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## Consolidated Financial Results for the Six Months Ended September 30, 2020 [Japanese GAAP]

October 28, 2020

Company name: AICHI CORPORATION

Stock exchange listing: Tokyo, Nagoya

Code number: 6345

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

Representative: Toshiya Yamagishi

President and Representative Director

Contact: Tadashi Okumura

Accounting Manager

Phone: 048-781-1111

Scheduled date of filing quarterly securities report: November 09, 2020

Scheduled date of commencing dividend payments: November 27, 2020

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

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

### 1. Consolidated Financial Results for the Six Months Ended September 30, 2020 (April 01, 2020 to September 30, 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	%
Six months ended September 30, 2020	27,111	(11.3)	3,063	(4.6)	3,336	(3.6)	2,836	17.1
September 30, 2019	30,560	13.9	3,211	46.0	3,461	45.5	2,422	42.1

(Note) Comprehensive income: Six months ended September 30, 2020: ¥ 3,730 million [ 62.5%]  
Six months ended September 30, 2019: ¥ 2,295 million [ (15.3)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2020	36.73	-
September 30, 2019	31.20	-

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
September 30, 2020	85,122	70,014	82.3
March 31, 2020	82,763	67,944	82.1

(Reference) Equity: As of September 30, 2020: ¥ 70,014 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: Yes

## 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: Yes

### \* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 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):

September 30, 2020: 79,453,250 shares

March 31, 2020: 79,453,250 shares

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

September 30, 2020: 2,677,880 shares

March 31, 2020: 1,828,669 shares

3) Average number of shares during the period:

Six months ended September 30, 2020: 77,237,278 shares

Six months ended September 30, 2019: 77,624,924 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 six months ended September 30, 2020, the Japanese economy deteriorated significantly due to the impact of trade friction between the U.S. and China and the spread of the novel coronavirus disease (COVID-19). Although signs of recovery appeared in Japan subsequent to the lifting of the state of emergency declaration, with the easing of measures to restrict activities, the various economic stimulus initiatives put in place by the government, as well as the resumption of economic activities by countries around the world, the future outlook remains opaque. Similarly, after the lifting of the state of emergency, although corporate earnings were also emerging from this most difficult period amidst a worldwide trend toward preventing expansion of the pandemic while revitalizing economic activities, there is still a cautious posture with regard to urban redevelopment and inbound investments, particularly with private construction investments.

As for the outlook ahead, expectations are for a gradually paced ongoing recovery toward the normalization of economic activities. Nevertheless, there continues to be a situation in which it is impossible to dispel anxiety given the sense of wariness that exists regarding a possible resurgence of infections.

In this business climate, sales for specially equipped vehicles encountered a prudent attitude being taken with respect to capital investment in the rental industry and other sectors, although sales were robust in comparison with the same period of the previous fiscal year in the electric power industry and a range of other industries during the six months ended September 30, 2020.

Under these circumstances, consolidated performance for the six months ended September 30, 2020 was as follows. Net sales fell by ¥3,448 million (11%) year on year to ¥27,111 million. By segment, net sales for specially equipped vehicles declined by ¥3,416 million (14%) year on year to ¥21,446 million, while net sales from parts and repairs remained at the same level as the previous fiscal year, at ¥5,298 million. In terms of profit, operating profit declined by ¥147 million (5%) year on year to ¥3,063 million, and ordinary profit declined by ¥125 million (4%) year on year to ¥3,336 million. Profit attributable to owners of parent rose by ¥414 million (17%) year on year to ¥2,836 million.

### (2) Explanation of Financial Position

#### 1) Assets

Current assets increased by ¥1,967 million from the end of the previous fiscal year to ¥56,444 million. This was mainly due to increases in deposits paid, other advance payments under current assets, and other accounts receivable under current assets of ¥2,508 million, ¥595 million and ¥540 million, respectively, despite decreases in notes and accounts receivable – trade of ¥1,488 million and merchandise and finished goods of ¥186 million.

Non-current assets increased by ¥391 million from the end of the previous fiscal year to ¥28,677 million. This was mainly due to an increase in investment securities of ¥1,173 million, despite decreases in deferred tax assets, buildings and structures, net, and intangible assets of ¥372 million, ¥263 million and ¥81 million, respectively.

As a result, total assets increased by ¥2,358 million from the end of the previous fiscal year to ¥85,122 million.

## 2) Liabilities

Current liabilities increased by ¥285 million from the end of the previous fiscal year to ¥12,800 million. This was mainly due to an increase of income taxes payable of ¥396 million, despite decreases in notes and accounts payable – trade and provision for product warranties of ¥61 million and ¥35 million, respectively.

Non-current liabilities increased by ¥3 million from the end of the previous fiscal year to ¥2,306 million.

As a result, total liabilities increased by ¥288 million from the end of the previous fiscal year to ¥15,107 million.

## 3) Net assets

Total net assets increased by ¥2,069 million from the end of the previous fiscal year to ¥70,014 million. This was mainly due to an increase in retained earnings of ¥1,827 million and an increase in valuation difference on available-for-sale securities of ¥816 million, despite a decrease of ¥651 million due to purchase of treasury shares.

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

For the fiscal year ending March 31, 2021, we have revised our results forecast, as well as interim dividend and year-end dividend forecast disclosed in “Consolidated Financial Results for the Three Months Ended June 30, 2020 [Japanese GAAP],” dated July 30, 2020, as a result of considerations given to the first six months of the consolidated fiscal year and outlook for the future.

## 2. Quarterly Consolidated Financial Statements

### (1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of March 31,2020	As of September 30,2020
<b>Assets</b>		
Current assets		
Cash and deposits	1,364,112	1,241,505
Deposits paid	29,293,978	31,802,002
Notes and accounts receivable - trade	19,045,242	17,556,626
Merchandise and finished goods	1,540,793	1,354,792
Work in process	1,357,019	1,439,309
Raw materials and supplies	1,273,767	1,284,763
Other	603,867	1,765,431
Allowance for doubtful accounts	(1,963)	(61)
<b>Total current assets</b>	<b>54,476,818</b>	<b>56,444,369</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,842,154	7,578,513
Machinery, equipment and vehicles, net	2,656,961	2,395,617
Land	8,524,839	8,524,839
Other, net	725,068	711,381
<b>Total property, plant and equipment</b>	<b>19,749,024</b>	<b>19,210,351</b>
<b>Intangible assets</b>	<b>839,521</b>	<b>758,284</b>
Investments and other assets		
Investment securities	5,641,595	6,815,379
Deferred tax assets	372,397	-
Other	1,691,355	1,900,689
Allowance for doubtful accounts	(7,051)	(6,734)
<b>Total investments and other assets</b>	<b>7,698,297</b>	<b>8,709,334</b>
<b>Total non-current assets</b>	<b>28,286,842</b>	<b>28,677,970</b>
<b>Total assets</b>	<b>82,763,661</b>	<b>85,122,340</b>

(Thousand yen)

	As of March 31,2020	As of September 30,2020
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	8,547,921	8,486,916
Income taxes payable	949,564	1,345,977
Provision for bonuses for directors (and other officers)	32,000	19,000
Provision for product warranties	138,409	102,504
Other	2,847,419	2,846,479
<b>Total current liabilities</b>	<b>12,515,315</b>	<b>12,800,878</b>
<b>Non-current liabilities</b>		
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	1,211,531
Deferred tax liabilities	-	32,061
Other	422,019	446,841
<b>Total non-current liabilities</b>	<b>2,303,391</b>	<b>2,306,737</b>
<b>Total liabilities</b>	<b>14,818,706</b>	<b>15,107,615</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	10,425,325	10,425,325
Capital surplus	9,923,356	9,923,356
Retained earnings	47,334,222	49,161,772
Treasury shares	(918,004)	(1,569,924)
<b>Total shareholders' equity</b>	<b>66,764,898</b>	<b>67,940,529</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	2,886,803	3,703,130
Revaluation reserve for land	(1,624,044)	(1,624,044)
Foreign currency translation adjustment	(311,330)	(241,472)
Remeasurements of defined benefit plans	228,626	236,581
<b>Total accumulated other comprehensive income</b>	<b>1,180,055</b>	<b>2,074,195</b>
<b>Total net assets</b>	<b>67,944,954</b>	<b>70,014,724</b>
<b>Total liabilities and net assets</b>	<b>82,763,661</b>	<b>85,122,340</b>

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

## Quarterly Consolidated Statements of Income (For the six months)

(Thousand yen)

	For the six months ended September 30,2019	For the six months ended September 30,2020
Net sales	30,560,611	27,111,918
Cost of sales	24,108,824	21,281,058
Gross profit	6,451,786	5,830,859
Selling, general and administrative expenses	3,240,762	2,767,612
Operating profit	3,211,023	3,063,246
Non-operating income		
Interest income	5,887	5,751
Dividend income	61,512	63,235
Share of profit of entities accounted for using equity method	175,339	174,519
Foreign exchange gains	-	3,316
Other	45,809	31,856
Total non-operating income	288,549	278,679
Non-operating expenses		
Foreign exchange losses	37,544	-
Other	250	5,804
Total non-operating expenses	37,794	5,804
Ordinary profit	3,461,778	3,336,121
Extraordinary income		
Gain on sales of non-current assets	-	1,586
Gain on sales of investment securities	13,271	-
Insurance claim income	-	767,844
Total extraordinary income	13,271	769,430
Extraordinary losses		
Loss on sales of non-current assets	1,035	-
Loss on retirement of non-current assets	306	1,443
Loss on valuation of investment securities	-	146
Loss on cancellation of insurance policies	3,340	-
Total extraordinary losses	4,682	1,589
Profit before income taxes	3,470,366	4,103,962
Income taxes - current	996,662	1,223,921
Income taxes - deferred	51,586	43,371
Total income taxes	1,048,248	1,267,292
Profit	2,422,117	2,836,669
Profit attributable to owners of parent	2,422,117	2,836,669



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

(Thousand yen)

	For the six months ended September 30,2019	For the six months ended September 30,2020
Profit	2,422,117	2,836,669
Other comprehensive income		
Valuation difference on available-for-sale securities	20,995	816,326
Foreign currency translation adjustment	(165,347)	42,484
Remeasurements of defined benefit plans, net of tax	5,487	7,955
Share of other comprehensive income of entities accounted for using equity method	12,734	27,373
Total other comprehensive income	(126,130)	894,140
Comprehensive income	2,295,987	3,730,809
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,295,987	3,730,809
Comprehensive income attributable to non-controlling interests	-	-

(Additional information)

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

At its 72nd Annual General Meeting of Shareholders held on June 18, 2020, the Company resolved to make final payment of retirement benefits for directors and other officers upon discontinuing its retirement benefit plan for directors and other officers. Accordingly, upon having reversed in full the provision for retirement benefits for directors (and other officers), the amount of ¥36,800 thousand which had been recorded in the said account is now included in “other” under non-current liabilities as long-term accounts payable.