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Consolidated Financial Results for the Year Ended March 31, 2021 [Japanese GAAP]

April 26, 2021

Company name: AICHI CORPORATION
 Stock exchange listing: Tokyo, Nagoya
 Code number: 6345
 URL: <https://www.aichi-corp.co.jp>
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 Scheduled date of Annual General Meeting of Shareholders: June 18, 2021
 Scheduled date of commencing dividend payments: June 21, 2021
 Scheduled date of filing annual securities report: June 21, 2021
 Availability of supplementary briefing material on annual financial results: Yes
 Schedule of annual financial results briefing session: Yes

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 01, 2020 to March 31, 2021)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2021	59,330	1.7	7,051	20.4	7,708	23.9	5,906	20.0
March 31, 2020	58,336	(5.7)	5,857	(16.3)	6,219	(15.9)	4,923	(10.9)

(Note) Comprehensive income: Fiscal year ended March 31, 2021: ¥ 8,461 million [92.4%]
 Fiscal year ended March 31, 2020: ¥ 4,398 million [(26.9)%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2021	76.84	-	8.4	8.9	11.9
March 31, 2020	63.42	-	7.4	7.4	10.0

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2021: ¥ 424 million
 Fiscal year ended March 31, 2020: ¥ 187 million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2021	90,869	73,321	80.7	959.76
March 31, 2020	82,763	67,944	82.1	875.30

(Reference) Equity: As of March 31, 2021: ¥ 73,321 million
 As of March 31, 2020: ¥ 67,944 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2021	10,873	(10,655)	(3,187)	4,820
March 31, 2020	7,589	(4,174)	(1,814)	7,718

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2020	-	11.00	-	13.00	24.00	1,862	37.8	2.8
March 31, 2021	-	14.00	-	18.00	32.00	2,449	41.6	3.5
Fiscal year ending								
March 31, 2022 (Forecast)	-	14.00	-	18.00	32.00		48.9	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (April 01, 2021 to March 31, 2022)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	59,500	0.3	6,800	(3.6)	7,200	(6.6)	5,000	(15.4)	65.45

* Notes:

(1) Changes in significant subsidiaries during the period under review

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

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

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

March 31, 2021: 78,225,350 shares

March 31, 2020: 79,453,250 shares

2) Total number of treasury shares at the end of the period:

March 31, 2021: 1,829,292 shares

March 31, 2020: 1,828,669 shares

3) Average number of shares during the period:

Fiscal Year ended March 31, 2021: 76,876,007 shares

Fiscal Year ended March 31, 2020: 77,624,803 shares

* Financial results reports are not subjected to reviews.

* Explanation for appropriate use of financial forecasts and other special notes

The forecasts given in this document are based on the current available information in the company and certain reasonable assumptions of the company. And we don't commit to achieve these forecasting numbers. Actual results may differ from these forecasts by a variety of reasons.

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1. Overview of Business Results, etc.

(1) Overview of Business Results for the Current Fiscal Year

In the fiscal year ended March 31, 2021, the Japanese economy suffered a devastating impact from the spread of the novel coronavirus disease (COVID-19), resulting in negative growth for the full year for the first time in 11 years.

In the market for specially equipped vehicles, which is our core business, the rental industry saw a significant decline due to a prudent attitude toward capital investment.

In this business climate, the Group has been staying vigilant about preventing infections among customers, related parties, and employees, while making companywide efforts to promote sales, cut costs and improve operational efficiency.

As a result, consolidated performance for the fiscal year ended March 31, 2021 was as follows. Net sales rose by ¥994 million (2%) year on year, to ¥59,330 million. By segment, net sales for specially equipped vehicles rose by ¥552 million (1%) year on year, to ¥47,011 million, while net sales from parts and repairs rose by ¥480 million (4%) year on year, to ¥11,608 million. In terms of profit, operating profit increased by ¥1,194 million (20%) year on year, to ¥7,051 million, and ordinary profit increased by ¥1,488 million (24%) year on year, to ¥7,708 million. Profit attributable to owners of parent rose by ¥983 million (20%) year on year, to ¥5,906 million.

(2) Overview of Financial Position for the Current Fiscal Year

1) Assets

Current assets increased by ¥6,500 million from the end of the previous fiscal year to ¥60,977 million. This was mainly due to an increase in deposits paid of ¥7,242 million, despite a decrease in merchandise and finished goods of ¥732 million.

Non-current assets increased by ¥1,605 million from the end of the previous fiscal year, to ¥29,891 million. This was mainly due to an increase in investment securities of ¥2,313 million, despite decreases in buildings and structures, net, and machinery, equipment and vehicles, net of ¥420 million and ¥249 million, respectively.

As a result, total assets increased by ¥8,105 million from the end of the previous fiscal year, to ¥90,869 million.

2) Liabilities

Current liabilities increased by ¥2,972 million from the end of the previous fiscal year, to ¥15,487 million. This was mainly due to increases in notes and accounts payable – trade, income taxes payable, and accrued consumption taxes in other current liabilities of ¥1,541 million, ¥777 million, and ¥514 million, respectively.

Non-current liabilities declined by ¥243 million from the end of the previous fiscal year, to ¥2,059 million. This was mainly due to decreases in retirement benefit liability and lease obligations of ¥770 million and ¥44 million, respectively, despite an increase in deferred tax liabilities of ¥578 million.

As a result, total liabilities increased by ¥2,729 million from the end of the previous fiscal year, to ¥17,547 million.

3) Net assets

Total net assets increased by ¥5,376 million from the end of the previous fiscal year to ¥73,321 million. This was mainly due to increases in retained earnings, valuation difference on available-for-sale securities and remeasurements of defined benefit plans of ¥3,052 million, ¥1,611 million and ¥545 million, respectively.

(3) Overview of Cash Flows for the Current Fiscal Year

As of March 31, 2021, cash and cash equivalents (“cash”) amounted to ¥4,820 million, a decrease of ¥2,897 million (38%) from the end of the previous fiscal year. The status of cash flows and their contributing factors are as follows.

1) Cash flows from operating activities

Cash provided by operating activities increased by ¥3,284 million year on year, to ¥10,873 million.

The increase in cash was mainly due to an increase in trade payables of ¥3,240 million.

2) Cash flows from investing activities

Cash used in investing activities increased by ¥6,480 million year on year, to ¥10,655 million.

The increase in cash was mainly due to a decrease in purchase of property, plant and equipment and intangible assets of ¥448 million. In addition, a major cause for the decrease in cash was an increase in deposits paid of ¥6,640 million.

3) Cash flows from financing activities

Cash used in financing activities increased by ¥1,372 million year on year, to ¥3,187 million.

The decrease in cash was mainly due to an increase in purchase of treasury shares of ¥1,000 million.

(4) Future Outlook

The economic outlook for the fiscal year ending March 31, 2022 is expected to remain uncertain, as there are many concerns, such as the resurgence of COVID-19 and the side effects of fiscal and monetary policies. Under these circumstances, we forecast consolidated net sales of ¥59,500 million, operating profit of ¥6,800 million, ordinary profit of ¥7,200 million, and profit attributable to owners of parent of ¥5,000 million for the next fiscal year.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousand yen)

	As of March 31,2020	As of March 31,2021
Assets		
Current assets		
Cash and deposits	1,364,112	1,224,322
Deposits paid	29,293,978	36,536,175
Notes and accounts receivable - trade	19,045,242	19,464,344
Merchandise and finished goods	1,540,793	808,516
Work in process	1,357,019	1,287,837
Raw materials and supplies	1,273,767	1,191,555
Other	603,867	465,096
Allowance for doubtful accounts	(1,963)	(225)
Total current assets	54,476,818	60,977,622
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,090,158	19,214,706
Accumulated depreciation	(11,248,004)	(11,792,858)
Buildings and structures, net	7,842,154	7,421,847
Machinery, equipment and vehicles	9,129,945	9,463,604
Accumulated depreciation	(6,472,984)	(7,056,109)
Machinery, equipment and vehicles, net	2,656,961	2,407,495
Tools, furniture and fixtures	2,853,903	2,848,241
Accumulated depreciation	(2,580,490)	(2,621,830)
Tools, furniture and fixtures, net	273,412	226,410
Land	8,524,839	8,524,457
Leased assets	820,548	793,776
Accumulated depreciation	(370,526)	(394,666)
Leased assets, net	450,021	399,109
Construction in progress	1,634	32,714
Total property, plant and equipment	19,749,024	19,012,035
Intangible assets	839,521	692,607
Investments and other assets		
Investment securities	5,641,595	7,954,715
Deferred tax assets	372,397	-
Other	1,691,355	2,239,294
Allowance for doubtful accounts	(7,051)	(6,713)
Total investments and other assets	7,698,297	10,187,296
Total non-current assets	28,286,842	29,891,939
Total assets	82,763,661	90,869,562

(Thousand yen)

	As of March 31,2020	As of March 31,2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,547,921	10,089,276
Lease obligations	99,348	99,476
Income taxes payable	949,564	1,727,200
Provision for bonuses for directors (and other officers)	32,000	38,000
Provision for product warranties	138,409	294,302
Other	2,748,071	3,239,715
Total current liabilities	12,515,315	15,487,971
Non-current liabilities		
Lease obligations	388,251	343,845
Deferred tax liabilities	-	578,155
Deferred tax liabilities for land revaluation	616,302	616,302
Provision for retirement benefits for directors (and other officers)	43,600	-
Retirement benefit liability	1,221,468	450,694
Other	33,767	70,924
Total non-current liabilities	2,303,391	2,059,922
Total liabilities	14,818,706	17,547,893
Net assets		
Shareholders' equity		
Share capital	10,425,325	10,425,325
Capital surplus	9,923,356	9,923,342
Retained earnings	47,334,222	50,386,498
Treasury shares	(918,004)	(1,147,983)
Total shareholders' equity	66,764,898	69,587,182
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,886,803	4,498,080
Revaluation reserve for land	(1,624,044)	(1,624,044)
Foreign currency translation adjustment	(311,330)	86,580
Remeasurements of defined benefit plans	228,626	773,869
Total accumulated other comprehensive income	1,180,055	3,734,486
Total net assets	67,944,954	73,321,669
Total liabilities and net assets	82,763,661	90,869,562

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended March 31,2020	For the fiscal year ended March 31,2021
Net sales	58,336,392	59,330,782
Cost of sales	46,094,744	46,584,582
Gross profit	12,241,648	12,746,199
Selling, general and administrative expenses		
Packing and delivery expenses	635,097	450,112
Advertising expenses	90,369	51,174
Sales commission	18,561	20,022
Remuneration for directors (and other officers)	70,807	72,367
Salaries, allowances and bonuses	2,447,810	2,268,335
Provision for bonuses for directors (and other officers)	30,434	35,800
Provision for retirement benefits for directors (and other officers)	7,700	1,200
Retirement benefit expenses	238,567	197,974
Welfare expenses	521,304	480,856
Communication and transportation expenses	266,984	186,615
Depreciation	451,025	429,509
Repair expenses	92,898	80,736
Provision of allowance for doubtful accounts	3,441	-
Rent expenses	188,001	163,060
Research and development expenses	394,617	411,367
Other	926,916	845,811
Total selling, general and administrative expenses	6,384,535	5,694,944
Operating profit	5,857,112	7,051,255
Non-operating income		
Interest income	13,102	15,602
Dividend income	134,532	139,849
Foreign exchange gains	-	23,564
Share of profit of entities accounted for using equity method	187,972	424,624
Miscellaneous income	61,735	61,169
Total non-operating income	397,342	664,811
Non-operating expenses		
Foreign exchange losses	33,737	-
Miscellaneous losses	732	7,436
Total non-operating expenses	34,470	7,436
Ordinary profit	6,219,984	7,708,630

(Thousand yen)

	For the fiscal year ended March 31,2020	For the fiscal year ended March 31,2021
Extraordinary income		
Gain on sale of non-current assets	331	1,959
Gain on sale of investment securities	173,182	3,694
Insurance claim income	742,479	767,844
Total extraordinary income	915,994	773,499
Extraordinary losses		
Loss on sale of non-current assets	1,035	1,096
Loss on retirement of non-current assets	8,376	12,716
Loss on sale of investment securities	-	149
Loss on cancellation of insurance policies	3,340	-
Impairment losses	25,238	381
Total extraordinary losses	37,991	14,343
Profit before income taxes	7,097,987	8,467,785
Income taxes - current	2,069,770	2,553,072
Income taxes - deferred	105,012	7,919
Total income taxes	2,174,783	2,560,992
Profit	4,923,204	5,906,793
Profit attributable to owners of parent	4,923,204	5,906,793

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended March 31,2020	For the fiscal year ended March 31,2021
Profit	4,923,204	5,906,793
Other comprehensive income		
Valuation difference on available-for-sale securities	(554,296)	1,611,276
Foreign currency translation adjustment	(11,280)	207,678
Remeasurements of defined benefit plans, net of tax	157,892	545,243
Share of other comprehensive income of entities accounted for using equity method	(117,399)	190,233
Total other comprehensive income	(525,083)	2,554,431
Comprehensive income	4,398,120	8,461,224
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,398,120	8,461,224
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2020

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,425,325	9,923,356	44,118,766	(917,709)	63,549,738
Changes during period					
Dividends of surplus			(1,707,748)		(1,707,748)
Profit attributable to owners of parent			4,923,204		4,923,204
Purchase of treasury shares				(295)	(295)
Cancellation of treasury shares					-
Transfer from retained earnings to capital surplus					-
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	3,215,455	(295)	3,215,160
Balance at end of period	10,425,325	9,923,356	47,334,222	(918,004)	66,764,898

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	3,441,100	(1,624,044)	(182,650)	70,733	1,705,138	65,254,877
Changes during period						
Dividends of surplus						(1,707,748)
Profit attributable to owners of parent						4,923,204
Purchase of treasury shares						(295)
Cancellation of treasury shares						-
Transfer from retained earnings to capital surplus						-
Net changes in items other than shareholders' equity	(554,296)	-	(128,680)	157,892	(525,083)	(525,083)
Total changes during period	(554,296)	-	(128,680)	157,892	(525,083)	2,690,076
Balance at end of period	2,886,803	(1,624,044)	(311,330)	228,626	1,180,055	67,944,954

For the fiscal year ended March 31,2021

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,425,325	9,923,356	47,334,222	(918,004)	66,764,898
Changes during period					
Dividends of surplus			(2,083,974)		(2,083,974)
Profit attributable to owners of parent			5,906,793		5,906,793
Purchase of treasury shares				(1,000,535)	(1,000,535)
Cancellation of treasury shares		(770,556)		770,556	-
Transfer from retained earnings to capital surplus		770,542	(770,542)		-
Net changes in items other than shareholders' equity					-
Total changes during period	-	(13)	3,052,276	(229,978)	2,822,283
Balance at end of period	10,425,325	9,923,342	50,386,498	(1,147,983)	69,587,182

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	2,886,803	(1,624,044)	(311,330)	228,626	1,180,055	67,944,954
Changes during period						
Dividends of surplus						(2,083,974)
Profit attributable to owners of parent						5,906,793
Purchase of treasury shares						(1,000,535)
Cancellation of treasury shares						-
Transfer from retained earnings to capital surplus						-
Net changes in items other than shareholders' equity	1,611,276	-	397,911	545,243	2,554,431	2,554,431
Total changes during period	1,611,276	-	397,911	545,243	2,554,431	5,376,714
Balance at end of period	4,498,080	(1,624,044)	86,580	773,869	3,734,486	73,321,669

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31,2020	For the fiscal year ended March 31,2021
Cash flows from operating activities		
Profit before income taxes	7,097,987	8,467,785
Depreciation	1,825,655	1,669,473
Amortization of goodwill	52,893	33,245
Impairment losses	25,238	381
Increase (decrease) in allowance for doubtful accounts	3,153	(2,091)
Increase (decrease) in provision for product warranties	(63,329)	155,892
Increase (decrease) in retirement benefit liability	(2,180,157)	(770,774)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(500)	(43,600)
Interest and dividend income	(147,635)	(155,055)
Share of loss (profit) of entities accounted for using equity method	(187,972)	(424,624)
Loss (gain) on sale of investment securities	(173,182)	(3,545)
Insurance claim income	(742,479)	(767,844)
Foreign exchange losses (gains)	(4,816)	472
Loss (gain) on sale and retirement of non-current assets	9,080	11,853
Decrease (increase) in trade receivables	5,069,908	(399,629)
Decrease (increase) in inventories	139,843	944,715
Increase (decrease) in trade payables	(1,718,208)	1,522,363
Other, net	196,894	1,756,306
Subtotal	9,202,374	11,995,323
Interest and dividends received	294,719	153,781
Proceeds from insurance income	742,479	767,844
Income taxes paid	(2,650,572)	(2,043,218)
Net cash provided by (used in) operating activities	7,589,001	10,873,731
Cash flows from investing activities		
Decrease (increase) in deposits	(3,360,000)	(10,000,000)
Proceeds from sale of investment securities	311,542	6,815
Purchase of property, plant and equipment and intangible assets	(1,119,790)	(671,156)
Proceeds from sale of property, plant and equipment and intangible assets	47,730	36,464
Other, net	(53,999)	(27,407)
Net cash provided by (used in) investing activities	(4,174,517)	(10,655,284)
Cash flows from financing activities		
Purchase of treasury shares	(295)	(1,000,535)
Dividends paid	(1,707,748)	(2,083,974)
Other, net	(106,261)	(102,725)
Net cash provided by (used in) financing activities	(1,814,305)	(3,187,234)
Effect of exchange rate change on cash and cash equivalents	(31,476)	71,194
Net increase (decrease) in cash and cash equivalents	1,568,702	(2,897,592)
Cash and cash equivalents at beginning of period	6,149,388	7,718,090
Cash and cash equivalents at end of period	7,718,090	4,820,497

(Additional information)

At the Company's 72nd Annual General Meeting of Shareholders held on June 18, 2020, it was resolved to terminate the retirement benefits plan for directors and other officers. The total amount of ¥36.8 million which had been recorded as provisions for retirement benefits for directors and other officers was reversed in full and accounted for "other" under non-current liabilities as long-term accounts payable.