At a Glance

Note: Business classifications based on the Medium-Term Management Plan

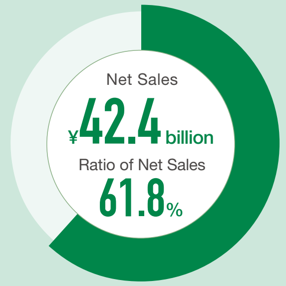
Press Business

Business Overview

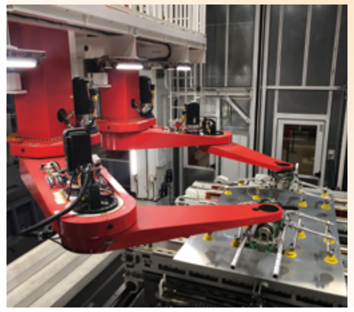
We provide a wide array of presses that support production in metalforming industries, including the production of automobiles, home appliances, electronic devices, and construction materials. We also provide large servo presses for forming automobile body panels and high-speed precision presses for forming motor cores for electric vehicles.

Principal Products

General-purpose servo presses, midsize and large servo presses, precision forming presses, general-purpose mechanical presses, midsize and large mechanical presses, high-speed precision presses, and cold forging presses, etc.



Automation/FA Business

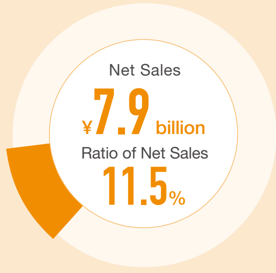


Business Overview

We develop and manufacture material feeders, transfer robots, product removal equipment, and other peripheral equipment needed to automate our presses. Our ability to provide a fully integrated production line brings with it many advantages, such as higher productivity.

Principal Products

Piling systems, material feeders (coil feeders, destack feeders, etc.), transfer equipment (transfer robots, intermediate transfer feeders, die changers, etc.), electrical control equipment, etc.



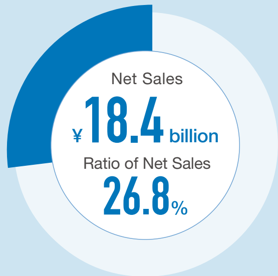
Service Business

Business Overview

Presses have a long lifespan. To support their trouble-free use for many years after delivery, we provide both preventive and corrective maintenance services as we strive to sustain and strengthen our relationships with customers.

Principal Services

Repairs/troubleshooting, retrofits/modernization, overhauls, preventive maintenance, press inspections, machine relocations, etc.



Major Business Growth Opportunities and Risks & the Market Environment

Growth Opportunities

- Stricter environmental regulations and increasing awareness of environmental conservation
- Changes to automobile parts due to accelerated transition to electrification and autonomous driving
- Accelerating demand for labor saving and productivity improvements due to a shrinking population
- Economic growth in emerging countries and the Global South

Risks

- Changes in materials and forming methods in manufacturing
- Economic downturns due to pandemics and natural disasters
- Political instability and other geopolitical risks
- Risk of economic slowdowns
- Increased supply chain risks due to a shift to bloc economies
- Production delays due to energy and semiconductor shortages
- Rising manufacturing costs of raw materials, etc.
- Intensified global price competition

Message to Stakeholders

Leveraging AIDA Group technology and manufacturing expertise to address a wide variety of issues faced by our customers and society to create sustained growth for our stakeholders

Toshihiko Suzuki

Representative Director and President (CEO)

Aspirations as the New President

I was appointed President & CEO in April 2023. It is a heavy responsibility to lead a company with 106 years of history behind it. In a period of swift and sudden changes, we are charged with transforming the entire Group to respond to the evolving global economic situation. Besides geopolitical factors, the demand to respond to global environmental issues is causing huge changes within the industrial sector, and this is affecting Group products as well. In my view, while building upon the foundation of the technologies in our existing products, we must try to create new markets by adopting next-generation technologies and developing forming technologies using completely new forming methodologies.

Looking back on our history, our global development was significantly bolstered by the changes that transformed the automotive industry during the second half of the 1990s and the early 2000s. The adoption of high-strength steels and other materials in automobiles drove a rising demand for large presses, and we especially benefited from increased sales to Japanese automakers with factories in North America, Europe, and China. We geared up to equip our overseas production sites for anticipated future orders. We built new welding facilities in our US and Italian factories where a high proportion of production involves large machinery, and in China we installed factory equipment and expanded the factory, while in Malaysia we built assembly and machining facilities.

However, the times have changed dramatically. The advent of electric vehicles (EVs) has altered the types of machinery our customers need, and automotive production is evolving substantially in terms of the shapes of vehicle parts, the materials used, and the parts being used. The emergence of other technologies such as autonomous vehicles is also altering the business model of automakers. Market conditions are also different for the Group and our customers due to the structural supply chain reforms necessitated by COVID-19 lockdowns. We urgently need to review all the production facilities that we have built or are planning to build in every country, and we will invest management resources to clarify where we need to be focusing our efforts.

As powertrain electrification continues apace, the major players and the critical components are also changing. This makes it an urgent priority for us to look at reforming the Group's product lineup and business portfolio.

The smaller number of parts used in auto production is leading to fewer components being made with presses, which is shrinking the scope of use of our traditional products. Our cumulative press metalforming expertise is an important asset, and we need to be looking to apply it to new parts and to develop new products while maintaining our existing technologies. Our product development efforts relating to EV components and applications in the renewable energy sector exemplify this approach.

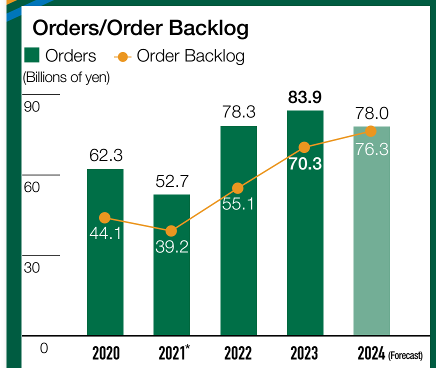
The creation of a digital information society based on digital transformation (DX) trends is another change demanding a response. This is not just in the areas relating to our products, but also in how we apply DX technologies to our internal business processes and production facilities. We are leveraging the quantifiable data garnered from quality inspections, assembly, and machining to further stabilize product quality. Digital reforms also help solve skill transfer and manpower shortage issues by turning critical management resources into data.

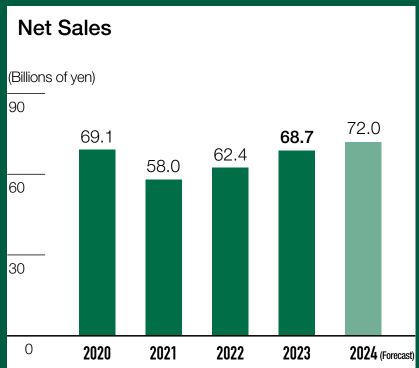
In a society where uncertainty is rising, we should not lose sight of the role of the AIDA Group as a vital behind-the-scenes support for the industrial sector. Among the many traditions handed down through the company since it was founded over 100 years ago, I think the "spirit of commitment" is the tradition that we should be emphasizing going forward. As AIDA forges ahead as a leader and with a new mindset that is suited for the times, we must also stress the new spirit we can instill in manufacturing during this next century.

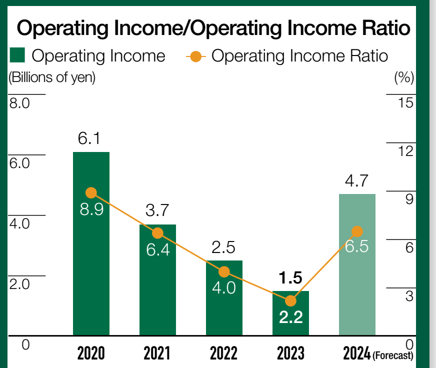
The policy themes of the new Medium-Term Management Plan that we started in April 2023 focus on leveraging AIDA's technologies and products to boost productivity, such as advanced manufacturing methods for the electrification and weight reduction of next-generation automobiles and also factory automation and/or digitalization. These themes also focus on grappling with the issues faced by our customers and by society at large, such as reducing the environmental impact of customers' production facilities via energy savings or decarbonization. We believe that using AIDA Group technologies and manufacturing support to address various issues faced by society will translate into sustained growth for the benefit of all our stakeholders. The new plan is explained in greater detail later in this report. (Medium-Term Management Plan: see pp. 16–28)

Review of Fiscal Year Ended March 2023

Orders received by the Group in the fiscal year ended March 2023 reached a record high of ¥83.9 billion, up 7.2% year on year, supported by increased demand related to electric vehicles. The order backlog as of March 2023 also hit a new record of ¥70.3 billion, up 27.6% from the end of the previous fiscal year. Net sales rose 10.1% year on year to ¥68.7 billion, mainly due to increased demand related to electric vehicles and the impact of exchange rates. In terms of profit, operating income declined 38.5% to ¥1.5 billion and ordinary income declined 29.7% to ¥1.7 billion due to the negative impact of sharply higher material, outsourcing, and logistics costs, and the posting of an allowance for doubtful accounts. However, net income attributable to owners of parent was ¥1.2 billion, up 44.5% year on year, due to factors such as the elimination of impairment losses at an overseas subsidiary and losses resulting from decreased production due to COVID-19 recorded in the previous fiscal year, as well as gains on the sale of cross-shareholdings and gains on the liquidation of an overseas subsidiary in the fiscal year ended March 2023.







* 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.

Forecast for Fiscal Year Ending March 2024

Due to the especially high level of advance orders we booked in the fiscal year ended March 2023 for high-speed precision presses used in EV production, we expect orders to fall 7.1% to ¥78.0 billion, but we expect to still maintain a high level of bookings. In terms of sales, though we expect lower sales of large servo tandem lines, our increased capacity to produce high-speed precision presses will help us to steadily fulfill the current order backlog. Combined with the projected growth in sales from our service business, we expect net sales to expand by 4.7% to ¥72.0 billion. On the earnings front, in addition to the contribution of higher sales revenues, we expect a higher gross profit margin fueled by an improved product mix stemming from increased sales of high-speed precision presses and a higher sales contribution from service. Since we have posted an allowance for doubtful accounts this year, its elimination will also help next year's profits. Overall, we expect operating income to increase 205.2% to ¥4.7 billion, ordinary income to rise 186.5% to ¥4.9 billion, and net income attributable to owners of the parent to grow 177.9% to ¥3.6 billion.

A Message to Stakeholders

The Group recognizes that generating higher returns for shareholders is one of its most important management tasks. We strive to boost corporate value and EPS by strengthening our business infrastructure, increasing our corporate quality, and developing our global business.

In the fiscal year under review, we placed priority on maintaining a stable dividend, and the Group declared an ordinary dividend of ¥30 per share (equivalent to a consolidated payout ratio of 138.3%). Based on our management policy of "Growing together with stakeholders," the new Medium-Term Management Plan starting in the fiscal year ending March 2024 includes a policy of working to maintain consistent returns to shareholders by targeting a consolidated payout ratio of at least 40% while also preserving the stability of our business and financial infrastructure and retaining sufficient capital to fund strategic investments for sustainable growth. In line with this policy, we expect to declare an ordinary dividend of ¥30 per share for the fiscal year ending March 2024 (projected consolidated payout ratio: 49.8%).

In the midst of an ever-intensifying business environment for both AIDA and the automotive industry, our company must change to match our changing world. As such, I see one of my major roles as CEO as defining the metrics we will use to measure our progress in transforming the Group business portfolio and promoting our DX strategy, and I am doing my utmost to see that we achieve these goals. Based on our new plan, we will seek to add value via the development of new business segments and production techniques. We sincerely appreciate the continuing support and understanding of all our stakeholders.

August 2023

Representative Director and President (CEO)

Toshihiko Suzuki