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Consolidated Financial Results for the Year Ended March 31, 2020 [Japanese GAAP]

April 24, 2020

Company name: AICHI CORPORATION

Stock exchange listing: Tokyo, Nagoya

Code number: 6345

URL: <https://www.aichi-corp.co.jp>

Representative: Osamu Miura

President and Representative Director

Contact: Hiroshi Nakazawa

Accounting Manager

Phone: 048-781-1111

Scheduled date of Annual General Meeting of Shareholders: June 18, 2020

Scheduled date of commencing dividend payments: June 19, 2020

Scheduled date of filing annual securities report: June 19, 2020

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, 2020 (April 01, 2019 to March 31, 2020)

(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, 2020	58,336	(5.7)	5,857	(16.3)	6,219	(15.9)	4,923	(10.9)
March 31, 2019	61,838	0.6	7,000	(7.6)	7,393	(11.2)	5,525	(4.5)

(Note) Comprehensive income: Fiscal year ended March 31, 2020: ¥ 4,398 million [(26.9)%
Fiscal year ended March 31, 2019: ¥ 6,012 million [(8.9)%

	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, 2020	63.42	-	7.4	7.4	10.0
March 31, 2019	71.18	-	8.8	8.9	11.3

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2020: ¥ 187 million
Fiscal year ended March 31, 2019: ¥ 142 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, 2020	82,763	67,944	82.1	875.30
March 31, 2019	84,562	65,254	77.2	840.64

(Reference) Equity: As of March 31, 2020: ¥ 67,944 million
As of March 31, 2019: ¥ 65,254 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, 2020	7,589	(4,174)	(1,814)	7,718
March 31, 2019	1,492	86	(1,821)	6,149

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, 2019	-	11.00	-	11.00	22.00	1,707	30.9	2.7
March 31, 2020	-	11.00	-	13.00	24.00	1,862	37.8	2.8
Fiscal year ending								
March 31, 2021 (Forecast)	-	-	-	-	-		-	

(Note) Forecast of dividends for the fiscal year ending March 31, 2021 have yet to be determined. We will inform you as soon as it is decided.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021 (April 01, 2020 to March 31, 2021)

The consolidated financial results forecast for the fiscal year ending March 31, 2021 have yet to be determined at this point, because it is difficult to make a reasonable forecast due to the novel coronavirus disease.

Once it becomes possible to determine the forecast, it will be announced promptly.

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)

Exclusion: - (Company name:)

(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, 2020: 79,453,250 shares

March 31, 2019: 79,453,250 shares

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

March 31, 2020: 1,828,669 shares

March 31, 2019: 1,828,270 shares

3) Average number of shares during the period:

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

Fiscal Year ended March 31, 2019: 77,625,479 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

The Japanese economy in the fiscal year ended March 31, 2020 was on a recovery trend at the beginning, with improvements in the employment and income environment and a pickup in consumer spending. However, the reporting of corporate earnings remained modest, owing to such factors as sluggish exports in the manufacturing industry and reduced production, mainly due to prolonged protectionist trade policies of the United States and a slowdown in the Chinese economy. Moreover, the spread of the novel coronavirus disease (COVID-19) that broke out toward the end of the fiscal year, and concerns over an economic downturn due to the resulting slowdown in economic activity, have made the future outlook unclear.

In this business climate, although the sales for specialized vehicles enjoyed a temporary increase in demand due to emission-control regulations up to the six months ended September 30, 2019, from the third quarter, there was a reactionary decline in demand as well as the impact of Typhoon Hagibis among other factors, resulting in net sales declining year on year except in the rental industry.

Under these circumstances, consolidated performance for the fiscal year ended March 31, 2020 was as follows. Net sales fell by ¥3,502 million (6%) year on year, to ¥58,336 million. By segment, net sales for specially equipped vehicles declined by ¥3,432 million (7%) year on year, to ¥46,458 million, while net sales from parts and repairs remained at the same level as the previous fiscal year, at ¥11,127 million. In terms of profit, operating profit declined by ¥1,142 million (16%) year on year, to ¥5,857 million, and ordinary profit declined by ¥1,173 million (16%) year on year, to ¥6,219 million. Profit attributable to owners of parent fell by ¥601 million (11%) year on year, to ¥4,923 million.

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

1) Assets

Current assets declined by ¥396 million from the end of the previous fiscal year, to ¥54,476 million. This was mainly due to decreases in notes and accounts receivable – trade and work in process of ¥5,113 million and ¥287 million, respectively, despite an increase in deposits paid of ¥5,007 million.

Non-current assets fell by ¥1,401 million from the end of the previous fiscal year, to ¥28,286 million. This was mainly due to decreases in investment securities and buildings and structures, net of ¥934 million and ¥404 million, respectively.

As a result, total assets decreased by ¥1,798 million from the end of the previous fiscal year, to ¥82,763 million.

2) Liabilities

Current liabilities declined by ¥2,357 million from the end of the previous fiscal year, to ¥12,515 million. This was mainly due to decreases in notes and accounts payable – trade and income taxes payable of ¥1,763 million and ¥332 million, respectively.

Non-current liabilities declined by ¥2,131 million from the end of the previous fiscal year, to ¥2,303 million. This was mainly due to a decrease in retirement benefit liability of ¥2,180 million.

As a result, total liabilities decreased by ¥4,488 million from the end of the previous fiscal year, to ¥14,818 million.

3) Net assets

Total net assets increased by ¥2,690 million from the end of the previous fiscal year, to ¥67,944 million. This was mainly due to an increase in retained earnings of ¥3,215 million despite a decrease in valuation difference on available for-sale securities of ¥554 million.

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

As of March 31, 2020, cash and cash equivalents (“cash”) amounted to ¥7,718 million, an increase of ¥1,568 million (26%) 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 ¥6,096 million year on year, to ¥7,589 million.

The increase in cash was mainly due to a greater decrease in trade receivables of ¥9,207 million. In addition, a major cause for the decrease in cash was a greater decrease in trade payables of ¥2,696 million.

2) Cash flows from investing activities

Cash used in investing activities increased by ¥4,261 million year on year, to ¥4,174 million.

The decrease in cash was mainly due to increases in deposits and purchase of property, plant and equipment and intangible assets of ¥3,680 million and ¥253 million, respectively, and a decrease in proceeds from sales of investment securities of ¥225 million.

3) Cash flows from financing activities

Cash used in financing activities decreased by ¥7 million year on year, to ¥1,814 million.

(4) Future Outlook

The economic outlook for the fiscal year ending March 31, 2021 will continue to remain uncertain, due primarily to the deterioration of employment environment and corporate earnings affected by the global spread of COVID-19. The Company will refrain from announcing forecast figures as it is not feasible at this time to make a reasonable estimation for a performance forecast for the next fiscal year in this business climate. Performance forecasts will be promptly disclosed as soon as practicable.

2.Consolidated Financial Statements
(1)Consolidated Balance Sheets

(Thousand yen)

	As of March 31,2019	As of March 31,2020
Assets		
Current assets		
Cash and deposits	1,442,894	1,364,112
Deposits paid	24,286,493	29,293,978
Notes and accounts receivable - trade	24,159,059	19,045,242
Merchandise and finished goods	1,470,999	1,540,793
Work in process	1,644,939	1,357,019
Raw materials and supplies	1,258,816	1,273,767
Other	610,479	603,867
Allowance for doubtful accounts	(82)	(1,963)
Total current assets	54,873,600	54,476,818
Non-current assets		
Property, plant and equipment		
Buildings and structures	18,962,850	19,090,158
Accumulated depreciation	(10,715,897)	(11,248,004)
Buildings and structures, net	8,246,952	7,842,154
Machinery, equipment and vehicles	8,521,567	9,129,945
Accumulated depreciation	(5,823,478)	(6,472,984)
Machinery, equipment and vehicles, net	2,698,089	2,656,961
Tools, furniture and fixtures	2,742,535	2,853,903
Accumulated depreciation	(2,430,471)	(2,580,490)
Tools, furniture and fixtures, net	312,063	273,412
Land	8,525,575	8,524,839
Leased assets	770,007	820,548
Accumulated depreciation	(375,773)	(370,526)
Leased assets, net	394,234	450,021
Construction in progress	133,835	1,634
Total property, plant and equipment	20,310,751	19,749,024
Intangible assets	1,015,904	839,521
Investments and other assets		
Investment securities	6,576,365	5,641,595
Deferred tax assets	304,456	372,397
Other	1,486,882	1,691,355
Allowance for doubtful accounts	(5,784)	(7,051)
Total investments and other assets	8,361,920	7,698,297
Total non-current assets	29,688,576	28,286,842
Total assets	84,562,176	82,763,661

(Thousand yen)

	As of March 31,2019	As of March 31,2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,311,428	8,547,921
Lease obligations	90,444	99,348
Income taxes payable	1,281,952	949,564
Provision for bonuses for directors (and other officers)	32,000	32,000
Provision for product warranties	201,738	138,409
Other	2,955,137	2,748,071
Total current liabilities	14,872,702	12,515,315
Non-current liabilities		
Lease obligations	339,179	388,251
Deferred tax liabilities for land revaluation	616,302	616,302
Provision for retirement benefits for directors (and other officers)	44,100	43,600
Retirement benefit liability	3,401,625	1,221,468
Other	33,388	33,767
Total non-current liabilities	4,434,596	2,303,391
Total liabilities	19,307,299	14,818,706
Net assets		
Shareholders' equity		
Share capital	10,425,325	10,425,325
Capital surplus	9,923,356	9,923,356
Retained earnings	44,118,766	47,334,222
Treasury shares	(917,709)	(918,004)
Total shareholders' equity	63,549,738	66,764,898
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,441,100	2,886,803
Revaluation reserve for land	(1,624,044)	(1,624,044)
Foreign currency translation adjustment	(182,650)	(311,330)
Remeasurements of defined benefit plans	70,733	228,626
Total accumulated other comprehensive income	1,705,138	1,180,055
Total net assets	65,254,877	67,944,954
Total liabilities and net assets	84,562,176	82,763,661

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended March 31,2019	For the fiscal year ended March 31,2020
Net sales	61,838,950	58,336,392
Cost of sales	47,832,283	46,094,744
Gross profit	14,006,667	12,241,648
Selling, general and administrative expenses		
Packing and delivery expenses	875,315	635,097
Advertising expenses	91,099	90,369
Sales commission	14,369	18,561
Remuneration for directors (and other officers)	89,531	70,807
Salaries, allowances and bonuses	2,465,007	2,447,810
Provision for bonuses for directors (and other officers)	31,000	30,434
Provision for retirement benefits for directors (and other officers)	8,100	7,700
Retirement benefit expenses	294,734	238,567
Welfare expenses	547,933	521,304
Communication and transportation expenses	294,018	266,984
Depreciation	518,611	451,025
Repair expenses	108,126	92,898
Provision of allowance for doubtful accounts	468	3,441
Rent expenses	146,645	188,001
Research and development expenses	492,027	394,617
Other	1,029,604	926,916
Total selling, general and administrative expenses	7,006,595	6,384,535
Operating profit	7,000,072	5,857,112
Non-operating income		
Interest income	9,076	13,102
Dividend income	146,287	134,532
Foreign exchange gains	31,498	-
Share of profit of entities accounted for using equity method	142,153	187,972
Miscellaneous income	66,326	61,735
Total non-operating income	395,342	397,342
Non-operating expenses		
Foreign exchange losses	-	33,737
Miscellaneous loss	2,204	732
Total non-operating expenses	2,204	34,470
Ordinary profit	7,393,210	6,219,984

(Thousand yen)

	For the fiscal year ended March 31,2019	For the fiscal year ended March 31,2020
Extraordinary income		
Gain on sales of non-current assets	22	331
Gain on sales of investment securities	413,690	173,182
Insurance claim income	-	742,479
Total extraordinary income	413,712	915,994
Extraordinary losses		
Loss on sales of non-current assets	479	1,035
Loss on retirement of non-current assets	23,272	8,376
Loss on sales of investment securities	6,150	-
Loss on cancellation of insurance policies	-	3,340
Impairment loss	395	25,238
Total extraordinary losses	30,297	37,991
Profit before income taxes	7,776,626	7,097,987
Income taxes - current	2,378,500	2,069,770
Income taxes - deferred	(126,929)	105,012
Total income taxes	2,251,571	2,174,783
Profit	5,525,055	4,923,204
Profit attributable to owners of parent	5,525,055	4,923,204

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended March 31,2019	For the fiscal year ended March 31,2020
Profit	5,525,055	4,923,204
Other comprehensive income		
Valuation difference on available-for-sale securities	241,975	(554,296)
Foreign currency translation adjustment	(65,775)	(11,280)
Remeasurements of defined benefit plans, net of tax	504,238	157,892
Share of other comprehensive income of entities accounted for using equity method	(192,506)	(117,399)
Total other comprehensive income	487,932	(525,083)
Comprehensive income	6,012,987	4,398,120
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,012,987	4,398,120
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2019

(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	40,301,476	(917,134)	59,733,023
Changes during period					
Dividends of surplus			(1,707,764)		(1,707,764)
Profit attributable to owners of parent			5,525,055		5,525,055
Purchase of treasury shares				(575)	(575)
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	3,817,290	(575)	3,816,715
Balance at end of period	10,425,325	9,923,356	44,118,766	(917,709)	63,549,738

	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	3,199,125	(1,624,044)	75,631	(433,505)	1,217,206	60,950,230
Changes during period						
Dividends of surplus						(1,707,764)
Profit attributable to owners of parent						5,525,055
Purchase of treasury shares						(575)
Net changes in items other than shareholders' equity	241,975	-	(258,281)	504,238	487,932	487,932
Total changes during period	241,975	-	(258,281)	504,238	487,932	4,304,647
Balance at end of period	3,441,100	(1,624,044)	(182,650)	70,733	1,705,138	65,254,877

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)
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)
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

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31,2019	For the fiscal year ended March 31,2020
Cash flows from operating activities		
Profit before income taxes	7,776,626	7,097,987
Depreciation	1,926,852	1,825,655
Amortization of goodwill	107,935	52,893
Impairment loss	395	25,238
Increase (decrease) in allowance for doubtful accounts	360	3,153
Increase (decrease) in provision for product warranties	24,821	(63,329)
Increase (decrease) in retirement benefit liability	(547,692)	(2,180,157)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(4,800)	(500)
Interest and dividend income	(155,363)	(147,635)
Share of loss (profit) of entities accounted for using equity method	(142,153)	(187,972)
Loss (gain) on sales of investment securities	(407,540)	(173,182)
Insurance claim income	-	(742,479)
Foreign exchange losses (gains)	-	(4,816)
Loss (gain) on sales and retirement of non-current assets	23,729	9,080
Decrease (increase) in trade receivables	(4,137,694)	5,069,908
Decrease (increase) in inventories	(1,448,039)	139,843
Increase (decrease) in trade payables	978,617	(1,718,208)
Other, net	194,952	196,894
Subtotal	4,191,005	9,202,374
Interest and dividends received	80,225	294,719
Proceeds from insurance income	-	742,479
Income taxes paid	(2,778,505)	(2,650,572)
Net cash provided by (used in) operating activities	1,492,724	7,589,001
Cash flows from investing activities		
Decrease (increase) in deposits	320,000	(3,360,000)
Proceeds from sales of investment securities	537,250	311,542
Purchase of property, plant and equipment and intangible assets	(866,296)	(1,119,790)
Proceeds from sales of property, plant and equipment and intangible assets	9,486	47,730
Other, net	86,504	(53,999)
Net cash provided by (used in) investing activities	86,944	(4,174,517)
Cash flows from financing activities		
Purchase of treasury shares	(575)	(295)
Dividends paid	(1,707,764)	(1,707,748)
Other, net	(113,015)	(106,261)
Net cash provided by (used in) financing activities	(1,821,355)	(1,814,305)
Effect of exchange rate change on cash and cash equivalents	9,941	(31,476)
Net increase (decrease) in cash and cash equivalents	(231,744)	1,568,702
Cash and cash equivalents at beginning of period	6,381,132	6,149,388
Cash and cash equivalents at end of period	6,149,388	7,718,090