

Aiming to achieve sustainable growth and enhance corporate value, we will take on the challenges of a new era while addressing universal issues.

Kimikazu Aida

Chairman and President (CEO)



| Review of the Fiscal Year Ended March 31, 2021

During the fiscal year under review, the global economy started recovering from the decline caused by the global spread of COVID-19. However, the outlook remains uncertain due to various factors, including the reemergence of COVID-19 variants, the conflict between the United States and China, and geopolitical risks. Orders in the metalforming machinery industry decreased both in Japan and overseas, with the Japan Forming Machinery Association reporting that worldwide orders for press machines fell 26.2% year on year to ¥89.1 billion in the year under review—dipping below ¥100 billion for the first time since the 2008 global financial crisis. However, orders started recovering in the second half.

Under these conditions, the Group reported a significant year-on-year decline in orders due to restrictions on sales and service activities caused by the spread of COVID-19 as well as a slowdown in capital investments in the automobile industry. However, starting in the second half of the year when economic activity resumed, the market began to recover, albeit gradually, supported by orders related to electric vehicles. Accordingly, the Group recorded total orders of ¥52.7 billion, down 15.4% year on year, and the order backlog at fiscal year-end totaled ¥38.7 billion, down 12.2% year on year. Net sales declined 16.0% to ¥58.0 billion, impacted by depressed conditions in the first quarter. However, sales have been recovering steadily since the second quarter with the normalization of operations. Due to the decline in revenue, operating income fell 39.7% to ¥3.7 billion, and ordinary income declined 41.6% to ¥3.7 billion. Net income attributable to owners of parent dropped 67.3% to ¥1.3 billion, mainly due to an extraordinary loss related to the impairment of assets at a plant in China and the suspension and downsizing of plant operations due to the impact of COVID-19.

| Progress of the Medium-Term Management Plan

“As a leading company, AIDA will contribute to society by supporting efforts to protect the environment, reduce energy consumption, and develop new technologies.” This is the Management Vision of “The Evolved AIDA PLAN 523,” the medium-term management plan initiated in April 2020. Under this plan, the development of measures to address ESG issues is one of the pillars of our business activities. We are focusing particular attention on providing solutions to universal issues faced by society and our customers in order to achieve sustainable growth and enhance corporate value. These issues include the need to manufacture next-generation automobiles that are electrified and lighter in weight than previous models. Customers are also striving to boost productivity through automation and digitalization and to reduce their environmental impact by conserving energy and engaging in decarbonization at their production factories.

Based on this management policy, the plan focuses on three core strategies: (1) Technological innovation, (2) Strengthening our business infrastructure, and (3) Improving profitability. We will apply these strategies to our three business segments—our press business, our automation/FA business, and our service (maintenance/modernization) business. Our aim is to achieve sustainable growth by taking on new challenges in these transformative times.

Core Strategies

(1) Technological Innovation: Improving Product Competitiveness & Fostering and Strengthening Our Growth Businesses

In response to the electrification of automobiles and growing demand in recent years for high-speed presses to produce EV drive motors, we are developing optimized technologies for these press lines. And to help reduce

vehicle weight, we are developing improved methodologies for forming lightweight materials such as high-tensile steel, aluminum, and carbon fiber by improving the capacities of our servo motors and enhancing hydraulically controlled back-pressure forming. As a new growth area, we are working to introduce a digital transformation by further evolving the IoT technologies incorporated in our press machines and visualizing the operating status of entire press lines with 3D monitors.

(2) Strengthening Our Business Infrastructure: Developing and Strengthening Infrastructure to Support Technological Innovation

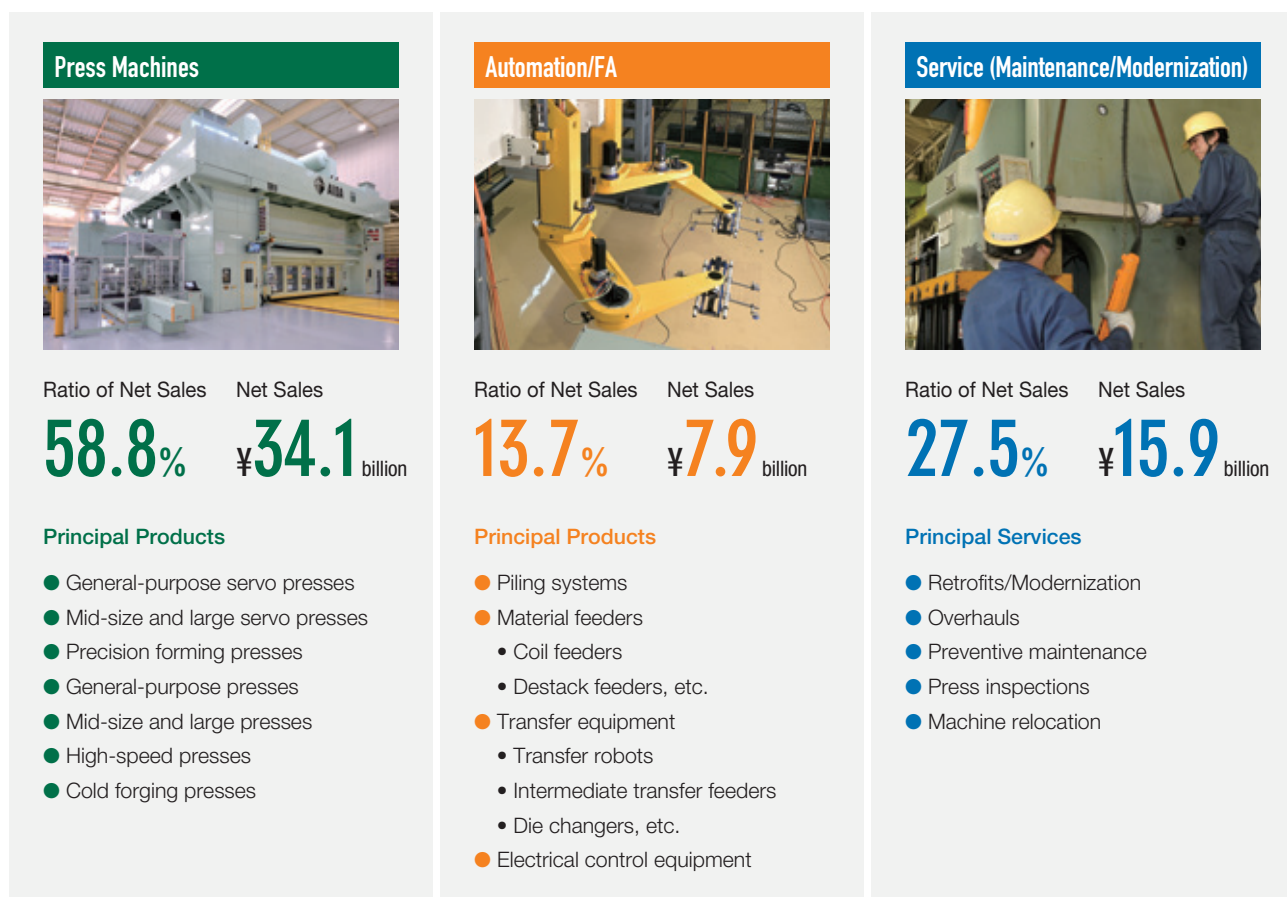
During the fiscal year under review, we reorganized and restructured our Chinese subsidiaries and merged domestic subsidiaries. In the fiscal year ending March 31, 2022, we will strengthen collaboration between functions by reorganizing our domestic operations by shifting from our existing function-specific vertically integrated system to a system organized by business and product. We will also introduce a new personnel system to develop and promote a diverse range of manpower resources, including drivers of technological innovation, management personnel, and global personnel. In addition, we will complete the improvements to our core systems which we have been working on

since the fiscal year ended March 31, 2021 and make them fully operational. We will also streamline our production processes and make them smarter, including increased usage of 5-axis machining centers in our production plants, linking our designing system with our machining center system, and introducing an IoT-based system for monitoring the status of factory operations. At the same time, we will review and revamp existing production facilities.

(3) Improving Profitability: Transforming Our Existing Profit Structure

Amid intensifying competition in the press forming business, we will invest management resources to strengthen our service (maintenance/modernization) and automation/FA businesses, which deliver higher-value-added content. With regard to our press business, due to the accelerating shift to EVs and other next-generation vehicles, we will break away from our dependence on conventional presses used to form parts, increase the sales ratios of high-speed and precision presses, and improve our press machine product mix. As for mid-size and large presses which are experiencing declining profitability, we will shrink our lineup of models to improve price competitiveness and we will focus on cost reductions by reviewing our procurement and manufacturing processes.

Net Sales by Business Segment in “The AIDA PLAN 523” Medium-Term Management Plan (Fiscal Year Ended March 2021)



Priority Policies by Business Segment

In line with these core strategies, we are implementing the following priority policies for each of our business segments—our press business, our automation/FA business, and our service (maintenance/modernization) business.

(1) Our Press Business

Strengthening Our Press Offerings for Next-Generation Vehicles and Enhancing Our Product Mix

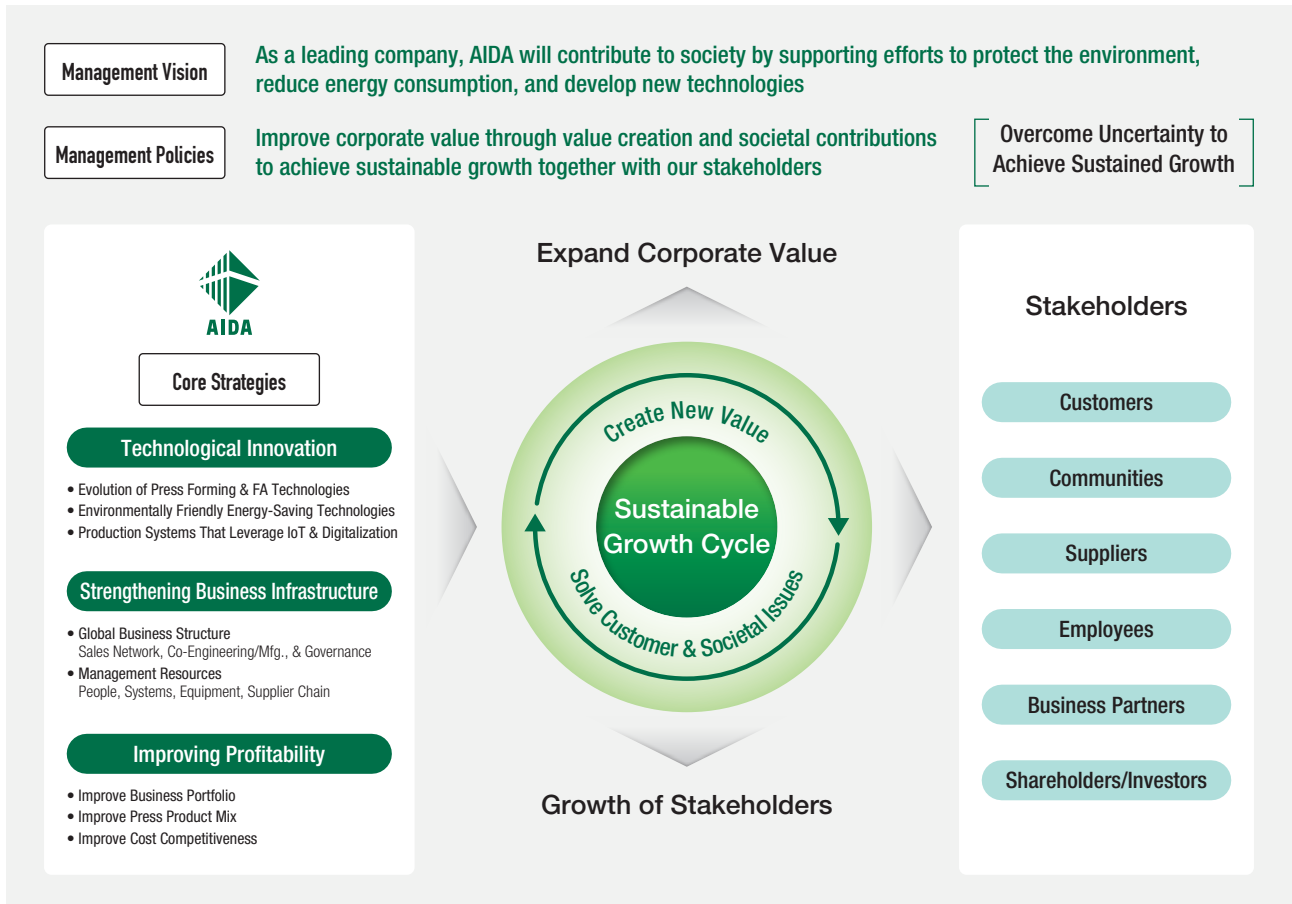
The growing popularity of EVs and other electric vehicles is also driving demand for the high-speed presses used to produce their drive motors. We are responding to this higher demand by further improving the efficiency of our Tsukui Plant where we manufacture high-speed presses. We are also putting the new equipment installed in our plant in Malaysia into operation, which had been delayed due to COVID-19. With regard to mid-size and large press machines where we will be seeing stiffer price competition, we will focus on cost reductions and strive to differentiate our products by introducing new press machines that fully leverage our servo technologies.

(2) Our Automation/FA Business

Leveraging Control Technologies to Create Value-Added Content

To accommodate next-generation vehicles, we are improving the functionality of the AIDA transfer feeders used to convey high-strength steel and aluminum materials as well as enhancing the functionality of the peripheral equipment used with our high-speed presses and high-precision presses. In recent years we have developed the D-MAT press-to-press transfer feeder which has garnered high praise in the market for its high flexibility, including its usage of sensors to align the position of materials and its ability to transfer materials based on the shape of the die, and we will continue to further improve the performance of our products. In cooperation with REJ Co., Ltd., we have completed the development of a control system that fits our servo press specifications, making it possible to build the entire system within the AIDA Group. Going forward we will begin equipping our presses with this new system, and we will leverage our capabilities as a specialized manufacturer to further improve its capabilities and to drive down costs. We will also continue to aggressively expand into new non-press fields through acquisitions and business alliances.

Outline of the Medium-Term Management Plan “The Evolved AIDA PLAN 523” (Fiscal Years Ending March 2021–2023)



(3) Our Service (Maintenance/Modernization) Business Strengthening Our “Recommendation-Based Sales Efforts” Focused on Preventive Maintenance and Equipment Enhancements

We will work to strengthen this business segment as part of our mission as a manufacturer that delivers safe and reliable machines. Together with improving preventive maintenance for customers by leveraging IoT to promote the visualization of the timing of component replacements, we will also focus on the visualization of press machine conditions via monitoring systems. And as press machines age, there is a greater need to improve their peripheral equipment, and thus we are actively developing recommendations to improve productivity by updating existing systems and introducing digital maintenance solutions. To promote these new initiatives, we will also bolster our manpower resources and improve our service factories.


Business Outlook and Shareholder Return Policy for the Fiscal Year Ending March 31, 2022

The COVID-19 situation is improving and capital investments in automotive-related industries—especially electric vehicles—are recovering. Accordingly, for the fiscal year ending March 31, 2022 we forecast consolidated net sales of ¥62.0 billion, operating income of ¥4.5 billion, ordinary income of ¥4.6 billion, and net income attributable to owners of parent of ¥3.0 billion—representing year-on-year increases in both revenue and earnings.

With respect to shareholder returns, we recognize that increasing profits for shareholders is one of our most important management priorities. Accordingly, we strive to achieve continuous growth in corporate value and earnings per share by strengthening our business foundation, improving corporate quality, and developing our business globally. The basic policy of our Medium-Term Management Plan is to maintain consistent dividend payments and a consolidated dividend payout ratio target of 40% while preserving the stability of our business and financial base and making strategic investments in future sustainable growth. In the fiscal year ended March 31, 2021, we declared a cash dividend of ¥20 per share, for a payout ratio of 90.6%. To maintain dividend stability, in the fiscal year ending March 31, 2022 we plan to pay a dividend of ¥25 per share, for a payout ratio of 49.7% in spite of predictions that business conditions will remain difficult.

As stated in the Management Policy of our Medium-Term Management Plan, we are committed to delivering sustainable growth by steadfastly addressing universal issues in society from a long-term perspective. To this end, we look forward to the ongoing understanding and support of all our stakeholders.

August 2021


Chairman and President (CEO)

