings	1,255	2,173
Deferred tax liabilities	4,373	5,034
Retirement benefit liability	1,486	1,585
Other	2,218	2,533
Total non-current liabilities	9,333	11,326
Total liabilities	56,858	77,654
Net assets		
Shareholders' equity		
Share capital	9,891	9,891
Capital surplus	13,280	13,294
Retained earnings	110,563	116,626
Treasury shares	(2,011)	(2,150)
Total shareholders' equity	131,724	137,663
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,594	3,979
Deferred gains or losses on hedges	(0)	11
Foreign currency translation adjustment	(1,512)	3,353
Remeasurements of defined benefit plans	(26)	214
Total accumulated other comprehensive income	3,055	7,558
Share acquisition rights	27	23
Non-controlling interests	15,697	17,489
Total net assets	150,505	162,734
Total liabilities and net assets	207,363	240,388

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

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	174,628	214,514
Cost of sales	125,095	160,429
Gross profit	49,532	54,084
Selling, general and administrative expenses		
Packing and transportation costs	8,277	9,243
Advertising expenses	1,628	1,620
Salaries and bonuses	8,850	9,385
Provision for bonuses	1,050	1,040
Retirement benefit expenses	391	355
Welfare expenses	1,856	1,966
Depreciation	1,793	2,052
Rent expenses	752	755
Other	6,940	7,318
Total selling, general and administrative expenses	31,541	33,736
Operating profit	17,991	20,348
Non-operating income		
Interest income	194	175
Dividend income	336	382
Gain on sale of investment securities	571	517
Subsidy	236	34
Other	685	1,065
Total non-operating income	2,024	2,175
Non-operating expenses		
Interest expenses	138	185
Sales discounts	139	–
Compensation for delayed delivery	552	–
Foreign exchange losses	175	–
Other	571	497
Total non-operating expenses	1,576	682
Ordinary profit	18,438	21,840
Extraordinary losses		
Business restructuring costs	279	224
Total extraordinary losses	279	224
Profit before income taxes	18,159	21,616
Income taxes - current	6,467	6,906
Income taxes - deferred	(296)	319
Total income taxes	6,171	7,226
Profit	11,988	14,389
Profit attributable to non-controlling interests	1,228	1,271
Profit attributable to owners of parent	10,759	13,117

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	11,988	14,389
Other comprehensive income		
Valuation difference on available-for-sale securities	1,851	(615)
Deferred gains or losses on hedges	(17)	11
Foreign currency translation adjustment	(1,464)	6,275
Remeasurements of defined benefit plans, net of tax	7	240
Share of other comprehensive income of entities accounted for using equity method	(1)	1
Total other comprehensive income	375	5,912
Comprehensive income	12,363	20,302
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,563	17,638
Comprehensive income attributable to non-controlling interests	800	2,663

Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,891	13,276	106,786	(2,009)	127,945
Changes during period					
Dividends of surplus			(6,921)		(6,921)
Profit attributable to owners of parent			10,759		10,759
Purchase of treasury shares				(2)	(2)
Change in scope of consolidation		4	(61)		(57)
Net changes in items other than shareholders' equity					
Total changes during period	–	4	3,776	(2)	3,779
Balance at end of period	9,891	13,280	110,563	(2,011)	131,724

	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	2,743	16	(474)	(33)	2,252
Changes during period					
Dividends of surplus					
Profit attributable to owners of parent					
Purchase of treasury shares					
Change in scope of consolidation					
Net changes in items other than shareholders' equity	1,851	(17)	(1,037)	7	803
Total changes during period	1,851	(17)	(1,037)	7	803
Balance at end of period	4,594	(0)	(1,512)	(26)	3,055

	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of period	27	15,995	146,221
Changes during period			
Dividends of surplus			(6,921)
Profit attributable to owners of parent			10,759
Purchase of treasury shares			(2)
Change in scope of consolidation			(57)
Net changes in items other than shareholders' equity	–	(298)	504
Total changes during period	–	(298)	4,284
Balance at end of period	27	15,697	150,505

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)
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					
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)
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

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	18,159	21,616
Depreciation	5,773	6,487
Increase (decrease) in allowance for doubtful accounts	(40)	65
Increase (decrease) in provision for bonuses	142	(97)
Increase (decrease) in retirement benefit liability	151	(21)
Interest and dividend income	(531)	(537)
Interest expenses	138	185
Decrease (increase) in trade receivables	3,857	(9,391)
Decrease (increase) in inventories	1,075	(6,827)
Decrease (increase) in other current assets	972	(322)
Increase (decrease) in trade payables	(1,813)	7,193
Increase (decrease) in other current liabilities	(2,422)	(145)
Other, net	417	263
Subtotal	25,883	18,469
Interest and dividends received	544	562
Interest paid	(137)	(186)
Income taxes paid	(6,577)	(7,160)
Net cash provided by (used in) operating activities	19,713	11,685
Cash flows from investing activities		
Payments into time deposits	(1,282)	(1,080)
Proceeds from withdrawal of time deposits	102	158
Purchase of property, plant and equipment	(5,560)	(6,695)
Purchase of intangible assets	(1,306)	(738)
Purchase of securities	(1,000)	–
Proceeds from sale of securities	–	1,000
Purchase of investment securities	(1,492)	(611)
Proceeds from sale of investment securities	1,533	1,424
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(294)	(2,945)
Other, net	(456)	1,147
Net cash provided by (used in) investing activities	(9,756)	(8,342)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(141)	7,536
Repayments of long-term borrowings	(585)	(524)
Proceeds from long-term borrowings	973	1,123
Dividends paid	(6,921)	(7,056)
Dividends paid to non-controlling interests	(1,067)	(890)
Repayments of lease liabilities	(181)	(261)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(1,253)	(1,099)
Other, net	(1)	58
Net cash provided by (used in) financing activities	(9,179)	(1,114)
Effect of exchange rate change on cash and cash equivalents	(236)	1,583
Net increase (decrease) in cash and cash equivalents	541	3,812
Cash and cash equivalents at beginning of period	40,644	41,185
Cash and cash equivalents at end of period	41,185	44,997