

**Breakthrough  
Technologies**



# AIDA

**Annual Report 2020**

Fiscal year ended March 31, 2020

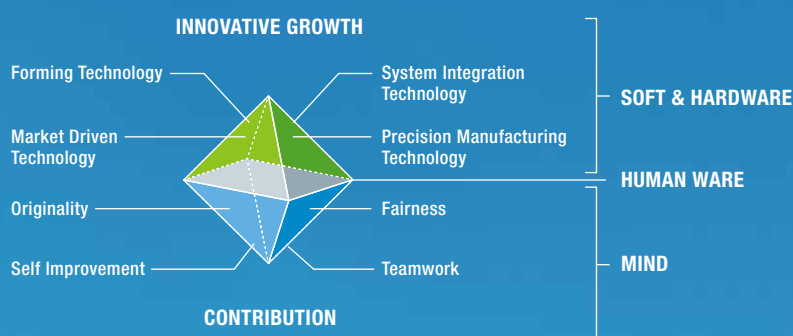
**AIDA ENGINEERING, LTD.**



Corporate Philosophy

**AIDA will grow as a forming systems builder and continue its contribution to people and community.**

AIDA Octahedron Philosophy



An octahedron, stably balanced in each direction, represents the corporate vision of the AIDA Group. The upper pyramid represents the future of the Company: software/hardware technological innovations that achieve customer satisfaction. The lower pyramid represents the human wisdom and drive that support these future innovations. These two pyramids are connected by human resources, showing that we contribute to and are devoted to people and community.

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## Editorial Policy

### Cautionary Statements about Information on Future Performance, etc.

This annual report contains statements about plans and future performance. Such forward-looking statements reflect management's assumptions based on information currently available. They also include risks and uncertainties and do not represent a guarantee of future performance.

### Cautionary Statements about Financial Figures and Graphs

Yen-based figures in this annual report are rounded down to the nearest hundred million yen or million yen.

Others

8.2%

¥5.6 billion

Service

(Related to Press Machines)

21.6%

¥14.9 billion



Press Machines

70.2%

¥48.5 billion

Net Sales by Press Machine  
Industry Segment

- Automotive-Related ¥37.3 billion
- Electrical/ Electronics-Related ¥4.7 billion
- Other ¥6.4 billion



Feature Story

# AIDA INNOVATION

## Contributing to the Environmentally Friendly Mobility Revolution

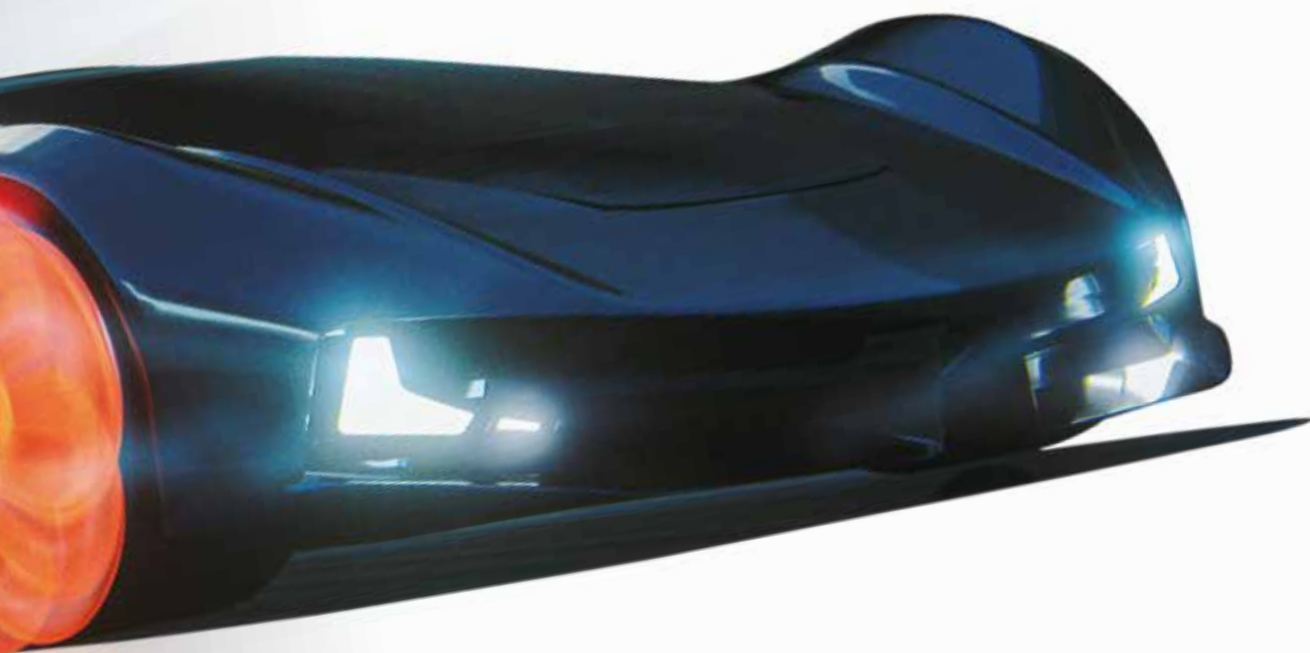
AIDA accommodates a wide range of vehicle improvement requirements, such as the demand for lighter yet more rigid vehicle bodies, improved motor efficiency, and higher battery output.



Motor cores used in electric vehicle high-performance drive motors

The automotive sector environment is changing dramatically, giving rise to the new acronym “CASE” (Connected-Autonomous-Shared-Electric). Recent changes include the automation and digitalization of production equipment to enhance productivity, as well as efforts to address the urgent issue of minimizing environmental impact by saving energy and reducing CO<sub>2</sub> emissions.

AIDA will leverage its technology and manufacturing capabilities to contribute to these new trends.



## The Production of High-Precision Motor Cores Contributes to the Transition to Electric Vehicles Both in Japan and Overseas

### Globally Acclaimed MSP Series Multi-Suspension Presses

High-output, high-efficiency motors are necessary to propel something as large as a vehicle. And as the performance of electric vehicles improves, the motor core laminations are becoming even thinner with even larger diameters.

Our MSP Series of high-performance, high-speed automatic presses with tonnage capacities of 300 tons and higher is suited for the production of motor cores for these electric vehicles. In addition to maintaining a domestic market share of more than 90%, these presses are also highly acclaimed in Europe, North America, and Asia.

### Domestic Market Share

# 90%\*

\* According to AIDA's research. This is based on data from the Japan Forming Machinery Association, and is calculated based on the domestic market share of dedicated high-speed progressive presses with tonnage capacities of 300 tons and higher.



MSP-3000-330  
High-Speed Precision Press  
(Wide Bed Type)



A8870E-LC  
Water-Cooled Servo Motor  
Rated Output: 750kW  
Maximum Peak Torque: 47.6kNm

### AIDA's Systems Are Widely Used to Form High-Strength Steel Sheets and Other Difficult-to-Form Materials

Reducing the weight of vehicle bodies is a major priority in the quest to lower CO<sub>2</sub> emissions. However, collision safety cannot be overlooked either. As the transition to electric vehicles continues, there is a need to protect batteries as well as drivers. High-strength steel sheets offer high resistance to external impacts, and are being increasingly used because they are rigid as well as lightweight.

AIDA provides the forming methodologies and forming systems for forming these hard and difficult-to-form high-strength steel sheets into even more highly contoured shapes at faster production speeds.

### AIDA Is Developing Optimal High-Capacity Low-Speed/High-Torque Servo Motors for Press Metalforming

Servo presses are used to shape difficult-to-form materials, such as high-strength steel sheets and aluminum. We independently developed the optimal low-speed, high-torque servo motors that deliver the immense power required by servo presses, and they enable high productivity and high-accuracy production that is also energy efficient.



Example of Steel Sheet Strengths in Vehicles

## AIDA Contributes to the Enhancement of Both Vehicle Safety and Weight Reduction

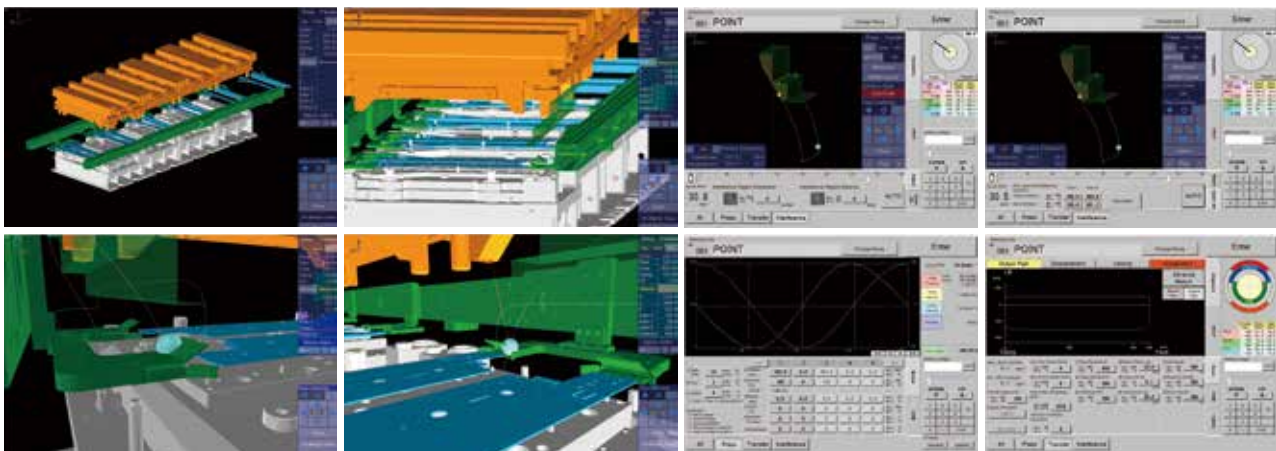
# Optimizing Entire Production Lines Using Intelligent Forming Systems

We Optimize Production by Digitalizing and Visualizing the Know-How and Senses of Skilled Workers

The AIDA Digital Motion System (ADMS) (Auto-Calculation System)

## Using ADMS to Check for Interference between the Slide and Transfer

Optimized buffer-free motion settings are made possible by computer-based automatic calculations, thereby reducing production losses and significantly improving forming precision and productivity when forming high-strength steel sheets.





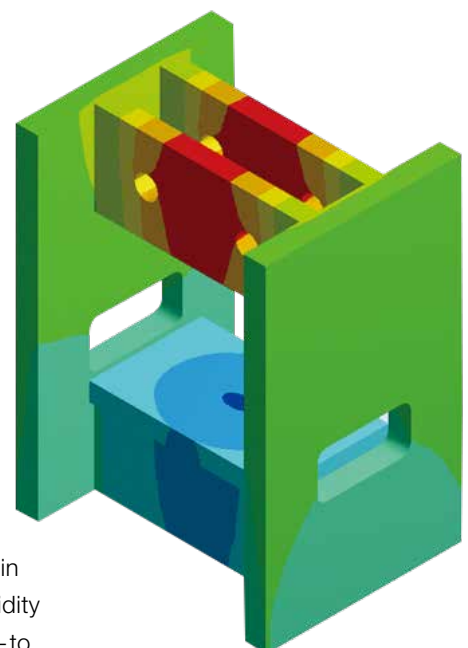
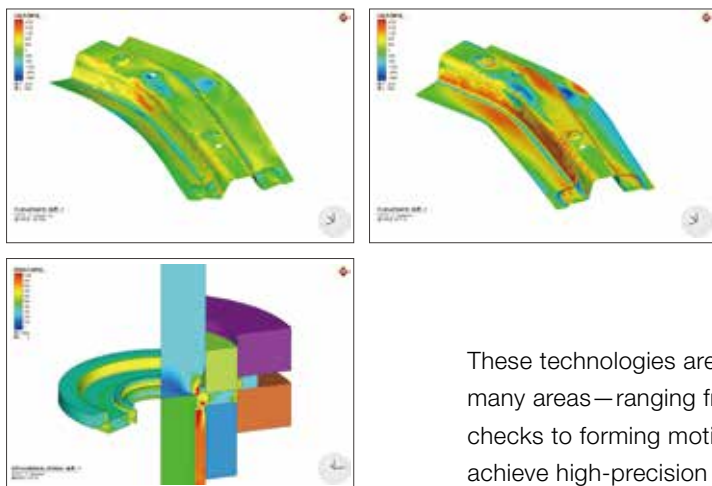
PRODUCTS No. 003 AIDA Change Name Enter

Slide	800.0	Start [deg]	End [deg]
511.4mm	0	290.0	70.0
Feed	1000	110.0	250.0
0.0mm	-1000	206.0	274.0
Clamp	200	86.0	154.0
199.7mm	-200	206.0	274.0
Lift	100	268.0	325.0
0.0mm	-100	35.0	92.0

Cycle SPM	STD Upper Die Interference curve[deg]	Advance	Return	UnClamp	Clamp	Lift	Down
32.0 min <sup>-1</sup>	Start Angle max. 360 min. 0	290.0	110.0	86.0	206.0	268.0	35.0
	End Angle max. 360 min. 0	70.0	250.0	154.0	274.0	325.0	92.0

## Using Simulation Technology to Dramatically Improve Forming Accuracy and Productivity

We are automating complex, sophisticated tasks by fully leveraging computer-based automatic calculation functions along with strength analyses, vision systems, and forming simulations. This results in speed and accuracy at levels that transcend existing paradigms to create new value.



These technologies are used widely in many areas—ranging from frame rigidity checks to forming motion analyses—to achieve high-precision manufacturing.

Deformation Analysis Using the Finite Element Method (FEM)

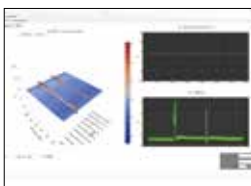
# Employing Digital Transformation to Promote the Digitalization of Production Facilities

The Collection, Analysis, and Visualization of Data Opens Doors to New Opportunities

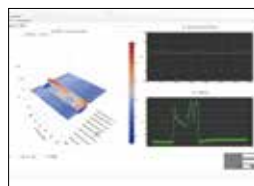
## AIDA's AiCARE Machine Information Management System

By collecting information in real time and using the advanced analytical power of machine learning, we deliver what we refer to as the three “Thinks”—forming information, operation information, and maintenance information.

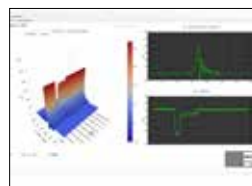
This enables users to monitor a machine's operation status remotely, and when problems occur they can use a tablet or smartphone to pinpoint the problem area. This enables a swift response with minimal production line downtime.



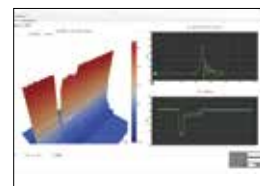
3D model of motor current waveforms measured over several thousand strokes



Magnified view of abnormal motor current fluctuations



Confirmation of the load waveforms at that time

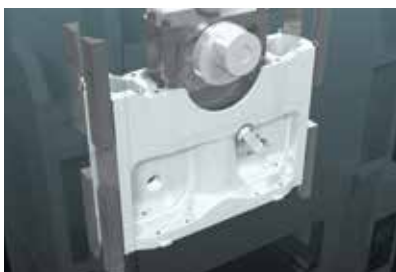


Identification of low load areas



### Status Monitoring Inside the Press

Temperatures, lubrication flow rates, air balance pressures, and other elements inside the press are measured and displayed on the HMI.



### Predictive Maintenance Initiatives

Equipment maintenance has evolved from “reactive” to “preventive,” and we anticipate that it will further evolve to “predictive” maintenance. We are conducting research aimed at identifying signs of abnormal conditions by using artificial intelligence (AI) to create predictive models from accumulated data and to constantly compare the models with the actual machine conditions. Averting major issues before they can occur enables customers to maintain high levels of productivity.



“Model A” Human-Centered Design

# Helping Minimize Environmental Impact

We Are Constantly Working to Further Evolve  
the Resource- and Energy-Saving Technologies  
Used at Production Facilities



## Material Usage

# 20%<sup>\*</sup> DOWN

\* Eliminating the machining process for seatbelt parts resulted in a 20% reduction in raw material usage compared to conventional methods (see the next page for details).

### **AIDA Contributes to Global Environmental Protection by Using Press-Based Eco-Friendly Manufacturing Technologies**

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**We are surrounded by a wide array of metal products that enrich our lives.**

Press forming is a highly efficient forming method that can form a small amount of raw material into a final shape using minimal energy. AIDA integrates presses and auxiliary equipment technologies to provide optimized forming system solutions in order to contribute to people and society as a forming systems builder.

# Transitioning from “Machining” to “Forming.” Press Metalforming Is a Method That Conserves Resources and Enables High Productivity

## AIDA’s UL Series of Precision Forming Presses Achieves Net Shape Forming Without Downstream Machining Processes

Seatbelt parts have been traditionally produced using a combination of press forming and machining processes, but using a precision forming press we have succeeded in enabling the production of seatbelt parts using press forming alone (with no machining).

This reduced material usage by approximately 3.8 tons per month and at the same time increased the monthly production capacity tenfold—from 50,000 to 500,000 pieces.

With forming systems that deliver high rigidity and high dynamic accuracy, we are committed to developing technologies that turn conventional wisdom on its head.



UL-6000  
Precision Forming Press



Seatbelt Pretensioner Parts

Net Shape Forming of Seatbelt Parts

Monthly Production Capacity

50,000 ▶ 500,000

# We Contribute to Energy Savings in Unseen Ways

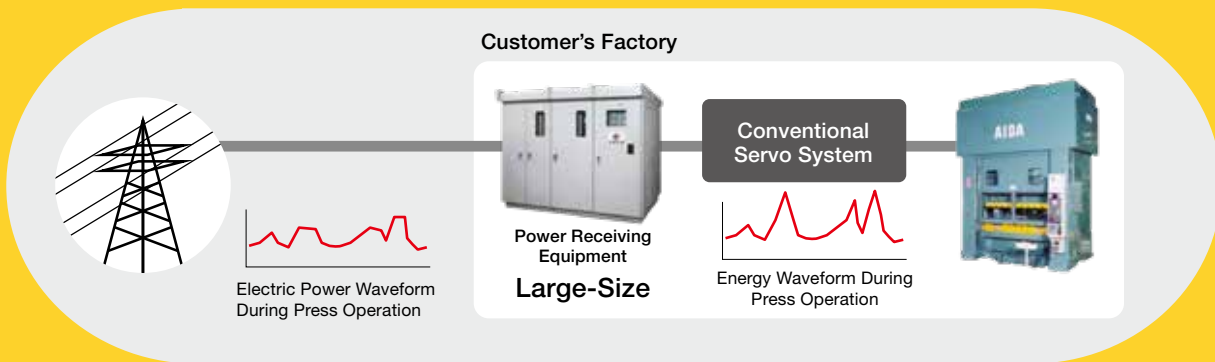


## Saving Energy With Our Energy Management System That Levels Out Electricity Usage

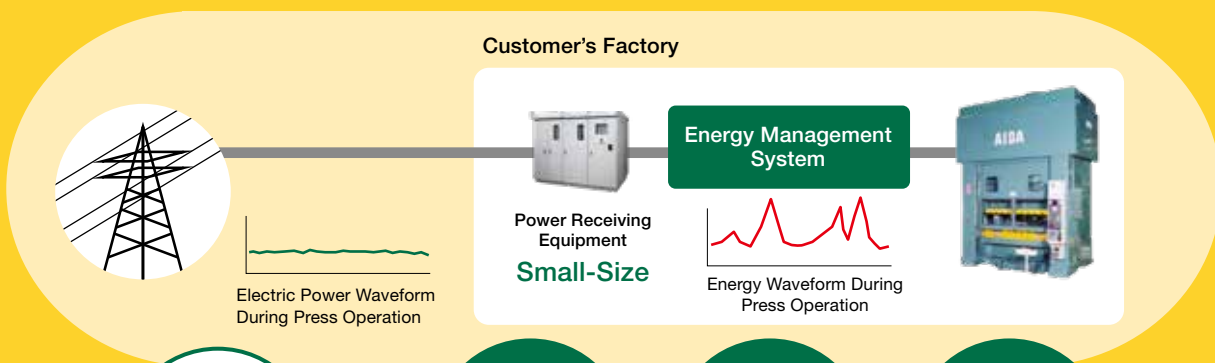
Our independently developed energy management system suppresses peak power to achieve uniform levels of power consumption.

The amount of electric power used remains uniform regardless of the amount of energy required for press operation, resulting in lower electrical power loss. Our system has reduced power consumption by 5% and the capacity of the power receiving equipment by 50%.

### Conventional Servo System



### Energy Management System



[Effect]  
**Power Smoothing**

**Energy Savings**

**Downsized Power Receiving Equipment**

**Enhanced Voltage Flicker Suppression**

**5** Power Consumption  
**% DOWN**

**50** Power Capacity of Receiving Equipment  
**% DOWN**

\* This can vary depending on forming conditions and motion settings.



Even during times of uncertainty, we will achieve sustainable growth and improve our corporate value by taking a steady, long-range approach to finding solutions to universal societal issues.

Kimikazu Aida

Chairman and President (CEO)

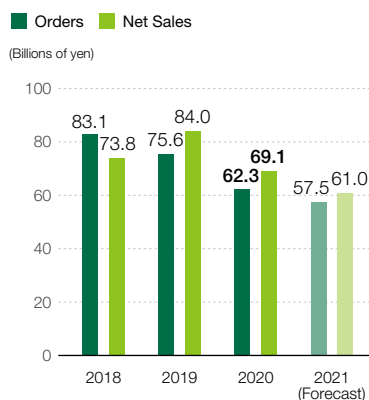
### Review of the Fiscal Year Ended March 31, 2020

During the fiscal year under review, the slower growth of the global economy became apparent starting from the beginning of the fiscal year due to factors that included trade friction between the U.S. and China, and in the fourth quarter, the global spread of COVID-19 caused economies to plunge sharply, and economic activity continued to slump. Orders in the metalforming machinery industry decreased both in Japan and overseas. As a result, orders in the industry as a whole dropped 31.8% year on year to ¥120.7 billion.

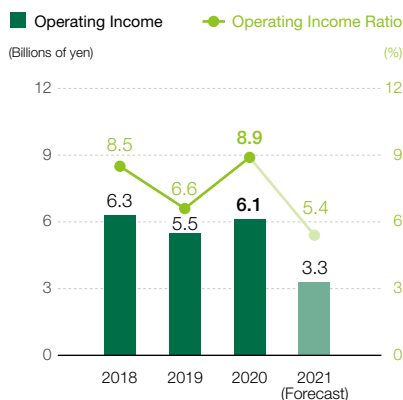
In the midst of these circumstances, the AIDA Group's orders in the fiscal year under review declined 17.7% year on year to ¥62.3 billion and the order backlog

declined 13.4% year on year to ¥44.1 billion, as orders for press machines decreased due to the impact of a slowdown in capital investments by automotive-related customers. Net sales declined 17.7% year on year to ¥69.1 billion due to a drop in sales of press machines resulting from a decline in automotive-related orders since the previous fiscal year, particularly in China, the Americas, and Europe. In terms of profits, despite the significant impact of lower revenue, operating income rose 11.0% year on year to ¥6.1 billion due to positive effects such as an improved product mix for press machines, an improved manufacturing cost ratio for mid-size and large presses and for service activities, the elimination of special costs incurred in the previous fiscal year, and a reduction in selling, general and administrative

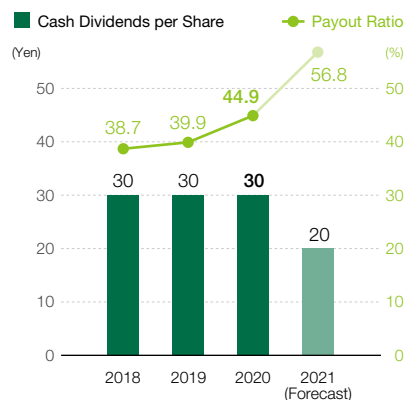
#### Orders/Net Sales



#### Operating Income/ Operating Income Ratio



#### Cash Dividends per Share/ Payout Ratio





expenses, which greatly exceeded the impact of lower earnings. Ordinary income increased 9.2% year on year to ¥6.4 billion, while net income attributable to owners of parent decreased 13.2% year on year to ¥4.0 billion.

### Overview and Future Direction of “The AIDA PLAN 523” Medium-Term Management Plan

“The AIDA PLAN 523” Medium-Term Management Plan, which commenced based on the slogan “New Challenges for AIDA’s Next Century,” fell short of the numerical targets for the fiscal year ended March 31, 2020, which was the final year of this plan. However, our growth in the first year and the second year was faster than initial plan. In the second year, the fiscal year ended March 31, 2019, we achieved net sales of ¥84.0 billion, which exceeded the ¥80.0 billion target for the final year. On the earnings front, although we were unable to achieve an operating income ratio of 10% primarily due to intensifying competition in the press business and a sharp rise in raw material costs, the

operating income ratio, which had fallen to 6.6%, improved to 8.9% in the final year of the plan as a result of improvements in the product mix and the manufacturing cost ratio for mid-size and large presses.

Though unit sales of vehicles had been growing globally at an annual rate of approximately 5% since the global financial crisis in 2008 through 2017, and had been accompanied by steady growth in capital investments by automotive-related industries, since 2017 unit sales of vehicles have seen stagnant growth, and capital investments in automotive-related industries have slumped. Responding to a backdrop of sluggish demand for new press machines and intensifying competition in the press industry, we have adopted the slogan “The AIDA PLAN 523” to break away from our dependence on press sales and bolster our automation/FA and service segments with their high value-added content. Based on this plan, we have been working to improve our business portfolio by changing the sales ratios of our press business, automation/FA business,

### Net Sales by Business Segment in “The AIDA PLAN 523” Medium-Term Management Plan (Fiscal Year Ended March 2020)

#### Press Machines



Ratio of Net Sales    Net Sales  
**55.7%**    **¥38.5** billion

##### Principal Products

- General-purpose servo presses
- Mid-size and large servo presses
- Precision forming presses
- General-purpose presses
- Mid-size and large presses
- High-speed presses
- Cold forging presses

#### Automation/FA



Ratio of Net Sales    Net Sales  
**16.7%**    **¥11.5** billion

##### Principal Products

- Piling systems
- Material feeders
  - Coil feeders
  - Destack feeders, etc.
- Transfer equipment
  - Transfer robots
  - Intermediate transfer feeders
  - Die changers, etc.
- Electrical control equipment

#### Service (Maintenance/Modernization)



Ratio of Net Sales    Net Sales  
**27.7%**    **¥19.1** billion

##### Principal Services

- Retrofits/Modernization
- Overhauls
- Preventive maintenance
- Press inspections
- Machine relocation

## To Our Stakeholders

and service business to a ratio of 5:2:3.

Furthermore, in the press business, where profitability had been declining due to intensifying competition, we have been working to improve our product mix by increasing the sales ratio of highly competitive presses such as high-speed/high-precision presses. In terms of net sales by business segment during the fiscal year under review, the press business accounted for 55.7%, the automation/FA business accounted for 16.7%, and the service business accounted for 27.7%, bringing us one step closer to achieving our 5:2:3 target. Making improvements in our business portfolio and our product mix will be ongoing initiatives in our next Medium-Term Management Plan.

In addition to the recent spread of COVID-19, customers are becoming more cautious about capital investment due to increased economic uncertainty, exemplified by the tension between the U.S. and China and trade friction. On the other hand, because of the CASE initiatives in the automotive industry, the shift towards electrification, lighter-weight vehicles, and self-driving vehicles is gaining momentum. In addition, at our customers' production factories there is an urgent need for initiatives that boost productivity through automation and the digitalization of production equipment and that reduce their environmental footprint, including energy conservation and decarbonization.

Even in these uncertain times, the AIDA Group's basic management policy is to grow together with its customers by taking a long-range approach to finding solutions to customers' universal issues mentioned above, with the aim of achieving sustainable growth and improving corporate value.

### The New Medium-Term Management Plan

The AIDA Group has formulated the "The Evolved 'AIDA PLAN 523'" as its new Medium-Term Management Plan for the next three years (fiscal year ending March 31, 2021 through fiscal year ending March 31, 2023).

Based on the management policy mentioned above, we have established three core strategies of 1) Technological innovation, 2) Strengthening our business infrastructure, and 3) Improving profitability, and we are developing them to three business segments: 1) Our press business, 2) Our automation/FA business, and 3) Our service (maintenance/modernization) business. Through these efforts, we will achieve sustainable growth by taking on new challenges in these transformative times.

## Core Strategies

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### 1) Technological Innovation

First, we will improve the competitiveness of our products and we will further develop our technological strengths. Specifically, we will further evolve our servo technologies such as boosting servo motor capacities and enhancing die cushion controls. In response to the shift towards electrification of vehicles including electric vehicles and hybrid vehicles, we will continue to develop ways to optimize our high-speed press lines used to produce drive motors while also improving the technologies for forming lightweight materials such as high-strength steels, aluminum, and carbon fiber in order to reduce vehicle weight.

In addition to these technological enhancements, we will continue to shift our focus from "manufacturing" to "value creation" in order to foster and strengthen new growth businesses. We will embody digital transformation by utilizing technologies such as digital information systems, automation systems, and new forming systems to find new demand.

### 2) Strengthening Our Business Infrastructure

Second, we will establish and bolster our business infrastructure to support these technological innovations. By reviewing and reorganizing the roles and functions of our subsidiaries, we will strengthen the organization of the AIDA Group as a whole and increase the effectiveness of our global joint operations relating to sales, engineering, and production in order to further enhance our business structure. In addition to strengthening our manpower development for the rising generation who will be responsible for new technological innovations, we will actively recruit external manpower while flexibly shifting our human resources towards growth fields. In addition, we will optimize our management resources to firmly establish a solid foundation by continuing to invest in our core systems as well as improving safety and the working environment.

### 3) Improving Profitability

Third, we will transform our profit structure. We are currently in the process of improving our business portfolio, which is an issue we began addressing in the previous Medium-Term Management Plan. As described above, we will break away from our previous dependence on presses and invest our management resources to strengthen our service (maintenance/modernization) business and automation/FA business, which have higher value-added content. In the press business, we will flexibly

shift our management resources to improve the product mix in order to increase the sales ratios of presses such as high-speed presses, high-precision presses, and general-purpose presses that have higher value-added content, and break away from our previous dependence on mid-size and large presses. For mid-size and large presses that are showing declining profitability, we will limit the number of models to improve price competitiveness and also focus on cost reductions by reviewing our procurement and manufacturing processes.

## Strategies by Business Segment

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In line with these core strategies, we will implement strategies for each of our business segments, specifically our press business, our automation/FA business, and our service (maintenance/modernization) business, as described below.

### 1) Our Press Business Accommodating Next-Generation Vehicles and Improving Our Product Mix

In the press business, we will ascertain the CASE trends in the automotive industry and focus on developing and expanding sales of press machines that support the manufacturing of next-generation vehicles to improve our product mix.

The production of parts not found in conventional vehicles such as drive motors, batteries, and separators, is increasing along with the shift towards electric vehicles. We will further evolve our proprietary high-speed/high-precision presses, which are ideal for manufacturing these products, and strengthen our sales and production systems. Another trend is the production of lighter vehicles. We will fully leverage our proprietary servo technology and other technologies to further improve forming capabilities for lightweight materials such as high-strength steels, aluminum, and carbon fiber in an effort to differentiate our presses. Meanwhile, as mentioned earlier, we will continue to promote cost reduction efforts for presses with declining profitability.

### 2) Our Automation/FA Business Create Added Value by Leveraging Digital Technologies

We will improve the transfer functions for materials used in next-generation vehicles, such as high-strength steels and aluminum, and we will enhance the functions of peripherals for our high-speed/high-precision presses.

In addition, we will recommend ways to optimize press systems by utilizing simulation functions and 3D digital data. We will leverage our ongoing IoT

development to further enhance the communication of press machine operational data, and we will work to strengthen remote operation functions via 3D digitalization.

In the future, there will be an increasing need for automation and digitalization to boost productivity in a variety of fields. We will expand the automation/FA technology that we have developed so far to cover a wide range of fields other than press machines in order to cultivate new fields. In addition, we will strengthen our cooperation with REJ Co., Ltd. (which became an AIDA subsidiary in 2017), which possesses proven automation control technologies for machinery other than press machines, such as for cardboard manufacturing, food packaging, and steel rolling, and also engage in transactions with other external companies—including business partnerships and M&A—in order to actively explore new fields.

### 3) Our Service (Maintenance/Modernization) Business Enhance Recommendation-Based Sales Efforts for Preventive Maintenance and Equipment Upgrades

As capital investments in automotive-related industries continue to slow down, we cannot expect to see the same growth in demand for mid-size and large presses that we have seen to this point. On the other hand, as the press machines we have delivered to date have aged, there is a growing latent need for preventive maintenance and peripheral equipment-related enhancements. In our after-sales service, we will change our conventional reactive stance and will develop proactive recommendations that will unmask such latent needs. In terms of preventive maintenance, in addition to the visualization of the replacement timing and cost of parts, we will also promote the visualization of press machine conditions by leveraging IoT and monitoring systems. Moreover, in the area of equipment enhancements, we will develop proactive recommendations that will boost productivity, such as updating systems to the latest version while maintaining existing production lines and introducing new digital maintenance systems. In order to promote these new initiatives, we will strengthen and allocate manpower and establish service repair facilities around the world.

## Business Outlook and Shareholder Return Policy for the Fiscal Year Ending March 31, 2021

Although measures to combat COVID-19 are progressing and economic activities are gradually recovering, the business environment remains uncertain, and the slump in capital investments primarily in automotive-related

## To Our Stakeholders

industries is expected to continue for the time being. Because it will take some time for orders for press machines to recover, our business outlook for the fiscal year ending March 31, 2021 anticipates a decrease in net sales by 11.8% year on year to ¥61.0 billion and a decline in operating income by 46.5% year on year to ¥3.3 billion.

Meanwhile, over the medium- to long-term, the trend toward electric vehicles, lighter vehicles, and self-driving vehicles in the automotive industry is expected to accelerate in response to the CASE initiatives. In addition, customers are expected to further increase their

efforts to boost productivity through automation and digitalization, and to reduce their environmental impact by conserving energy and engaging in decarbonization at their production factories. We are determined to recover our performance over the medium- to long-term by addressing these customer issues.

With regard to returns to shareholders, the new Medium-Term Management Plan sets a basic policy of continuing to provide stable returns to shareholders by aiming to maintain a consolidated dividend payout ratio of 40%, while at the same time assuring a strong management and financial foundation and making

## New Medium-Term Management Plan (Fiscal Years Ending March 2021–2023)

### New Challenges in Transformative Times

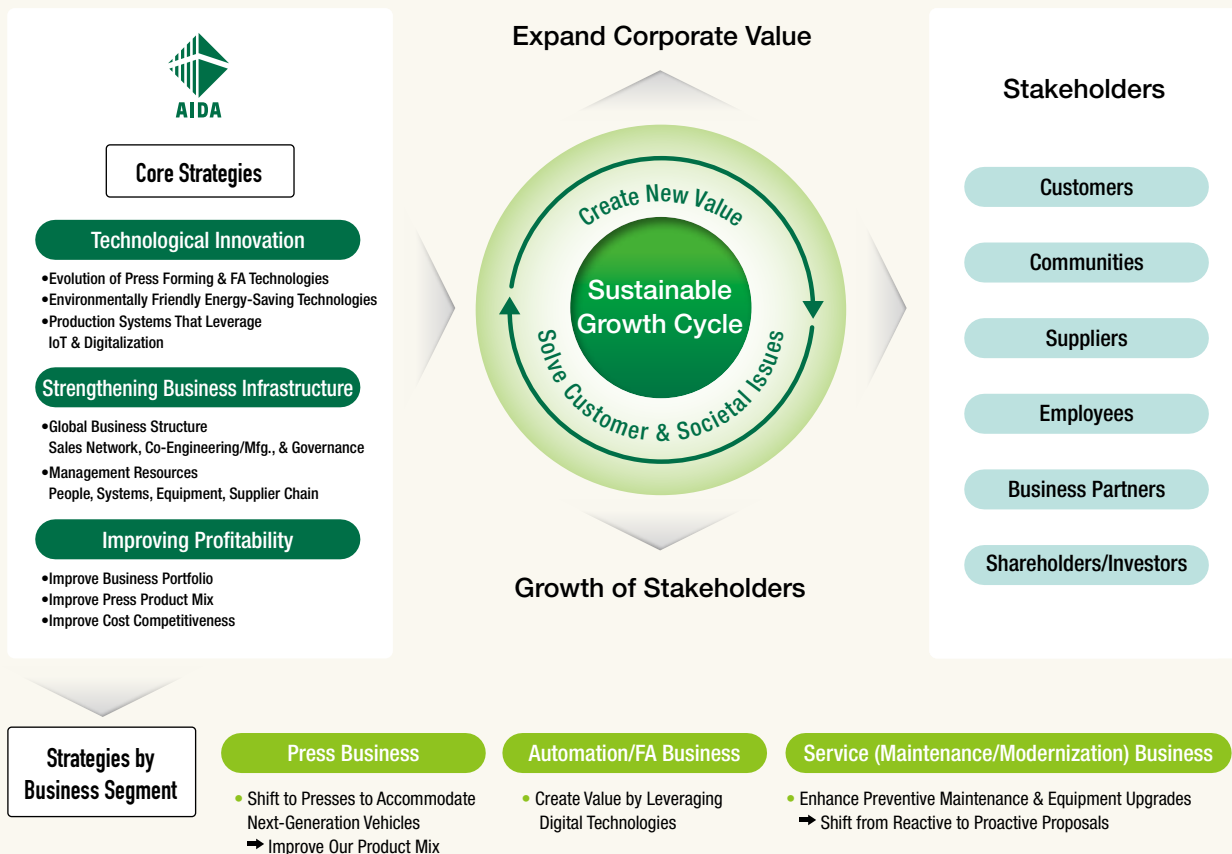
#### Management Vision

As a leading company, AIDA will contribute to society by supporting efforts to protect the environment, reduce energy consumption, and develop new technologies.

#### Management Policies

Improve corporate value through value creation and societal contributions to achieve sustainable growth together with our stakeholders

Overcome Uncertainty to Achieve Sustained Growth



investments for future growth. This is consistent with our management policy to “achieve sustainable growth together with our stakeholders” and we aim to strike a balance between assuring stability, strategic investments, and shareholder returns. Although a reduction in dividends will be unavoidable due to the significant decline in profits for the fiscal year ending March 31, 2021, we intend to raise the consolidated dividend payout ratio to 56.8% and pay a dividend of ¥20 per share in order to distribute a consistent dividend.

While the AIDA Group’s current management environment is a challenging one, as set forth in the management

policy stated in the new Medium-Term Management Plan, we are determined to achieve sustainable growth by taking a steady, long-range approach to finding solutions to universal societal issues. We would like to ask all of our stakeholders for their understanding of our management policy and for their continued support.

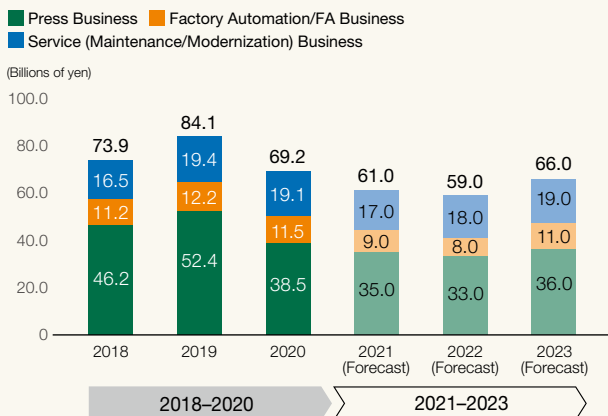
August 2020

*[Signature]*  
Chairman and President (CEO)

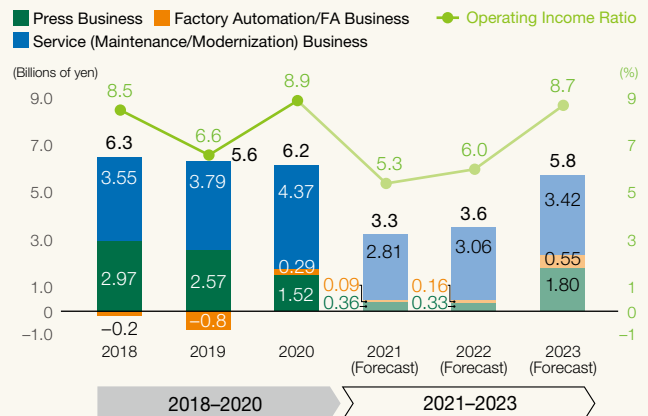
**Performance Forecasts in “The AIDA PLAN 523”**

\* Rounded to the nearest ¥100 million

**Net Sales**

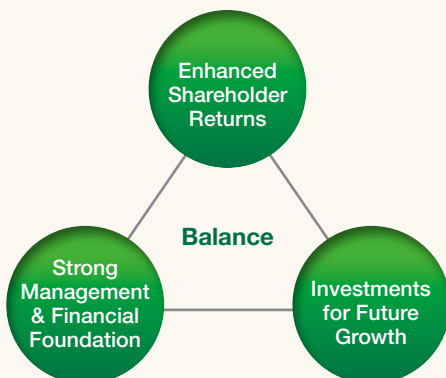


**Operating Income/Operating Income Ratio**

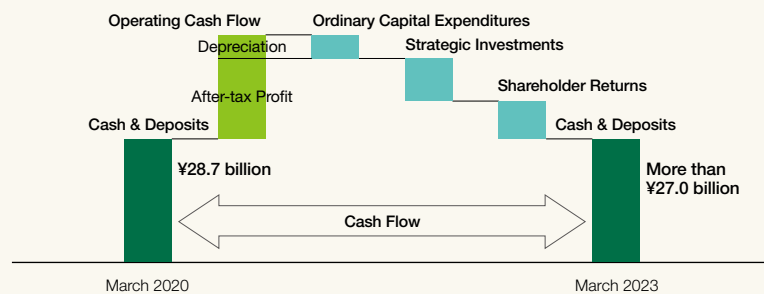


**Basic Policies Regarding Shareholder Returns**

Our basic policy is to continue to provide stable returns to shareholders by aiming to maintain a consolidated dividend payout ratio of 40% while at the same time assuring a strong management and financial foundation, and investments for future growth.



**Financial Strategy and Shareholder Returns**















- Utilize operating cash flow for strategic investments and shareholder returns
- Maintain ¥27.0 billion of reserves for working capital & disaster recovery

# We will continue increasing the productivity of our resource- and energy-saving press forming technologies to create social value that meets the needs of the times.

Our press forming technologies are utilized in many familiar products that are indispensable to our daily lives. These include electrical appliances and bicycle pedals and brakes. The use of press forming enables products to be made using minimal resources and energy. Such products play a key role in creating more affluent, convenient, and comfortable lives for people.



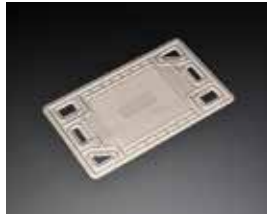








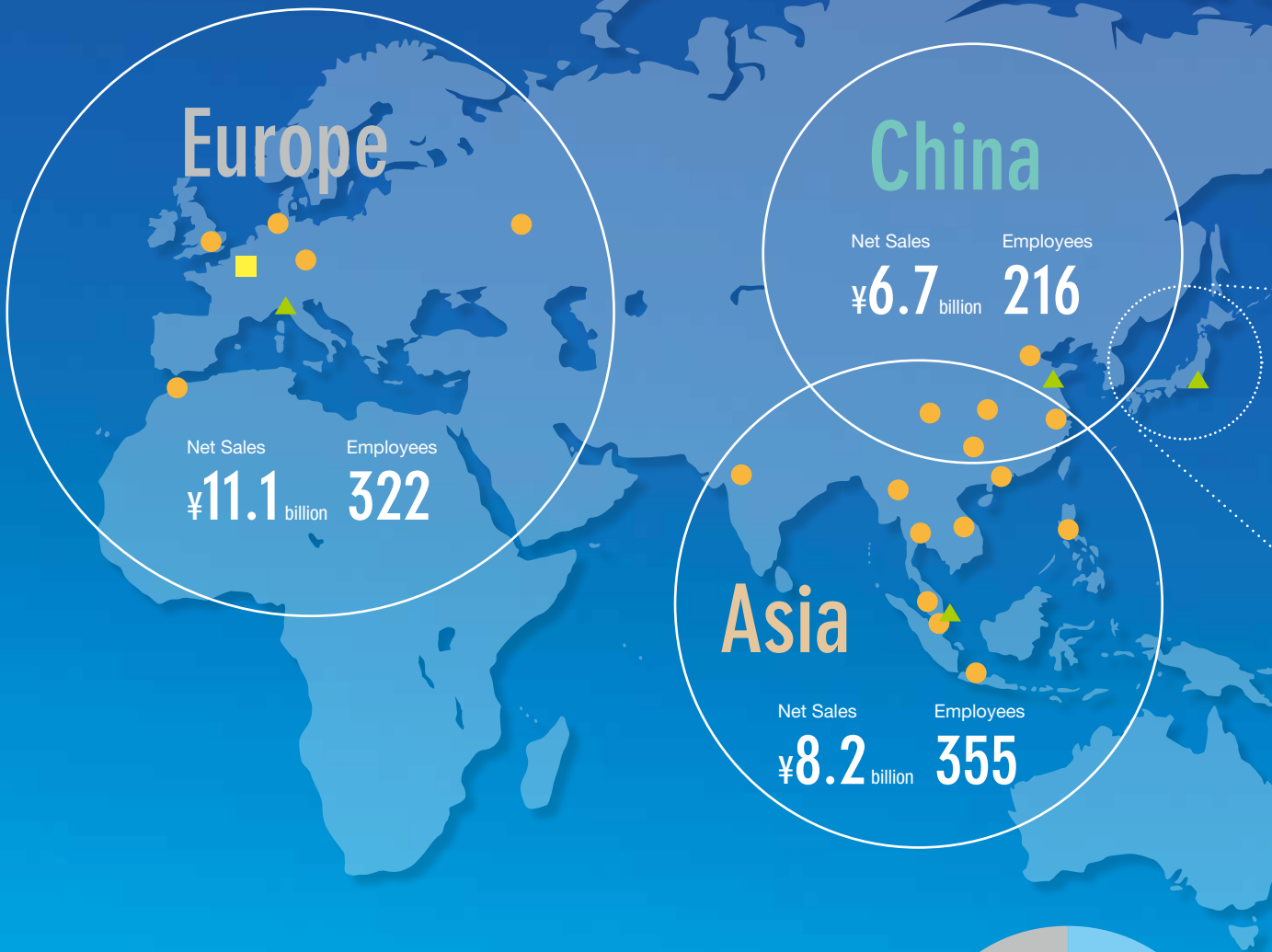
## Products made with our press machines (examples)

<p><b>Kitchen-Related</b></p>  <p>Range hoods, gas stoves, rice cooker parts, etc.</p>	<p><b>Coins</b></p>  <p>Bullion coins, commemorative medals, etc.</p>	<p><b>TV Sets</b></p>  <p>Monitor mounting frames</p>	<p><b>Washing Machines</b></p>  <p>Washing machine parts (motor cases, brackets, etc.)</p>
<p><b>Smartphones, Tablets</b></p>  <p>Smartphone frames, PC chassis, USB ports, etc.</p>	<p><b>Eyeglasses</b></p>  <p>Eyeglass frames</p>	<p><b>Construction Materials</b></p>  <p>Coupling hardware</p>	<p><b>Robots</b></p>  <p>Covers, connectors, etc.</p>
<p><b>Printers</b></p>  <p>Printer internal parts</p>	<p><b>Bicycles</b></p>  <p>Bicycle parts (pedals, hubs, brakes, etc.)</p>	<p><b>Medical Equipment Parts</b></p>  <p>Dental elevator handles, catheters, etc.</p>	<p><b>Steel Office Furniture</b></p>  <p>Various metal hardware, etc.</p>

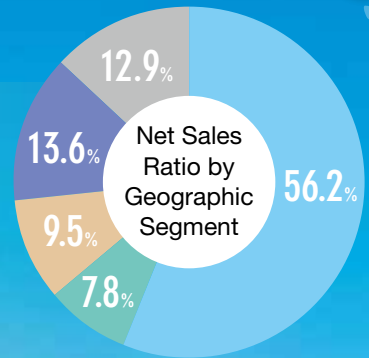
AIDA's extensive product lineup will drive the production of next-generation vehicles.



<p><b>Motor Cores for Electric Vehicles (EVs)</b></p> 	<p><b>EV Battery Packs</b></p> 	<p><b>Separators</b></p> 	<p><b>Motor Cases</b></p> 
<p><b>Body Frame Parts</b></p> 	<p><b>Outer Panels</b></p> 	<p><b>Seat Rail Parts</b></p> 	<p><b>Other Parts</b></p>   <p>Steering parts    Suspension parts</p>



With full-scale manufacturing, sales and after-sales service in all five regions of the world, we provide nearby support to our customers.



We have actively cultivated overseas markets for nearly half a century since establishing a local subsidiary in the United States in 1972. Currently, we have offices in 19 countries around the world, providing meticulous support to customers in each region. Our global network consists of 39 directly managed service and sales operations, including production facilities in Japan, China, Malaysia, the United States, and Italy, and we support customers from close proximity. Moreover, interaction among the Group's global network enables us to respond promptly and sincerely to customers.

**JAPAN**



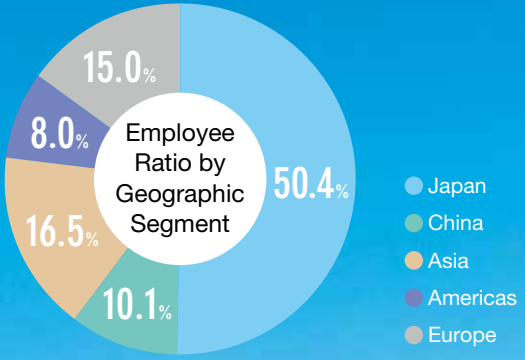
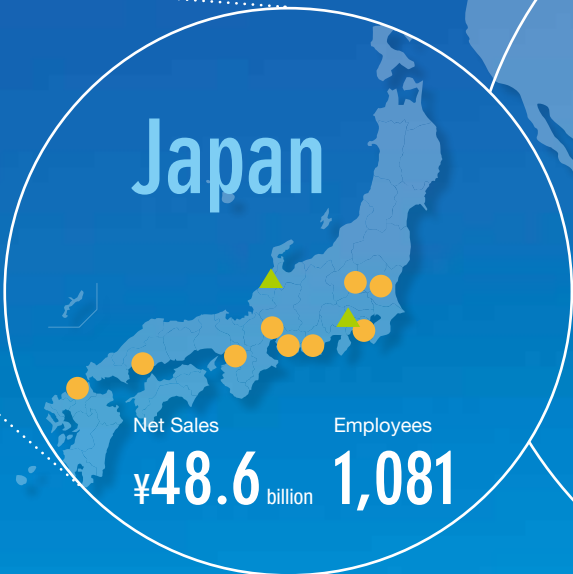
AIDA ENGINEERING, LTD.  
 Site area: 184,000 m<sup>2</sup>  
 Building area: 180,000 m<sup>2</sup>



R E J Co., Ltd.  
 Deploying exceptional control technology to offer various automation-related products to the automobile industry and other sectors



- ▲ Production Facilities
- Global Sales/Service Network
- Technology Center



\* Net sales are prior to the elimination of transactions between business segments.

**CHINA**



AIDA PRESS MACHINERY SYSTEMS CO., LTD.  
 Site area: 67,000 m<sup>2</sup>  
 Building area: 30,000 m<sup>2</sup>

**MALAYSIA**



AIDA ENGINEERING (M) SDN. BHD.  
 AIDA MANUFACTURING (ASIA) SDN. BHD.  
 Site area: 72,000 m<sup>2</sup>  
 Building area: 32,000 m<sup>2</sup>

**U.S.A.**



AIDA AMERICA CORP.  
 Site area: 155,000 m<sup>2</sup>  
 Building area: 16,000 m<sup>2</sup>

**ITALY**



AIDA S.r.l.  
 Site area: 55,000 m<sup>2</sup>  
 Building area: 24,000 m<sup>2</sup>

Note: Figures for site area and floor space are rounded down to the nearest 1,000 m<sup>2</sup>.

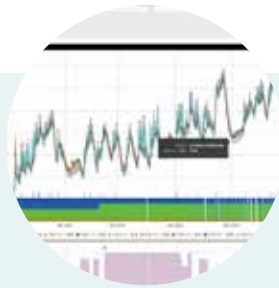


We provide customers around the world with the comprehensive support that only a manufacturer can offer, ranging from after-sales services to retrofitting, relocation, and preventive maintenance services.

With a service network in 19 countries worldwide, our local offices support domestic and overseas production sites by providing a full range of customer-oriented services. In addition to presses, we have accumulated a wealth of know-how and have a proven track record in relation to auxiliary equipment and forming methodologies, including peripheral technologies. With this track record as a manufacturer, we are uniquely positioned to provide efficient, forward-looking, and focused service.

### Comprehensive Service

Repairs and Troubleshooting Support	Prompt response from our extensive network Focused service based on original product drawings
Retrofitting	Total optimization of production systems by improving precision and performance, adding new functions, and upgrading to the latest peripheral equipment, etc.
Preventive Maintenance	In addition to normal operational checks, we perform regular inspections that include machine accuracy and overall condition checks. Our AiCARE machine information management system monitors press operational status and the service life of components, etc.
Global Network	Proven track record of installations and relocations around the world Large inventory of emergency parts; Japanese staff stationed at main offices, etc.
Environmental Friendliness	We leverage the latest technologies to recommend ways to reduce noise/vibration and to save energy, and we also implement safety measures, etc.



## Retrofitting

Retrofitting is “proactive maintenance” that includes upgrading and enhancing existing machinery with new functions and capabilities. One example is the conversion of a mechanical transfer to a servo motor-driven transfer. The resulting lower maintenance costs, higher production speeds, and simplified transportation of parts with complex shapes boosts the value-added content.

We have a wide selection of retrofit services, and we perform more than 300 retrofit projects annually both within and outside of Japan.

## Machine Relocations

Press relocations involve many steps, including disassembly, transportation, and re-installation. We have a proven track record of relocations not only in Japan but also in Southeast Asia, China, Europe, North America, and other areas around the world. We have relocated presses ranging in capacities from 10 tons up to several thousand tons, and we have also performed many large-scale relocations of robot lines and tandem lines com-



Ocean Freight and Customs Clearance Support



Local Transportation Support



Onsite Installation Post-Relocation Services



## Preventive Maintenance

Using healthcare as an analogy, getting medical treatment at a hospital after becoming ill is “corrective maintenance,” while having regular medical checkups while still in good health is “preventive maintenance.”

AIDA is committed to the preventive maintenance of its machinery, performing meticulous periodic inspections, and leveraging the AiCARE machine information management system. Our aim is to maintain the original inherent performance levels of our machines over the long-term in order to prevent unexpected stoppages and avoid preventable costs.

### Case Study Transfer Conversion

From a Mechanical Drive

To a Servo Motor Drive



The maximum speed was increased from 25 SPM ( $\text{min}^{-1}$ ) to 30 SPM ( $\text{min}^{-1}$ ), and the die change time was shortened by 28%.

posed of multiple presses.

We offer the professional support that only a manufacturer can provide. This includes comprehensive maintenance during disassembly and reassembly, transportation that factors in the preservation of the accuracy of the machine, and providing follow-up to ensure a smooth production startup at the new location.

## Basic Stance on Corporate Governance

Guided by our Group-wide corporate philosophy and management vision, the Company places top priority on increasing corporate value by having each Group company achieve sustainable and stable growth. To this end, the Group has a global business management system led by Japan that organically connects our five global manufacturing facilities and our sales and service operations around the world in order to make maximum use of their respective functions, and we are constantly enhancing our corporate governance framework to support this system.

## Governance Structure

Directors, the Board of Directors, Operating Officers, and the Management Council

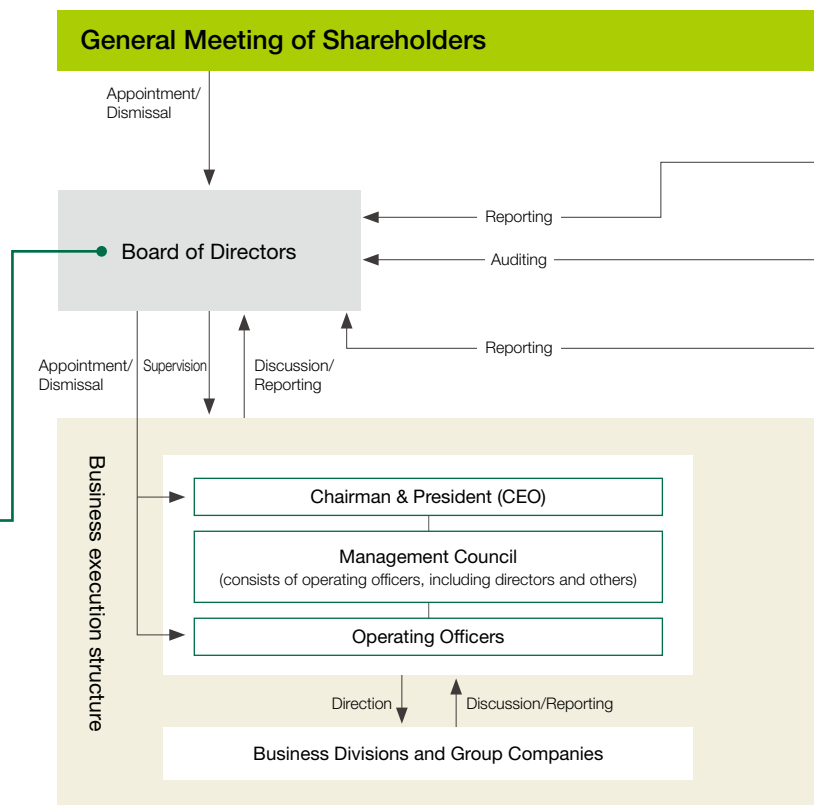
The Company's management structure consists of operating officers, four of whom concurrently serve as directors, and three outside directors (all of whom are independent directors). The Board of Directors functions as the decision-making body for important matters mandated by law and as a supervisory body for the execution of business operations. The Company has also adopted an operating officer system to expedite management decision-making and clarify lines of authority and responsibility. The Management Council—consisting of operating officers, including directors and others—deliberates and resolves important matters related to business execution, based on management policies decided by the Board of Directors, and strives to achieve a unified management purpose and swift execution of business operations. Outside directors attend important meetings of the Board of Directors, Management Council, and other bodies to develop a clear understanding of the current business status of the Company and other Group companies. They also provide valuable advice and suggestions on the Company's management from an objective perspective.

### Remuneration for Directors and Statutory Auditors

In the fiscal year ended March 31, 2020, remuneration for the Company's directors and statutory auditors was as follows:

Officer Category	Number of Eligible Officers	Total Remuneration by Type (Millions of yen)				Total (Millions of yen)
		Monetary Remuneration			Stock Compensation	
		Basic Remuneration	Performance-Based Remuneration	Sub-total		
Directors (excluding outside directors)	5	125	95	221	35	256
Outside directors	3	23	—	23	—	23
Statutory auditors (all outside)	3	27	—	27	—	27

## Corporate Governance Structure



Details on corporate governance and the status of the Company's implementation of Japan's Corporate Governance Code are described in the Corporate Governance Report. <https://www.aida.co.jp/en/ir/management/governance.html>

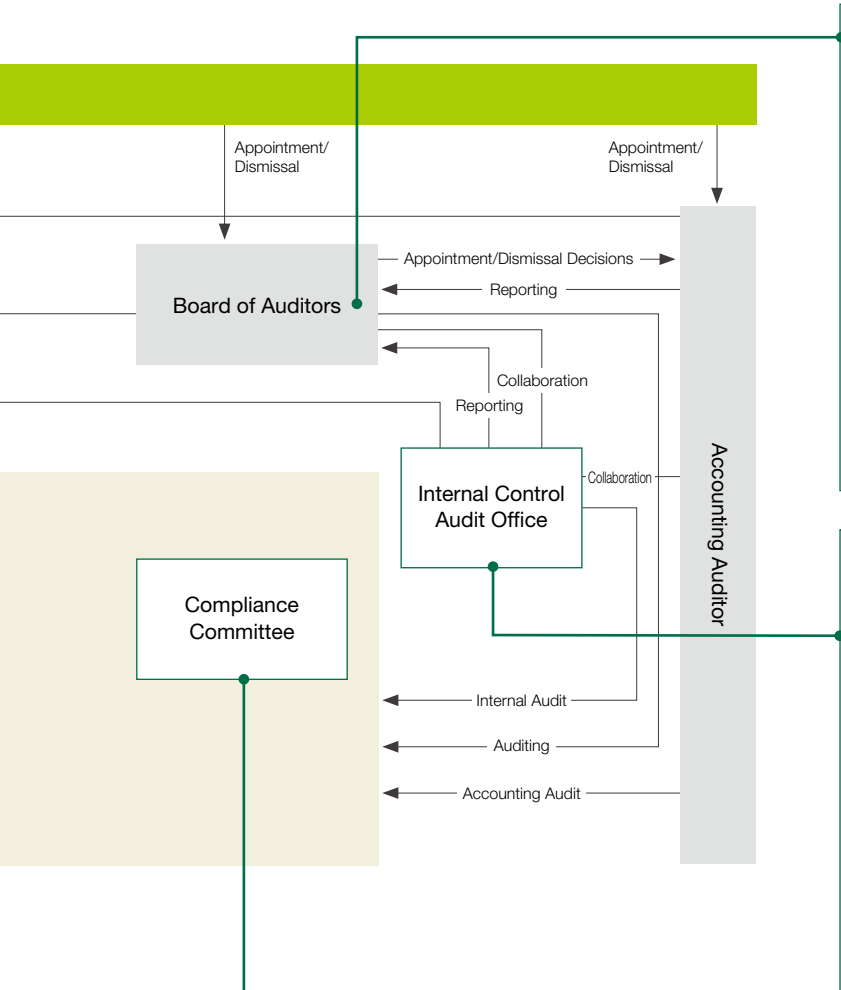
## Information Security Initiatives

The Company formulates and implements its Corporate Secrets Management Regulations and AIDA Information Network System Management Regulations as measures to prevent the leakage of information from inside. The Company manages software used for business operations, monitors and restricts Internet access, and adopts software to monitor in-house personal computers for viruses, unauthorized access, and other problems. In addition, we administer remote access to in-house systems from overseas Group companies.

To protect technical information, the Company restricts employee access to confidential drawing data, and when the third parties require access to such information, we conclude non-disclosure agreements beforehand. Moreover, all of our drawing data is encrypted and thus cannot be retrieved by external devices.

To protect intellectual property, the Company works actively to obtain patents in Japan and overseas.

The Company has advanced technological assets, and any leaks of technology and know-how, or infringement of intellectual property rights, could threaten its fundamental management foundation. As described above, we have information security measures in place and work meticulously to protect technical information and intellectual property rights, which support our business strategy efforts.



### Statutory Auditors and the Board of Auditors

The Company has three statutory auditors (including one standing statutory auditor), all of whom are outside auditors and independent officers. The statutory auditors attend important meetings of the Board of Directors, the Management Council, and other bodies in accordance with the audit plan to oversee the performance of duties by directors. They also ask questions and express opinions to help ensure the legality and appropriateness of decision-making by the Board of Directors and other bodies. In addition, they receive reports from the accounting auditor, listen to business reports, examine important documents, and conduct on-site inspections of the operations and assets of each Company division, in order to monitor and gain a clear understanding of the status of management operations.

The Company supports audits carried out by the statutory auditors by assigning staff from the Internal Control Audit Office, the Finance & Accounting Department, and other relevant administrative bodies.

### Internal Control System

**Ensuring Appropriate Business Execution**  
 To ensure appropriate and efficient business execution, the Board of Directors and the Management Council deliberate and share information on important matters that could significantly affect the Company's management, and also discuss potential countermeasures as necessary. In the fiscal year under review, the Board of Directors and Management Council convened 12 times and 19 times, respectively. We also have various cross-Group committees to address potential risks related to safety, product quality, export regulatory control, product liability, and the like.

**Group Company Management Structure**  
 Processes for both decision-making by Group companies and approval by the parent company are set forth in the "AIDA Global Management Regulations." The Internal Control Audit Office takes the lead in monitoring whether actual operations are in line with the Regulations in order to ensure the appropriateness of business operations at each Group company.

Each Group company presents monthly performance reports to the Board of Directors and the Management Council. Details of management meetings held regularly at each Group company are also shared with the Company's management. Moreover, we also hold AIDA Global Business Plan Meetings twice a year, where top management from the parent company and individual Group companies gather to report progress in achieving performance objectives. They also share information on issues and risks faced by each Group company and discuss countermeasures.

In addition, the Internal Control Audit Office regularly monitors the internal control and compliance status of each Group company. Statutory auditors and the Internal Control Audit Office also conduct on-site audits at each Group company.

### Compliance

To ensure legal compliance and high ethical standards in the conduct of our business, we formulated the AIDA Corporate Philosophy and the AIDA Group Action Guidelines, and distribute relevant language versions of these to domestic and overseas Group companies to ensure they are fully understood.

**Compliance Framework**  
 We established the AIDA Group Compliance Hotline\*, a communication channel that provides access to an outside attorney and the whistleblower desk within the Internal Control Audit Office. We also have a system in place to receive reports from domestic and overseas Group companies regarding the status of compliance, and we are working to ensure appropriate operation and enhance the effectiveness of legal compliance.

Hotline reports are initially consolidated and presented to the executive officer in charge of internal controls. Depending on their importance, matters are also reported to the Compliance Committee and the Board of Directors. These bodies discuss responses and recurrence prevention measures, and issue directions. Meanwhile, the Internal Control Audit Office conducts various types of internal training to help ensure that all AIDA Group employees fully understand the AIDA Corporate Philosophy, the AIDA Group Action Guidelines, and the AIDA Group Compliance Hotline.

\* AIDA Group Compliance Hotline:  
 A system for reporting actual/potential compliance violations—including legal infringements and improper conduct—to the whistleblower desk. It was established to reinforce the AIDA Group's compliance management efforts.

### Risk Management System

Risks related to the execution of management strategies are analyzed by the relevant business units, which also consider appropriate countermeasures. These matters are also discussed by the Board of Directors and Management Council as necessary. Inherent risks in daily operations are usually addressed by the respective business units. Depending on the nature of the risk, we also have a flexible management system in place to respond. This system includes committees for health and safety, product liability, export regulatory control, risk assessment promotion, and other cross-functional committees, as well as specific project teams.

In addition, our Global Operation Promotion Office undertakes cross-functional and centralized management of risks that could significantly impact the management of the entire Group. These include risks related to product liability, export regulatory control, compliance, information security, and protection of intellectual property rights.

## Board of Directors



1976 Joined AIDA ENGINEERING, LTD.  
1989 Representative Director (current position)  
1992 President (current position)  
2001 Chief Executive Officer (CEO) (current position)  
2011 Division Manager, Research & Development Headquarters (current position)  
2012 Chairman, AIDA AMERICA CORP. (current position)  
Chairman, AIDA S.r.l. (current position)  
2018 Chairman (current position)

Representative Director,  
Chairman and President (CEO)

### Kimikazu Aida



1996 Joined AIDA MANUFACTURING (MALAYSIA) SDN. BHD. (currently AIDA ENGINEERING (M) SDN. BHD.)  
2011 Chairman and Managing Director, AIDA GREATER ASIA PTE. LTD. (current position)  
2013 Director (current position)  
2014 Managing Executive Officer (current position)  
Chairman, AIDA ENGINEERING CHINA CO., LTD. (current position)  
2015 Chairman, AIDA PRESS MACHINERY SYSTEMS CO., LTD. (current position)  
2017 Chairman, AIDA ENGINEERING (M) SDN. BHD. (current position)

Director, Managing  
Executive Officer

### Yap Teck Meng



2000 Statutory Auditor, The Dai-ichi Mutual Life Insurance Company (currently Dai-ichi Life Insurance Company, Ltd.)  
2007 Representative Director and Senior Executive Officer, The Dai-ichi Mutual Life Insurance Company  
2008 Statutory Auditor, AIDA ENGINEERING, LTD.  
2010 President, The Cardiovascular Institute  
2012 Director, AIDA ENGINEERING, LTD. (current position)

Outside Director  
(Independent)

### Kimio Oiso



1974 Director, Makino Milling Machine Co., Ltd.  
1978 Vice President, Director, Makino Milling Machine Co., Ltd.  
1979 Executive Manager, Makino Milling Machine Co., Ltd.  
1985 President and Representative Director, Makino Milling Machine Co., Ltd.  
1997 Vice Chairman, Japan Machine Tool Builders' Association (JMTBA)  
2006 Director, TOKYO OHKA KOGYO CO., LTD.  
2019 Director, AIDA ENGINEERING, LTD. (current position)

Outside Director  
(Independent)

### Jiro Makino

## Statutory Auditors



1999 General Manager, Operation Audit Dept., The Fuji Bank, Ltd. (currently Mizuho Bank, Ltd.)  
2001 Standing Auditor, The Fuji Bank, Ltd. (currently Mizuho Bank, Ltd.)  
2002 Standing Statutory Auditor, Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)  
Standing Statutory Auditor, Fuji Research Institute Corporation  
2004 Standing Statutory Auditor, Mizuho Information & Research Institute, Inc.  
2010 Standing Statutory Auditor, AIDA ENGINEERING, LTD. (current position)

Outside Standing Statutory  
Auditor (Independent)

### Shigeo Matsumoto



1983 Joined The Dai-ichi Mutual Life Insurance Company (currently The Dai-ichi Life Insurance Company, Ltd.)  
2004 General Manager, Profit Management Department, The Dai-ichi Mutual Life Insurance Company  
2010 General Manager, Corporate Finance Department, The Dai-ichi Life Insurance Company, Ltd.  
2012 Senior Audit and Supervisory Board Member (Full-Time), The Dai-ichi Life Insurance Company, Ltd.  
2016 Director (Audit and Supervisory Committee Member (Full-Time)), Dai-ichi Life Holdings, Inc. (current position)  
2020 Statutory Auditor, AIDA ENGINEERING, LTD. (current position)

Outside Statutory Auditor  
(Independent)

### Fusakazu Kondo



2011 Joined AIDA ENGINEERING, LTD.  
2015 Director  
2017 Chairman, Reliance Electric Limited (currently REJ Co., Ltd.) (current position)  
2020 Representative Director (current position)  
Executive Vice President and Chief Operating Officer (COO) (current position)  
Division Manager, Sales Headquarters and Production Headquarters (current position)

Representative Director,  
Executive Vice President (COO)

### Toshihiko Suzuki



1984 Joined The Fuji Bank, Ltd. (currently Mizuho Bank, Ltd.)  
2012 General Manager, Agent Business Office, Investment Business Administration Department, Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)  
2014 Joined AIDA ENGINEERING, LTD.  
2015 Deputy Division Manager, General Administration Headquarters  
2016 Operating Officer  
Division Manager, General Administration Headquarters (current position)  
2018 Managing Executive Officer  
2020 Director (current position)  
Operating Officer (current position)

Director, Operating Officer

### Hiromitsu Ugawa



1972 Joined the Ministry of Finance  
2000 Secretary-General, Executive Bureau, Securities and Exchange Surveillance Commission, Financial Services Agency  
2001 Director-General, Inspection Bureau, Financial Services Agency  
2002 Director-General, Supervisory Bureau, Financial Services Agency  
2004 Commissioner, Financial Services Agency  
2009 Visiting Professor, Aoyama Gakuin University (current position)  
2011 Auditor, MIROKU JYOHO SERVICE CO., LTD.  
2014 Advisor, NISHIMURA & ASAHI  
2015 Senior Advisor, THE BOSTON CONSULTING GROUP (current position)  
Director, AIDA ENGINEERING, LTD. (current position)  
2016 Director, Infoteria Corporation (currently Asteria Corporation) (current position)  
Director, MIROKU JYOHO SERVICE CO., LTD. (current position)  
2019 Director, ZUU Co., Ltd. (current position)  
2020 Director, THE FUKUSHIMA BANK, LTD. (current position)

Outside Director  
(Independent)

### Hirofumi Gomi



1979 Admission as an attorney-at-law  
2001 Practicing-Attorney-Professor for Civil Advocacy, Legal Training and Research Institute, Supreme Court of Japan  
2013 Statutory Auditor, AIDA ENGINEERING, LTD. (current position)

Outside Statutory Auditor  
(Independent)

### Shigeru Makinouchi

## Activity Status of Outside Directors and Outside Statutory Auditors

Outside Directors	Name	Attendance at the Board of Directors Meetings	Attendance at the Board of Auditors Meetings	Reason for Appointment
	Kimio Oiso	100% 12/12 times	—	Mr. Oiso has an objective point of view based on his abundant experience and excellent knowledge as a management executive of a life insurance company, and the Company anticipates that he will provide advice and suggestions to ensure the adequacy and appropriateness of decision-making by the Board of Directors and others. For this reason, Mr. Oiso has been appointed as outside director of the Company since June 2012.
	Hirofumi Gomi	100% 12/12 times	—	Mr. Gomi has an objective point of view based on his abundant experience and advanced expertise as a former commissioner of Japan's Financial Services Agency, where he was involved in the financial administration of the nation, and the Company anticipates that he will provide advice and suggestions to ensure the adequacy and appropriateness of decision-making by the Board of Directors and others. For this reason, Mr. Gomi has been appointed as outside director of the Company since June 2015.
	Jiro Makino	100% 9/9 times (After being appointed in June 2019)	—	Mr. Makino has an objective point of view based on his abundant experience and excellent knowledge about the machine tool business and as a management executive of a publicly listed company, and the Company anticipates that he will provide advice and suggestions to ensure the appropriateness of decision-making by the Board of Directors and others. For this reason, Mr. Makino has been appointed as outside director of the Company since June 2019.

Outside Statutory Auditors	Name	Attendance at the Board of Directors Meetings	Attendance at the Board of Auditors Meetings	Reason for Appointment
	Shigeo Matsumoto	100% 12/12 times	100% 9/9 times	Mr. Matsumoto has an objective point of view based on his wide-ranging knowledge about finance and management and his abundant experience—including overseas work and internal auditing at major financial institutions—and the Company anticipates that he will play an instrumental role in supervising the execution of duties by directors and executive officers. For this reason, Mr. Matsumoto has been appointed as outside statutory auditor of the Company since June 2010.
	Shigeru Makinouchi	100% 12/12 times	100% 9/9 times	Mr. Makinouchi has an objective point of view based on his abundant experience and advanced expertise as an attorney, and the Company anticipates that he will play an instrumental role in supervising the execution of duties by directors and executive officers. For this reason, Mr. Makinouchi has been appointed as outside statutory auditor of the Company since June 2013.
	*Newly appointed Fusakazu Kondo	—	—	Mr. Kondo has an objective point of view based on his abundant experience and excellent knowledge in multiple fields. These include his time at a life insurance company, where he mainly engaged in finance-related work and also performed audit work as a member of that company's Senior Audit and Supervisory Board (full-time) and an Audit and Supervisory Committee (full-time). Accordingly, the Company anticipates that Mr. Kondo will play an instrumental role in supervising the execution of duties by directors and executive officers. He has been appointed as outside statutory auditor of the Company since June 2020.

## Reasons for Choosing the Current Corporate Governance System

The Company has a Board of Directors consisting of seven members (including three outside directors, all of whom are independent officers) to ensure swift decision-making. It also has a Board of Auditors with three members (all of whom are outside statutory auditors and independent officers) to strengthen management oversight. In addition, we have introduced an operating officer system to speed up management decision-making and clarify lines of authority and responsibility. We also established a Compliance Committee to enhance internal control and, as part of our risk management system, we have set up various other committees, including a Health & Safety Committee, Product Liability Committee, and Export Regulatory Control Committee.

The Company selected its current governance system in order to strengthen the functions of a fair and sound management system, expedite decision-making by management and ensure its transparency. This is achieved through the appointment of multiple highly independent outside directors and outside statutory auditors, as well as our operating officer system and the initiatives of various committees to improve governance.

# Environmental and Energy-Saving Initiatives

AIDA formulated the AIDA Environmental Policy in order to advance our environmental protection activities.

“As a global leading company, we will strive to protect the environment, reduce energy consumption and develop technologies.” These words, stated in our Medium-Term Management Plan vision, express our commitment to achieving further growth while reducing our environmental impact and developing products that excel in environmental and energy-saving performance.

## Environmental Management

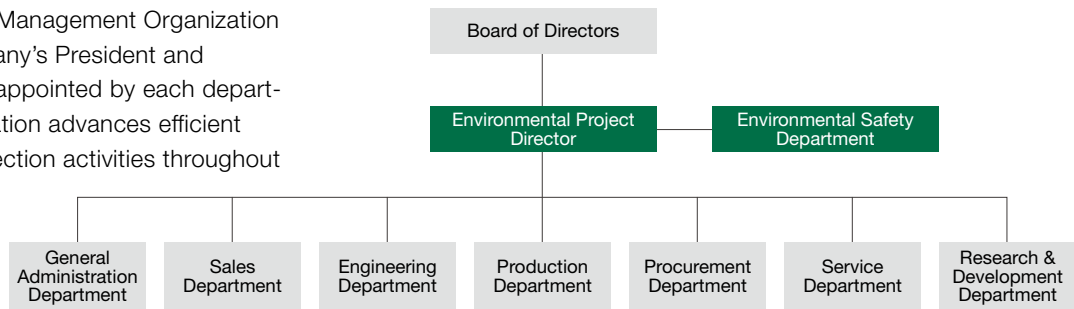
### Environmental Policy

Recognizing that protecting the earth’s environment is one of the most important goals shared by all mankind, as AIDA ENGINEERING, LTD., rises to the challenge of attaining “a harmony between people and technology” that creates a people-friendly environment as it pursues original technologies in the metalforming field, it will establish and implement a workplace environment where environmental protections will be incorporated into the engineering, manufacturing, and sales activities for its presses, automation equipment, and auxiliary equipment.

- 1** We will work to reduce its environmental footprint by continuously improving its environmental management systems, and we will also promote environmental management activities by revising its environmental-related targets and goals.
- 2** We will strive to protect the environment and strictly adhere to any other requirements stipulated by laws, regulations, and accepted practices.
- 3** In order to proactively prevent the destruction and pollution of the natural environment to the extent that it is technologically and economically feasible, we will promote the following and will strive to reduce the burden being placed on the earth’s environment.
  - (1) Promote resource and energy conservation.
  - (2) Eliminate waste products and promote recycling.
  - (3) Minimize the release of harmful substances. Additionally, move towards the use of substances that present minimal harm.
  - (4) Painstakingly manage buildings, equipment, and processes, etc., that could possibly have an adverse effect on the environment.
  - (5) Implement oil leakage countermeasures (even in drop-size increments) to prevent water and soil contamination.
- 4** We will strive to ensure that all employees understand this Environmental Policy and have a heightened environmental awareness, and work towards the practical implementation of environmental improvements and protections. Moreover, we will also inform participating business partners of this Environmental Policy and ask for their understanding and cooperation in implementing environmental improvements and protections.

### Environmental Management Organization (Simplified Diagram)

Our Environmental Management Organization is led by the Company’s President and includes members appointed by each department. This organization advances efficient environmental protection activities throughout the Company.



### Environmental Objectives and Targets

Based on our Environmental Policy, we have set environmental objectives that consider laws, regulations, and other requirements as well as factors that cause significant environmental impact.

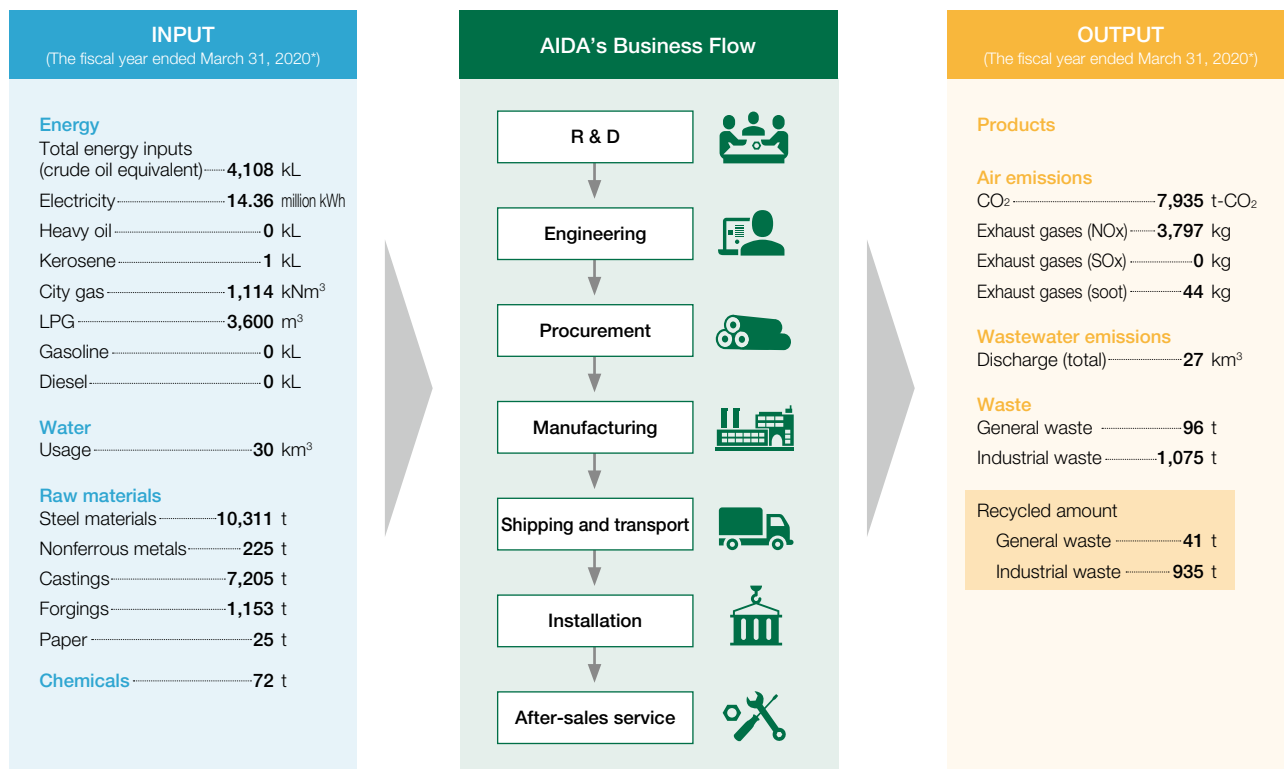
Environmental Objectives	Targets for the fiscal year ended March 31, 2020	Results for the fiscal year ended March 31, 2020
Maintain compliance with laws and ordinances (air, water, noise, etc.)	<ul style="list-style-type: none"> <li>Maintain and improve measures to keep process and auxiliary equipment values within regulatory limits</li> </ul>	<ul style="list-style-type: none"> <li>Results of maintenance inspections on processes and auxiliary equipment: Good</li> <li>Results of efforts to maintain performance within specified limits: No performance problems</li> </ul>
Promote the recycling of waste materials and control waste generation (promote recycling and reuse)	<ul style="list-style-type: none"> <li>Emissions* target: 1,650 tons or less</li> <li>Industrial waste recycling ratio: 86% or higher</li> </ul>	<ul style="list-style-type: none"> <li>Total emissions: 1,172 tons; target achieved</li> <li>Industrial waste recycling rate: 87%; target achieved</li> </ul>
Promote energy conservation	<ul style="list-style-type: none"> <li>Total energy usage (crude oil equivalent): 4,500 kL or below</li> <li>CO<sub>2</sub> emissions (unit conversion coefficient): 37.0 tons CO<sub>2</sub>/¥100 million (production volume) or lower</li> </ul>	<ul style="list-style-type: none"> <li>Total energy usage (crude oil equivalent): 4,108 kL; target achieved</li> <li>CO<sub>2</sub> emissions: 31.1 tons CO<sub>2</sub>/¥100 million (production volume); target achieved</li> </ul>
Improve environmental protection initiatives	<ul style="list-style-type: none"> <li>Collect and convey information about environmental product requirements and complaints</li> <li>Introduce environmentally friendly processes and auxiliary equipment</li> <li>Take measures to reduce environmental impact</li> </ul>	<ul style="list-style-type: none"> <li>Green material procurement and recordkeeping: Good</li> <li>Converted crane lighting to LEDs (Tsukui No. 1 Plant and Sagami Plant)</li> <li>Adopted centrifugal separators for removing foreign substances from machining oil</li> <li>Gathered information on environmental needs of customers</li> <li>Promoted retrofitting services, which will lead to environmental improvements</li> <li>Tracked reductions in customer complaints for product oil leaks</li> </ul>
Develop environmentally friendly products	<ul style="list-style-type: none"> <li>Take measures to save energy/resources, avoid use of harmful chemical substances, and reduce vibration/noise; consider recyclability; and control emission and usage volumes of substances that impact the environment</li> </ul>	<ul style="list-style-type: none"> <li>Saved energy by improving power supply of general-purpose presses</li> <li>Saved resources by improving the press blanking of thick sheets</li> <li>Reduced electricity consumption by developing an energy storage system</li> <li>Reduced weight and power consumption by improving the structure of motor cooling fans</li> <li>Reduced materials used by developing new transfer mechanism</li> <li>Reduced number of parts compared with existing press machines</li> </ul>

\* Emissions: Total emissions of general waste and industrial waste



## Material Balance

AIDA quantitatively tracks inputs (energy, etc.) and outputs (environmental impact) for its business activities, and keeps detailed environmental data on its operations. We also work to raise the environmental awareness of employees as we pursue environmentally conscious business activities.



\* Environmental impact of AIDA production processes for the fiscal year ended March 31, 2020 (all figures are rounded off)  
Scope of analysis: AIDA ENGINEERING, LTD. (Sagami Plant, Tsukui Plant, and Shimokuzawa Plant)

## Solutions to Reduce the Environmental Impact of Customers' Production Facilities

In addition to our internal environmental and energy-saving initiatives, our press machines also help reduce the environmental impact of customer production facilities and of society as a whole. High-speed precision presses and precision forming presses are special machines that fully leverage our technological capabilities. They play a crucial role in the manufacture of motors, batteries, and separator parts, etc., for motorized electric vehicles, including electric vehicles (EVs), hybrid vehicles, and fuel cell vehicles. Through these press machines, we are making a significant contribution to the reduction of automotive CO<sub>2</sub> emissions.

Recently, the concept of "life cycle evaluation" has been gaining popularity as a method for evaluating CO<sub>2</sub> emissions. This involves measuring and comprehensively evaluating CO<sub>2</sub> emissions not only while the vehicle is being driven but also during each stage of a vehicle's life, including production, energy supply, transportation, and recycling. For example, Volkswagen AG has also required its suppliers to be carbon-neutral\* in their EV-related production. Based on this, going forward we expect this trend to decarbonize and reduce the environmental impact even in manufacturing processes to spread globally.

Compared to machining processes, press metalforming consumes less power with less material loss and scrap while still delivering higher mass production forming efficiency. In 2002, we developed the world's first direct-drive servo press, which uses computerized controls to freely program the press forming speed and motion to match the specific forming requirements. In addition to delivering greater energy savings during press operation, it reduces the need for subsequent machining and heat treatment processes, which translates into additional energy savings and even lower CO<sub>2</sub> emissions. As a matter of fact, the environmental benefits of our press machines have been recognized by the Japan Forming Machinery Association, which has certified six of our press models as environmentally friendly "Metalforming Eco Machines."

Our lineup of press machines is helping to reduce the environmental impact of our customers' operations and in society in general by providing not only environmentally friendly vehicles but also environmentally friendly manufacturing processes.

\* Carbon neutral: This means engaging in activities to reduce CO<sub>2</sub> emissions that offset the emissions generated during the production process.

## Consolidated Financial Summary

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

	2011	2012	2013	2014
<b>Orders, Net Sales, and Income</b>				
Orders	¥ 47,924	¥ 58,021	¥ 73,033	¥ 76,670
Net sales	40,989	52,240	57,812	69,594
Cost of sales	33,343	42,589	46,393	54,617
Selling, general and administrative expenses	6,180	7,424	7,657	8,656
Operating income	1,466	2,225	3,760	6,320
Income before income taxes	1,098	2,927	4,019	6,584
Income taxes	(134)	79	211	1,456
Net income attributable to owners of parent	1,232	2,847	3,808	5,127
<b>Profitability Ratio</b>				
Operating income ratio	3.6%	4.3%	6.5%	9.1%
<b>Total Assets, Total Net Assets and Interest-Bearing Debt</b>				
Total assets	¥ 67,342	¥ 71,300	¥ 82,118	¥ 91,830
Total net assets	45,221	47,476	52,990	59,655
Total interest-bearing debt	1,500	2,048	1,500	2,491
Shareholders' equity ratio	67.0%	66.5%	64.4%	64.8%
<b>Capital Expenditures, Depreciation and Amortization, and R&amp;D Expenditures</b>				
Capital expenditures	¥ 689	¥ 2,667	¥ 1,555	¥ 3,117
Depreciation and amortization	1,403	1,378	1,362	1,548
R&D expenditures	1,079	909	1,008	1,076
<b>Return Indicators</b>				
Return on equity (ROE)	2.7%	6.2%	7.6%	9.1%
Return on assets (ROA)	1.9%	4.1%	5.0%	5.9%
<b>Cash Flows</b>				
Cash flows from operating activities	¥ (2,359)	¥ 8,749	¥ 5,938	¥ 5,978
Cash flows from investing activities	(1,253)	(1,231)	(1,277)	(3,254)
Free cash flow	(3,613)	7,517	4,660	2,723
Cash flows from financing activities	(1,029)	35	(1,446)	26
Cash and cash equivalents at the end of year	9,569	17,129	22,281	26,038

	2011	2012	2013	2014
<b>Per Share Data</b>				
Net income	¥ 19.51	¥ 46.97	¥ 62.74	¥ 83.95
Cash dividends	6.00	14.00	19.00	25.00
Net assets	745.27	781.58	868.33	969.35
<b>Stock Information (at Year-End)</b>				
Stock price	¥ 374	¥ 476	¥ 756	¥ 982
Market capitalization (millions of yen)	29,601	37,674	59,835	77,722
Number of shares issued (shares)	79,147,321	79,147,321	79,147,321	79,147,321
<b>Other Data</b>				
Number of employees	1,478	1,566	1,647	1,728

Notes: 1. Amounts presented from the year ended March 31, 2011 to the year ended March 31, 2014 were retrospectively adjusted to reflect the changes in accounting policies of the Japanese employee stock ownership plan (J-ESOP).

2. Amounts presented in the year ended March 31, 2018 were retrospectively reclassified to reflect the changes in "Partial Amendments to Accounting Standard for Tax Effect Accounting."

						Millions of yen	% change
2015	2016	2017	2018	2019	2020	2019 vs. 2020	
¥ 70,256	¥ 75,474	¥ 62,655	¥ 83,143	¥ 75,694	¥ <b>62,326</b>	<b>(17.7)</b>	
76,897	75,529	67,547	73,856	84,082	<b>69,159</b>	<b>(17.7)</b>	
59,650	57,544	51,761	57,926	68,851	<b>53,966</b>	<b>(21.6)</b>	
9,383	9,947	9,168	9,617	9,669	<b>9,019</b>	<b>(6.7)</b>	
7,863	8,037	6,617	6,312	5,561	<b>6,173</b>	<b>11.0</b>	
8,543	8,329	6,754	6,639	5,785	<b>6,242</b>	<b>7.9</b>	
2,337	2,546	1,769	1,810	1,092	<b>2,143</b>	<b>96.2</b>	
6,205	5,782	4,985	4,786	4,634	<b>4,022</b>	<b>(13.2)</b>	
10.2%	10.6%	9.8%	8.5%	6.6%	<b>8.9%</b>	<b>—</b>	
¥ 105,126	¥ 100,609	¥ 101,683	¥ 116,108	¥ 111,564	¥ <b>104,114</b>	<b>(6.7)</b>	
67,254	68,758	70,834	75,924	77,206	<b>74,840</b>	<b>(3.1)</b>	
1,891	4,663	4,470	4,111	3,991	<b>4,491</b>	<b>12.5</b>	
63.8%	68.2%	69.5%	64.8%	68.5%	<b>71.1%</b>	<b>—</b>	
¥ 1,958	¥ 4,654	¥ 2,093	¥ 2,434	¥ 2,867	¥ <b>939</b>	<b>(67.2)</b>	
1,712	1,995	1,961	2,061	2,142	<b>2,146</b>	<b>0.2</b>	
1,345	1,237	1,197	1,036	1,067	<b>1,140</b>	<b>6.8</b>	
9.8%	8.5%	7.2%	6.6%	6.1%	<b>5.3%</b>	<b>—</b>	
6.3%	5.6%	4.9%	4.4%	4.1%	<b>3.7%</b>	<b>—</b>	
¥ 5,100	¥ 6,596	¥ 2,400	¥ 12,714	¥ 2,821	¥ <b>3,908</b>	<b>38.5</b>	
(1,237)	(5,655)	(3,118)	(3,789)	(1,650)	<b>(1,091)</b>	<b>—</b>	
3,863	941	(718)	8,924	1,171	<b>2,817</b>	<b>140.5</b>	
(2,077)	915	(1,954)	(3,668)	(1,956)	<b>(3,377)</b>	<b>—</b>	
29,958	29,524	25,572	31,721	30,633	<b>28,710</b>	<b>(6.3)</b>	
						Yen	% change
2015	2016	2017	2018	2019	2020	2019 vs. 2020	
¥ 100.99	¥ 93.78	¥ 80.82	¥ 77.59	¥ 75.10	¥ <b>66.88</b>	<b>(11.0)</b>	
30.00	30.00	40.00	30.00	30.00	<b>30.00</b>	<b>0.0</b>	
1,088.96	1,112.51	1,145.74	1,219.02	1,238.41	<b>1,243.15</b>	<b>0.4</b>	
¥ 1,380	¥ 978	¥ 988	¥ 1,286	¥ 798	¥ <b>691</b>	<b>(13.4)</b>	
101,633	72,027	72,763	94,710	57,174	<b>47,988</b>	<b>(16.1)</b>	
73,647,321	73,647,321	73,647,321	73,647,321	71,647,321	<b>69,448,421</b>	<b>(3.1)</b>	
1,818	1,951	1,950	2,201	2,202	<b>2,146</b>	<b>(2.5)</b>	

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

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

## Orders, Sales, and Earnings

In fiscal year ended March 31, 2020, the consolidated fiscal year under review, the global economy was clearly on a trend toward a slowdown in growth from the beginning of the fiscal year, due to factors such as trade frictions. In the fourth quarter, the global spread of COVID-19 caused the economy to plunge sharply, and economic activities continued to stagnate.

Orders in the metalforming machinery industry decreased both in Japan and overseas, with the Japan Forming Machinery Association reporting that worldwide orders for press machines dropped 31.8% year on year to ¥120.7 billion in the year under review.

In these conditions, the Group recorded total orders of ¥62.3 billion, down 17.7% year on year during the fiscal year under review. The order backlog at year-end was ¥44.1 billion, down 13.4% from the end of the previous fiscal year. This was due to a decrease in orders for press machines, which resulted from a slowdown in capital investments by automotive-related customers. Net sales declined 17.7% year on year to ¥69.1 billion due to a decline in sales of press machines for automotive applications, particularly in China, the Americas, and Europe. In terms of profits, operating income grew 11.0% year on year to ¥6.1 billion, mainly due to an improvement in cost ratios and a reduction in selling, general and administrative expenses. Ordinary income rose 9.2% year on year to ¥6.4 billion. Net income attributable to owners of parent declined 13.2% year on year to ¥4.0 billion, mainly due to the elimination of a special tax effect factor (reduction in the tax burden) in the previous fiscal year.

Management's basic policy for profit distribution is to maintain consistent dividend payments and a consolidated

dividend payout ratio of 30% or higher while preserving the stability of our business infrastructure and internal reserves for investment for future growth. Based on this policy, the ordinary dividend per share for the fiscal year ended March 31, 2020 was set at ¥30.

## Results by Business Segments and Geographic Segments

### Business Segments

#### Press Machines

Orders for press machines declined 22.9% year on year to ¥41.9 billion, due to the impact of a slowdown in capital investments, particularly by automotive-related customers. Net sales declined 23.2% year on year to ¥48.5 billion, due to a decline in sales of press machines for automotive applications in China, the Americas, and Europe.

#### Service (Related to Presses)

As a result of strong performance in modernization/retrofitting projects in Japan, Asia, and the Americas, orders grew 2.3% year on year to ¥15.3 billion, while net sales increased 0.7% year on year to ¥14.9 billion.

#### Other

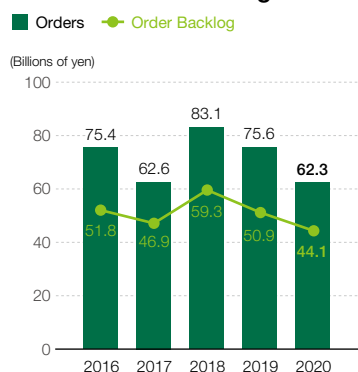
As a result of a fall in orders for control devices at REJ Co., Ltd., orders decreased 20.0% year on year to ¥4.9 billion, while net sales declined 6.5% year on year to ¥5.6 billion.

### Geographic Segments

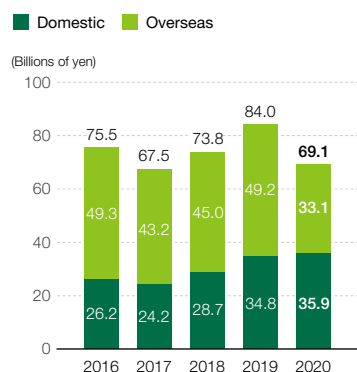
#### Japan

Net sales decreased 5.1% year on year to ¥48.6 billion, due to a decrease in sales of press machines for

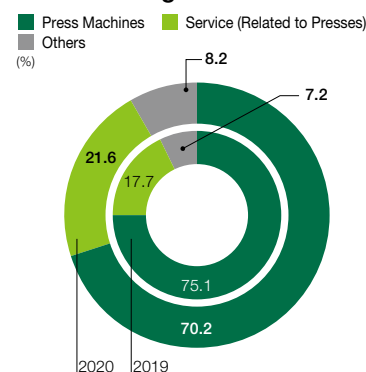
### Orders/Order Backlog



### Net Sales



### Net Sales Ratio by Business Segment



automotive applications. Meanwhile, segment profit increased 94.4% year on year to ¥4.7 billion, mainly due to an improvement in the cost ratio.

### China

Net sales decreased 51.6% year on year to ¥6.7 billion, due to a decrease in sales of press machines for automotive applications. Segment profit decreased 66.7% year on year to ¥0.2 billion, mainly due to a decrease in revenue.

### Asia

Although service sales were strong, net sales decreased 14.7% year on year to ¥8.2 billion, due to a decrease in sales of press machines to Group companies. Segment profit fell 24.0% year on year to ¥1.0 billion due to a decrease in revenue.

### Americas

Although service sales were strong, net sales decreased 28.9% year on year to ¥11.8 billion, due to a decrease in sales of press machines for automotive applications. Segment profit fell 21.8% year on year to ¥0.5 billion, mainly due to a decrease in revenue.

### Europe

Net sales decreased 27.7% year on year to ¥11.1 billion, mainly due to a decline in sales of press machines for automotive applications and services. A segment loss of ¥0.2 billion was recorded (compared to a segment profit of ¥4.0 million in the previous fiscal year), mainly due to a decrease in revenue, despite an improvement in the cost ratio.

## Financial Position

### Analysis of Financial Position

As of March 31, 2020, assets amounted to ¥104.1 billion,

a ¥7.4 billion decrease from the previous fiscal year end. Primary factors in the decline were decreases of ¥2.4 billion in cash on hand and at banks, ¥1.9 billion in notes and accounts receivable – trade and electronically recorded monetary claims – operating, ¥1.6 billion in property, plant and equipment, and ¥0.8 billion in investment securities.

Liabilities declined ¥5.0 billion from the previous fiscal year end to ¥29.2 billion, largely owing to declines of ¥3.3 billion in accounts payable – trade and electronically recorded monetary obligations – operating, and ¥2.1 billion in advances received.

Net assets declined ¥2.3 billion from the previous fiscal year end to ¥74.8 billion. The main factors in the decline were decreases of ¥0.9 billion in net unrealized gains on other securities and ¥1.4 billion in foreign currency translation adjustments. As a result, our shareholders' equity ratio at the end of the fiscal year was 71.1%.

## Cash Flow

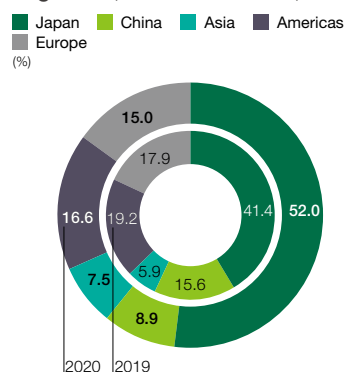
Cash and cash equivalents as of March 31, 2020 amounted to ¥28.7 billion, a decline of ¥1.9 billion from the end of the previous fiscal year.

The following is a summary of cash flows and their main elements.

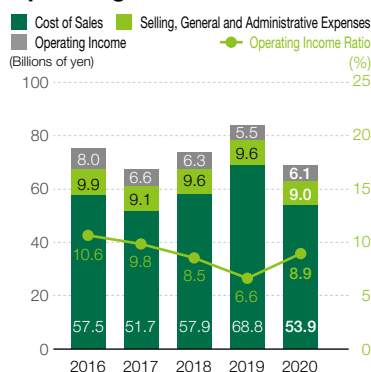
### (i) Cash flows from operating activities

Net cash provided by operating activities was ¥3.9 billion, compared with ¥2.8 billion in the previous fiscal year. Major inflows included income before income taxes of ¥6.2 billion and depreciation and amortization of ¥2.1 billion. Major outflows included a decrease in accounts payable of ¥2.7 billion and income taxes paid of ¥1.0 billion.

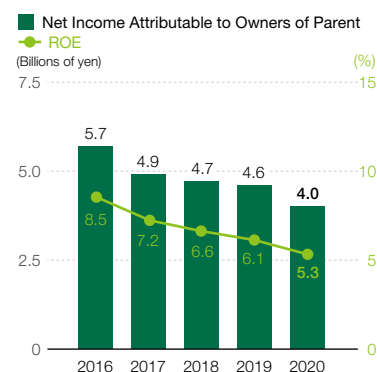
### Net Sales Ratio by Geographic Segment (to External Customers)



### Cost/SG&A/Operating Income/ Operating Income Ratio



### Net Income Attributable to Owners of Parent/ROE



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

### (ii) Cash flows from investing activities

Net cash used in investing activities was ¥1.0 billion, compared with ¥1.6 billion in the previous fiscal year. The primary outflow was payments for purchase of property, plant and equipment, and intangible assets of ¥1.3 billion.

### (iii) Cash flows from financing activities

Net cash used in financing activities was ¥3.3 billion, compared with ¥1.9 billion in the previous fiscal year. Major outflows included payments for purchase of treasury stock of ¥2.0 billion and cash dividends paid of ¥1.9 billion.

## Capital Expenditures

In the fiscal year under review, the Group recorded capital expenditures totaling ¥0.9 billion, which represents a decrease from the previous fiscal year, mainly due to postponing expenditures until the following fiscal year. The main expenditures were ¥0.1 billion for the establishment of a new logistics warehouse at the Tsukui Factory to strengthen the high-speed press production capacity, and ¥0.3 billion for the expansion of the Malaysia Plant.

## Research and Development

The Group recorded ¥1.1 billion in R&D spending in the fiscal year ended March 31, 2020, with the majority in the Japan segment. In the fiscal year under review, the Company's "High Speed Transfer Press Line for Forming High-Strength Materials" received the "Manufacturing Award" in the "62nd (2019) Ten Greatest Innovations Prize," sponsored by the Nikkan Kogyo Shimbun, Ltd. The product receiving the award is a high-precision transfer

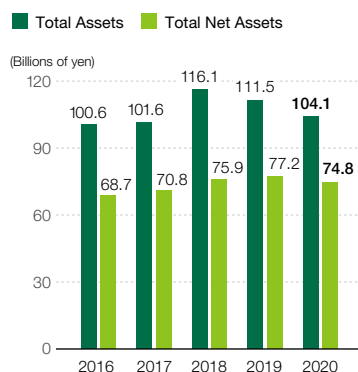
press line that is capable of increasing the productivity of products such as automotive parts made of high-tensile steel by 30% compared to conventional press lines.

## Capital Resources and Funding Liquidity

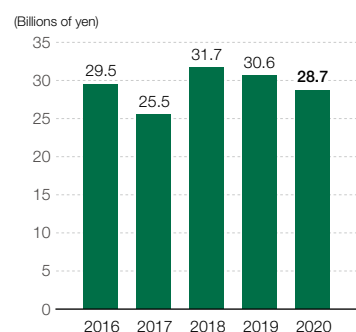
The Group primarily utilizes its working capital to purchase raw materials and parts and to pay for outsourced processing and other manufacturing expenses, for marketing costs, and for general and administrative expenses. Funds used for capital expenditures are mainly for constructing production systems, and our basic policy is to primarily use our own available funds for these investments.

In the fiscal year under review, the Group recorded total capital expenditures of ¥0.9 billion, as the cash outflow was lower than usual for capital expenditures. The balance of cash and cash equivalents decreased by ¥1.9 billion from the end of the previous fiscal year to ¥28.7 billion, mainly due to decreases in advances received and accounts payable, and the purchase of treasury stock (¥2.0 billion). Management does not consider this to significantly affect liquidity.

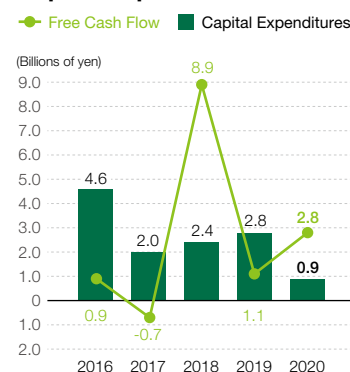
### Total Assets/Total Net Assets



### Cash and Cash Equivalents at the End of the Year



### Free Cash Flow/ Capital Expenditures



## Consolidated Segment Information

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

					Millions of yen	% change
	2016	2017	2018	2019	2020	2019 vs. 2020
<b>Business Division:</b>						
Net sales						
Press machines	¥ 61,234	¥ 52,711	¥ 56,300	¥ 63,177	¥ 48,540	(23.2)
Service	14,072	14,674	15,082	14,852	14,961	0.7
Others	222	160	2,474	6,052	5,657	(6.5)
Total	¥ 75,529	¥ 67,547	¥ 73,856	¥ 84,082	¥ 69,159	(17.7)
<b>Geographic Segment:</b>						
Net sales						
Japan	¥ 44,041	¥ 41,176	¥ 46,349	¥ 51,263	¥ 48,655	(5.1)
China	12,142	7,920	9,453	13,909	6,731	(51.6)
Asia	9,884	8,055	8,803	9,649	8,228	(14.7)
Americas	18,985	18,460	18,825	16,625	11,817	(28.9)
Europe	14,876	12,619	14,669	15,485	11,189	(27.7)
Adjustments	(24,400)	(20,685)	(24,244)	(22,851)	(17,463)	—
Total	¥ 75,529	¥ 67,547	¥ 73,856	¥ 84,082	¥ 69,159	(17.7)
Operating income						
Japan	¥ 4,967	¥ 3,521	¥ 3,462	¥ 2,431	¥ 4,726	94.4
China	773	303	224	723	240	(66.7)
Asia	1,540	1,267	1,595	1,398	1,062	(24.0)
Americas	1,375	1,390	1,196	693	542	(21.8)
Europe	(539)	41	127	4	(243)	—
Adjustments	(81)	93	(294)	310	(155)	—
Total	¥ 8,037	¥ 6,617	¥ 6,312	¥ 5,561	¥ 6,173	11.0

## Quarterly Information

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

					Millions of yen	% change
	2016	2017	2018	2019	2020	2019 vs. 2020
<b>Net Sales</b>						
1st quarter	¥ 17,857	¥ 15,338	¥ 15,792	¥ 18,862	¥ 16,007	(15.1)
2nd quarter	19,611	16,429	16,942	21,449	18,267	(14.8)
3rd quarter	19,393	15,881	18,028	20,945	16,534	(21.1)
4th quarter	18,668	19,897	23,093	22,825	18,349	(19.6)
Total	¥ 75,529	¥ 67,547	¥ 73,856	¥ 84,082	¥ 69,159	(17.7)
<b>Operating Income</b>						
1st quarter	¥ 2,097	¥ 1,266	¥ 1,315	¥ 1,203	¥ 1,097	(8.8)
2nd quarter	2,135	2,059	1,561	1,130	1,929	70.7
3rd quarter	2,221	1,205	1,265	1,389	1,287	(7.3)
4th quarter	1,582	2,086	2,170	1,837	1,858	1.1
Total	¥ 8,037	¥ 6,617	¥ 6,312	¥ 5,561	¥ 6,173	11.0

## Consolidated Balance Sheets

AIDA ENGINEERING, LTD. and Consolidated Subsidiaries  
As of March 31, 2020 and 2019

Assets	Millions of yen		Thousands of U.S. dollars (Note 3)
	2020	2019	2020
<b>Current assets</b>			
Cash on hand and at banks (Note 4)	¥ 28,723	¥ 31,155	\$ 263,926
Notes and accounts receivable – trade	20,378	22,859	187,251
Electronically recorded monetary claims – operating	2,748	2,213	25,255
Inventories (Note 5)	16,838	16,491	154,727
Advance payments – trade	596	1,120	5,480
Accounts receivable – other	1,628	1,425	14,965
Consumption taxes receivable	386	766	3,552
Other current assets	490	595	4,511
Allowance for doubtful accounts	(223)	(231)	(2,055)
<b>Total current assets</b>	<b>71,568</b>	<b>76,396</b>	<b>657,614</b>
<b>Fixed assets</b>			
<b>Property, plant and equipment</b>			
Buildings and structures	25,001	25,102	229,729
Accumulated depreciation	(16,957)	(16,613)	(155,812)
Buildings and structures, net	8,044	8,488	73,917
Machinery and vehicles	17,095	17,687	157,086
Accumulated depreciation	(11,099)	(10,451)	(101,985)
Machinery and vehicles, net	5,996	7,235	55,101
Land	7,283	7,301	66,922
Construction in progress	377	296	3,471
Other fixed assets	3,638	3,578	33,434
Accumulated depreciation	(3,077)	(2,967)	(28,274)
Other fixed assets, net	561	610	5,160
<b>Total property, plant and equipment</b>	<b>22,263</b>	<b>23,932</b>	<b>204,572</b>
<b>Intangible assets</b>	<b>743</b>	<b>800</b>	<b>6,831</b>
<b>Investments and other assets</b>			
Investment securities (Note 7)	5,944	6,808	54,625
Insurance reserve fund	2,324	2,219	21,358
Net defined benefit assets (Note 10)	814	856	7,485
Deferred tax assets (Note 15)	331	405	3,049
Other assets	156	178	1,434
Allowance for doubtful accounts	(32)	(32)	(302)
<b>Total investments and other assets</b>	<b>9,539</b>	<b>10,435</b>	<b>87,650</b>
<b>Total fixed assets</b>	<b>32,546</b>	<b>35,167</b>	<b>299,055</b>
<b>Total assets</b>	<b>¥104,114</b>	<b>¥111,564</b>	<b>\$ 956,669</b>

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



Liabilities and net assets	Millions of yen		Thousands of U.S. dollars (Note 3)
	2020	2019	2020
<b>Current liabilities</b>			
Accounts payable – trade	¥ 4,733	¥ 6,806	\$ 43,493
Electronically recorded monetary obligations – operating	3,369	4,671	30,962
Short-term loans payable (Note 9)	2,991	2,491	27,485
Current portion of long-term loans payable (Note 9)	500	500	4,594
Accounts payable – other	707	1,123	6,496
Income taxes payable	1,681	617	15,453
Accrued expenses	1,048	1,191	9,630
Advances received	6,134	8,291	56,365
Accrued warranty costs	583	596	5,359
Accrued bonuses for employees	1,129	1,080	10,381
Accrued bonuses for directors	49	44	454
Provision for loss on orders received (Note 5)	170	56	1,562
Other current liabilities	725	956	6,666
<b>Total current liabilities</b>	<b>23,823</b>	<b>28,428</b>	<b>218,906</b>
<b>Long-term liabilities</b>			
Long-term loans payable (Note 9)	1,000	1,000	9,188
Long-term accounts payable – other	883	817	8,114
Deferred tax liabilities (Note 15)	1,445	2,024	13,284
Accrued stock payments	463	401	4,254
Net defined benefit liabilities (Note 10)	1,387	1,385	12,745
Other long-term liabilities	271	300	2,492
<b>Total long-term liabilities</b>	<b>5,450</b>	<b>5,929</b>	<b>50,080</b>
<b>Total liabilities</b>	<b>29,273</b>	<b>34,358</b>	<b>268,986</b>
<b>Net assets</b>			
<b>Shareholders' equity</b>			
Common stock	7,831	7,831	71,956
Authorized: 188,149,000 shares in 2020 and 2019			
Issued: 69,448,421 shares in 2020 and 71,647,321 shares in 2019			
Additional paid-in capital	12,415	12,415	114,077
Retained earnings	56,536	55,777	519,489
Treasury stock (Note 11)	(4,917)	(4,230)	(45,184)
9,896,566 shares in 2020 and 9,912,330 shares in 2019			
<b>Total shareholders' equity</b>	<b>71,864</b>	<b>71,793</b>	<b>660,339</b>
<b>Accumulated other comprehensive income</b>			
Net unrealized gains on other securities	2,638	3,617	24,243
Deferred hedge gains (losses)	47	(1)	438
Foreign currency translation adjustments	(773)	645	(7,104)
Retirement benefit plan adjustments (Note 10)	253	398	2,333
<b>Total accumulated other comprehensive income</b>	<b>2,166</b>	<b>4,660</b>	<b>19,911</b>
<b>Stock options (Note 22)</b>	<b>139</b>	<b>139</b>	<b>1,283</b>
<b>Non-controlling interests</b>	<b>669</b>	<b>613</b>	<b>6,148</b>
<b>Total net assets</b>	<b>74,840</b>	<b>77,206</b>	<b>687,683</b>
<b>Total liabilities and net assets</b>	<b>¥104,114</b>	<b>¥111,564</b>	<b>\$956,669</b>

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, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2020	2019	2020
<b>Net sales</b>	<b>¥69,159</b>	<b>¥84,082</b>	<b>\$635,478</b>
<b>Cost of sales (Notes 2 (13), 5 and 13)</b>	<b>53,966</b>	<b>68,851</b>	<b>495,876</b>
<b>Gross profit</b>	<b>15,192</b>	<b>15,230</b>	<b>139,601</b>
<b>Selling, general and administrative expenses (Notes 12 and 13)</b>	<b>9,019</b>	<b>9,669</b>	<b>82,875</b>
<b>Operating income</b>	<b>6,173</b>	<b>5,561</b>	<b>56,726</b>
<b>Non-operating income</b>			
Interest income	102	99	945
Dividend income	196	197	1,801
Foreign exchange gain	45	—	417
Insurance premiums refunded cancellation	—	168	—
Other non-operating income	145	154	1,341
<b>Total non-operating income</b>	<b>490</b>	<b>619</b>	<b>4,505</b>
<b>Non-operating expenses</b>			
Interest expenses	31	38	286
Commission expenses	83	13	766
Foreign exchange loss	—	155	—
Restructuring charges	71	—	654
Other non-operating expenses	55	94	505
<b>Total non-operating expenses</b>	<b>240</b>	<b>301</b>	<b>2,212</b>
<b>Ordinary income</b>	<b>6,423</b>	<b>5,880</b>	<b>59,019</b>
<b>Extraordinary gains</b>			
Gain on sales of fixed assets	3	24	31
Gain on sales of investment securities	44	83	410
<b>Total extraordinary gains</b>	<b>48</b>	<b>107</b>	<b>442</b>
<b>Extraordinary losses</b>			
Loss on sales of fixed assets	0	0	0
Loss on disposal of fixed assets	25	197	235
Loss on impairment of fixed assets (Notes 14)	174	—	1,603
Other extraordinary losses	28	4	258
<b>Total extraordinary losses</b>	<b>228</b>	<b>202</b>	<b>2,098</b>
<b>Income before income taxes</b>	<b>6,242</b>	<b>5,785</b>	<b>57,363</b>
<b>Income taxes</b>			
Current taxes	2,276	1,248	20,916
Deferred taxes	(132)	(155)	(1,219)
<b>Total income taxes (Note 15)</b>	<b>2,143</b>	<b>1,092</b>	<b>19,697</b>
<b>Net income</b>	<b>4,099</b>	<b>4,693</b>	<b>37,665</b>
<b>Net income attributable to non-controlling interests</b>	<b>76</b>	<b>58</b>	<b>704</b>
<b>Net income attributable to owners of parent</b>	<b>¥ 4,022</b>	<b>¥ 4,634</b>	<b>\$ 36,961</b>

	Yen		U.S. dollars
	2020	2019	2020
<b>Per share</b>			
Net income – Basic (Note 18)	¥66.88	¥75.10	\$0.61
– Diluted (Note 18)	66.75	74.94	0.61
Cash dividends (Note 23)	30.00	30.00	0.28

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, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2020	2019	2020
<b>Net income</b>	<b>¥ 4,099</b>	<b>¥ 4,693</b>	<b>\$ 37,665</b>
<b>Other comprehensive income (Note 19)</b>			
Net unrealized gains (losses) on other securities	(979)	(1,313)	(9,002)
Deferred hedge gains (losses)	49	(27)	453
Foreign currency translation adjustments	(1,418)	(89)	(13,034)
Retirement benefit plan adjustments	(144)	(25)	(1,325)
<b>Total other comprehensive income (loss)</b>	<b>(2,493)</b>	<b>(1,455)</b>	<b>(22,909)</b>
<b>Comprehensive income</b>	<b>¥ 1,605</b>	<b>¥ 3,237</b>	<b>\$ 14,756</b>
Comprehensive income attributable to owners of parent	¥ 1,529	¥ 3,179	\$ 14,053
Comprehensive income attributable to non-controlling interests	¥ 76	¥ 57	\$ 702

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, 2020 and 2019

Millions of yen														
	Number of shares of common stock issued (Thousands)	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on other securities	Deferred hedge gains (losses)	Foreign currency translation adjustments	Retirement benefit plans adjustments	Total accumulated other comprehensive income (loss)	Stock options	Non-controlling interests	Total net assets
<b>Balance at April 1, 2018</b>	73,647	¥7,831	¥12,486	¥54,000	¥(5,222)	¥69,095	¥ 4,930	¥ 26	¥ 734	¥ 423	¥ 6,114	¥148	¥566	¥75,924
Cash dividends				(1,954)		(1,954)							(10)	(1,965)
Net income attributable to owners of parent				4,634		4,634								4,634
Purchase of treasury stock					(0)	(0)								(0)
Disposal of treasury stock			3		14	18								18
Retirement of treasury stock	(2,000)		(74)	(903)	978	—								—
Net changes of items other than shareholders' equity during the year							(1,312)	(27)	(89)	(25)	(1,454)	(8)	57	(1,405)
<b>Balance at March 31 and April 1, 2019</b>	71,647	7,831	12,415	55,777	(4,230)	71,793	3,617	(1)	645	398	4,660	139	613	77,206
Cash dividends				(1,955)		(1,955)							(20)	(1,975)
Net income attributable to owners of parent				4,022		4,022								4,022
Purchase of treasury stock					(2,000)	(2,000)								(2,000)
Disposal of treasury stock					4	4								4
Retirement of treasury stock	(2,198)			(1,309)	1,309	—								—
Net changes of items other than shareholders' equity during the year							(979)	49	(1,418)	(144)	(2,493)	—	76	(2,416)
<b>Balance at March 31, 2020</b>	69,448	¥7,831	¥12,415	¥56,536	¥(4,917)	¥71,864	¥ 2,638	¥ 47	¥ (773)	¥ 253	¥ 2,166	¥139	¥669	¥74,840

Thousands of U.S. dollars (Note 3)														
	Number of shares of common stock issued (Thousands)	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on other securities	Deferred hedge gains (losses)	Foreign currency translation adjustments	Retirement benefit plans adjustments	Total accumulated other comprehensive income (loss)	Stock options	Non-controlling interests	Total net assets
<b>Balance at April 1, 2019</b>	71,647	\$71,956	\$114,077	\$512,521	\$(38,875)	\$659,680	\$33,244	\$ (14)	\$ 5,930	\$ 3,659	\$ 42,819	\$1,283	\$5,636	\$709,420
Cash dividends				(17,964)		(17,964)							(191)	(18,156)
Net income attributable to owners of parent				36,961		36,961								36,961
Purchase of treasury stock					(18,380)	(18,380)								(18,380)
Disposal of treasury stock					42	42								42
Retirement of treasury stock	(2,198)			(12,028)	12,028	—								—
Net changes of items other than shareholders' equity during the year							(9,000)	453	(13,034)	(1,325)	(22,907)	—	702	(22,205)
<b>Balance at March 31, 2020</b>	69,448	\$71,956	\$114,077	\$519,489	\$(45,184)	\$660,339	\$24,243	\$438	\$ (7,104)	\$ 2,333	\$ 19,911	\$1,283	\$6,148	\$687,683

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, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2020	2019	2020
<b>Cash flows from operating activities</b>			
Income before income taxes	¥ 6,242	¥ 5,785	\$ 57,363
Adjustments for:			
Depreciation and amortization	2,146	2,142	19,722
Loss on impairment	174	—	1,603
(Gain) loss on sales of fixed assets	(3)	(23)	(31)
Loss on disposal of fixed assets	25	197	235
(Gain) loss on sales of securities	(44)	(83)	(410)
Increase (decrease) in allowance for doubtful accounts	(2)	(0)	(19)
Increase (decrease) in accrued bonuses for employees, net	53	(138)	493
Increase (decrease) in accrued bonuses for directors, net	4	(8)	45
Increase (decrease) in accrued warranty costs, net	(1)	(116)	(11)
Increase (decrease) in net defined benefit liabilities	(5)	(72)	(54)
(Increase) decrease in net defined benefit assets	(15)	(33)	(144)
Increase (decrease) in accrued stock payments, net	61	56	562
Increase (decrease) in provision for loss on orders received, net	116	(46)	1,066
Interest and dividend income	(298)	(297)	(2,747)
Interest expenses	31	38	286
(Increase) decrease in accounts receivable – trade	(740)	(4,328)	(6,807)
(Increase) decrease in inventories	(714)	1,010	(6,568)
Increase (decrease) in accounts payable – trade	(2,776)	(473)	(25,510)
(Increase) decrease in other assets	379	197	3,486
Increase (decrease) in other liabilities	(500)	504	(4,599)
Other, net	607	80	5,581
Sub-total	4,738	4,389	43,541
Interest and dividend income received	299	297	2,749
Interest expenses paid	(31)	(38)	(285)
Income taxes paid	(1,097)	(1,826)	(10,088)
<b>Net cash provided by operating activities</b>	<b>3,908</b>	<b>2,821</b>	<b>35,916</b>
<b>Cash flows from investing activities</b>			
Payments for purchase of property, plant and equipment	(1,219)	(2,733)	(11,209)
Proceeds from sales of property, plant and equipment	5	132	52
Payments for purchase of intangible assets	(93)	(82)	(856)
Payments for purchase of investment securities	(500)	—	(4,594)
Proceeds from sales of investment securities	218	67	2,006
Payments into time deposits	—	(76)	—
Proceeds from withdrawal of time deposits	497	1,040	4,575
Other, net	(0)	2	(5)
<b>Net cash used in investing activities</b>	<b>(1,091)</b>	<b>(1,650)</b>	<b>(10,031)</b>
<b>Cash flows from financing activities</b>			
Net increase in short-term loans	604	—	5,554
Proceeds from long-term loans payable	500	500	4,594
Repayment of long-term loans payable	(500)	(500)	(4,594)
Payments for finance lease obligations	(3)	—	(35)
Proceeds from sales of treasury stock	—	10	—
Payments for purchase of treasury stock	(2,000)	(0)	(18,380)
Cash dividends paid	(1,956)	(1,955)	(17,980)
Cash dividends paid to non-controlling interests	(20)	(10)	(191)
<b>Net cash used in financing activities</b>	<b>(3,377)</b>	<b>(1,956)</b>	<b>(31,032)</b>
Effect of exchange rate changes on cash and cash equivalents	(1,363)	(302)	(12,524)
Net increase (decrease) in cash and cash equivalents	(1,923)	(1,087)	(17,671)
Cash and cash equivalents at the beginning of the year	30,633	31,721	281,482
<b>Cash and cash equivalents at the end of the year (Note 4)</b>	<b>¥28,710</b>	<b>¥30,633</b>	<b>\$263,810</b>

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).

Items presented in the consolidated financial statements filed with the Director of the Kanto Finance Bureau in Japan have been reclassified and / or recapitulated, and certain notes are added 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 24 in 2020 and 2019. Significant consolidated subsidiaries as of March 31, 2020 are as follows:

- Domestic subsidiaries:

ACCESS, LTD.

REJ Co., LTD.

- Overseas subsidiaries:

CHINA

AIDA HONG KONG, LTD.

AIDA ENGINEERING CHINA CO., LTD.

AIDA PRESS MACHINERY SYSTEMS CO., LTD.

ASIA

AIDA GREATER ASIA PTE. LTD.

AIDA ENGINEERING (M) 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 and net realizable value determined by using the specific identification method. Raw materials are principally stated at the lower of cost and net realizable value determined by using the first-in first-out (FIFO) method.

### (4) Investment securities

Other securities with fair market value are reported at such fair market 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. Cost of securities sold is determined by the moving average method.

Other securities without fair market value are stated at 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 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 leases transactions are capitalized to recognize leased assets for financial accounting purpose. All other lease transactions are accounted for as operating leases and relating 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 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 cost of sales amounted to ¥340 million (U.S. \$3,129 thousand) and ¥404 million for the years ended March 31, 2020 and 2019, 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 the fiscal year ended March 31.

#### **(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 material sales and cost of sales**

The percentage of completion method (cost-comparison method using primarily estimates of construction progress) is applied for the construction contracts of which the percentage of completion can be reliably estimated. The completed-contract method is applied for other construction contracts.

### **(18) Consolidated taxation system**

AIDA and certain domestic subsidiaries adopt the consolidated taxation system.

### **Impact on Tax Effect Accounting Due to Transition from the Consolidated Taxation System to the Group Tax Sharing System**

With respect to items subject to the review of the Non-Consolidated Taxation System conducted to coincide with transition from the Consolidated Taxation System to the Group Tax Sharing System, which was established under the Act on Partial Revision of the Income Tax Act, etc. (Act No. 8 of 2020) established on March 27, 2020, AIDA and its domestic consolidated subsidiaries have not applied the provisions of Paragraph 44 of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28), and the amounts of deferred tax liabilities and deferred tax assets are based on the provisions of tax laws before the revision.

# Notes to Consolidated Financial Statements

## **(19) Accounting standards issued but not yet effective**

### **Accounting Standard and Implementation Guidance on Revenue Recognition**

On March 30, 2018, the ASBJ issued "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) and "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30).

#### (1) Overview

This is a comprehensive accounting standard for revenue recognition. Specifically, the accounting standard establishes the following five-step model that will apply to revenue from customers:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when (or as) the entity satisfies a performance obligation

#### (2) Scheduled date of adoption

The Companies expect to adopt the accounting standard and implementation guidance from the beginning of the fiscal year ending March 31, 2022.

#### (3) Impact of the adoption of accounting standard and implementation guidance

AIDA is currently evaluating the effect of the adoption of this accounting standard and implementation guidance on its consolidated financial statements.

### **Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections**

On March 31, 2020, the ASBJ issued the revised "Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections" (ASBJ Statement No. 24).

#### (1) Overview

This accounting standard has been released to provide an outline of the applicable principles and procedures in cases where directly relevant accounting standards are not available.

#### (2) Scheduled date of adoption

The Companies expect to adopt the accounting standard from the end of the fiscal year ending March 31, 2021.

### **Accounting Standard for Disclosure of Accounting Estimates**

On March 31, 2020, the ASBJ issued "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31).

#### (1) Overview

This accounting standard has been released to provide guidance on disclosure of information that deepens the understanding of users of the financial statements about estimates that embody a risk of a significant impact on the financial statements of the following accounting period.

#### (2) Scheduled date of adoption

The Companies expect to adopt the accounting standard from the end of the fiscal year ending March 31, 2021.

## **(20) Change in presentation**

"Gain from redemption at maturity of endowment insurance," which was presented as a separate account item under non-operating income in the consolidated statement of income for the year ended March 31, 2019, has been reclassified as "Other non-operating income" in the consolidated statement of income for the year ended March 31, 2020 because the amount was less than 10% of total non-operating income.

To reflect this change, the figure for the fiscal year ended March 31, 2019 was reclassified to conform to the presentation for the fiscal year ended March 31, 2020.

Accordingly, "Gain from redemption at maturity of endowment insurance" of ¥13 million and "Other non-operating income" of ¥140 million, which were previously presented separately in non-operating income, have been reclassified into "Other non-operating income" of ¥154 million in the consolidated statement of income for the year ended March 31, 2020.

## **(21) Additional information**

### **Employee Stock Ownership Plan (ESOP) Trust**

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, 2020 are ¥958 million (U.S. \$8,804 thousand) and 3,338,700 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, 2020 are ¥102 million (U.S. \$943 thousand) and 80,000 shares, respectively.

Incorporating the effects of the covid-19 pandemic when making accounting estimates

Due to the COVID-19 pandemic, the Companies expect that there will be some effect on the financial results in the fiscal year ending on March 31, 2021, such as a sales decrease. AIDA has made accounting estimates, including the impairment of property, plant and equipment and the recoverability of deferred tax assets, based on the assumption that the business performance in the first quarter will fall sharply, but it will gradually recover from the second quarter. The assumption is based on available information as of March 31, 2020.

### 3 U.S. DOLLAR AMOUNTS

The U.S. dollar amounts stated in the consolidated financial statements are included solely for convenience of readers outside Japan. The rate of ¥108.83 = U.S. \$1, the approximate rate of exchange as of March 31, 2020, 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:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Cash on hand and at banks	¥28,723	¥31,155	\$263,926
Less: Time deposits with maturities of more than three months	(12)	(522)	(115)
Cash and cash equivalents	¥28,710	¥30,633	\$263,810

### 5 INVENTORIES

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

As of March 31	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Finished goods	¥ 2,618	¥ 2,761	\$ 24,063
Work in process	10,662	9,814	97,973
Raw materials	3,557	3,914	32,689
Inventories	¥16,838	¥16,491	\$154,727

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

As of March 31	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Work in process	¥28	¥45	\$261
Total	¥28	¥45	\$261

Losses recognized and charged to cost of sales as a result of devaluation of inventories for the years ended March 31, 2020 and 2019 were ¥388 million (U.S. \$3,571 thousand) and ¥24 million, respectively.

## 6 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 loans 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, electronically recorded monetary claims – operating and accounts receivable – other) are exposed to the 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 are mainly consisted of stocks and exposed to price fluctuation risks.

Operating payables (accounts payable – trade and electronically recorded monetary 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. However, these amounts are within the range of operating receivables in the same currency.

The main purpose of loans 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 customer 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 fair values of such investment securities and financial conditions of issuers regularly.

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

The fair value of financial instruments is based on quoted market price if available. Fair value is reasonably estimated if there is no quoted market price available. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in different fair value. 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 shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine the fair value (see Remark 2 below).

As of March 31, 2020	Millions of yen			Thousands of U.S. dollars		
	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
(1) Cash on hand and at banks	¥28,723	¥28,723	¥—	\$263,926	\$263,926	\$—
(2) Notes and accounts receivable – trade and electronically recorded monetary claims – operating	23,127	23,127	—	212,506	212,506	—
(3) Accounts receivable – other	1,628	1,628	—	14,965	14,965	—
(4) Investment securities						
Other securities	5,605	5,605	—	51,506	51,506	—
<b>Total assets</b>	<b>59,084</b>	<b>59,084</b>	<b>—</b>	<b>542,905</b>	<b>542,905</b>	<b>—</b>
(1) Accounts payable – trade and electronically recorded monetary obligations – operating	8,103	8,103	—	74,456	74,456	—
(2) Accounts payable – other	707	707	—	6,496	6,496	—
(3) Short-term loans payable	2,991	2,991	—	27,485	27,485	—
(4) Long-term loans payable and current portion of long-term loans payable	1,500	1,501	1	13,782	13,800	17
<b>Total liabilities</b>	<b>13,301</b>	<b>13,303</b>	<b>1</b>	<b>122,221</b>	<b>122,239</b>	<b>17</b>
Derivative transactions which are not subject to hedge accounting*	(2)	(2)	—	(19)	(19)	—
Derivative transactions which are subject to hedge accounting*	¥ 65	¥ 65	¥—	\$ 605	\$ 605	\$—

\*The value of assets and liabilities arising from derivatives is shown at net value and with the amount in parentheses representing net liability position.

As of March 31, 2019	Millions of yen		
	Carrying value	Fair value	Difference
(1) Cash on hand and at banks	¥31,155	¥31,155	¥—
(2) Notes and accounts receivable – trade and electronically recorded monetary claims – operating	25,073	25,073	—
(3) Accounts receivable – other	1,425	1,425	—
(4) Investment securities			
Other securities	6,468	6,468	—
<b>Total assets</b>	<b>64,124</b>	<b>64,124</b>	<b>—</b>
(1) Accounts payable – trade and electronically recorded monetary obligations – operating	11,478	11,478	—
(2) Accounts payable – other	1,123	1,123	—
(3) Short-term loans payable	2,491	2,491	—
(4) Long-term loans payable and current portion of long-term loans payable	1,500	1,505	5
<b>Total liabilities</b>	<b>16,593</b>	<b>16,598</b>	<b>5</b>
Derivative transactions which are not subject to hedge accounting*	24	24	—
Derivative transactions which are subject to hedge accounting*	¥ 11	¥ 11	¥—

\*The value of assets and liabilities arising from derivatives is shown at net value.

# Notes to Consolidated Financial Statements

Remark 1: Computing method of fair value for financial instruments and information regarding securities and derivative transactions

## Assets

(1) Cash on hand and at banks, (2) Notes and accounts receivable – trade and electronically recorded monetary claims – operating, (3) Accounts receivable – other

As these are settled in the short term and carrying value approximates fair value, the carrying value is used as fair value.

(4) Investment securities

Other securities

The fair value of stocks is based on quoted market prices. The information on securities is shown in Note 7.

## Liabilities

(1) Accounts payable – trade and electronically recorded monetary obligations – operating, (2) Accounts payable – other

As these are settled in the short term, fair value and carrying value of these items are almost the same. Therefore, carrying value is used as fair value.

(3) Short-term loans payable, (4) Long-term loans payable and current portion of long-term loans payable

Fair value is computed by discounting the total amount of principal and interest using an interest rate which is assumed to be applied for a new borrowing with the same conditions.

## Derivative Transactions

Computing method of fair value and information of derivative transactions are shown in Note 8.

Remark 2: Financial instruments for which it is extremely difficult to determine the fair value

As of March 31, 2020	Carrying value	
	Millions of yen	Thousands of U.S. dollars
Types of securities		
Unlisted stocks	¥339	\$3,118
Total	¥339	\$3,118

As of March 31, 2019	Carrying value
	Millions of yen
Types of securities	
Unlisted stocks	¥339
Total	¥339

Items above do not have market value and their fair value is extremely difficult to determine. Therefore, the amounts above are not included in Investment securities as Other securities.

Remark 3: The redemption schedule for monetary claims or securities with maturities was as follows.

As of March 31, 2020	Millions of yen				
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years	
Cash at banks	¥28,695	¥–	¥–	¥–	
Notes and accounts receivable – trade and electronically recorded monetary claims – operating	23,127	–	–	–	
Accounts receivable – other	1,628	–	–	–	
Total	¥53,450	¥–	¥–	¥–	

As of March 31, 2020	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	\$263,668	\$–	\$–	\$–
Notes and accounts receivable – trade and electronically recorded monetary claims – operating	212,506	–	–	–
Accounts receivable – other	14,965	–	–	–
Total	\$491,140	\$–	\$–	\$–

As of March 31, 2019	Millions of yen			
	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash at banks	¥31,094	¥–	¥–	¥–
Notes and accounts receivable – trade and electronically recorded monetary claims – operating	25,073	–	–	–
Accounts receivable – other	1,425	–	–	–
Total	¥57,593	¥–	¥–	¥–

Remark 4: The redemption schedule for loans payable was as follows.

As of March 31, 2020	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 loans payable	¥2,991	¥–	¥–	¥–	¥–	¥–
Long-term loans payable	500	–	–	500	500	–
Total	¥3,491	¥–	¥–	¥500	¥500	¥–

As of March 31, 2020	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 loans payable	\$27,485	\$–	\$–	\$–	\$–	\$–
Long-term loans payable	4,594	–	–	4,594	4,594	–
Total	\$32,079	\$–	\$–	\$4,594	\$4,594	\$–

As of March 31, 2019	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 loans payable	¥2,491	¥–	¥–	¥–	¥–	¥–
Long-term loans payable	500	500	–	–	500	–
Total	¥2,991	¥500	¥–	¥–	¥500	¥–

## 7 INVESTMENT SECURITIES

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

As of March 31, 2020	Millions of yen			Thousands of U.S. dollars		
	Carrying value	Acquisition cost	Unrealized gains (losses)	Carrying value	Acquisition cost	Unrealized gains (losses)
Types of securities						
Carrying value exceeds acquisition cost:						
Stocks	¥5,012	¥ 929	¥4,083	\$46,062	\$ 8,542	\$37,519
Sub-total	5,012	929	4,083	46,062	8,542	37,519
Carrying value does not exceed acquisition cost:						
Stocks	592	826	(233)	5,444	7,592	(2,147)
Sub-total	592	826	(233)	5,444	7,592	(2,147)
Total	¥5,605	¥1,755	¥3,849	\$51,506	\$16,134	\$35,372

As of March 31, 2019	Millions of yen		
	Carrying value	Acquisition cost	Unrealized gains (losses)
Types of securities			
Carrying value exceeds acquisition cost:			
Stocks	¥6,374	¥1,179	¥5,194
Sub-total	6,374	1,179	5,194
Carrying value does not exceed acquisition cost:			
Stocks	94	127	(33)
Sub-total	94	127	(33)
Total	¥6,468	¥1,307	¥5,161

(2) Sales of securities classified as other securities and aggregate gain were as follows:

Year ended March 31	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Total sales amounts	¥93	¥147	\$857
Gains on sales	44	83	410

## 8 DERIVATIVE FINANCIAL INSTRUMENT

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

As of March 31, 2020

(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	¥ 26	¥ —	¥ (0)	¥ (0)	\$ 244	\$ —	\$ (1)	\$ (1)
EUR	1,783	20	9	9	16,386	191	89	89
CNY	1,622	—	(11)	(11)	14,907	—	(107)	(107)
Total	¥3,432	¥20	¥ (2)	¥ (2)	\$31,538	\$191	\$ (19)	\$ (19)

Remark: Calculation of fair value is based on information provided by financial institutions.

## Notes to Consolidated Financial Statements

### (2) Derivative transactions (hedge accounting applied)

#### Currency-related transactions (Deferred hedge accounting method)

	Main hedged item	Millions of yen			Thousands of U.S. dollars		
		Contract value			Contract value		
		Contract value total	Over 1 year	Fair value	Contract value total	Over 1 year	Fair value
Forward exchange transactions:							
Sell —							
USD		¥ 445	¥ 22	¥ (1)	\$ 4,097	\$ 203	\$ (14)
EUR	<b>Expected foreign currency transactions</b>	1,362	473	31	12,523	4,349	293
JPY		294	80	(1)	2,704	743	(14)
CNY		1,066	495	9	9,796	4,548	86
GBP		157	—	6	1,444	—	60
Buy —							
USD		107	—	2	988	—	19
EUR		43	—	(0)	401	—	(6)
JPY		399	—	18	3,668	—	165
CNY		82	—	1	754	—	14
<b>Total</b>		<b>¥3,959</b>	<b>¥1,071</b>	<b>¥65</b>	<b>\$36,380</b>	<b>\$9,845</b>	<b>\$605</b>

Remark: Calculation of fair value is based on information provided by financial institutions.

### As of March 31, 2019

#### (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	¥ 64	¥—	¥ (1)	¥ (1)
EUR	2,011	—	46	46
CNY	2,332	—	(21)	(21)
<b>Total</b>	<b>¥4,409</b>	<b>¥—</b>	<b>¥ 24</b>	<b>¥ 24</b>

Remark: Calculation of fair value is based on information provided by financial institutions.

#### (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		¥1,842	¥ 55	¥(46)
EUR	<b>Expected foreign currency transactions</b>	2,369	31	69
JPY		499	7	1
CNY		1,157	10	(14)
CAD		2	—	0
Buy —				
USD		505	—	9
EUR		322	—	(11)
JPY		681	259	4
<b>Total</b>		<b>¥7,380</b>	<b>¥364</b>	<b>¥ 11</b>

Remark: Calculation of fair value is based on information provided by financial institutions.

## 9 LOANS PAYABLE

Short-term loans payable and long-term loans payable are as follows:

As of March 31, 2020	Millions of yen	Weighted average interest rate	Repayment dates	Thousands of U.S. dollars
Short-term loans payable	¥2,991	0.96%	June 26, 2020	\$27,485
Current portion of long-term loans payable	500	0.64%	December 15, 2020	4,594
Long-term loans payable	1,000	0.64%	March 29, 2024 and March 19, 2025	9,188
<b>Total</b>	<b>¥4,491</b>	<b>—%</b>	<b>—</b>	<b>\$41,268</b>

As of March 31, 2019	Millions of yen	Weighted average interest rate	Repayment dates	Thousands of U.S. dollars
Short-term loans payable	¥2,491	0.70%	September 27, 2019	
Current portion of long-term loans payable	500	0.72%	March 19, 2020	
Long-term loans payable	1,000	0.66%	December 15, 2020 and March 29, 2024	
<b>Total</b>	<b>¥3,991</b>	<b>—%</b>	<b>—</b>	

Repayment schedules for long-term loans payable as of March 31, 2020 are as follows:

As of March 31	Millions of yen	Thousands of U.S. dollars
2022	¥ —	\$ —
2023	—	—
2024	500	4,594
2025	500	4,594

## 10 RETIREMENT BENEFITS FOR EMPLOYEES

AIDA and certain domestic consolidated subsidiaries have a cash balance plan as a defined benefit pension plan and a defined contribution pension plan. Certain consolidated subsidiaries have a lump-sum payment plan and use 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		Thousands of U.S. dollars
	2020	2019	2020
Balance at the beginning of the year	¥4,733	¥4,929	\$43,498
Service cost	261	255	2,406
Interest cost	25	26	238
Actuarial gain and loss	(5)	1	(51)
Retirement benefits paid	(309)	(469)	(2,846)
Others	(9)	(8)	(84)
<b>Balance at the end of the year</b>	<b>¥4,697</b>	<b>¥4,733</b>	<b>\$43,161</b>

\*Retirement benefit expenses of certain consolidated subsidiaries that use a simplified method are included in "Service cost."

## Notes to Consolidated Financial Statements

### (b) Changes in plan assets

Year ended March 31	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Plan assets at the beginning of the year	¥4,205	¥4,262	\$38,639
Expected return on plan assets	84	85	772
Actuarial gain and loss	(77)	26	(707)
Contributions by the Company	128	127	1,177
Retirement benefits paid	(215)	(296)	(1,980)
Plan assets at the end of the year	¥4,124	¥4,205	\$37,901

### (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		Thousands of U.S. dollars
	2020	2019	2020
Funded retirement benefit obligation	¥ 3,310	¥ 3,348	\$ 30,415
Plan assets at fair value	(4,124)	(4,205)	(37,901)
	(814)	(856)	(7,485)
Unfunded retirement benefit obligation	1,387	1,385	12,745
Net amount of liabilities and assets for retirement benefits in the consolidated balance sheet	572	528	5,259
Net defined benefit liabilities	1,387	1,385	12,745
Net defined benefit assets	(814)	(856)	(7,485)
Net amount of liabilities and assets for retirement benefits in the consolidated balance sheet	¥ 572	¥ 528	\$ 5,259

\*Above table includes plans accounted for using the simplified method.

### (d) Components of retirement benefit expenses

Year ended March 31	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Service cost	¥ 261	¥255	\$ 2,406
Interest cost	25	26	238
Expected return on plan assets	(84)	(85)	(772)
Amortization of actuarial gain and loss	(137)	(61)	(1,259)
Others	—	0	—
Retirement benefit expenses	¥ 66	¥135	\$ 612

\*Retirement benefit expenses of certain consolidated subsidiaries that use a simplified method are included in "Service cost."

### (e) Components of retirement benefit plan adjustments included in other comprehensive income (before tax effect)

Year ended March 31	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Actuarial gain and loss	¥(208)	¥(36)	\$(1,915)
Total	¥(208)	¥(36)	\$(1,915)

### (f) Components of retirement benefit plan adjustments included in accumulated other comprehensive income (before tax effect)

As of March 31	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Unrecognized actuarial loss	¥(368)	¥(577)	\$(3,387)
Total	¥(368)	¥(577)	\$(3,387)



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

As of March 31	2020	2019
Bonds	46.7%	44.0%
Stocks	7.0%	19.7%
General accounts	28.1%	27.9%
Others	18.2%	8.4%
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	2020	2019
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 3.0%	Mainly 3.0%

\*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, 2020 and 2019 were ¥172 million (U.S. \$1,588 thousand) and ¥185 million, respectively.

## 11 NET ASSETS

Information regarding changes in net assets was as follows:

(1) Shares issued and outstanding / Treasury stock

During the year ended March 31, 2020

Types of shares	Number of shares at April 1, 2019	Increase	Decrease	Number of shares at March 31, 2020
Shares issued:				
Common stock (Remarks 1)	71,647,321	—	2,198,900	69,448,421
Treasury stock:				
Common stock (Remarks 2 and 3)	9,912,330	2,199,336	2,215,100	9,896,566

Remarks: 1. Decrease due to retirement of treasury stock 2,198,900  
 2. Details of the increase are as follows:  
 Increase due to purchase of treasury stock 2,198,900  
 Increase due to purchase of shares of less than standard unit 436  
 3. Details of the decrease are as follows:  
 Decrease due to retirement of treasury stock 2,198,900  
 Decrease due to the grant of shares from ESOP trust 16,200  
 4. The number of shares of treasury stock held by the Trust Account E as of April 1, 2019 and March 31, 2020 includes 3,434,900 shares and 3,418,700 shares, respectively.

During the year ended March 31, 2019

Types of shares	Number of shares at April 1, 2018	Increase	Decrease	Number of shares at March 31, 2019
Shares issued:				
Common stock (Remarks 1)	73,647,321	—	2,000,000	71,647,321
Treasury stock:				
Common stock (Remarks 2, 3 and 4)	11,950,279	751	2,038,700	9,912,330

Remarks: 1. Decrease due to retirement of treasury stock 2,000,000  
 2. Increase due to purchase of shares of less than standard unit 751  
 3. Details of the decrease are as follows:  
 Decrease due to the retirement of treasury stock 2,000,000  
 Decrease due to the contribution of BBT trust and the grant of shares from ESOP trust 28,700  
 Decrease due to exercising share subscription rights 10,000  
 4. The number of shares of treasury stock held by the Trust Account E as of April 1, 2018 and March 31, 2019 includes 3,463,600 shares and 3,434,900 shares, respectively.

## Notes to Consolidated Financial Statements

### (2) Share subscription rights

During the year ended March 31, 2020

Company	Description	Type of shares issued	Number of shares at April 1, 2019	Increase	Decrease	Number of shares at March 31, 2020	Millions of yen	Thousands of U.S. dollars
							Balance at March 31, 2020	Balance at March 31, 2020
Parent company	Share subscription rights as stock options	—	—	—	—	—	¥139	\$1,283
	Total		—	—	—	—	¥139	\$1,283

During the year ended March 31, 2019

Company	Description	Type of shares issued	Number of shares at April 1, 2018	Increase	Decrease	Number of shares at March 31, 2019	Millions of yen
							Balance at March 31, 2019
Parent company	Share subscription rights as stock options	—	—	—	—	—	¥139
	Total		—	—	—	—	¥139

## 12 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

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

Year ended March 31	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Salaries and wages	¥2,789	¥2,751	\$25,630
Provision for accrued bonuses for employees	326	390	3,004
Retirement benefit expenses	66	78	612

## 13 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		Thousands of U.S. dollars
	2020	2019	2020
Selling, general and administrative expenses	¥ 775	¥ 797	\$ 7,128
Cost of sales	364	269	3,348
Total	¥1,140	¥1,067	\$10,476

## 14 LOSS ON IMPAIRMENT OF FIXED ASSETS

(1) Loss on impairment of fixed assets was recognized during the year ended March 31, 2020 as follows:

Subsidiaries	Purpose	Classification of fixed assets	Millions of yen	Thousands of U.S. dollars
AIDA PRESS MACHINERY SYSTEMS CO., LTD.	Business-use assets	Buildings and structures	¥72	\$664
		Machinery and vehicles	73	673
		Other fixed assets	4	43
AIDA EUROPE GMBH	Business-use assets	Software	24	222

(2) Grouping method

The Companies group assets based on the lowest level for which there are identifiable cash flows that are independent of cash flows of other groups of assets.

(3) Background to recognition of impairment

With regard to the above asset groups, due to change in business environment, related assets are no longer expected to generate sufficient cash flow in the future. The Companies reduced the carrying amount of the assets to the recoverable amount based on the applicable Accounting Standard and the difference is recorded as impairment loss of ¥174 million in extraordinary loss.

(4) Calculation of recoverable amount

The recoverable amount of the assets is calculated based on value in use. Assets that are difficult to sell or reuse are recognized as zero. The discount rate used was 14%.

## 15 INCOME TAXES

The applicable statutory tax rates in Japan was approximately 30.6% for the years ended March 31, 2020 and 2019.

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

Year ended March 31	Millions of yen	
	2020	2019
Statutory income tax rates	30.6%	30.6%
Non-deductible expenses (entertainment expenses and others) for tax purposes	2.1	2.0
Dividend income	(0.3)	(2.5)
Inhabitant taxes per capita	0.3	0.3
Difference of tax rates applied to overseas subsidiaries	(1.8)	(3.1)
Tax credit	(1.2)	(1.2)
Changes in valuation allowance	1.2	(10.7)
Capital gains tax on transfer of shares	1.3	—
Others	2.1	3.5
Effective income tax rates	34.3%	18.9%

## Notes to Consolidated Financial Statements

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

As of March 31	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
<b>Deferred tax assets:</b>			
Loss on devaluation of inventories	¥ 746	¥ 867	\$ 6,856
Accrued warranty costs	164	248	1,507
Accrued bonuses for employees	315	295	2,897
Depreciation expense	573	602	5,270
Accrued stock payments	143	105	1,320
Long-term accounts payable – other	93	95	855
Tax losses carried forward	1,403	1,149	12,900
Retirement benefit obligation	395	392	3,631
Others	694	848	–
Subtotal deferred tax assets	4,529	4,605	41,618
Valuation allowance for net operating loss carryforwards (Remark)	(1,313)	(1,036)	(12,070)
Valuation allowance for deductible temporary differences	(1,275)	(1,310)	(11,718)
Total valuation allowance (Remark)	(2,588)	(2,346)	(23,789)
Total deferred tax assets	1,940	2,258	17,828
<b>Deferred tax liabilities:</b>			
Undistributed subsidiaries' earnings	(323)	(462)	(2,972)
Reserve for reduction entry of replaced property	(441)	(448)	(4,056)
Net defined benefit assets	(257)	(269)	(2,364)
Fixed assets	(750)	(1,093)	(6,900)
Unrealized gains on other securities	(1,231)	(1,564)	(11,318)
Others	(49)	(40)	(450)
Total deferred tax liabilities	(3,054)	(3,877)	(28,063)
Net deferred tax assets (liabilities)	¥(1,113)	¥(1,619)	\$ (10,234)

Remark:

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

As of March 31, 2020	Millions of yen						Total
	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	
Net operating loss carryforwards (a)	¥20	¥ 39	¥ 59	¥–	¥–	¥ 1,285	¥ 1,403
Valuation allowance	–	(10)	(59)	–	–	(1,243)	(1,313)
Deferred tax assets	¥20	¥ 28	¥ –	¥–	¥–	¥ 41	(b)¥ 90

As of March 31, 2020	Thousands of U.S. dollars						Total
	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	
Net operating loss carryforwards (a)	\$186	\$359	\$ 545	\$–	\$–	\$ 11,809	\$ 12,900
Valuation allowance	–	(96)	(545)	–	–	(11,429)	(12,070)
Deferred tax assets	\$186	\$263	\$ –	\$–	\$–	\$ 380	(b)\$ 829

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

(b) For the net operating loss carryforward of ¥1,403 million (U.S. \$12,900 thousand) (amount multiplied by effective statutory tax rate), deferred tax assets of ¥90 million (U.S. \$829 thousand) have been recorded.

The deferred tax assets of ¥90 million are for part of the balance of the tax loss carryforward of ¥1,403 million (amount multiplied by effective statutory tax rate), mainly due to AIDA S.r.l. and REJ Co., LTD.

Net operating loss carryforwards arose mainly due to the loss before income taxes of ¥66 million for the fiscal year ended March 31, 2012.

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, 2019	Millions of yen						Total
	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	
Net operating loss carryforwards (a)	¥94	¥ 20	¥ 39	¥ 59	¥—	¥ 936	¥ 1,149
Valuation allowance	(52)	(20)	(39)	(59)	—	(865)	(1,036)
Deferred tax assets	¥41	¥ —	¥ —	¥ —	¥—	¥ 70	(b)¥ 112

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

(b) For the net operating loss carryforward of ¥1,149 million (amount multiplied by effective statutory tax rate), deferred tax assets of ¥112 million have been recorded.

The deferred tax assets of ¥112 million are for part of the balance of the tax loss carryforward of ¥1,149 million (amount multiplied by effective statutory tax rate), mainly due to AIDA S.r.l. and REJ Co., LTD.

Net operating loss carryforwards arose mainly due to the loss before income taxes of ¥308 million for the fiscal year ended March 31, 2011.

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

## 16 LEASES

Description of finance leases is omitted due to its insignificance as of March 31, 2020 and 2019.

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

As of March 31	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Operating leases:			
Due within 1 year	¥60	¥50	\$553
Thereafter	30	33	283
Total	¥91	¥84	\$836

## 17 RELATED PARTY TRANSACTIONS

There were no transactions between AIDA and its related companies and individuals for the years ended March 31, 2020 and 2019.

## Notes to Consolidated Financial Statements

### 18 NET INCOME PER SHARE

Shares held by the Trust & Custody Services Bank, 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, 2019 and March 31, 2020 includes 3,434,900 shares and 3,418,700 shares, respectively.

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

As of and for the year ended March 31	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Net assets per share*1	¥1,243.15	¥1,238.41	\$11.42
Net income per share – Basic*2	66.88	75.10	0.61
– Diluted*2	66.75	74.94	0.61

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

As of March 31	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Total net assets on consolidated balance sheets	¥74,840	¥77,206	\$687,683
Total net assets attributable to shares of common stock	74,031	76,453	680,251
Main differences:			
Stock options	139	139	1,283
Non-controlling interests	669	613	6,148
Number of shares outstanding (thousands of shares)	69,448	71,647	–
Number of treasury stock (thousands of shares)	9,896	9,912	–
Number of shares used for computing net assets per share (thousands of shares)	59,551	61,734	–

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

Year ended March 31	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Net income	¥ 4,022	¥ 4,634	\$36,961
Net income attributable to shares of common stock	4,022	4,634	36,961
Average number of shares outstanding during the years (thousands of shares)	60,149	61,712	–
Potential increase in common stock for the diluted income calculation (thousands of shares)	114	134	–

## 19 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

Year ended March 31	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Net unrealized gains (losses) on securities:			
Amount arising during the year	¥(1,246)	¥(1,778)	\$(11,452)
Reclassification adjustments for gains and losses included in net income	(65)	(83)	(604)
Amount before tax effect	(1,312)	(1,862)	(12,056)
Tax effect	332	549	3,054
Net unrealized gains (losses) on securities	(979)	(1,313)	(9,002)
Deferred hedge gains (losses):			
Amount arising during the year	176	(525)	1,620
Reclassification adjustments for gains and losses included in net income	(107)	489	(990)
Amount before tax effect	68	(36)	630
Tax effect	(19)	8	(176)
Deferred hedge gains (losses)	49	(27)	453
Foreign currency translation adjustments:			
Amount arising during the year	(1,418)	(125)	(13,034)
Reclassification adjustments for gains and losses included in net income	—	36	—
Amount before tax effect	(1,418)	(89)	(13,034)
Tax effect	—	—	—
Foreign currency translation adjustments:	(1,418)	(89)	(13,034)
Retirement benefit plan adjustments:			
Amount arising during the year	(70)	27	(651)
Reclassification adjustments for gains and losses included in net income	(137)	(63)	(1,263)
Amount before tax effect	(208)	(36)	(1,915)
Tax effect	64	10	589
Retirement benefit plan adjustments	(144)	(25)	(1,325)
Total other comprehensive income (loss)	¥(2,493)	¥(1,455)	\$(22,909)

## 20 BUSINESS COMBINATION

Information is omitted due to its insignificance for the years ended March 31, 2020 and 2019.

## 21 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 press machines and their ancillary equipment, and auxiliary business such as services.

AIDA plays a key role for the domestic business.

As for the overseas business, each local company including China (including Hong Kong), 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 is used as reportable segment income. Segment transactions are inter-company transactions and based on market prices.

## Notes to Consolidated Financial Statements

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

As of and for the year ended March 31, 2020	Millions of yen						Adjustments*1	Consolidated*2
	Japan	China	Asia	Americas	Europe			
Sales:								
Sales to third parties	¥35,988	¥6,147	¥5,160	¥11,467	¥10,395	¥	—	¥ 69,159
Inter-segment sales	12,667	583	3,067	350	794	(17,463)		—
Total sales	48,655	6,731	8,228	11,817	11,189	(17,463)		69,159
Segment profit or loss	4,726	240	1,062	542	(243)	(155)		6,173
Segment assets	78,123	9,718	10,341	8,436	11,077	(13,582)		104,114
Others:								
Depreciation	1,067	329	277	208	262	0		2,146
Increase in property, plant, equipment and intangible assets	371	43	389	45	88	—		939

As of and for the year ended March 31, 2020	Thousands of U.S. dollars						Adjustments*1	Consolidated*2
	Japan	China	Asia	Americas	Europe			
Sales:								
Sales to third parties	\$330,682	\$56,490	\$47,418	\$105,368	\$ 95,518	\$	—	\$635,478
Inter-segment sales	116,393	5,364	28,190	3,216	7,300	(160,464)		—
Total sales	447,075	61,854	75,608	108,584	102,818	(160,464)		635,478
Segment profit or loss	43,428	2,213	9,763	4,986	(2,237)	(1,429)		56,726
Segment assets	717,847	89,302	95,024	77,517	101,783	(124,804)		956,669
Others:								
Depreciation	9,812	3,027	2,549	1,917	2,407	6		19,722
Increase in property, plant, equipment and intangible assets	3,418	402	3,575	418	817	—		8,631

As of and for the year ended March 31, 2019	Millions of yen						Adjustments*1	Consolidated*2
	Japan	China	Asia	Americas	Europe			
Sales:								
Sales to third parties	¥34,833	¥13,125	¥ 4,923	¥16,140	¥15,059	¥	—	¥84,082
Inter-segment sales	16,429	784	4,726	485	426	(22,851)		—
Total sales	51,263	13,909	9,649	16,625	15,485	(22,851)		84,082
Segment profit	2,431	723	1,398	693	4	310		5,561
Segment assets	81,842	12,055	10,588	9,126	15,361	(17,409)		111,564
Others:								
Depreciation	1,034	355	263	208	282	(1)		2,142
Increase in property, plant, equipment and intangible assets	2,364	50	103	247	101	—		2,867

\*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

For the year ended March 31, 2020	Millions of yen			
	Press machines	Service	Others	Total
Sales to third parties	¥48,540	¥14,961	¥5,657	¥69,159

For the year ended March 31, 2020	Thousands of U.S. dollars			
	Press machines	Service	Others	Total
Sales to third parties	\$446,017	\$137,475	\$51,985	\$635,478



For the year ended March 31, 2019	Millions of yen			
	Press machines	Service	Others	Total
Sales to third parties	¥63,177	¥14,852	¥6,052	¥84,082

## 2. Geographical information

### (1) Sales

For the year ended March 31, 2020

Millions of yen				Thousands of U.S. dollars			
Japan	U.S.A.	Others	Total	Japan	U.S.A.	Others	Total
¥34,206	¥8,920	¥26,032	¥69,159	\$314,315	\$81,964	\$239,199	\$635,478

For the year ended March 31, 2019

Millions of yen				
Japan	U.S.A.	China	Others	Total
¥31,488	¥12,008	¥13,080	¥27,504	¥84,082

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

### (2) Property, plant and equipment

As of March 31, 2020

Millions of yen						
Japan	China	Italy	U.S.A.	Malaysia	Others	Total
¥13,906	¥2,124	¥2,452	¥1,853	¥1,341	¥585	¥22,263

Thousands of U.S. dollars						
Japan	China	Italy	U.S.A.	Malaysia	Others	Total
\$127,779	\$19,522	\$22,537	\$17,029	\$12,329	\$5,375	\$204,572

As of March 31, 2019

Millions of yen						
Japan	China	Italy	U.S.A.	Malaysia	Others	Total
¥14,589	¥2,756	¥2,761	¥2,066	¥1,107	¥649	¥23,932

(Reportable segment information for impairment loss on fixed assets)

For the year ended March 31, 2020

Millions of yen						
Japan	China	Asia	Americas	Europe	Adjustments	Total
¥24	¥150	¥—	¥—	¥—	¥—	¥174

Thousands of U.S. dollars						
Japan	China	Asia	Americas	Europe	Adjustments	Total
\$222	\$1,381	\$—	\$—	\$—	\$—	\$1,603

There is no impairment loss on fixed assets for the year ended March 31, 2019.

(Reportable segment information for amortization and balance of goodwill)

There is no amortization or ending balance of goodwill recorded as of and for the years ended March 31, 2020 and 2019.

(Reportable segment information for gain on bargain purchase)

There is no gain on bargain purchase recorded for the year ended March 31, 2020 and 2019.

## Notes to Consolidated Financial Statements

### 22 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, 2019 (shares)	—	—	—	—	—	—	—	—	—	—
Granted (shares)	—	—	—	—	—	—	—	—	—	—
Forfeited (shares)	—	—	—	—	—	—	—	—	—	—
Vested (shares)	—	—	—	—	—	—	—	—	—	—
Outstanding as of March 31, 2020 (shares)	—	—	—	—	—	—	—	—	—	—
Share subscription rights which have already been vested										
Outstanding as of April 1, 2019 (shares)	15,000	21,000	47,000	41,000	33,000	37,000	26,000	17,000	16,000	21,000
Vested (shares)	—	—	—	—	—	—	—	—	—	—
Exercised (shares)	—	—	—	—	—	—	—	—	—	—
Forfeited (shares)	—	—	—	—	—	—	—	—	—	—
Outstanding as of March 31, 2020 (shares)	15,000	21,000	47,000	41,000	33,000	37,000	26,000	17,000	16,000	21,000

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.

## 23 SUBSEQUENT EVENTS

### 1. Appropriation of retained earnings

On June 29, 2020, 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. \$0.28) per share)	<b>¥1,889</b>	<b>\$17,358</b>

The amount includes dividends of ¥102 million (U.S. \$943 thousand) on shares (3,418,700 shares as of March 31, 2020) held by the Trust Account E.

### 2. Merger (simplified merger and short form merger) of consolidated subsidiary

AIDA resolved to implement an absorption-type merger with its wholly-owned subsidiary, ACCESS, LTD., and implemented the merger agreement at a Board of Directors meeting held on January 14, 2020, effective April 1, 2020, (the "Merger").

#### (1) Outline of Merger

##### (a) Name and business description of the counterparty

Name of the company: ACCESS, LTD.

Business description: The development, design, manufacture, sale, among others, of metal processing machines, metal machine tools, automated conveyor equipment, measuring machines, inspection equipment and control devices for their accessories, and mechatronics

##### (b) Date of Merger

April 1, 2020

##### (c) Legal form of Merger

The Merger was an absorption-type merger through which ACCESS, LTD., the absorbed company, will merge with and into AIDA, the surviving company, and ACCESS, LTD. was dissolved as a result of the Merger, effective April 1, 2020.

##### (d) Company name after Merger

AIDA ENGINEERING, LTD.

##### (e) Purpose of Merger

Since its establishment in 1992, ACCESS, LTD. has been engaged in the manufacture and sale of material supply equipment and automated conveyor equipment, which are auxiliary equipment for machine presses. Under its medium-term management plan, the implementation of which commenced in fiscal year 2017, the Company regards the field of factory automation (FA) as one of its core businesses, and has been striving to expand and strengthen it. However, in recent years, amid the need for high value-added and diversified press-related factory automation products, the Company is aiming to further strengthen cooperation with its press business and to enhance the competitiveness of its factory automation products through absorbing and merging with ACCESS, LTD.

#### (2) Outline of the accounting treatment

The business combination will be accounted for as a transaction under common control in accordance with "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019).

### Independent Auditor's Report

The Board of Directors  
AIDA Engineering, Ltd.

#### 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, 2020, 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, 2020, 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.

#### 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.

## Independent Auditor's Report

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 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, related safeguards.

### **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.

### **Convenience Translation**

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2020 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.

Ernst & Young ShinNihon LLC  
Tokyo, Japan  
June 29, 2020

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/s/ Yoshihiro Sugimoto  
Designated Engagement Partner  
Certified Public Accountant

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/s/ Masanobu Saito  
Designated Engagement Partner  
Certified Public Accountant

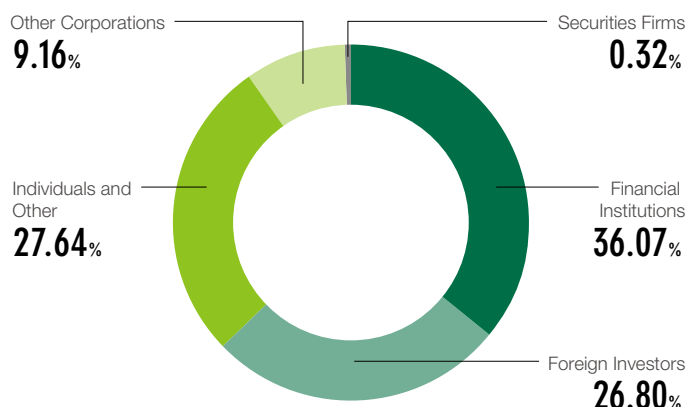
## Stock Information

As of March 31, 2020

Securities Code	6118
Stock Listing	Tokyo Stock Exchange, 1st Section
Number of Shares Authorized	188,149,000
Number of Shares Issued	69,448,421
Number of Shares of Treasury Stock	9,896,566*
Number of Shares per Trading Unit	100
Number of Shareholders	7,229
Shareholder Registry Administrator	Mizuho Trust & Banking Co., Ltd.

\* Number of shares of treasury stock includes 3,418,700 shares of treasury stock held by Trust & Custody Services Bank, Ltd. (Trust Account E) in a re-entrustment related to a J-ESOP (Japanese employee stock ownership plan) and BBT (Board Benefit Trust).

### Breakdown of Issued Shares by Type of Shareholder



Note: In November 2019, the Company canceled 2,198,900 shares of treasury stock.

### Major Shareholders (Top 10)<sup>\*1</sup>

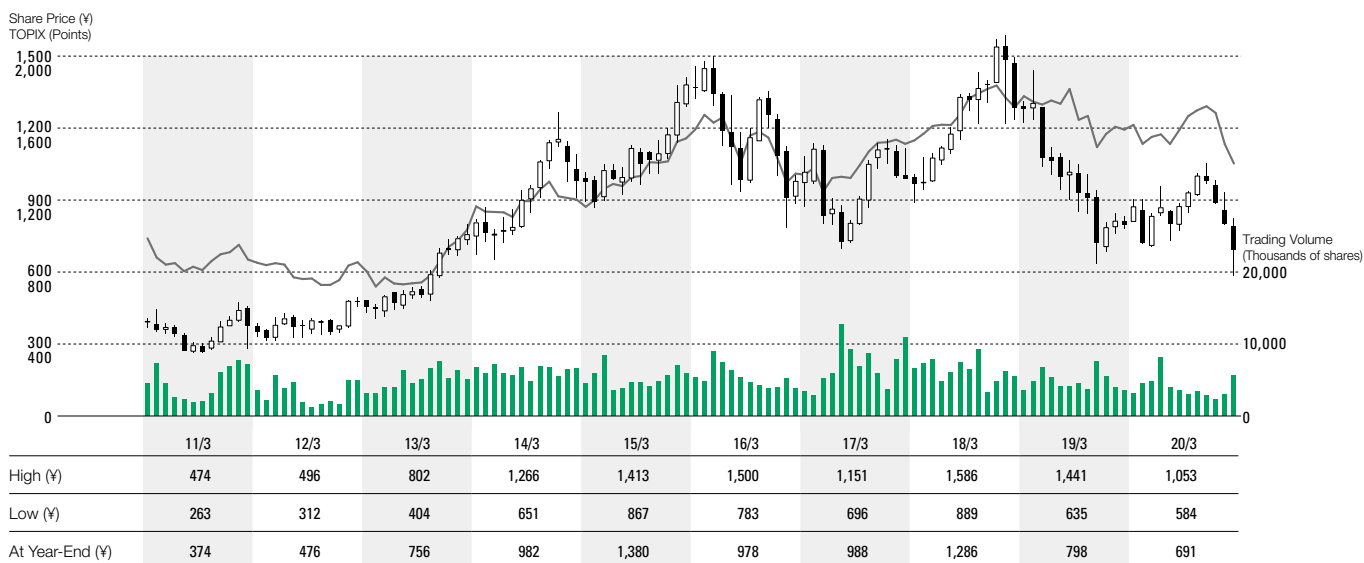
Name of Shareholders	Number of Shares Held (Thousands)	Percentage of Total Issued Shares (%)
The Dai-ichi Life Insurance Company, Ltd.	4,000	6.35
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,577	5.68
Trust & Custody Services Bank, Ltd. (Trust Account E) <sup>*2</sup>	3,418	5.43
JP MORGAN CHASE BANK 385632	2,665	4.23
Nippon Life Insurance Company	2,533	4.02
Meiji Yasuda Life Insurance Company	2,516	4.00
Mizuho Bank, Ltd.	2,179	3.46
Japan Trustee Services Bank, Ltd. (Trust Account)	1,631	2.59
Kimikazu Aida	1,446	2.30
AIDA ENGINEERING Trading-partner Shareholding Association	1,417	2.25

\*1 Although the Company holds 6,477,866 shares of treasury stock, it is excluded from the major shareholders listed above.

Ownership percentages are based on 62,970,555 shares, the total number of issued and outstanding shares, less treasury stock.

\*2 Shares shown as held by Trust & Custody Services Bank, Ltd. (Trust Account E) are being held in a re-entrustment related to a J-ESOP and Board Benefit Trust (BBT).

### Share Price and Trading Volume



■ Share Price (upper left) — TOPIX (lower left) ■ Trading Volume (right)

# Corporate Data/History

As of March 31, 2020

## Corporate Data

<b>Company Name</b>	AIDA ENGINEERING, LTD.
<b>Founded</b>	March 1917
<b>Established</b>	March 25, 1937
<b>Capital</b>	¥7,831 million
<b>Fiscal Year-End</b>	March 31
<b>Number of Employees</b>	752 (Consolidated: 2,146)
<b>Head Office</b>	2-10 Ohyama-cho, Midori Ward, Sagamihara City, Kanagawa Prefecture 252-5181, Japan TEL (81) 42-772-5231 FAX (81) 42-772-5263

### WEBSITE

On its corporate website, AIDA offers a wealth of information, including timely disclosure of financial information for its shareholders and other investors, information on products and after-service support for customers, and information for those unfamiliar with the Company's operations.

<https://www.aida.co.jp/en/>

<b>Domestic Group Company</b>	R E J Co., Ltd. 2-3-2 Fukuura, Kanazawa-ku, Yokohama City, Kanagawa Prefecture 236-8641, Japan TEL (81) 45-701-1770 FAX (81) 45-783-7486
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## History

- 1917** AIDA Ironworks is founded in Honjo, Tokyo, by Yokei Aida.
- 1923** The factory is totally destroyed by the Great Kanto Earthquake, but is rebuilt immediately.
- 1933** Introduced the first Japanese knuckle-joint press.
- 1937** Incorporated as a limited company with capital of ¥200,000.
- 1945** The factory is totally destroyed in an air raid, then rebuilt and operations are restarted two months later.
- 1956** Introduced the first 200-ton high-speed automatic press.
- 1959** New factory constructed in Sagamihara City in Kanagawa Prefecture (current headquarters).
- 1960** Introduced the first Japanese transfer press.
- 1962** Listed on the Tokyo Stock Exchange, 2nd Section.
- 1964** Headquarters and Kameido Factory are moved and integrated into the Sagamihara facility.
- 1967** Completed the development of a 2,500-ton transfer press (among the world's largest capacity presses at the time).
- 1968** Introduced "Autohand," the first Japanese industrial robot.
- 1970** Company name is changed to AIDA ENGINEERING, LTD.
- 1971** Promoted to the 1st Section of the Tokyo Stock Exchange.
- 1972** Established a subsidiary in the United States.
- 1974** Tsukui Factory is constructed (in Sagamihara City).
- 1985** Nominated as a marginable stock on the Tokyo Stock Exchange. Established a subsidiary in Canada.
- 1989** Established a subsidiary in Singapore.
- 1992** ACCESS, LTD. is established in Ishikawa Prefecture. AIDA BUSINESS CORP. is established in Sagamihara City.
- 1993** Established a subsidiary in Hong Kong.
- 1995** Manufacturing bases are established in the United States and Malaysia. A new facility is constructed in Hakusan City in Ishikawa Prefecture.
- 1997** Established a subsidiary in Thailand.
- 2001** Received ISO 14001 certification.
- 2002** Established subsidiaries in China (Shanghai) and France. Introduced the world's first direct-drive servo press (now called the Direct Servo Former).
- 2003** A manufacturing base is established in China (Shanghai). Completed the development of the Precision Forming Press UL Series.
- 2004** Established a subsidiary in Germany (Kamen). Absorbed an Italian company, and established a manufacturing base.
- 2005** Established subsidiaries in Brazil and Indonesia.
- 2007** A new plant is constructed on land adjacent to the headquarters. Established a subsidiary in India.
- 2008** Announced a newly development of a 2,300-ton large servo press (among the world's largest capacity presses at the time).
- 2009** Established a subsidiary in Mexico. Completed the development of AIDA Ultimate Precision Forming Press UL-D Series.
- 2010** Launched commercial marketing of large-capacity servo motors for servo presses developed and manufactured by AIDA. Transferred the Chinese production base to Nantong City and expanded base.
- 2011** Established subsidiaries in Vietnam and Morocco.
- 2012** Established a subsidiary in Russia.
- 2013** Separation of production functions from AIDA ENGINEERING (M) SDN. BHD. and transfer to AIDA MANUFACTURING (ASIA) SDN. BHD.
- 2015** Established a subsidiary in the Philippines. Completed the development of a 2,700-ton progressive servo press (among the world's largest capacity presses).
- 2016** Established a Technology Center in Germany (Weingarten).
- 2017** Made Reliance Electric Limited and its subsidiary, RAS Co., Ltd., into subsidiaries of AIDA ENGINEERING, LTD.
- 2018** Reliance Electric Limited absorbed its subsidiary, RAS Co., Ltd. (Company name was changed to R E J Co., Ltd. in January 2019).
- 2020** Merged with ACCESS, LTD., a wholly owned subsidiary.



# Operating Bases

As of March 31, 2020

■ Production Facilities ● Global Sales/Service Network ● Technology Center

## Overseas

### AMERICAS

#### ■ AIDA AMERICA CORP. (U.S.A.)

7660 Center Point 70 Blvd., Dayton, Ohio  
45424-6380, U.S.A.  
TEL (1) 937-237-2382  
FAX (1) 937-237-1995

#### ● AIDA CANADA, INC. (CANADA)

122 Commerce Park Drive, Units B and C,  
Barrie, Ontario, L4N 8W8, Canada  
TEL (1) 705-734-9692  
FAX (1) 705-734-9695

#### ● AIDA ENGINEERING DE MEXICO, S. DE R. L. DE C.V. (MEXICO)

Av. Hercules # 401-B, Nave Industrial #7,  
Poligono Empresarial Santa Rosa, Santa Rosa  
Jaureguí, Queretaro. C.P. 76220, México  
TEL (52) 442-291-1320, (52) 442-291-1321

#### ● AIDA do Brasil Comércio de Máquinas Ltda. (BRAZIL)

Rua Mafalda Barnabé Soliani, 374  
Distrito Industrial Vitória Martini, Indaiatuba (SP),  
13347-610, Brazil  
TEL (55) 19-3500-4600

### EUROPE

#### ■ AIDA S.r.l. (ITALY)

Via Brescia, 26 25020 Pavone Mella (BS), Italy  
TEL (39) 030-9590111  
FAX (39) 030-9959377

#### ● AIDA Germany GmbH (GERMANY)

Sudfeld, 9d D-59174 Kamen, Germany  
TEL (49) 2307-43864-20  
FAX (49) 2307-43864-40

#### ● AIDA EUROPE GmbH (GERMANY)

Josef-Eggler Strasse.8, 88250 Weingarten,  
Germany  
TEL (49) 751-56954198

#### ● AIDA S.r.l. UK Branch (U.K.)

City Road, Derby DE1 3RP, England  
TEL (44) 1332-648200  
FAX (44) 1332-648221

#### ● AIDA S.r.l. CZECH Branch (CZECH REPUBLIC)

Plešská 155/113, 150 00 Praha 5,  
Czech Republic  
TEL (420) 255-739-320  
FAX (420) 255-739-315

#### ● OOO AIDA (RUSSIA)

Frunze Street, 14B office 230, 445037 Togliatti,  
Russia  
TEL & FAX (7) 8482 270376

### AFRICA

#### ● AIDA Maroc Sarl (MOROCCO)

Lot 81 Ilot C5, Zone Franche d'Exportation,  
90 100, Tangier, Morocco  
TEL (212) 539-395-325  
FAX (212) 539-392-262

### CHINA

#### ■ AIDA PRESS MACHINERY SYSTEMS CO., LTD. (Nantong)

No.409, Jimei Road, Chenchao Street,  
Gangzha District, Nantong, China  
TEL (86) 513-5100-6588  
FAX (86) 513-5100-6018

#### ● AIDA ENGINEERING CHINA CO., LTD. (Shanghai)

No.6 & 7 Building, 88 Yangxin Road,  
Pudong New Area, Shanghai, 200126, China  
TEL (86) 21-6510-2233  
FAX (86) 21-5046-3828

#### ● AIDA ENGINEERING CHINA CO., LTD. TIANJIN OFFICE (Tianjin)

#2-101, 20-1, Building W20, West District,  
TAEA Business Park, No. 76, Huanhe North  
Street, Tianjin Airport Economic Area, Tianjin,  
300300, China  
TEL (86) 22-5828-5633  
FAX (86) 22-5828-5632

#### ● AIDA ENGINEERING CHINA CO., LTD. GUANGZHOU BRANCH (Guangzhou)

B2602, North Island Innovation Park, No.51  
Xingang East Road, Haizhu District,  
Guangzhou, 510330, China  
TEL (86) 20-8412-0256  
FAX (86) 20-8412-0291

#### ● AIDA ENGINEERING CHINA CO., LTD. GUANGZHOU BRANCH CHONGQING OFFICE (Chongqing)

No.5-1, Zongda International Automotive City,  
No.822 Konggang Avenue, Yubei District,  
Chongqing, 401120, China  
TEL & FAX (86) 23-6748-0053

#### ● AIDA ENGINEERING CHINA CO., LTD. WUHAN OFFICE (Wuhan)

No. 36, Lihuyuan, Tianehu Villa, Dongfeng Road  
No.111, Zhuankou Economic Development  
Zone, Wuhan, 430058, China  
TEL & FAX (86) 27-8426-7599

### ASIA

#### ● AIDA GREATER ASIA PTE. LTD. (SINGAPORE)

No. 1, Bukit Batok Crescent, WCEGA Plaza  
#02-60, Singapore 658064  
TEL (65) 6507 3555  
FAX (65) 6507 3553

#### ■ AIDA ENGINEERING (M) SDN. BHD. (MALAYSIA)

Plo 524, Jalan Keluli, 81700 Pasir Gudang,  
Johor, Malaysia  
TEL (60) 7-251-6688  
FAX (60) 7-252-0688

#### ● AIDA ENGINEERING (M) SDN. BHD. Shah Alam Branch (MALAYSIA)

No. 31, Jalan Pendidikan U1/31, Hicom Glenmarie  
Industrial Park, 40150 Shah Alam, Selangor,  
Malaysia  
TEL (60) 3-5569-2872  
FAX (60) 3-5569-2879

#### ■ AIDA MANUFACTURING (ASIA) SDN. BHD. (MALAYSIA)

Plo 524, Jalan Keluli, 81700 Pasir Gudang,  
Johor, Malaysia  
TEL (60) 7-251-6688  
FAX (60) 7-252-0688

#### ● AIDA (THAILAND) CO., LTD. (THAILAND)

19/19 Moo. 6, Wat-Sriwarinnoi Rd,  
T.Srisajorrakaeayai, A.Bangsaothong,  
Samutprakarn 10570, Thailand  
TEL (66) 2136-3900  
FAX (66) 2136-3907 [Services Dept.],  
(66) 2136-3909 [Sales Dept.]

#### ● PT. AIDA INDONESIA (INDONESIA)

Jl. Science Boulevard Blok A2 / 9 Kawasan  
Industri Jababeka V Kel.Sertajaya Cikarang  
Timur-Bekasi 17530, Indonesia  
TEL (62) 21-2962-6688  
FAX (62) 21-2962-6689

#### ● AIDA INDIA PVT. LTD. (INDIA)

No.48, Ground Floor, DLF Star Tower, Silokhera,  
Sector 30, Gurgaon 122001, Haryana, India  
TEL (91) 124-4716888  
FAX (91) 124-4716889

#### ● AIDA VIETNAM CO., LTD. (VIETNAM)

Room 108, Industrial Park Center, Thang Long  
Industrial Park, Kim Chung Commune,  
Dong Anh District, Hanoi, Vietnam  
TEL (84) 24-3885-3388  
FAX (84) 24-3885-3399

#### ● AIDA GREATER ASIA PHILIPPINES , INC. (PHILIPPINES)

Unit 101B Coherco Financial Tower,  
Trade St., Cor. Investment Drive,  
Madrigal Business Park, Ayala Alabang,  
Muntinlupa City, Philippines 1780  
TEL (63) 2-771-1561  
FAX (63) 2-771-1268

## Domestic

#### ■ AIDA ENGINEERING, LTD.

- Oyama, Takasaki, Kanagawa, Hamamatsu, Chubu,  
Nagoya, Osaka, Chugoku/Shikoku, Fukuoka

#### ■ R E J Co., Ltd.



## **AIDA ENGINEERING, LTD.**

2-10 Ohyama-cho, Midori Ward, Sagami-hara City,  
Kanagawa Prefecture 252-5181, Japan  
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