

(For reference purposes only)

Consolidated Financial Results for the 2nd Quarter of the Fiscal Year Ended March 31, 2021 [Japanese Standard]

November 10, 2020

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: November 10, 2020

Scheduled beginning date of dividend payment: —

Preparation of supplemental explanatory materials: Yes

Holding of quarterly financial results briefing: Yes (for analysts and institutional investors)

(Figures are rounded down to the nearest million yen)

1. Consolidated Results for 2nd Quarter of the Fiscal Year Ended March 31, 2021 (April 1, 2020 to September 30, 2020)

(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	%
Six months ended September 30, 2020	25,761	(24.8)	1,543	(49.0)	1,620	(49.4)	763	(66.2)
Six months ended September 30, 2019	34,274	(15.0)	3,027	29.7	3,201	20.8	2,261	30.3

Note: Comprehensive income
Six months ended September 30, 2020 2,370 million yen (205.1 %)
Six months ended September 30, 2019 777 million yen (-62.9 %)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended September 30, 2020	12.81	12.80
Six months ended September 30, 2019	37.23	37.16

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2020	103,152	75,334	72.3	1,249.72
As of March 31, 2020	104,114	74,840	71.1	1,243.15

Reference: Shareholders' equity
As of September 30, 2020 74,585 million yen
As of March 31, 2020 74,031 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, 2020	—	—	—	30.00	30.00
Year ended March 31, 2021	—	—	—	—	—
Year ended March 31, 2021 (forecast)	—	—	—	20.00	20.00

Note: Revision of dividend forecast for this period: None

3. Forecasts of Consolidated Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(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, 2021	59,000	(14.7)	3,300	(46.5)	3,400	(47.1)	2,100	(47.8)	35.22

Note: Revision of forecasts of consolidated results: Yes

4. Others

(1) Changes among significant subsidiaries during the period: Yes

Out: 1 (Company Name: ACCESS, LTD.)

(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: None

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 September 30, 2020 69,448,421 shares

As of March 31, 2020 69,448,421 shares

2. Total number of treasury stock

As of September 30, 2020 9,766,410 shares

As of March 31, 2020 9,896,566 shares

3. Average number of shares

Six months ended September 30, 2020 59,618,821 shares

Six months ended September 30, 2019 60,749,387 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, 2020	As of September 30, 2020
Assets		
Current assets		
Cash on hand and at banks	28,723	31,312
Notes and accounts receivable - trade	20,378	15,598
Electronically recorded monetary claims - operating	2,748	2,136
Finished goods	2,618	2,784
Work in process	10,662	12,064
Raw materials and supplies	3,557	3,705
Other current assets	3,102	1,741
Allowance for doubtful accounts	(223)	(243)
Total current assets	71,568	69,099
Fixed assets		
Property, plant and equipment		
Buildings and structures	25,001	25,088
Accumulated depreciation	(16,957)	(17,290)
Buildings and structures, net	8,044	7,798
Machinery and vehicles	17,095	17,152
Accumulated depreciation	(11,099)	(11,630)
Machinery and vehicles, net	5,996	5,522
Land	7,283	7,291
Construction in progress	377	558
Other fixed assets	3,638	3,621
Accumulated depreciation	(3,077)	(3,128)
Other fixed assets, net	561	493
Total property, plant and equipment	22,263	21,664
Intangible assets	743	746
Investments and other assets		
Investment securities	5,944	8,488
Insurance reserve fund	2,324	1,932
Net defined benefit assets	814	830
Deferred tax assets	331	293
Other assets	156	130
Allowance for doubtful accounts	(32)	(32)
Total investments and other assets	9,539	11,642
Total fixed assets	32,546	34,053
Total assets	104,114	103,152

(Millions of Yen)

	As of March 31, 2020	As of September 30, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	4,733	4,435
Electronically recorded monetary obligations - operating	3,369	2,458
Short-term loans payable	2,991	3,104
Current portion of long-term loans payable	500	500
Accounts payable - other	707	814
Income taxes payable	1,681	535
Advances received	6,134	6,475
Accrued warranty costs	583	522
Accrued bonuses for employees	1,129	1,028
Accrued bonuses for directors	49	20
Provision for loss on orders received	170	132
Other current liabilities	1,773	1,733
Total current liabilities	23,823	21,759
Long-term liabilities		
Long-term loans payable	1,000	1,000
Long-term accounts payable - other	883	914
Deferred tax liabilities	1,445	2,009
Accrued stock payments	463	460
Net defined benefit liabilities	1,387	1,396
Other long-term liabilities	271	278
Total long-term liabilities	5,450	6,058
Total liabilities	29,273	27,818
Net assets		
Shareholders' equity		
Common stock	7,831	7,831
Additional paid-in capital	12,415	12,423
Retained earnings	56,536	55,410
Treasury stock	(4,917)	(4,841)
Total shareholders' equity	71,864	70,823
Accumulated other comprehensive income		
Net unrealized gains on other securities	2,638	4,211
Deferred hedge gains (losses)	47	(18)
Foreign currency translation adjustments	(773)	(655)
Retirement benefit plan adjustments	253	224
Total accumulated other comprehensive income	2,166	3,762
Stock options	139	91
Non-controlling interests	669	656
Total net assets	74,840	75,334
Total liabilities and net assets	104,114	103,152

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of Yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Net sales	34,274	25,761
Cost of sales	26,792	20,284
Gross profit	7,482	5,476
Selling, general and administrative expenses	4,454	3,933
Operating income	3,027	1,543
Non-operating income		
Interest income	54	22
Dividend income	114	111
Foreign exchange gain	11	—
Other non-operating income	69	60
Total non-operating income	249	193
Non-operating expense		
Interest expenses	16	19
Foreign exchange loss	—	79
Restructuring charges	27	—
Other non-operating expenses	31	17
Total non-operating expenses	75	117
Ordinary income	3,201	1,620
Extraordinary gain		
Gain on sales of fixed assets	2	2
Subsidy income related to suspension or decrease of production	—	235
Other extraordinary gain	—	0
Total extraordinary gain	2	238
Extraordinary loss		
Loss on sales of fixed assets	—	0
Loss on disposal of fixed assets	21	1
Loss on labor accident	26	—
Loss on suspension or decrease of production	—	416
Loss on valuation of investment securities	—	51
Total extraordinary loss	47	469
Income before income taxes	3,156	1,389
Income taxes	876	614
Net income	2,280	774
Net income attributable to non-controlling interests	18	10
Net income attributable to owners of parent	2,261	763

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Net income	2,280	774
Other comprehensive income		
Net unrealized gains (losses) on other securities	(300)	1,573
Deferred hedge gains (losses)	48	(65)
Foreign currency translation adjustments	(1,203)	118
Retirement benefit plan adjustments	(47)	(29)
Total other comprehensive income	(1,503)	1,595
Comprehensive income	777	2,370
Comprehensive income attributable to owners of parent	758	2,359
Comprehensive income attributable to non-controlling interests	18	10

(3) Consolidated Statements of Cash Flows

(Millions of Yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from operating activities:		
Income before income taxes	3,156	1,389
Depreciation and amortization	1,064	1,010
Increase (decrease) in allowance for doubtful accounts	(9)	18
Increase (decrease) in accrued warranty costs, net	14	(66)
Increase (decrease) in accrued bonuses for employees, net	6	(100)
Increase (decrease) in accrued bonuses for directors, net	1	(29)
Increase (decrease) in provision for loss on orders received, net	(6)	(40)
(Gain) loss on sales of securities	—	(0)
Increase (decrease) in net defined benefit liabilities	26	6
(Increase) decrease in net defined benefit assets	(83)	(18)
Increase (decrease) in accrued stock payments, net	47	(2)
Interest and dividend income	(169)	(133)
Interest expense	16	19
(Gain) loss on sales of fixed assets	(2)	(2)
Loss on disposal of fixed assets	21	1
Loss (gain) on valuation of investment securities	—	51
(Increase) decrease in accounts receivable - trade	1,567	8,311
(Increase) decrease in inventories	(1,530)	(1,665)
Increase (decrease) in accounts payable - trade	(2,269)	(2,834)
(Increase) decrease in other assets	187	653
Increase (decrease) in other liabilities	(449)	(134)
Other, net	319	(234)
Sub-total	1,910	6,198
Interest and dividend income received	168	133
Interest expenses paid	(16)	(13)
Income taxes paid	(394)	(1,506)
Net cash provided by operating activities	1,668	4,813
Cash flows from investing activities:		
Proceeds from withdrawal of time deposits	502	—
Payments for purchase of property, plant and equipment	(596)	(144)
Proceeds from sales of property, plant and equipment	4	4
Payments for purchase of intangible assets	(35)	(167)
Payments for purchase of investment securities	—	(308)
Proceeds from sales of investment securities	103	0
Other, net	(7)	(0)
Net cash provided by (used in) investing activities	(28)	(615)
Cash flows from financing activities:		
Payments for purchase of treasury stock	(2,000)	(0)
Cash dividends paid	(1,955)	(1,884)
Dividends paid to non-controlling interests	(20)	(23)
Other, net	—	0
Net cash provided by (used in) financing activities	(3,976)	(1,907)
Effect of exchange rate changes on cash and cash equivalents	(827)	299
Net increase (decrease) in cash and cash equivalents	(3,163)	2,589
Cash and cash equivalents at the beginning of the year	30,633	28,710
Cash and cash equivalents at the end of the year	27,470	31,299

(4) Notes to Going Concern Assumption

None

(5) Notes Regarding Remarkable Fluctuation in Shareholders' Equity

None

(6) Segment Information

Six months ended September 30, 2019

(Millions of Yen)

	Japan	China	Asia	Americas	Europe	Sub total	Adjustments (*1)	Consolidated statements of income(*2)
Sales								
Sales to third parties	17,939	2,402	2,676	5,658	5,596	34,274	—	34,274
Inter-segment sales	6,341	433	1,590	138	143	8,648	(8,648)	—
Total sales	24,281	2,835	4,267	5,797	5,740	42,922	(8,648)	34,274
Segment profit or loss	2,291	24	586	317	(52)	3,166	(139)	3,027

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.

Six months ended September 30, 2020

(Millions of Yen)

	Japan	China	Asia	Americas	Europe	Sub total	Adjustments (*1)	Consolidated statements of income(*2)
Sales								
Sales to third parties	12,989	2,206	2,731	4,384	3,448	25,761	—	25,761
Inter-segment sales	5,759	737	1,003	70	47	7,618	(7,618)	—
Total sales	18,749	2,944	3,734	4,455	3,496	33,379	(7,618)	25,761
Segment profit or loss	1,114	57	311	240	(105)	1,618	(74)	1,543

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.

2. Supplementary Information

Status of Orders

Six months ended September 30, 2020

(Millions of Yen)

	Orders		Order backlog	
	Amount	Comparison with the previous period (%)	Amount	Comparison with the end of previous year (%)
Japan	10,257	(28.8)	18,285	(13.0)
China	2,879	3.1	5,932	12.8
Asia	1,590	(52.1)	1,939	(37.0)
Americas	2,283	(43.4)	3,959	(34.7)
Europe	3,491	(31.2)	8,724	0.5
Total	20,502	(30.8)	38,841	(11.9)

Note:

1. Inter-segment transactions have been eliminated.
2. Amounts above do not include consumption tax.