

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2019 (Based on Japanese GAAP)

November 1, 2019

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, 2019
 Scheduled date to commence dividend payments: December 3, 2019
 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, 2019 (from April 1, 2019 to September 30, 2019)

(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, 2019	91,848	1.1	10,005	3.5	10,502	3.9	6,582	8.9
Six months ended September 30, 2018	90,832	16.4	9,670	4.0	10,109	5.4	6,044	5.5

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2019	100.82	100.78
Six months ended September 30, 2018	92.58	92.54

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2019	189,215	137,724	67.7
As of March 31, 2019	191,025	136,116	66.2

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, 2019	—	47.00	—	56.00	103.00
Year ending March 31, 2020	—	49.00			
Year ending March 31, 2020 (Forecast)			—	57.00	106.00

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

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	195,000	1.9	21,800	4.6	22,000	3.5	13,800	3.6	211.35

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2019
(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, 2019	67,590,664 shares	As of March 31, 2019	67,590,664 shares
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Number of treasury shares at the end of the period

As of September 30, 2019	2,296,532 shares	As of March 31, 2019	2,296,226 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, 2019	65,294,297 shares	Six months ended September 30, 2018	65,290,298 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	45,587	44,015
Notes and accounts receivable - trade	60,309	55,443
Merchandise and finished goods	9,791	9,749
Work in process	1,004	1,036
Raw materials and supplies	7,446	7,486
Other	6,162	7,783
Allowance for doubtful accounts	(413)	(490)
Total current assets	129,888	125,024
Non-current assets		
Property, plant and equipment	40,949	43,107
Intangible assets		
Goodwill	319	865
Other	2,784	3,801
Total intangible assets	3,104	4,666
Investments and other assets		
Other	17,095	16,429
Allowance for doubtful accounts	(12)	(12)
Total investments and other assets	17,082	16,417
Total non-current assets	61,136	64,191
Total assets	191,025	189,215
Liabilities		
Current liabilities		
Notes and accounts payable - trade	26,332	23,170
Electronically recorded obligations - operating	6,188	4,543
Short-term borrowings	4,556	5,455
Income taxes payable	2,694	2,508
Provision for bonuses	1,833	1,568
Other	6,648	7,161
Total current liabilities	48,254	44,408
Non-current liabilities		
Long-term borrowings	432	174
Retirement benefit liability	1,296	1,403
Other	4,925	5,505
Total non-current liabilities	6,655	7,083
Total liabilities	54,909	51,491
Net assets		
Shareholders' equity		
Share capital	9,891	9,891
Capital surplus	13,279	13,280
Retained earnings	100,739	103,666
Treasury shares	(2,007)	(2,008)
Total shareholders' equity	121,904	124,830
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,307	3,869
Deferred gains or losses on hedges	(5)	(4)
Foreign currency translation adjustment	60	(791)
Remeasurements of defined benefit plans	199	119
Total accumulated other comprehensive income	4,562	3,193
Share acquisition rights	27	27
Non-controlling interests	9,622	9,673
Total net assets	136,116	137,724
Total liabilities and net assets	191,025	189,215

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, 2018	Six months ended September 30, 2019
Net sales	90,832	91,848
Cost of sales	67,328	67,411
Gross profit	23,504	24,436
Selling, general and administrative expenses	13,833	14,430
Operating profit	9,670	10,005
Non-operating income		
Interest income	99	86
Dividend income	182	191
Gain on sales of investment securities	57	195
Other	407	418
Total non-operating income	747	891
Non-operating expenses		
Interest expenses	58	51
Sales discounts	83	83
Other	166	259
Total non-operating expenses	308	394
Ordinary income	10,109	10,502
Extraordinary losses		
Loss on disaster	400	18
Total extraordinary losses	400	18
Profit before income taxes	9,709	10,484
Income taxes - current	2,796	2,989
Income taxes - deferred	339	205
Total income taxes	3,135	3,194
Profit	6,574	7,289
Profit attributable to non-controlling interests	529	706
Profit attributable to owners of parent	6,044	6,582

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	6,574	7,289
Other comprehensive income		
Valuation difference on available-for-sale securities	192	(438)
Deferred gains or losses on hedges	1	0
Foreign currency translation adjustment	(1,926)	(935)
Remeasurements of defined benefit plans, net of tax	0	(79)
Share of other comprehensive income of entities accounted for using equity method	(16)	(42)
Total other comprehensive income	(1,748)	(1,494)
Comprehensive income	4,825	5,794
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,802	5,213
Comprehensive income attributable to non-controlling interests	22	580

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from operating activities		
Profit before income taxes	9,709	10,484
Depreciation	2,011	2,201
Increase (decrease) in allowance for doubtful accounts	170	92
Increase (decrease) in provision for bonuses	(176)	(262)
Increase (decrease) in retirement benefit liability	17	25
Interest and dividend income	(281)	(277)
Interest expenses	58	51
Decrease (increase) in trade receivables	2,189	4,678
Decrease (increase) in inventories	(1,496)	(206)
Decrease (increase) in other current assets	(205)	(665)
Increase (decrease) in trade payables	(259)	(4,788)
Increase (decrease) in other current liabilities	(1,403)	380
Other, net	20	(208)
Subtotal	10,353	11,508
Interest and dividends received	279	278
Interest paid	(57)	(53)
Income taxes paid	(3,742)	(3,081)
Net cash provided by (used in) operating activities	6,833	8,651
Cash flows from investing activities		
Payments into time deposits	(1,108)	(21)
Proceeds from withdrawal of time deposits	813	120
Purchase of property, plant and equipment	(3,140)	(3,374)
Purchase of intangible assets	(370)	(532)
Purchase of investment securities	(111)	(306)
Proceeds from sales of investment securities	232	582
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(668)
Purchase of shares of subsidiaries and associates	–	(29)
Other, net	(347)	(1,363)
Net cash provided by (used in) investing activities	(4,031)	(5,593)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	28	4
Repayments of long-term borrowings	(154)	(153)
Dividends paid	(3,258)	(3,522)
Dividends paid to non-controlling interests	(405)	(441)
Repayments of lease obligations	(29)	(84)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(207)	(128)
Other, net	(2)	(1)
Net cash provided by (used in) financing activities	(4,029)	(4,326)
Effect of exchange rate change on cash and cash equivalents	(672)	(203)
Net increase (decrease) in cash and cash equivalents	(1,899)	(1,472)
Cash and cash equivalents at beginning of period	48,896	45,379
Cash and cash equivalents at end of period	46,996	43,906

Support Data for the Summary of Consolidated
Financial Results for
the Six Months Ended September 30, 2019

Challenge & Creation

November 1, 2019

AICA KOGYO CO., LTD

1. Summary of consolidated financial results for six months ended September 30, 2019 **AICA**

[Millions of yen]

	FY Mar/2019 Q1-Q2		FY Mar/2020 Q1-Q2				
	Results	Profit margin	Budget	Results	Profit margin	Growth Rate	Achievement Rate
Net Sales	90,832		95,200	91,848		1.1%	96.5%
Operating Profit	9,670	10.6%	10,300	10,005	10.9%	3.5%	97.1%
Ordinary Profit	10,109	11.1%	10,500	10,502	11.4%	3.9%	100.0%
Profit attributable to owners of the parent	6,044	6.7%	6,400	6,582	7.2%	8.9%	102.9%

[Yen]

Profit per share	92.58	—	98.02	100.82	—	8.9%	102.9%
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Net Sales•Operating Profit•Ordinary Profit : Increased **10** consecutive accounting year
Profit for the period※ : Increased **4** consecutive accounting year

Net Sales : Reached a record high for the **7**th year in a row.
Operating Profit •Ordinary Profit : Reached a record high for the **8**th year in a row.
Profit for the period※ : Reached a record high for the **3**th year in a row.

※ Profit attributable to owners of the parent

2. Plan of consolidated financial results for the year ended March 31, 2020

[Millions of yen]

	FY Mar/2019		FY Mar/2020			
	Results	Profit margin	Results	Profit margin	Growth Rate	Difference
Net Sales	191,363	-	195,000	-	1.9%	3,636
Operating Profit	20,834	10.9%	21,800	11.2%	4.6%	965
Ordinary Profit	21,249	11.1%	22,000	11.3%	3.5%	750
Net Income *	13,316	7.0%	13,800	7.1%	3.6%	483

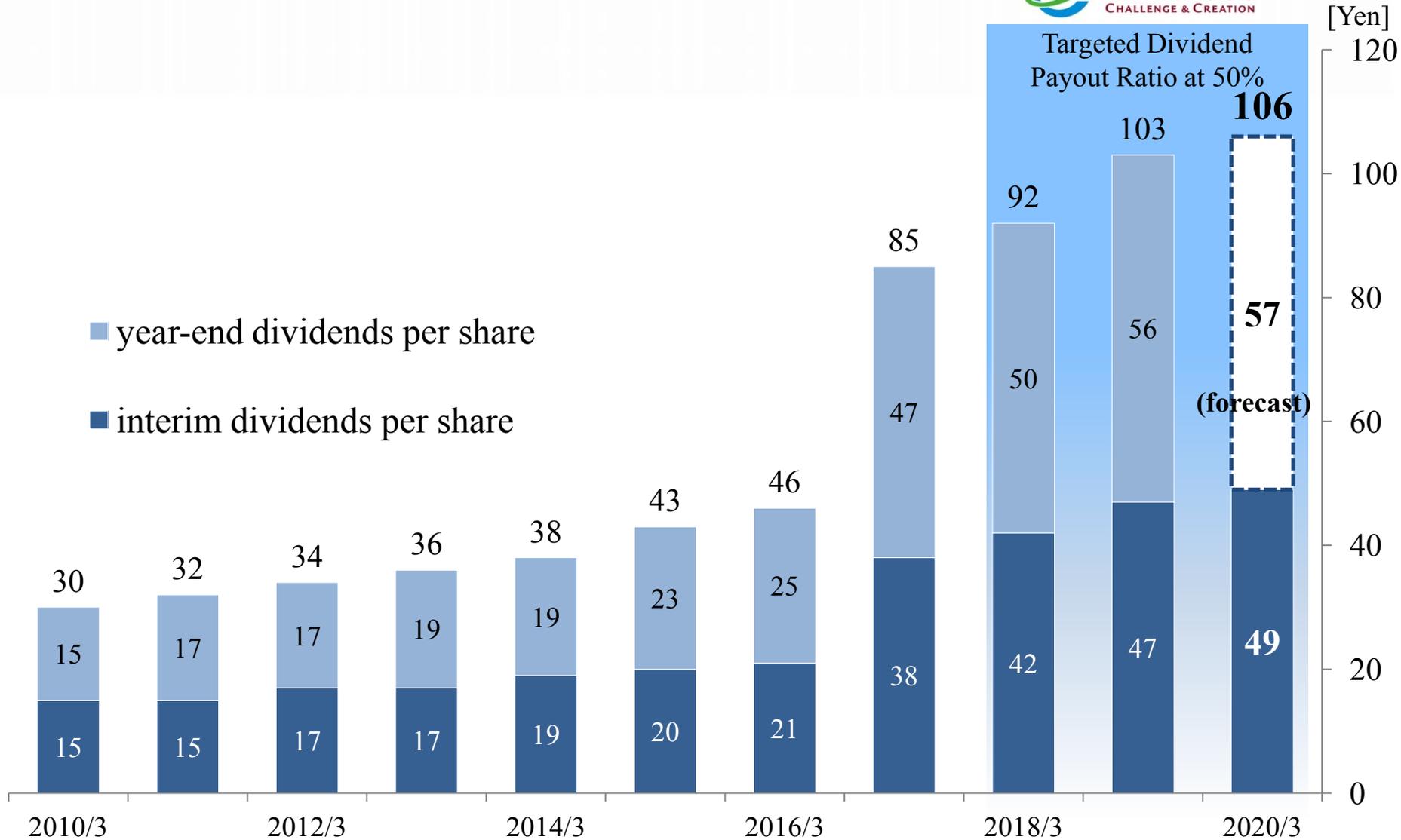
* Profit attributable to owners of parent

We revised plan of consolidated financial results due to lower sales price caused by lower raw material prices in overseas markets.

3. Sales result at six months ended September 30, 2019 and the breakdown by business segment

[Millions of yen]

	Net Sales			Operating Profit			
	FY Sep/2018	FY Sep/2019	Growth Rate	FY Sep/2018	FY Sep/2019	Growth Rate	
Chemical Products	52,176	51,349	▲ 1.6%	3,641	3,955	8.6%	Amount
				7.0%	7.7%	—	Profit Margin
Construction Materials	38,656	40,498	4.8%	7,289	7,406	1.6%	Amount
				18.9%	18.3%	—	Profit margin
(Non-allocation operating expenses→)				▲ 1,261	▲ 1,356	7.5%	Amount
TOTAL	90,832	91,848	1.1%	9,670	10,005	3.5%	Amount
				10.6%	10.9%	—	Profit margin



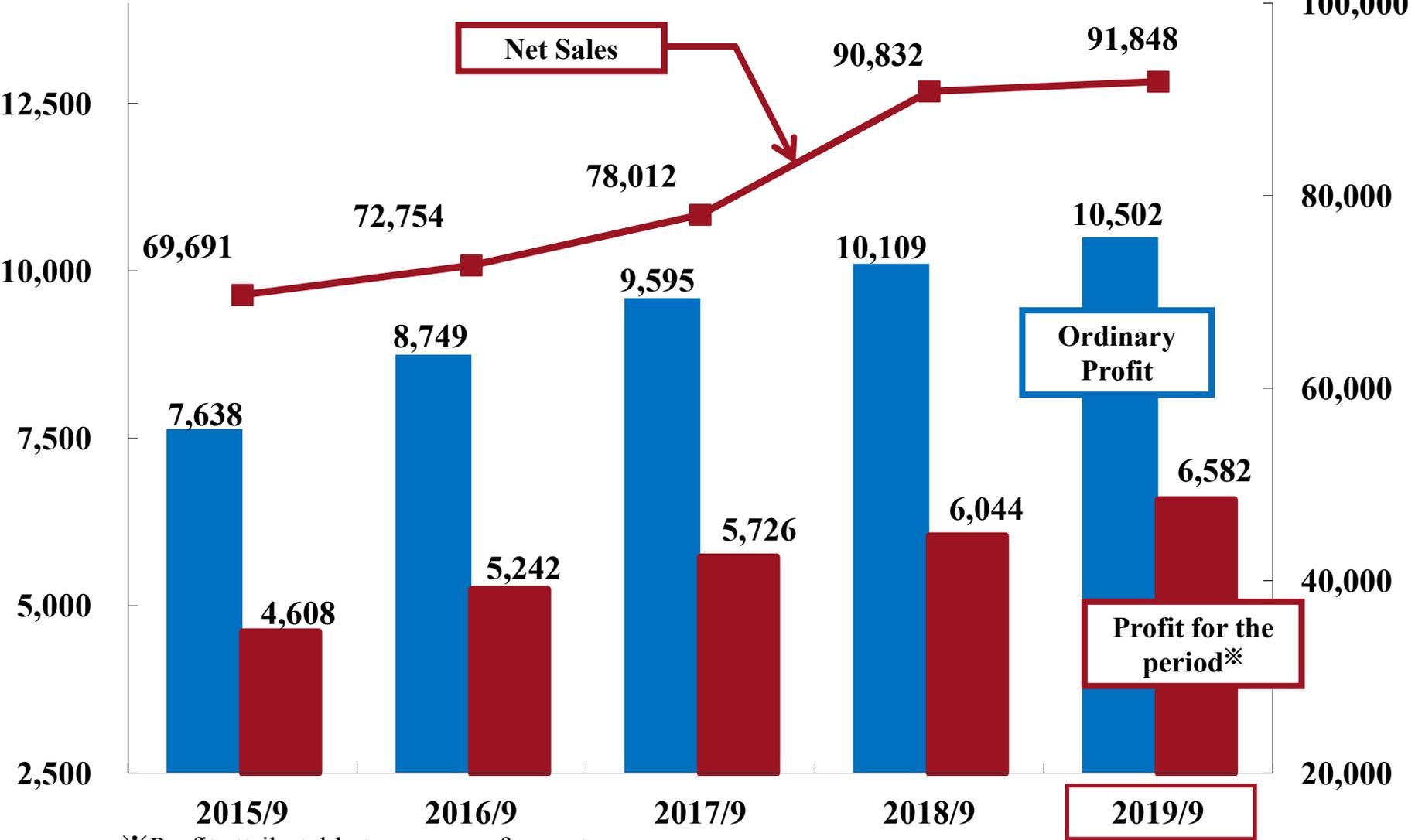
Planned dividends per share for FY Mar/2020 is a forecast at present.

【Reference】 Historical consolidated financial results for the six months ended September30

[Millions of yen]

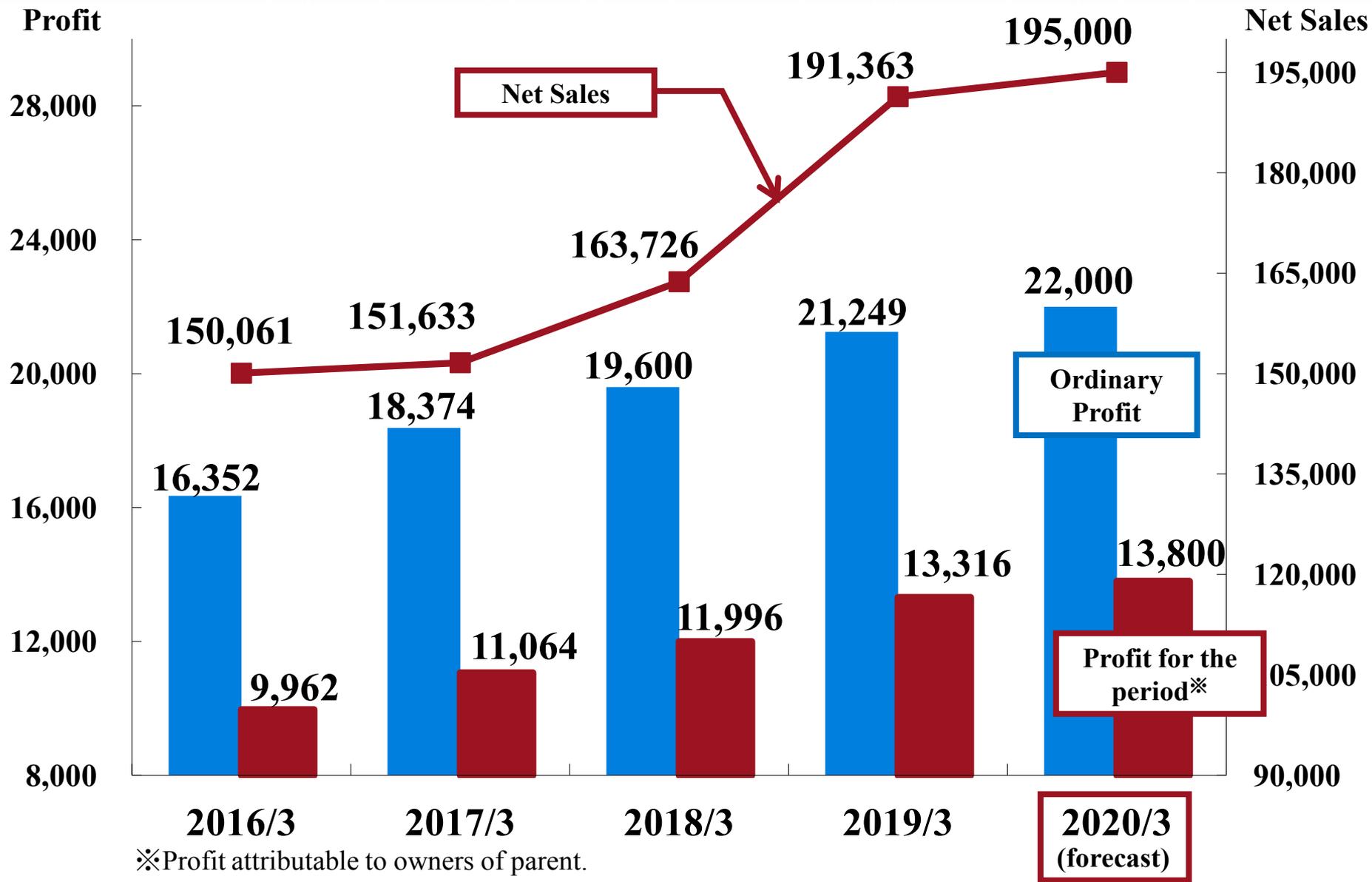
Profit

Net Sales



※Profit attributable to owners of parent.

[Millions of yen]



【Reference】 Chemical Products Segment : Sales Breakdown by Product



[Billions of yen]

	FY Mar/2019		FY Mar/2020			
	Q1-Q2	Full Year	Q1-Q2 Forecast	Q1-Q2	Growth Rate	Achievement Rate
Adhesive	30.70	65.92	32.80	31.57	2.8%	96.3%
AAP ^(*)	24.09	52.11	26.10	24.86	3.2%	95.3%
Construction Resin	4.64	9.58	4.75	4.68	0.9%	98.6%
Speciality & Performance materials	11.58	23.16	11.60	10.08	▲ 13.0%	86.9%
Others	5.24	10.39	5.35	5.01	▲ 4.4%	93.7%
Total	52.17	109.06	54.50	51.34	▲ 1.6%	94.2%

(*)AAP: AICA Asia Pacific Holding Pte. Ltd. (Singapore)

【Reference】 Construction Materials Segment : Sales Breakdown by Product



[Billions of yen]

	FY Mar/2019		FY Mar/2020			
	Q1-Q2	Full Year	Q1-Q2 Forecast	Q1-Q2	Growth Rate	Achievement Rate
Melamine Decorative Laminated Sheets (HPL)	8.06	17.34	9.00	8.98	11.4%	99.8%
Decorative Polyester Boards, Decorative Films, etc	6.49	13.73	6.45	6.21	▲ 4.4%	96.4%
Melamine Noncombustible Decorative Panel "Cerarl"	9.16	19.70	9.60	10.09	10.1%	105.1%
Noncombustible Decorative Panel (Except "Cerarl")	4.67	9.74	4.85	4.77	2.3%	98.5%
Counterstops, Postforming products	7.62	16.35	8.15	7.95	4.3%	97.6%
Fittings, Interior Housing Materials	2.62	5.41	2.65	2.46	▲ 6.0%	93.2%
TOTAL	38.65	82.30	40.70	40.49	4.8%	99.5%



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The matters such as current plan, prospect, strategy, or conviction which indicated in this report but not historical fact are only the expectation of the future achievement, and there are the risks or unexpected factors.

This information has made based on the judgment of the manager of Aica Kogyo Co., Ltd. using current available information. The actual result can be difference from the current prospect because of various important elements, so please avoid depending on fully to only this prospect.

This document is not a thing for investment inducement. We request that the decision about the investment will be performed by the judgment of each user.