Consolidated Balance Sheets

AIDA ENGINEERING, LTD. and Consolidated Subsidiaries
As of March 31, 2024 and 2023

Assets	Millions of yen 2024	Millions of yen 2023	Thousands of U.S. dollars (Note 3) 2024
Current assets			
Cash and deposits (Note 4)	¥ 33,316	¥ 30,510	$ 220,056
Notes and accounts receivable – trade and contract assets (Note 5)	19,006	22,506	125,538
Electronically recorded monetary claims – operating (Note 5)	1,390	1,018	9,186
Inventories (Note 6)	31,291	25,867	206,681
Advance payments – trade	2,249	2,222	14,857
Accounts receivable – other (Note 5)	1,174	526	7,756
Consumption taxes receivable	1,508	1,220	9,964
Other	419	487	2,770
Allowance for doubtful accounts	(73)	(1,837)	(487)
Total current assets	90,283	82,522	596,324
Non-current assets			
Property, plant and equipment			
Buildings and structures	27,404	26,737	181,004
Accumulated depreciation	(19,858)	(19,222)	(131,165)
Buildings and structures, net	7,545	7,514	49,838
Machinery, equipment and vehicles	21,984	20,479	145,207
Accumulated depreciation	(16,776)	(15,092)	(110,807)
Machinery, equipment and vehicles, net	5,208	5,387	34,400
Land	7,343	7,297	48,500
Construction in progress	151	234	998
Other	4,653	4,245	30,737
Accumulated depreciation	(4,011)	(3,665)	(26,497)
Other, net	642	580	4,240
Total property, plant and equipment	20,889	21,015	137,978
Intangible assets	2,127	1,961	14,054
Investments and other assets			
Investment securities (Note 8)	11,196	9,186	73,954
Insurance funds	526	571	3,478
Retirement benefit asset (Note 11)	677	633	4,476
Deferred tax assets (Note 17)	385	268	2,545
Other	1,829	161	12,084
Allowance for doubtful accounts	(1,721)	(32)	(11,371)
Total investments and other assets	12,894	10,788	85,167
Total non-current assets	35,912	33,765	237,200
Total assets	¥126,195	¥116,287	$ 833,525

The accompanying notes are an integral part of these financial statements.

Liabilities and net assets	Millions of yen 2024	Millions of yen 2023	Thousands of U.S. dollars (Note 3) 2024
Liabilities			
Current liabilities			
Accounts payable – trade	¥ 7,915	¥ 6,942	$ 52,284
Electronically recorded obligations – operating (Note 5)	3,014	2,536	19,913
Short-term borrowings (Note 10)	1,469	582	9,706
Current portion of long-term borrowings (Note 10)	500	500	3,302
Accounts payable – other	1,124	1,329	7,427
Income taxes payable	915	345	6,047
Accrued expenses	1,463	1,089	9,666
Contract liabilities	16,177	15,407	106,851
Provision for product warranties	679	615	4,490
Provision for bonuses	1,069	961	7,065
Provision for bonuses for directors (and other officers)	41	14	271
Provision for loss on orders received (Note 6)	176	180	1,168
Other	2,333	1,381	15,412
Total current liabilities	36,882	31,887	243,608
Non-current liabilities			
Long-term borrowings (Note 10)	1,000	1,000	6,605
Long-term accounts payable – other	1,095	1,005	7,238
Deferred tax liabilities (Note 17)	2,227	1,870	14,711
Provision for share awards	744	649	4,918
Retirement benefit liability (Note 11)	1,383	1,451	9,138
Asset retirement obligations	9	9	65
Other	530	369	3,502
Total non-current liabilities	6,991	6,356	46,178
Total liabilities	43,873	38,244	289,787
Net assets			
Shareholders' equity			
Share capital (Note 12)	7,831	7,831	51,724
Authorized: 188,149,000 shares in 2024 and 2023			
Issued: 69,448,421 shares in 2024 and 2023			
Capital surplus	13,028	13,007	86,054
Retained earnings	56,092	55,205	370,491
Treasury shares (Note 12)	(5,256)	(5,247)	(34,718)
9,699,246 shares in 2024 and 9,736,558 shares in 2023			
Total shareholders' equity	71,695	70,796	473,551
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	5,446	3,994	35,977
Deferred gains or losses on hedges	(519)	(173)	(3,431)
Foreign currency translation adjustment	5,755	3,463	38,014
Remeasurements of defined benefit plans (Note 11)	(148)	(130)	(977)
Total accumulated other comprehensive income	10,534	7,155	69,582
Share acquisition rights (Notes 12 and 23)	91	91	604
Total net assets	82,321	78,043	543,737
Total liabilities and net assets	¥126,195	¥116,287	$833,525

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Income

AIDA ENGINEERING, LTD. and Consolidated Subsidiaries
For the years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Net sales (Note 13)	¥72,742	¥68,795	$480,468
Cost of sales (Notes 2 (13), 6 and 15)	59,086	57,168	390,267
Gross profit	13,656	11,627	90,200
Selling, general and administrative expenses (Notes 14 and 15)	10,041	10,087	66,321
Operating income	3,615	1,540	23,879
Non-operating income			
Interest income	153	96	1,016
Dividend income	279	298	1,844
Other	87	122	576
Total non-operating income	520	517	3,437
Non-operating expenses			
Interest expenses	45	8	298
Commission expenses	22	80	148
Foreign exchange losses	420	172	2,777
Other	52	85	343
Total non-operating expenses	540	347	3,567
Ordinary income	3,595	1,710	23,749
Extraordinary income			
Gain on sale of non-current assets	299	8	1,979
Gain on sales of investment securities (Note 8)	345	146	2,280
Subsidy income related to suspension or decrease of production	—	7	—
Gain on liquidation of subsidiaries	—	117	—
Total extraordinary income	645	280	4,260
Extraordinary losses			
Loss on sale of non-current assets	—	2	—
Loss on retirement of non-current assets	7	14	49
Loss on suspension or decrease of production (Note 16)	—	6	—
Loss on liquidation of subsidiaries	—	3	—
Total extraordinary losses	7	26	49
Income before income taxes	4,233	1,964	27,960
Current taxes	1,428	790	9,438
Deferred taxes	(4)	(121)	(26)
Income taxes (Note 17)	1,424	668	9,411
Net income	2,808	1,295	18,548
Net income attributable to owners of parent	¥ 2,808	¥ 1,295	$ 18,548

	Yen		U.S. dollars
	2024	2023	2024
Per share			
Net income – Basic (Note 20)	¥47.02	¥21.70	$0.31
– Diluted (Note 20)	46.95	21.67	0.31
Cash dividends (Note 24)	30.00	30.00	0.20

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Comprehensive Income

AIDA ENGINEERING, LTD. and Consolidated Subsidiaries
For the years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Net income	¥2,808	¥1,295	$18,548
Other comprehensive income (Note 21)			
Valuation difference on available-for-sale securities	1,451	(821)	9,590
Deferred gains or losses on hedges	(346)	122	(2,288)
Foreign currency translation adjustment	2,291	1,098	15,135
Remeasurements of defined benefit plans, net of tax	(17)	(218)	(114)
Total other comprehensive income	3,379	181	22,322
Comprehensive income	¥6,187	¥1,477	$40,871
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	¥6,187	¥1,477	$40,871

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Changes in Net Assets

AIDA ENGINEERING, LTD. and Consolidated Subsidiaries
For the years ended March 31, 2024 and 2023

		Millions of yen												
	Number of shares of common stock issued (Thousands)	Share capital	Capital surplus	Retained earnings	Treasury shares	Total share-holders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeas-urements of defined benefit plans	Total accumulated other compre-hensive income	Share acquisi-tion rights	Non-controlling interests	Total net assets
Balance at April 1, 2022	69,448	¥7,831	¥12,836	¥55,511	¥(5,250)	¥70,927	¥4,815	¥(295)	¥2,365	¥ 87	¥ 6,973	¥91	¥671	¥78,664
Cash dividends				(1,601)		(1,601)								(1,601)
Net income attributable to owners of parent				1,295		1,295								1,295
Purchase of treasury stock					(0)	(0)								(0)
Disposal of treasury stock						—								—
Disposal of treasury stock to stock benefit trust					3	3								3
Change in ownership interest of parent due to transactions with non-controlling interests			171			171								171
Net changes of items other than shareholders' equity							(821)	122	1,098	(218)	181	—	(671)	(489)
Balance at March 31 and April 1, 2023	69,448	7,831	13,007	55,205	(5,247)	70,796	3,994	(173)	3,463	(130)	7,155	91	—	78,043
Cash dividends				(1,921)		(1,921)								(1,921)
Net income attributable to owners of parent				2,808		2,808								2,808
Purchase of treasury stock					(72)	(72)								(72)
Disposal of treasury stock					12	12								12
Disposal of treasury stock to stock benefit trust			21		50	71								71
Net changes of items other than shareholders' equity							1,451	(346)	2,291	(17)	3,379	—	—	3,379
Balance at March 31, 2024	69,448	¥7,831	¥13,028	¥56,092	¥(5,256)	¥71,695	¥5,446	¥(519)	¥5,755	¥(148)	¥10,534	¥91	¥ —	¥82,321

		Thousands of U.S. dollars (Note 3)												
	Number of shares of common stock issued (Thousands)	Share capital	Capital surplus	Retained earnings	Treasury shares	Total share-holders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeas-urements of defined benefit plans	Total accumulated other compre-hensive income	Share acquisi-tion rights	Non-controlling interests	Total net assets
Balance at April 1, 2023	69,448	$51,724	$85,913	$364,633	$(34,656)	$467,614	$26,386	$(1,143)	$22,879	$(863)	$47,259	$604	$—	$515,477
Cash dividends				(12,691)		(12,691)								(12,691)
Net income attributable to owners of parent				18,548		18,548								18,548
Purchase of treasury stock					(476)	(476)								(476)
Disposal of treasury stock					82	82								82
Disposal of treasury stock to stock benefit trust			140		332	473								473
Net changes of items other than shareholders' equity during the year							9,590	(2,288)	15,135	(114)	22,322	—	—	22,322
Balance at March 31, 2024	69,448	$51,724	$86,054	$370,491	$(34,718)	$473,551	$35,977	$(3,431)	$38,014	$(977)	$69,582	$604	$—	$543,737

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Cash Flows

AIDA ENGINEERING, LTD. and Consolidated Subsidiaries
For the years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2024	2023	2024
Cash flows from operating activities			
Income before income taxes	¥ 4,233	¥ 1,964	$ 27,960
Depreciation	2,021	1,847	13,349
Loss (gain) on sale of fixed assets	(299)	(6)	(1,979)
Loss on disposal of fixed assets	7	14	49
Loss (gain) on sale of investment securities	(345)	(146)	(2,280)
Loss (gain) on liquidation of subsidiaries	—	(113)	—
Increase (decrease) in allowance for doubtful accounts	(203)	745	(1,346)
Increase (decrease) in provision for bonuses	88	(67)	586
Increase (decrease) in provision for bonuses for directors (and other officers)	26	(8)	176
Increase (decrease) in provision for product warranties	12	89	81
Increase (decrease) in retirement benefit liability	(82)	(13)	(542)
Decrease (increase) in retirement benefit asset	36	(32)	238
Increase (decrease) in provision for share awards	95	138	627
Increase (decrease) in provision for loss on orders received	(17)	(46)	(112)
Interest and dividend income	(433)	(395)	(2,861)
Interest expenses	45	8	298
Decrease (increase) in trade receivables	3,513	(1,284)	23,207
Decrease (increase) in inventories	(3,994)	(3,310)	(26,386)
Increase (decrease) in trade payables	534	(240)	3,527
Decrease (increase) in other assets	(1,323)	193	(8,739)
Increase (decrease) in other liabilities	1,344	125	8,883
Other, net	(1,669)	(434)	(11,028)
Sub-total	3,589	(974)	23,707
Interest and dividends received	431	392	2,852
Interest paid	53	(10)	351
Income taxes paid	(905)	(537)	(5,979)
Net cash provided by (used in) operating activities	3,169	(1,129)	20,931
Cash flows from investing activities			
Purchase of property, plant and equipment	(1,219)	(1,914)	(8,052)
Proceeds from sales of property, plant and equipment	326	718	2,157
Purchase of intangible assets	(438)	(459)	(2,897)
Purchase of investment securities	—	(99)	—
Proceeds from sales of investment securities	375	367	2,477
Payments into time deposits	(1,086)	(342)	(7,178)
Proceeds from withdrawal of time deposits	54	345	359
Purchase of shares of subsidiaries	—	(500)	—
Other, net	(0)	—	(0)
Net cash provided by (used in) investing activities	(1,988)	(1,884)	(13,135)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	783	(563)	5,176
Payments for finance lease obligations	—	(2)	—
Proceeds from sale of treasury stock	84	3	556
Purchase of treasury shares	(72)	(0)	(476)
Dividends paid	(1,921)	(1,601)	(12,689)
Dividends paid to non-controlling interests	—	(2)	—
Net cash provided by (used in) financing activities	(1,125)	(2,166)	(7,433)
Effect of exchange rate change on cash and cash equivalents	1,681	659	11,103
Net increase (decrease) in cash and cash equivalents	1,736	(4,521)	11,466
Cash and cash equivalents at beginning of period	30,508	35,030	201,511
Cash and cash equivalents at end of period (Note 4)	¥32,244	¥30,508	$212,978

The accompanying notes are an integral part of these financial statements.

Notes to Consolidated Financial Statements

AIDA ENGINEERING, LTD. and Consolidated Subsidiaries

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of AIDA ENGINEERING, LTD. ("AIDA") and its consolidated subsidiaries (collectively, "the Companies") have been prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Act of Japan, and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards (IFRS). Certain items presented in the consolidated financial statements filed with the Director of the Kanto Finance Bureau in Japan have been reclassified and rearranged for the convenience of readers outside Japan. Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Principles of consolidation

The accompanying consolidated financial statements include the accounts of AIDA and any significant companies controlled directly or indirectly by AIDA. The number of consolidated subsidiaries was 20 in 2024 and 20 in 2023. Significant consolidated subsidiaries as of March 31, 2024 are as follows:

- Domestic:
  REJ Co., LTD.
- Overseas:
  CHINA
  AIDA ENGINEERING CHINA CO., LTD.
  AIDA PRESS MACHINERY SYSTEMS CO., LTD.
  ASIA
  AIDA GREATER ASIA PTE. LTD.
  AIDA ENGINEERING (M) SDN. BHD.
  AIDA MANUFACTURING (ASIA) SDN. BHD.
  AMERICAS
  AIDA AMERICA CORP.
  EUROPE
  AIDA S.r.l.

(Remark)

All significant inter-company transactions, balances, and unrealized inter-company profits are eliminated on consolidation.

For consolidation purposes, the financial statements of those subsidiaries whose fiscal year-end date is December 31 have been included in consolidation on the basis of a full year provisional closing of accounts as of March 31.

(2) Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash on hand, bank deposits able to be withdrawn on demand and short-term highly liquid investments with an original maturity of three months or less and which represent a minor risk of fluctuations in value.

(3) Inventories

Finished goods and work in process are principally stated at the lower of cost or net realizable value determined by using the specific identification method. Raw materials are principally stated at the lower of cost or net realizable value determined by using the first-in first-out (FIFO) method.

(4) Investment securities

Other securities with market price are reported at the fair value at the balance sheet date, and the related unrealized gains or losses, net of applicable tax effects thereon, are reported in a separate component of net assets. The cost of securities sold is determined by the moving average method.

Other securities with no market price are stated at the cost determined by the moving average method.

(5) Derivative financial instruments and hedge accounting

Derivative financial instruments are recognized as either assets or liabilities at fair value, and changes in fair value are recognized as gains or losses unless the derivative financial instruments are used for hedging purposes. If the derivative financial instruments meet certain hedging criteria, the gains or losses are deferred as deferred hedge gains and losses in net assets until the gains and losses on the underlying hedged transactions are recognized. The Companies enter into exchange contracts to hedge the foreign exchange fluctuation risks on expected foreign currency transactions in accordance with the internal policies and rules relating to derivative transactions. Hedge effectiveness is not assessed as the substantial terms and conditions of the hedging instruments and the expected foreign currency transactions are the same.

(6) Property, plant and equipment

Property, plant and equipment, including significant renewals and improvements, are carried at cost. Maintenance and repairs including minor renewals and improvements are charged to the consolidated statement of income as incurred. Depreciation of property, plant and equipment in the Companies is mainly calculated by applying the straight-line method.

(7) Intangible assets

Intangible assets including capitalized software costs are carried at cost less accumulated amortization. Capitalized software costs are amortized under the straight-line method over the estimated useful life of 5 years.

(8) Leases

Non-cancellable lease transactions that transfer substantially all risks and rewards associated with the ownership of assets are accounted for as finance leases. The finance lease transactions are capitalized to recognize leased assets for financial accounting purposes. All other lease transactions are accounted for as operating leases and related payments are charged to the consolidated statements of income as incurred.

Leased assets under finance lease transactions that do not transfer the ownership to the lessee are depreciated using the straight-line method on the assumption that the useful life is equal to the lease term and the residual value is equal to zero. For leases with a residual value guarantee, the contracted residual value is considered to be the residual value.

(9) Allowance for doubtful accounts

The allowance for doubtful accounts is provided based on the estimated uncollectible amounts for doubtful receivables in addition to the general provision for normal receivables computed by applying the rate computed based on past credit loss experience.

(10) Accrued warranty costs

Accrued warranty costs are provided in the amount of estimated future warranty costs to be incurred in the period covered by the warranty contract.

(11) Accrued bonuses for employees

Accrued bonuses for employees are provided based on the estimated amounts expected to be paid to employees after the year-end.

(12) Accrued bonuses for directors

Accrued bonuses for directors are provided based on the estimated amounts expected to be paid to directors after the year-end.

(13) Provision for loss on orders received

Provision for loss on orders received is provided based on the estimated future losses related to order contracts at the end of the fiscal year.

Provision for loss on orders received included in the cost of sales amounted to ¥869 million (U.S. $5,742 thousand) and ¥763 million for the years ended March 31, 2024 and 2023, respectively.

(14) Accrued stock payments

Accrued stock payments are provided in the amount of estimated future payments of treasury stock and money for employees based on the employee stock benefit regulations and for directors based on the officer stock benefit regulations.

(15) Accounting method for retirement benefits

(a) Attribution of expected retirement benefit payments
In calculating retirement benefit obligations, the benefit formula method is used to allocate the expected retirement benefit payments up to fiscal year-end.

(b) Actuarial gains and losses and prior service cost
Actuarial gains and losses are being amortized by the straight-line method over certain periods of 10 years, which are within the average remaining years of service of the employees at the time.
The amounts are recognized in each fiscal year, starting from the year following the respective fiscal year of occurrence.
Prior service cost is expensed in the period of occurrence.

(c) Certain consolidated subsidiaries use a simplified method for calculating retirement benefit expenses and liabilities based on the assumption that the benefits payable, which are calculated as if all eligible employees voluntarily terminated their employment at fiscal year-end, approximate the retirement benefit obligation at year-end.

(16) Research and development costs

Research and development costs are expensed as incurred.

(17) Recognition of significant sales and cost of sales

(a) Performance obligations
The Companies are engaged in the manufacturing and sales of presses and their ancillary equipment and auxiliary business such as services.
Customers are mainly suppliers in the automobile, home appliances and electronic devices industries.

(b) When the entity typically satisfies its performance obligations
For sales of presses and ancillary equipment, revenue is recognized at the point in time when product installation or performance testing is completed.
For services such as periodic checks, maintenance, repair and other services, revenue is recognized when a provision of the service is completed and performance obligation is satisfied.
For sales of service parts, revenue is recognized when the customers accept the goods. Conditions for acceptance, such as shipping and receipt by customers depend on contracts or arrangements with customers and the like.
The Companies manufacture and sell certain specialized presses and ancillary equipment. Each product is highly customized and it takes a certain period to complete construction because it is necessary to satisfy the specifications required by each customer, especially for mid-size and large-size presses.
In such cases, the Companies' performance does not create an asset with an alternative use to the Companies and the Companies have an enforceable right to payment for performance completed to date. Therefore, the Companies recognize revenue as the Companies satisfy a performance obligation, and revenue and cost of the construction contract in the current fiscal year are recognized in the consolidated statements of income provided that the Companies can reliably estimate contract revenue, contract cost, and percentage of completion at the end of the fiscal year. The percentage of completion at the end of the fiscal year is calculated based on the portion of actual costs incurred to total estimated contract costs.

(c) Other notes and other items on revenue recognition determined to be included in significant accounting policies
The transaction price does not include a significant financing component in the contract because the payment is made within one year from the time of satisfaction of the performance obligations.

(18) Group Tax Sharing System

AIDA and certain domestic subsidiary apply the group tax sharing system.

(19) Significant accounting estimates

Revenue recognition for construction contracts for which the performance obligations are satisfied over time

(1) Amount recognized in the consolidated financial statements as of and for the current fiscal year

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	2024	2023	2024
Net sales of construction contracts for which the performance obligations are satisfied over time	¥21,535 30%	¥24,792 36%	$142,244
Contract assets related to the above	¥ 5,305	¥ 7,948	$ 35,042

(2) Other information for users to understand the consolidated financial statements

(a) Calculation method

The Companies manufacture and sell presses and ancillary equipment. Each product is highly customized and it takes a certain period to complete construction because it is necessary to satisfy the specifications required by each customer, especially for mid-size and large-size presses. In recognition of revenue for long-term construction contracts for which the performance obligations are satisfied over time, the revenue is recognized over a certain period based on the percentage of satisfaction of performance obligations. The estimate of the percentage of satisfaction of performance obligation is based on the ratio of construction costs incurred through the end of the period to the total estimated construction costs of each contract.

(b) Main assumptions

The Companies make assumptions in calculating revenue for which the performance obligations are satisfied over time about the total estimated contract costs. Each construction project is highly customized because the products are installed as a part of the customer's production line and the fundamental specifications and manufacturing steps are determined based on the customer's instructions. Therefore, it is difficult to set a standard criterion to estimate contract costs. Assumptions and judgments by responsible persons in the Cost Control Department who have expertise and experience are required in estimating inherently uncertain contract costs. The timely and appropriate review of contract costs is complex due to changes in the content of the contract and fluctuation of material price and man-hours during construction.

(c) Risk of resulting in a material adjustment to the consolidated financial statements within the next fiscal year

Uncertainty in estimating contract costs is high. Profit or loss recognition can significantly affect the consolidated financial statements if conditions and assumptions are changed due to higher-than-expected material prices and man-hours, and so on.

Impairment of fixed assets of AIDA PRESS MACHINERY SYSTEMS CO., LTD.

(1) Amount recognized in the consolidated financial statements as of and for the current fiscal year

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	2024	2023	2024
Loss on impairment	¥ —	¥ —	$ —
Carrying amount of property, plant and equipment, and intangible assets	1,058	1,048	6,993

(2) Other information for users to understand the consolidated financial statements

(a) Calculation method

The Companies assess whether any asset (group) is impaired whenever any events or circumstances indicate that impairment might exist by comparing the future net undiscounted cash flows expected to be generated from the asset (group) to the carrying amount. The Companies reduce the carrying amount to the recoverable amount and recognize a loss on impairment when the net undiscounted cash flows in the future are less than the carrying amount. The recoverable amount is calculated at the higher value in use or net realizable value.

AIDA PRESS MACHINERY SYSTEMS CO., LTD. is identified as one asset group and the recoverable amount of the asset is based on the value in use in calculating loss on impairment. The value in use is the net discounted cash flows in the future based on the business plan approved by a Board of Directors meeting.

(b) Main assumptions

The Companies make assumptions in calculating the net cash flows in the future about expected order intakes, gross margin rate, and market growth rate of main products in the business plan and discount rate.

(c) Risk of resulting in a material adjustment to the consolidated financial statements within the next fiscal year

Uncertainty in estimating the market growth rate and gross margin rate of main products is high. Loss on impairment of assets could be recognized that could significantly affect the consolidated financial statements if conditions and assumptions are changed due to market deterioration, the decline in profitability, and so on.

Recoverability of deferred tax assets

(1) Amount recognized in the consolidated financial statements as of and for the current fiscal year

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	2024	2023	2024
Deferred tax assets	¥2,440	¥1,981	$16,116
(Amount after deducting deferred tax liabilities)	385	268	2,545

Of the above, the deferred tax assets recorded by AIDA are ¥1,346 million (U.S. $8,894 thousand) (55% of the total).

(2) Other information for users to understand the consolidated financial statements

(a) Calculation method

The Company recognizes deferred tax assets to the extent of deductible temporary differences that are determined to be recoverable in accordance with "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26). The recoverability is based on the earnings forecast and tax planning based on the business plan approved by a Board of Directors meeting.

(b) Main assumptions

The Companies make assumptions in calculating the taxable income in the future about expected order intakes and gross margin rate of main products in the business plan.

(c) Risk of resulting in a material adjustment to the consolidated financial statements within the next fiscal year

There is uncertainty in estimating order intakes and the gross margin rate of the main product. Deferred tax assets could be additionally recognized or reserved and could significantly affect the consolidated financial statements if conditions and assumptions are changed due to market deterioration, the decline in profitability, and so on.

(20) Accounting standards issued but not yet effective

- "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022)
- "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, October 28, 2022)
- "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022)

(1) Outline

This stipulates the classification of income taxes when applied to other comprehensive income and the treatment of tax effects related to the sale of shares in subsidiaries when the group tax sharing system is applied.

(2) Expected Application Date

Scheduled to be introduced at the beginning of the fiscal year ending March 31, 2025.

(3) Effect of Applying the Accounting Standard

The impact is being evaluated at the time of preparation of these consolidated financial statements.

(21) Additional information

Employee Stock Ownership Plan (ESOP) Trust (Retirement benefits type)

Since December 2010, AIDA and certain domestic subsidiaries have operated an ESOP trust as an employee incentive plan with the aim of improving long-term corporate value.

(a) Transaction summary

In this transaction, employees are granted points as a form of bonus payment, and they will receive AIDA's shares depending on the number of accumulated points when they retire.

(b) Company's own stock in the trust

AIDA's own stock in the trust is recorded in treasury stock under net assets based on the book value in the trust. The book value and the number of shares of treasury stock as of March 31, 2024 are ¥933 million (U.S. $6,165 thousand) and 3,252,500 shares, respectively.

Employee Stock Ownership Plan (ESOP) Trust (Performance-linked type)

Since March 2022, AIDA and certain domestic subsidiaries have operated an ESOP trust as an employee incentive plan with the aim of improving long-term corporate value.

(a) Transaction summary

In this transaction, employees are granted points as a form of bonus payment, and they will receive AIDA's shares depending on the number of accumulated points after a certain time period.

(b) Company's own stock in the trust

AIDA's own stock in the trust is recorded in treasury stock under net assets based on the book value in the trust. The book value and the number of shares of treasury stock as of March 31, 2024 are ¥940 million (U.S. $6,209 thousand) and 887,672 shares, respectively.

Board Benefit Trust (BBT)

Since October 2017, AIDA has introduced a BBT for the purpose of raising awareness of contributing to the improvement of medium- to long-term business results and increasing corporate value by further clarifying the link between the compensation of directors (excluding outside directors; "Directors") and AIDA's share value, and by Directors sharing with shareholders not only the benefits of share price rises but also the risks of share price declines based on the resolution of the General Shareholders' Meeting held on June 19, 2017.

(a) Transaction summary

In this transaction, Directors are granted points, the amount of which is to be decided by their respective positions and so on, based on the officer stock benefit regulations, and they will receive AIDA's shares and cash depending on the number of accumulated points when they retire.

(b) Company's own stock in the trust

AIDA's own stock in the trust is recorded in treasury stock under net assets based on the book value in the trust. The book value and the number of shares of treasury stock as of March 31, 2024 are ¥216 million (U.S. $1,429 thousand) and 242,500 shares, respectively.

3. U.S. DOLLAR AMOUNTS

The U.S. dollar amounts stated in the consolidated financial statements are included solely for the convenience of readers outside Japan. The rate of ¥151.40 = U.S. $1, the approximate rate of exchange as of March 31, 2024, has been used for the purpose of such translation. Those translations should not be construed as representations that the Japanese yen amounts actually represent, or have been, or could be converted into U.S. dollars at that rate.

4. SUPPLEMENTARY CASH FLOW INFORMATION: CASH AND CASH EQUIVALENTS

Cash and cash equivalents are reconciled to cash on hand and at banks reported in the consolidated balance sheets as follows:

	Millions of yen		Thousands of U.S. dollars
As of March 31	2024	2023	2024
Cash on hand and at banks	¥33,316	¥30,510	$220,056
Less: Time deposits with maturities of more than three months	(1,071)	(1)	(7,077)
Cash and cash equivalents	¥32,244	¥30,508	$212,978

5. MATURED NOTES AT THE END OF THE FISCAL YEAR

Matured notes at the end of the fiscal year and trade and electronically recorded obligations – operating are settled on the clearing dates or settlement dates. As the last day of the current fiscal year was a business holiday for financial institutions in Japan, the following matured notes at the end of the fiscal year, electronically recorded monetary claims – operating, accounts receivable – other and electronically recorded obligations – operating have been included in the balance as of the end of the fiscal year.

	Millions of yen		Thousands of U.S. dollars
As of March 31	2024	2023	2024
Notes and accounts receivable – trade	¥ 36	¥—	$ 241
Electronically recorded monetary claims – operating	209	—	1,380
Accounts receivable – other	281	—	1,858
Electronically recorded obligations – operating	¥740	¥—	$4,889

6. INVENTORIES

"Inventories" on the consolidated balance sheets were as follows:

	Millions of yen		Thousands of U.S. dollars
As of March 31	2024	2023	2024
Finished goods	¥ 5,538	¥ 4,387	$ 36,578
Work in process	21,078	17,022	139,222
Raw materials	4,675	4,456	30,879
Inventories	¥31,291	¥25,867	$206,681

Inventories were offset by a corresponding provision for loss on orders received. A breakdown of the offset amounts is as follows:

	Millions of yen		Thousands of U.S. dollars
As of March 31	2024	2023	2024
Work in process	¥10	¥5	$71
Total	¥10	¥5	$71

Losses recognized and charged to cost of sales as a result of the devaluation of inventories for the year ended March 31, 2024 were ¥112 million (U.S. $745 thousand).

Gains recognized and credited to cost of sales as a result of reversal of loss on devaluation of inventories for the year ended March 31, 2023 were ¥122 million.

7. FINANCIAL INSTRUMENTS

(1) Status of Financial Instruments

(a) Policy for financial instruments

Fund management is restricted to short-term deposits at banks; financing activities of the Companies are mainly through borrowings from financial institutions. Derivatives are not used for speculative transactions but are used in order to hedge the risks described below.

(b) Types of financial instruments and related risks

Operating receivables (notes and accounts receivable – trade and contract assets, electronically recorded monetary claims – operating and accounts receivable – other) are exposed to customer credit risks. In addition, operating receivables in foreign currencies through global business activities are exposed to foreign exchange fluctuation risks. The Companies hedge such risks by utilizing forward exchange contracts.

Investment securities mainly consist of stocks and are exposed to price fluctuation risks.

Operating payables (accounts payable – trade and electronically recorded obligations – operating) are to be settled within 6 months. Some operating payables in foreign currencies through imports such as raw materials are exposed to foreign exchange fluctuation risks. The Companies hedge these risks by utilizing forward exchange contracts.

The main purpose of borrowings is to fund capital investment and research and development, and the repayment periods are within 5 years at most.

Derivatives include forward exchange contracts to hedge foreign exchange fluctuation risks arising from expected foreign currency transactions.

(c) Risk management for financial instruments

1) Monitoring of credit risk (risk of default by counterparties)

For operating receivables, AIDA's sales and service departments monitor account balances and payment schedules periodically by individual customers in accordance with the accounts receivable policies and identify and mitigate the default risk of customers at an early stage. The consolidated subsidiaries monitor credit risks in the same way in accordance with the policies.

Derivative transactions are conducted only with financial institutions with a high credit profile to minimize counterparty risks.

At the balance sheet date, the maximum credit risk is reported at the balance sheets amount of financial instruments exposed to credit risk.

2) Monitoring of market risk (risk of fluctuation in foreign exchange or market price)

The Companies hedge the foreign exchange fluctuation risks on expected foreign currency transactions by utilizing forward exchange contracts in accordance with the internal policies and rules relating to derivative transactions.

For investment securities, the Companies monitor the fair values of such investment securities and financial conditions of issuers regularly.

(d) Supplementary information on the fair value of financial instruments

Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in different fair values. In addition, the notional amounts of derivatives in Note 8, Derivative Financial Instruments, are not necessarily indicative of the actual market risk involved in derivative transactions.

(2) Information regarding fair value of financial instruments

Carrying value of financial instruments on the consolidated balance sheets and fair value are as follows:

	Millions of yen			Thousands of U.S. dollars		
As of March 31, 2024	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
Investment securities						
Other securities	¥10,850	¥10,850	¥—	$71,665	$71,665	$ —
Total assets	¥10,850	¥10,850	¥—	$71,665	$71,665	$ —
Long-term borrowings and current portion of long-term borrowings	¥ 1,500	¥ 1,492	¥(7)	$ 9,907	$ 9,858	$(49)
Total liabilities	¥ 1,500	¥ 1,492	¥(7)	$ 9,907	$ 9,858	$(49)
Derivative transactions which are not subject to hedge accounting*3	¥ (750)	¥ (750)	¥—	$ (4,955)	$ (4,955)	$ —
Derivative transactions which are subject to hedge accounting*3	(841)	(841)	—	(5,558)	(5,558)	—

*1 "Cash on hand and at banks," "Notes and accounts receivable – trade and contract assets," "Electronically recorded monetary claims – operating," "Accounts receivable – other," "Accounts payable – trade," "Electronically recorded obligations – operating," "Accounts payable – other," and "Short-term borrowings" are omitted because they are cash or are settled within a short time and the fair value is almost equal to the carrying value.

*2 The amounts of non-marketable securities are recorded in the consolidated balance sheets as follows.

	Millions of yen	Thousands of U.S. dollars
As of March 31, 2024	Carrying value	Carrying value
Other securities		
Unlisted stocks	¥346	$2,288

*3 The assets and liabilities arising from derivative transactions are presented at net amounts.

As of March 31, 2023	Millions of yen Carrying value	Fair value	Difference
Investment securities			
Other securities	¥8,840	¥8,840	¥—
Total assets	¥8,840	¥8,840	¥—
Long-term borrowings	¥1,500	¥1,496	¥(3)
Total liabilities	¥1,500	¥1,496	¥(3)
Derivative transactions which are not subject to hedge accounting*3	¥ (308)	¥ (308)	¥—
Derivative transactions which are subject to hedge accounting*3	(296)	(296)	—

*1 "Cash on hand and at banks," "Notes and accounts receivable – trade and contract assets," "Electronically recorded monetary claims – operating," "Accounts receivable – other," "Accounts payable – trade," "Electronically recorded obligations – operating," "Accounts payable – other," and "Short-term borrowings" are omitted because they are cash or are settled within a short time and the fair value is almost equal to the carrying value.

*2 The amounts of non-marketable securities are recorded in the consolidated balance sheets as follows.

As of March 31, 2023	Millions of yen Carrying value
Other securities	
Unlisted stocks	¥346

*3 The assets and liabilities arising from derivative transactions is presented at net amounts.

Remark 1: The redemption schedule for monetary claims or securities with maturities was as follows.

As of March 31, 2024	Millions of yen Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash at banks	¥33,284	¥—	¥—	¥—
Notes and accounts receivable – trade and contract assets	19,006	—	—	—
Electronically recorded monetary claims – operating	1,390	—	—	—
Accounts receivable – other	1,174	—	—	—
Total	¥54,856	¥—	¥—	¥—

As of March 31, 2024	Thousands of U.S. dollars Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash at banks	$219,846	$—	$—	$—
Notes and accounts receivable – trade and contract assets	125,538	—	—	—
Electronically recorded monetary claims – operating	9,186	—	—	—
Accounts receivable – other	7,756	—	—	—
Total	$362,328	$—	$—	$—

As of March 31, 2023	Millions of yen Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash at banks	¥30,490	¥—	¥—	¥—
Notes and accounts receivable – trade and contract assets	22,506	—	—	—
Electronically recorded monetary claims – operating	1,018	—	—	—
Accounts receivable – other	526	—	—	—
Total	¥54,542	¥—	¥—	¥—

Remark 2: The repayment schedule for borrowings was as follows.

As of March 31, 2024	Millions of yen Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years
Short-term borrowings	¥1,469	¥ —	¥—	¥—	¥ —	¥—
Long-term borrowings and current portion of long-term borrowings	500	500	—	—	500	—
Total	¥1,969	¥500	¥—	¥—	¥500	¥—

As of March 31, 2024	Thousands of U.S. dollars Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years
Short-term borrowings	$ 9,706	$ —	$—	$—	$ —	$—
Long-term borrowings and current portion of long-term borrowings	3,302	3,302	—	—	3,302	—
Total	$13,008	$3,302	$—	$—	$3,302	$—

As of March 31, 2023	Millions of yen Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years
Short-term borrowings	¥ 582	¥ —	¥ —	¥—	¥—	¥—
Long-term borrowings and current portion of long-term borrowings	500	500	500	—	—	—
Total	¥1,082	¥500	¥500	¥—	¥—	¥—

(3) Fair value of financial instruments by levels

The fair value of financial instruments is classified into the following levels according to the observability and materiality of the inputs used to calculate fair value.

Level 1: Fair value derived from quoted prices in active markets for identical assets or liabilities.

Level 2: Fair value derived from directly or indirectly observable inputs that are not included in Level 1 inputs.

Level 3: Fair value derived from unobservable inputs.

When multiple inputs that have a significant impact on the fair value calculation are used, the fair value is classified at the lowest priority level.

(a) Financial instruments recorded at fair value in the consolidated balance sheets

As of March 31, 2024	Millions of yen Fair value Level 1	Level 2	Level 3	Total
Investment securities				
Other securities	¥10,850	¥ —	¥—	¥10,850
Total assets	¥10,850	¥ —	¥—	¥10,850
Derivative transactions				
Currency-related transactions	¥ —	¥(1,591)	¥—	¥ (1,591)
Total liabilities	¥ —	¥(1,591)	¥—	¥ (1,591)

As of March 31, 2024	Thousands of U.S. dollars Fair value Level 1	Level 2	Level 3	Total
Investment securities				
Other securities	$71,665	$ —	$—	$ 71,665
Total assets	$71,665	$ —	$—	$ 71,665
Derivative transactions				
Currency-related transactions	$ —	$(10,514)	$—	$(10,514)
Total liabilities	$ —	$(10,514)	$—	$(10,514)

As of March 31, 2023	Millions of yen Fair value Level 1	Level 2	Level 3	Total
Investment securities				
Other securities	¥8,840	¥ —	¥—	¥8,840
Total assets	¥8,840	¥ —	¥—	¥8,840
Derivative transactions				
Currency-related transactions	¥ —	¥(605)	¥—	¥ (605)
Total liabilities	¥ —	¥(605)	¥—	¥ (605)

(b) Financial instruments not recorded at fair value in the consolidated balance sheets

	Millions of yen			
	Fair value			
As of March 31, 2024	Level 1	Level 2	Level 3	Total
Long-term borrowings and current portion of long-term borrowings	¥—	¥1,492	¥—	¥1,492
Total assets	¥—	¥1,492	¥—	¥1,492

	Thousands of U.S. dollars			
	Fair value			
As of March 31, 2024	Level 1	Level 2	Level 3	Total
Long-term borrowings and current portion of long-term borrowings	$—	$9,858	$—	$9,858
Total assets	$—	$9,858	$—	$9,858

	Millions of yen			
	Fair value			
As of March 31, 2023	Level 1	Level 2	Level 3	Total
Long-term borrowings and current portion of long-term borrowings	¥—	¥1,496	¥—	¥1,496
Total assets	¥—	¥1,496	¥—	¥1,496

Remark: Valuation techniques and inputs of fair value for financial instruments

Derivative Transactions

The fair value is calculated using observable inputs such as exchange rates and is classified as Level 2 fair value.

Long-term borrowings and current portion of long-term borrowings

The fair value is calculated using the discounted present value method based on the total principal amount and an interest rate that takes into account the remaining term of the debt and credit risk, and is classified as Level 2 fair value.

8. INVESTMENT SECURITIES

(1) The carrying value and acquisition cost of other securities with market values were as follows:

As of March 31, 2024	Millions of yen			Thousands of U.S. dollars		
Types of securities	Carrying value	Acquisition cost	Unrealized gains (losses)	Carrying value	Acquisition cost	Unrealized gains (losses)
Carrying value exceeds acquisition cost:						
Stocks	¥10,565	¥2,671	¥7,893	$69,782	$17,646	$52,136
Sub-total	10,565	2,671	7,893	69,782	17,646	52,136
Carrying value does not exceed acquisition cost:						
Stocks	285	353	(68)	1,882	2,332	(449)
Sub-total	285	353	(68)	1,882	2,332	(449)
Total	¥10,850	¥3,024	¥7,825	$71,665	$19,978	$51,686

As of March 31, 2023	Millions of yen		
Types of securities	Carrying value	Acquisition cost	Unrealized gains (losses)
Carrying value exceeds acquisition cost:			
Stocks	¥8,324	¥2,401	¥5,923
Sub-total	8,324	2,401	5,923
Carrying value does not exceed acquisition cost:			
Stocks	515	653	(137)
Sub-total	515	653	(137)
Total	¥8,840	¥3,054	¥5,785

(2) Sales of other securities were as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	2024	2023	2024
Total sales amounts	¥375	¥367	$2,477
Gains on sales	345	146	2,280

9. DERIVATIVE FINANCIAL INSTRUMENTS

Fair value information on the derivatives outstanding is summarized in the following tables:

As of March 31, 2024

(1) Derivative transactions (hedge accounting not applied)

Currency-related transactions (non-market transactions)

	Millions of yen				Thousands of U.S. dollars			
	Contract value				Contract value			
	Contract value total	Over 1 year	Fair value	Unrealized gain (loss)	Contract value total	Over 1 year	Fair value	Unrealized gain (loss)
Forward exchange transactions:								
Sell —								
USD	¥ 879	¥ 14	¥(111)	¥(111)	$ 5,812	$ 98	$ (733)	$ (733)
EUR	7,759	607	(620)	(620)	51,252	4,014	(4,097)	(4,097)
CNY	191	—	(18)	(18)	1,263	—	(124)	(124)
Total	¥8,830	¥622	¥(750)	¥(750)	$58,327	$4,112	$(4,955)	$(4,955)

(2) Derivative transactions (hedge accounting applied)

Currency-related transactions (Deferred hedge accounting method)

		Millions of yen			Thousands of U.S. dollars		
		Contract value			Contract value		
	Main hedged item	Contract value total	Over 1 year	Fair value	Contract value total	Over 1 year	Fair value
Forward exchange transactions:							
Sell —							
USD	Expected foreign currency transactions	¥3,715	¥1,605	¥(279)	$24,540	$10,607	$(1,847)
EUR		3,714	1,726	(440)	24,532	11,403	(2,908)
JPY		61	—	10	404	—	69
CNY		1,332	260	(110)	8,799	1,718	(729)
Buy —							
USD		36	—	5	241	—	39
EUR		17	—	(0)	117	—	(3)
JPY		343	16	(27)	2,272	105	(179)
Total		¥9,221	¥3,608	¥(841)	$60,907	$23,834	$(5,558)

As of March 31, 2023

(1) Derivative transactions (hedge accounting not applied)

Currency-related transactions (non-market transactions)

	Millions of yen			
	Contract value			
	Contract value total	Over 1 year	Fair value	Unrealized gain (loss)
Forward exchange transactions:				
Sell —				
USD	¥ 117	¥ —	¥ (20)	¥ (20)
EUR	5,847	480	(288)	(288)
CNY	307	—	(3)	(3)
Buy —				
USD	0	—	(0)	(0)
EUR	165	—	4	4
Total	¥6,438	¥480	¥(308)	¥(308)

(2) Derivative transactions (hedge accounting applied)

Currency-related transactions (Deferred hedge accounting method)

	Main hedged item	Millions of yen: Contract value: Contract value total	Over 1 year	Fair value
Forward exchange transactions:				
Sell —				
USD	Expected foreign currency transactions	¥ 5,066	¥ 728	¥(216)
EUR		3,670	2,625	(114)
JPY		244	53	10
CNY		921	537	2
Buy —				
USD		248	—	(14)
EUR		1,105	—	33
JPY		135	33	1
Total		¥11,392	¥3,978	¥(296)

10. BORROWINGS

Short-term borrowings and long-term borrowings are as follows:

As of March 31, 2024	Millions of yen	Weighted average interest rate	Repayment dates	Thousands of U.S. dollars
Short-term borrowings	¥1,469	4.85%	—	$ 9,706
Current portion of long-term borrowings	500	0.59%	—	3,302
Long-term borrowings	1,000	0.87%	December 15, 2025 and March 30, 2029	6,605
Total	¥2,969	—%	—	$19,613

As of March 31, 2023	Millions of yen	Weighted average interest rate	Repayment dates
Short-term borrowings	¥ 582	4.13%	September 22, 2023
Current portion of long-term borrowings	500	0.68%	March 29, 2024
Long-term borrowings	1,000	0.59%	March 19, and December 15, 2025
Total	¥2,082	—%	—

Repayment schedules for long-term borrowings as of March 31, 2024 are as follows:

As of March 31	Millions of yen	Thousands of U.S. dollars
2025	¥500	$3,302
2026	500	3,302
2027	—	—
2028	—	—
2029	500	3,302

11. RETIREMENT BENEFITS FOR EMPLOYEES

AIDA and a certain domestic consolidated subsidiary have a cash balance plan as a defined benefit pension plan and a defined contribution pension plan. A certain consolidated subsidiary has a lump-sum payment plan and uses a simplified method for calculating retirement benefit expenses and liabilities.

Certain overseas consolidated subsidiaries have a defined benefit pension plan and a defined contribution pension plan.

(1) Defined benefit pension plan

(a) Changes in retirement benefit obligation

Year ended March 31	Millions of yen 2024	2023	Thousands of U.S. dollars 2024
Balance at the beginning of the year	¥4,901	¥4,830	$32,377
Service cost	256	251	1,691
Interest cost	29	27	197
Actuarial gain and loss	11	24	74
Retirement benefits paid	(441)	(237)	(2,915)
Others	12	5	79
Balance at the end of the year	¥4,769	¥4,901	$31,505

*Retirement benefit expenses of the certain consolidated subsidiary that uses a simplified method are included in "Service cost."

(b) Changes in plan assets

Year ended March 31	Millions of yen 2024	2023	Thousands of U.S. dollars 2024
Plan assets at the beginning of the year	¥4,083	¥4,195	$26,969
Expected return on plan assets	81	83	539
Actuarial gain and loss	22	(190)	146
Contributions by the Company	129	125	854
Retirement benefits paid	(252)	(131)	(1,666)
Plan assets at the end of the year	¥4,064	¥4,083	$26,843

(c) Funded status of the plans and the amounts recognized in the consolidated balance sheets for the Companies' defined benefit plans

As of March 31	Millions of yen 2024	2023	Thousands of U.S. dollars 2024
Funded retirement benefit obligation	¥ 3,386	¥ 3,450	$ 22,367
Plan assets at fair value	(4,064)	(4,083)	(26,843)
	(677)	(633)	(4,476)
Unfunded retirement benefit obligation	1,383	1,451	9,138
Net amount of liabilities and assets for retirement benefits in the consolidated balance sheet	¥ 705	¥ 818	$ 4,661
Retirement benefit liability	¥ 1,383	¥ 1,451	$ 9,138
Retirement benefit asset	(677)	(633)	(4,476)
Net amount of liabilities and assets for retirement benefits in the consolidated balance sheet	¥ 705	¥ 818	$ 4,661

Remark: The above table includes plans accounted for using the simplified method.

(d) Components of retirement benefit expenses

Year ended March 31	Millions of yen 2024	2023	Thousands of U.S. dollars 2024
Service cost	¥256	¥251	$1,691
Interest cost	29	27	197
Expected return on plan assets	(81)	(83)	(539)
Amortization of actuarial gain and loss	(35)	(99)	(237)
Retirement benefit expenses	¥168	¥ 95	$1,113

*Retirement benefit expenses of the certain consolidated subsidiary that uses a simplified method are included in "Service cost."

(e) Components of remeasurements of defined benefit plans included in other comprehensive income (before tax effect)

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	2024	2023	2024
Actuarial gain and loss	¥(24)	¥(314)	$(164)
Total	¥(24)	¥(314)	$(164)

(f) Components of remeasurements of defined benefit plans included in accumulated other comprehensive income (before tax effect)

	Millions of yen		Thousands of U.S. dollars
As of March 31	2024	2023	2024
Unrecognized actuarial loss	¥213	¥188	$1,408
Total	¥213	¥188	$1,408

(g) Fair value of plan assets by major category, as a percentage of total plan assets

As of March 31	2024	2023
Bonds	36.1%	33.0%
Stocks	27.5%	25.3%
General accounts	25.7%	26.8%
Others	10.7%	14.9%
Total	100.0%	100.0%

The expected return on assets has been estimated based on the anticipated allocation to each asset class and the expected long-term returns on assets held in each category.

(h) Actuarial assumptions used in the calculation for defined benefit pension plan

As of March 31	2024	2023
Discount rate	Mainly 0.7%	Mainly 0.7%
Expected rate of return on plan assets	Mainly 2.0%	Mainly 2.0%
Expected rate of salary increase	Mainly 2.9%	Mainly 2.9%

Remark: The above table is indicated as a weighted average.

(2) Defined contribution pension plan
The contributions to the defined contribution plan of the Companies for the years ended March 31, 2024 and 2023 were ¥199 million (U.S. $1,316 thousand) and ¥184 million, respectively.

12. NET ASSETS

Information regarding changes in net assets was as follows:
(1) Shares issued and outstanding / Treasury stock
During the year ended March 31, 2024

Types of shares	Number of shares at April 1, 2023	Increase	Decrease	Number of shares at March 31, 2024
Shares issued:				
Common stock	69,448,421	—	—	69,448,421
Treasury stock:				
Common stock (Remarks 1, 2 and 3)	9,736,558	85,164	122,476	9,699,246

Remarks: 1. Details of the increase are as follows:
Increase due to the purchase of shares of less than standard unit 564
Increase due to purchase of shares by BBT 84,600
2. Details of the decrease are as follows:
Decrease due to the grant of shares from ESOP trust 37,876
Decrease due to disposition of treasury stock by third-party allocation 84,600
3. The number of shares of treasury stock held by Trust Account E as of April 1, 2023 and March 31, 2024 includes 4,335,948 shares and 4,382,672 shares, respectively.

During the year ended March 31, 2023

Types of shares	Number of shares at April 1, 2022	Increase	Decrease	Number of shares at March 31, 2023
Shares issued:				
Common stock	69,448,421	—	—	69,448,421
Treasury stock:				
Common stock (Remarks 1, 2 and 3)	9,748,838	472	12,752	9,736,558

Remarks: 1. Details of the increase are as follows:
Increase due to the purchase of shares of less than standard unit 472
2. Details of the decrease are as follows:
Decrease due to the grant of shares from ESOP trust (Retirement benefits type) 12,752
3. The number of shares of treasury stock held by Trust Account E as of April 1, 2022 and March 31, 2023 includes 4,348,700 shares and 4,335,948 shares, respectively.

(2) Share subscription rights
During the year ended March 31, 2024

							Millions of yen	Thousands of U.S. dollars
Company	Description	Type of shares issued	Number of shares at April 1, 2023	Increase	Decrease	Number of shares at March 31, 2024	Balance at March 31, 2024	Balance at March 31, 2024
Parent company	Share subscription rights as stock options	—	—	—	—	—	¥91	$604
	Total	—	—	—	—	—	¥91	$604

During the year ended March 31, 2023

							Millions of yen
Company	Description	Type of shares issued	Number of shares at April 1, 2022	Increase	Decrease	Number of shares at March 31, 2023	Balance at March 31, 2023
Parent company	Share subscription rights as stock options	—	—	—	—	—	¥91
	Total	—	—	—	—	—	¥91

13. REVENUE RECOGNITION

(1) Information regarding disaggregation of revenue from contracts with customers
Regarding net sales, revenue from contracts with customers and revenue from other sources are not separately presented. Information regarding disaggregation of revenue from contracts with customers was represented in "22. SEGMENT INFORMATION (3) Information on sales, profit or loss, assets, and other items by reportable segments."

(2) Basic information to understand revenue from contracts with customers
Basic information to understand revenue from contracts with customers was represented in "2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (17) Recognition of significant sales and cost of sales."

(3) Information to understand the amount of revenue in the current and subsequent fiscal years
(a) Contract assets and contract liabilities

	Millions of yen		Thousands of U.S. dollars
For the year ended March 31, 2024	As of April 1, 2023	As of March 31, 2024	As of March 31, 2024
Receivables from contracts with customers			
Trade notes	¥ 329	¥ 498	$ 3,295
Accounts receivable	14,227	13,202	87,201
Total receivables from contracts with customers	¥14,557	¥13,701	$90,496
Contract assets	¥ 7,948	¥ 5,305	$35,042

For the year ended March 31, 2023	Millions of yen As of April 1, 2022	As of March 31, 2023
Receivables from contracts with customers		
Trade notes	¥ 516	¥ 329
Accounts receivable	10,546	14,227
Total receivables from contracts with customers	¥11,062	¥14,557
Contract assets	¥ 6,627	¥ 7,948

Contract assets are the Companies' rights to consideration for performance obligations recognized but not yet billed as of the year-end date for contracts with customers for the manufacture and sale of presses that meet the definition of the performance obligations satisfied over time. Contract assets become receivables from contracts with customers once the Companies' rights to the consideration become unconditional.

Contract liabilities are mainly advance payments received from customers under certain payment terms for contracts with customers for the manufacture and sale of presses. Contract liabilities are reversed upon recognition of revenue.

Of the contract liabilities balance at the beginning of the fiscal year, revenue recognized for the years ended March 31, 2024 and 2023 were ¥11,581 million (U.S. $76,495 thousand) and ¥11,106 million, respectively.

(b) Transaction price allocated to the remaining performance obligations

Of the ¥76,705 million (U.S. $506,644 thousand) order backlog (remaining performance obligation) as of March 31, 2024, 61.7% will be recognized as revenue within one year, and the remainder is expected to be recognized as revenue within approximately three years.

Of the ¥70,343 million order backlog (remaining performance obligation) as of March 31, 2023, 84.0% will be recognized as revenue within one year, and the remainder is expected to be recognized as revenue within approximately two years.

14. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The significant components of selling, general and administrative expenses are as follows:

	Millions of yen 2024	2023	Thousands of U.S. dollars 2024
Salaries and wages	¥3,303	¥3,148	$21,818
Provision of allowance for doubtful accounts	9	878	60
Provision for accrued bonuses for employees	441	365	2,914
Retirement benefit expenses	97	75	644

15. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses included in "Cost of sales" and "Selling, general and administrative expenses" are summarized as follows:

Year ended March 31	Millions of yen 2024	2023	Thousands of U.S. dollars 2024
Selling, general and administrative expenses	¥568	¥ 565	$3,752
Cost of sales	389	511	2,572
Total	¥957	¥1,076	$6,325

16. LOSS ON SUSPENSION OR DECREASE OF PRODUCTION

For the year ended March 31, 2024

None applicable

For the year ended March 31, 2023

This extraordinary loss was fixed costs such as personnel expenses for the period during which governments required shutdowns and reductions in operations to prevent the spread of COVID-19 infections.

17. INCOME TAXES

The applicable statutory tax rate in Japan was approximately 30.6% for the years ended March 31, 2024 and 2023.

(1) Reconciliations of the differences between the effective income tax rates and statutory income tax rates are as follows:

Year ended March 31	2024	2023
Statutory income tax rates	30.6%	30.6%
Non-deductible expenses (entertainment expenses and others) for tax purposes	2.5%	5.1%
Dividend income	(0.3%)	(1.1%)
Inhabitant taxes per capita	0.5%	1.0%
Difference of tax rates applied to overseas subsidiaries	(3.0%)	(1.6%)
Tax credit	(0.1%)	(3.8%)
Changes in valuation allowance	2.2%	5.8%
Expired net operating loss carryforwards	—%	1.8%
Others	1.3%	(3.7%)
Effective income tax rates	33.7%	34.1%

(2) The major components of deferred tax assets and liabilities are as follows:

As of March 31	Millions of yen 2024	2023	Thousands of U.S. dollars 2024
Deferred tax assets:			
Loss on write-down of inventories	¥ 1,044	¥ 821	$ 6,897
Accrued warranty costs	195	169	1,291
Accrued bonuses for employees	298	271	1,974
Depreciation expense	477	516	3,152
Accrued stock payments	185	164	1,225
Long-term accounts payable – other	71	71	474
Tax losses carried forward	1,899	2,259	12,547
Retirement benefit obligation	398	413	2,629
Others	1,840	1,562	12,158
Subtotal deferred tax assets	6,411	6,249	42,350
Valuation allowance for net operating loss carryforwards	(1,873)	(2,231)	(12,372)
Valuation allowance for deductible temporary differences	(2,098)	(2,036)	(13,861)
Less: Valuation allowance	(3,971)	(4,268)	(26,234)
Total deferred tax assets	2,440	1,981	16,116
Deferred tax liabilities:			
Undistributed subsidiaries' earnings	(489)	(393)	(3,233)
Reserve for reduction entry of replaced property	(417)	(422)	(2,755)
Net defined benefit assets	(283)	(285)	(1,872)
Fixed assets	(703)	(662)	(4,648)
Unrealized gains on other securities	(2,374)	(1,786)	(15,685)
Others	(13)	(31)	(87)
Total deferred tax liabilities	(4,281)	(3,582)	(28,282)
Net deferred tax assets (liabilities)	¥(1,841)	¥(1,601)	$(12,166)

*1 The valuation allowance decreased by ¥296 million (U.S. $1,959 thousand). The decrease was mainly due to the ¥358 million (U.S. $2,369 thousand) decrease in valuation allowance related to tax loss carryforwards at consolidated subsidiaries.

*2 A breakdown of net operating loss carryforwards and valuation allowance by expiry date is as follows.

As of March 31, 2024	Millions of yen Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years	Total
Net operating loss carryforwards (a)	¥ 46	¥ 33	¥ 37	¥ 57	¥ 31	¥ 1,694	¥ 1,899
Valuation allowance	(46)	(33)	(37)	(57)	(31)	(1,667)	(1,873)
Deferred tax assets	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 26	¥ 26

As of March 31, 2024	Thousands of U.S. dollars Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years	Total
Net operating loss carryforwards (a)	$ 304	$ 220	$ 245	$ 378	$ 208	$ 11,189	$ 12,547
Valuation allowance	(304)	(220)	(245)	(378)	(208)	(11,014)	(12,372)
Deferred tax assets	$ —	$ —	$ —	$ —	$ —	$ 174	$ 174

(a) Net operating loss carryforwards were the amount multiplied by the effective statutory tax rate.

(b) For the net operating loss carryforward of ¥1,899 million (U.S. $12,547 thousand) (amount multiplied by effective statutory tax rate), deferred tax assets of ¥26 million (U.S. $174 thousand) have been recorded.

The deferred tax assets of ¥26 million (U.S. $174 thousand) are for part of the balance of the tax loss carryforward of ¥1,899 million (U.S. $12,547 thousand) (amount multiplied by effective statutory tax rate), mainly due to AIDA AMERICA CORP. and AIDA S.r.l.

Net operating loss carryforwards were mainly arising from the recognition of the loss carryforwards by AIDA AMERICA CORP. in the fiscal year ended March 31, 2022 and by AIDA S.r.l. in the fiscal year ended March 31, 2018.

The tax loss carryforward was determined to be recoverable as future taxable income is anticipated, and therefore no corresponding valuation allowance has been recognized.

As of March 31, 2023	Millions of yen Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years	Total
Net operating loss carryforwards (a)	¥—	¥ 109	¥ 313	¥ 103	¥—	¥ 1,734	¥ 2,259
Valuation allowance	—	(109)	(313)	(100)	—	(1,708)	(2,231)
Deferred tax assets	¥—	¥ —	¥ —	¥ 2	¥—	¥ 25	¥ 27

(a) Net operating loss carryforwards were the amount multiplied by the effective statutory tax rate.

(b) For the net operating loss carryforward of ¥2,259 million (U.S. $16,921 thousand) (amount multiplied by effective statutory tax rate), deferred tax assets of ¥27 million (U.S. $208 thousand) have been recorded.

The deferred tax assets of ¥27 million (U.S. $208 thousand) are for part of the balance of the tax loss carryforward of ¥2,259 million (U.S. $16,921 thousand) (amount multiplied by effective statutory tax rate), mainly due to AIDA AMERICA CORP. and REJ Co., LTD.

Net operating loss carryforwards arose mainly due to the loss before income taxes of ¥2 million (U.S. $1,584 thousand) for the fiscal year ended March 31, 2018.

The tax loss carryforward was determined to be recoverable as future taxable income is anticipated, and therefore no corresponding valuation allowance has been recognized.

(3) Application of the group tax sharing system

AIDA and a certain domestic consolidated subsidiary applied the group tax sharing system from the beginning of the fiscal year ended March 31, 2023. As a result, with regard to accounting procedures and disclosure for income tax, local corporation tax and tax effect accounting, "Practical Solution on the Accounting and Disclosure under the Group Tax Sharing System" (Practical Issues Task Force No. 42, August 12, 2021; hereinafter referred to as "PITF No. 42") is applied.

18. LEASES

Description of finance leases is omitted due to its insignificance as of March 31, 2024 and 2023.

A summary of future payments under non-cancellable operating leases is as follows:

As of March 31	Millions of yen 2024	2023	Thousands of U.S. dollars 2024
Operating leases:			
Due within 1 year	¥106	¥122	$ 703
Thereafter	119	115	788
Total	¥225	¥237	$1,492

19. RELATED PARTY TRANSACTIONS

There were no transactions between AIDA and its related companies and individuals for the years ended March 31, 2024 and 2023.

20. PER SHARE INFORMATION

Shares held by the Custody Bank of Japan, Ltd. (Trust Account E) are treated as treasury stock on the consolidated financial statements. As a result, those shares have been excluded from the number of shares to calculate "Average number of shares outstanding during the years" and "Number of shares used for computing net assets per share" shown below. The number of shares of treasury stock held by the Trust Account E as of April 1, 2023 and March 31, 2024 includes 4,335,948 shares and 4,382,672 shares, respectively.

Calculation of net assets per share and net income per share is as follows:

As of and for the year ended March 31	Yen 2024	2023	U.S. dollars 2024
Net assets per share*1	¥1,376.26	¥1,305.47	$9.09
Net income – Basic*2	47.02	21.70	0.31
– Diluted*2	46.95	21.67	0.31

*1 Data used in the calculation of "Net assets per share" are as follows:

As of March 31	Millions of yen 2024	2023	Thousands of U.S. dollars 2024
Total net assets on consolidated balance sheets	¥82,321	¥78,043	$543,737
Total net assets attributable to shares of common stock	82,230	77,951	543,133
Main differences:			
Stock options	91	91	604
Number of shares outstanding (thousands of shares)	69,448	69,448	—
Number of treasury stock (thousands of shares)	9,699	9,736	—
Number of shares used for computing net assets per share (thousands of shares)	59,749	59,711	—

*2 Data used in the calculation of "Net income – Basic" and "Diluted" are as follows:

Year ended March 31	Millions of yen 2024	2023	Thousands of U.S. dollars 2024
Net income	¥ 2,808	¥ 1,295	$18,548
Net income attributable to shares of common stock	2,808	1,295	18,548
Average number of shares outstanding during the years (thousands of shares)	59,729	59,703	—
Potential increase in common stock for the diluted income calculation (thousands of shares)	86	81	—
Excluded potential increase in common stock for the diluted income calculation due to no dilutive effect (thousands of shares)	10	20	—

21. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Reclassification adjustments and tax effects allocated to each component of other comprehensive income are as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	2024	2023	2024
Valuation difference on available-for-sale securities:			
Amount arising during the year	¥ 2,436	¥(1,036)	$ 16,095
Reclassification adjustments for gains and losses included in net income	(345)	(146)	(2,280)
Amount before tax effect	2,091	(1,182)	13,814
Tax effect	(639)	361	(4,224)
Valuation difference on available-for-sale securities	1,451	(821)	9,590
Deferred gains or losses on hedges:			
Amount arising during the year	(1,805)	(777)	(11,927)
Reclassification adjustments for gains and losses included in net income	1,309	945	8,649
Amount before tax effect	(496)	168	(3,278)
Tax effect	149	(45)	990
Deferred gains or losses on hedges	(346)	122	(2,288)
Foreign currency translation adjustments:			
Amount arising during the year	3,300	1,696	21,802
Reclassification adjustments for gains and losses included in net income	—	(113)	—
Amount before tax effect	3,300	1,582	21,802
Tax effect	(1,009)	(483)	(6,667)
Foreign currency translation adjustments:	2,291	1,098	15,135
Remeasurements of defined benefit plans:			
Amount arising during the year	11	(215)	73
Reclassification adjustments for gains and losses included in net income	(36)	(99)	(238)
Amount before tax effect	(24)	(314)	(164)
Tax effect	7	96	50
Remeasurements of defined benefit plans	(17)	(218)	(114)
Total other comprehensive income (loss)	¥ 3,379	¥ 181	$ 22,322

22. SEGMENT INFORMATION

(1) Overview of reportable segments

The reportable segments of the Companies are components for which discrete financial information is available and whose operating results are regularly reviewed by management to make decisions about resource allocation and to assess performance.

The Companies operate within a single business related to the manufacture and sale of presses and their ancillary equipment and auxiliary business such as services.

AIDA plays a key role in the domestic business.

As for the overseas business, each local company including China, Asia (mainly Singapore and Malaysia), Americas (mainly U.S.A.), and Europe (mainly Italy) plays an important role.

Each foreign subsidiary is a single business entity, planning comprehensive business strategies for products and conducting business activities in each area. Accordingly, the Companies consist of geographic segments which have the fundamental function of manufacturing, sales, and service.

Reportable segments are categorized into "Japan," "China," "Asia," "Americas" and "Europe."

(2) Basis for calculating sales, profit or loss, assets, and other items by reportable segments

Accounting policies of the segments are substantially the same as those described in "Summary of Significant Accounting Policies."

Operating income or loss is used as reportable segment profit or loss. Segment transactions are inter-company transactions and based on market prices.

(3) Information on sales, profit or loss, assets, and other items by reportable segments

	Millions of yen							
As of and for the year ended March 31, 2024	Japan	China	Asia	Americas	Europe	Sub total	Adjustments*1	Consolidated*2
Sales								
(1) Sales to third parties								
① Presses	¥13,948	¥10,144	¥ 4,719	¥12,134	¥11,171	¥ 52,118	¥ —	¥ 52,118
② Service	5,470	1,212	2,296	3,305	4,165	16,450	—	16,450
③ Others	4,063	23	55	—	30	4,173	—	4,173
Subtotal	23,483	11,380	7,071	15,439	15,366	72,742	—	72,742
(2) Inter-segment sales	19,420	414	3,764	601	1,139	25,339	(25,339)	—
Total sales	42,904	11,794	10,836	16,041	16,506	98,082	(25,339)	72,742
Segment profit	1,112	797	1,193	397	293	3,794	(178)	3,615
Segment assets	88,194	14,619	13,380	14,679	22,068	152,943	(26,747)	126,195
Others								
Depreciation	1,220	133	225	222	218	2,021	(0)	2,021
Increase in property, plant, equipment and intangible assets	¥ 1,258	¥ 91	¥ 264	¥ 64	¥ 121	¥ 1,800	¥ —	¥ 1,800

	Thousands of U.S. dollars							
As of and for the year ended March 31, 2024	Japan	China	Asia	Americas	Europe	Sub total	Adjustments*1	Consolidated*2
Sales								
(1) Sales to third parties								
① Presses	$ 92,132	$67,004	$31,171	$ 80,147	$ 73,789	$ 344,246	$ —	$344,246
② Service	36,133	8,010	15,169	21,833	27,510	108,657	—	108,657
③ Others	26,842	154	369	—	198	27,564	—	27,564
Subtotal	155,108	75,169	46,710	101,981	101,498	480,468	—	480,468
(2) Inter-segment sales	128,274	2,736	24,863	3,969	7,526	167,370	(167,370)	—
Total sales	283,382	77,906	71,574	105,951	109,025	647,839	(167,370)	480,468
Segment profit	7,345	5,270	7,881	2,624	1,938	25,060	(1,181)	23,879
Segment assets	582,527	96,564	88,380	96,958	145,764	1,010,194	(176,669)	833,525
Others								
Depreciation	8,061	882	1,489	1,470	1,446	13,349	(0)	13,349
Increase in property, plant, equipment and intangible assets	$ 8,315	$ 602	$ 1,748	$ 424	$ 799	$ 11,889	$ —	$ 11,889

	Millions of yen							
As of and for the year ended March 31, 2023	Japan	China	Asia	Americas	Europe	Sub total	Adjustments*1	Consolidated*2
Sales								
(1) Sales to third parties								
① Presses	¥14,909	¥ 9,190	¥ 4,265	¥12,814	¥ 8,296	¥ 49,476	¥ —	¥ 49,476
② Service	5,383	1,388	1,973	3,529	3,095	15,370	—	15,370
③ Others	3,866	20	27	1	32	3,948	—	3,948
Subtotal	24,160	10,599	6,265	16,345	11,424	68,795	—	68,795
(2) Inter-segment sales	17,487	422	4,410	446	1,440	24,207	(24,207)	—
Total sales	41,648	11,021	10,676	16,792	12,864	93,003	(24,207)	68,795
Segment profit or loss	455	(149)	909	286	227	1,729	(189)	1,540
Segment assets	83,898	14,684	12,489	12,144	16,223	139,441	(23,153)	116,287
Others								
Depreciation	1,118	126	211	193	197	1,846	0	1,847
Increase in property, plant, equipment and intangible assets	¥ 1,938	¥ 65	¥ 587	¥ 62	¥ 148	¥ 2,801	¥ —	¥ 2,801

*1 Adjustments of sales represent elimination of inter-segment transactions.
Adjustments of segment profit or loss represent elimination of inter-segment transactions.
Adjustments of segment assets represent elimination between inter-segment receivables and payables.
Adjustments of depreciation and increase in property, plant, equipment and intangible assets represent elimination of inter-segment transactions.
*2 Segment profit or loss is adjusted to operating income of consolidated statements of income.

(Related Information)
1. Products and service information
This information is omitted because similar information is disclosed in the segment information.

2. Geographical information
(1) Sales
For the year ended March 31, 2024

Millions of yen					Thousands of U.S. dollars				
Japan	U.S.A.	China	Others	Total	Japan	U.S.A.	China	Others	Total
¥21,129	¥11,558	¥13,210	¥26,844	¥72,742	$139,563	$76,345	$87,253	$177,305	$480,468

For the year ended March 31, 2023

Millions of yen				
Japan	U.S.A.	China	Others	Total
¥20,952	¥12,764	¥11,623	¥23,455	¥68,795

Remark: Sales are presented based on customer location, and they are classified by country.

(2) Property, plant and equipment
As of March 31, 2024

Millions of yen						
Japan	China	Italy	U.S.A.	Malaysia	Others	Total
¥13,658	¥—	¥2,743	¥—	¥—	¥4,487	¥20,889

Thousands of U.S. dollars						
Japan	China	Italy	U.S.A.	Malaysia	Others	Total
$90,217	$—	$18,119	$—	$—	$29,641	$137,978

As of March 31, 2023

Millions of yen						
Japan	China	Italy	U.S.A.	Malaysia	Others	Total
¥14,220	¥757	¥2,525	¥1,785	¥1,027	¥698	¥21,015

(Reportable segment information for impairment loss on fixed assets)
For the year ended March 31, 2024
There is no impairment loss on fixed assets.

For the year ended March 31, 2023

(Reportable segment information for amortization and balance of goodwill)
There is no amortization and ending balance of goodwill recorded as of and for the years ended March 31, 2024 and 2023.

(Reportable segment information for gain on bargain purchase)
There is no gain on bargain purchase recorded for the years ended March 31, 2024 and 2023.

23. STOCK OPTIONS

The number of common shares to be granted for stock options is as follows:

Fiscal year	Grantees	Number of common shares granted (shares)	Grant date	Exercise price per share (yen)	Exercise periods
2007	Directors (4)	22,000	September 26, 2007	1	From September 27, 2007 to September 26, 2037
2008	Directors (6)	36,000	September 25, 2008	1	From September 26, 2008 to September 25, 2038
2009	Directors (6)	85,000	September 25, 2009	1	From September 26, 2009 to September 25, 2039
2010	Directors (6)	79,000	September 24, 2010	1	From September 25, 2010 to September 24, 2040
2011	Directors (7)	57,000	September 29, 2011	1	From September 30, 2011 to September 29, 2041
2012	Directors (6)	62,000	November 29, 2012	1	From November 30, 2012 to November 29, 2042
2013	Directors (6)	39,000	September 26, 2013	1	From September 27, 2013 to September 26, 2043
2014	Directors (6)	28,000	September 29, 2014	1	From September 30, 2014 to September 29, 2044
2015	Directors (6)	22,000	September 28, 2015	1	From September 29, 2015 to September 28, 2045
2016	Directors (5)	25,000	September 29, 2016	1	From September 30, 2016 to September 29, 2046

A summary of stock option activity is as follows:

Granted fiscal year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Exercise price per share (yen)	1	1	1	1	1	1	1	1	1	1
Average stock price when exercised (yen)	—	—	—	—	—	—	—	—	—	—
Fair value per share when granted (yen)	—	—	—	—	—	—	—	—	—	—
Share subscription rights which are not yet vested										
Outstanding as of April 1, 2023 (shares)	—	—	—	—	—	—	—	—	—	—
Granted (shares)	—	—	—	—	—	—	—	—	—	—
Forfeited (shares)	—	—	—	—	—	—	—	—	—	—
Vested (shares)	—	—	—	—	—	—	—	—	—	—
Outstanding as of March 31, 2024 (shares)	—	—	—	—	—	—	—	—	—	—
Share subscription rights which have already been vested										
Outstanding as of April 1, 2023 (shares)	12,000	16,000	35,000	30,000	22,000	23,000	15,000	10,000	10,000	13,000
Vested (shares)	—	—	—	—	—	—	—	—	—	—
Exercised (shares)	—	—	—	—	—	—	—	—	—	—
Forfeited (shares)	—	—	—	—	—	—	—	—	—	—
Outstanding as of March 31, 2024 (shares)	12,000	16,000	35,000	30,000	22,000	23,000	15,000	10,000	10,000	13,000

Because it is difficult to reasonably estimate the number of forfeited options in the future, the number of vested options is calculated based on historical data for the options that have not yet been vested, and the number.

24. SUBSEQUENT EVENTS

1. Appropriation of retained earnings

On June 25, 2024, at the General Meeting of Shareholders, the following appropriation of retained earnings was approved:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥30.00 (U.S. $0.19) per share)	¥1,923	$12,707

The amount includes dividends of ¥131 million (U.S. $868 thousand) on shares (4,382,672 shares as of March 31, 2024) held by the Trust Account E.

2. Repurchase of treasury stock
AIDA resolved at the meeting of the Board of Directors held on March 24, 2024, to repurchase treasury stock in accordance with the Companies Act, Article 156, applied by replacement under Article 165, paragraph 3 of the same Act.

(1) Reasons for share repurchase:
Based on the "Basic Policies Regarding Shareholder Returns" in the medium-term management plan, AIDA will repurchase treasury stock in order to further increase investments and shareholder returns.

(2) Class of shares to be repurchased: Common shares of AIDA

(3) Total number of shares to be repurchased: 2,300,000 shares (maximum)
(The percentage compared to the total number of shares issued (excluding treasury stock): 3.59%)

(4) Total amount: ¥2,000 million (U.S. $13,210 thousand) (maximum)

(5) Expected repurchase period: April 1, 2024 to May 28, 2024

(6) Repurchase method: Open market purchase through a trust bank

(7) Results of the repurchase
- Class of shares repurchased: Common stock of the Company
- Total number of shares repurchased: 2,243,800 shares
- Total amount: ¥1,999 million (U.S. $13,210 thousand)
- Period for repurchases: From April 1, 2024 to May 28, 2024*1

*1 The period of treasury stock repurchase is based on the execution date, and the date of treasury stock repurchase is based on the delivery date.

(8) Others
From April 1, 2024 to May 28, 2024 (execution basis), AIDA repurchased 2,243,800 shares of treasury stock for ¥1,999 million (U.S. $13,210 thousand) based on the resolution, and the repurchase of treasury stock based on the resolution has been completed.

3. Details of Cancellation of Treasury Stock

AIDA resolved at the meeting of the Board of Directors held on March 14, 2024, to cancel treasury stock in accordance with the Companies Act, Article 178.

(1) Class of shares to be cancelled: Common shares of AIDA

(2) Total number of shares to be cancelled: All of the shares to be repurchased (described in Remark 2 above)

(3) Date of cancellation: July 31, 2024

(4) Reasons for Cancellation of Treasury Stock
Increasing shareholder returns and improving capital efficiency.

Independent Auditor's Report

The Board of Directors
AIDA ENGINEERING, LTD.

The Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of AIDA ENGINEERING, LTD. and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2024, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Estimation of total cost of construction for construction contracts for which performance obligations are satisfied over time	
Description of Key Audit Matter	**Auditor's Response**
AIDA ENGINEERING, LTD. (the "Company") and its consolidated subsidiaries (the "Group") are engaged in the manufacture and sale of press machines and other products. Particularly for medium and large-sized press machines, each product is highly customized and requires a certain period of time to complete because it must meet the specifications of each client.	In order to evaluate the appropriateness of the estimation of the total cost of construction when recognizing revenue based on progress towards satisfaction of performance obligations, we mainly performed the following audit procedures. (1) Assessment of internal control We assessed the status of the following internal controls of the Group regarding the

As stated in (17) “Recognition of significant sales and cost of sales” and (19) “Significant accounting estimates” under 2. “SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES” in the Notes to Consolidated Financial Statements, for performance obligations satisfied over time for long-term construction contracts, the Group estimates progress towards satisfaction of performance obligations and recognizes revenue over time based on this progress. The amount of net sales recognized based on progress towards satisfaction of performance obligations for the fiscal year ended March 31, 2024 is ¥21,535 million, which accounted for 30% of consolidated net sales. In recognizing revenue based on progress towards satisfaction of performance obligations, it is necessary to reasonably estimate the total amount of construction project revenue, the total amount of construction project cost, and progress towards satisfaction of performance obligations at the end of the fiscal year. The Group measures progress towards satisfaction of performance obligations based on the ratio of construction costs incurred up to the end of the fiscal year to the total expected cost of construction for each contract. In the manufacturing of press machines and the like of the Group, the basic specifications and work processes are based on the instructions of customers, and it is difficult to apply a uniform standard in determining the estimated total cost of construction. Accordingly, the estimation of the total cost of construction involves certain assumptions and judgments by the responsible persons in the Cost Control Department with expertise and experience in construction work, and therefore is subject to uncertainty. In addition, appropriately revising the total cost of construction in a timely manner is a complex process since there may be changes in contract details, unit prices of materials, manufacturing labor hours, and so forth while construction is in progress. Based on the above, we concluded that the estimation of the total cost of construction used in calculating both revenue recognized	estimation of total construction costs. ・Controls over the estimation of the total cost of construction and the calculation of progress towards satisfaction of performance obligations ・ System whereby the responsible persons in the Cost Control Department monitor, in a timely manner, changes in net sales recognized based on progress towards satisfaction of performance obligations and comparisons between anticipated and actual progress towards satisfaction of performance obligations (2) Evaluation of the estimate of the total cost of construction In light of the details related to the construction contract amount, construction profit or loss, construction specifications, and progress of construction, we identified construction projects with relatively high uncertainty in estimating the total construction cost and performed the following procedures. ・We reviewed the total cost of the construction project against the cost estimate data on which it was based, and examined whether the cost of manufacturing the machine in accordance with specifications agreed with the customer was included in the cost estimate. ・In order to examine whether the total amount of construction costs is revised in a timely and appropriate manner, we reviewed the documentation from internal meetings regarding the revision of construction costs and made inquiries of the responsible persons in the Cost Control Department about the determination as to whether the total amount of construction costs should be revised. ・For construction projects where progress has fluctuated beyond a certain range set by the auditor based on cost accrual patterns involving similar projects in the past, we made inquiries of the responsible persons in the Cost Control Department about the reasons for such fluctuations and examined the reasonableness of the answers in light of the process schedule and cost accrual status. ・We evaluated the process of estimating the

over time as performance obligations are satisfied and progress towards satisfaction of performance obligations is of particular significance for the fiscal year ended March 31, 2024, and therefore determined that this is a key audit matter.	total cost of construction by comparing initially estimated amounts with finalized amounts and examining the details of any differences.

Other Information

The other information comprises the information included in the Annual Integrated Report that contains audited consolidated financial statements, but does not include the consolidated financial statements and our auditor’s report thereon. Management is responsible for preparation and disclosure of the other information. The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group’s reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Corporate Auditor and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Corporate Auditor and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

From the matters communicated with the Corporate Auditor and the Board of Corporate Auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2024 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the consolidated financial statements.

Fee-related Information

The fees for the audits of the financial statements of AIDA ENGINEERING, LTD. and its subsidiaries and other services provided by us and other EY member firms for the year ended March 31, 2024 are 153 million yen and 25 million yen, respectively.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Ernst & Young ShinNihon LLC
Tokyo, Japan

October 30, 2024

/s/Yoshiyuki Nomizu
Designated Engagement Partner
Certified Public Accountant

/s/Tomo Ito
Designated Engagement Partner
Certified Public Accountant