

(For reference purposes only)

Consolidated Financial Results for the 1st Quarter of the Fiscal Year Ending March 31, 2024 [Japanese Standard]

August 8, 2023
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: August 8, 2023
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 1st Quarter of the Fiscal Year Ending March 31, 2024 (April 1, 2023 to June 30, 2023)

(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	%
Three months ended June 30, 2023	16,867	23.4	671	—	748	—	473	—
Three months ended June 30, 2022	13,665	4.5	(121)	—	(117)	—	(175)	—

Note: Comprehensive income: Three months ended June 30, 2023 2,522 million yen (—%)
Three months ended June 30, 2022 (27) million yen (—%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended June 30, 2023	7.93	7.92
Three months ended June 30, 2022	(2.94)	—

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2023	118,397	78,648	66.4	1,315.31
As of March 31, 2023	116,287	78,043	67.0	1,305.47

Reference: Shareholders' equity As of June 30, 2023 78,557 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
Year ended March 31, 2023	Yen —	Yen —	Yen —	Yen 30.00	Yen 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 corresponding 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
Six months ending September 30, 2023	36,000	11.9	2,350	228.0	2,450	210.4	1,800	263.1	30.14
Full year	72,000	4.7	4,700	205.2	4,900	186.5	3,600	177.9	60.29

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 June 30, 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 June 30, 2023 9,723,311 shares
 - As of March 31, 2023 9,736,558 shares
3. Average number of shares outstanding during the period
 - Three months ended June 30, 2023 59,716,806 shares
 - Three months ended June 30, 2022 59,699,645 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 three months ended June 30, 2023, the global economy was generally in a recovery phase with normal conditions restored after COVID-19 and gradually relaxed supply constraints on semiconductors and others, but downside risks still exist as economic activities are weighed down with the prolonged Russia and Ukraine conflict and tight monetary policy accompanied by high inflation, and there are and will be concerns about geopolitical risks, such as 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 three months ended June 30, 2023 decreased 9.2% year on year to ¥42,392 million, resulting from reduced overseas projects.

Under these conditions, orders received by AIDA ENGINEERING, LTD. (the “Company”) and its group companies (collectively, the “Group”) in the three months ended June 30, 2023 were ¥22,679 million (down 28.6% year on year), due to a reaction to rush orders before price increase in the corresponding period of the previous year even while demand for high-speed press machines for electric vehicles has remained firm. The order backlog as of June 30, 2023 reached a record high of ¥76,155 million (up 8.3% from the end of the previous fiscal year).

Net sales were ¥16,867 million (up 23.4% 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 ¥671 million (operating loss of ¥121 million in the same period of the previous year), ordinary income was ¥748 million (ordinary loss of ¥117 million in the same period of the previous year), and net income attributable to owners of parent was ¥473 million (net loss attributable to owners of parent of ¥175 million in the same period of the previous year). 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 three months ended June 30, 2023 were as follows.

- Japan: Net sales were ¥8,546 million (down 4.2% year on year) due to a decrease in sales of large-sized (customized) press machines, and segment loss was ¥118 million (segment loss of ¥97 million in the same period of the previous year) mainly due to a sales shortfall and soaring manufacturing costs.
- China: Net sales were ¥3,544 million (up 100.0% year on year) due to increases in sales of press machines and services in a reaction to the downturn caused by lockdowns in the previous fiscal year. Segment income was ¥196 million (up 600.4% year on year) due to increased sales.
- Asia: Net sales were ¥2,893 million (up 31.3% year on year) mainly due to increased sales of general-purpose press machines for Asia and US group company. Segment income was ¥338 million (up 252.6% year on year) mainly due to increased sales and improved gross profit margins.
- Americas: Net sales were ¥3,235 million (down 11.4% year on year) due to a decrease in sales of large-sized (customized) press machines. Although the improvement of the product mix raised gross profit margins, segment loss was ¥16 million (segment loss of ¥98 million in the same period of the previous year) due to an overall sales shortfall.
- Europe: Net sales were ¥4,482 million (up 120.6% year on year) due to an increase in sales of press machines thanks to growing demand related to electric vehicles and others. Although rises in manufacturing costs led to decreased gross profit margins, segment income was ¥79 million (segment loss of ¥1 million in the same period of the previous year) due to increased sales.

(2) Financial position

Total assets as of June 30, 2023 increased by ¥2,109 million from the end of the previous fiscal year to ¥118,397 million. This is attributable to a ¥2,974 million decrease in trade receivables, including notes and accounts receivable - trade, and contract assets and electronically recorded monetary claims - operating, a ¥1,675 million increase in inventories, a ¥1,641 million increase in investment securities, and a ¥1,613 million increase in other under investments and other assets.

Total liabilities increased by ¥1,504 million from the end of the previous fiscal year to ¥39,749 million. This is attributable to a ¥1,225 million increase in other under current liabilities.

Net assets increased by ¥605 million from the end of the previous fiscal year to ¥78,648 million. This is attributable to a ¥1,448 million decrease in retained earnings due to cash dividends, a ¥1,147 million increase in valuation difference on available-for-sale securities, and a ¥1,302 million increase in foreign currency translation adjustment. Shareholders' equity ratio was 66.4% as of June 30, 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 May 15, 2023, remain unchanged.

2. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	30,510	30,522
Notes and accounts receivable - trade, and contract assets	22,506	18,621
Electronically recorded monetary claims - operating	1,018	1,928
Finished goods	4,387	4,785
Work in process	17,022	18,005
Raw materials and supplies	4,456	4,752
Other	4,457	4,151
Allowance for doubtful accounts	(1,837)	(220)
Total current assets	82,522	82,547
Non-current assets		
Property, plant and equipment		
Buildings and structures	26,737	27,327
Accumulated depreciation	(19,222)	(19,591)
Buildings and structures, net	7,514	7,736
Machinery, equipment and vehicles	20,479	21,201
Accumulated depreciation	(15,092)	(15,723)
Machinery, equipment and vehicles, net	5,387	5,477
Land	7,297	7,332
Construction in progress	234	209
Other	4,245	4,469
Accumulated depreciation	(3,665)	(3,836)
Other, net	580	632
Total property, plant and equipment	21,015	21,389
Intangible assets	1,961	2,006
Investments and other assets		
Investment securities	9,186	10,828
Insurance funds	571	569
Retirement benefit asset	633	640
Deferred tax assets	268	291
Other	161	1,774
Allowance for doubtful accounts	(32)	(1,649)
Total investments and other assets	10,788	12,455
Total non-current assets	33,765	35,850
Total assets	116,287	118,397

(Millions of Yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	6,942	6,832
Electronically recorded obligations - operating	2,536	2,369
Short-term borrowings	582	630
Current portion of long-term borrowings	500	500
Accounts payable - other	1,329	893
Income taxes payable	345	292
Contract liabilities	15,407	16,090
Provision for product warranties	615	627
Provision for bonuses	961	560
Provision for bonuses for directors (and other officers)	14	17
Provision for loss on orders received	180	180
Other	2,470	3,696
Total current liabilities	31,887	32,691
Non-current liabilities		
Long-term borrowings	1,000	1,000
Long-term accounts payable - other	1,005	1,130
Deferred tax liabilities	1,870	2,175
Provision for share awards	649	664
Retirement benefit liability	1,451	1,423
Asset retirement obligations	9	9
Other	369	654
Total non-current liabilities	6,356	7,058
Total liabilities	38,244	39,749
Net assets		
Shareholders' equity		
Share capital	7,831	7,831
Capital surplus	13,007	13,007
Retained earnings	55,205	53,757
Treasury shares	(5,247)	(5,242)
Total shareholders' equity	70,796	69,352
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,994	5,142
Deferred gains or losses on hedges	(173)	(567)
Foreign currency translation adjustment	3,463	4,766
Remeasurements of defined benefit plans	(130)	(136)
Total accumulated other comprehensive income	7,155	9,204
Share acquisition rights	91	91
Total net assets	78,043	78,648
Total liabilities and net assets	116,287	118,397

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

(Millions of Yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	13,665	16,867
Cost of sales	11,491	13,743
Gross profit	2,174	3,124
Selling, general and administrative expenses	2,295	2,453
Operating income (loss)	(121)	671
Non-operating income		
Interest income	21	31
Dividend income	127	78
Other	24	16
Total non-operating income	173	126
Non-operating expenses		
Interest expenses	4	8
Foreign exchange losses	159	31
Other	5	8
Total non-operating expenses	169	49
Ordinary income (loss)	(117)	748
Extraordinary income		
Gain on sale of non-current assets	0	8
Subsidy income related to suspension or decrease of production	7	–
Total extraordinary income	8	8
Extraordinary losses		
Loss on sale of non-current assets	1	–
Loss on retirement of non-current assets	4	1
Loss on suspension or decrease of production	6	–
Total extraordinary losses	11	1
Income (loss) before income taxes	(120)	755
Income taxes	54	282
Net income (loss)	(175)	473
Net income (loss) attributable to owners of parent	(175)	473

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net income (loss)	(175)	473
Other comprehensive income		
Valuation difference on available-for-sale securities	(925)	1,147
Deferred gains or losses on hedges	(401)	(394)
Foreign currency translation adjustment	1,491	1,302
Remeasurements of defined benefit plans, net of tax	(16)	(6)
Total other comprehensive income	148	2,048
Comprehensive income	(27)	2,522
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(27)	2,522

(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. Three months ended June 30, 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	3,198	1,539	944	2,952	1,364	9,998	—	9,998
b. Service	1,276	163	438	502	494	2,876	—	2,876
c. Others	768	10	4	0	6	790	—	790
Subtotal	5,243	1,712	1,387	3,456	1,865	13,665	—	13,665
(2) Inter-segment sales	3,674	59	815	197	167	4,914	(4,914)	—
Total sales	8,917	1,772	2,203	3,653	2,032	18,580	(4,914)	13,665
Segment income (loss)	(97)	28	95	(98)	(1)	(73)	(48)	(121)

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 loss of consolidated statements of income.

II. Three months ended June 30, 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	2,575	3,174	1,491	2,638	3,124	13,004	—	13,004
b. Service	1,132	295	519	523	641	3,112	—	3,112
c. Others	735	2	4	—	7	750	—	750
Subtotal	4,442	3,472	2,016	3,162	3,773	16,867	—	16,867
(2) Inter-segment sales	4,103	71	877	73	709	5,836	(5,836)	—
Total sales	8,546	3,544	2,893	3,235	4,482	22,703	(5,836)	16,867
Segment income (loss)	(118)	196	338	(16)	79	479	191	671

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.

(Significant Subsequent Events)

None

3. Supplementary Information

Status of Orders

Three months ended June 30, 2023

(Millions of Yen)

	Orders		Order backlog	
	Amount	Comparison with the previous period (%)	Amount	Comparison with the end of previous year (%)
Japan	8,716	6.8	27,992	18.0
China	3,212	(67.5)	17,252	(1.5)
Asia	1,427	(36.3)	4,717	(11.1)
Americas	3,421	(37.3)	10,948	2.4
Europe	5,901	(2.0)	15,245	16.2
Total	22,679	(28.6)	76,155	8.3

Notes:

1. Inter-segment transactions have been eliminated.

2. Amounts above do not include consumption tax.