AIDA

2023

Annual Integrated Report

Fiscal Year Ended March 31, 2023

For a Better Future

AIDA ENGINEERING, LTD.

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Editorial Policy

Disclaimer Regarding Forward-Looking Statements

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

Note on Financial Figures and Charts

Yen-based figures in this integrated report are rounded down to the nearest million or billion yen. Any figures expressed as percentages are rounded to the nearest decimal point.

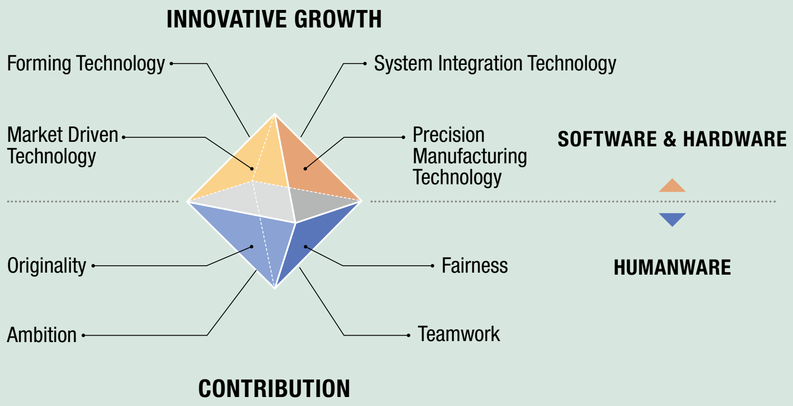
Corporate Philosophy

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

Action Guidelines

1. Contributing to the Needs of Society
2. Compliance with the Law and the Spirit of the Law
3. Respect for All Concerned Parties
4. Promoting Environmentally Friendly Business Activities
5. Proper Usage of Confidential Information and Respect for Intellectual Property
6. Respect for Employees and Environmental Consideration

The AIDA Octahedron Philosophy



An octahedron, stably balanced in each direction, represents the corporate vision of the AIDA Group. The upper pyramid looks to the future of the Company and represents the software & hardware technological innovations that achieve customer satisfaction, and the lower pyramid represents the humanware that supports these future innovations. AIDA will contribute to people and community based on this Octahedron Philosophy that links these upper and lower pyramids.

Solving Societal Issues While Looking Ahead to the Future of Humanity, Technology, and the Environment

Our History

—A History of Developing Together with Society—

AIDA ENGINEERING, LTD. celebrated its 106th anniversary in 2023. As a leading provider of presses and other forming systems, we have made a significant contribution to the global metalforming fabrication industry. Our growth to date illustrates our success in creating products, services, and solutions that meet the evolving needs of society. At a time when the automotive and other industries are undergoing major structural changes alongside economic and societal shifts, we will continue to strive to create new value while addressing issues that affect people and society.

From the Founding – 1960s

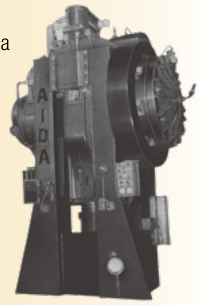
Driven by the Founder's Determination to Contribute to Japan's Postwar Recovery and Modernization in Turbulent Times

Believing that Japan's future modernization would require the mass production of presses, founder Yokei Aida established AIDA Ironworks with the bold idea of manufacturing his own presses to surpass those made in Europe and America. Amid postwar malaise and a global depression, the company contributed significantly to cutting-edge industrial production, including in the automotive, railway, and electrical equipment industries, which helped stimulate an economic revival and contributed to postwar infrastructure development. Targeting the development of unique products that would lead the world, AIDA achieved many firsts for Japan.

Presses supplied by AIDA helped customers improve productivity and strengthen their international competitiveness.

1917

AIDA Ironworks is established by founder Yokei Aida

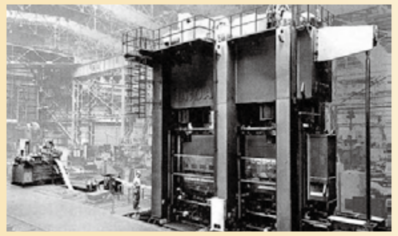


1953

Postwar recovery supported by the delivery of a 500-ton forging press to Japan National Railways

1967

Development of a 2,500-ton transfer press (the largest class in Japan and in the world at the time)



1970s – 2000s

Emergence as a World-Renowned Engineering Firm

—Development of Automated Press Metalforming and Servo Technology

Growth Accelerates with Global Business Expansion

—Establishes a Global Network of Five Manufacturing Bases

In 1977, AIDA developed the world's first transfer press stamping center with digital controls capable of continuous automatic production. In the latter half of the 1990s amid global moves to address climate change, the automotive industry increasingly adopted lighter, stronger materials such as high-tensile steel and aluminum for vehicle bodies to achieve better fuel efficiency. This required even more advanced press forming methodologies. AIDA responded by developing the world's first direct-drive servo press equipped with motion controls that could be programmed to match the material characteristics, thereby enabling more sophisticated forming. This in turn drove accelerated efforts at AIDA to make fully integrated servo press systems that included peripheral equipment as well as automated production processes. AIDA's technical excellence was recognized globally, and the Company expanded internationally, creating a network of five manufacturing bases to supply comprehensive support to overseas customers.

1970

Company name changed to AIDA ENGINEERING, LTD. based on the philosophy that what AIDA provides to customers is the means to solve problems

1972

First local overseas subsidiary established in the US

1995

Manufacturing facilities established in the US and Malaysia

2002

In-house development of the world's first direct-drive servo press equipped with a 'high-capacity, low-speed, high-torque' servo motor that features a direct-drive mechanism without a gear reducer

2003

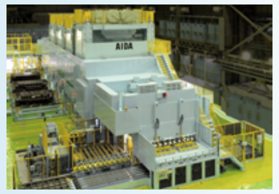
Manufacturing facility established in China

2004

Establishment of a manufacturing facility in Italy by acquiring and merging local companies to help optimize our global production network

2009

The world's fastest large servo tandem line (at the time) is delivered to a major automobile manufacturer, allowing the forming of highly-contoured parts and enabling forming technologies and production efficiencies that were impossible using conventional forming methods



2010 to the Present

Continuing to Meet the Needs of the New Era, Such as Environmental Friendliness and Transitioning to DX-Based Production Sites

AIDA has developed high-speed precision forming presses suited for the production of EV motors, energy-efficient home appliances, and other products. Our presses contribute to a lower environmental impact at customer production sites and in society as a whole. AIDA is developing a variety of new presses that help to conserve resources and energy and to drive digital transformation (DX).

2022

In-house development of peripheral equipment to produce the large motor cores needed to power EVs, which are paired with our high-speed precision presses to achieve turn-key solutions

Solving Even More Societal Issues in the Future

Environmental Issues

- CO$_2$ Emissions Reduction
- Carbon Neutrality

Refer to pp. 25–28

Innovation

- Digitalization
- Automation (Labor-Saving)

Refer to pp. 17–18

Workforce Engagement

- Workforce Sophistication
- Workforce Diversification

Refer to pp. 22–24

Our Strengths

—AIDA Group Strengths by the Numbers—

Expertise in Technology and Product Development

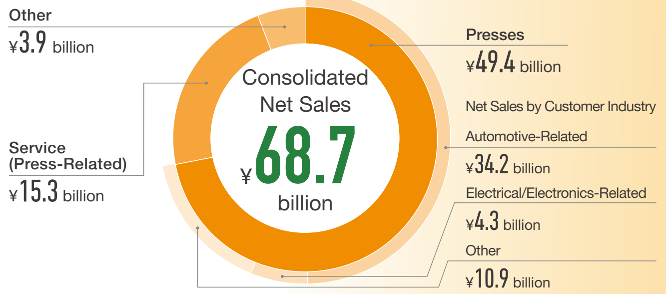
The source of the AIDA Group's competitiveness is more than a century of amassed in-house engineering and product development expertise. We have developed a wide array of presses, including the world's first direct-drive servo press that revolutionized metalforming technologies. In addition to presses, we have also developed and manufactured forming systems that include AIDA-original peripheral material feeders and automatic transfer feeders. Our strength lies in our ability to integrate these products to provide a full turnkey package. AIDA high-speed precision presses are used to make the drive motor cores that power EVs, FCEVs, and other next-generation vehicles, and our high global market share is testament to our overwhelming competitive advantage in this field.

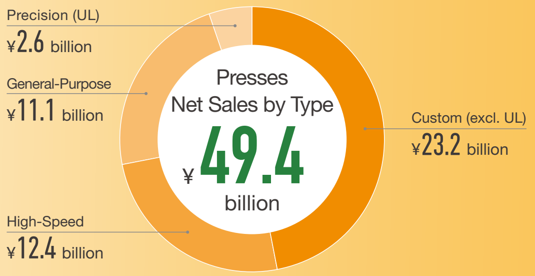
▶ Net Sales of Presses

Global Rank: No. 2 [*1]

▶ High-Speed Precision Presses

Japanese Market Share: 90 %+ [*2]





*1 Internal estimate *2 Internal estimate of AIDA's Japanese market share based on Japan Forming Machinery Association data (FY2022) for specialized high-speed progressive stamping presses with rated capacities of 300 tons or higher.

A Sound Financial Position

Long-term trust and stability are essential qualities if customers are going to choose AIDA as the supplier of presses that will become long-life assets in their facilities. Our shareholders' equity ratio of 67.0% as of the end of March 2023 is one metric pointing to the stability and soundness of our business and its strong financial foundation. This gives our customers peace of mind when dealing with AIDA. Even amid difficult and fast-changing conditions, we have sufficient reserves to actively fund investments for growth, including R&D spending and strategic M&A investments.

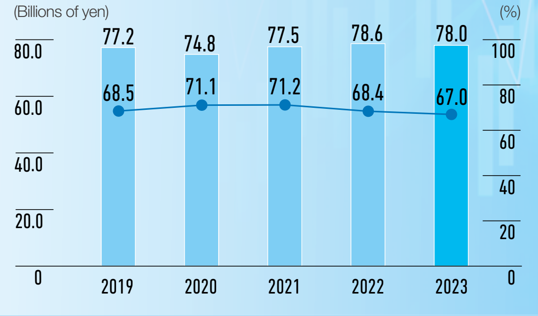
▶ Shareholders' Equity Ratio

67.0%

▶ Total Assets

¥116.2 billion

Total Net Assets and Shareholders' Equity Ratio

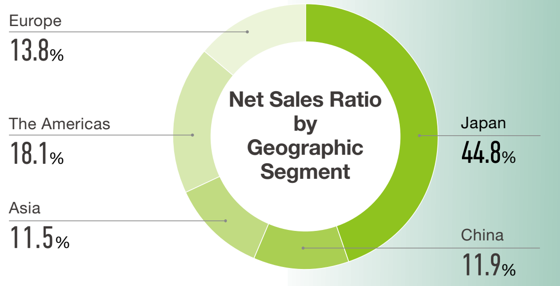


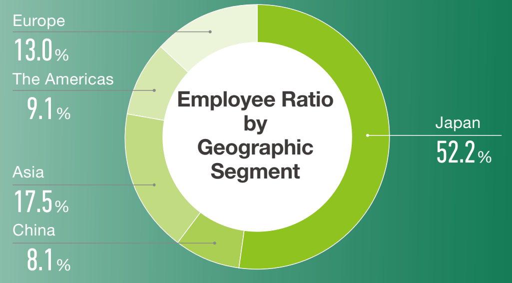
Global Business Development

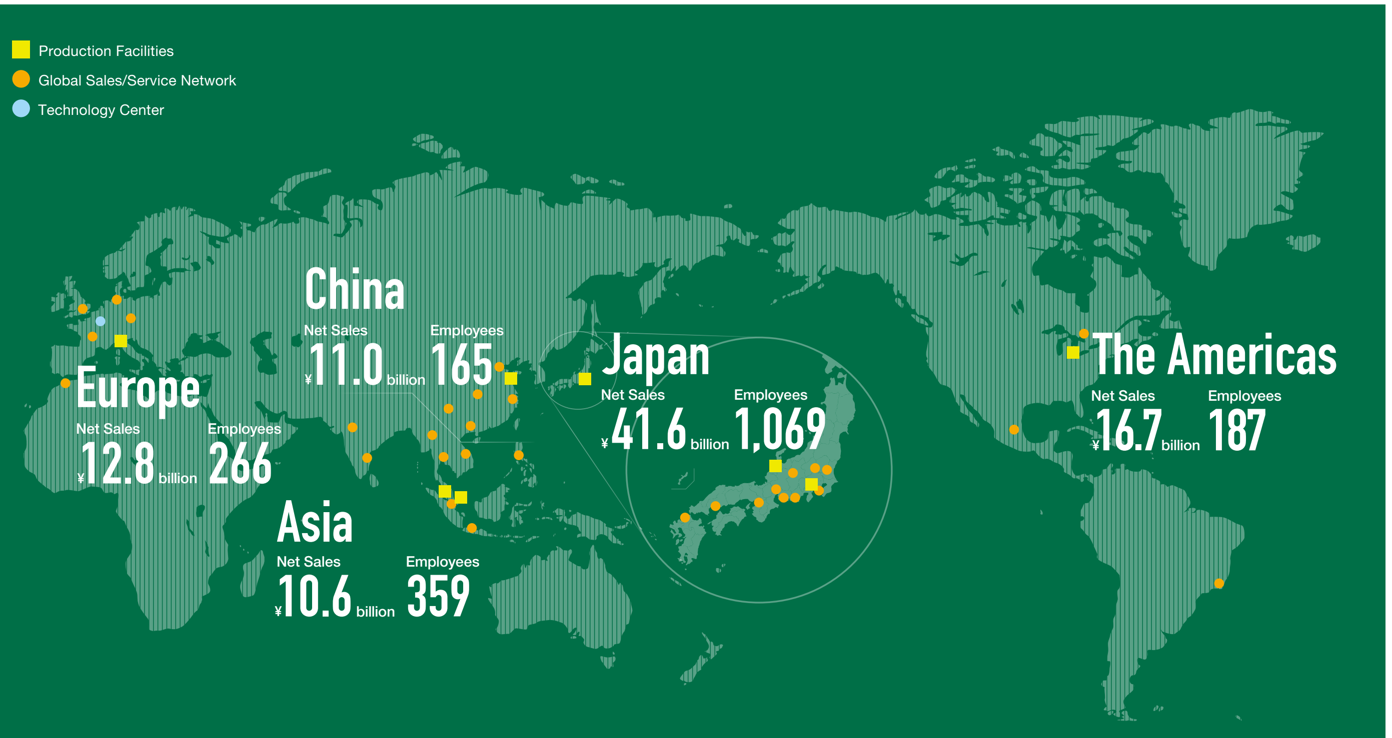
Because our customers are global manufacturers, we have set up manufacturing bases in five regions (Japan, China, Malaysia, the US, and Italy). We can also respond to the needs of customers worldwide through our network of 40 AIDA sales and service locations in 19 countries. Wherever customers have their production facilities, we can provide close and meticulous support to satisfy all their manufacturing, sales, and after-sales servicing requirements.

▶ AIDA Global Network

40 locations in 19 countries







Note: Net sales show amounts prior to the elimination of intersegment transactions

The Value Creation Process

Under our corporate philosophy of "AIDA will grow as a forming systems builder and continue its contribution to people and community," we will support the creation of prosperous societies around the world by supplying press forming systems. Through our business, we will work to address societal issues, such as environmental problems, as we aim to achieve sustainable growth and a better society.

Key SDG Initiatives

3 GOOD HEALTH AND WELL-BEING
5 GENDER EQUALITY
7 AFFORDABLE AND CLEAN ENERGY
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
10 REDUCED INEQUALITIES
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
15 LIFE ON LAND
16 PEACE, JUSTICE AND STRONG INSTITUTIONS
17 PARTNERSHIPS FOR THE GOALS

Inputs › **AIDA's Strengths** › **Value Creation Process = Business Model** › **Outputs** › **Creating Social Value**

Inputs

Supporting Value Creation: Management Resources

Human Capital
Consolidated employees: 2,046
(including 977 in Overseas segment)

Intellectual Capital
R&D expenditures: ¥1.0 billion
Patents owned 456
(including overseas utility models)

Manufacturing Capital
Global manufacturing network in 5 regions
Global network spanning 19 countries

Financial Capital
Consolidated net assets: ¥78.0 billion
Shareholders' equity ratio: 67.0 %

Social Capital
Number of shareholders: 7,582
Number of suppliers: 940
Number of AIDA distributors: 39

Natural Capital
Total energy inputs
(crude oil equivalents): 4,084kL

AIDA's Strengths

Supporting Value Creation: Strengths

1 Expertise in Technology and Product Development

2 A Sound Financial Position

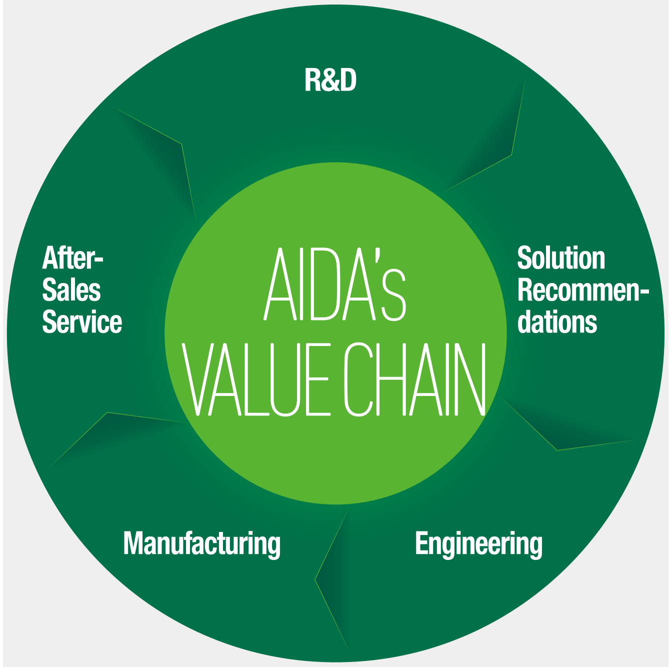
3 Global Business Development

See "AIDA Group Strengths by the Numbers" (P5-6)

Value Creation Process = Business Model

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



Foundations of Our Business

- Corporate governance
- Risk management

See "Corporate Governance" (P29-33)

Outputs

AIDA's Value Creation

Core Strategies of the New Medium-Term Management Plan

- Transforming Our Business Portfolio
- Creating New Added Value
- Strengthening Our Business Infrastructure
- Environmental Measures & Contributing to the Community
- Capital Policies

See "New Medium-Term Management Plan" (P16-28)

Creating Social Value

Contributing to society through manufacturing that supports ways of life

Contributing to the next-generation society through the development of new technologies and products

Reducing environmental impact through business and production activities

Achieving sustained growth in partnership with stakeholders

Material Themes Selected by AIDA

E

Manufacturing User-Friendly and Environmentally Friendly Products

- Conserve energy
- Reduce CO_2 emissions and recycle waste materials
- Develop environmentally friendly products
- Achieve a carbon-free society
- Reduce environmental impact

7 AFFORDABLE AND CLEAN ENERGY
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
15 LIFE ON LAND

S

Creating Value That Contributes to Societal Development

- Improved quality and service
- Human capital investment/ Manpower development
- Diversity
- Technological innovation
- Intellectual property
- Health and safety
- Societal contributions
- Industry advancements

3 GOOD HEALTH AND WELL-BEING
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
10 REDUCED INEQUALITIES
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
16 PEACE, JUSTICE AND STRONG INSTITUTIONS
17 PARTNERSHIPS FOR THE GOALS

G

Improving Governance to Achieve Harmony with Society

- Compliance
- Shareholder returns
- Disclosures

Financial & Non-Financial Highlights

Founding

106 years ago

We are continuing to create social value through forming system technologies.

Press Product Series

From **35**-ton
to **4,000**-ton

We produce a wide range of products from small general-purpose presses to large dedicated presses.

Delivery Track Record

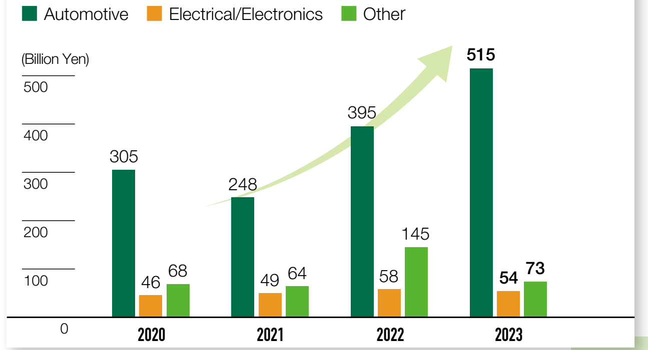
Over **60** countries

We support our customers' global manufacturing activities

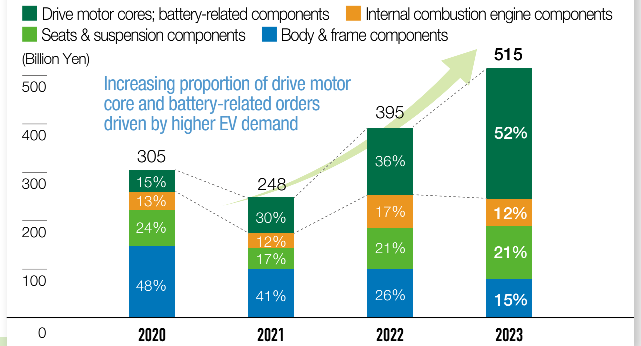
Manufacturing Capital

Significant increase in orders for automotive-related applications, such as for drive motors.

Press Orders (by Customer Industry)

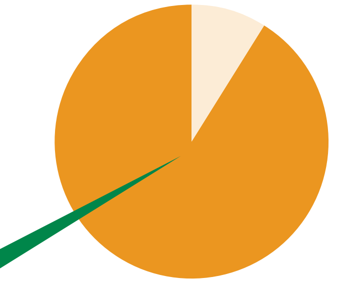


Automotive-Related Orders by Product Type



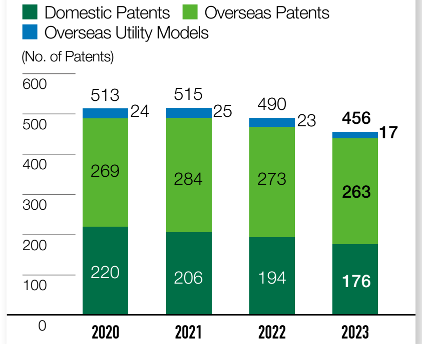
MSP Series High-Speed Precision Presses: Japanese market share of presses used for EV drive motor core production

Over 90%*

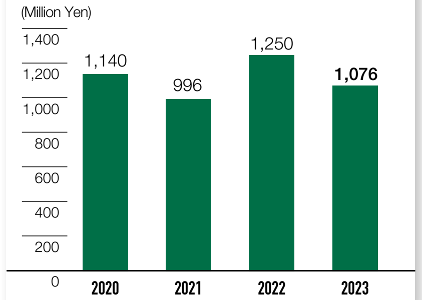


* Internal estimate of AIDA's Japanese market share based on Japan Forming Machinery Association data (FY2022) for specialized high-speed progressive stamping presses with rated capacities of 300 tons or higher.

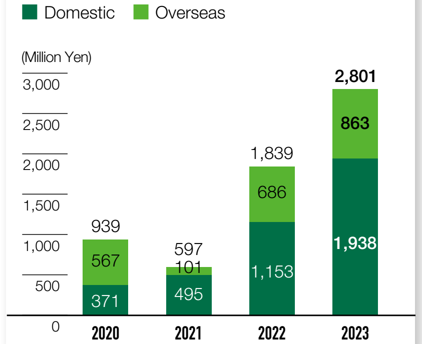
Domestic/Overseas Patent Trends



R&D Expenditures

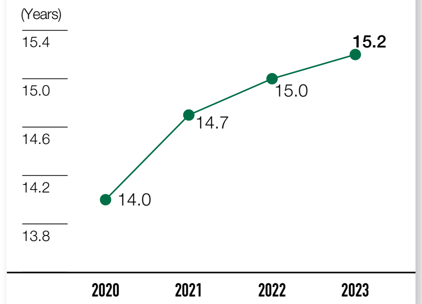


Capital Expenditures

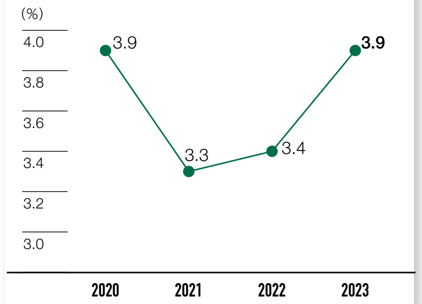


Human Capital

Average Length of Service (Non-Consolidated)



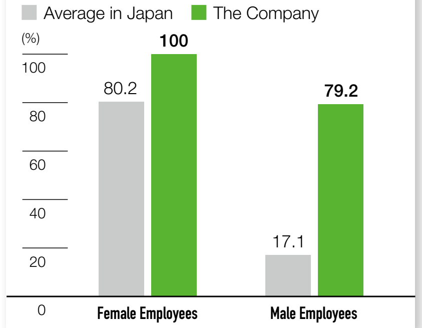
Ratio of Female Managers (Non-Consolidated)



Note 1: Figures for prior years have been recalculated from fiscal year ending March 2023 based on non-consolidated employee numbers.

Note 2: Calculation based on terms as defined in The Act on Promotion of Women's Participation and Advancement in the Workplace (Act 64, 2015)

Childcare Leave Usage in Fiscal Year Ending March 2023 (Non-Consolidated)



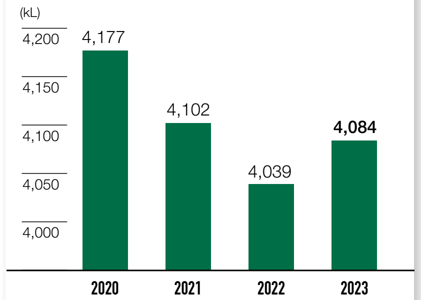
Note 1: Source: MHLW Basic Survey of Gender Equality in Employment, 2022

Note 2: Calculation based on childcare leave-related terms as defined in the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act 76, 1991) and in Article 71 Section 4.1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (MHLW Ordinance 25, 1991)

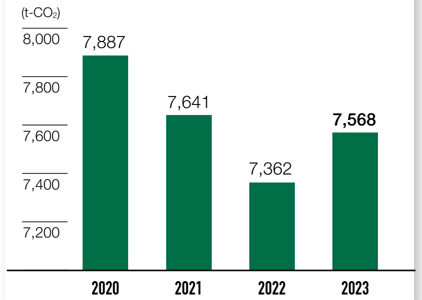
The Environment

CO_2 emissions rose slightly due to higher capacity utilization at the Company factories, but fell 0.5% year on year per unit of output.

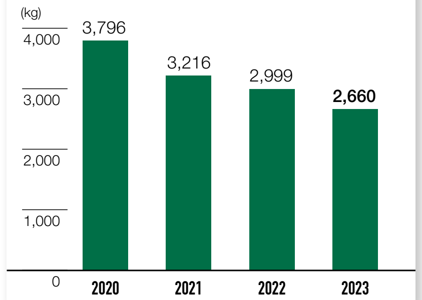
Total Energy Usage (Crude Oil Equivalent)



CO_2 Emissions



NOx Emissions

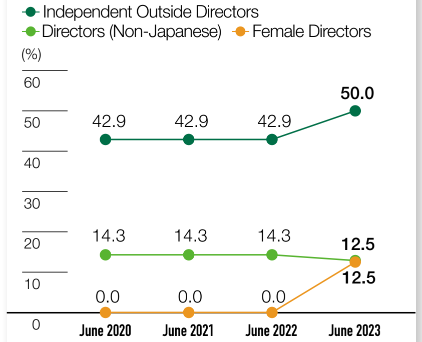


Note 1: Scope of Aggregate Data: AIDA ENGINEERING, LTD. (HQ/Sagami Plant, Tsukui Plant, Shimokuzawa Plant, and Hakusan Plant)

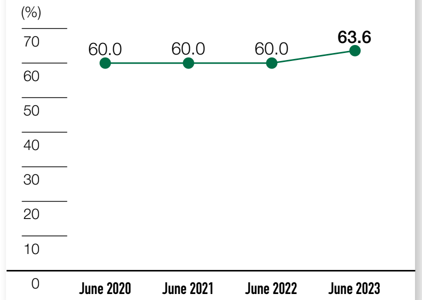
Note 2: Figures for prior years were recalculated from fiscal year ending March 2023 in line with a change in the calculation method.

Governance

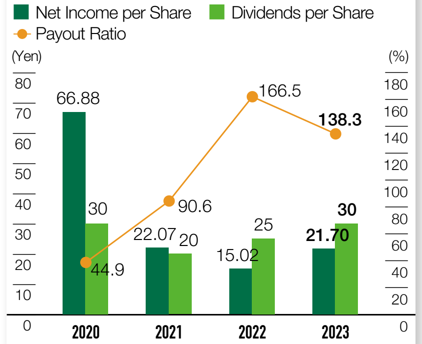
Diversity in the Board of Directors



Ratio of Outside Directors/Statutory Auditors



Capital Policies



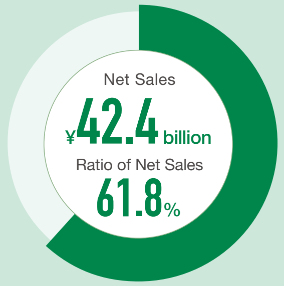
At a Glance

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

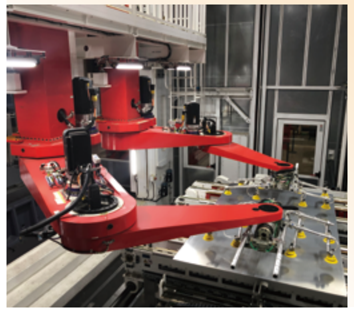
Press Business

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

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

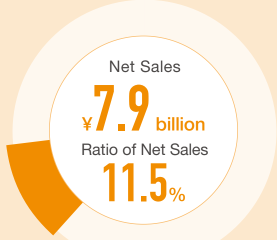


Automation/FA Business



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

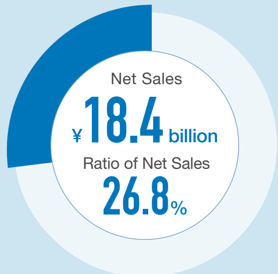
Principal Products
Piling systems, material feeders (coil feeders, destack feeders, etc.), transfer equipment (transfer robots, intermediate transfer feeders, die changers, etc.), electrical control equipment, etc.



Service Business

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

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



Major Business Growth Opportunities and Risks & the Market Environment

Growth Opportunities	Risks
• Stricter environmental regulations and increasing awareness of environmental conservation	• Changes in materials and forming methods in manufacturing
• Changes to automobile parts due to accelerated transition to electrification and autonomous driving	• Economic downturns due to pandemics and natural disasters
• Accelerating demand for labor saving and productivity improvements due to a shrinking population	• Political instability and other geopolitical risks
• Economic growth in emerging countries and the Global South	• Risk of economic slowdowns
	• Increased supply chain risks due to a shift to bloc economies
	• Production delays due to energy and semiconductor shortages
	• Rising manufacturing costs of raw materials, etc.
	• Intensified global price competition

Message to Stakeholders

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

Toshihiko Suzuki
Representative Director and President (CEO)

Aspirations as the New President

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

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

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

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

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

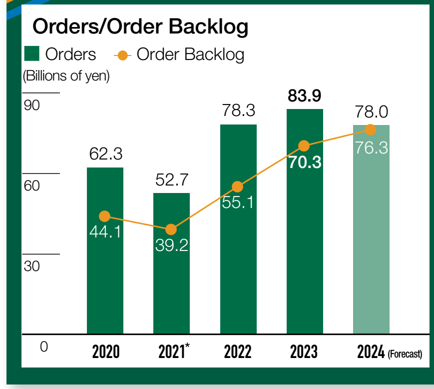
The creation of a digital information society based on digital transformation (DX) trends is another change demanding a response. This is not just in the areas relating to our products, but also in how we apply DX technologies to our internal business processes and production facilities. We are leveraging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

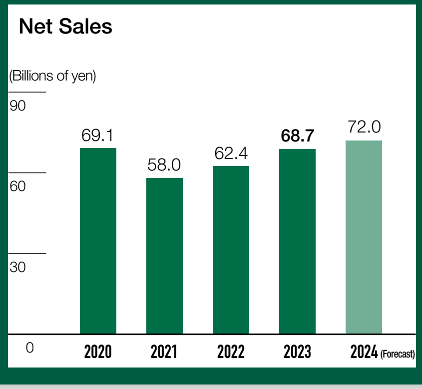
In a society where uncertainty is rising, we should not lose sight of the role of the AIDA Group as a vital behind-the-scenes support for the industrial sector. Among the many traditions handed down through the company since it was founded over 100 years ago, I think the "spirit of commitment" is the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

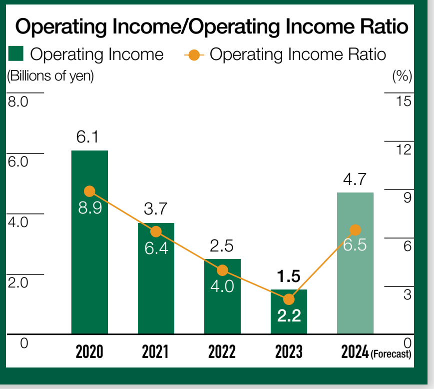
The policy themes of the new Medium-Term Management Plan that we started in April 2023 focus on leveraging AIDA's technologies and products to boost productivity, such as advanced manufacturing methods for the electrification and weight reduction of next-generation automobiles and also factory automation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

Review of Fiscal Year Ended March 2023

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


Orders/Order Backlog


Net Sales


Operating Income/Operating Income Ratio

Forecast for Fiscal Year Ending March 2024

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

A Message to Stakeholders

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

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

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

August 2023
Representative Director and President (CEO)
Toshihiko Suzuki

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

Review of the Prior Medium-Term Management Plan

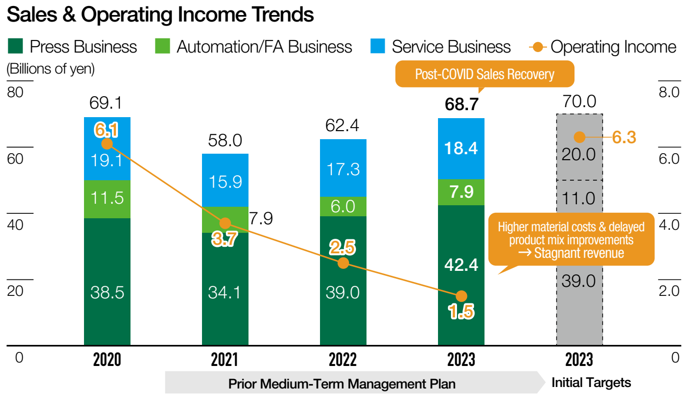
(Fiscal Years Ended March 2021–2023)

Outline of Prior Medium-Term Management Plan “The Evolved AIDA PLAN 523”

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
Core Strategies	Technological Innovation, Strengthening Business Infrastructure, Improving Profitability

Plan Targets and Results

Targets for the Fiscal Year Ended March 2023	→	Results for the Fiscal Year Ended March 2023
Net sales: ¥70.0 billion	→	Net sales: ¥68.7 billion
Operating income: ¥6.3 billion	→	Operating income: ¥1.5 billion


Sales & Operating Income Trends

Extremely harsh business conditions during the prior Medium-Term Management Plan (fiscal years ended March 2021–2023) included the COVID-19 pandemic, supply chain disruptions, the conflict between Russia and Ukraine, energy shortages, soaring material costs, and shortages of semiconductors and other electronic components.

Facing these conditions, the Group steadily implemented policies aimed at leveraging the growth in electric vehicle (EV) demand. We received significantly more orders for high-speed precision presses used to make EV drive motor cores and for large presses used in EV body production. In addition, the Automation/FA Business moved to full in-house production of the peripheral equipment for high-speed precision presses, while securing increased orders for D-MAT press-to-press transfer feeders.

While we nearly achieved the final-year net sales target of ¥70 billion, we did not reach the operating income target of ¥6.3 billion due to a number of factors: sharp increases in raw material and fuel costs; reduced profitability for large-size presses; longer lead times for high-profit high-speed precision presses due to shortages of electronic components and other resources caused by supply chain disruptions; and stagnant revenues from service operations. We also did not realize expected improvements in our business portfolio and the product mix for presses.

Regarding technological innovations, while we managed to commercialize peripheral equipment used with high-speed precision presses, there remain some challenges to address in potential future growth fields, such as digitalization and environmental and energy-related innovations, and we plan to further strengthen our efforts.

Prior Plan: Technological Innovation — Commercialization of Specialized High-Speed Precision Press Lines for EV Drive Motor Cores

We completed the commercialization of complete forming systems with a high-speed precision press at the core of the line integrated with peripheral equipment such as coil feeders, roll feeders, and servo drive scrap cutters. In addition, we completed the in-house development of a specialized miniature high-torque servo motor to power push/pull material feeder units on the front and rear of the press. Feeding coil material at 130 m/min—a 30% speed improvement—we are able to contribute to higher line productivity.

The New Medium-Term Management Plan

(Fiscal Years Ending March 2024–2026)

In the new Medium-Term Management Plan (fiscal years ending March 2024–2026), based on the management policy of “improving corporate value by solving societal issues and aiming for sustainable growth together with our stakeholders,” we have defined five core strategies to build on the issues we faced in the prior plan: (1) Transforming our business portfolio; (2) Creating new added value; (3) Strengthening our business infrastructure; (4) Environmental measures and contributing to the community; and (5) Capital policies. By developing these strategic measures, we aim to generate a synergistic cycle where we enhance corporate value through addressing the issues faced by our customers and society, thereby realizing sustained growth together with all our stakeholders, including customers, employees, suppliers, regional communities, business partners, investors and shareholders.

Management Policies for the New Medium-Term Management Plan

Improving corporate value by solving societal issues and aiming for sustainable growth together with our stakeholders

Medium-Term Management Plan Core Strategies

Transforming Our Business Portfolio

Expanding high-value-added/growth fields

Shifting of management resources

Creating New Added Value

Further evolving AIDA’s technologies (forming technologies, die/forming methodology expertise, servo technologies, and manufacturing expertise)

Strengthening Our Business Infrastructure

Lay the groundwork to transform business portfolios and create new added value

Environmental Measures and Contributing to the Community

Achieve sustainable growth ‘for the community’ and ‘together with the community’

Capital Policies

Emphasize a balance between strategic investments, manpower investments, and profit distribution

Expand Corporate Value

Solve Customer and Societal Issues

- Support the manufacturing of next-generation vehicles
- Support customer productivity improvements (automation/digitalization)
- Support customers in reducing their environmental impact, etc.

Contributing to Stakeholders

- Customers
- Employees
- Suppliers
- Regional Communities
- Business Partners
- Shareholders/ Investors

Core Strategies for the New Medium-Term Management Plan

1 Transforming Our Business Portfolio

—Shifting Management Resources to High-Value-Added and Growth Fields

◆ Press Business

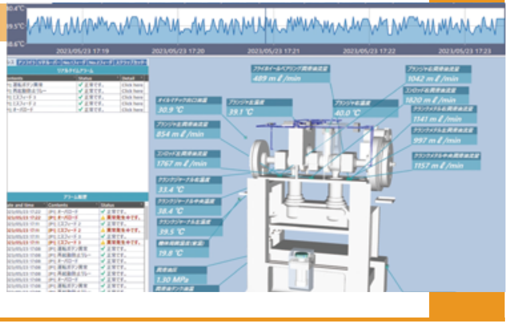
Our core press business includes both growth and mature products, but due to changes in the mix of automotive parts resulting from the shift to EVs, we are progressively shifting from mature products with falling competitiveness to growth products in fields related to EVs and environmentally friendly solutions. Our improved press product mix is increasing profit margins as we increase sales of high-speed precision presses for making EV drive motor cores and precision forming (UL) presses for battery components. As well as reducing costs, we are also seeking to boost competitiveness by differentiating our mature products with new models and new functions for forming parts specific to EVs and fuel cell vehicles (FCVs).

◆ Automation/FA Business

We expect future growth in the automation/FA business as manufacturers invest in labor-saving and digitalized equipment for factories. With overseas customers looking to source locally, we are boosting in-house production at overseas sites and making strategic M&A investments to enhance our ability to supply automation equipment overseas. As we leverage our strength of selling press systems with integrated automation as packages, we are also focused on marketing stand-alone automation and on differentiating models by utilizing DX/AI functionalities.

◆ Service Business

Our service business is positioned as a substantial growth field, since many installed AIDA presses around the world are approaching the time when parts will need to be replaced or modernized. Besides growing the retrofitting business, we are growing demand by using DX/AI technologies for preventive maintenance, press diagnostics, and other applications. To support this strategy, we are ramping up efforts to develop our human capital.



2 Creating New Added Value

—Creating Innovation through Further Evolutions of Group Technologies

The Development HQ collaborates with the Production HQ based on the Group policy of engaging in R&D to establish and strengthen fundamental technologies while also developing better core products and more eco-friendly models. Leveraging the structural shifts within the automotive and other industries and the efforts to achieve a decarbonized society, our aim is to foster sustained growth by creating new value and helping to address societal issues by engaging in the development of peripheral material feeders and forming methodologies primarily centered around our proprietary press technologies.

In line with the strategy in the new plan of “Creating New Added Value,” our focus is on fostering innovations that only AIDA can provide by leveraging our technical expertise in metalforming, dies, servo technologies, and manufacturing know-how and also engaging in additional technology development via strategic investments and collaboration.

◆ EV Manufacturing Solutions

We are providing solutions that enable the optimization of motor core designs and forming methodologies. We are also developing new forming techniques for the production of battery cases and forming technologies for HVAC-related parts.

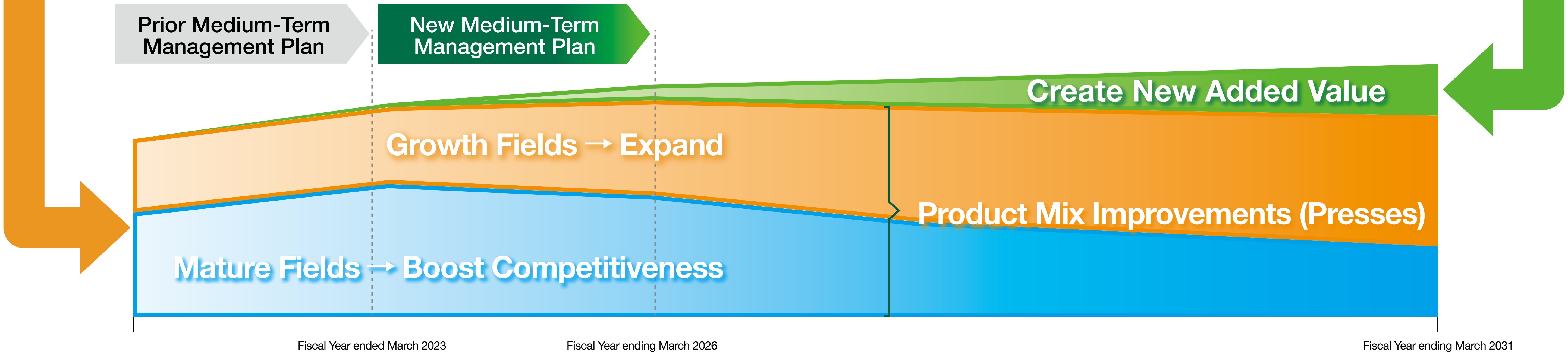
◆ Energy-Saving/Environmentally Friendly Solutions

We are developing products and methodologies to support the manufacture of parts used in non-EV fuel cell vehicles as well as parts for renewable energy applications.

◆ Other Solutions

We are continuing to develop and deliver products that help save energy, resources, and labor as well as solutions that leverage DX/AI technologies.

Shifting existing businesses from mature to growth fields to transform our business structure and product mix and create new growth fields while maintaining balanced earnings



3 Strengthening Our Business Infrastructure

—Laying the Groundwork to Transform Our Business Portfolio and Create New Added Value

Our initiatives to strengthen our business infrastructure support the plan strategies of “Transforming Our Business Portfolio” and “Creating New Added Value.”

● Revamping Our Systems to Support Our Business Portfolio Transformation

Together with shifting resources towards high-value-added and growth fields to offer more specialized press models, we are also restructuring our production systems, including our factory equipment.

● Manpower Investments

Our in-house re-skilling programs aim to shift resources to growth fields while also developing people to support DX initiatives. We are also promoting enhanced diversity by utilizing and recruiting more mid-career hires, women, and non-Japanese and seniors, while also encouraging a greater variety of work styles to help maximize the productivity of a diverse workforce. In addition, under the banner of health management, we are undertaking various measures to improve the mental and physical health of our employees to create a motivated workplace. (📖 See P22-24)

● Promoting the Transition to DX in Our Work Infrastructure

Because digital transformation (DX) helps create a digital information society, we regard DX as a critical tool for visualizing operations using data, supporting the transfer of technical expertise, and coping with labor shortages. We are promoting DX in our procurement, design, production, HR, and other systems to boost productivity and enable paperless workflows. DX can also help us to visualize processes to link them to solutions to business issues. In terms of manufacturing, as well as applying it to the products that AIDA manufactures, we are using data from quality inspections and machining and assembly processes to help stabilize product quality. In terms of our process infrastructure, DX helps us remove wasteful practices and improve internal communications via the utilization of a company-wide (groupware) platform.

● Establishing a DX/AI Business Management Structure

Though we already market presses equipped with IoT, AI, and other digital technologies, together with our conventional selling of such features we will also be building a system that can accommodate a subscription-based business. We are also looking at introducing e-commerce for selling service parts.

● Restructuring Supply Chains and Revamping Procurement Process

To cope with recently emerging economic blocs and parts shortages, we are working to build multiple supply chains with greater resilience and versatility via diversification and globalization. We are also revamping our procurement processes to make them more proactive, enabling us to engage in stock production based on market demand rather than just building products to order. As part of this initiative, we are upgrading our procurement and purchasing systems by incorporating electronic data interchange (EDI) functions.

● Strengthening Risk Management Within Our Global Operations

We are strengthening risk management to include factors such as business practices, export controls, and payment terms that are used in overseas markets.

● Other Process Improvements

We are restructuring our production sites to improve production efficiency and ensure safety while also helping to improve quality and reinforce measures to promote even better safety.

4 Environmental Measures and Contributing to the Community

—Achieving Sustainable Growth “For the Community” and “Together with the Community”

As part of its business activities, the Group is working to promote decarbonization and to supply eco-friendly products. (📖 See P25-28)

New Medium-Term Management Plan KPIs

The final-year (fiscal year ending March 2026) targets for the new Medium-Term Management Plan are net sales of ¥75.0 billion, operating income of ¥6.2 billion, and an 8.3% operating income ratio.

A core initiative in the new Medium-Term Management Plan of transforming the business portfolio aims to generate fresh growth in the automation/FA and service businesses, because these are focused on growth fields and enjoy high profit margins. Regarding our press business, we are working to improve the product mix by growing sales of high-speed presses and precision forming (UL) presses, which have high profit margins and strong growth potential. Our aim is to revamp our profit structure and improve the overall operating income ratio. In parallel with these efforts, we will continue to cultivate future growth fields by developing new technologies and products as outlined in our core initiative of “Creating new added value.”

By implementing the measures outlined above, our ultimate aim is to raise corporate value by improving the price-to-book (P/B) ratio to a value of over 1.0x. The five-year targets (for fiscal year ending March 2028) are net sales of ¥77.0 billion, operating income of ¥7.7 billion, and an operating income ratio of 10%.

Medium-Term Management Plan Targets
(Fiscal Year Ending March 2024 – 2026)
Net Sales: ¥75.0 billion
Operating Income: ¥6.2 billion
Operating Income Ratio: 8.3%

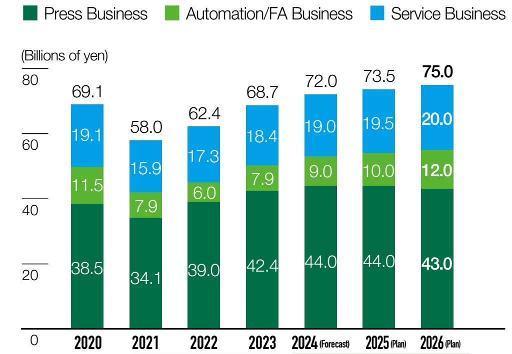
Projected P/B: 0.8 x (assuming P/E = 15x)

Long-term operating income ratio goal for fiscal year ending March 2028: 10%

Goal of P/B > 1.0 x (assuming P/E = 15x)

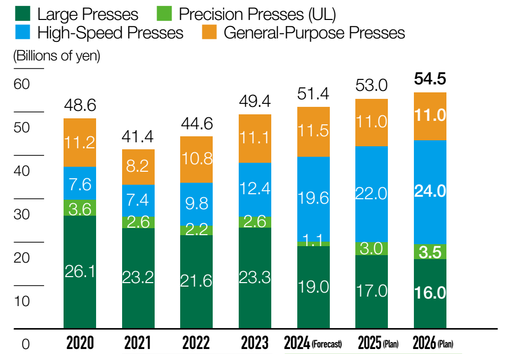
Creating Sustained Growth by Implementing Plan Strategies

Net Sales by Business



Enhancing our business portfolio by expanding our high-margin/high growth automation/FA and service businesses

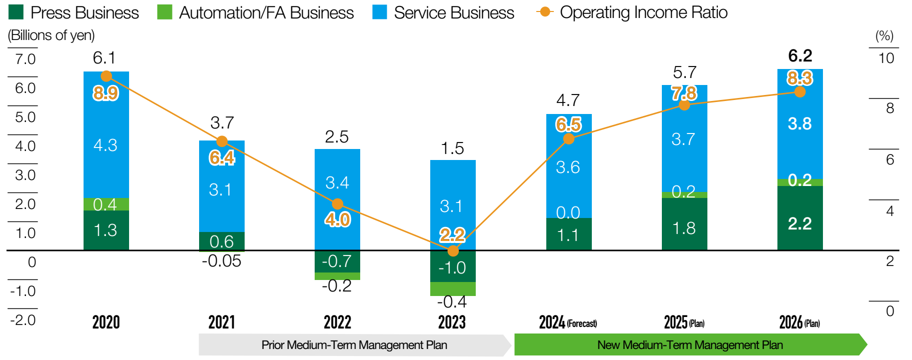
Press Sales by Model (incl. FA)



Our press business is a mixture of mature and growth fields. We will improve our press product mix by expanding sales of high-growth, high-profit, high-speed presses and precision presses.

Increasing Profit Margins by Improving Our Business Portfolio and Product Mix

Operating Income by Business



5 Capital Policies

—Emphasizing a Balance Between Strategic Investments, Investments in Human Capital, and Profit Distribution

A basic management policy of the Group is to create new value to help address the range of issues faced by our customers and society in order to realize sustained growth together with all our stakeholders, including customers, employees, suppliers, communities, business partners, investors, and shareholders.

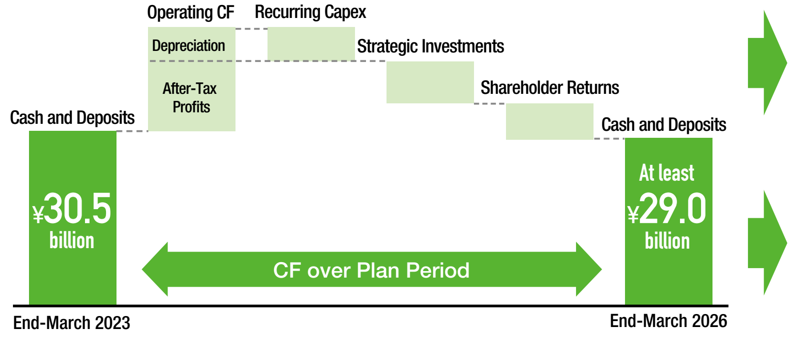
In terms of capital policies and shareholder returns, in line with the above management stance, we have instituted a policy to foster a productive balance between:

[1] Building stable management and financial foundations
[2] Using M&A and strategic investments to achieve sustainable growth
[3] Ensuring stable shareholder returns

Our policy is to maintain cash and deposits of at least ¥29 billion. Our operations need ample working capital due to the long lead times for presses from order to installation. We also expect funding needs to increase due to supply constraints for the materials and parts used in large presses that are causing ex-factory delays. We maintain working capital of approximately ¥14 billion to cope with normal quarterly commercial funding fluctuations. We also maintain an additional ¥15 billion in cash and deposits in the event of a major earthquake to cover projected production facility rebuilding costs and employee temporary absence from work compensation costs.

Any surplus cash and deposits, including operating cash flows generated during the course of the Medium-Term Management Plan, will be allocated to strategic investments in facilities and M&A, or to the financing of dividends, share buybacks, or other measures to increase shareholder returns.

Financial Strategies and Shareholder Returns



Utilize operating cash flow (CF) for strategic investments and shareholder returns

Retain cash/deposits
① To supplement working capital;
② For disaster response

Investing in Human Capital to Strengthen AIDA's Business Infrastructure

Believing that human resources represent our greatest management asset, we strive to develop human resources with the aim of having each employee attain a high degree of specialization. Based on the AIDA Group Action Guidelines, we respect every employee as an individual and have established a corporate culture to embrace talented people from various countries and regions regardless of nationality, gender, age, employment status, or physical ability.

The Three Pillars of Human Capital Investment Based on the New Medium-Term Management Plan

As part of a revamped HR system aimed at driving the transformation of our business portfolio and creating new added value under the new Medium-Term Management Plan, we are conducting in-house re-skilling programs that will shift resources into growth fields while developing people to support DX initiatives. Moreover, we are trying to enhance diversity by utilizing and recruiting more mid-career hires, women, non-Japanese, and seniors, while enabling more varied work styles to help maximize the productivity of a diverse workforce. In addition, we are promoting health management because we believe the improved health of our employees—our greatest management asset—helps to support the Group's long-term growth.

1 Manpower Development Through the New HR System

In order for the Group to make sustained contributions to society, a system for fostering enduring enthusiasm and motivation in all employees to continue working at AIDA for the long-term is essential. Introduced in July 2022, our revised HR system in Japan is designed to enable the evaluation of employees in terms of both "performance" and "conduct." We have linked compensation with evaluations to create a transparent workplace where every individual is rewarded for their efforts.

● Status of These Initiatives

Position-specific training courses and other initiatives are ongoing to help promote rapid understanding of the new HR system and to increase its effectiveness. Besides helping to entrench the new system, this training aims to enhance internal communication and create formal channels for managers to give feedback to subordinates.

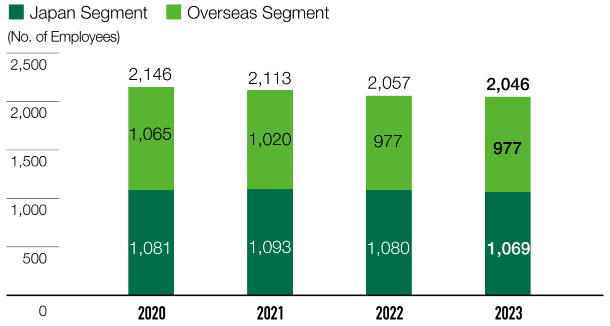
Under the plan, we are also promoting DX in our procurement, design, production, and HR systems as well as in other parts of our work infrastructure to boost productivity and support data-based visualization of operations. To realize these goals, we are undertaking programs to build digital literacy and develop personnel to promote DX initiatives.

2 Diversity and Inclusion

● Global Manpower Development

To maintain the diversity of the overall Group, the employees working at the sites operated by Group companies worldwide are typically recruited and trained locally. As of the end of March 2023, overseas segment personnel represented 47.8% of the consolidated workforce of 2,046 employees, which is nearly half of our global workforce.

Consolidated Employees by Segment



● Utilizing Mid-Career Hires and Seniors

As part of our efforts to support greater workforce diversity and create dynamic workplaces, in Japan we have a long tradition of actively targeting mid-career hires. Mid-career full-time hires represented an average of 49.0% of total recruitment at the parent company in the most recent three-year period (fiscal years ended March 2021–2023), and as of the end of March 2023, 36.8% of our managers have been recruited this way. We aim to maintain conditions conducive to this type of recruitment going forward.

In addition, we have always sought to offer work opportunities to people aged 65 and over by extending employment until the age of 70 (health permitting). We also actively seek to rehire employees after they reach the retirement age of 60, and we actively promote motivated and capable rehires as managers. As of the end of March 2023, 50.0% of the people re-hired in this way were working as managers within the Company.

● Promoting Gender Diversity

We have been hiring more women and trying to increase the proportion of female managers since the enactment of The Act on Promotion of Women's Participation and Advancement in the Workplace in Japan in April 2016. As of the end of March, this figure was just 3.9% (non-consolidated), indicating a need for further improvement. To support a better work-life balance for women having children and caring for young children, and to create a work environment that empowers women, we have instituted systems aimed at enabling more flexible work styles (including staggered shifts, working from home, shorter work days, and hourly paid leave). The percentage of female employees returning to work after maternity leave is 100%.

3 Creating Healthy and Safe Workplaces

● Health Management

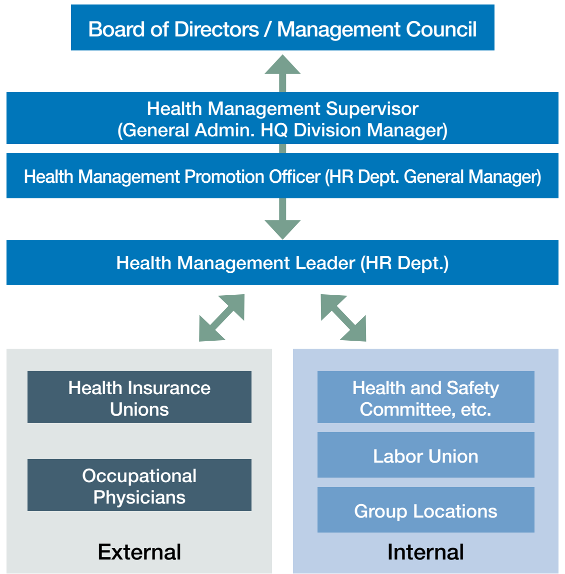
Since people are the Company's most critical management resource, we place a high priority on creating a work environment in which employees feel motivated, safe, and secure. In May 2023, we established the Health and Productivity Management Declaration to help clarify our organizational structure. We are developing a wide array of initiatives to help promote the physical and mental health of every employee and their immediate family.

The Health and Productivity Management Declaration

AIDA ENGINEERING, LTD. believes that in order to achieve its corporate philosophy of "growing as a forming systems builder and contributing to people and community" that it is important to provide a rewarding, safe, and secure environment where employees can work to their fullest potential.

AIDA ENGINEERING, LTD. also believes it is essential to further improve the mental and physical health of its employees, its greatest management resource, and declares its commitment to health and productivity management.

Organizational Structure for Implementing Health Management


Board of Directors / Management Council

Health Management Supervisor
(General Admin. HQ Division Manager)

Health Management Promotion Officer (HR Dept. General Manager)

Health Management Leader (HR Dept.)

Health Insurance Unions

Occupational Physicians

External

Health and Safety Committee, etc.

Labor Union

Group Locations

Internal

● Promotion of Employee Health (Non-Consolidated)

Regular Health Check-Ups (FY ended March 2023 compliance rate: 100%)

To support the physical and mental health of employees and encourage active participation at work, our health management program includes regular check-ups, mental health care, consultations with occupational physicians, smoking cessation campaigns, and health-promotion events. Going forward, we aim to maintain the compliance rate of employees receiving regular health check-ups at 100%.

Stress Consultations (FY ended March 2023 compliance rate: 99.7%)

Regular stress consultations enable employees to gain more detailed awareness of their stress levels and mitigate the risk of personal mental health issues. We also use the results of relevant group studies to help improve the workplace. We are targeting a 100% compliance rate with these consultations to proactively help our employees avoid mental health issues.

Mental Health Management

As part of our mental health program, we provide employees access to an in-house service as well as a mental health hotline maintained by an external institution. We also conduct regular online training for managers about mental health management in the workplace, including the prevention of various types of workplace harassment.

Employee Satisfaction Surveys

As part of our efforts to improve working conditions and our HR systems, we interview personnel (at different levels in the company) to ascertain the desires of our employees, etc.

● Occupational Health and Safety/Workplace Accidents

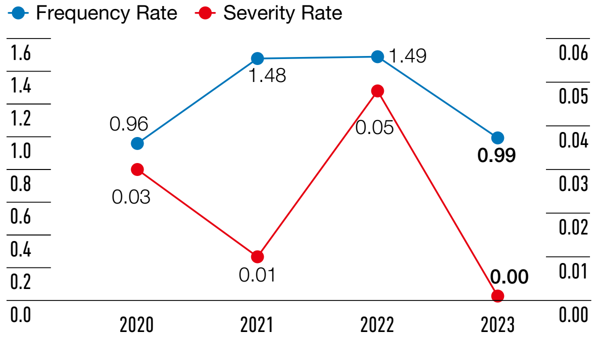
In line with the Japanese Labor Standards Act and Industrial Safety and Health Act, we have set up Health and Safety committees at each site to ensure workplace health and safety and promote safe working conditions.

Health and Safety committees meet every month to discuss health and safety-related topics such as safe working procedures, the promotion of health management, mental health programs, and traffic safety. Committee members also use these meetings to share information and propose improvements.

To help eliminate any safety hazards and prevent workplace accidents by making improvements to working conditions, safety patrols are conducted regularly by Health and Safety committee members, site supervisors, and members of the Safe Environment and Safety Monitoring sections.


Workplace Hazard Training (Mock Exercises)

Incidence of Workplace Accidents



Note 1: The frequency rate expresses the number of deaths, injuries, or serious workplace accidents (defined as necessitating at least one lost work day and involving the loss of at least one part of the body or a related loss of function) per million hours worked. Frequency Rate Equation: [Number of deaths, injuries, or serious workplace accidents] ÷ [Total working hours x 1,000,000]

Note 2: The severity rate expresses the total number of working days lost due to serious workplace accidents per thousand hours worked. Severity Rate Equation: [Total number of lost working days] ÷ [Total working hours x 1,000]

Environmental Measures & Social Contributions

—Realizing Sustained Growth ‘for’ and ‘with’ Society

Environmental measures and social contribution initiatives are core strategies in our new Medium-Term Management Plan. In addition to energy-saving initiatives and other in-house environmental measures, the Group is helping to reduce the impact on the environment by leveraging our accumulated foundation of technological and product development expertise to develop business activities in areas such as renewables, advanced energy efficiency, eco-friendly materials, and productivity gains. We aim to generate sustained growth by helping to realize a sustainable society by working ‘for’ and ‘with’ society.

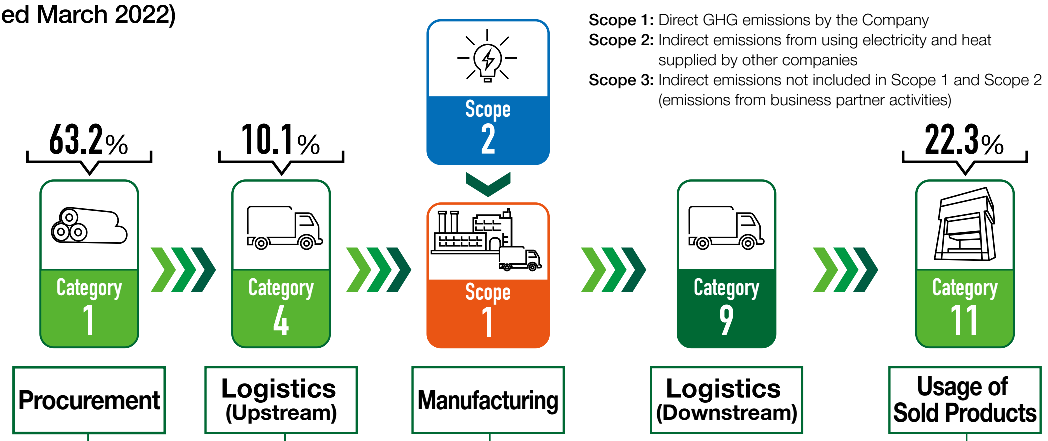
The Carbon-Neutral Initiative Policy

The AIDA Group regards environmental measures such as decarbonization, energy conservation, and resource conservation as major business opportunities, and we aim to be carbon-neutral by 2050 and we will strive to solve ESG issues and improve corporate value.

During the fiscal year ended March 2023, the AIDA Group in Japan developed ways to visualize the greenhouse gas (GHG) emissions from our entire domestic supply chain that spans procurement, manufacturing, logistics and sales. Going forward, we plan to focus on gauging and managing the GHG emissions of the entire AIDA Group so we can contribute to the achievement of a decarbonized society.

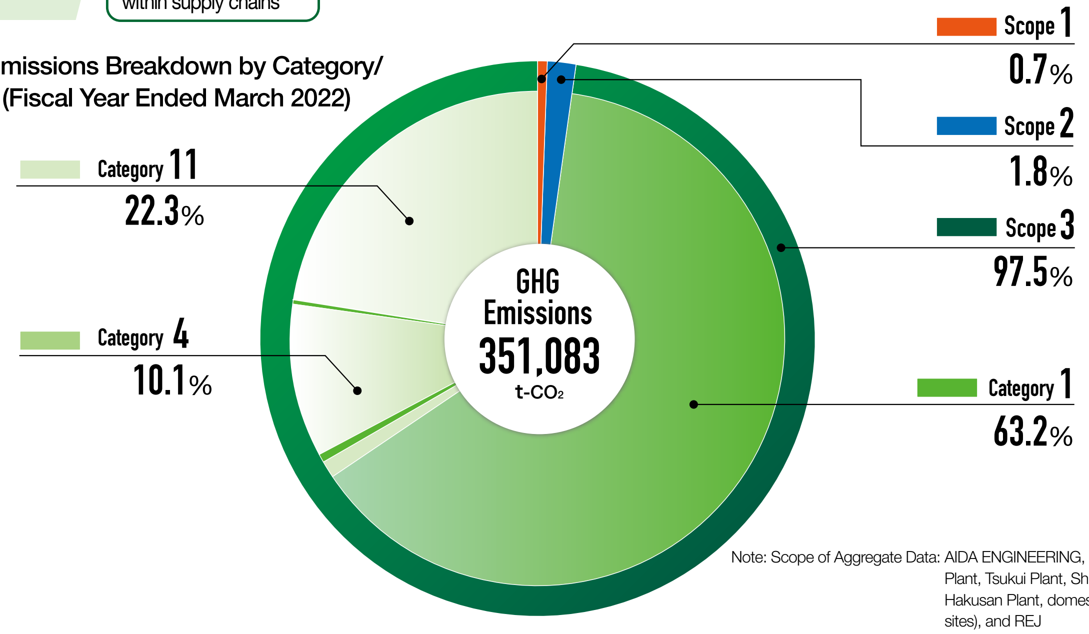
◆ Greenhouse Gas (GHG) Emissions (fiscal year ended March 2022)

Scope 1: Direct GHG emissions by the Company
Scope 2: Indirect emissions from using electricity and heat supplied by other companies
Scope 3: Indirect emissions not included in Scope 1 and Scope 2 (emissions from business partner activities)



	Procurement	Logistics (Upstream)	Manufacturing	Logistics (Downstream)	Usage of Sold Products
GHG Emissions Reduction Initiatives Across Value Chains	Revise procurement practices, shift toward eco-friendlier materials and parts while creating resilience/redundancy within supply chains	Increase efficiency by revamping products and production processes	Achieve zero-emission facilities by using renewable energy and installing energy-efficient equipment	· Provide energy/environment-related solutions · Develop products to save energy/resources/labor	

◆ GHG Emissions Breakdown by Category/Scope (Fiscal Year Ended March 2022)



Note: Scope of Aggregate Data: AIDA ENGINEERING, LTD. (HQ/Sagami Plant, Tsukui Plant, Shimokuzawa Plant, Hakusan Plant, domestic Sales/Service sites), and REJ

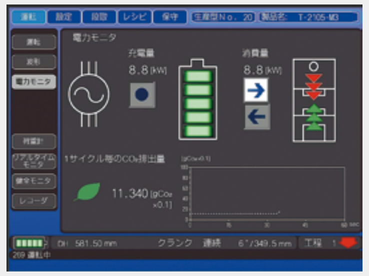
TOPICS Helping to Achieve Carbon Neutrality Through Our Products

Total GHG emissions across our supply chain in fiscal year ended March 2022 were 351,083 tons of CO_2. Scope 3 emissions from Category 11 resulting from customer usage of Company products in manufacturing activities accounted for 78,322 tons of CO_2, approximately 22% of the total.

Presses are AIDA’s flagship products, and using presses for metalforming instead of machining processes not only increases material yields and reduces scrap, it also enables high-efficiency mass production and reduces energy consumption. Moreover, we are continuing to develop new products that deliver significant energy savings compared to earlier models.

The Direct Servo Former presses pioneered by AIDA feature high-capacity capacitors in the circuit between the servo motor and the power source. These suppress peak current during forming, which helps to stabilize voltages, and they also store regenerated energy from the servo motor, thereby enabling power conservation by managing the draw from the factory power source.

The CO_2 emissions per product can also be calculated on the Power Monitor screen.

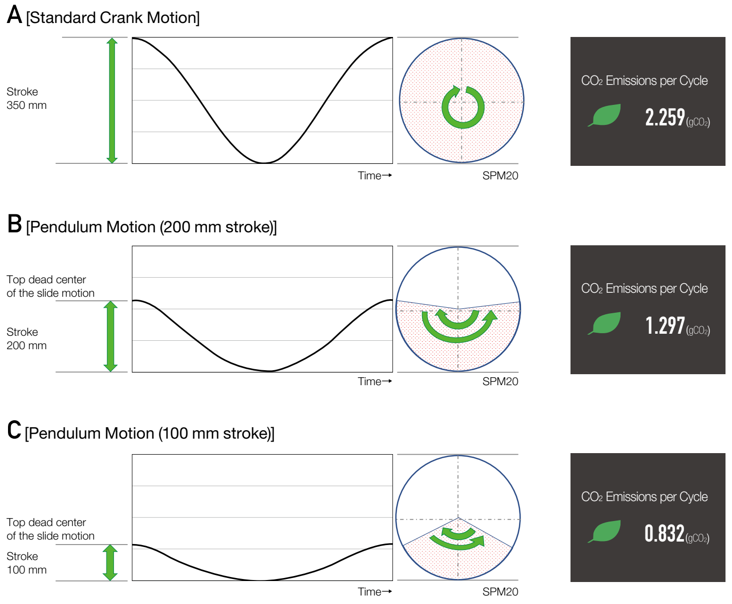


CO_2 Emissions Graph

Direct Servo Former
DSF-N2-4000A

The greatest feature of a servo press is the ability to freely program the slide motion and the forming speed to match the product using computer-based controls. This not only improves formability and increases productivity, but it also enables the press to operate in different energy-saving modes that use less power and emit less CO_2.

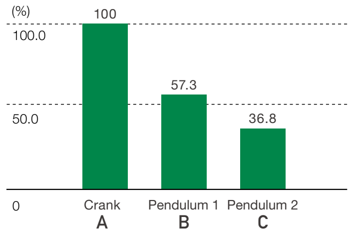
By supplying these kind of advanced press products, we are contributing to more environmentally friendly manufacturing activities. One of our key priorities is to achieve energy efficiency improvements in our products, and we will continue to strive to make further advances in this area.



Pendulum motion with its shorter stroke length is the best motion for saving energy and boosting productivity.

CO_2 Emissions per Stroke

(Crank motion baseline = 100)



	Stroke Length	Base SPM	Cycle SPM	CO_2 Emissions/ Stroke (g-CO_2)	Emissions Compared to Crank Motion
Crank A	350 mm	21	21	2.25	100.0%
Pendulum 1 B	200 mm	21	35.5	1.29	57.3%
Pendulum 2 C	100 mm	21	51.4	0.83	36.8%

Initiatives to Address Climate Change and Other External Environmental Issues That May Pose Management Risks and Offer Opportunities

We formulated the AIDA Environmental Policy to advance our environmental protection activities. In our Medium-Term Management Plan, the vision statement "As a leading company, AIDA will contribute to society by supporting efforts to protect the environment, reduce energy consumption, and develop new technologies" expresses our commitment to achieving further growth while reducing our environmental impact and developing products with superior environmental and energy-saving performance. To ensure business continuity and achieve sustainable growth, we will strive to understand the risks and opportunities associated with climate change and other environmental issues, and to disclose information based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

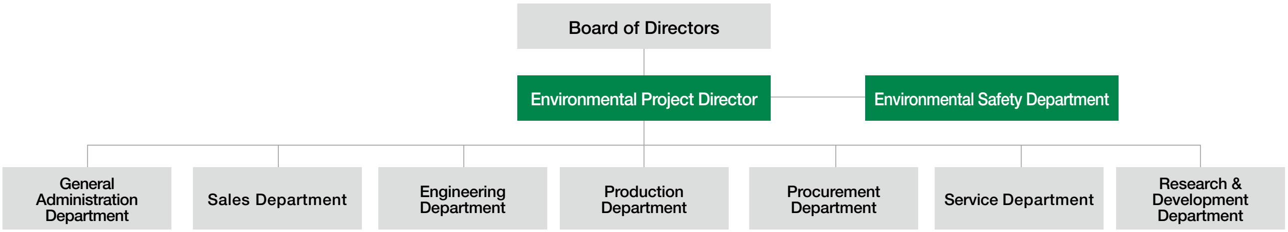
Governance

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.

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.



Strategy

Potential Risks
Physical Risks
· Extreme weather events such as floods or natural disasters could disrupt our product manufacturing operations and our supply chain, which could in turn impact our revenue and require major outlays to bring our manufacturing equipment back online.
Transition Risks
· Stricter energy efficiency regulations that apply to our products and services could result in the loss of sales opportunities if our engineering and development responses were inadequate. · Higher taxes stemming from the introduction of environmental and carbon taxes and the resulting higher product costs could impact revenue. · Alternative materials required for the electrification and weight reduction of automobiles could increase our R&D expenses related to these alternative materials, which could affect profitability. · Revised assessments of the Company due to its attitude toward climate change, etc., could lead to a decrease in corporate value.
Opportunities
· The introduction of energy-saving equipment and more efficient usage of energy in production activities could lead to cost reductions and improve product competitiveness. · As we continue to develop product technologies in response to the electrification and weight reduction of automobiles, it could lead to the development of highly competitive products that deliver better energy efficiency and productivity, which would enhance our product competitiveness. · Our ability to respond quickly to natural disasters and other calamities (by bringing machines back online and delivering consumables) using our robust service system could enhance our service response and improve trust, which could lead to more sales opportunities.

Risk Management

To address risks related to management strategies, the involved departments are analyzing the risks and reviewing countermeasures, and such items are discussed as necessary in Board of Directors meetings and Management Council meetings. We have identified climate change as one of the most critical risks for the entire company, and we plan to develop countermeasures and disclose information about physical risks and transitional risks related to laws, regulations, and markets, etc., as necessary.

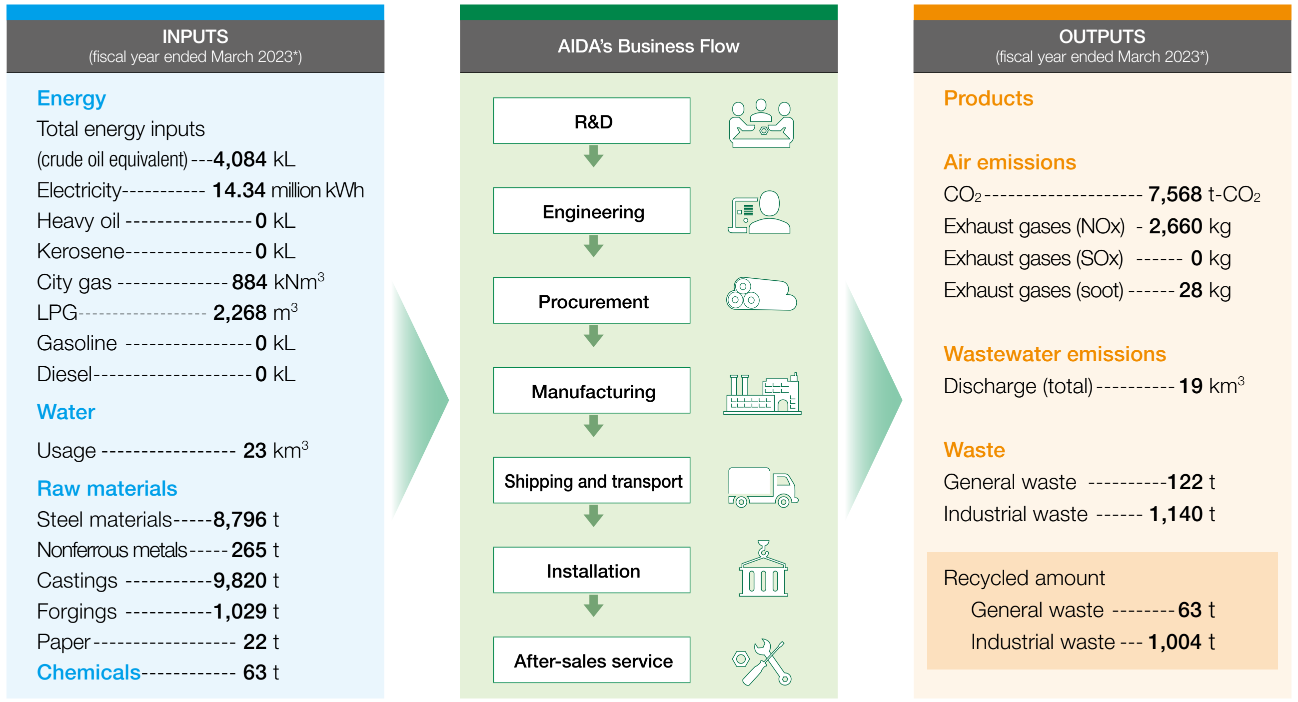
Indicators and Targets

Based on our environmental policy, we have set environmental targets that take into consideration laws, regulations, and other requirements as well as factors that can significantly affect the environment. We also strive to ensure compliance with laws and regulations, to improve our environmental protection efforts, and to develop environmentally friendly products.

Environmental Objectives	Targets for Fiscal Year Ended March 2023	Results for Fiscal Year Ended March 2023
Promote the recycling of waste materials and control waste generation (promote recycling and reuse)	● Emissions* target Sagamihara: 1,600 tons or less Hakusan: 110 tons or less ● Industrial waste recycling ratio Sagamihara: 86% or higher Hakusan: 80% or higher	● Total emissions Sagamihara: 1,161 tons; target achieved Hakusan: 101 tons; target achieved ● Industrial waste recycling ratio Sagamihara: 89%; target achieved Hakusan: 78%; target not achieved
Promote energy conservation	● Total energy usage (crude oil equivalent) Sagamihara: 4,450 kL or below Hakusan: 285 kL or below ● CO_2 emissions (carbon intensity) Sagamihara: 37 t-CO_2/¥100 million (production volume) or lower Hakusan: 12 t-CO_2/¥100 million (net sales) or lower	● Total energy usage (crude oil equivalent) Sagamihara: 3,854 kL; target achieved Hakusan: 230 kL; target achieved ● CO_2 emissions (carbon intensity) Sagamihara: 27.2 t-CO_2/¥100 million (production volume); target achieved Hakusan: 12.7 t-CO_2/¥100 million (net sales); target not achieved

* Emissions: Total emissions of general waste and industrial waste * Scope of Sagamihara Aggregate Data: HQ/Sagami Plant, Tsukui Plant, and Shimokuzawa Plant

Material Balance (Scope 1)



INPUTS
(fiscal year ended March 2023*)

Energy
Total energy inputs
(crude oil equivalent)---**4,084** kL
Electricity----------- **14.34** million kWh
Heavy oil ----------------**0** kL
Kerosene----------------**0** kL
City gas -------------- **884** kNm^3
LPG------------------ **2,268** m^3
Gasoline ----------------**0** kL
Diesel--------------------**0** kL

Water
Usage ----------------- **23** km^3

Raw materials
Steel materials-----**8,796** t
Nonferrous metals----- **265** t
Castings -----------**9,820** t
Forgings -----------**1,029** t
Paper------------------ **22** t
Chemicals------------ **63** t

OUTPUTS
(fiscal year ended March 2023*)

Products

Air emissions
CO_2------------------- **7,568** t-CO_2
Exhaust gases (NOx) - **2,660** kg
Exhaust gases (SOx) ------ **0** kg
Exhaust gases (soot) ------ **28** kg

Wastewater emissions
Discharge (total)---------- **19** km^3

Waste
General waste ----------**122** t
Industrial waste ------ **1,140** t

Recycled amount
General waste --------**63** t
Industrial waste --- **1,004** t

* Environmental impact of AIDA production processes for the fiscal year ended March 31, 2023 (rounded down to the nearest whole number)
Scope of Aggregate Data: AIDA ENGINEERING, LTD. (HQ/Sagami Plant, Tsukui Plant, Shimokuzawa Plant, and Hakusan Plant)

TOPICS AIDA Group Social Contributions

In May 2023, we sponsored the Sagamihara stage of the "Tour of Japan 2023" road race, Japan's largest such event for professional cyclists that has been dubbed the Japanese Tour de France and is a UCI-recognized event. The city of Sagamihara also hosted the cycling road race event during the Tokyo Olympics. The TOJ event witnessed a heated contest along a section of the Olympic course. We are one of the few TSO Prime Market-listed firms based in Sagamihara and we are an active local corporate citizen. We will continue to help revitalize the region and contribute to society through our sponsorship of sporting events and other activities.

Source: TOJ Organizing Committee

Corporate Governance

Basic Stance on Corporate Governance

Guided by our Group-wide corporate philosophy and management vision, the Company places top priority on having each Group company achieve sustainable and stable growth and improving corporate value. 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 to make maximum use of their respective functions, and we are constantly enhancing our corporate governance framework to support this system.

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

The Company has adopted an operating officer system since April 2001 to separate management supervisory functions and business execution functions, and strives to expedite management decision-making and clarify lines of authority and responsibility. The current management structure comprises operating officers who concurrently serve as directors, along with four outside directors (all of whom are independent directors). As a general rule, the Board of Directors convenes monthly ordinary board meetings with the President serving as the chair, and convenes extraordinary board meetings as needed, thereby performing a decision-making function for important matters mandated by law and a supervisory function for the execution of business operations.

In addition, the Management Council, which as a general rule is convened twice a month, is chaired by a person approved by the Board of Directors and is composed of operating officers and others. The Management Council deliberates and resolves important matters related to business execution based on management policies decided by the Board of Directors, and strives to achieve a consensus among management and the 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 status of business execution by the Company and Group companies. They also provide valuable advice and suggestions on the Company's management from an objective perspective.

Specific topics discussed at Board of Directors meetings in the fiscal year ended March 2023

- Sustainability initiatives (basic policy, carbon-neutral initiatives, formulation of Group policy on human rights)
- New Medium-Term Management Plan that started from the fiscal year ending March 2024
- Policy on ownership of strategic shareholdings
- Agenda items relating to strategic investments, etc.

Remuneration for Directors and Statutory Auditors

In the fiscal year ended March 31, 2023, 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			Non-Monetary Remuneration (Stock Compensation)	
		Basic Remuneration	Performance-Based Remuneration	Subtotal		
Directors (excluding outside directors)	4	132	32	164	23	188
Outside directors	3	25	—	25	—	25
Statutory auditors (all outside)	4	26	—	26	—	26

Note 1: Performance-based remuneration is the amount of provision for bonuses for directors (and other officers)

Note 2: The above remuneration includes amounts for one statutory auditor who retired at the end of the 87th General Meeting of Shareholders held on June 27, 2022.

Note 3: Amount of remuneration and decision policy for the method of calculating those amounts are disclosed in the Annual Securities Report.

Note 4: Non-monetary remuneration refers to the expense booked in the fiscal year under review based on the Board Benefit Trust (BBT) scheme, which was introduced after its approval by the 82nd General Meeting of Shareholders held on June 19, 2017.

Statutory Auditors and the Board of Auditors

The Company has adopted a statutory auditor system. In order to strengthen the functions of the Board of Auditors, it has appointed three highly independent statutory auditors (all of whom are independent auditors), one of whom also serves as a standing statutory auditor. The activities of the statutory auditors include attending 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, as well as asking questions and expressing opinions to ensure the legality and validity of the decision-making by the Board of Directors and other bodies. In addition, statutory auditors receive reports from the accounting auditor, listen to ask questions about business reports, examine important documents, and conduct on-site inspections of the operations and assets of each division at the Company, main offices, and consolidated subsidiaries in order to monitor and gain a clear understanding of the status of management operations.

The Company has built a structure to support audits performed by the statutory auditors by assigning staff from the Internal Control Audit Office, the Finance & Accounting Department, and other administrative divisions.

Specific topics discussed at Board of Auditors meetings in the fiscal year ended March 2023

- Formulation of audit plans; compilation of audit reports
- Determination of the appropriateness of the accounting audit and the appointment of accounting auditors, etc.
- Verification of resolutions and reported items from important meetings
- Verification of the status and operation of the internal control systems
- Status report of internal audits
- Reviews of non-warranty work that was provided
- Analysis/review of statutory auditor remuneration
- Other statutory matters, etc.

Evaluation of the Effectiveness of the Board of Directors

To help improve the effectiveness of the Board of Directors, the Company evaluates and analyzes their effectiveness by administering self-evaluation questionnaires to all directors and statutory auditors, including outside directors. We utilize the results of the questionnaires to analyze the situation and identify issues, which provides a basis for improving how the Board of Directors operates.

The review conducted in the fiscal year ended 2023 found no significant issues relating to the effectiveness of the Board of Directors, and supported the conclusion that it operates effectively. However, the review highlighted areas where we can continue to improve, including (1) distribution of explanatory materials prior to discussions of significant items, and (2) calls for increased opportunities to discuss and exchange opinions with outside directors relating to topics such as growth investments and medium/long-term management issues.

Overview of the Status of the 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 countermeasures as necessary. In the fiscal year under review, the Board of Directors and Management Council were convened 12 times and 20 times respectively. In addition, each business division takes the lead in addressing risks related to day-to-day operations. And by means of various cross-Group committees, each business division also appropriately addresses risks related to issues like safety, environment, disaster prevention, quality, compliance, export regulatory control, and product liability.

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 and the status of updates on initiatives to the Board of Directors and the Management Council, and also shares the details of the Management Council meetings held regularly at each Group company with the management team at the Company. Moreover, at the AIDA Global Business Plan Meetings held twice a year, top management from the Company and each Group company within Japan and overseas gather to report their progress in achieving performance targets. 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.

History of Strengthening Corporate Governance

2001– Stage 1 Institution of Corporate Governance Framework
- Adopted an operating officer system
- Appointed one outside director
- Formulated Action Guidelines
- Shortened directors' terms from two years to one year

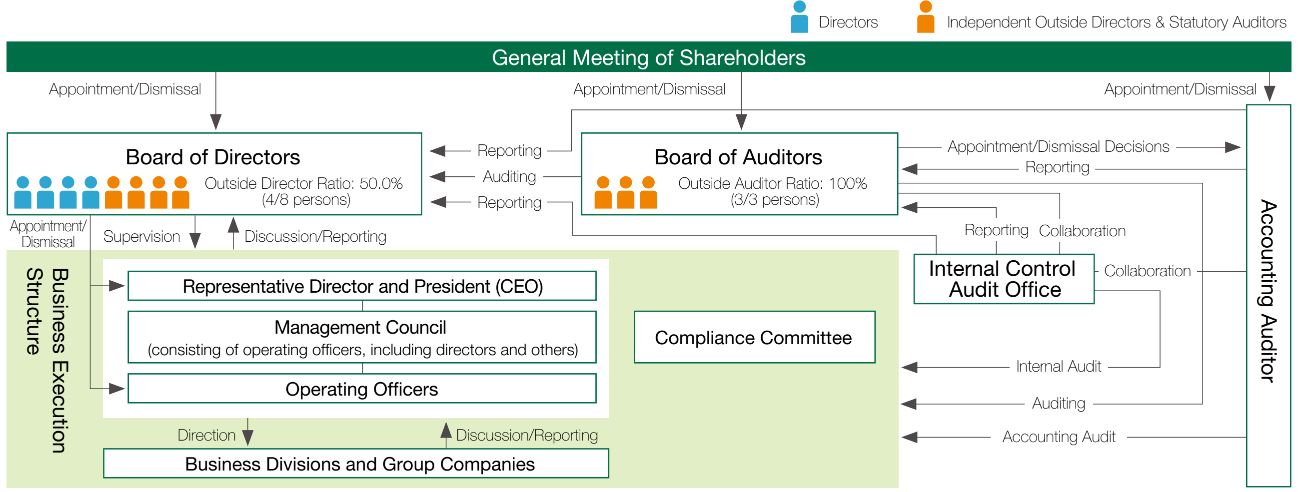
2006– Stage 2 Improved Management Transparency/Objectivity
- Established the Internal Control Audit Office
- Formulated a basic policy for the establishment of an internal control system
- Abolished an executive retirement benefits plan and adopted a stock compensation plan for directors
- Established a system with two outside directors
- Secured independent officers and issued disclosures
- Appointed one foreign director

2015– Stage 3 Further Gains in Effectiveness
- Addressed the Corporate Governance Code
- Began evaluating the effectiveness of the Board of Directors
- Reevaluated the stock compensation plan for directors
- Established a system with three outside directors Increased proportion of outside directors to at least 1/3
- Disclosed the director skill matrix

2023– Stage 4 Responding to Even Further Governance Requirements
- Number of outside directors increased from three to four
- Minimum ratio of outside directors increased from 1/3 to 50%
- Appointment of a female outside director

2001 2006 2015 2023

Corporate Governance Structure (as of June 27, 2023)



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

Compliance

To ensure legal compliance and high ethical standards in the conduct of its business, the Company formulated the AIDA Corporate Philosophy, the AIDA Group Action Guidelines, the Sustainability Policy, and the AIDA Group Human Rights Policy. Our Group Action policy states that AIDA will respect the dignity and basic human rights of all stakeholders and create a corporate culture imbued with respect for mankind. We distribute relevant language versions of the AIDA Corporate Philosophy, the Sustainability Basic Policy and the AIDA Group Action Guidelines to domestic and overseas Group companies to ensure they are fully understood.

Compliance Framework

The Company 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. The Company also has 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 then issue directions. Meanwhile, the Internal Control Audit Office conducts various types of internal training to help ensure that all Group employees fully understand the AIDA Corporate Philosophy, the AIDA Group Action Guidelines, and the AIDA Group Compliance Hotline.

* A system for reporting compliance violations that have occurred or may occur—including legal actions 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 divisions, which also consider countermeasures. These matters are also discussed by the Board of Directors and Management Council as necessary. Risks related to daily operations are addressed by the respective business divisions based on the nature of the risk. We also have a flexible management system in place to help develop responses based on the degree of operational impact, including committees for health and safety, product liability, export controls, and risk assessment promotion, and there are also other cross-functional committees as well as specific project teams. For managing crises such as natural disasters, we have established a business continuity management manual and business continuity plan.

Information Security Initiatives

The Company formulates and implements regulations such as the Document Management Regulations, the Corporate Secrets Management Regulations and AIDA Information Network System Management Regulations as measures to prevent the leakage of information from inside the Company. In addition to managing software used in daily operations and monitoring and restricting internet access, the Company utilizes software to monitor computers for viruses, unauthorized access, and other issues. It also oversees remote access to the Company's internal systems from overseas Group companies.

As part of its IT audit, the Company also verifies the status of anti-virus countermeasures implemented at major Group companies at least once a year, and also assures that security and information management systems are in place. The Company has advanced technological assets, and any technology or intellectual property leaks, or any infringement of intellectual property rights, could threaten its fundamental management foundation. For that reason, the Company protects technical information by restricting employee access to confidential drawing data, and when third parties require access to such information, a non-disclosure agreement is concluded beforehand. Moreover, all drawing data is encrypted to prevent it from being viewed on external devices. In addition, the Company actively seeks to obtain patents in Japan and overseas in order to protect intellectual property.

As described above, the Company has information security measures in place and works meticulously to protect technical information and intellectual property rights to support the advancement of business strategies.

Rationale for the Composition of the Board of Directors

To ensure there is adequate discussion while enabling prompt and rational decision-making, the Company has set the appropriate number of directors at no more than eleven. Furthermore, in line with the basic policy of having a diverse mix of experience, knowledge and expertise on the Board, multiple outside directors are appointed to support proper decision-making and strengthen the Board's supervisory functions. In its current composition, the Board includes several outside directors with business experience from other companies. We have also appointed non-Japanese or other directors with international experience, as well as statutory auditors with specialist knowledge from a financial/legal background gained in financial institutions or legal firms. To ensure a range of perspectives from a gender viewpoint, we also appointed our first female outside director in June 2023. We remain committed to maintaining and strengthening Board diversity going forward.

Board of Directors


Kimikazu Aida
Representative Director and Chairman


Toshihiko Suzuki
Representative Director and President (CEO)


Hiromitsu Ugawa
Director, Managing Executive Officer


Yap Teck Meng
Director, Operating Officer


Hirofumi Gomi
Outside Director (Independent)


Mikio Mochizuki
Outside Director (Independent)


Isao Iguchi
Outside Director (Independent)


Kiyoe Kado
Outside Director (Independent)

Reasons for the appointment of each director were provided in the Notice of the 88th Ordinary General Meeting of Shareholders. https://www.aida.co.jp/en/ir/event/index.html#anc03

Director Skill Matrix

Name			Main Fields of Specialized Experience and Expected Contributions							
			Corporate Management	Finance & Accounting	Risk Management/ Legal Affairs/ Compliance	International Operations	Sales & Marketing	Technology & Research and Development	IT & DX	Personnel Affairs & Human Resource Development
Inside	Kimikazu Aida	Male	○			○	○	○		
	Toshihiko Suzuki	Male	○		○		○	○	○	
	Hiromitsu Ugawa	Male		○	○	○				○
	Yap Teck Meng	Male				○	○			
Outside	Hirofumi Gomi	Male Ind.	○	○	○					
	Mikio Mochizuki	Male Ind.		○	○	○				
	Isao Iguchi	Male Ind.					○		○	
	Kiyoe Kado	Female Ind.			○					○

Note 1: "Risk Management/Legal Affairs/Compliance" includes the perspective of product liability (PL).
Note 2: The chart above shows fields in which the directors are particularly expected to make contributions to the Company's management, and does not illustrate all the skills and specialized knowledge that each director possesses.

Statutory Auditors


Junichiro Hiratsuka
Outside Standing Statutory Auditor (Independent)


Fusakazu Kondo
Outside Statutory Auditor (Independent)


Noriyuki Katayama
Outside Statutory Auditor (Independent)

Operating Officers

(Those concurrently serving as directors are listed above)

Managing Executive Officer	Tsukasa Kitano	Division Manager, Sales Headquarters
Managing Executive Officer	Yoshinori Ozaki	Division Manager, Service Headquarters Division Manager, Production Headquarters
Executive Officer	Naoki Nakatsuka	Deputy Division Manager, Sales Headquarters Deputy Division Manager, Production Headquarters (Procurement)
Executive Officer	Yoshiharu Hashimukai	Deputy Division Manager, Research and Development Headquarters Deputy Division Manager, Production Headquarters (Engineering)
Operating Officer	Koji Okurano	Deputy Division Manager, Production Headquarters (Production)
Operating Officer	Takashi Koshimizu	Deputy Division Manager, Production Headquarters (Engineering)
Operating Officer	Junichi Yonaiyama	President, AIDA S.r.l

For the career histories of directors and statutory auditors, please refer to the Annual Securities Report. https://www.aida.co.jp/ir/annual_securities_report_202303_J.pdf (Japanese)

Message from an Outside Director

While the COVID-19 pandemic that started in 2020 has largely run its course, it is not the only difficult issue we have faced in recent years. Amid heightened global geopolitical risks, we have faced semiconductor shortages, rapidly rising material and transport costs, and supply chain adjustments. The Group has been significantly affected by these issues over the past three years. The Board has received reports from the executive side on how they are dealing with these issues, so we have been able to ascertain the facts as we engage in conversations with Board members and executives.

The spirited exchanges of views within the Board help ensure management transparency and we provide advice where necessary, and thus the Board is regarded as being highly effective. The gender diversity of the Board has also improved in the fiscal year ending March 2024 with the election of a female outside director, who I am sure will provide another fresh perspective.

In a history spanning more than a century, the Group has continually developed products to meet the evolving needs of its customers and society with a mindset of rising to meet challenges and leveraging its advanced technical expertise. Amid the increasing shift towards the electrification of automobiles, we have developed new high-speed precision presses for the global market. Today, as society moves toward decarbonization, we are looking to create sustained growth from this ongoing trend. To reach this goal, the Group must develop human resources with advanced abilities in DX and AI, and in managing the Group's global business. At the same time, I think it is vital for the Group to maintain the internal control system needed for free and open debate. As a director, I will try to ensure that the Board is able to continue to seriously discuss with management how best to increase the Group's corporate and social value.


Mikio Mochizuki
Outside Director

Activity Status of Outside Directors and Outside Statutory Auditors

Independent Outside Directors

Name	Attendance at Board of Directors Meetings	Board Activity
Hirofumi Gomi	100% 12/12 times	As the former Commissioner of the Financial Services Agency, Mr. Gomi brings a wealth of experience and advanced expertise to his role as Outside Director. He also possesses extensive corporate management experience from chairing the Board of a private-sector financial institution and working as an outside director at other companies. Attending all important meetings of the Board of Directors and the Management Council, and operating from an independent and objective viewpoint, he provides oversight, advice and recommendations when appropriate in relation to the Company's execution of business operations.
Mikio Mochizuki	100% 12/12 times	From his earlier career at a major manufacturer of heavy equipment, Mr. Mochizuki brings a wealth of experience and broad knowledge to his role as Outside Director, including industrial machinery business experience. He also has experience working as an outside director at other companies. Attending all important meetings of the Board of Directors and Management Council, and operating from an independent and objective viewpoint, he provides oversight, advice and recommendations when appropriate in relation to the Company's execution of business operations.
Isao Iguchi	100% 12/12 times	From his earlier career at a top manufacturer of electrical equipment, Mr. Iguchi brings a wealth of experience and wide-ranging knowledge to his role as Outside Director, including automation and factory automation business experience. Attending all important meetings of the Board of Directors and Management Council, and operating from an independent and objective viewpoint, he provides oversight, advice and recommendations when appropriate in relation to the Company's execution of business operations.

Independent Outside Statutory Auditors

Name	Attendance at Board of Directors Meetings	Attendance at Board of Auditors Meetings	Board Activity
Junichiro Hiratsuka	100% 9/9 times*	100% 9/9 times*	Mr. Hiratsuka brings a wealth of experience and broad financial knowledge to his role as Outside Statutory Auditor, including international experience at a top financial institution and experience in corporate audits and operational audits. His daily duties include exchanging opinions on management issues with directors, holding discussions with managers, and exchanging information with the Accounting Auditor. Operating from an independent and objective viewpoint, he is actively involved in evaluating the situation at the Company and at Group companies, and in routinely expressing opinions on issues and other matters to management on a regular basis. In addition, in cooperation with other statutory auditors, he conducts appropriate audits of the Company's management in accordance with the internal audit policy.
Fusakazu Kondo	92% 11/12 times	91% 10/11 times	Mr. Kondo brings a wealth of experience and knowledge to his role as Outside Statutory Auditor, including experience in financial operations from his earlier career at a life insurance company and his involvement in corporate auditing operations as a standing statutory auditor and as a member of audit-related committees. Attending all important meetings of the Board of Directors and Management Council, and operating from an independent and objective viewpoint, he seeks to assure the appropriateness and suitability of the Company's decision-making by actively asking questions and expressing opinions. In addition, in cooperation with other statutory auditors, he conducts appropriate audits of the Company's management in accordance with the internal audit policy.
Noriyuki Katayama	100% 12/12 times	100% 11/11 times	Based on his extensive career as a commercial lawyer and his management experience as an outside director at other companies, Mr. Katayama brings a wealth of experience and advanced expertise to his role as Outside Statutory Auditor. Attending all important meetings of the Board of Directors and Management Council, and operating from an independent and objective viewpoint, he seeks to assure the appropriateness and suitability of the Company's decision-making by actively asking questions and expressing opinions. In addition, cooperating with other statutory auditors, he conducts appropriate audits of the Company's management in accordance with the internal audit policy.

* Junichiro Hiratsuka assumed his position as an Outside Statutory Auditor after his appointment was approved during the 87th Ordinary General Meeting of Shareholders held in June 2022. He has attended every meeting of the Board of Directors and the Board of Auditors since he began serving in this position.

Introduction of Our Newly Appointed Outside Director

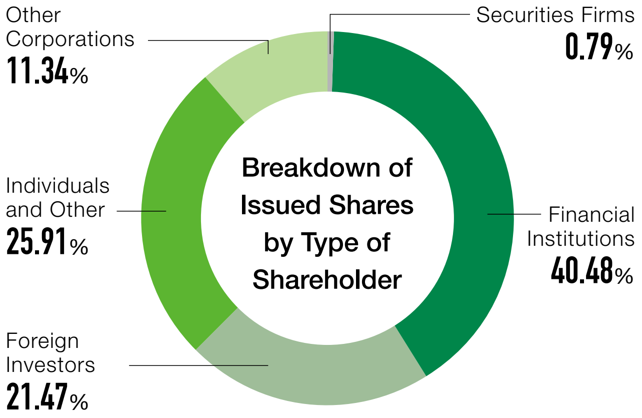
Kiyoe Kado	Together with her involvement in civil law research, Ms. Kado has a wealth of experience and expertise as a legal specialist in fields such as corporate law, financial law, and general business law. She has also gained management experience from working as an outside director at other companies. This experience is expected to serve her well in supervising the Company's management from an independent and objective viewpoint. She began serving as an Outside Director after her appointment was approved during the 88th Ordinary General Meeting of Shareholders held in June 2023.

Stock Information

As of March 31, 2023

Securities Code	6118
Stock Listing	Tokyo Stock Exchange, Prime Market
Number of Shares Authorized	188,149,000
Number of Shares Issued	69,448,421
Number of Shares of Treasury Stock	9,736,558[*]
Number of Shares per Trading Unit	100
Number of Shareholders	7,582
Shareholder Registry Administrator	Mizuho Trust & Banking Co., Ltd.

* Number of shares of treasury stock includes 4,335,948 shares of treasury stock held by Custody Bank of Japan, Ltd. (Trust Account E) in a re-entrustment related to a J-ESOP (Japanese Employee Stock Ownership Plan) and BBT (Board Benefit Trust).



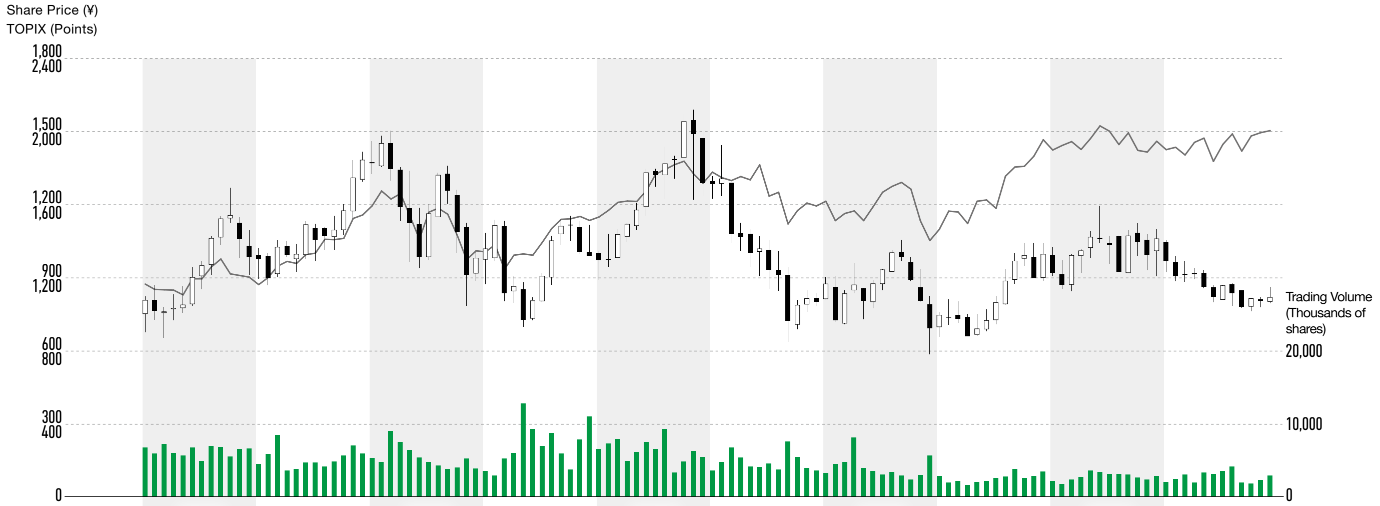
Major Shareholders (Top 10)[*1]

Name of Shareholders	Number of Shares Held (Thousands)	Percentage of Total Issued Shares (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	7,467	11.66
Custody Bank of Japan, Ltd. (Trust Account E)[*2]	4,335	6.77
Custody Bank of Japan, Ltd. (Trust Account)	4,149	6.48
The Dai-ichi Life Insurance Company, Limited	3,220	5.03
Nippon Life Insurance Company	2,587	4.04
Meiji Yasuda Life Insurance Company	2,516	3.93
JP MORGAN CHASE BANK 385632	2,211	3.45
Mizuho Bank, Ltd.	2,179	3.40
GOVERNMENT OF NORWAY	1,793	2.80
AIDA ENGINEERING Trading-Partner Shareholding Association	1,569	2.45

*1 Although the Company holds 5,400,610 shares of treasury stock, it is excluded from the major shareholders listed above. Ownership percentages are based on 64,047,811 shares, the total number of issued and outstanding shares, less treasury stock.

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

Share Price and Trading Volume



	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3
High (¥)	1,266	1,413	1,500	1,151	1,586	1,441	1,053	1,040	1,192	1,051
Low (¥)	651	867	783	696	889	635	584	656	842	760
At Year-End (¥)	982	1,380	978	988	1,286	798	691	994	1,057	817

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

11-Year Consolidated Financial Summary

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

										Millions of yen	% change
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	**2023**	2022 vs. 2023
Orders, Net Sales, and Income												
Orders	¥ 73,033	¥ 76,670	¥ 70,256	¥ 75,474	¥ 62,655	¥ 83,143	¥ 75,694	¥ 62,326	¥ 52,708	¥ 78,357	**¥ 83,994**	7.2
Net sales	57,812	69,594	76,897	75,529	67,547	73,856	84,082	69,159	58,099	62,466	**68,795**	10.1
Cost of sales	46,393	54,617	59,650	57,544	51,761	57,926	68,851	53,966	45,747	51,574	**57,168**	10.8
Selling, general and administrative expenses	7,657	8,656	9,383	9,947	9,168	9,617	9,669	9,019	8,629	8,386	**10,087**	20.3
Operating income	3,760	6,320	7,863	8,037	6,617	6,312	5,561	6,173	3,722	2,505	**1,540**	(38.5)
Income before income taxes	4,019	6,584	8,543	8,329	6,754	6,639	5,785	6,242	2,845	1,753	**1,964**	12.0
Income taxes	211	1,456	2,337	2,546	1,769	1,810	1,092	2,143	1,492	848	**668**	(21.2)
Net income attributable to owners of parent	3,808	5,127	6,205	5,782	4,985	4,786	4,634	4,022	1,316	896	**1,295**	44.5
Profitability Ratio												
Operating income ratio	6.5%	9.1%	10.2%	10.6%	9.8%	8.5%	6.6%	8.9%	6.4%	4.0%	**2.2%**	—
Total Assets, Total Net Assets and Interest-Bearing Debt												
Total assets	¥ 82,118	¥ 91,830	¥ 105,126	¥ 100,609	¥ 101,683	¥ 116,108	¥ 111,564	¥ 104,114	¥ 107,787	¥ 113,933	**¥ 116,287**	2.1
Total net assets	52,990	59,655	67,254	68,758	70,834	75,924	77,206	74,840	77,505	78,664	**78,043**	(0.8)
Total interest-bearing debt	1,500	2,491	1,891	4,663	4,470	4,111	3,991	4,491	2,797	2,594	**2,082**	(19.7)
Shareholders' equity ratio	64.4%	64.8%	63.8%	68.2%	69.5%	64.8%	68.5%	71.1%	71.2%	68.4%	**67.0%**	—
Capital Expenditures, Depreciation and Amortization and R&D Expenditures												
Capital expenditures	¥ 1,555	¥ 3,117	¥ 1,958	¥ 4,654	¥ 2,093	¥ 2,434	¥ 2,867	¥ 939	¥ 597	¥ 1,839	**¥ 2,801**	52.3
Depreciation and amortization	1,362	1,548	1,712	1,995	1,961	2,061	2,142	2,146	2,048	1,833	**1,847**	0.8
R&D expenditures	1,008	1,076	1,345	1,237	1,197	1,036	1,067	1,140	996	1,250	**1,076**	(13.9)
Return Indicators												
Return on equity (ROE)	7.6%	9.1%	9.8%	8.5%	7.2%	6.6%	6.1%	5.3%	1.7%	1.2%	**1.7%**	—
Return on assets (ROA)	5.0%	5.9%	6.3%	5.6%	4.9%	4.4%	4.1%	3.7%	1.2%	0.8%	**1.1%**	—
Cash Flows												
Cash flows from operating activities	¥ 5,938	¥ 5,978	¥ 5,100	¥ 6,596	¥ 2,400	¥ 12,714	¥ 2,821	¥ 3,908	¥ 7,263	¥ 5,905	**¥ (1,129)**	—
Cash flows from investing activities	(1,277)	(3,254)	(1,237)	(5,655)	(3,118)	(3,789)	(1,650)	(1,091)	(1,921)	(2,828)	**(1,884)**	—
Free cash flow	4,660	2,723	3,863	941	(718)	8,924	1,171	2,817	5,341	3,077	**(3,014)**	—
Cash flows from financing activities	(1,446)	26	(2,077)	915	(1,954)	(3,668)	(1,956)	(3,377)	(3,770)	(1,533)	**(2,166)**	—
Cash and cash equivalents at the end of the year	22,281	26,038	29,958	29,524	25,572	31,721	30,633	28,710	31,700	35,030	**30,508**	(12.9)

										Yen	% change
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	**2023**	2022 vs. 2023
Per Share Data												
Net income	¥ 62.74	¥ 83.95	¥ 100.99	¥ 93.78	¥ 80.82	¥ 77.59	¥ 75.10	¥ 66.88	¥ 22.07	¥ 15.02	**¥ 21.70**	44.5
Cash dividends	19.00	25.00	30.00	30.00	40.00	30.00	30.00	30.00	20.00	25.00	**30.00**	20.0
Net assets	868.33	969.35	1,088.96	1,112.51	1,145.74	1,219.02	1,238.41	1,243.15	1,285.38	1,304.89	**1,305.47**	0.0
Stock Information (at Year-End)												
Stock price	¥ 756	¥ 982	¥ 1,380	¥ 978	¥ 988	¥ 1,286	¥ 798	¥ 691	¥ 994	¥ 1,057	**¥ 817**	(22.7)
Market capitalization (millions of yen)	59,835	77,722	101,633	72,027	72,763	94,710	57,174	47,988	69,031	73,406	**56,739**	(22.7)
Number of shares issued (shares)	79,147,321	79,147,321	73,647,321	73,647,321	73,647,321	73,647,321	71,647,321	69,448,421	69,448,421	69,448,421	**69,448,421**	—
Other Data												
Number of employees	1,647	1,728	1,818	1,951	1,950	2,201	2,202	2,146	2,113	2,057	**2,046**	(0.5)

Note 1: Amounts presented from the year ended March 31, 2013 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).
Note 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."

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

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

Orders, Net Sales and Earnings

In the fiscal year ended March 31, 2023, the global economy was recovering as progress was made towards normalization from COVID-19, but remained in a slowdown phase due to the impacts of persistently high inflation, prolongation of the conflict between Russia and Ukraine, energy shortages, shortages of semiconductors affecting the automotive sector, and other factors. Going forward, the outlook remains uncertain due to further downward pressure on the economy stemming from monetary tightening and concerns about geopolitical risks such as U.S.-China tensions. In the metalforming machinery industry, the Japan Forming Machinery Association reported that orders for presses received in the fiscal year under review increased 7.0% year on year to ¥153.3 billion, reflecting robust domestic demand.

Under these conditions, orders received by AIDA ENGINEERING, LTD. (the "Company") and its Group companies (collectively, the "Group") in the fiscal year ended March 31, 2023 reached a record high of ¥83.9 billion, up 7.2% year on year, supported by increased demand related to electric vehicles, and the order backlog as of March 31, 2023 also hit a new record of ¥70.3 billion, up 27.6% from the end of the previous fiscal year. Net sales rose 10.1% year on year to ¥68.7 billion, mainly due to increased demand related to electric vehicles and the impact of foreign exchange rates. In terms of profit, operating income declined 38.5% to ¥1.5 billion and ordinary income declined 29.7% to ¥1.7 billion due to factors negatively impacted by sharply higher material, outsourcing, and transport costs, and the posting of an allowance for doubtful accounts. However, net income attributable to owners of parent was ¥1.2 billion, up 44.5% year on year, due to factors such as the elimination of impairment losses at an overseas subsidiary and losses resulting from decreased production due to COVID-19 recorded in the previous fiscal year, as well as gains on the sale of cross-shareholdings and gains on the liquidation of an overseas subsidiary in the fiscal year ended March 31, 2023.

The Group's basic policy regarding shareholder returns is to provide stable shareholder returns by aiming for a consolidated dividend payout ratio of 40% or higher while taking into consideration the need to ensure the stability of our management and financial foundations and our strategic investments for sustainable growth, which is consistent with our management policy of growing together with our stakeholders. Prioritizing the maintaining of a stable dividend, the Group declared an ordinary dividend of ¥30 per share for the fiscal year ended March 31, 2023 (equivalent to a consolidated payout ratio of 138.3%).

Segment Analysis

Results by Business Segment

Presses

Orders in this segment grew 7.4% to ¥64.3 billion, supported by robust demand relating to electric vehicles. Supplementing the growth from EV-related demand, currency movements helped segment sales to increase 11.3% to ¥49.4 billion.

Service (Press-Related)

Overseas subsidiaries reported a high level of activity in press-related service, except in China due to the impact of COVID lockdowns. Orders in this segment increased 11.5% to ¥14.8 billion, while segment sales rose 10.8% to ¥15.3 billion.

Others (REJ Co., Ltd.)

Reflecting a shortage of electronic components and other factors at REJ, orders declined 6.2% to ¥4.8 billion and segment sales fell 5.0% to ¥3.9 billion.

Results by Geographic Segment

Japan

Net sales in Japan increased 9.1% to ¥41.6 billion due to strong sales of presses. However, segment profit fell 43.2% to ¥455 million due to the negative impact of higher raw material costs and other factors on gross margins.

China

Higher sales of mid-size and small presses drove the 24.5% increase in sales in China to ¥11.0 billion. However, the segment posted a loss of ¥149 million (compared with segment profit of ¥741 million in the prior fiscal year) due to the posting of an allowance for doubtful accounts.

Asia

Net sales in Asia rose 39.6% to ¥10.6 billion due to higher sales of presses and related services and the effects of a weaker yen. Segment profit rose 22.0% to ¥909 million.

The Americas

Net sales in the Americas rose 21.1% to ¥16.7 billion due to higher press-related service sales and the effects of a weaker yen. However, segment profit only grew 6.2% to ¥286 million due to sharp increases in raw materials and outsourcing, and other costs, which negatively affected gross margins.

Europe

Net sales in Europe increased 1.6% to ¥12.8 billion due to higher press-related service sales and the effects of a weaker yen. Reflecting an improvement in the gross margin, segment profit increased 104.9% to ¥227 million.

Financial Position

Analysis of Financial Position

Total assets as of March 31, 2023 were ¥116.2 billion, an increase of ¥2.3 billion compared with the previous fiscal year-end. This is attributable to a ¥4.5 billion decrease in cash and deposits, a ¥4.7 billion increase in trade receivables (including notes and accounts receivable — trade, and contract assets) and electronically recorded monetary claims — operating, a ¥4.2 billion increase in inventories, a ¥1.2 billion decrease in investment securities, and a ¥1.3 billion decrease in insurance funds.

Total liabilities were ¥38.2 billion, an increase of ¥2.9 billion compared with the previous fiscal year-end. This principally reflected an increase in contract liabilities of ¥3.3 billion.

Net assets declined by ¥620 million compared with the prior fiscal year-end, to ¥78.0 billion. As a result, the shareholders' equity ratio as of the fiscal year-end was 67.0%.

Cash Flow

The balance of cash and cash equivalents as of March 31, 2023, was ¥30.5 billion, a decrease of ¥4.5 billion compared with the previous fiscal year-end.

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

(i) Cash flows from operating activities

Net cash used in operating activities was ¥1.1 billion (compared with a net cash inflow of ¥5.9 billion in the previous fiscal year). The principal factors in terms of cash inflows were income before income taxes of ¥1.9 billion, and depreciation of ¥1.8 billion; and, in terms of cash outflows, an increase in trade receivables of ¥1.2 billion, and an increase in inventories of ¥3.3 billion.

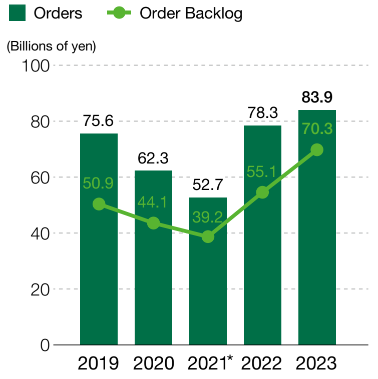
(ii) Cash flows from investing activities

Net cash used in investing activities was ¥1.8 billion, compared with ¥2.8 billion in the previous fiscal year. This mainly reflected the cash outflow of ¥2.3 billion from property, factory, equipment, and intangible asset purchases.

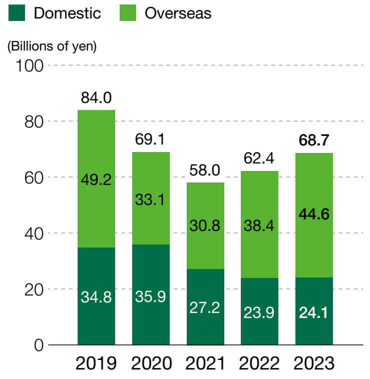
(iii) Cash flows from financing activities

Net cash used in financing activities was ¥2.1 billion, compared with ¥1.5 billion in the previous fiscal year. This mainly reflected the cash outflow of ¥1.6 billion due to the payment of cash dividends.

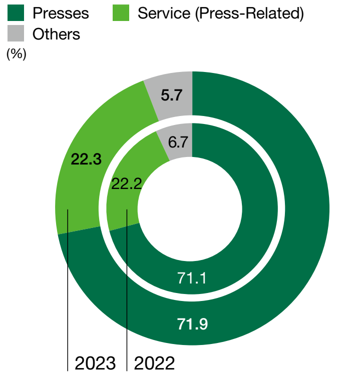
Orders/Order Backlog



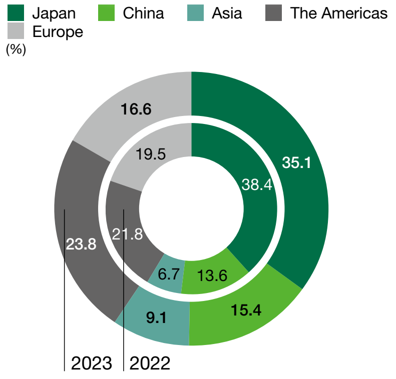
Net Sales



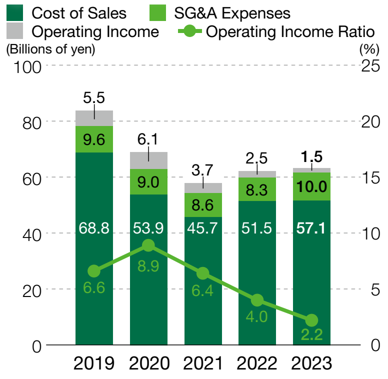
Net Sales Ratio by Business Segment



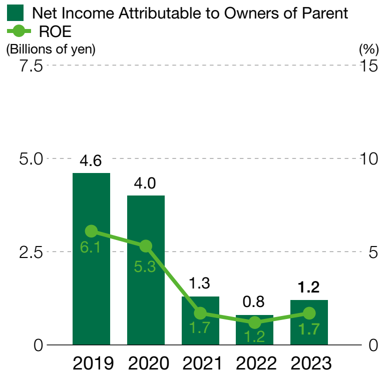
Net Sales Ratio by Geographic Segment (to External Customers)



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



Net Income Attributable to Owners of Parent/ROE



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

Capital Expenditures

Capital expenditures totaled ¥2.8 billion in the fiscal year ended March 31, 2023.

The main items of capital spending by segment were as follows: in the Japan segment, ¥545 million for plant construction and streamlining associated with increasing production of high-speed presses, and ¥732 million to add machining centers; and in the Asia segment, ¥516 million to lease a site in Malaysia. No significant Group facilities were either retired or sold.

Research and Development

The Group conducts research and development in accordance with the basic policy of strengthening and establishing fundamental technologies, upgrading core products, and developing eco-friendly flagship products. R&D activities are led by the Research and Development Headquarters in collaboration with the Production Headquarters. In the fiscal year ended March 31, 2023, R&D expenses totaled ¥1.0 billion and were mostly recorded in the Japan segment.

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

Development of new and fundamental technologies
(1) Development of press servo motors
(2) Development of DX/AI technologies
(3) Development of simulation technology
(4) Development of precision forming methods for thick plates

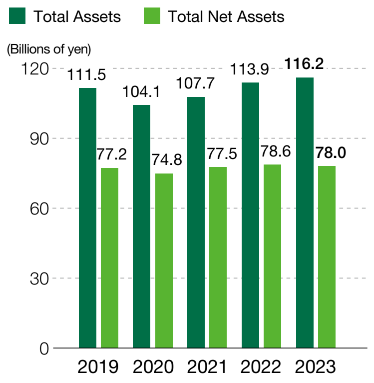
Upgrading core products
(1) NC1 development
(2) Upgrading high-speed automatic presses (MSP Series)
(3) Developing peripheral production line equipment for high-speed precision presses

Capital Resources and Funding Liquidity

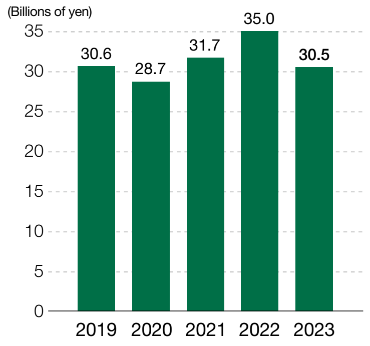
The Group utilizes working capital primarily for manufacturing expenses such as the purchase of raw materials and parts and for outsourced machining, along with selling, general and administrative expenses.
The Group's basic policy is to fund capital spending using internal financial resources, which are primarily allocated to the construction of in-house production systems.

Capital expenditures totaled ¥2.8 billion in the fiscal year ended March 31, 2023, an increase of ¥962 million over the previous year. In terms of working capital, the balance of cash and cash equivalents at the fiscal year-end was ¥30.5 billion (a year-on-year decline of ¥4.5 billion), reflecting reduced operating cash flows and other factors. Management does not believe the Group is faced with any liquidity issues.

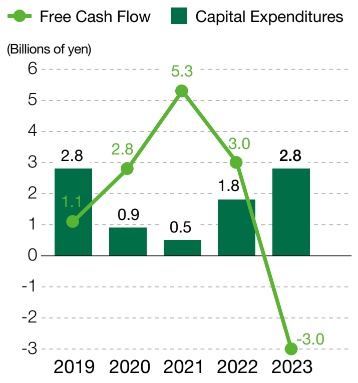
Total Assets/Total Net Assets



Cash and Cash Equivalents at the End of the Year



Free Cash Flow/ Capital Expenditures



Consolidated Segment Information

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

					Millions of yen	% change
	2019	2020	2021	2022	2023	2022 vs. 2023
Business Division:						
Net sales						
Press machines	¥ 63,177	¥ 48,540	¥ 41,237	¥ 44,443	**¥ 49,476**	11.3
Service	14,852	14,961	12,422	13,865	**15,370**	10.8
Others	6,052	5,657	4,439	4,156	**3,948**	(5.0)
Total	¥ 84,082	¥ 69,159	¥ 58,099	¥ 62,466	**¥ 68,795**	10.1
Geographic Segment:						
Net sales						
Japan	¥ 51,263	¥ 48,655	¥ 40,237	¥ 38,188	**¥ 41,648**	9.1
China	13,909	6,731	7,422	8,851	**11,021**	24.5
Asia	9,649	8,228	7,212	7,646	**10,676**	39.6
Americas	16,625	11,817	10,451	13,869	**16,792**	21.1
Europe	15,485	11,189	9,584	12,658	**12,864**	1.6
Adjustments	(22,851)	(17,463)	(16,808)	(18,747)	**(24,207)**	—
Total	¥ 84,082	¥ 69,159	¥ 58,099	¥ 62,466	**¥ 68,795**	10.1
Operating income						
Japan	¥ 2,431	¥ 4,726	¥ 3,087	¥ 802	**¥ 455**	(43.2)
China	723	240	(284)	741	**(149)**	—
Asia	1,398	1,062	673	745	**909**	22.0
Americas	693	542	515	269	**286**	6.2
Europe	4	(243)	(121)	110	**227**	104.9
Adjustments	310	(155)	(148)	(164)	**(189)**	—
Total	¥ 5,561	¥ 6,173	¥ 3,722	¥ 2,505	**¥ 1,540**	(38.5)

Quarterly Information

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

					Millions of yen	% change
	2019	2020	2021	2022	2023	2022 vs. 2023
Net sales						
1st Quarter	¥ 18,862	¥ 16,007	¥ 10,559	¥ 13,079	**¥ 13,665**	4.5
2nd Quarter	21,449	18,267	15,202	13,830	**18,498**	33.7
3rd Quarter	20,945	16,534	13,476	17,192	**15,970**	(7.1)
4th Quarter	22,825	18,349	18,862	18,363	**20,660**	12.5
Total	¥ 84,082	¥ 69,159	¥ 58,099	¥ 62,466	**¥ 68,795**	10.1
Operating Income						
1st Quarter	¥ 1,203	¥ 1,097	¥ 179	¥ 270	**¥ (121)**	—
2nd Quarter	1,130	1,929	1,364	528	**837**	58.5
3rd Quarter	1,389	1,287	892	601	**277**	(53.8)
4th Quarter	1,837	1,858	1,287	1,105	**545**	(50.6)
Total	¥ 5,561	¥ 6,173	¥ 3,722	¥ 2,505	**¥ 1,540**	(38.5)

Consolidated Balance Sheets

AIDA ENGINEERING, LTD. and Consolidated Subsidiaries
As of March 31, 2023 and 2022

	Millions of yen		Thousands of U.S. dollars (Note 3)
Assets	**2023**	2022	**2023**
Current assets			
Cash and deposits (Note 4)	**¥ 30,510**	¥ 35,031	**$ 228,475**
Notes and accounts receivable – trade and contract assets	**22,506**	17,690	**168,539**
Electronically recorded monetary claims – operating	**1,018**	1,087	**7,625**
Inventories (Note 5)	**25,867**	21,575	**193,703**
Advance payments – trade	**2,222**	1,719	**16,642**
Accounts receivable – other	**526**	489	**3,941**
Consumption taxes receivable	**1,220**	846	**9,140**
Other	**487**	302	**3,651**
Allowance for doubtful accounts	**(1,837)**	(1,040)	**(13,761)**
Total current assets	**82,522**	77,703	**617,957**
Non-current assets			
Property, plant and equipment			
Buildings and structures	**26,737**	25,709	**200,217**
Accumulated depreciation	**(19,222)**	(18,481)	**(143,943)**
Buildings and structures, net	**7,514**	7,227	**56,273**
Machinery, equipment and vehicles	**20,479**	18,849	**153,359**
Accumulated depreciation	**(15,092)**	(13,822)	**(113,015)**
Machinery, equipment and vehicles, net	**5,387**	5,027	**40,344**
Land	**7,297**	7,263	**54,648**
Construction in progress	**234**	1,437	**1,759**
Other	**4,245**	3,925	**31,795**
Accumulated depreciation	**(3,665)**	(3,418)	**(27,447)**
Other, net	**580**	506	**4,348**
Total property, plant and equipment	**21,015**	21,462	**157,373**
Intangible assets	**1,961**	1,179	**14,686**
Investments and other assets			
Investment securities (Note 7)	**9,186**	10,469	**68,793**
Insurance funds	**571**	1,891	**4,282**
Retirement benefit asset (Note 10)	**633**	820	**4,740**
Deferred tax assets (Note 17)	**268**	285	**2,012**
Other	**161**	153	**1,206**
Allowance for doubtful accounts	**(32)**	(32)	**(246)**
Total investments and other assets	**10,788**	13,588	**80,789**
Total non-current assets	**33,765**	36,230	**252,849**
Total assets	**¥116,287**	¥113,933	**$870,807**

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

	Millions of yen		Thousands of U.S. dollars (Note 3)
Liabilities and net assets	**2023**	2022	**2023**
Liabilities			
Current liabilities			
Accounts payable – trade	**¥ 6,942**	¥ 6,137	**$ 51,990**
Electronically recorded obligations – operating	**2,536**	2,888	**18,991**
Short-term borrowings (Note 9)	**582**	1,094	**4,364**
Current portion of long-term borrowings (Note 9)	**500**	—	**3,744**
Accounts payable – other	**1,329**	1,612	**9,958**
Income taxes payable	**345**	175	**2,590**
Accrued expenses	**1,089**	1,128	**8,159**
Contract liabilities	**15,407**	12,091	**115,379**
Provision for product warranties	**615**	497	**4,605**
Provision for bonuses	**961**	1,020	**7,201**
Provision for bonuses for directors (and other officers)	**14**	22	**107**
Provision for loss on orders received (Note 5)	**180**	211	**1,349**
Other	**1,381**	1,270	**10,342**
Total current liabilities	**31,887**	28,150	**238,786**
Non-current liabilities			
Long-term borrowings (Note 9)	**1,000**	1,500	**7,488**
Long-term accounts payable – other	**1,005**	924	**7,530**
Deferred tax liabilities (Note 17)	**1,870**	2,336	**14,006**
Provision for share awards	**649**	510	**4,864**
Retirement benefit liability (Note 10)	**1,451**	1,456	**10,872**
Asset retirement obligations	**9**	9	**73**
Other	**369**	380	**2,765**
Total non-current liabilities	**6,356**	7,119	**47,601**
Total liabilities	**38,244**	35,269	**286,388**
Net assets			
Shareholders' equity			
Share capital (Note 11)	**7,831**	7,831	**58,641**
Authorized: 188,149,000 shares in 2023 and 2022			
Issued: 69,448,421 shares in 2023 and 2022			
Capital surplus	**13,007**	12,836	**97,403**
Retained earnings	**55,205**	55,511	**413,400**
Treasury shares (Note 11)	**(5,247)**	(5,250)	**(39,291)**
9,736,558 shares in 2023 and 9,748,838 shares in 2022			
Total shareholders' equity	**70,796**	70,927	**530,154**
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	**3,994**	4,815	**29,915**
Deferred gains or losses on hedges	**(173)**	(295)	**(1,296)**
Foreign currency translation adjustment	**3,463**	2,365	**25,939**
Remeasurements of defined benefit plans (Note 10)	**(130)**	87	**(978)**
Total accumulated other comprehensive income	**7,155**	6,973	**53,580**
Share acquisition rights (Notes 11 and 23)	**91**	91	**684**
Non-controlling interests	**—**	671	**—**
Total net assets	**78,043**	78,664	**584,419**
Total liabilities and net assets	**¥116,287**	¥113,933	**$870,807**

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, 2023 and 2022

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2023	2022	2023
Net sales (Note 12)	**¥68,795**	¥62,466	**$515,170**
Cost of sales (Notes 2 (13), 5 and 13)	**57,168**	51,574	**428,096**
Gross profit	**11,627**	10,892	**87,073**
Selling, general and administrative expenses (Notes 13 and 14)	**10,087**	8,386	**75,540**
Operating income	**1,540**	2,505	**11,533**
Non-operating income			
Interest income	**96**	36	**721**
Dividend income	**298**	202	**2,238**
Other	**122**	79	**916**
Total non-operating income	**517**	318	**3,876**
Non-operating expenses			
Interest expenses	**8**	18	**66**
Commission expenses	**80**	22	**604**
Foreign exchange losses	**172**	269	**1,291**
Loss on restructuring of Europe business	**—**	19	**—**
Other	**85**	62	**640**
Total non-operating expenses	**347**	391	**2,602**
Ordinary income	**1,710**	2,432	**12,806**
Extraordinary income			
Gain on sale of non-current assets	**8**	10	**66**
Gain on sales of investment securities (Note 7)	**146**	6	**1,097**
Subsidy income related to suspension or decrease of production	**7**	22	**59**
Gain on liquidation of subsidiaries	**117**	—	**880**
Total extraordinary income	**280**	39	**2,103**
Extraordinary losses			
Loss on sale of non-current assets	**2**	0	**20**
Loss on retirement of non-current assets	**14**	56	**104**
Loss on suspension or decrease of production (Note 15)	**6**	123	**46**
Loss on impairment (Note 16)	**—**	492	**—**
Loss on liquidation of subsidiaries	**3**	—	**28**
Other	**—**	46	**—**
Total extraordinary losses	**26**	718	**200**
Income before income taxes	**1,964**	1,753	**14,710**
Current taxes	**790**	772	**5,917**
Deferred taxes	**(121)**	75	**(908)**
Income taxes (Note 17)	**668**	848	**5,009**
Net income	**1,295**	904	**9,701**
Net income attributable to non-controlling interests	**—**	8	**—**
Net income attributable to owners of parent	**¥ 1,295**	¥ 896	**$ 9,701**

	Yen		U.S. dollars
	2023	2022	2023
Per share			
Net income – Basic (Note 20)	**¥21.70**	¥15.02	**$0.16**
– Diluted (Note 20)	**21.67**	14.99	**0.16**
Cash dividends (Note 24)	**30.00**	25.00	**0.22**

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, 2023 and 2022

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2023	2022	2023
Net income	**¥1,295**	¥ 904	**$ 9,701**
Other comprehensive income (Note 21)			
Valuation difference on available-for-sale securities	**(821)**	(54)	**(6,148)**
Deferred gains or losses on hedges	**122**	(156)	**919**
Foreign currency translation adjustment	**1,098**	1,955	**8,225**
Remeasurements of defined benefit plans, net of tax	**(218)**	(123)	**(1,636)**
Total other comprehensive income	**181**	1,621	**1,359**
Comprehensive income	**¥1,477**	¥2,526	**$11,060**
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	**¥1,477**	¥2,518	**$11,060**
Comprehensive income attributable to non-controlling interests	**—**	8	**—**

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, 2023 and 2022

		Millions of yen												
	Number of shares of common stock issued (Thousands)	Share capital	Capital surplus	Retained earnings	Treasury shares	Total share-holders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeas-urements of defined benefit plans	Total accumulated other compre-hensive income	Share acquisi-tion rights	Non-controlling interests	Total net assets
Balance at April 1, 2021	69,448	¥7,831	¥12,423	¥55,963	¥(4,838)	¥71,379	¥4,869	¥(139)	¥ 410	¥ 210	¥5,351	¥91	¥ 683	¥77,505
Cumulative effects of changes in accounting policies				(85)		(85)							(14)	(99)
Restated Balance at April 1, 2021	69,448	7,831	12,423	55,877	(4,838)	71,293	4,869	(139)	410	210	5,351	91	668	77,405
Cash dividends				(1,263)		(1,263)								(1,263)
Net income attributable to owners of parent				896		896								896
Purchase of treasury stock					(0)	(0)								(0)
Disposal of treasury stock					1	1								1
Disposal of treasury stock to stock benefit trust			412		(412)	—								—
Net changes of items other than shareholders' equity							(53)	(156)	1,955	(123)	1,621	—	2	1,624
Balance at March 31 and April 1, 2022	69,448	7,831	12,836	55,511	(5,250)	70,927	4,815	(295)	2,365	87	6,973	91	671	78,664
Cash dividends				(1,601)		(1,601)								(1,601)
Net income attributable to owners of parent				1,295		1,295								1,295
Purchase of treasury stock					(0)	(0)								(0)
Disposal of treasury stock						—								—
Disposal of treasury stock to stock benefit trust					3	3								3
Change in ownership interest of parent due to transactions with non-controlling interests			171			171								171
Net changes of items other than shareholders' equity							(821)	122	1,098	(218)	181	—	(671)	(489)
Balance at March 31, 2023	69,448	¥7,831	¥13,007	¥55,205	¥(5,247)	¥70,796	¥3,994	¥(173)	¥3,463	¥(130)	¥7,155	¥91	¥ —	¥78,043

		Thousands of U.S. dollars (Note 3)												
	Number of shares of common stock issued (Thousands)	Share capital	Capital surplus	Retained earnings	Treasury shares	Total share-holders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeas-urements of defined benefit plans	Total accumulated other compre-hensive income	Share acquisi-tion rights	Non-controlling interests	Total net assets
Balance at April 1, 2022	69,448	$58,641	$96,121	$415,689	$(39,317)	$531,135	$36,064	$(2,215)	$17,713	$ 658	$52,220	$684	$ 5,026	$589,067
Cash dividends				(11,990)		(11,990)								(11,990)
Net income attributable to owners of parent				9,701		9,701								9,701
Purchase of treasury stock					(2)	(2)								(2)
Disposal of treasury stock						—								—
Disposal of treasury stock to stock benefit trust					28	28								28
Change in ownership interest of parent due to transactions with non-controlling interests			1,282			1,282								1,282
Net changes of items other than shareholders' equity during the year							(6,148)	919	8,225	(1,636)	1,359	—	(5,026)	(3,667)
Balance at March 31, 2023	69,448	$58,641	$97,403	$413,400	$(39,291)	$530,154	$29,915	$(1,296)	$25,939	$ (978)	$53,580	$684	$ —	$584,419

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, 2023 and 2022

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2023	2022	2023
Cash flows from operating activities			
Income before income taxes	¥ 1,964	¥ 1,753	$ 14,710
Depreciation	1,847	1,833	13,833
Loss on impairment	—	492	—
Loss (gain) on sale of fixed assets	(6)	(10)	(45)
Loss on disposal of fixed assets	14	56	104
Loss (gain) on sale of investment securities	(146)	(6)	(1,097)
Loss (gain) on liquidation of subsidiaries	(113)	—	(851)
Increase (decrease) in allowance for doubtful accounts	745	14	5,580
Increase (decrease) in provision for bonuses	(67)	(80)	(506)
Increase (decrease) in provision for bonuses for directors (and other officers)	(8)	(14)	(63)
Increase (decrease) in provision for product warranties	89	3	666
Increase (decrease) in retirement benefit liability	(13)	57	(104)
Decrease (increase) in retirement benefit asset	(32)	(30)	(246)
Increase (decrease) in provision for share awards	138	29	1,039
Increase (decrease) in provision for loss on orders received	(46)	85	(346)
Interest and dividend income	(395)	(238)	(2,959)
Interest expenses	8	18	66
Decrease (increase) in trade receivables	(1,284)	7,137	(9,615)
Decrease (increase) in inventories	(3,310)	(2,542)	(24,793)
Increase (decrease) in trade payables	(240)	455	(1,801)
Decrease (increase) in other assets	193	(8)	1,451
Increase (decrease) in other liabilities	125	(245)	937
Other, net	(434)	(1,321)	(3,254)
Sub-total	(974)	7,439	(7,298)
Interest and dividends received	392	237	2,941
Interest paid	(10)	(19)	(80)
Income taxes paid	(537)	(1,752)	(4,024)
Net cash provided by (used in) operating activities	(1,129)	5,905	(8,461)
Cash flows from investing activities			
Purchase of property, plant and equipment	(1,914)	(1,682)	(14,333)
Proceeds from sales of property, plant and equipment	718	8	5,383
Purchase of intangible assets	(459)	(511)	(3,441)
Purchase of investment securities	(99)	(659)	(748)
Proceeds from sales of investment securities	367	9	2,749
Payments into time deposits	(342)	(66)	(2,567)
Proceeds from withdrawal of time deposits	345	71	2,588
Purchase of shares of subsidiaries	(500)	—	(3,744)
Other, net	—	1	—
Net cash provided by (used in) investing activities	(1,884)	(2,828)	(14,113)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	(563)	(261)	(4,221)
Payments for finance lease obligations	(2)	(4)	(18)
Proceeds from sale of treasury stock	3	1	28
Purchase of treasury shares	(0)	(0)	(2)
Dividends paid	(1,601)	(1,263)	(11,990)
Dividends paid to non-controlling interests	(2)	(5)	(20)
Net cash provided by (used in) financing activities	(2,166)	(1,533)	(16,224)
Effect of exchange rate change on cash and cash equivalents	659	1,786	4,941
Net increase (decrease) in cash and cash equivalents	(4,521)	3,330	(33,857)
Cash and cash equivalents at beginning of period	35,030	31,700	262,320
Cash and cash equivalents at end of period (Note 4)	¥30,508	¥35,030	$228,462

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

Notes to Consolidated Financial Statements

AIDA ENGINEERING, LTD. and Consolidated Subsidiaries

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Principles of consolidation

The accompanying consolidated financial statements include the accounts of AIDA and any significant companies controlled directly or indirectly by AIDA. The number of consolidated subsidiaries was 20 in 2023 and 23 in 2022. Significant consolidated subsidiaries as of March 31, 2023 are as follows:

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

(Remark)
AIDA HONG KONG, LTD., AIDA EUROPE Holding AG and OOO AIDA were excluded from the scope of consolidation due to their liquidation.

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

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

(2) Cash and cash equivalents

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

(3) Inventories

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

(4) Investment securities

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

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

(5) Derivative financial instruments and hedge accounting

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

(6) Property, plant and equipment

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

(7) Intangible assets

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

(8) Leases

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

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

(9) Allowance for doubtful accounts

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

(10) Accrued warranty costs

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

(11) Accrued bonuses for employees

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

(12) Accrued bonuses for directors

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

(13) Provision for loss on orders received

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

Provision for loss on orders received included in the cost of sales amounted to ¥763 million (U.S. $5,715 thousand) and ¥829 million for the years ended March 31, 2023 and 2022, respectively.

(14) Accrued stock payments

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

(15) Accounting method for retirement benefits

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

(b) Actuarial gains and losses and prior service cost
Actuarial gains and losses are being amortized by the straight-line method over certain periods of 10 years, which are within the average remaining years of service of the employees at the time.

The amounts are recognized in each fiscal year, starting from the year following the respective fiscal year of occurrence.

Prior service cost is expensed in the period of occurrence.

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

(16) Research and development costs

Research and development costs are expensed as incurred.

(17) Recognition of significant sales and cost of sales

(a) Performance obligations
The Companies are engaged in the manufacturing and sales of press machines and their ancillary equipment and auxiliary business such as services.

Customers are mainly suppliers in the automobile, home appliances and electronic devices industries.

(b) When the entity typically satisfies its performance obligations
For sales of press machines and ancillary equipment, revenue is recognized at the point in time when product installation or performance testing is completed.

For services such as periodic checks, maintenance, repair and other services, revenue is recognized when a provision of the service is completed and performance obligation is satisfied.

For sales of service parts, revenue is recognized when the customers accept the goods. Conditions for acceptance, such as shipping and receipt by customers depend on contracts or arrangements with customers and the like.

The Companies manufacture and sell certain specialized press machines and ancillary equipment. Each product is highly customized and it takes a certain period to complete construction because it is necessary to satisfy the specifications required by each customer, especially for mid-size and large-size press machines.

In such cases, the Companies’ performance does not create an asset with an alternative use to the Companies and the Companies have an enforceable right to payment for performance completed to date. Therefore, the Companies recognize revenue as the Companies satisfy a performance obligation, and revenue and cost of the construction contract in the current fiscal year are recognized in the consolidated statements of income provided that the Companies can reliably estimate contract revenue, contract cost, and percentage of completion at the end of the fiscal year. The percentage of completion at the end of the fiscal year is calculated based on the portion of actual costs incurred to total estimated contract costs.

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

(18) Group Tax Sharing System

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

(19) Significant accounting estimates

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

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

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2023**	2022	**2023**
Net sales of construction contracts for which the performance obligations are satisfied over time	**¥24,792** **36%**	¥21,513 34%	**$185,656**
Contract assets related to the above	**¥ 7,948**	¥ 6,627	**$ 59,523**

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

(a) Calculation method

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

(b) Main assumptions

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

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

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

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

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

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2023**	2022	**2023**
Loss on impairment	**¥ –**	¥ 492	**$ –**
Carrying amount of property, plant and equipment, and intangible assets	**1,048**	1,117	**7,854**

Details of impairment loss are stated in Note 16.

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

(a) Calculation method

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

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

(b) Main assumptions

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

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

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

Allowance for doubtful accounts

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

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2023**	2022	**2023**
Allowance for doubtful accounts	**¥1,870**	¥1,073	**$14,008**

The main allowances for doubtful accounts recognized in the current fiscal year are as follows.

For contract assets of ¥1,625 million (U.S. $12,173 thousand) from a specific customer held by AIDA ENGINEERING CHINA CO., LTD. the allowance for doubtful accounts of ¥1,625 million (U.S. $12,173 thousand) has been recognized to prepare for losses due to bad debts.

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

(a) Calculation method

The Companies classify accounts receivables into the following three categories based on the financial conditions and business performance of the creditor: ordinary receivables, receivables from debtors at risk of bankruptcy, and receivables from debtors in bankruptcy or under reorganization.

For ordinary receivables, the amount of the allowance is based on the historical rate of loss. For receivables from debtors at risk of bankruptcy and receivables from debtors in bankruptcy or under reorganization, the amount of the allowance is based on individually estimated unrecoverable amounts.

Regarding contract assets from a specific customer held by AIDA ENGINEERING CHINA CO., LTD., the estimate of doubtful accounts was calculated by the estimated disposal value of press machines delivered by the Companies from the amount of contract assets.

(b) Main assumptions

The Companies make assumptions in calculating the allowance for doubtful accounts recognized by AIDA ENGINEERING CHINA CO., LTD. about the amount expected to be collected based on the payment plan of the debtor and the possibility to recover press machines delivered by the Companies.

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

There is uncertainty in measuring the amount expected to be collected based on the payment plan of the creditor and the estimated disposal value of press machines. Provision of allowance for doubtful accounts or reversal of allowance for doubtful accounts could be recognized and could significantly affect the consolidated financial statements if conditions and assumptions are changed.

Recoverability of deferred tax assets

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

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2023**	2022	**2023**
Deferred tax assets	**¥1,981**	¥2,010	**$14,836**
(Amount after deducting deferred tax liabilities)	**268**	285	**2,012**

Of the above, the deferred tax assets recorded by AIDA are ¥1,198 million (U.S. $8,973 thousand) (60% of the total).

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

(a) Calculation method

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

(b) Main assumptions

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

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

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

(20) Changes in accounting policies

Accounting Standard for Fair Value Measurement and other standards

"Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, revised on June 17, 2021; "Fair Value Measurement Accounting Standard Guidance") was applied effective from the beginning of the year ended March 31, 2023.

The Companies prospectively applied the new accounting policies stipulated in the Fair Value Measurement Accounting Standard Guidance from the beginning of the year ended March 31, 2023 in accordance with the transitional treatment stipulated in paragraph 27-2 of the Fair Value Measurement Accounting Standard Guidance.

The application has no impact on the consolidated financial statements.

(21) Accounting standards issued but not yet effective

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

(1) Outline

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

(2) Expected Application Date

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

(3) Effect of Applying the Accounting Standard

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

(22) Additional information

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

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

(a) Transaction summary

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

(b) Company's own stock in the trust

AIDA's own stock in the trust is recorded in treasury stock under net assets based on the book value in the trust. The book value and the number of shares of treasury stock as of March 31, 2023 are ¥943 million (U.S. $7,066 thousand) and 3,288,200 shares, respectively.

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

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

(a) Transaction summary

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

(b) Company's own stock in the trust

AIDA's own stock in the trust is recorded in treasury stock under net assets based on the book value in the trust. The book value and the number of shares of treasury stock as of March 31, 2023 are ¥942 million (U.S. $7,056 thousand) and 889,848 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, 2023 are ¥144 million (U.S. $1,083 thousand) and 157,900 shares, respectively.

3. U.S. DOLLAR AMOUNTS

The U.S. dollar amounts stated in the consolidated financial statements are included solely for the convenience of readers outside Japan. The rate of ¥133.54 = U.S. $1, the approximate rate of exchange as of March 31, 2023, 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
	2023	2022	2023
Cash on hand and at banks	**¥30,510**	¥35,031	**$228,475**
Less: Time deposits with maturities of more than three months	**(1)**	(1)	**(12)**
Cash and cash equivalents	**¥30,508**	¥35,030	**$228,462**

5. INVENTORIES

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

As of March 31	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Finished goods	**¥ 4,387**	¥ 4,135	**$ 32,857**
Work in process	**17,022**	13,019	**127,471**
Raw materials	**4,456**	4,420	**33,373**
Inventories	**¥25,867**	¥21,575	**$193,703**

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
	2023	2022	2023
Work in process	**¥5**	¥20	**$40**
Total	**¥5**	¥20	**$40**

Gains recognized and credited to cost of sales as a result of reversal of loss on devaluation of inventories for the year ended March 31, 2023 were ¥122 million (U.S. $915 thousand).

Losses recognized and charged to cost of sales as a result of the devaluation of inventories for the year ended March 31, 2022 were ¥203 million.

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 borrowings from financial institutions. Derivatives are not used for speculative transactions but are used in order to hedge the risks described below.

(b) Types of financial instruments and related risks

Operating receivables (notes and accounts receivable – trade and contract assets, electronically recorded monetary claims – operating and accounts receivable – other) are exposed to 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 mainly consist of stocks and are exposed to price fluctuation risks.

Operating payables (accounts payable – trade and electronically recorded obligations – operating) are to be settled within 6 months. Some operating payables in foreign currencies through imports such as raw materials are exposed to foreign exchange fluctuation risks. However, these amounts are within the range of operating receivables in the same currency.

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

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

(c) Risk management for financial instruments

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

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

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

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

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

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

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

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

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

(2) Information regarding fair value of financial instruments

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

As of March 31, 2023	Millions of yen Carrying value	Millions of yen Fair value	Millions of yen Difference	Thousands of U.S. dollars Carrying value	Thousands of U.S. dollars Fair value	Thousands of U.S. dollars Difference
Investment securities						
Other securities	¥8,840	¥8,840	¥—	$66,198	$66,198	$ —
Total assets	¥8,840	¥8,840	¥—	$66,198	$66,198	$ —
Long-term borrowings and current portion of long-term borrowings	¥1,500	¥1,496	¥(3)	$11,232	$11,207	$(24)
Total liabilities	¥1,500	¥1,496	¥(3)	$11,232	$11,207	$(24)
Derivative transactions which are not subject to hedge accounting[*3]	¥ (308)	¥ (308)	¥—	$(2,310)	$ (2,310)	$ —
Derivative transactions which are subject to hedge accounting[*3]	(296)	(296)	—	(2,220)	(2,220)	—

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

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

As of March 31, 2023	Millions of yen Carrying value	Thousands of U.S. dollars Carrying value
Other securities		
Unlisted stocks	¥346	$2,594

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

As of March 31, 2022	Millions of yen Carrying value	Millions of yen Fair value	Millions of yen Difference
Investment securities			
Other securities	¥10,123	¥10,123	¥—
Total assets	¥10,123	¥10,123	¥—
Long-term borrowings	¥ 1,500	¥ 1,500	¥ 0
Total liabilities	¥ 1,500	¥ 1,500	¥ 0
Derivative transactions which are not subject to hedge accounting[*3]	¥ (184)	¥ (184)	¥—
Derivative transactions which are subject to hedge accounting[*3]	(429)	(429)	—

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

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

As of March 31, 2022	Millions of yen Carrying value
Other securities	
Unlisted stocks	¥346

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

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

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

As of March 31, 2023	Thousands of U.S. dollars Within 1 year	Thousands of U.S. dollars Over 1 year within 5 years	Thousands of U.S. dollars Over 5 years within 10 years	Thousands of U.S. dollars Over 10 years
Cash at banks	$228,327	$—	$—	$—
Notes and accounts receivable – trade and contract assets	168,539	—	—	—
Electronically recorded monetary claims – operating	7,625	—	—	—
Accounts receivable – other	3,941	—	—	—
Total	$408,434	$—	$—	$—

As of March 31, 2022	Millions of yen Within 1 year	Millions of yen Over 1 year within 5 years	Millions of yen Over 5 years within 10 years	Millions of yen Over 10 years
Cash at banks	¥35,011	¥—	¥—	¥—
Notes and accounts receivable – trade and contract assets	17,690	—	—	—
Electronically recorded monetary claims – operating	1,087	—	—	—
Accounts receivable – other	489	—	—	—
Total	¥54,279	¥—	¥—	¥—

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

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

As of March 31, 2023	Thousands of U.S. dollars Within 1 year	Thousands of U.S. dollars Over 1 year within 2 years	Thousands of U.S. dollars Over 2 years within 3 years	Thousands of U.S. dollars Over 3 years within 4 years	Thousands of U.S. dollars Over 4 years within 5 years	Thousands of U.S. dollars Over 5 years
Short-term borrowings	$4,364	$ —	$ —	$—	$—	$—
Long-term borrowings and current portion of long-term borrowings	3,744	3,744	3,744	—	—	—
Total	$8,109	$3,744	$3,744	$—	$—	$—

As of March 31, 2022	Millions of yen Within 1 year	Millions of yen Over 1 year within 2 years	Millions of yen Over 2 years within 3 years	Millions of yen Over 3 years within 4 years	Millions of yen Over 4 years within 5 years	Millions of yen Over 5 years
Short-term borrowings	¥1,094	¥ —	¥ —	¥ —	¥—	¥—
Long-term borrowings	—	500	500	500	—	—
Total	¥1,094	¥500	¥500	¥500	¥—	¥—

(3) Fair value of financial instruments by levels

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

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

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

Level 3: Fair value derived from unobservable inputs.

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

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

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

As of March 31, 2023	Thousands of U.S. dollars Fair value Level 1	Thousands of U.S. dollars Fair value Level 2	Thousands of U.S. dollars Fair value Level 3	Thousands of U.S. dollars Fair value Total
Investment securities				
Other securities	$66,198	$ —	$—	$66,198
Total assets	$66,198	$ —	$—	$66,198
Derivative transactions				
Currency-related transactions	$ —	$(4,530)	$—	$ (4,530)
Total liabilities	$ —	$(4,530)	$—	$ (4,530)

As of March 31, 2022	Millions of yen Fair value Level 1	Millions of yen Fair value Level 2	Millions of yen Fair value Level 3	Millions of yen Fair value Total
Investment securities				
Other securities	¥10,123	¥ —	¥—	¥10,123
Total assets	¥10,123	¥ —	¥—	¥10,123
Derivative transactions				
Currency-related transactions	¥ —	¥(613)	¥—	¥ (613)
Total liabilities	¥ —	¥(613)	¥—	¥ (613)

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

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

	Thousands of U.S. dollars			
	Fair value			
As of March 31, 2023	Level 1	Level 2	Level 3	Total
Long-term borrowings and current portion of long-term borrowings	$—	$11,207	$—	$11,207
Total assets	$—	$11,207	$—	$11,207

	Millions of yen			
	Fair value			
As of March 31, 2022	Level 1	Level 2	Level 3	Total
Long-term borrowings	¥—	¥1,500	¥—	¥1,500
Total assets	¥—	¥1,500	¥—	¥1,500

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

Derivative Transactions

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

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

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

7. INVESTMENT SECURITIES

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

As of March 31, 2023	Millions of yen			Thousands of U.S. dollars		
Types of securities	Carrying value	Acquisition cost	Unrealized gains (losses)	Carrying value	Acquisition cost	Unrealized gains (losses)
Carrying value exceeds acquisition cost:						
Stocks	¥8,324	¥2,401	¥5,923	$62,338	$17,983	$44,355
Sub-total	8,324	2,401	5,923	62,338	17,983	44,355
Carrying value does not exceed acquisition cost:						
Stocks	515	653	(137)	3,860	4,890	(1,029)
Sub-total	515	653	(137)	3,860	4,890	(1,029)
Total	¥8,840	¥3,054	¥5,785	$66,198	$22,873	$43,325

As of March 31, 2022	Millions of yen		
Types of securities	Carrying value	Acquisition cost	Unrealized gains (losses)
Carrying value exceeds acquisition cost:			
Stocks	¥ 9,602	¥2,566	¥7,036
Sub-total	9,602	2,566	7,036
Carrying value does not exceed acquisition cost:			
Stocks	520	608	(88)
Sub-total	520	608	(88)
Total	¥10,123	¥3,175	¥6,947

(2) Sales of other securities were as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	2023	2022	2023
Total sales amounts	¥367	¥9	$2,749
Gains on sales	146	6	1,097

8. DERIVATIVE FINANCIAL INSTRUMENTS

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

As of March 31, 2023

(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	¥ 117	¥ —	¥ (20)	¥ (20)	$ 882	$ —	$ (150)	$ (150)
EUR	5,847	480	(288)	(288)	43,786	3,601	(2,164)	(2,164)
CNY	307	—	(3)	(3)	2,299	—	(27)	(27)
Buy —								
USD	0	—	(0)	(0)	4	—	(0)	(0)
EUR	165	—	4	4	1,240	—	32	32
Total	¥6,438	¥480	¥(308)	¥(308)	$48,214	$3,601	$(2,310)	$(2,310)

(2) Derivative transactions (hedge accounting applied)

Currency-related transactions (Deferred hedge accounting method)

		Millions of yen			Thousands of U.S. dollars		
		Contract value			Contract value		
	Main hedged item	Contract value total	Over 1 year	Fair value	Contract value total	Over 1 year	Fair value
Forward exchange transactions:							
Sell —							
USD	Expected foreign currency transactions	¥ 5,066	¥ 728	¥(216)	$37,940	$ 5,458	$(1,618)
EUR		3,670	2,625	(114)	27,483	19,660	(854)
JPY		244	53	10	1,833	400	81
CNY		921	537	2	6,901	4,025	18
Buy —							
USD		248	—	(14)	1,860	—	(108)
EUR		1,105	—	33	8,281	—	249
JPY		135	33	1	1,014	247	12
Total		¥11,392	¥3,978	¥(296)	$85,315	$29,792	$(2,220)

As of March 31, 2022

(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	¥ 120	¥ —	¥ (4)	¥ (4)
EUR	4,324	263	(171)	(171)
CNY	48	—	(7)	(7)
Total	¥4,494	¥263	¥(184)	¥(184)

(2) Derivative transactions (hedge accounting applied)

Currency-related transactions (Deferred hedge accounting method)

		Millions of yen		
		Contract value		
	Main hedged item	Contract value total	Over 1 year	Fair value
Forward exchange transactions:				
Sell —				
USD	Expected foreign currency transactions	¥3,519	¥ 367	¥(286)
EUR		2,267	1,686	(77)
JPY		6	—	0
CNY		547	—	(60)
Buy —				
EUR		226	—	5
JPY		159	—	(11)
Total		¥6,727	¥2,053	¥(429)

9. BORROWINGS

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

As of March 31, 2023	Millions of yen	Weighted average interest rate	Repayment dates	Thousands of U.S. dollars
Short-term borrowings	**¥ 582**	**4.13%**	**September 22, 2023**	**$ 4,364**
Current portion of long-term borrowings	**500**	**0.68%**	**March 29, 2024**	**3,744**
Long-term borrowings	**1,000**	**0.59%**	**March 19, and December 15, 2025**	**7,488**
Total	**¥2,082**	**—%**	**—**	**$15,597**

As of March 31, 2022	Millions of yen	Weighted average interest rate	Repayment dates
Short-term borrowings	¥1,094	0.72%	June 23, 2022
Long-term borrowings	1,500	0.62%	March 29, 2024, March 19, and December 15, 2025
Total	¥2,594	—%	—

Repayment schedules for long-term borrowings as of March 31, 2023 are as follows:

As of March 31	Millions of yen	Thousands of U.S. dollars
2024	**¥500**	**$3,744**
2025	**500**	**3,744**
2026	**500**	**3,744**

10. RETIREMENT BENEFITS FOR EMPLOYEES

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

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

(1) Defined benefit pension plan

(a) Changes in retirement benefit obligation

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2023**	2022	**2023**
Balance at the beginning of the year	**¥ 4,830**	¥ 4,765	**$ 36,171**
Service cost	**251**	244	**1,882**
Interest cost	**27**	26	**207**
Actuarial gain and loss	**24**	16	**185**
Retirement benefits paid	**(237)**	(227)	**(1,781)**
Others	**5**	5	**42**
Balance at the end of the year	**¥ 4,901**	¥ 4,830	**$ 36,707**

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

(b) Changes in plan assets

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2023**	2022	**2023**
Plan assets at the beginning of the year	**¥4,195**	¥4,243	**$31,415**
Expected return on plan assets	**83**	84	**628**
Actuarial gain and loss	**(190)**	(61)	**(1,425)**
Contributions by the Company	**125**	125	**941**
Retirement benefits paid	**(131)**	(196)	**(983)**
Plan assets at the end of the year	**¥4,083**	¥4,195	**$30,576**

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

	Millions of yen		Thousands of U.S. dollars
As of March 31	**2023**	2022	**2023**
Funded retirement benefit obligation	**¥ 3,450**	¥ 3,374	**$ 25,835**
Plan assets at fair value	**(4,083)**	(4,195)	**(30,576)**
	(633)	(820)	**(4,740)**
Unfunded retirement benefit obligation	**1,451**	1,456	**10,872**
Net amount of liabilities and assets for retirement benefits in the consolidated balance sheet	**¥ 818**	¥ 635	**$ 6,131**
Retirement benefit liability	**¥ 1,451**	¥ 1,456	**$ 10,872**
Retirement benefit asset	**(633)**	(820)	**(4,740)**
Net amount of liabilities and assets for retirement benefits in the consolidated balance sheet	**¥ 818**	¥ 635	**$ 6,131**

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

(d) Components of retirement benefit expenses

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2023**	2022	**2023**
Service cost	**¥251**	¥ 244	**$1,882**
Interest cost	**27**	26	**207**
Expected return on plan assets	**(83)**	(84)	**(628)**
Amortization of actuarial gain and loss	**(99)**	(101)	**(747)**
Retirement benefit expenses	**¥ 95**	¥ 85	**$ 714**

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

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

	Millions of yen		Thousands of U.S. dollars
Year ended March 31	**2023**	2022	**2023**
Actuarial gain and loss	**¥(314)**	¥(180)	**$(2,358)**
Total	**¥(314)**	¥(180)	**$(2,358)**

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

	Millions of yen		Thousands of U.S. dollars
As of March 31	**2023**	2022	**2023**
Unrecognized actuarial loss	**¥188**	¥(126)	**$1,409**
Total	**¥188**	¥(126)	**$1,409**

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

As of March 31	**2023**	2022
Bonds	**33.0%**	26.4%
Stocks	**25.3%**	23.6%
General accounts	**26.8%**	27.3%
Others	**14.9%**	22.7%
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	**2023**	2022
Discount rate	**Mainly 0.7%**	Mainly 0.7%
Expected rate of return on plan assets	**Mainly 2.0%**	Mainly 2.0%
Expected rate of salary increase	**Mainly 2.9%**	Mainly 3.1%

Remark: 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, 2023 and 2022 were ¥184 million (U.S. $1,383 thousand) and ¥175 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, 2023

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

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

During the year ended March 31, 2022

Types of shares	Number of shares at April 1, 2021	Increase	Decrease	Number of shares at March 31, 2022
Shares issued:				
Common stock	69,448,421	—	—	69,448,421
Treasury stock:				
Common stock (Remarks 1, 2 and 3)	9,753,258	890,880	895,300	9,748,838

Remarks: 1. Details of the increase are as follows:
Increase due to the purchase of shares of less than standard unit..880
Increase due to purchase of shares by ESOP trust (Performance-linked type).................890,000
2. Details of the decrease are as follows:
Decrease due to the grant of shares from ESOP trust (Retirement benefits type).................5,300
Decrease due to disposition of treasury stock by third-party allocation............................890,000
3. The number of shares of treasury stock held by Trust Account E as of April 1, 2021 and March 31, 2022 includes 3,464,000 shares and 4,348,700 shares, respectively.

(2) Share subscription rights

During the year ended March 31, 2023

							Millions of yen	Thousands of U.S. dollars
Company	Description	Type of shares issued	Number of shares at April 1, 2022	Increase	Decrease	Number of shares at March 31, 2023	Balance at March 31, 2023	Balance at March 31, 2023
Parent company	Share subscription rights as stock options	—	—	—	—	**—**	**¥91**	**$684**
	Total	—	—	—	—	**—**	**¥91**	**$684**

During the year ended March 31, 2022

							Millions of yen
Company	Description	Type of shares issued	Number of shares at April 1, 2021	Increase	Decrease	Number of shares at March 31, 2022	Balance at March 31, 2022
Parent company	Share subscription rights as stock options	—	—	—	—	—	¥91
	Total	—	—	—	—	—	¥91

12. REVENUE RECOGNITION

(1) Information regarding disaggregation of revenue from contracts with customers

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

(2) Basic information to understand revenue from contracts with customers

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

(3) Information to understand the amount of revenue in the current and subsequent fiscal years

(a) Contract assets and contract liabilities

	Millions of yen		Thousands of U.S. dollars
For the year ended March 31, 2023	As of April 1, 2022	**As of March 31, 2023**	**As of March 31, 2023**
Receivables from contracts with customers			
Trade notes	¥ 516	**¥ 329**	**$ 2,471**
Accounts receivable	10,546	**14,227**	**106,544**
Total receivables from contracts with customers	¥11,062	**¥14,557**	**$109,015**
Contract assets	¥ 6,627	**¥ 7,948**	**$ 59,523**

For the year ended March 31, 2022	Millions of yen As of April 1, 2021	 As of March 31, 2022
Receivables from contracts with customers		
Trade notes	¥ 817	¥ 516
Accounts receivable	10,761	10,546
Total receivables from contracts with customers	¥11,578	¥11,062
Contract assets	¥ 7,454	¥ 6,627

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

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

Of the contract liabilities balance at the beginning of the fiscal year, revenue recognized for the years ended March 31, 2023 and 2022 were ¥11,106 million (U.S. $83,170 thousand) and ¥6,337 million, respectively.

(b) Transaction price allocated to the remaining performance obligations

Of the ¥70,343 million (U.S. $526,756 thousand) order backlog (remaining performance obligation) as of March 31, 2023, 84.0% will be recognized as revenue within one year, and the remainder is expected to be recognized as revenue within approximately three years.

Of the ¥55,171 million order backlog (remaining performance obligation) as of March 31, 2022, 87.1% will be recognized as revenue within one year, and the remainder is expected to be recognized as revenue within approximately two years.

13. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

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

	Millions of yen 2023	 2022	Thousands of U.S. dollars 2023
Salaries and wages	**¥3,148**	¥2,949	**$23,576**
Provision of allowance for doubtful accounts	**878**	1	**6,578**
Provision for accrued bonuses for employees	**365**	373	**2,733**
Retirement benefit expenses	**75**	60	**565**

14. 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 2023	 2022	Thousands of U.S. dollars 2023
Selling, general and administrative expenses	**¥ 565**	¥ 509	**$4,233**
Cost of sales	**511**	740	**3,829**
Total	**¥1,076**	¥1,250	**$8,062**

15. LOSS ON SUSPENSION OR DECREASE OF PRODUCTION

For the year ended March 31, 2023

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

For the year ended March 31, 2022

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

16. LOSS ON IMPAIRMENT OF FIXED ASSETS

For the year ended March 31, 2023

There is no loss on impairment of fixed assets for the year ended March 31, 2023.

For the year ended March 31, 2022

(1) Loss on impairment of fixed assets was recognized for the year ended March 31, 2022 as follows:

Subsidiaries	Purpose	Types of Fixed Assets	Millions of yen
AIDA PRESS MACHINERY SYSTEMS CO., LTD.	Business use	Buildings and structures	¥263
		Machinery and vehicles	224
		Other fixed assets	0
		Software	3
		Other investments and assets	0

(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 changes in the 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 an impairment loss of ¥492 million in an extraordinary loss.

(4) Calculation of recoverable amount

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

17. INCOME TAXES

The applicable statutory tax rate in Japan was approximately 30.6% for the years ended March 31, 2023 and 2022.

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

Year ended March 31	2023	2022
Statutory income tax rates	**30.6%**	30.6%
Non-deductible expenses (entertainment expenses and others) for tax purposes	**5.1%**	6.6%
Dividend income	**(1.1%)**	(0.6%)
Inhabitant taxes per capita	**1.0%**	1.1%
Difference of tax rates applied to overseas subsidiaries	**(1.6%)**	(3.6%)
Tax credit	**(3.8%)**	(5.8%)
Changes in valuation allowance	**5.8%**	15.5%
Expired net operating loss carryforwards	**1.8%**	2.2%
Others	**(3.7%)**	2.4%
Effective income tax rates	**34.1%**	48.4%

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

	Millions of yen		Thousands of U.S. dollars
As of March 31	2023	2022	2023
Deferred tax assets:			
Loss on write-down of inventories	¥ 821	¥ 1,010	$ 6,150
Accrued warranty costs	169	136	1,266
Accrued bonuses for employees	271	290	2,030
Depreciation expense	516	517	3,868
Accrued stock payments	164	128	1,229
Long-term accounts payable – other	71	71	537
Tax losses carried forward	2,259	2,045	16,921
Retirement benefit obligation	413	498	3,097
Others	1,562	1,282	11,698
Subtotal deferred tax assets	6,249	5,983	46,800
Valuation allowance for net operating loss carryforwards	(2,231)	(1,999)	(16,713)
Valuation allowance for deductible temporary differences	(2,036)	(1,973)	(15,250)
Less: Valuation allowance	(4,268)	(3,972)	(31,964)
Total deferred tax assets	1,981	2,010	14,836
Deferred tax liabilities:			
Undistributed subsidiaries' earnings	(393)	(364)	(2,945)
Reserve for reduction entry of replaced property	(422)	(427)	(3,164)
Net defined benefit assets	(285)	(256)	(2,137)
Fixed assets	(662)	(795)	(4,963)
Unrealized gains on other securities	(1,786)	(2,128)	(13,381)
Others	(31)	(90)	(237)
Total deferred tax liabilities	(3,582)	(4,062)	(26,830)
Net deferred tax assets (liabilities)	¥(1,601)	¥(2,051)	$(11,994)

*1 The valuation allowance increased by ¥295 million (U.S. $2,213 thousand). The increase was mainly due to the recognition of an additional valuation allowance of ¥231 million (U.S. $1,736 thousand) related to tax loss carryforwards at consolidated subsidiaries.

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

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

	Thousands of U.S. dollars						
As of March 31, 2023	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years	Total
Net operating loss carryforwards (a)	$—	$ 816	$ 2,345	$ 773	$—	$ 12,986	$ 16,921
Valuation allowance	—	(816)	(2,345)	(755)	—	(12,795)	(16,713)
Deferred tax assets	$—	$ —	$ —	$ 18	$—	$ 190	$ 208

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

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

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

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

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

	Millions of yen						
As of March 31, 2022	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years	Total
Net operating loss carryforwards (a)	¥ 59	¥—	¥ 111	¥327	¥ 22	¥ 1,524	¥ 2,045
Valuation allowance	(32)	—	(111)	(327)	(22)	(1,505)	(1,999)
Deferred tax assets	¥ 27	¥—	¥ —	¥ —	¥ —	¥ 18	¥ 45

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

(b) For the net operating loss carryforward of ¥2,045 million (amount multiplied by effective statutory tax rate), deferred tax assets of ¥45 million have been recorded.

The deferred tax assets of ¥45 million are for part of the balance of the tax loss carryforward of ¥2,045 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 ¥193 million for the fiscal year ended March 31, 2014.

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

(3) Application of the group tax sharing system

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

18. LEASES

Description of finance leases is omitted due to its insignificance as of March 31, 2023 and 2022.

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

	Millions of yen		Thousands of U.S. dollars
As of March 31	2023	2022	2023
Operating leases:			
Due within 1 year	¥122	¥ 62	$ 914
Thereafter	115	56	867
Total	¥237	¥119	$1,781

19. RELATED PARTY TRANSACTIONS

There were no transactions between AIDA and its related companies and individuals for the years ended March 31, 2023 and 2022.

20. PER SHARE INFORMATION

Shares held by the Custody Bank of Japan, Ltd. (Trust Account E) are treated as treasury stock on the consolidated financial statements. As a result, those shares have been excluded from the number of shares to calculate "Average number of shares outstanding during the years" and "Number of shares used for computing net assets per share" shown below. The number of shares of treasury stock held by the Trust Account E as of April 1, 2022 and March 31, 2023 includes 4,348,700 shares and 4,335,948 shares, respectively.

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

	Millions of yen		Thousands of U.S. dollars
As of and for the year ended March 31	2023	2022	2023
Net assets per share*1	¥1,305.47	¥1,304.89	$9.78
Net income – Basic*2	21.70	15.02	0.16
– Diluted*2	21.67	14.99	0.16

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

As of March 31	Millions of yen 2023	2022	Thousands of U.S. dollars 2023
Total net assets on consolidated balance sheets	¥78,043	¥78,664	$584,419
Total net assets attributable to shares of common stock	77,951	77,901	583,734
Main differences:			
Stock options	91	91	684
Non-controlling interests	—	671	—
Number of shares outstanding (thousands of shares)	69,448	69,448	—
Number of treasury stock (thousands of shares)	9,736	9,748	—
Number of shares used for computing net assets per share (thousands of shares)	59,711	59,699	—

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

Year ended March 31	Millions of yen 2023	2022	Thousands of U.S. dollars 2023
Net income	¥ 1,295	¥ 896	$9,701
Net income attributable to shares of common stock	1,295	896	9,701
Average number of shares outstanding during the years (thousands of shares)	59,703	59,695	—
Potential increase in common stock for the diluted income calculation (thousands of shares)	81	94	—
Excluded potential increase in common stock for the diluted income calculation due to no dilutive effect (thousands of shares)	20	10	—

21. 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 2023	2022	Thousands of U.S. dollars 2023
Valuation difference on available-for-sale securities:			
Amount arising during the year	¥(1,036)	¥ (30)	$ (7,759)
Reclassification adjustments for gains and losses included in net income	(146)	—	(1,097)
Amount before tax effect	(1,182)	(30)	(8,856)
Tax effect	361	(23)	2,708
Valuation difference on available-for-sale securities	(821)	(54)	(6,148)
Deferred gains or losses on hedges:			
Amount arising during the year	(777)	(506)	(5,819)
Reclassification adjustments for gains and losses included in net income	945	287	7,079
Amount before tax effect	168	(219)	1,259
Tax effect	(45)	62	(340)
Deferred gains or losses on hedges	122	(156)	919
Foreign currency translation adjustments:			
Amount arising during the year	1,696	1,986	12,700
Reclassification adjustments for gains and losses included in net income	(113)	—	(851)
Amount before tax effect	1,582	1,986	11,848
Tax effect	(483)	(31)	(3,623)
Foreign currency translation adjustments:	1,098	1,955	8,225
Remeasurements of defined benefit plans:			
Amount arising during the year	(215)	(78)	(1,610)
Reclassification adjustments for gains and losses included in net income	(99)	(101)	(747)
Amount before tax effect	(314)	(180)	(2,358)
Tax effect	96	57	721
Remeasurements of defined benefit plans	(218)	(123)	(1,636)
Total other comprehensive income (loss)	¥ 181	¥1,621	$ 1,359

22. SEGMENT INFORMATION

(1) Overview of reportable segments

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

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

AIDA plays a key role in the domestic business.

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

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

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

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

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

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

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

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

As of and for the year ended March 31, 2023	Thousands of U.S. dollars Japan	China	Asia	Americas	Europe	Sub total	Adjustments*1	Consolidated*2
Sales								
(1) Sales to third parties								
① Press Machines	$111,651	$ 68,822	$31,938	$ 95,963	$ 62,125	$ 370,501	$ —	$370,501
② Service	40,316	10,395	14,776	26,431	23,178	115,098	—	115,098
③ Others	28,956	153	205	7	246	29,570	—	29,570
Subtotal	180,924	79,372	46,919	122,401	85,551	515,170	—	515,170
(2) Inter-segment sales	130,954	3,162	33,028	3,343	10,785	181,274	(181,274)	—
Total sales	311,879	82,535	79,947	125,745	96,336	696,445	(181,274)	515,170
Segment profit or loss	3,411	(1,116)	6,810	2,143	1,700	12,949	(1,416)	11,533
Segment assets	628,267	109,966	93,526	90,940	121,490	1,044,191	(173,384)	870,807
Others								
Depreciation	8,375	944	1,586	1,447	1,475	13,829	4	13,833
Increase in property, plant, equipment and intangible assets	$ 14,515	$ 491	$ 4,398	$ 465	$ 1,110	$ 20,981	$ —	$ 20,981

As of and for the year ended March 31, 2022	Japan	China	Asia	Americas	Europe	Sub total	Adjustments*1	Consolidated*2
	Millions of yen							
Sales								
(1) Sales to third parties								
① Press Machines	¥14,388	¥ 6,851	¥ 2,633	¥10,997	¥ 9,573	¥ 44,443	¥ —	¥44,443
② Service	5,545	1,591	1,528	2,640	2,558	13,865	—	13,865
③ Others	4,034	55	13	—	53	4,156	—	4,156
Subtotal	23,968	8,498	4,175	13,638	12,185	62,466	—	62,466
(2) Inter-segment sales	14,219	353	3,470	231	472	18,747	(18,747)	—
Total sales	38,188	8,851	7,646	13,869	12,658	81,213	(18,747)	62,466
Segment profit	802	741	745	269	110	2,670	(164)	2,505
Segment assets	82,809	12,796	11,705	10,355	13,096	130,763	(16,829)	113,933
Others								
Depreciation	999	200	280	176	178	1,835	(1)	1,833
Increase in property, plant, equipment and intangible assets	¥ 1,153	¥ 55	¥ 512	¥ 66	¥ 52	¥ 1,839	¥ —	¥ 1,839

*1 Adjustments of sales represent elimination of inter-segment transactions.
Adjustments of segment profit or loss represent elimination of inter-segment transactions.
Adjustments of segment assets represent elimination between inter-segment receivables and payables.
Adjustments of depreciation and increase in property, plant, equipment and intangible assets represent elimination of inter-segment transactions.

*2 Segment profit or loss is adjusted to operating income of consolidated statements of income.

(Related Information)

1. Products and service information

This information is omitted because similar information is disclosed in the segment information.

2. Geographical information

(1) Sales

For the year ended March 31, 2023

Millions of yen					Thousands of U.S. dollars				
Japan	U.S.A.	China	Others	Total	Japan	U.S.A.	China	Others	Total
¥20,952	¥12,764	¥11,623	¥23,455	¥68,795	$156,901	$95,582	$87,040	$175,645	$515,170

For the year ended March 31, 2022

Millions of yen				
Japan	U.S.A.	China	Others	Total
¥19,955	¥11,385	¥9,352	¥21,772	¥62,466

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

(2) Property, plant and equipment

As of March 31, 2023

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

Thousands of U.S. dollars						
Japan	China	Italy	U.S.A.	Malaysia	Others	Total
$106,491	$5,670	$18,913	$13,372	$7,697	$5,227	$157,373

As of March 31, 2022

Millions of yen						
Japan	China	Italy	U.S.A.	Malaysia	Others	Total
¥13,986	¥816	¥2,438	¥1,756	¥1,135	¥1,329	¥21,462

(Reportable segment information for impairment loss on fixed assets)

For the year ended March 31, 2023

There is no impairment loss on fixed assets.

For the year ended March 31, 2022

Millions of yen						
Japan	China	Asia	Americas	Europe	Adjustments	Total
¥—	¥492	¥—	¥—	¥—	¥—	¥492

(Reportable segment information for amortization and balance of goodwill)

There is no amortization and ending balance of goodwill recorded as of and for the years ended March 31, 2023 and 2022.

(Reportable segment information for gain on bargain purchase)

There is no gain on bargain purchase recorded for the years ended March 31, 2023 and 2022.

23. STOCK OPTIONS

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

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

A summary of stock option activity is as follows:

Granted fiscal year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Exercise price per share (yen)	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Average stock price when exercised (yen)	—	—	—	—	—	—	—	—	—	—
Fair value per share when granted (yen)	—	—	—	—	—	—	—	—	—	—
Share subscription rights which are not yet vested										
Outstanding as of April 1, 2022 (shares)	—	—	—	—	—	—	—	—	—	—
Granted (shares)	—	—	—	—	—	—	—	—	—	—
Forfeited (shares)	—	—	—	—	—	—	—	—	—	—
Vested (shares)	—	—	—	—	—	—	—	—	—	—
Outstanding as of March 31, 2023 (shares)	—	—	—	—	—	—	—	—	—	—
Share subscription rights which have already been vested										
Outstanding as of April 1, 2022 (shares)	**12,000**	**16,000**	**35,000**	**30,000**	**22,000**	**23,000**	**15,000**	**10,000**	**10,000**	**13,000**
Vested (shares)	—	—	—	—	—	—	—	—	—	—
Exercised (shares)	—	—	—	—	—	—	—	—	—	—
Forfeited (shares)	—	—	—	—	—	—	—	—	—	—
Outstanding as of March 31, 2023 (shares)	**12,000**	**16,000**	**35,000**	**30,000**	**22,000**	**23,000**	**15,000**	**10,000**	**10,000**	**13,000**

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

24. SUBSEQUENT EVENTS

1. Appropriation of retained earnings

On June 28, 2023, 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. $0.22) per share)	**¥1,921**	**$14,388**

The amount includes dividends of ¥130 million (U.S. $974 thousand) on shares (4,335,948 shares as of March 31, 2023) held by the Trust Account E.

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, 2023, 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, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Key Audit Matters

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

<table>
<tr><td colspan="2">Estimation of total cost of construction for construction contracts for which performance obligations are satisfied over time</td></tr>
<tr><th>Description of Key Audit Matter</th><th>Auditor's Response</th></tr>
<tr><td>AIDA ENGINEERING, LTD. (the "Company") and its consolidated subsidiaries (the "Group") are engaged in the manufacture and sale of press machines and other products. Particularly for medium and large-sized press machines, each product is highly customized and requires a certain period of time to complete because it must meet the specifications of each client.
As stated in (17) "Recognition of significant sales and cost of sales" and (19) "Significant accounting estimates" under 2. "SUMMARY</td><td>In order to evaluate the appropriateness of the estimation of the total cost of construction when recognizing revenue based on progress towards satisfaction of performance obligations, we mainly performed the following audit procedures.
(1) Assessment of internal control
We assessed the status of the following internal controls of the Group regarding the estimation of total construction costs.
・Controls over the estimation of the total</td></tr>
</table>

OF SIGNIFICANT ACCOUNTING POLICIES” in the Notes to Consolidated Financial Statements, for performance obligations satisfied over time for long-term construction contracts, the Group estimates progress towards satisfaction of performance obligations and recognizes revenue over time based on this progress. The amount of net sales recognized based on progress towards satisfaction of performance obligations for the fiscal year ended March 31, 2023 is ¥24,792 million, which accounted for 36% of consolidated net sales. In recognizing revenue based on progress towards satisfaction of performance obligations, it is necessary to reasonably estimate the total amount of construction project revenue, the total amount of construction project cost, and progress towards satisfaction of performance obligations at the end of the fiscal year. The Group measures progress towards satisfaction of performance obligations based on the ratio of construction costs incurred up to the end of the fiscal year to the total expected cost of construction for each contract. In the manufacturing of press machines and the like of the Group, the basic specifications and work processes are based on the instructions of customers, and it is difficult to apply a uniform standard in determining the estimated total cost of construction. Accordingly, the estimation of the total cost of construction involves certain assumptions and judgments by the responsible persons in the Cost Control Department with expertise and experience in construction work, and therefore is subject to uncertainty. In addition, appropriately revising the total cost of construction in a timely manner is a complex process since there may be changes in contract details, unit prices of materials, manufacturing labor hours, and so forth while construction is in progress. Based on the above, we concluded that the estimation of the total cost of construction used in calculating both revenue recognized over time as performance obligations are satisfied and progress towards satisfaction of performance obligations is of particular significance for the fiscal year ended March 31, 2023, and therefore determined that this is a key audit matter.	cost of construction and the calculation of progress towards satisfaction of performance obligations ・ System whereby the responsible persons in the Cost Control Department monitor, in a timely manner, changes in net sales recognized based on progress towards satisfaction of performance obligations and comparisons between anticipated and actual progress towards satisfaction of performance obligations (2) Evaluation of the estimate of the total cost of construction In light of the details related to the construction contract amount, construction profit or loss, construction specifications, and progress of construction, we identified construction projects with relatively high uncertainty in estimating the total construction cost and performed the following procedures. ・We reviewed the total cost of the construction project against the cost estimate data on which it was based, and examined whether the cost of manufacturing the machine in accordance with specifications agreed with the customer was included in the cost estimate. ・In order to examine whether the total amount of construction costs is revised in a timely and appropriate manner, we reviewed the documentation from internal meetings regarding the revision of construction costs and made inquiries of the responsible persons in the Cost Control Department about the determination as to whether the total amount of construction costs should be revised. ・For construction projects where progress has fluctuated beyond a certain range set by the auditor based on cost accrual patterns involving similar projects in the past, we made inquiries of the responsible persons in the Cost Control Department about the reasons for such fluctuations and examined the reasonableness of the answers in light of the process schedule and cost accrual status. ・We evaluated the process of estimating the total cost of construction by comparing initially estimated amounts with finalized amounts and examining the details of any differences.

Other Information

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

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

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

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

We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

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

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

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, 2023 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

October 25, 2023

Yoshiyuki Nomizu
Designated Engagement Partner
Certified Public Accountant

Tomo Ito
Designated Engagement Partner
Certified Public Accountant

Corporate Data/History

As of March 31, 2023

Corporate Data

Company Name	AIDA ENGINEERING, LTD.
Founded	March 1917
Established	March 25, 1937
Capital	¥7,831 million
Fiscal Year-End	March 31
Number of Employees	834 (Consolidated: 2,046)
Head Office	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/
Domestic Group Company	R E J Co., Ltd. 2-3-2 Fukuura, Kanazawa Ward, Yokohama City, Kanagawa Prefecture 236-8641, Japan TEL (81) 45-701-1770 FAX (81) 45-783-7486

History

1917	AIDA Ironworks is founded in Honjo, Tokyo, by the late Mr. 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.
1951	Introduced the first Japanese crown capping press.
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 and Osaka Stock Exchange.
1972	Established a subsidiary in the United States.
1974	Tsukui Factory is constructed (in Sagamihara City).
1977	Introduced 3-D Motion Mark IV Transfer Press stamping center system.
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 U.S.A. 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 new 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 the 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.
2022	Transferred to the Prime Market with the reorganization of the Tokyo Stock Exchange market segments.

Global Network

As of March 31, 2023

Overseas

🟩 Production Facilities 🟠 Global Sales/Service Network 🔵 Technology Center

AMERICAS

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EUROPE

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AFRICA

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CHINA

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