

A&D HOLON Holdings

Financial Results Briefing Materials for FYE March 31, 2023

A&D HOLON Holdings Company, Limited

Securities Code: 7745

<Caution>

Statements regarding forecasts contained in this document are based on judgments made in accordance with information currently available and are subject to change due to future economic trends and new technological developments in Japan and around the world.

Therefore, the Company does not guarantee the accuracy of said statements.



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The Company integrated management with HOLON Co., Ltd., a consolidated subsidiary of the Company, and started operations as A&D HOLON HOLDINGS on April 1, 2022. Therefore, the results for the fiscal year ended March 31, 2022 are that of A&D Company, Limited, and the results for the fiscal year ended March 31, 2023 are that of A&D HOLON Holdings, Co., Ltd.



FYE March 31, 2023

Record high sales for the second consecutive fiscal year Record high operating income for the fourth consecutive fiscal year

- Both sales and income increased from the previous fiscal year due to strong orders in all businesses and the impact of foreign exchange rates.
- Kept overall costs to a minimum by reducing costs and curbing fixed costs in response to expected price hikes of materials and transportation costs.

Forecast for FYE March 31, 2024

Expect continued increase in operating income despite various risks.

- Risks associated with the worsening Ukraine/Russia situation and the impact of material price hikes have also been factored into the forecast.
- Expect to see increased sales by expanding market share of mainstay weighing equipment, and by capturing demand for semiconductor-related business and EV-related DSP equipment.

Dividend

Dividend for the fiscal year ended March 31, 2023 was raised by 5 yen, from 30 yen to 35 yen.

Medium-term Business Plan

Upwardly revised net sales plan for the fiscal year ending March 31, 2025 from 63.9 to 66.0 billion yen.

* DSP | Measurement, control and simulation systems



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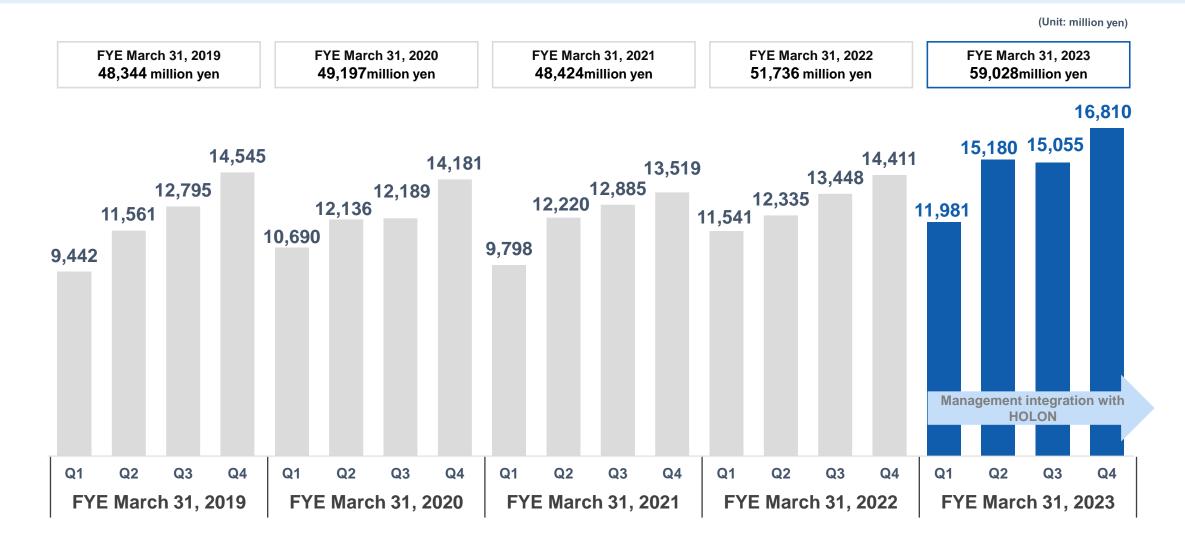
In addition to strong orders, the impact of foreign exchange rates resulted in a significant increase in sales and income.

(Unit: million yen)	FYE March 31	, 2022	FYE March 3	1, 2023	Change	YoY Comparison
		Percentage		Percentage	Change	
Net Sales	51,736	-	59,028	-	7,291	+14.1%
Cost of Sales	28,853	55.8%	32,725	55.4%	3,871	+13.4%
Gross Profit	22,883	44.2%	26,303	44.6%	3,420	+14.9%
SG&A Expenses	17,386	33.6%	18,827	31.9%	1,441	+8.3%
Operating Income	5,496	10.6%	7,475	12.7%	1,979	+36.0%
Ordinary profit	5,604	10.8%	7,643	12.9%	2,039	+36.4%
Pre-tax Income	5,532	10.7%	7,571	12.8%	2,039	+36.9%
Net Profit Attributable to Shareholders of Parent Company	3,573	6.9%	5,524	9.4%	1,950	+54.6%
Net Income Per Share (Yen)	172.92		201.33		28.41	-

Net Sales by Quarter

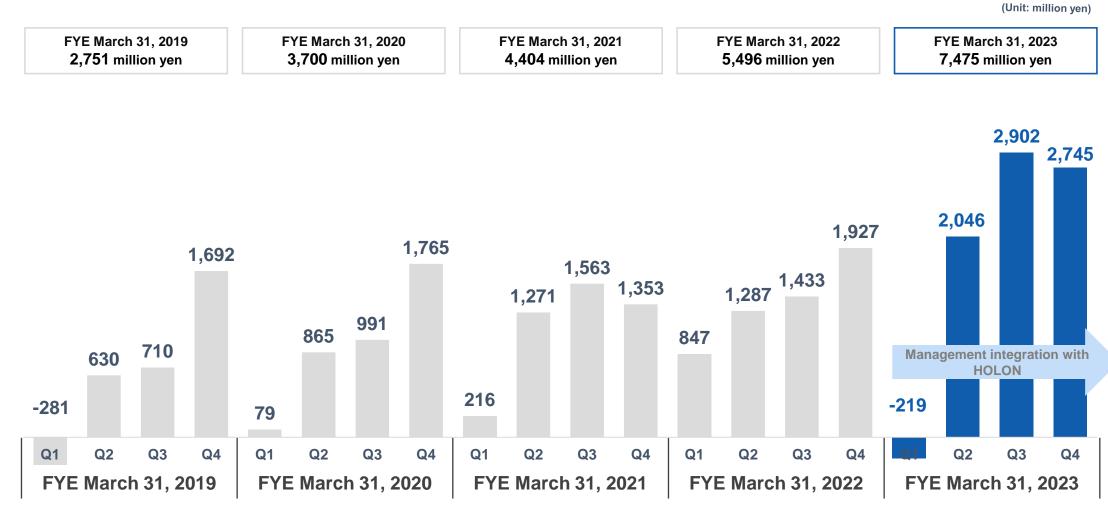
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Record quarterly sales





Operating income saw record quarterly highs in the fourth quarter.



* In FY2023 Q3, profit increased due to an increase in sales of high-margin products, especially in the medical and health care equipment business.

Factors Causing Changes in Operating Income

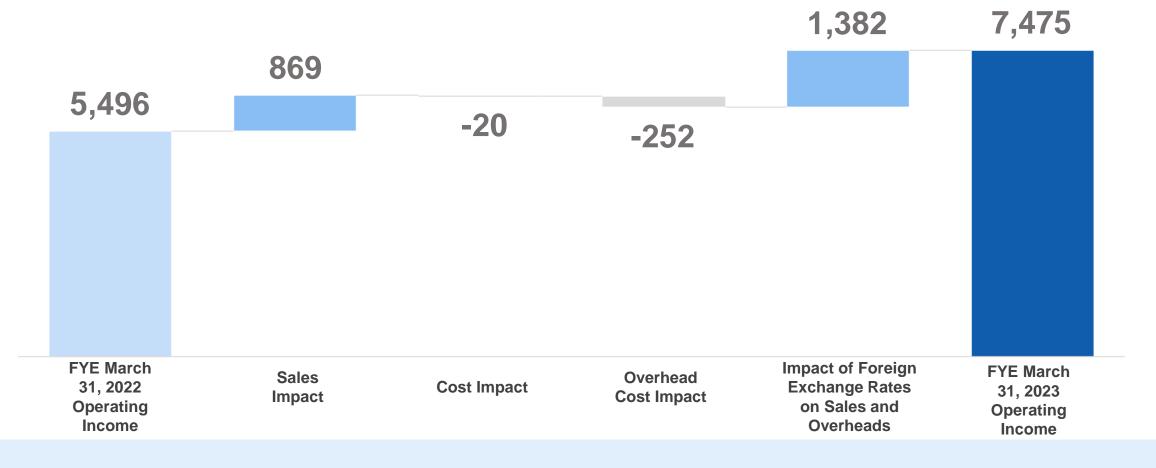
AND HOLON A&D HOLON Holdings

Gross profit increased due to revenue growth, and operating income increased significantly due to the impact of yen depreciation.

 Cost of sales increase related to elimination of unrealized gains on inventories due to foreign exchange rate trends, also mitigated by the yen's depreciation peaking out.
We will continue efforts to optimize inventory levels to minimize the impact of foreign exchange rates.

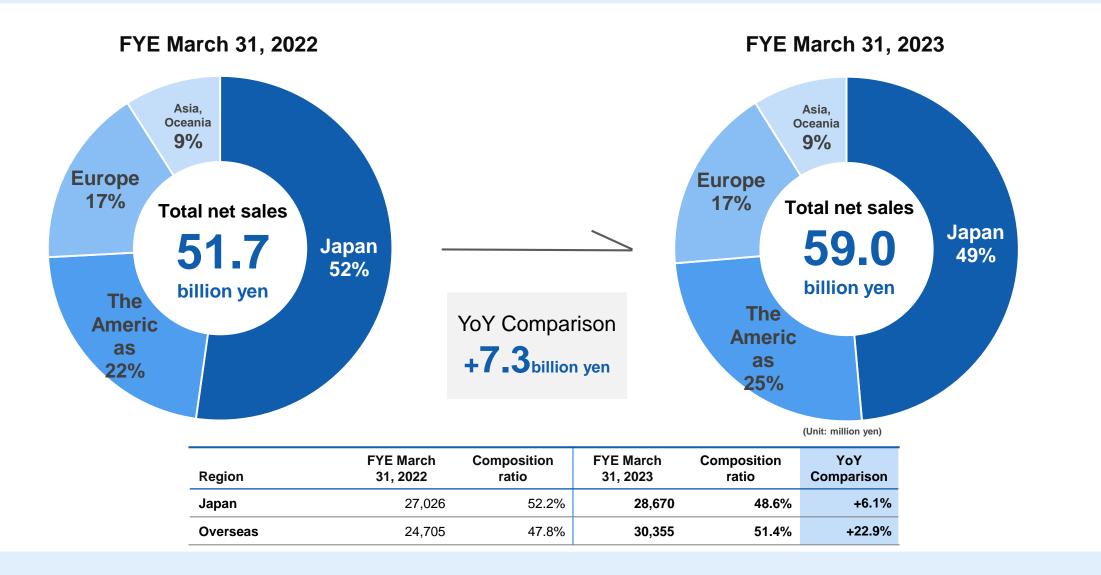
(Unit: million yen)

• Operating income increased by approximately 2.0 billion yen from the previous year due to various cost reduction efforts.



Percentage of Sales by Region

Overseas sales growth drove overall performance.



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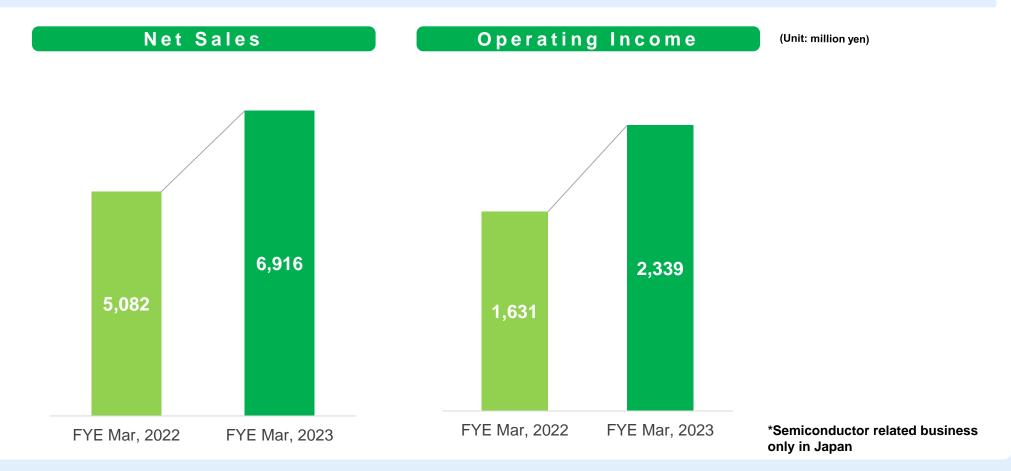
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Segment Results: Semiconductor-related Business



Significant increase in sales and income Net sales +36.1% YoY, Operating income +43.4% YoY

Of the back of demand in the semiconductor market, orders and inquiries increased, logistics improved and SG&A costs were curbed leading to higher sales and income than initially expected.



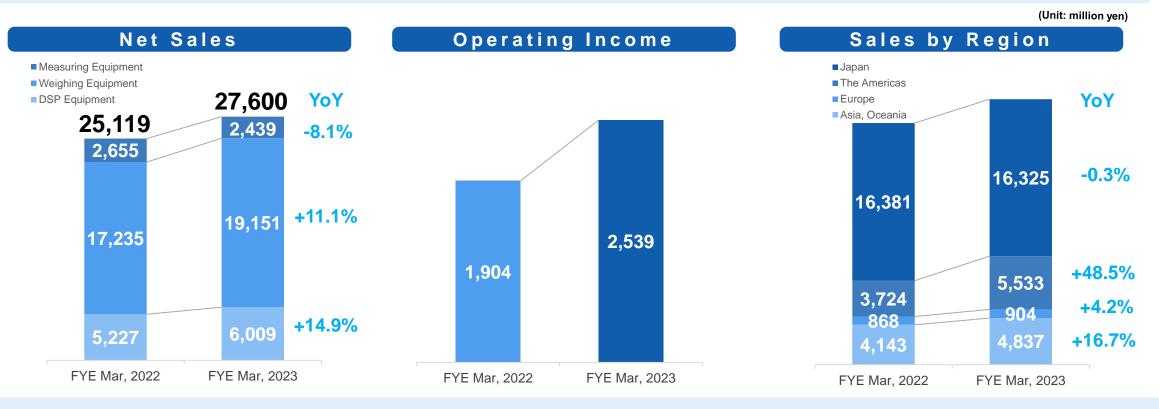


Significant increase in sales and income Net sales +9.9% YoY, Operating income +33.3% YoY

Japan:Measurement, control and simulation systems (DSP systems) maintaining solid performance. Sales growth was sluggish due to a shortage of
parts and materials for some testing and weighing equipment, which prevented planned production, but profits increased due to efforts to
reduce costs and improve production efficiency.U.S.:Sales of mainstay weighing equipment continued to grow due to special demand for general-purpose balances. Production of DSP systems for

orders received in the previous fiscal year resulted in a large increase in both sales and profit.

Asia and Oceania: Sales and income increased due to sales growth of weighing equipment in Australia and Korea and metal detectors and checkweighers in India.





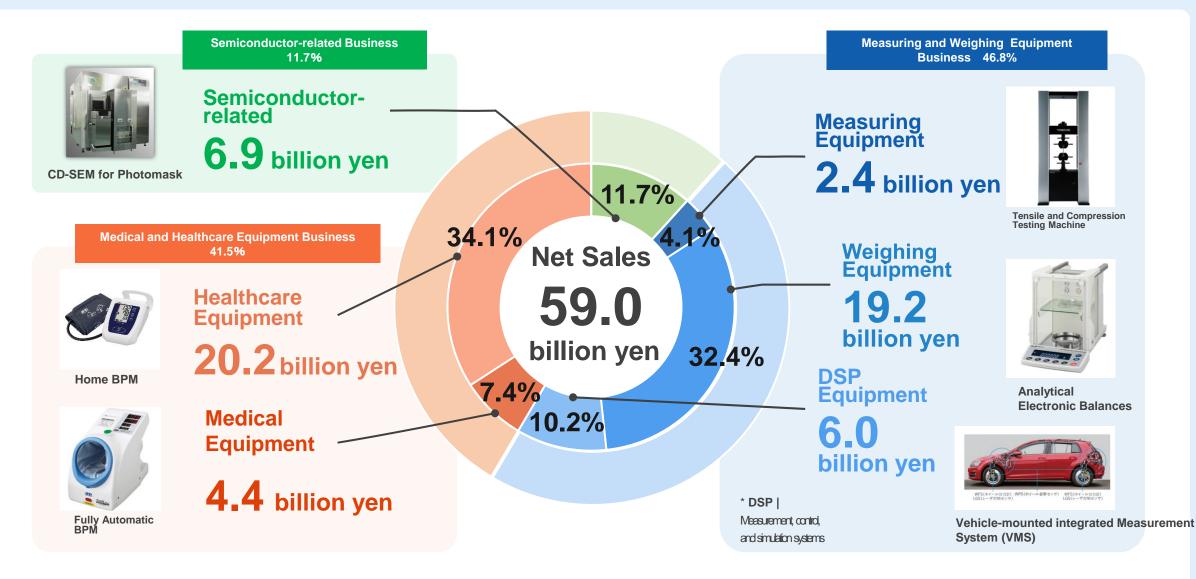
Significant increase in sales and income Net sales +13.8% YoY, Operating income +19.5% YoY

- Japan: While demand for home blood pressure monitors and other products remained strong, there was a lull in demand for blood pressure monitors for nursing care in hospitals, resulting in a slight decrease in sales. Overall, profit increased due to efforts to control expenses.
- U.S.: In addition to continued large orders in the U.S. and growth in sales to general consumers in Canada, revenue growth due to yen depreciation and higher airfreight transportation costs to the U.S. had an impact on profits.
- Europe: Despite a decrease in sales volume in some regions, after converting to yen, both sales and income increased due to the significant impact of yen depreciation.



Sales Composition by Business Segment

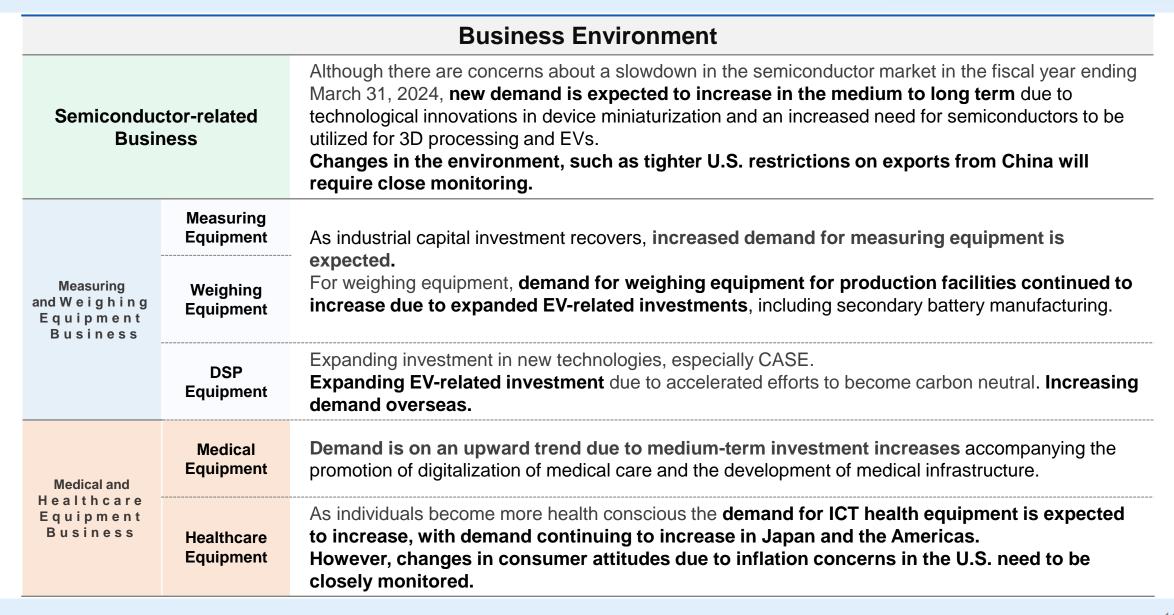






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Expected significant increase in sales and operating income Net sales +5.0% YoY, Operating income +4.3% YoY

Geopolitical risks, such as Russia/Ukraine crisis, U.S.-China trade friction, and the impact of material price hikes have also been factored in.

			(Unit: million yen)
	FYE Mar, 2023 Results	FYE Mar, 2024 forecast	YoY Comparison
Net Sales	59,028	62,000	+5.0%
Operating Income	7,475	7,800	+4.3%
Ordinary profit	7,643	7,450	* -2.5%
Net Profit Attributable to Shareholders of Parent Company	5,524	5,110	*-7.5%
Net Income Per Share (Yen)	201.33	186.15	-15.18

Assumed exchange rate:130 yen: 1 U.S. dollar; 1.7 yen: 1 Russian ruble

* A large amount of foreign exchange gains and interest income from overseas subsidiaries were recorded in ordinary income for the fiscal year ended March 31, 2023. In the forecast for FYE March 31, 2024, foreign exchange gains and losses are not taken into account and interest income is expected to be within normal range. In addition, for net income in the forecast for FYE March 31, 2024, corporate tax is expected to increase due to the increase in profits in FYE March 31, 2023.

(Ur	it: million yen)	FYE Mar, 2023 (Results)	FYE Mar, 2024 (Forecast)	% change
Semiconduc Busin		6,916	8,200	+18.6%
	Measuring Equipment	2,439	2,860	+17.2%
Measuring and Weighing	Weighing Equipment	19,151	20,170	+5.3%
Equipment Business	DSP Equipment	6,009	7,170	+19.3%
	Subtotal	27,600	30,200	+9.4%
Medical and	Medical Equipment	4,360	4,700	+7.8%
Healthcare Equipment	Healthcare Equipment	20,150	18,900	-6.2%
Business	Subtotal	24,511	23,600	-3.7%
Total S	ales	59,028	62,000	+5.0%

Semiconductor-related Business

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• We will aim to expand business performance to meet strong demand in the semiconductor industry by promoting new product development, pursuing group synergy effects and acquiring new customers.

Measuring and Weighing Equipment Business

- Weighing Equipment: Aim to increase market share by promoting product development to meet market requirements and complying with each country's standards.
- DSP Equipment: To meet growing demand, in addition to our own development, we are actively supporting new technologies by promoting joint development with other companies.

Medical and Healthcare Equipment Business

- Medical Equipment: We aim to expand the market share of our mainstay products, fully automatic blood pressure monitors and 24-hour portable blood pressure monitors, and to expand the sales areas of medical scales and other products.
- Healthcare Equipment: We aim to expand our lineup of applications and products for telemedicine, etc., and deepen cooperation with business partners to increase market share, but expect a decline in sales due to the significant impact of exchange rate fluctuations.



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Return to Shareholder

- As the full-year results for the fiscal year ended March 31, 2023 significantly exceeded the initial forecast, the year-end dividend was increased by 5 yen from the initial forecast and the annual dividend rose from 30 yen to 35 yen.
- 201.33 • Annual dividend forecast for the fiscal year ending March 31, 2024 is 35 yen. 186.15 172.92 161.87 Dividend yen) Net income per share (yen) -0-92.74 35 35 89.22 76.8 56.72 44.37 28.44 26.73 22.41 20.99 Dividend 7.65 25 25 increase 20 17 12 12 12 12 9 7 7 7 FYE Mar. FYE Mar, FYE Mar, FYE Mar, FYE Mar, FYE Mar, FYE Mar. FYE Mar. FYE Mar. FYE Mar. FYE Mar. FYE Mar. FYE Mar, FYE Mar. 2013 2022 2024 2011 2012 2014 2015 2016 2017 2018 2019 2020 2021 2023 Forecast

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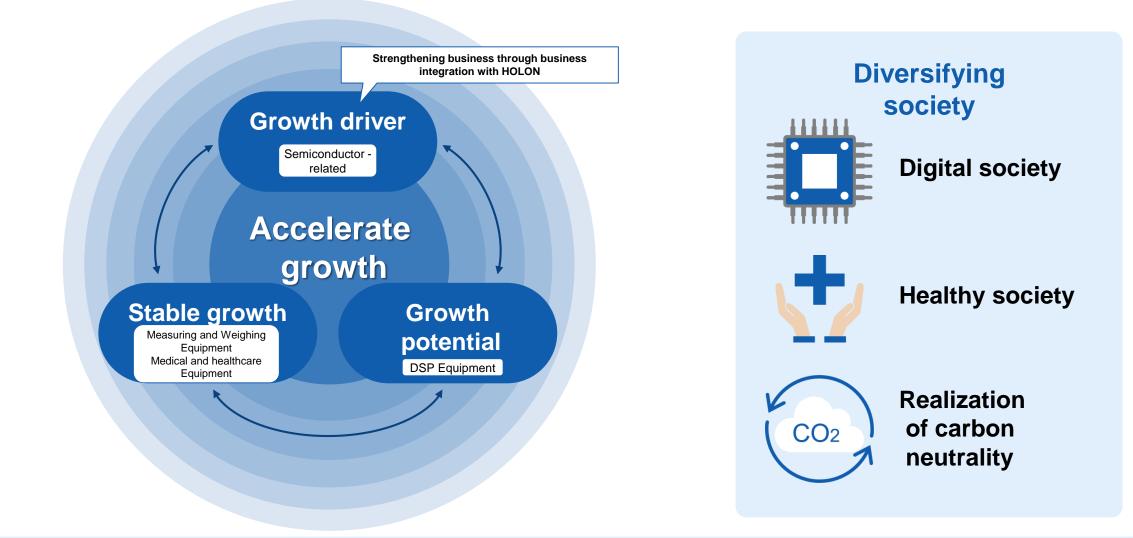
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Medium-Term Business Plan (FYE Mar, 2023 – FYE Mar, 2025)

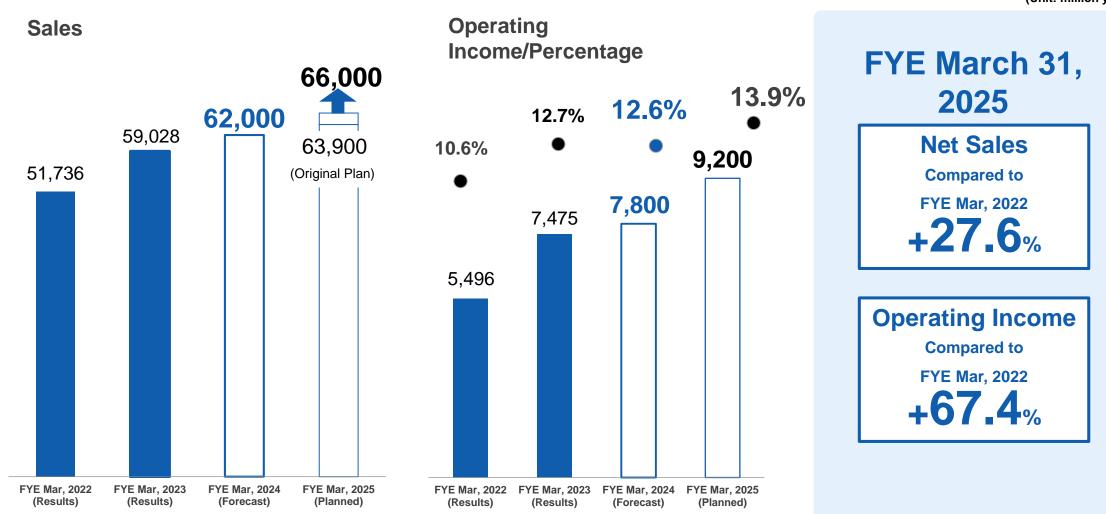


Management integration with HOLON on April 1, 2022 Responding to a diversifying society's changes **Accelerate growth by strengthening business portfolio management.**



Medium-Term Business Plan Numerical Targets

Net sales plan upwardly revised for the fiscal year ending March 31, 2025 on the back of strong orders; operating income in line with initial plan



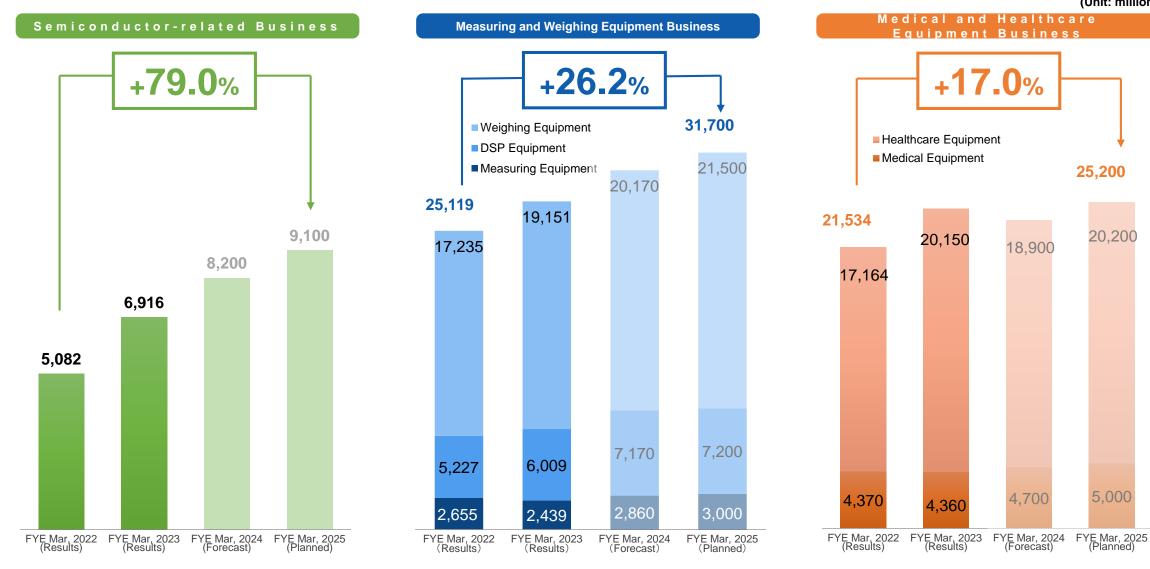


(Unit: million yen)

Medium-Term Business Plan Numerical Targets Net Sales by Segment

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(Unit: million yen)



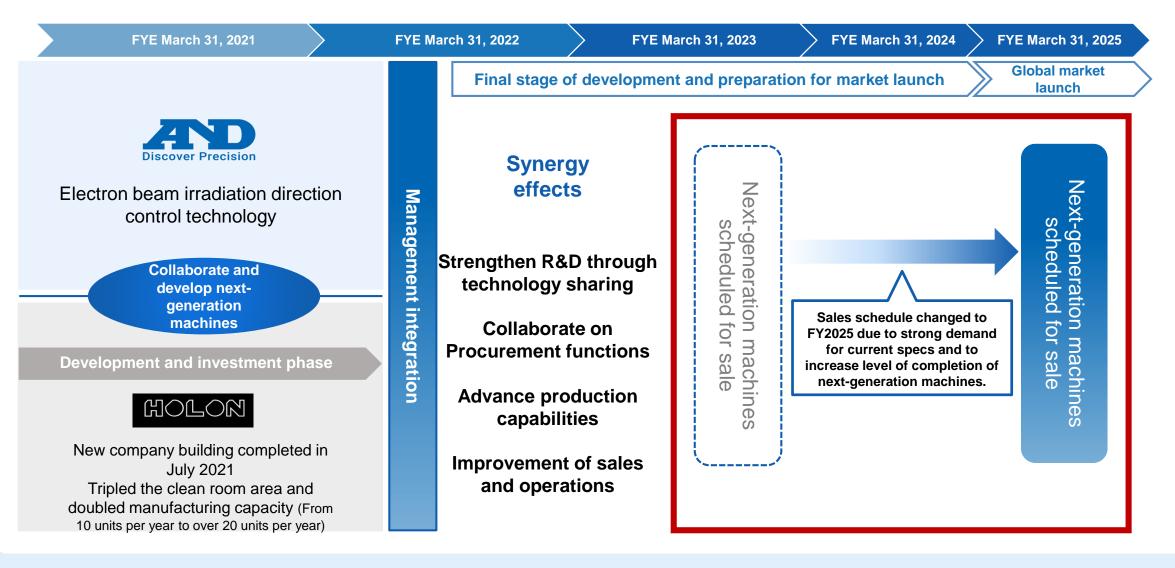
Medium-term Business Plan Important Policies for Each Business Segment



Business Seg	ment	Important Policies	Keywords	Progress
Semiconductor-related	Business	Pick UP 1 Roadmap for introducing next-generation machines to the market	Semiconductors	Changed sales schedule of next-generation machines to fiscal year ending March 31, 2025.
	Weighing	Pick UP 2 Strengthen products for secondary battery production lines	EV-related	Strengthen product lineups to meet growing demand for EVs, mainly in South Korea and China.
	Equipment	Strengthen weighing equipment sales in North America		Gradually expand sales volume.
Measuring and Weighing Equipment Business	Mecouring	Pick UP 2 Provide measurement technologies and equipment essential to the realization of a carbon-neutral society.	Carbon neutral	A large number of inquiries and orders for gas analyzers (FTIR) for combustion-related development using alternative fuels, such as ammonia and hydrogen.
Measuring Equipment DSP		Enhanced support for connected/automation		Strengthen sales towards expanding sales.
	Equipment	Pick UP 2 Enhanced support for electrification	EV-related	Electrification demand remains at a high level worldwide, and inquiries and orders for related products are steadily increasing.
		Pick UP 3 Further market share expansion	Medical DX	Release e-commerce only products and strengthen client partnerships
		Business alliance with Tanita Corporation		OEM supply of body composition analyzers for medical equipment from Tanita Corporation decided; collaboration in various events
Medical and healthcare Equip	oment Business	Pick UP 3 Establishment of regional telemedicine system Industry-academia collaboration with Jichi Medical University	Medical DX	The system has been renewed and PoC will be implemented as a regional medical support system which uses a cellular blood pressure monitor.
		Strengthening remote patient monitoring business overseas		Continuing licensing business; hardware sales remain strong
		Pick UP 3 Expand introduction of data collection systems to companies, educational institutions, etc.	Medical DX	Expanded sales of digital height and weight scales to educational institutions Enhancing solutions for Medical DX (digital transformation)

Pick UP 1 Semiconductor Related Business Roadmap for Introducing Next-generation Machines to the Market

Expand market share by establishing a global structure for the market launch of next-generation machines.



Pick UP 2 Measurement and Weighing Equipment Business Strengthening Support for EVs/Electrification

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Strengthen products for secondary battery production lines

Demand for our products is growing due to the shift to electric vehicles.

We will develop products to match market needs and expand our

product lineup.

South Korea, China

As the batteries used in EV vehicles get larger in size, we are developing balances for the battery production lines with production scheduled for later in 2023.

New product development

We receive many requests for products which solve safety issues in battery production associated with the shift to EVs, so we are developing a dedicated balance for this line.



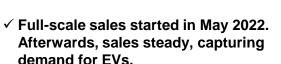


Built-in FA network, high-precision, high-speed response weighing indicators

Strong sales of real simulators for electric vehicles

Jointly developed "EV-Sim HELIOS Edition," a real-time simulator for electric vehicle development with Toyota Technical Development Corporation (TTDC).





- ✓ Order backlog continues to build strongly.
- ✓ Also expanding sales markets through joint development.

Significantly shortened development time for control development/technology



Collaboration with Yamaha Motor Co., Ltd.

Strengthened initiatives for carbon neutrality by improving existing systems to create a HILS (*1) environment and reduced the evaluation period for SMG (Smart Motor Generator)(*2) by 90% ! Please see the A&D website for details.

(Note 1) HILS (Hardware In the Loop Simulation): A testing device for computers installed in automobiles (Note 2) SMG (Smart Motor Generator): Technology to realize quiet and low-vibration engine starting



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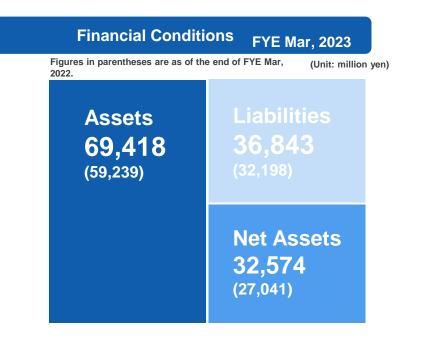
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(Unit: million yen)

	FYE Mar, 2022	FYE Mar, 2023	YoY Comparison
Net Sales	51,736	59,028	+14.1%
Semiconductor-related	5,082	6,916	+36.1%
Measuring and Weighing Equipment	25,119	27,600	+9.9%
Medical and Healthcare Equipment	21,534	24,511	+13.8%
Cost of Sales	28,853	32,725	+13.4%
Semiconductor-related	2,156	2,976	+38.0%
Measuring and Weighing Equipment	14,240	15,893	+11.6%
Medical and Healthcare Equipment	12,084	13,460	+11.4%
SG&A expenses	17,386	18,827	+8.3%
Semiconductor-related	1,294	1,600	+23.7%
Measuring and Weighing Equipment	8,973	9,167	+2.2%
Medical and Healthcare Equipment	5,538	6,375	+15.1%
Operating Income	5,496	7,475	+36.0%
Semiconductor-related	1,631	2,339	+43.4%
Measuring and Weighing Equipment	1,904	2,539	+33.3%
Medical and Healthcare Equipment	3,911	4,675	+19.5%

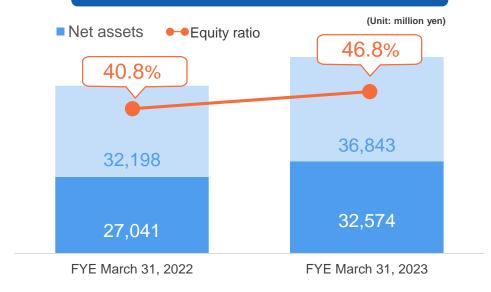
Financial Analysis (BalanceSheet)





FYE Mar, 2022	FYE Mar, 2023	
43,946	52,660	
15,292	16,757	
59,239	69,418	1
26,202	31,202	
5,995	5,640	
32,198	36,843	2
27,041	32,574	3
	43,946 15,292 59,239 26,202 5,995 32,198	43,94652,66015,29216,75759,23969,41826,20231,2025,9955,64032,19836,843

Liabilities, Net Assets and Equity Ratio



Increase in cash and deposits 3,120 million yen

- Increase in merchandise and finished goods and work in process 2,630 million yen
- Increase in raw materials and supplies 1,050 million yen
- Decrease in notes and accounts payable-trade -170 million yen
- 2 Increase in short-term borrowings 2,700 million yen

3 Increase in shareholders' equity 7,550 million yen

Financial Analysis (Cash Flow)

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		(Unit: million yen)	
	FYE March 31, 2022	FYE March 31, 2023	
Cash Flow from Businesses	1,782	4,096	1
Cash Flow from Investment	(2,395)	(1,364)	2
Cash Flow from Financing	(741)	452	3
Cash and Cash Equivalents at End of Fiscal Year	11,012	14,315	

Change in notes and accounts receivable: -823 million yen

Change in inventories: -3,037 million yen

Purchase of property, plant and equipment: -885 million yen

Purchase of intangible fixed assets: -639 million yen

Net increase in short-term borrowings: 2,498 million yen

Proceeds from long-term borrowings: 1,750 million yen

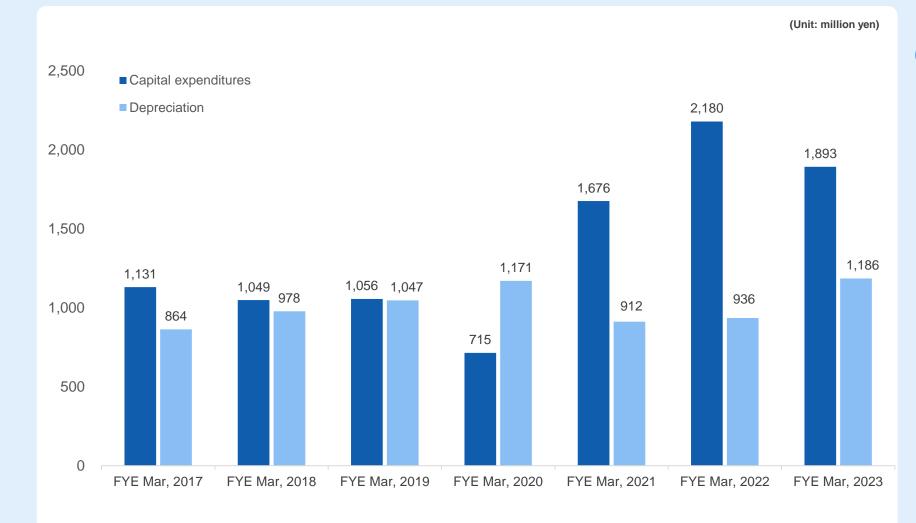
Repayments of long-term borrowings: -2,713 million yen

Dividends paid: -746 million yen

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Capital Expenditures and Depreciation

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Note: The above capital expenditures and depreciation are for property, plant and equipment only.

Capital expenditures increased in the fiscal year ended March 31, 2021 due to the construction of the new HOLON head office and manufacturing facility.

Capital expenditures increased in the fiscal year ended March 31, 2022 due to construction of a new manufacturing plant in South Korea and continuation of the construction of the new HOLON head office and manufacturing facility.

In the fiscal year ended March 31, 2023, the amount recorded in assets will increase due to renewal of lease contracts for factories, offices, and other rental properties at overseas subsidiaries (due to the application of IFRS and U.S. accounting standards).

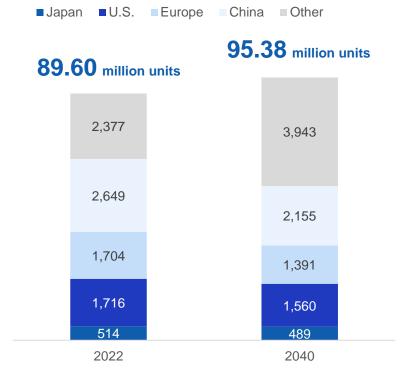
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Pick UP 2 Measurement and Weighing Equipment Business Strengthening Support for EVs/Electrification



Automobile Sales Forecast

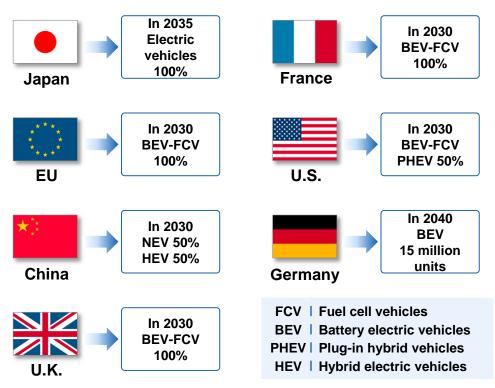
Automobile sales are expected to decline in developed countries. Sales are increasing in other countries, with the global trend being an increase.



Source: Created based on "Automotive Industry 2040" by Nikkei Business Publications, Inc.

Electrification targets for each country/region for 2030 and later

Electrification is expected to progress rapidly in developed countries as targets for electrification are set in national policies.

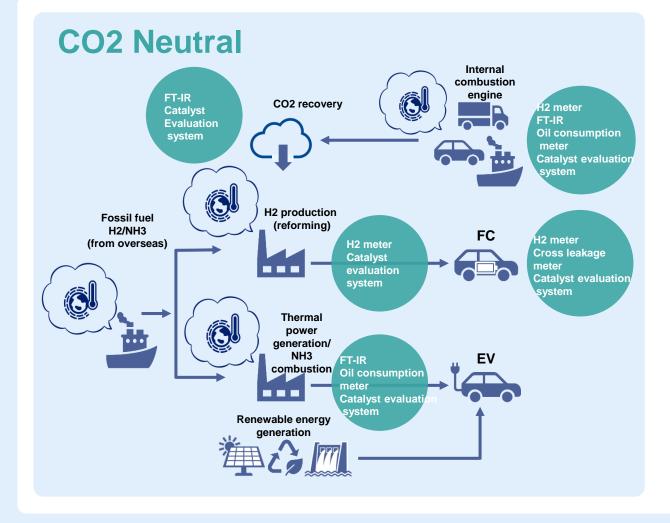


Source: Referenced the website of the Agency for Natural Resources and Energy of the Ministry of Economy, Trade and Industry.

Pick UP 2 Measurement and Weighing Equipment Business Our goal is to provide measurement technologies and equipment essential to the realization of a carbon-neutral society.



Provide measurement technologies and equipment essential to the realization of a carbon-neutral society. We contribute to the achievement of zero emissions with our cutting-edge measurement technologies to address this global challenge.



Greater awareness of global environment protection has led to steady orders.

Continued inquiries and orders for gas analyzers (FTIR) for combustion-related development using alternative fuels such as ammonia and hydrogen.

Many FTIR analyzers have already been installed in combustion-related research and development sites (Example installations: Major automobile manufacturers, research institutions, etc.)

Strengths of our products

- Extensive experience related to hydrogen and ammonia combustion Highly accurate measurement of unburned components and H2O at high concentration coexistence through our own calibration technology
- Robust design for shared use between lab and field, high earthquake resistance
- NH3 resistance and contamination resistance through decompression sampling
- Hardware configuration flexibility

Pick UP 3 Medical and Health Care Equipment Business Medical DX Telemedicine Market Size



The telemedicine market is expected to exceed USD 526.7 billion by 2031 *1

Society preference shifting from traditional medicine to telemedicine is driving the telemedicine market.



(Reference) Size of telemedicine-related market in Japan \cdot_2

24.1 billion yen in 2019; over 40 billion yen in 2025

In addition to remote diagnostic imaging and remote pathology, expanding use of online medical services and online medication guidance are driving the market.

*1 Source: "Telemedicine Market - Global Industry Analysis, Size, Share, Growth, Trends, and Forecast, 2022-2031" Market Research Report, Global Information, Inc. *2 Source: "Internet of Medical Things (IoMT) 2021 Future Prospects of New Markets", Fuji Chimera Research Institute

Factors contributing to market expansion

- Expanding telemedicine solutions
- Improving home diagnosis and home health care
- Expanding remote monitoring needs As the global population grows, as does the importance of preventive medicine. The quality of health monitoring improves and there are more opportunities to access care.
- Growing interest in health

Pick UP 3 Medical and Health Care Equipment Business New Product Development for Market Share Expansion



We are developing product lines that protect the environment and enable healthy lifestyles, in turn strengthening sales and increasing our market share.

ECOnomy & ECOlogy

Strengthening e-commerce Release "softer, more accessible A&D" E-commerce-only products







As part of our effort to solve social problems to realize a sustainable society under the concept of "ECOnomy & ECOlogy," we have used simple packaging and included only the essential contents in order to reduce the impact on the environment. Sold as an e-commerce-only model to respond to purchaser needs.

Market share expansion

Strengthening partnerships with clients and actively supporting private brands.

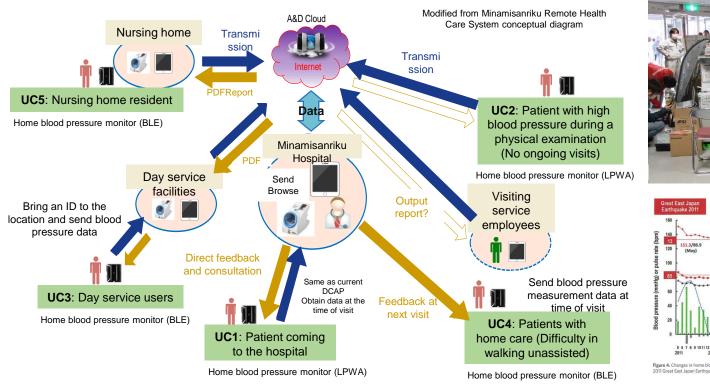




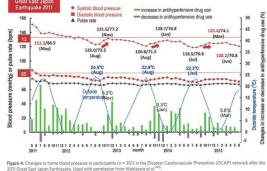
Actively offering private products and working with wellknown stores to meet the needs of our customers and help to create healthy, long-lived society.

Collaboration with Jichi Medical University to build a solution that enables regional telemedicine DiCAP System*) Disaster Cardiovascular Prevention Network System

Renewed the system and started PoC using a cellular blood pressure monitor as a regional medical support system.







Utilizing the experience of the Great East Japan Earthquake, we have built an advanced cardiovascular disease remote support system.

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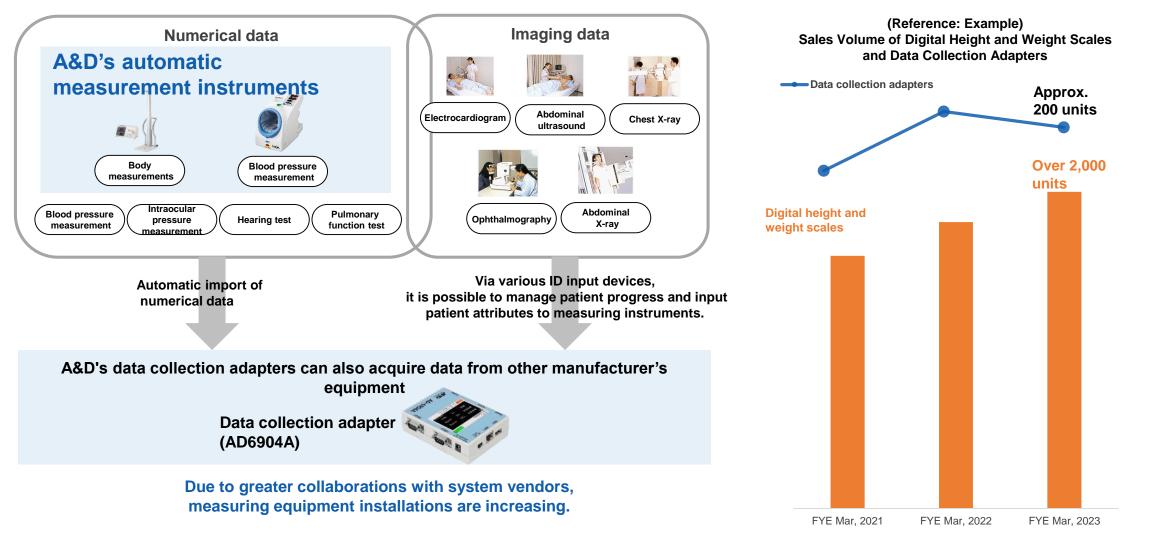
Over the course of a decade, D-CAP proved to be able to assist in the control of high blood pressure of natural disaster survivors.

*Disaster Cardiovascular Prevention Network System

Pick UP 3 Medical and Health Care Equipment Business Medical DX Promoting Digitalization of Health Checkups



Increasing health awareness among companies, local governments, and educational institutions has led to the shift to digital health checkups and an increase in the number of medical and health devices installed.



We aim to be a corporate group that contributes to the development of science and technology, the advancement of industry, and the health of people's lives by providing society with the "measurement" technology we have cultivated over many years, thereby contributing to the creation of a prosperous and sustainable society on a global scale.

Digital

Society



Healthy Long-lived Society

Carbon Neutral

CO₂

Technological innovation with "measurement" at its core

K

Environment





A&D HOLON Holdings Company, Limited <u>Click here</u> for the Investor Relations site.



A&D HOLON Holdings Company, Limited <u>Click here</u> for the Medium-Term Business Plan.