

(For reference purposes only)

Consolidated Financial Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2024 [Japanese Standard]

February 13, 2024
Stock exchange: Tokyo

Listed company name: AIDA ENGINEERING, LTD.
Stock code: 6118 (URL <https://www.aida.co.jp/en/>)
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Scheduled date of filing quarterly securities report: February 13, 2024
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 Ending March 31, 2024 (April 1, 2023 to December 31, 2023)

(1) Consolidated Operating 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, 2023	51,618	7.2	1,801	81.2	1,897	64.6	1,427	84.4
Nine months ended December 31, 2022	48,135	9.1	994	(29.0)	1,152	(24.4)	774	(9.9)

Note: Comprehensive income: Nine months ended December 31, 2023 3,195 million yen (-%)
Nine months ended December 31, 2022 179 million yen (-91.5%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2023	23.91	23.87
Nine months ended December 31, 2022	12.97	12.95

(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, 2023	121,441	79,326	65.2	1,326.35
As of March 31, 2023	116,287	78,043	67.0	1,305.47

Reference: Shareholders' equity As of December 31, 2023 79,234 million yen
As of March 31, 2023 77,951 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, 2023	—	—	—	30.00	30.00
Year ending March 31, 2024	—	—	—		
Year ending March 31, 2024 (forecast)				30.00	30.00

Note: Revision of dividend forecast for this period: None

3. Forecasts of Consolidated Results for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)
(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	72,000	4.7	3,700	140.2	3,800	122.2	2,850	120.0	47.72

Note: Revision of forecasts of consolidated results: None

4. Others

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

(2) Application of special accounting treatment used in preparation of the quarterly consolidated financial statements:
Yes

Note: Please refer to “(Accounting Policies Adopted Specially for the Preparation of Quarterly Consolidated Financial Statements)” in “(3) Notes to Quarterly Consolidated Financial Statements” on page 8 for details.

(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 issued shares (common shares)

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

As of December 31, 2023 69,448,421 shares

As of March 31, 2023 69,448,421 shares

2. Total number of treasury shares at the end of the period

As of December 31, 2023 9,709,630 shares

As of March 31, 2023 9,736,558 shares

3. Average number of shares outstanding during the period

Nine months ended December 31, 2023 59,725,255 shares

Nine months ended December 31, 2022 59,701,107 shares

Quarterly financial results are exempt from audit conducted by certified public accountants or an audit corporation.

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. For the assumptions used as a basis for the business forecast and notes for using the forecast, please refer to “(3) Consolidated financial results forecast and other forward-looking information” on page 3 of the attachments.

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1. Qualitative information on the financial results for the period under review

(1) Operating results

During the nine months ended December 31, 2023, the global economy was generally on a moderate recovery trend with gradually relaxed supply constraints on semiconductors and others, while economic activities were weighed down by tight monetary policy resulting from inflation, and the slowdown in the European and Chinese economies added downward pressures to the overall economy. Downside risks also increased due to geopolitical factors, including the Ukraine crisis, the conflict in the Middle East, in addition to tensions between the United States and China.

In the metalforming machinery industry, the Japan Forming Machinery Association reported that orders for press machines received in the nine months ended December 31, 2023 increased 0.5% year on year to ¥119,078 million, reflecting robust domestic demand.

Under these conditions, orders received by AIDA ENGINEERING, LTD. (the “Company”) and its group companies in the nine months ended December 31, 2023 were ¥60,351 million (down 8.5% year on year), because orders remained solid excluding special factors such as a reaction to rush orders for high-speed press machines before price increase in the corresponding period of the previous year. The order backlog as of December 31, 2023 reached a record high of ¥79,076 million (up 12.4% from the end of the previous fiscal year).

Net sales were ¥51,618 million (up 7.2% year on year), mainly due to increased sales of high-speed press machines related to electric vehicles and the impact of yen depreciation.

In terms of profit, operating income was ¥1,801 million (up 81.2% year on year), ordinary income was ¥1,897 million (up 64.6% year on year), and net income attributable to owners of parent was ¥1,427 million (up 84.4% year on year), mainly due to gain on sale of non-current assets. Contributing to this is the fact that increased sales and the improvement of the product mix raised gross profit margins despite soaring manufacturing costs of raw materials, subcontracting, logistics, and others.

Operating results by segment during the nine months ended December 31, 2023 were as follows.

- Japan: Net sales remained almost the same on a year-on-year basis at ¥29,584 million (up 3.4% year on year). Although the product mix improved, segment income remained at ¥2 million (segment loss of ¥47 million in the same period of the previous year) due to the impact of a decrease in gross profit of customized press machines.
- China: Due to robust sales of press machines, mainly customized press machines and high-speed press machines, net sales were ¥10,147 million (up 32.8% year on year). Segment income was ¥675 million (up 53.6% year on year) due to increased sales.
- Asia: Net sales were ¥7,615 million (down 0.9% year on year) due to a decrease in sales of customized press machines although sales of high-speed press machines and services remained robust. Segment income was ¥774 million (up 40.3% year on year) due to the improvement of the product mix and others.
- Americas: Net sales were ¥11,782 million (down 2.8% year on year) due to a decrease in sales of customized press machines, despite sales increases in high-speed press machines and general-purpose press machines. Thanks to the improvement of the product mix and others, segment income was ¥160 million (up 373.9% year on year).
- Europe: Net sales were ¥11,104 million (up 28.8% year on year) due to an increase in sales of high-speed press machines and services. Segment income was ¥208 million (up 29.5% year on year) due to increased sales.

(2) Financial position

Total assets as of December 31, 2023 increased by ¥5,153 million from the end of the previous fiscal year to ¥121,441 million. This is attributable to a ¥3,131 million decrease in trade receivables, including notes and accounts receivable - trade, and contract assets and electronically recorded monetary claims - operating, a ¥5,797 million increase in inventories, a ¥1,049 million increase in investment securities, a ¥1,601 million increase in other under investments and other assets.

Total liabilities increased by ¥3,870 million from the end of the previous fiscal year to ¥42,115 million. This is attributable to a ¥1,634 million increase in trade payables, including accounts payable - trade and electronically recorded obligations - operating, and a ¥1,465 million increase in contract liabilities.

Net assets increased by ¥1,282 million from the end of the previous fiscal year to ¥79,326 million. This is attributable to a ¥1,335 million increase in foreign currency translation adjustment. As a result, shareholders' equity ratio was 65.2% as of December 31, 2023.

(3) Consolidated financial results forecast and other forward-looking information

The forecasts of consolidated results for the fiscal year ending March 31, 2024, which the Company announced on November 14, 2023, remain unchanged.

2. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	30,510	30,129
Notes and accounts receivable - trade, and contract assets	22,506	18,993
Electronically recorded monetary claims - operating	1,018	1,400
Finished goods	4,387	5,342
Work in process	17,022	21,630
Raw materials and supplies	4,456	4,691
Other	4,457	4,555
Allowance for doubtful accounts	(1,837)	(76)
Total current assets	82,522	86,666
Non-current assets		
Property, plant and equipment		
Buildings and structures	26,737	27,058
Accumulated depreciation	(19,222)	(19,545)
Buildings and structures, net	7,514	7,513
Machinery, equipment and vehicles	20,479	21,365
Accumulated depreciation	(15,092)	(16,154)
Machinery, equipment and vehicles, net	5,387	5,210
Land	7,297	7,329
Construction in progress	234	186
Other	4,245	4,543
Accumulated depreciation	(3,665)	(3,902)
Other, net	580	640
Total property, plant and equipment	21,015	20,881
Intangible assets	1,961	2,059
Investments and other assets		
Investment securities	9,186	10,236
Insurance funds	571	532
Retirement benefit asset	633	658
Deferred tax assets	268	291
Other	161	1,762
Allowance for doubtful accounts	(32)	(1,648)
Total investments and other assets	10,788	11,833
Total non-current assets	33,765	34,774
Total assets	116,287	121,441

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	6,942	7,619
Electronically recorded obligations - operating	2,536	3,493
Short-term borrowings	582	628
Current portion of long-term borrowings	500	500
Accounts payable - other	1,329	1,236
Income taxes payable	345	395
Contract liabilities	15,407	16,873
Provision for product warranties	615	621
Provision for bonuses	961	587
Provision for bonuses for directors (and other officers)	14	11
Provision for loss on orders received	180	103
Other	2,470	3,293
Total current liabilities	31,887	35,364
Non-current liabilities		
Long-term borrowings	1,000	1,000
Long-term accounts payable - other	1,005	1,107
Deferred tax liabilities	1,870	1,999
Provision for share awards	649	727
Retirement benefit liability	1,451	1,391
Asset retirement obligations	9	9
Other	369	514
Total non-current liabilities	6,356	6,750
Total liabilities	38,244	42,115
Net assets		
Shareholders' equity		
Share capital	7,831	7,831
Capital surplus	13,007	13,007
Retained earnings	55,205	54,712
Treasury shares	(5,247)	(5,238)
Total shareholders' equity	70,796	70,312
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,994	4,730
Deferred gains or losses on hedges	(173)	(457)
Foreign currency translation adjustment	3,463	4,798
Remeasurements of defined benefit plans	(130)	(149)
Total accumulated other comprehensive income	7,155	8,922
Share acquisition rights	91	91
Total net assets	78,043	79,326
Total liabilities and net assets	116,287	121,441

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income
Nine months ended December 31

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	48,135	51,618
Cost of sales	40,238	42,422
Gross profit	7,897	9,195
Selling, general and administrative expenses	6,902	7,394
Operating income	994	1,801
Non-operating income		
Interest income	52	110
Dividend income	230	190
Other	60	44
Total non-operating income	344	345
Non-operating expenses		
Interest expenses	13	28
Foreign exchange losses	92	184
Commission expenses	58	4
Other	21	32
Total non-operating expenses	185	249
Ordinary income	1,152	1,897
Extraordinary income		
Gain on sale of non-current assets	3	291
Subsidy income related to suspension or decrease of production	8	—
Gain on sale of investment securities	146	—
Total extraordinary income	158	291
Extraordinary losses		
Loss on sale of non-current assets	1	—
Loss on retirement of non-current assets	8	7
Loss on suspension or decrease of production	6	—
Total extraordinary losses	16	7
Income before income taxes	1,294	2,181
Income taxes	520	753
Net income	774	1,427
Net income attributable to owners of parent	774	1,427

Consolidated Statements of Comprehensive Income

Nine months ended December 31

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net income	774	1,427
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,495)	735
Deferred gains or losses on hedges	60	(284)
Foreign currency translation adjustment	889	1,335
Remeasurements of defined benefit plans, net of tax	(48)	(18)
Total other comprehensive income	(594)	1,767
Comprehensive income	179	3,195
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	179	3,195

(3) Notes to Quarterly Consolidated Financial Statements
(Notes to Going Concern Assumption)

None

(Notes Regarding Remarkable Fluctuation in Shareholders' Equity)

None

(Accounting Policies Adopted Specially for the Preparation of Quarterly Consolidated Financial Statements)
(Calculation of tax expenses)

The effective tax rate after the application of tax effect accounting to income before income taxes for the current fiscal year is reasonably estimated. Tax expenses are calculated by multiplying income before income taxes for the quarter by the estimated effective tax rate.

In addition, "income taxes – current" and "income taxes – deferred" are collectively presented as "income taxes."

(Segment Information)

Information regarding amounts of sales, income or loss, assets, other items, and disaggregation of revenue by reportable segment

I. Nine months ended December 31, 2022

(Millions of yen)

	Japan	China	Asia	Americas	Europe	Subtotal	Adjustments (*1)	Consolidated statements of income (*2)
Sales								
(1) Sales to third parties								
a. Press Machines	10,236	6,143	2,912	9,270	6,263	34,824	—	34,824
b. Service	3,717	1,086	1,378	2,536	2,004	10,722	—	10,722
c. Others	2,522	16	21	1	25	2,587	—	2,587
Subtotal	16,476	7,245	4,312	11,807	8,293	48,135	—	48,135
(2) Inter-segment sales	12,131	395	3,374	317	326	16,544	(16,544)	—
Total sales	28,607	7,640	7,686	12,124	8,619	64,679	(16,544)	48,135
Segment income (loss)	(47)	439	551	33	161	1,138	(144)	994

Notes:

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

Adjustments of segment income (loss) refer to the adjustment as a result of inter-segment transaction eliminations.

2. Segment income (loss) is adjusted to operating income of consolidated statements of income.

II. Nine months ended December 31, 2023

(Millions of yen)

	Japan	China	Asia	Americas	Europe	Subtotal	Adjustments (*1)	Consolidated statements of income (*2)
Sales								
(1) Sales to third parties								
a. Press Machines	9,505	8,979	3,288	8,963	7,723	38,460	—	38,460
b. Service	3,734	869	1,648	2,303	2,247	10,804	—	10,804
c. Others	2,289	18	21	—	24	2,354	—	2,354
Subtotal	15,528	9,867	4,959	11,267	9,995	51,618	—	51,618
(2) Inter-segment sales	14,056	280	2,656	515	1,108	18,616	(18,616)	—
Total sales	29,584	10,147	7,615	11,782	11,104	70,235	(18,616)	51,618
Segment income	2	675	774	160	208	1,821	(19)	1,801

Notes:

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

Adjustments of segment income refer to the adjustment as a result of inter-segment transaction eliminations.

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

3. Supplementary Information

Status of Orders

Nine months ended December 31, 2023

(Millions of yen)

	Orders		Order backlog	
	Amount	Comparison with the previous period (%)	Amount	Comparison with the end of previous year (%)
Japan	21,961	(4.0)	30,151	27.1
China	6,660	(53.8)	14,306	(18.3)
Asia	5,104	5.0	5,451	2.7
Americas	13,204	12.4	12,625	18.1
Europe	13,419	11.7	16,541	26.1
Total	60,351	(8.5)	79,076	12.4

Notes:

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