

Consolidated Financial Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2023 [Japanese Standard]

November 9, 2022
Stock exchange: Tokyo

Listed company name: AIDA ENGINEERING, LTD.
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 Scheduled date of filing quarterly securities report: November 9, 2022
 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 Ending March 31, 2023 (April 1, 2022 to September 30, 2022)

(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, 2022	32,164	19.5	716	(10.3)	789	(18.0)	495	(10.3)
Six months ended September 30, 2021	26,910	4.5	798	(48.3)	962	(40.6)	552	(27.6)

Note: Comprehensive income: Six months ended September 30, 2022 574 million yen (-68.3%)
 Six months ended September 30, 2021 1,811 million yen (-23.6%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended September 30, 2022	8.30	8.29
Six months ended September 30, 2021	9.26	9.25

(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, 2022	114,341	77,137	67.4	1,290.53
As of March 31, 2022	113,933	78,664	68.4	1,304.89

Reference: Shareholders' equity As of September 30, 2022 77,046 million yen
 As of March 31, 2022 77,901 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, 2022	—	—	—	25.00	25.00
Year ending March 31, 2023	—	—	—	—	—
Year ending March 31, 2023 (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, 2023 (April 1, 2022 to March 31, 2023)
(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	15.3	3,400	35.7	3,500	43.9	2,300	156.6	38.53

Note: Revision of forecasts of consolidated results: Yes

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: 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 issued shares (common shares)

1. Total number of issued shares at the end of the period (including treasury shares)
 - As of September 30, 2022 69,448,421 shares
 - As of March 31, 2022 69,448,421 shares
2. Total number of treasury shares at the end of the period
 - As of September 30, 2022 9,747,524 shares
 - As of March 31, 2022 9,748,838 shares
3. Average number of shares outstanding during the period
 - Six months ended September 30, 2022 59,700,182 shares
 - Six months ended September 30, 2021 59,694,906 shares

Financial results reports 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 4 of the attachments.

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

(1) Operating results

During the six months ended September 30, 2022, the global economy headed towards normalization from COVID-19, but the overall economy was in a slowdown phase due to the impacts of soaring global prices, shortages of semiconductors and electronic components, the issues between Russia and Ukraine and other factors. Going forward, in addition to the prolongation of these problems, the outlook remains uncertain due to energy shortages and concerns about geopolitical risks such as the conflicts 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 six months ended September 30, 2022 increased 12.0% year on year to ¥79,570 million, reflecting robust domestic demand.

Under these conditions, orders received by AIDA ENGINEERING, LTD. (the “Company”) and its group companies (collectively, the “Group”) in the six months ended September 30, 2022 reached ¥47,302 million (up 11.5% year on year), a record high for the first half of any fiscal year, supported by increased demand related to electric vehicles, and the order backlog as of September 30, 2022 reached ¥70,282 million (up 27.5% from the end of the previous fiscal year).

Net sales were ¥32,164 million (up 19.5% year on year), mainly due to an increase in sales of medium- and large-sized press machines based on percentage-of-completion projects and impacts of exchange rates. However, sales were lower than initially expected due to sales delays caused by the impacts of the shortage of electronic components, etc.

In terms of profit, operating income was ¥716 million (down 10.3% year on year), ordinary income was ¥789 million (an 18.0% decrease from the same period of the previous year), and net income attributable to owners of parent was ¥495 million (down 10.3% year on year) due to factors such as the sales shortfall stated above, soaring costs of raw materials, subcontracting, and logistics, lower gross profit margins caused by sales delays in high value-added press projects and service work, etc., and increased SG&A expenses.

Operating results by segment during the six months ended September 30, 2022 were as follows.

- Japan: Net sales were ¥18,736 million (up 15.5% year on year) due to an increase in sales of press machines, but segment loss was ¥288 million (segment profit of ¥85 million in the same period of the previous year) due to the lower gross profit margins resulting from soaring costs, etc.
- China: Increased sales of press machines related to electric vehicles resulted in net sales of ¥5,331 million (up 30.2% year on year). However, segment profit was ¥253 million (down 33.3% year on year) due to a decrease in sales of services and an increase in SG&A expenses.
- Asia: Net sales were ¥5,433 million (up 128.0% year on year) due to a recovery in sales of press machines and services from the previous fiscal year, a year when sales fell due to lockdowns, etc. Segment profit was ¥339 million (up 119.3% year on year) due to increased sales.
- Americas: Net sales increased to ¥8,197 million (up 39.2% year on year) due to an increase in sales of press machines. However, segment profit was ¥49 million (down 21.0% year on year) due to lower gross profit margins resulting from soaring costs.
- Europe: Net sales were ¥4,991 million (down 18.1% year on year) due to decreases in sales of both press machines and services caused by sales delays, due to the shortage of electronic components, etc. However, segment profit was ¥87 million (up 15.3% year on year) due to an improvement in gross profit margins.

(2) Financial position

1) Analysis of financial position

Total assets as of September 30, 2022 increased by ¥407 million from the end of the previous fiscal year to ¥114,341 million. This is attributable to a ¥4,579 million decrease in cash and deposits, a ¥2,399 million increase in trade receivables, including notes and accounts receivable - trade, and contract assets and electronically recorded monetary claims - operating, a ¥3,454 million increase in inventories, a ¥1,012 million increase in other current assets (mainly advance payments - trade) and a ¥2,379 million decrease in investment securities.

Total liabilities increased by ¥1,934 million from the end of the previous fiscal year to ¥37,204 million. This is attributable to a ¥615 million decrease in trade payables, including accounts payable - trade and electronically recorded obligations - operating, a ¥903 million decrease in accounts payable - other, and a ¥3,194 million increase in contract liabilities.

Net assets decreased by ¥1,526 million from the end of the previous fiscal year to ¥77,137 million. This is attributable to a ¥1,105 million decrease in retained earnings due to cash dividends, a ¥1,568 million decrease in valuation difference on available-for-sale securities and a ¥2,125 million increase in foreign currency translation adjustment. As a result, shareholders' equity ratio was 67.4% as of September 30, 2022.

2) Analysis of cash flows

Cash and cash equivalents (the "funds") as of September 30, 2022 decreased by ¥4,805 million from the end of the previous fiscal year to ¥30,224 million.

Cash flows from activities during the six months ended September 30, 2022 and their primary factors are as follows:

(i) Cash flows from operating activities

Net cash used in operating activities was ¥1,925 million (a cash inflow of ¥4,448 million in the same period of the previous fiscal year). Factors for cash inflows include income before income taxes of ¥885 million, a decrease in trade receivables of ¥1,049 million, and factors for cash outflows include an increase in inventories of ¥2,252 million and a decrease in trade payables of ¥1,762 million.

(ii) Cash flows from investing activities

Net cash used in investing activities was ¥2,036 million (a cash outflow of ¥1,144 million in the same period of the previous year). Factors for cash outflows include purchase of property, plant and equipment and intangible assets of ¥1,595 million and purchase of shares of subsidiaries of ¥500 million.

(iii) Cash flows from financing activities

Net cash used in financing activities was ¥2,157 million (a cash outflow of ¥873 million in the same period of the previous year). Factors for cash outflows include dividends paid of ¥1,598 million and repayment of short-term borrowings of ¥554 million.

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

There were differences between the forecasts of consolidated results for the six months ended September 30, 2022 (April 1, 2022 to September 30, 2022) announced on May 16, 2022 and the actual results announced today as follows, and the Company revised its forecasts of consolidated results for the fiscal year ending March 31, 2023 (April 1, 2022 to March 31, 2023).

1. Differences between the forecasts and actual consolidated results for the six months ended September 30, 2022
Differences between the forecasts and actual consolidated results for the six months ended September 30, 2022 (April 1, 2022 to September 30, 2022)

	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
Previous forecasts (A)	36,000	2,700	2,800	2,000	33.50
Actual results announced today (B)	32,164	716	789	495	8.30
Difference (B) - (A)	(3,835)	(1,983)	(2,010)	(1,504)	—
Change (%)	(10.7)	(73.5)	(71.8)	(75.2)	—
(Reference) Actual results for the six months ended September 30, 2021	26,910	798	962	552	9.26

2. Revision of the forecasts of consolidated results for the fiscal year

Revision of the forecasts of consolidated results for the fiscal year ending March 31, 2023 (April 1, 2022 to March 31, 2023)

	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
Previous forecasts (A)	72,000	5,500	5,700	4,000	67.00
Revised forecast announced today (B)	72,000	3,400	3,500	2,300	38.53
Difference (B) - (A)	—	(2,100)	(2,200)	(1,700)	—
Change (%)	—	(38.2)	(38.6)	(42.5)	—
(Reference) Actual results for the fiscal year ended March 31, 2022	62,466	2,505	2,432	896	15.02

3. Reasons for differences between forecasts and actual results and reasons for revision of the forecasts of consolidated results

Actual net sales for the six months ended September 30, 2022 were lower than the initial forecast due to decreases in sales of press machines and services caused by sales delays to the second half of the fiscal year due to the shortage of electronic components, etc. In addition, actual profit was lower than the initial forecast due to the impacts of soaring manufacturing costs such as raw materials and subcontracting, etc., and lower gross profit margins caused by sales delays in high value-added press projects, etc.

For the full fiscal year ending March 31, 2023, the initial forecast for net sales remains unchanged as they are anticipated to increase due to the yen's depreciation, although the shortage of electronic components will not improve and sales will continue to be delayed in the second half of the fiscal year onwards. The Company, however, lowered the initial forecasts for profits, because sales of high-value-added press projects, which had been expected

in the second half of the fiscal year, were delayed to the next fiscal year, and because increases in the costs of raw materials, etc., and energy costs will exceed expectations, although gross profit margins will recover in the second half of the fiscal year due to an increase in sales of high-value-added press projects and services.

- * The above forecasts are based on the information presently available. Actual results may differ from these forecasts due to changes in various factors.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	35,031	30,452
Notes and accounts receivable - trade, and contract assets	17,690	20,247
Electronically recorded monetary claims - operating	1,087	930
Finished goods	4,135	3,503
Work in process	13,019	16,309
Raw materials and supplies	4,420	5,217
Other	3,358	4,371
Allowance for doubtful accounts	(1,040)	(1,037)
Total current assets	77,703	79,994
Non-current assets		
Property, plant and equipment		
Buildings and structures	25,709	26,722
Accumulated depreciation	(18,481)	(19,054)
Buildings and structures, net	7,227	7,668
Machinery, equipment and vehicles	18,849	20,440
Accumulated depreciation	(13,822)	(14,973)
Machinery, equipment and vehicles, net	5,027	5,467
Land	7,263	7,295
Construction in progress	1,437	865
Other	3,925	4,140
Accumulated depreciation	(3,418)	(3,608)
Other, net	506	532
Total property, plant and equipment	21,462	21,828
Intangible assets	1,179	1,343
Investments and other assets		
Investment securities	10,469	8,090
Insurance funds	1,891	1,822
Retirement benefit asset	820	837
Deferred tax assets	285	306
Other	153	151
Allowance for doubtful accounts	(32)	(32)
Total investments and other assets	13,588	11,175
Total non-current assets	36,230	34,347
Total assets	113,933	114,341

(Millions of Yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	6,137	5,860
Electronically recorded obligations - operating	2,888	2,550
Short-term borrowings	1,094	569
Accounts payable - other	1,612	709
Income taxes payable	175	324
Contract liabilities	12,091	15,285
Provision for product warranties	497	562
Provision for bonuses	1,020	1,053
Provision for bonuses for directors (and other officers)	22	16
Provision for loss on orders received	211	167
Other	2,398	3,244
Total current liabilities	28,150	30,344
Non-current liabilities		
Long-term borrowings	1,500	1,500
Long-term accounts payable - other	924	1,020
Provision for share awards	510	604
Retirement benefit liability	1,456	1,462
Asset retirement obligations	9	9
Deferred tax liabilities	2,336	1,785
Other	380	477
Total non-current liabilities	7,119	6,859
Total liabilities	35,269	37,204
Net assets		
Shareholders' equity		
Share capital	7,831	7,831
Capital surplus	12,836	13,007
Retained earnings	55,511	54,405
Treasury shares	(5,250)	(5,250)
Total shareholders' equity	70,927	69,994
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,815	3,247
Deferred gains or losses on hedges	(295)	(741)
Foreign currency translation adjustment	2,365	4,490
Remeasurements of defined benefit plans	87	55
Total accumulated other comprehensive income	6,973	7,052
Share acquisition rights	91	91
Non-controlling interests	671	—
Total net assets	78,664	77,137
Total liabilities and net assets	113,933	114,341

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

(Millions of Yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	26,910	32,164
Cost of sales	21,934	26,862
Gross profit	4,975	5,302
Selling, general and administrative expenses	4,177	4,585
Operating income	798	716
Non-operating income		
Interest income	19	35
Dividend income	115	169
Foreign exchange gains	11	–
Other	46	47
Total non-operating income	193	252
Non-operating expenses		
Interest expenses	11	9
Foreign exchange losses	–	97
Commission expenses	–	57
Other	18	16
Total non-operating expenses	29	180
Ordinary income	962	789
Extraordinary income		
Gain on sale of non-current assets	5	1
Subsidy income related to suspension or decrease of production	12	8
Gain on sale of investment securities	–	100
Total extraordinary income	17	109
Extraordinary losses		
Loss on sale of non-current assets	–	1
Loss on retirement of non-current assets	11	4
Loss on suspension or decrease of production	105	6
Total extraordinary losses	117	12
Income before income taxes	863	885
Income taxes	325	390
Net income	538	495
Loss attributable to non-controlling interests	(14)	–
Net income attributable to owners of parent	552	495

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net income	538	495
Other comprehensive income		
Valuation difference on available-for-sale securities	1,134	(1,568)
Deferred gains or losses on hedges	35	(445)
Foreign currency translation adjustment	137	2,125
Remeasurements of defined benefit plans, net of tax	(33)	(32)
Total other comprehensive income	1,273	78
Comprehensive income	1,811	574
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,826	574
Comprehensive income attributable to non-controlling interests	(14)	—

(3) Consolidated Statements of Cash Flows

(Millions of Yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Income before income taxes	863	885
Depreciation	967	893
Increase (decrease) in allowance for doubtful accounts	(2)	(58)
Increase (decrease) in provision for product warranties	0	32
Increase (decrease) in provision for bonuses	32	20
Increase (decrease) in provision for bonuses for directors (and other officers)	(11)	(6)
Increase (decrease) in provision for loss on orders received	36	(60)
Loss (gain) on sale of investment securities	–	(100)
Increase (decrease) in retirement benefit liability	24	(2)
Decrease (increase) in retirement benefit asset	(66)	(63)
Increase (decrease) in provision for share awards	50	93
Interest and dividend income	(135)	(204)
Interest expenses	11	9
Loss (gain) on sale of property, plant and equipment	(5)	0
Loss on retirement of non-current assets	11	4
Decrease (increase) in trade receivables	8,042	1,049
Decrease (increase) in inventories	(3,506)	(2,252)
Increase (decrease) in trade payables	(286)	(1,762)
Decrease (increase) in other assets	(202)	(313)
Increase (decrease) in other liabilities	(629)	779
Other, net	122	(1,033)
Subtotal	5,316	(2,090)
Interest and dividends received	135	202
Interest paid	(11)	(10)
Income taxes refund (paid)	(991)	(27)
Net cash provided by (used in) operating activities	4,448	(1,925)
Cash flows from investing activities		
Payments into time deposits	(44)	(529)
Proceeds from withdrawal of time deposits	14	322
Purchase of property, plant and equipment	(787)	(1,196)
Proceeds from sale of property, plant and equipment	6	14
Purchase of intangible assets	(325)	(399)
Purchase of investment securities	(9)	–
Proceeds from sale of investment securities	–	251
Purchase of shares of subsidiaries	–	(500)
Other, net	1	(0)
Net cash provided by (used in) investing activities	(1,144)	(2,036)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	392	(554)
Purchase of treasury shares	(0)	(0)
Dividends paid	(1,257)	(1,598)
Dividends paid to non-controlling interests	(5)	(2)
Other, net	(1)	(1)
Net cash provided by (used in) financing activities	(873)	(2,157)
Effect of exchange rate change on cash and cash equivalents	85	1,314
Net increase (decrease) in cash and cash equivalents	2,516	(4,805)
Cash and cash equivalents at beginning of period	31,700	35,030
Cash and cash equivalents at end of period	34,216	30,224

(4) Notes to Going Concern Assumption

None

(5) Notes Regarding Remarkable Fluctuation in Shareholders' Equity

None

(6) 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.”

(7) Changes in Accounting Policies

The Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021; the “Implementation Guidance on Fair Value Measurement Standard”) has been applied since the beginning of the first quarter of the current fiscal year. In line with the transitional treatment stipulated in Paragraph 27-2 of the Implementation Guidance on Fair Value Measurement Standard, the Company will apply the new accounting policy specified in the Implementation Guidance on Fair Value Measurement Standard prospectively. This has no effect on the quarterly consolidated financial statements.

(8) Segment Information

Information regarding amounts of sales, profit, assets, other items, and disaggregation of revenue by reportable segment
Six months ended September 30, 2021 (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	5,445	3,087	626	4,398	4,538	18,096	–	18,096
b. Service	2,789	802	524	1,438	1,314	6,869	–	6,869
c. Others	1,885	16	4	–	38	1,944	–	1,944
Subtotal	10,120	3,906	1,155	5,836	5,890	26,910	–	26,910
(2) Inter-segment sales	6,094	187	1,228	51	205	7,768	(7,768)	–
Total sales	16,215	4,094	2,383	5,888	6,096	34,678	(7,768)	26,910
Segment profit	85	379	155	62	75	759	39	798

Notes:

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.

Six months ended September 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	6,898	4,433	2,273	6,376	3,521	23,502	–	23,502
b. Service	2,647	596	832	1,574	1,210	6,860	–	6,860
c. Others	1,762	13	13	1	11	1,801	–	1,801
Subtotal	11,307	5,043	3,119	7,951	4,742	32,164	–	32,164
(2) Inter-segment sales	7,428	287	2,314	245	248	10,524	(10,524)	–
Total sales	18,736	5,331	5,433	8,197	4,991	42,689	(10,524)	32,164
Segment profit or loss	(288)	253	339	49	87	442	274	716

Notes:

- Adjustments of sales represent elimination of inter-segment transactions.
Adjustments of segment profit or loss refer to inter-segment transaction eliminations.
- Segment profit or loss is adjusted to operating loss of consolidated statements of income.

3. Supplementary Information

Status of Orders

Six months ended September 30, 2022

(Millions of Yen)

	Orders		Order backlog	
	Amount	Comparison with the previous period (%)	Amount	Comparison with the end of previous year (%)
Japan	14,632	(7.9)	22,138	17.7
China	11,294	69.9	17,238	56.9
Asia	3,671	10.2	4,783	13.1
Americas	9,585	(12.0)	12,358	15.2
Europe	8,118	43.1	13,762	32.5
Total	47,302	11.5	70,282	27.5

Notes:

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