

(For reference purposes only)

Consolidated Financial Results for the 3rd Quarter of the Fiscal Year Ended March 31, 2022 [Japanese Standard]

February 8, 2022

Stock exchange: Tokyo (First Section)

Listed company name: Aida Engineering, Ltd.

Stock code: 6118 (URL <https://www.aida.co.jp/en/>)

Representative: Kimikazu Aida, Chairman & President (CEO)

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Scheduled date of filing quarterly securities report: February 8, 2022

Scheduled beginning date of dividend payment: —

Preparation of supplemental explanatory materials: Yes

Holding of quarterly financial results briefing: None

(Figures are rounded down to the nearest million yen)

1. Consolidated Results for 3rd Quarter of the Fiscal Year Ended March 31, 2022 (April 1, 2021 to December 31, 2021)

(1) Consolidated Financial Results

(Percentages represent change compared to the previous period)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2021	44,102	12.4	1,399	(42.5)	1,525	(37.6)	859	(30.0)
Nine months ended December 31, 2020	39,237	(22.8)	2,435	(43.6)	2,443	(44.1)	1,228	(59.4)

Note: Comprehensive income Nine months ended December 31, 2021 2,105 million yen (-36.5 %)

Nine months ended December 31, 2020 3,315 million yen (-28.2 %)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2021	14.40	14.37
Nine months ended December 31, 2020	20.59	20.56

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2021	113,952	78,242	68.0	1,298.20
As of March 31, 2021	107,787	77,505	71.2	1,285.38

Reference: Shareholders' equity As of December 31, 2021 77,497 million yen

As of March 31, 2021 76,731 million yen

2. Cash Dividends

	Cash dividends per share				
	1Q End	2Q End	3Q End	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2021	—	—	—	20.00	20.00
Year ended March 31, 2022	—	—	—		
Year ended March 31, 2022 (forecast)				25.00	25.00

Note: Revision of dividend forecast for this period: None

3. Forecasts of Consolidated Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Percentages represent change compared to the previous period)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year ended March 31, 2022	63,000	8.4	3,000	(19.4)	3,100	(17.3)	1,900	44.3	31.83

Note: Revision of forecasts of consolidated results: Yes

4. Others

(1) Changes among significant subsidiaries during the period: None

(2) Adoption of special accounting treatment for quarter financial report: Yes

Note: This refers to whether these above were used for preparing quarterly consolidated financial statements.

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

1. Changes in accounting policies due to revisions of accounting standards: Yes

2. Changes in accounting policies other than "1": None

3. Changes in accounting estimates: None

4. Retrospective restatement: None

(4) Number of shares outstanding (Common stock)

1. Total number of issued shares (Including treasury stock)

As of December 31, 2021 69,448,421 shares

As of March 31, 2021 69,448,421 shares

2. Total number of treasury stock

As of December 31, 2021 9,751,990 shares

As of March 31, 2021 9,753,258 shares

3. Average number of shares

Nine months ended December 31, 2021 59,695,129 shares

Nine months ended December 31, 2020 59,640,947 shares

This financial results falls outside the scope of audit procedures.

Statement for proper use of business forecast and other special remarks:

The above forecasts and those presented in appended material are based on the information presently available.

Actual results may differ from these forecasts due to changes in various factors.

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1. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2021	As of December 31, 2021
Assets		
Current assets		
Cash on hand and at banks	31,705	35,653
Notes and accounts receivable - trade	19,032	—
Notes and accounts receivable - trade and contract assets	—	16,115
Electronically recorded monetary claims - operating	2,793	2,109
Finished goods	3,237	4,319
Work in process	10,751	13,374
Raw materials and supplies	3,601	4,129
Other current assets	2,468	3,364
Allowance for doubtful accounts	(933)	(978)
Total current assets	72,656	78,087
Fixed assets		
Property, plant and equipment		
Buildings and structures	25,045	25,566
Accumulated depreciation	(17,653)	(18,149)
Buildings and structures, net	7,392	7,416
Machinery and vehicles	17,400	17,853
Accumulated depreciation	(12,421)	(13,276)
Machinery and vehicles, net	4,978	4,576
Land	7,236	7,236
Construction in progress	1,258	1,435
Other fixed assets	3,697	3,828
Accumulated depreciation	(3,213)	(3,352)
Other fixed assets, net	483	475
Total property, plant and equipment	21,350	21,141
Intangible assets	779	836
Investments and other assets		
Investment securities	9,843	10,744
Insurance reserve fund	1,922	1,896
Net defined benefit assets	868	891
Deferred tax assets	249	221
Other assets	154	166
Allowance for doubtful accounts	(38)	(33)
Total investments and other assets	13,000	13,887
Total fixed assets	35,130	35,864
Total assets	107,787	113,952

(Millions of Yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	5,004	6,207
Electronically recorded monetary obligations - operating	2,500	3,413
Short-term loans payable	1,297	1,044
Accounts payable - other	1,114	1,259
Income taxes payable	1,070	147
Advances received	8,207	—
Contract liabilities	—	12,775
Accrued warranty costs	471	490
Accrued bonuses for employees	1,090	668
Accrued bonuses for directors	36	7
Provision for loss on orders received	113	204
Other current liabilities	2,472	2,179
Total current liabilities	23,378	28,398
Long-term liabilities		
Long-term loans payable	1,500	1,500
Long-term accounts payable - other	904	944
Deferred tax liabilities	2,334	2,603
Accrued stock payments	480	523
Net defined benefit liabilities	1,390	1,431
Asset retirement obligations	10	9
Other long-term liabilities	281	298
Total long-term liabilities	6,902	7,311
Total liabilities	30,281	35,709
Net assets		
Shareholders' equity		
Common stock	7,831	7,831
Additional paid-in capital	12,423	12,423
Retained earnings	55,963	55,474
Treasury stock	(4,838)	(4,838)
Total shareholders' equity	71,379	70,889
Accumulated other comprehensive income		
Net unrealized gains (losses) on other securities	4,869	5,477
Deferred hedge gains (losses)	(139)	(143)
Foreign currency translation adjustments	410	1,113
Retirement benefit plan adjustments	210	159
Total accumulated other comprehensive income	5,351	6,608
Stock options	91	91
Non-controlling interests	683	652
Total net assets	77,505	78,242
Total liabilities and net assets	107,787	113,952

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of Yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Net sales	39,237	44,102
Cost of sales	30,930	36,402
Gross profit	8,306	7,699
Selling, general and administrative expenses	5,871	6,300
Operating income	2,435	1,399
Non-operating income		
Interest income	32	29
Dividend income	149	163
Other non-operating income	81	61
Total non-operating income	263	254
Non-operating expense		
Interest expenses	28	17
Foreign exchange loss	197	73
Other non-operating expenses	30	38
Total non-operating expenses	256	129
Ordinary income	2,443	1,525
Extraordinary gain		
Gain on sales of fixed assets	5	12
Subsidy income related to suspension or decrease of production	245	22
Other extraordinary gain	0	—
Total extraordinary gain	251	34
Extraordinary loss		
Loss on sales of fixed assets	0	—
Loss on disposal of fixed assets	27	55
Loss on suspension or decrease of production	418	106
Loss on valuation of investment securities	51	—
Total extraordinary loss	497	162
Income before income taxes	2,196	1,397
Income taxes	949	548
Net income	1,247	849
Net income (loss) attributable to non-controlling interests	19	(10)
Net income attributable to owners of parent	1,228	859

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Net income	1,247	849
Other comprehensive income		
Net unrealized gains (losses) on other securities	2,061	607
Deferred hedge gains (losses)	(81)	(4)
Foreign currency translation adjustments	132	703
Retirement benefit plan adjustments	(44)	(51)
Total other comprehensive income	2,068	1,255
Comprehensive income	3,315	2,105
Comprehensive income attributable to owners of parent	3,296	2,115
Comprehensive income attributable to non-controlling interests	19	(10)

(4) Notes to Going Concern Assumption

None

(5) Notes Regarding Remarkable Fluctuation in Shareholders' Equity

None

(6) Changes in Accounting Policies

The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) (hereinafter, the "Revenue Recognition Accounting Standard") and other related guidance have been adopted since the beginning of the first quarter of the current fiscal year.

The adoption of the Revenue Recognition Accounting Standard follows the transitional treatment in the proviso to paragraph 84 of the standard. Accordingly, the cumulative effect of retroactively adopting the new accounting policy prior to the beginning of the first quarter has been adjusted and the new accounting policy has been adopted the balance of retained earnings from the beginning of the period.

As a result, for the third quarter of the current fiscal year, net sales and cost of sales increased by 247 million yen and 186 million yen respectively, while operating income, ordinary income, and income before income taxes increased by 60 million yen each. Also, the balance of retained earnings and non-controlling interests at the beginning of the current fiscal year decreased by 85 million yen and 14 million yen, respectively.

(7) Segment Information

Nine months ended December 31, 2020

(Millions of Yen)

	Japan	China	Asia	Americas	Europe	Sub total	Adjustments (*1)	Consolidated statements of income(*2)
Sales								
Sales to third parties	19,758	3,200	3,469	7,019	5,789	39,237	—	39,237
Inter-segment sales	9,326	955	1,501	170	112	12,066	(12,066)	—
Total sales	29,085	4,156	4,971	7,189	5,901	51,304	(12,066)	39,237
Segment profit or loss	2,070	41	387	334	(107)	2,725	(289)	2,435

Note:

1. Adjustments of sales represent elimination of inter-segment transactions.

Adjustments of segment profit or loss refer to inter-segment transaction eliminations.

2. Segment profit or loss is adjusted to operating income of consolidated statements of income.

Nine months ended December 31, 2021

(Millions of Yen)

	Japan	China	Asia	Americas	Europe	Sub total	Adjustments (*1)	Consolidated statements of income(*2)
Sales								
(1) Sales to third parties								
⓪ Press Machines	10,359	5,013	1,453	7,626	6,806	31,260	—	31,260
Ⓛ Service	3,860	1,324	1,014	1,864	1,935	9,999	—	9,999
Ⓜ Others	2,739	46	10	—	46	2,843	—	2,843
Subtotal	16,959	6,384	2,478	9,491	8,788	44,102	—	44,102
(2) Inter-segment sales	9,906	274	2,400	104	253	12,939	(12,939)	—
Total sales	26,866	6,658	4,879	9,596	9,041	57,042	(12,939)	44,102
Segment profit	259	506	392	108	100	1,367	32	1,399

Note:

1. Adjustments of sales represent elimination of inter-segment transactions.

Adjustments of segment profit refer to inter-segment transaction eliminations.

2. Segment profit is adjusted to operating income of consolidated statements of income.

Changes in the reportable segment by the adoption of the Revenue Recognition Accounting Standard

Due to the adoption of the Revenue Recognition Accounting Standard, compared with the previous method, net sales of Japan increased by 70 million yen, net sales of Europe increased by 176 million yen, segment profit of Japan increased by 52 million yen, and segment profit of Europe increased by 7 million yen for the third quarter of the current fiscal year.

2. Supplementary Information

Status of Orders

Nine months ended December 31, 2021

(Millions of Yen)

	Orders		Order backlog	
	Amount	Comparison with the previous period (%)	Amount	Comparison with the end of previous year (%)
Japan	22,653	63.3	19,594	41.0
China	9,700	87.9	9,735	51.7
Asia	4,596	126.5	3,941	116.2
Americas	15,182	76.5	12,601	82.3
Europe	8,564	13.3	9,974	(2.2)
Total	60,697	63.1	55,847	42.3

Note:

1. Inter-segment transactions have been eliminated.
2. Amounts above do not include consumption tax.
3. The effect of the adoption of the Revenue Recognition Accounting Standard was added to the order backlog at the end of the previous fiscal year.