Management's Discussion and Analysis of Business Results and Financial Position

AIDA ENGINEERING, LTD. and Consolidated Subsidiaries
Years ended March 31

Orders, Net Sales, and Earnings

In the fiscal year ended March 31, 2025, the global economy recorded modest growth, with a strong economic expansion in the U.S. offset by weakness in China and Europe. However, global downside risks began to mount from the second half of the year due to growing uncertainty over U.S. trade policy as well as geopolitical risks in Ukraine and the Middle East.

In the metalforming machinery industry, the Japan Forming Machinery Association reported that orders for presses received in the fiscal year under review declined 13.2% year on year to ¥129.9 billion due to a decline in both domestic and export orders.

Under these conditions, orders received by AIDA ENGINEERING, LTD. and its Group companies (collectively, the "Group") in the fiscal year ended March 31, 2025, fell 20.9% year on year to ¥62.6 billion, while the order backlog as of March 31, 2025 was down 17.5% to ¥63.3 billion. Orders for high-speed presses dropped significantly due to lower EV-related capital spending, while demand for custom presses dropped in the second half of the year after a strong first half.

Net sales rose 4.5% year on year to ¥76.0 billion, reflecting higher sales of midsize and large custom presses, increased Service revenues, and the impact of a weaker yen.

In terms of profit, operating income increased 53.0% to ¥5.5 billion and ordinary income rose 54.6% to ¥5.5 billion. This was primarily due to a combination of higher sales, improved gross margins on presses, and the growth of Service revenue which generates high gross margins. Net income attributable to owners of parent increased 81.7% to ¥5.1 billion, bolstered by the disposal of strategic shareholdings and the application of tax effects relating to the assimilation of a German subsidiary.

Based on the management policy of growing together with stakeholders, the Group's basic policy on shareholder returns is to balance the stability of business and financial foundations and the need to make strategic investments for sustainable growth with the creation of stable returns for shareholders. Based on this policy, we aim to optimize shareholders' equity and the overall balance sheet in line with the cost of capital while prioritizing the maintenance of a stable dividend equal to a dividend-on-equity (DOE) ratio of at least 3%*. The Group declared an ordinary dividend of ¥37 per share for the fiscal year ended March 31, 2025, which was higher than the initial projection of ¥30 per share.

*Based on shareholders' equity excluding foreign currency translation adjustments.

Segment Analysis

Results by Business Segment

Presses

Orders in this segment fell 30.1% to ¥40.4 billion despite higher orders for midsize and large custom presses. This was mainly due to reduced demand for high-speed presses for EV applications and general-purpose presses. Segment sales rose 1.8% to ¥53.0 billion due to increases in sales of midsize and large custom presses and the impact of a weaker yen.

Service (Press-Related)

Strong growth in Service activities in Japan, the Americas, and Europe helped orders in this segment increase 4.8% to ¥17.8 billion, with segment sales rising 11.3% to ¥18.3 billion.

Others (REJ Co., Ltd.)

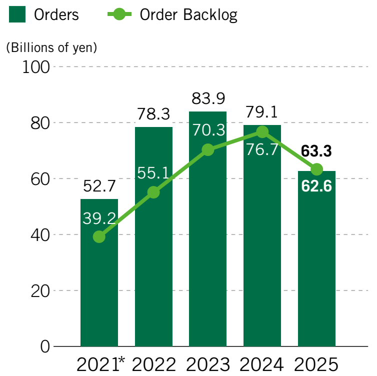
REJ's solid performance resulted in a 2.4% growth in orders to ¥4.3 billion. Segment sales increased 11.6% to ¥4.6 billion.

Results by Geographic Segment

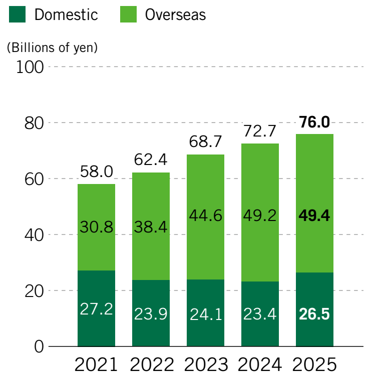
Japan

Net sales in Japan rose 8.6% to ¥46.6 billion due to increased sales of midsize and large custom presses and general-purpose presses and higher Service revenues. Segment profit increased 152.7% to ¥2.8 billion due to the growth in revenue, improved profitability for presses, and other factors.

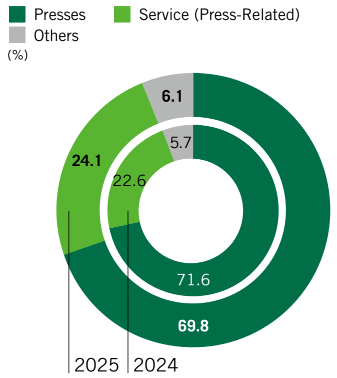
Orders/Order Backlog



Net Sales



Net Sales Ratio by Business Segment



* The Company has been applying the Accounting Standards for Revenue Recognition, etc., since the beginning of the fiscal year ended March 2022. The effects of this change have been added to the order backlog for the year ended March 2021.

China

Net sales in China fell 0.8% to ¥11.7 billion, as increased sales of high-speed presses were offset by reduced sales of custom presses and general-purpose presses. Segment profit increased 5.1% to ¥838 million due to product mix improvements.

Asia

Net sales in Asia of ¥10.8 billion were on a par with the previous year, with increased sales of custom presses and the impact of a weaker yen offsetting lower sales of general-purpose presses. Segment profit fell 57.2% to ¥510 million, mainly due to lower gross margins.

The Americas

Net sales in the Americas increased 13.7% to ¥18.2 billion, supported by increased sales of custom presses, higher Service revenues, and the impact of a weaker yen. Segment profit rose 224.4% to ¥1.2 billion due to higher revenues and press gross margin improvements.

Europe

Net sales in Europe fell 10.5% to ¥14.7 billion despite strong revenue from Service operations, reflecting a decline in the sales of custom presses and high-speed presses. Lower sales revenue resulted in segment profit declining 31.2% to ¥202 million despite gross margin improvements.

Financial Position Analysis

Total assets as of March 31, 2025 were ¥122.8 billion, a decrease of ¥3.3 billion compared with the previous fiscal year-end. This was primarily attributable to an increase of ¥2.5 billion in cash and deposits; and decreases of ¥1.5 billion in trade receivables (including notes and accounts receivable-trade and contract assets, and electronically recorded monetary claims-operating), ¥1.7 billion in advance payments-trade, and ¥1.2 billion in investment securities.

Total liabilities were ¥39.2 billion, a decrease of ¥4.6 billion compared with the previous fiscal year-end. The major contributing factor was a decrease of ¥3.6 billion in trade payables (including accounts payable-trade and electronically recorded obligations-operating).

Net assets increased by ¥1.3 billion compared with the previous fiscal year-end to ¥83.6 billion. Major contributing factors included an increase of ¥2.0 billion in retained earnings. As a result, the shareholders' equity ratio as of the fiscal year-end was 68.0%.

Cash Flows

The balance of cash and cash equivalents as of March 31, 2025 was ¥32.9 billion, an increase of ¥739 million compared with the previous fiscal year-end.

Cash flows from activities in the fiscal year under review and related contributing factors are summarized below.

(i) Cash flows from operating activities

Net cash provided by operating activities was ¥6.5 billion, up from ¥3.1 billion in the previous fiscal year. The major factors in terms of cash inflows were income before income taxes of ¥6.2 billion; a decrease in trade receivables of ¥2.3 billion; and depreciation of ¥1.9 billion. Offsetting cash outflows included income tax paid of ¥2.0 billion and a decrease in trade payables of ¥1.8 billion.

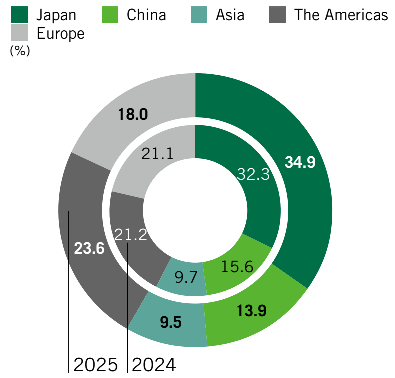
(ii) Cash flows from investing activities

Net cash provided by investing activities was ¥1.8 billion, compared with a cash outflow of ¥1.9 billion in the previous fiscal year. This mainly reflected payment into time deposits of ¥2.8 billion.

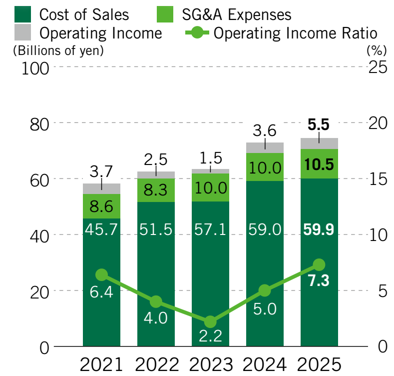
(iii) Cash flows from financing activities

Net cash used in financing activities totaled ¥3.7 billion, compared with ¥1.1 billion in the previous fiscal year. This mainly reflected cash outflows of ¥2.0 billion from purchase of treasury shares and ¥1.9 billion from cash dividend payments.

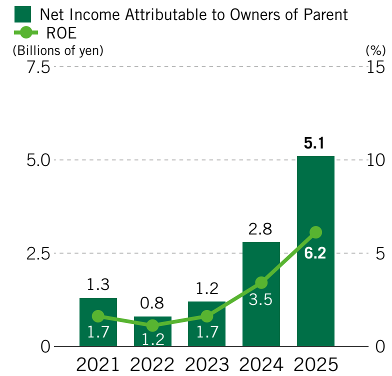
Net Sales Ratio by Geographic Segment (to External Customers)



Cost of Sales/SG&A Expenses/Operating Income/Operating Income Ratio



Net Income Attributable to Owners of Parent/ROE



Management's Discussion and Analysis of Business Results and Financial Position

Capital Expenditures

Capital expenditures totaled ¥1.1 billion in the fiscal year ended March 31, 2025.

By segment, the principal components of capital spending were in the Japan segment, comprising ¥191 million to acquire equipment and machinery for the Sagami Plant and ¥213 million in business infrastructure to promote DX.

No major Group equipment was disposed of or sold during the year.

Research and Development

In line with the basic policies of strengthening and establishing fundamental technologies, upgrading core products, and developing eco-friendly flagship products, Group R&D activities are led by the Development Headquarters in collaboration with the Production Headquarters. In the fiscal year ended March 31, 2025, R&D expenses totaled ¥1.1 billion and were primarily recorded in the Japan segment.

In the fiscal year under review, BEX Series of dedicated metal separator forming presses was awarded the 67th Ten Greatest New Products Awards in 2024 sponsored by the *Nikkan Kogyo Shimbun (Japan Business and Technology Daily News)*. BEX Series presses are high-precision presses specially designed to form the thin metal separators used in fuel cell bipolar plates.

The major R&D activities during the fiscal year under review are listed below.

Development of New and Fundamental Technologies

(1) Development of servo motors for press systems
(2) Development of DX and AI technologies
[a] Development of a proprietary data analytics system (Ai CARE) for the visualization of a wide array of data in addition to AI-based die life monitoring and fault prediction
[b] Development of the Ai CARE Chat generative AI agent to provide recommendations regarding machine operation as well as other AIDA know-how and expertise

Upgrading Core Products

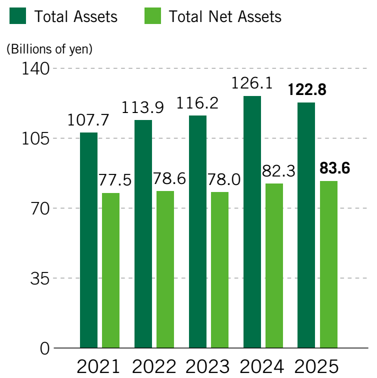
(1) Boost the competitiveness of BEX Series dedicated forming presses for fabricating the thin metal separators used in bipolar plates
(2) Launch of the MSP-4000-430 press model with a higher capacity and wider slide area to accommodate the additional stages required for forming the increasingly complex shapes of motor cores used in EV drivetrains
(3) Development of a dedicated DIS-1600 press for forming cylindrical storage cases for lithium-ion batteries
(4) Development of a dedicated DPH Former for forming rectangular storage battery cases

Capital Resources and Funding Liquidity

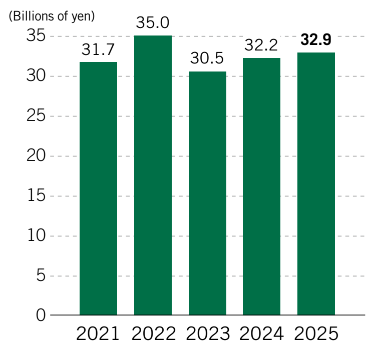
Working capital is primarily allocated for manufacturing expenses, including the purchase of raw materials and parts, for outsourced machining, and for selling, general and administrative expenses. The Group's basic policy is to utilize internal resources to fund capital spending, which is mainly focused on the establishment of in-house production systems.

Capital expenditures totaled ¥1.1 billion in the fiscal year ended March 31, 2025, a decrease of ¥654 million from the previous year. In terms of working capital, the balance of cash and cash equivalents at the fiscal year-end was ¥32.9 billion (a year-on-year increase of ¥739 million), reflecting higher operating cash flows and other factors. Management does not believe the Group faces any liquidity issues.

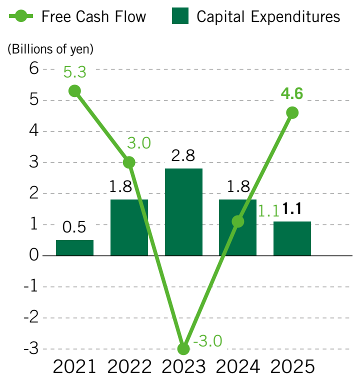
Total Assets/Total Net Assets



Cash and Cash Equivalents at the End of the Year



Free Cash Flow/ Capital Expenditures



Consolidated Segment Information

AIDA ENGINEERING, LTD. and Consolidated Subsidiaries
Years ended March 31

					Millions of yen	% change
	2021	2022	2023	2024	2025	2024 vs. 2025
Business Division:						
Net sales						
Press machines	¥ 41,237	¥ 44,443	¥ 49,476	¥ 52,118	**¥ 53,044**	1.8
Service	12,422	13,865	15,370	16,450	**18,306**	11.3
Others	4,439	4,156	3,948	4,173	**4,655**	11.6
Total	¥ 58,099	¥ 62,466	¥ 68,795	¥ 72,742	**¥ 76,006**	4.5
Geographic Segment:						
Net sales						
Japan	¥ 40,237	¥ 38,188	¥ 41,648	¥ 42,904	**¥ 46,609**	8.6
China	7,422	8,851	11,021	11,794	**11,704**	(0.8)
Asia	7,212	7,646	10,676	10,836	**10,835**	(0.0)
Americas	10,451	13,869	16,792	16,041	**18,241**	13.7
Europe	9,584	12,658	12,864	16,506	**14,773**	(10.5)
Adjustments	(16,808)	(18,747)	(24,207)	(25,339)	**(26,157)**	—
Total	¥ 58,099	¥ 62,466	¥ 68,795	¥ 72,742	**¥ 76,006**	4.5
Operating income						
Japan	¥ 3,087	¥ 802	¥ 455	¥ 1,112	**¥ 2,810**	152.7
China	(284)	741	(149)	797	**838**	5.1
Asia	673	745	909	1,193	**510**	(57.2)
Americas	515	269	286	397	**1,288**	224.4
Europe	(121)	110	227	293	**202**	(31.2)
Adjustments	(148)	(164)	(189)	(178)	**(120)**	—
Total	¥ 3,722	¥ 2,505	¥ 1,540	¥ 3,615	**¥ 5,529**	53.0

Quarterly Information

AIDA ENGINEERING, LTD. and Consolidated Subsidiaries
Years ended March 31

					Millions of yen	% change
	2021	2022	2023	2024	2025	2024 vs. 2025
Net Sales						
1st Quarter	¥ 10,559	¥ 13,079	¥ 13,665	¥ 16,867	**¥ 17,858**	5.9
2nd Quarter	15,202	13,830	18,498	17,708	**19,647**	11.0
3rd Quarter	13,476	17,192	15,970	17,042	**17,575**	3.1
4th Quarter	18,862	18,363	20,660	21,124	**20,924**	(0.9)
Total	¥ 58,099	¥ 62,466	¥ 68,795	¥ 72,742	**¥ 76,006**	4.5
Operating Income						
1st Quarter	¥ 179	¥ 270	¥ (121)	¥ 671	**¥ 899**	33.9
2nd Quarter	1,364	528	837	756	**1,982**	162.1
3rd Quarter	892	601	277	373	**1,275**	241.2
4th Quarter	1,287	1,105	545	1,813	**1,372**	(24.3)
Total	¥ 3,722	¥ 2,505	¥ 1,540	¥ 3,615	**¥ 5,529**	53.0