

(For reference purposes only)

Consolidated Financial Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2023 [Japanese Standard]

February 14, 2023
Stock exchange: Tokyo

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 14, 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 3rd Quarter of the Fiscal Year Ending March 31, 2023 (April 1, 2022 to December 31, 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	%
Nine months ended December 31, 2022	48,135	9.1	994	(29.0)	1,152	(24.4)	774	(9.9)
Nine months ended December 31, 2021	44,102	12.4	1,399	(42.5)	1,525	(37.6)	859	(30.0)

Note: Comprehensive income: Nine months ended December 31, 2022 179 million yen (-91.5%)
Nine months ended December 31, 2021 2,105 million yen (-36.5%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2022	12.97	12.95
Nine months ended December 31, 2021	14.40	14.37

(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, 2022	115,011	76,745	66.6	1,283.79
As of March 31, 2022	113,933	78,664	68.4	1,304.89

Reference: Shareholders' equity As of December 31, 2022 76,653 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
Year ended March 31, 2022	Yen —	Yen —	Yen —	Yen 25.00	Yen 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	70,000	12.1	2,600	3.8	2,700	11.0	1,900	111.9	31.82

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 December 31, 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 December 31, 2022 9,739,117 shares

As of March 31, 2022 9,748,838 shares

3. Average number of shares outstanding during the period

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

Nine months ended December 31, 2021 59,695,129 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 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, 2022, the global economy headed towards normalization from COVID-19, but the overall economy was in a slowdown phase due to the impacts of global inflation, 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 nine months ended December 31, 2022 increased 10.0% year on year to ¥118,462 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 nine months ended December 31, 2022 reached ¥65,929 million (up 8.6% year on year), supported by increased demand related to electric vehicles, and the order backlog as of December 31, 2022 reached ¥72,938 million (up 32.3% from the end of the previous fiscal year).

Net sales were ¥48,135 million (up 9.1% year on year), mainly due to the 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 ¥994 million (down 29.0% year on year), ordinary income was ¥1,152 million (down 24.4% year on year), and net income attributable to owners of parent was ¥774 million (down 9.9% year on year) due to factors such as the sales shortfall stated above and lower gross profit margins caused by soaring costs of raw materials, subcontracting, and logistics, and sales delays in high value-added press projects and service work, etc., and increased SG&A expenses.

Operating results by segment during the nine months ended December 31, 2022 were as follows.

- Japan: Net sales were ¥28,607 million (up 6.5% year on year) due to an increase in sales of press machines related to electric vehicles, but segment loss was ¥47 million (segment profit of ¥259 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 ¥7,640 million (up 14.7% year on year). However, segment profit was ¥439 million (down 13.1% year on year) due to a decrease in sales of services and an increase in SG&A expenses.
- Asia: Net sales were ¥7,686 million (up 57.5% year on year) due to a recovery in sales of press machines and services from the previous fiscal year, when sales fell due to lockdowns, etc. Segment profit was ¥551 million (up 40.7% year on year) due to increased sales.
- Americas: Net sales increased to ¥12,124 million (up 26.3% year on year) due to an increase in sales of services and the impact of the yen’s depreciation. However, segment profit was ¥33 million (down 68.9% year on year) due to soaring costs and an increase in SG&A expenses.
- Europe: Net sales were ¥8,619 million (down 4.7% year on year) due to delays in sales of press machines caused by the shortage of electronic components, etc. However, segment profit was ¥161 million (up 60.4% year on year) due to an improvement in gross profit margins.

(2) Financial position

Total assets as of December 31, 2022 increased by ¥1,077 million from the end of the previous fiscal year to ¥115,011 million. This is attributable to a ¥5,220 million decrease in cash and deposits, a ¥1,640 million increase in trade receivables, including notes and accounts receivable - trade, and contract assets and electronically recorded monetary claims - operating, a ¥5,078 million increase in inventories, a ¥1,021 million increase in other current assets and a ¥2,227 million decrease in investment securities.

Total liabilities increased by ¥2,996 million from the end of the previous fiscal year to ¥38,265 million. This is attributable to a ¥3,703 million increase in contract liabilities.

Net assets decreased by ¥1,918 million from the end of the previous fiscal year to ¥76,745 million. This is attributable to a ¥1,495 million decrease in valuation difference on available-for-sale securities. As a result, shareholders' equity ratio was 66.6% as of December 31, 2022.

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

The Company revised its forecasts of consolidated results for the fiscal year ending March 31, 2023 (April 1, 2022 to March 31, 2023) announced on November 9, 2022 as follows.

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	3,400	3,500	2,300	38.53
Revised forecast announced today (B)	70,000	2,600	2,700	1,900	31.82
Difference (B) - (A)	(2,000)	(800)	(800)	(400)	—
Change (%)	(2.8)	(23.5)	(22.9)	(17.4)	—
(Reference) Actual results for the fiscal year ended March 31, 2022	62,466	2,505	2,432	896	15.02

Reasons for revision of the forecasts of consolidated results

The full-year net sales forecast has been revised downward, reflecting that projected sales of press machines have been delayed into the next fiscal year largely because of the shortage of electronic components, and sales of services fell short of expectations. Profit forecasts were revised downward from the previous forecasts, given the impact of higher-than-expected cost increases in addition to the aforementioned decrease in sales.

The dividend forecast remains unchanged.

- * 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 and Principal Notes

(1) Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	35,031	29,811
Notes and accounts receivable - trade, and contract assets	17,690	19,182
Electronically recorded monetary claims - operating	1,087	1,236
Finished goods	4,135	4,522
Work in process	13,019	17,429
Raw materials and supplies	4,420	4,702
Other	3,358	4,379
Allowance for doubtful accounts	(1,040)	(975)
Total current assets	77,703	80,288
Non-current assets		
Property, plant and equipment		
Buildings and structures	25,709	26,545
Accumulated depreciation	(18,481)	(19,031)
Buildings and structures, net	7,227	7,514
Machinery, equipment and vehicles	18,849	20,064
Accumulated depreciation	(13,822)	(14,805)
Machinery, equipment and vehicles, net	5,027	5,259
Land	7,263	7,286
Construction in progress	1,437	891
Other	3,925	4,153
Accumulated depreciation	(3,418)	(3,600)
Other, net	506	552
Total property, plant and equipment	21,462	21,503
Intangible assets	1,179	1,789
Investments and other assets		
Investment securities	10,469	8,242
Insurance funds	1,891	1,872
Retirement benefit asset	820	845
Deferred tax assets	285	278
Other	153	223
Allowance for doubtful accounts	(32)	(32)
Total investments and other assets	13,588	11,429
Total non-current assets	36,230	34,722
Total assets	113,933	115,011

(Millions of Yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	6,137	6,358
Electronically recorded obligations - operating	2,888	3,319
Short-term borrowings	1,094	565
Accounts payable - other	1,612	1,216
Income taxes payable	175	255
Contract liabilities	12,091	15,794
Provision for product warranties	497	560
Provision for bonuses	1,020	595
Provision for bonuses for directors (and other officers)	22	8
Provision for loss on orders received	211	196
Other	2,398	2,634
Total current liabilities	28,150	31,507
Non-current liabilities		
Long-term borrowings	1,500	1,500
Long-term accounts payable - other	924	1,018
Provision for share awards	510	629
Retirement benefit liability	1,456	1,442
Asset retirement obligations	9	9
Deferred tax liabilities	2,336	1,862
Other	380	296
Total non-current liabilities	7,119	6,758
Total liabilities	35,269	38,265
Net assets		
Shareholders' equity		
Share capital	7,831	7,831
Capital surplus	12,836	13,007
Retained earnings	55,511	54,684
Treasury shares	(5,250)	(5,247)
Total shareholders' equity	70,927	70,274
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,815	3,320
Deferred gains or losses on hedges	(295)	(235)
Foreign currency translation adjustment	2,365	3,255
Remeasurements of defined benefit plans	87	38
Total accumulated other comprehensive income	6,973	6,379
Share acquisition rights	91	91
Non-controlling interests	671	—
Total net assets	78,664	76,745
Total liabilities and net assets	113,933	115,011

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

(Millions of Yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	44,102	48,135
Cost of sales	36,402	40,238
Gross profit	7,699	7,897
Selling, general and administrative expenses	6,300	6,902
Operating income	1,399	994
Non-operating income		
Interest income	29	52
Dividend income	163	230
Other	61	60
Total non-operating income	254	344
Non-operating expenses		
Interest expenses	17	13
Foreign exchange losses	73	92
Commission expenses	–	58
Other	38	21
Total non-operating expenses	129	185
Ordinary income	1,525	1,152
Extraordinary income		
Gain on sale of non-current assets	12	3
Subsidy income related to suspension or decrease of production	22	8
Gain on sale of investment securities	–	146
Total extraordinary income	34	158
Extraordinary losses		
Loss on sale of non-current assets	–	1
Loss on retirement of non-current assets	55	8
Loss on suspension or decrease of production	106	6
Total extraordinary losses	162	16
Income before income taxes	1,397	1,294
Income taxes	548	520
Net income	849	774
Loss attributable to non-controlling interests	(10)	–
Net income attributable to owners of parent	859	774

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net income	849	774
Other comprehensive income		
Valuation difference on available-for-sale securities	607	(1,495)
Deferred gains or losses on hedges	(4)	60
Foreign currency translation adjustment	703	889
Remeasurements of defined benefit plans, net of tax	(51)	(48)
Total other comprehensive income	1,255	(594)
Comprehensive income	2,105	179
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,115	179
Comprehensive income attributable to non-controlling interests	(10)	—

(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.”

(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.

(Segment Information)

Information regarding amounts of sales, profit, assets, other items, and disaggregation of revenue by reportable segment

I. Nine months ended December 31, 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	10,359	5,013	1,453	7,626	6,806	31,260	–	31,260
b. Service	3,860	1,324	1,014	1,864	1,935	9,999	–	9,999
c. 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

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.

II. 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 profit or loss	(47)	439	551	33	161	1,138	(144)	994

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

Nine months ended December 31, 2022

(Millions of Yen)

	Orders		Order backlog	
	Amount	Comparison with the previous period (%)	Amount	Comparison with the end of previous year (%)
Japan	22,884	1.0	25,221	34.1
China	14,419	48.6	18,160	65.3
Asia	4,861	5.8	4,780	13.0
Americas	11,749	(22.6)	10,667	(0.5)
Europe	12,014	40.3	14,108	35.8
Total	65,929	8.6	72,938	32.3

Notes:

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