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Consolidated Financial Results for the Nine Months Ended December 31, 2020 [Japanese GAAP]

January 28, 2021

Company name: AICHI CORPORATION
 Stock exchange listing: Tokyo, Nagoya
 Code number: 6345
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 Scheduled date of filing quarterly securities report: February 08, 2021
 Scheduled date of commencing dividend payments: -
 Availability of supplementary briefing material on quarterly financial results: No
 Schedule of quarterly financial results briefing session: No

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2020 (April 01, 2020 to December 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	%
Nine months ended December 31, 2020	40,566	0.0	4,254	23.1	4,740	23.5	3,825	19.6
December 31, 2019	40,550	(4.3)	3,454	(19.9)	3,839	(17.0)	3,197	(2.9)

(Note) Comprehensive income: Nine months ended December 31, 2020: ¥ 5,345 million [51.9%]
 Nine months ended December 31, 2019: ¥ 3,519 million [8.5%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2020	49.67	-
December 31, 2019	41.20	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
December 31, 2020	85,154	70,206	82.4
March 31, 2020	82,763	67,944	82.1

(Reference) Equity: As of December 31, 2020: ¥ 70,206 million
 As of March 31, 2020: ¥ 67,944 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2020	-	11.00	-	13.00	24.00
Fiscal year ending March 31, 2021	-	14.00	-		
Fiscal year ending March 31, 2021 (Forecast)				15.00	29.00

(Note) Revision to the forecast for dividends announced most recently: No

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

(% 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	58,500	0.3	6,200	5.9	6,600	6.1	5,100	3.6	66.21

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

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

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

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) 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

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

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

December 31, 2020: 79,453,250 shares

March 31, 2020: 79,453,250 shares

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

December 31, 2020: 3,057,122 shares

March 31, 2020: 1,828,669 shares

3) Average number of shares during the period:

Nine months ended December 31, 2020: 77,019,978 shares

Nine months ended December 31, 2019: 77,624,869 shares

* This quarterly financial results are not subject to quarterly review procedure by certified public accountants or auditing firms.

* Explanation regarding the proper use of performance forecasts and other special items.

- All projections are based on the information available to management at the time of making this report and are not guarantees of future performance. Uncertainties could cause the actual results of AICHI CORPORATION to differ materially from any projections discussed in this report.

- Please see page 3 on attached documents for details on performance forecasts in "Explanation for Forecast for FY2021".

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1. Qualitative Information on Quarterly Results

(1) Explanation of Business Results

During the nine month ended December 31, 2020, the COVID-19 pandemic has continuously and negatively affected every aspect of the Japanese economy.

Although the GDP growth rate, which recorded in April to June the worst negative growth since the end of World War II, is gradually upward, it remains below pre-COVID-19 levels. Consumer spending increased as a result of government policies and an improvement in consumer sentiment on top of the resumption of economic activities in response to the lifting of the state of emergency declaration. However as people still tend to stay at home and refrain from outings, economic outlook remains uncertain.

As Japan experiences its third wave of COVID-19 infections, it remains difficult to predict when the pandemic will be contained. Moreover, the infections are still rising in Europe, North America and other countries, and the prospects for the economy are highly uncertain. With the ongoing global economic uncertainty, the negative effects on corporate performance are expected to persist.

The Group has been operating its businesses while staying vigilant about preventing infections among customers, suppliers, employees and other related parties, while focusing on cost reduction and operational efficiency.

Sales of specialized vehicles under such challenging conditions, to the electric power industry and the telecommunications industry were robust in comparison with the same period of the last fiscal year during the nine months ended December 31, 2020, although the rental industry took a wait and see approach to capital expenditures.

Consolidated net sales for the nine months ended December 31, 2020 were ¥40,566 million, an increase of ¥16 million compared to the same period last fiscal year. By segment, net sales of specialized vehicle declined by 292 million, or 1% to ¥31,936 million while net sales of parts and repairs rose by ¥328 million, or 4% to ¥8,137 million. Consolidated operating profit was up by 799 million, or 23% over the same period last fiscal year, to ¥4,254 million. Consolidated ordinary profit increased by ¥901 million, or 24% to ¥4,740 million compared to the same period last fiscal year. Profit attributable to owners of parent rose by ¥627 million, or 20% year on year to ¥3,825 million.

(2) Explanation of Financial Position

1) Assets

Current assets increased by ¥1,371 million from the end of fiscal 2020 to ¥55,848 million. The increase in current assets was due mainly to higher deposits paid of ¥3,902 million and work in process of ¥402 million, offset in part by a decrease in notes and accounts receivable – trade of ¥2,804 million.

Non-current assets increased by ¥1,019 million from the end of fiscal 2020 to ¥29,306 million. The increase in non-current assets was primarily attributable to an increase in investment securities of ¥1,933 million, offset in part by decreases in buildings and structures of ¥381 million and net and deferred tax assets of ¥372 million.

The total assets increased ¥2,390 million to ¥85,154 million compared to the end of fiscal 2020.

2) Liabilities

Current liabilities decreased by ¥226 million from the end of fiscal 2020 to ¥12,288 million while non-current liabilities increased by ¥356 million to ¥2,659 million for the same period.

The decrease in current liabilities was largely due to lower other accrued expenses under current liabilities of ¥415 million, offset in part by an increase in provision for product warranties of ¥176 million.

The total liabilities increased ¥129 million to ¥14,948 million compared to the end of fiscal 2020.

3) Net assets

Total net assets increased by ¥2,261 million from the end of fiscal 2020 to ¥70,206 million. The increase in total net assets was primarily due to higher retained earnings of ¥1,741 million, valuation difference on available-for-sale securities of ¥1,346 million and foreign currency translation adjustment of ¥161 million, offset in part by purchase of treasury shares of ¥1,000 million.

(3) Explanation of Consolidated Financial Results Forecasts and Other Forward-looking Statements

The financial forecast for the fiscal year ended March 31, 2021 has not been updated since the last report on October 28, 2020.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of March 31,2020	As of December 31,2020
Assets		
Current assets		
Cash and deposits	1,364,112	1,182,658
Deposits paid	29,293,978	33,196,827
Notes and accounts receivable - trade	19,045,242	16,240,661
Merchandise and finished goods	1,540,793	1,710,895
Work in process	1,357,019	1,759,641
Raw materials and supplies	1,273,767	1,267,742
Other	603,867	490,001
Allowance for doubtful accounts	(1,963)	(212)
Total current assets	54,476,818	55,848,215
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,842,154	7,460,658
Machinery, equipment and vehicles, net	2,656,961	2,333,615
Land	8,524,839	8,524,839
Other, net	725,068	714,508
Total property, plant and equipment	19,749,024	19,033,622
Intangible assets	839,521	714,539
Investments and other assets		
Investment securities	5,641,595	7,575,351
Deferred tax assets	372,397	-
Other	1,691,355	1,989,535
Allowance for doubtful accounts	(7,051)	(6,715)
Total investments and other assets	7,698,297	9,558,171
Total non-current assets	28,286,842	29,306,332
Total assets	82,763,661	85,154,548

(Thousand yen)

	As of March 31,2020	As of December 31,2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,547,921	8,535,244
Income taxes payable	949,564	642,615
Provision for bonuses for directors (and other officers)	32,000	28,500
Provision for product warranties	138,409	315,194
Other	2,847,419	2,767,142
Total current liabilities	12,515,315	12,288,698
Non-current liabilities		
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	1,212,960
Deferred tax liabilities	-	391,747
Other	422,019	438,704
Total non-current liabilities	2,303,391	2,659,714
Total liabilities	14,818,706	14,948,412
Net assets		
Shareholders' equity		
Share capital	10,425,325	10,425,325
Capital surplus	9,923,356	9,923,356
Retained earnings	47,334,222	49,076,052
Treasury shares	(918,004)	(1,918,477)
Total shareholders' equity	66,764,898	67,506,256
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,886,803	4,233,669
Revaluation reserve for land	(1,624,044)	(1,624,044)
Foreign currency translation adjustment	(311,330)	(150,305)
Remeasurements of defined benefit plans	228,626	240,559
Total accumulated other comprehensive income	1,180,055	2,699,879
Total net assets	67,944,954	70,206,135
Total liabilities and net assets	82,763,661	85,154,548

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income (For the nine months)

(Thousand yen)

	For the nine months ended December 31,2019	For the nine months ended December 31,2020
Net sales	40,550,138	40,566,451
Cost of sales	32,260,157	32,144,168
Gross profit	8,289,981	8,422,282
Selling, general and administrative expenses	4,835,140	4,168,204
Operating profit	3,454,841	4,254,078
Non-operating income		
Interest income	8,608	12,760
Dividend income	128,571	133,899
Share of profit of entities accounted for using equity method	219,898	298,186
Other	55,826	49,333
Total non-operating income	412,904	494,180
Non-operating expenses		
Foreign exchange losses	28,348	2,120
Other	264	5,990
Total non-operating expenses	28,613	8,111
Ordinary profit	3,839,132	4,740,146
Extraordinary income		
Gain on sales of non-current assets	-	1,586
Gain on sales of investment securities	13,271	2,713
Insurance claim income	742,479	767,844
Total extraordinary income	755,750	772,144
Extraordinary losses		
Loss on sales of non-current assets	1,035	-
Loss on retirement of non-current assets	3,975	8,309
Loss on sales of investment securities	-	149
Loss on cancellation of insurance policies	3,340	-
Total extraordinary losses	8,352	8,458
Profit before income taxes	4,586,530	5,503,832
Income taxes - current	1,119,242	1,508,623
Income taxes - deferred	269,455	169,404
Total income taxes	1,388,697	1,678,027
Profit	3,197,833	3,825,805
Profit attributable to owners of parent	3,197,833	3,825,805

Quarterly Consolidated Statements of Comprehensive Income (For the nine months)

(Thousand yen)

	For the nine months ended December 31,2019	For the nine months ended December 31,2020
Profit	3,197,833	3,825,805
Other comprehensive income		
Valuation difference on available-for-sale securities	329,634	1,346,865
Foreign currency translation adjustment	62,345	92,913
Remeasurements of defined benefit plans, net of tax	8,231	11,933
Share of other comprehensive income of entities accounted for using equity method	(78,676)	68,111
Total other comprehensive income	321,534	1,519,823
Comprehensive income	3,519,367	5,345,628
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,519,367	5,345,628
Comprehensive income attributable to non-controlling interests	-	-

(Additional information)

(Discontinuation of retirement benefit plan for directors and other officers)

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.