

A-ONE SEIMITSU INC. Medium-term Business Plan

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May 2022

(1) Summary of the Medium-term Business Plan (FY6/22-FY6/27)

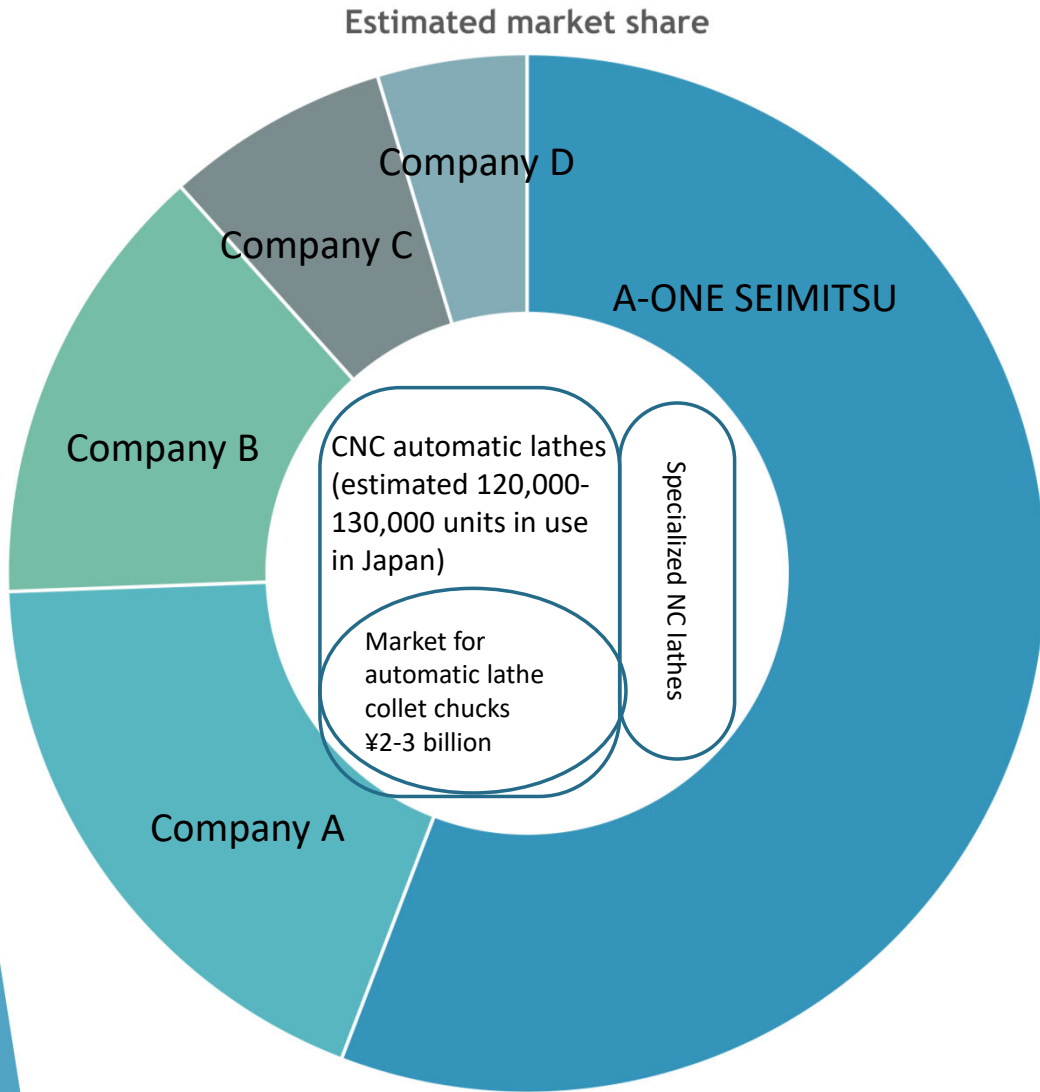
(Millions of yen)	FY6/22 (Forecast)	FY6/27 (Forecast)
Net sales	1,850	2,500
Operating profit	497	800
Profit	340	560
Total assets	9,390	8,000
Shareholders' equity	8,624	7,000
ROA (Operating profit/Total assets)	5.2%	10%
ROE (Profit//Shareholders' equity)	3.9%	8%

*Total assets and equity are as of the third quarter of FY6/22.

(2) Sustainability Initiatives

<Business Strategy>	Continue to earn the support of customers while making manufacturing the key element of business activities.
	Use machine tool know-how for the growth of corporate value
	Continue upgrading specialist skills to meet customers' needs
<Initiatives>	
Environment/Climate change	Eliminate the use of hazardous substances
	Increase the pct. of electricity from renewable energy
	Recycling activities for the reuse of materials for machine tools
Human rights/Employees' health	Quality workplace environments and further improvements
	Fair and proper compensation
	Performance-based compensation for a greater incentive for employees
Relations with suppliers/customers	Strict adherence to fair transactions
	Establish mutually beneficial relationships
Risk management (natural disasters, etc.)	Training program for safety management personnel
	Responses to emergencies, clear lines of command, guidelines for behavior
Use risk management to create profit opportunities	Safe and pleasant workplaces contribute to higher product quality, faster responses to customers' needs and better management of delivery times
	Link employees' performance and compensation at a high level to provide a greater incentive for becoming more technologically advanced and competitive

(4)-1 Our Markets Today Collet Chucks



Collet Chucks

The market for CNC automatic lathes, the primary source of demand for collet chucks

2021 sales for new equipment	¥147.2 billion
TSUGAMI CORPORATION	¥51.8 billion
STAR MICRONICS CO., LTD.	¥48.7 billion
CITIZEN MACHINERY CO., LTD.	¥46.7 billion
(Estimates based on FY3/21 financial data announced by these companies)	
Other types of specialized machinery	¥84.2 billion

Manufacturers of automatic lathe collet chucks

A-ONE SEIMITSU	¥1.167 billion (FY6/21 Results)
Company A	About ¥0.4 billion
Company B	About ¥0.3 billion
Company C	About ¥0.15 billion
Company D	About ¥0.1 billion
Others	Estimated to be ¥2-¥3 billion

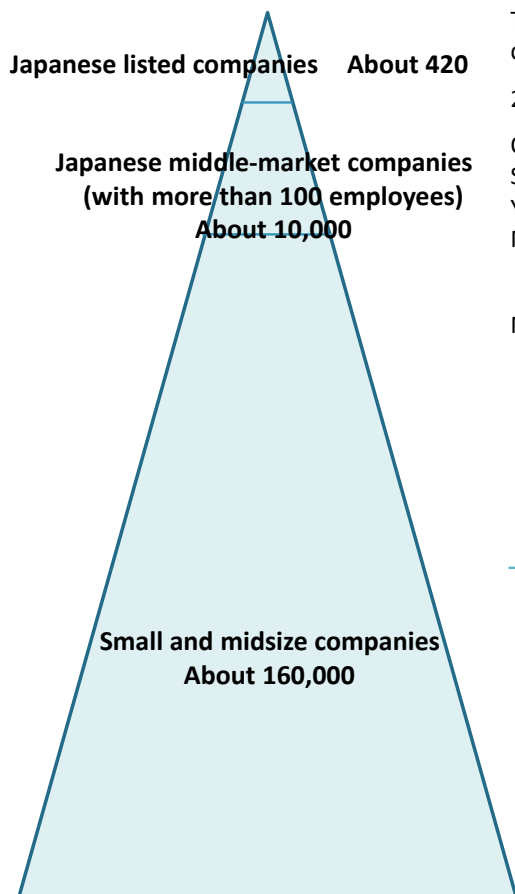
(Estimated sales except sales of A-ONE SEIMITSU)

Collet chucks for specialized machinery and other applications

Yukiwa Seiko Inc., RIKEN SEIKI, Kitagawa Corporation, EGURO.LTD, Takamatsu Machinery Co., Ltd., etc.

(4)-2 Our Markets Today Cutting Tools

Number of Companies



Cutting Tools

The market for machining centers, the primary source of demand for cutting tools

2021 sales for new equipment ¥556.5 billion

Okuma Corporation, DMG MORI Co.,Ltd., Makino Milling Machine, Shibaura Machine, Mitsui Seiki, Kitamura Machinery YASDA PRECISION TOOLS K.K. Mitsubishi Heavy Industries, Ltd., etc.

Market for tools used ¥132.1 billion (2021 sales in Japan)

- Ultra-hard end mills ¥54.5 billion
- Ultra-hard drills ¥42.3 billion
- Other ultra-hard tools ¥35.3 billion

Standard Cutting Tool Regrinding Estimated sales ¥30-¥40 billion

About 150 companies regrind standard cutting tools		
Company name	Number of employees	Estimated annual sales (billion yen)
Company A	201	1.4
Company B	100	0.8
Company C	86	1.5
Company D	79	1.0
A-ONE SEIMITSU	27	0.4

The Specialty Cutting Tool Market Estimated sales ¥15-¥20 billion

About 30 companies regrind specialty cutting tools		
Company name	Number of employees	Estimated annual sales (billion yen)
Company a	458	10.2
Company b	141	
Company c	109	
Company d	101	1.15
Company e	100	
A-ONE SEIMITSU	9	0.14

(5) Market Outlook

Manufacturing sectors (Japan, other countries)

- Automobiles
- Precision equipment
- Medical devices
- Measuring instruments
- Electronic/semiconductor parts
- Aerospace
- Industrial robots
- Machine tools
- Construction machinery
- Specialized machinery
- Dies and jigs
- Hydraulic parts/Speed reducers
- Data handling equipment

Status and issues

- EV sales growth is reducing the demand for parts made using cutting tools
- Growing volume of data handling equipment
- Increasing performance of medical devices
- Increasing use of industrial robots
- Establishment of an information society infrastructure
- Larger number of parts as companies make many types of products in small quantities
- Increasing miniaturization and precision of parts
- More parts with intricate shapes
- Increasing use of materials that are difficult to cut

Sources of orders

Tool trading companies in Japan (about 2,600)
Overseas tool trading companies

Direct sales

Business unit activities

Collet Chucks

Processing for compact precision parts
Services provided to about 7,000 companies

Cutting Tools

Processing for compact precision parts
Processing of midsize/large parts
Processing of large structures
Processing of dies and jigs
Services provided to about 6,700 companies

(6)-1 Plans for Business Activities Collet Chucks

- Market trends**
- Falling size and rising precision of parts; larger number of parts used
 - More types of tools needed due to small lot production
 - Demand is rising for standard tools as well as for custom-made products
 - Customers are increasingly demanding fast deliveries

2027
Sales in the Collet Chucks segments
¥1.6 billion (forecast)

2022
Sales in the Collet Chucks segments
¥1.3 billion (forecast)

- Reasons for buying collet chucks**
- To have a set of all sizes when installing new equipment
 - More sizes needed due to changes in material diameter
 - More chucks needed due to chuck wear and damage
 - Revision of specifications due to increasing complexity of processing
 - Order-made chucks for higher process precision

- A-ONE SEIMITSU actions**
- Strong relationships with about 7,000 companies
 - User coverage is high through the intermediary of a tool trading company
 - Continue investments in highly advanced equipment for outstanding quality and further improvements
 - Upgrade technological skills to increase the ability to handle orders for custom-made products
 - Increase equipment utilization rates and ensure on-time deliveries to increase order acceptance
 - Improve profitability by making products more efficiently and cutting costs
 - Increase employee compensation as profitability rises to give them a greater incentive to aim for even higher profitability

(6)-2 Plans for Business Activities Cutting Tools

2022 A-ONE SEIMITSU Net sales

Manufacture of specialty cutting tools ¥0.14 billion (forecast)

Regrinding of standard products ¥0.4 billion (forecast)

No. of current customers 6,700 companies

Specialty blade market ¥20 billion (estimate)

Regrinding market ¥30 billion (estimate)

Specialty cutting tools ¥0.14 billion (forecast)

Regrinding of standard products ¥0.4 billion (forecast)

Specialty cutting tools Market trends

- Growing need for specialty cutting tools required by the increasing complexity of metal processing
- The need to reduce time required for processes for high-volume production
- The need for processes for shapes not possible with processes using standard products
- Increasing need for specialty blades with both competitive prices and fast delivery
- The need for blades with design flexibility for matching specific processes

2027 Specialty cutting tools ¥0.4 billion

Standard product regrinding ¥0.5 billion

Standard product regrinding The market today

- For general-purpose products, falling prices of new products are keeping regrinding demand flat
- Strong demand for grinding of blades with specialized shapes due to the high cost of these blades
- High-precision lot processes require high-quality grinding
- Companies using large numbers of blades require fast and reliable deliveries
- Growing demand for high-quality regrinding for raising the quality of processes used to fabricate parts

A-ONE SEIMITSU actions
Rigorous measures for high quality and reliable deliveries for standard product regrinding
Ability to fill urgent orders
Meet a broad range of needs, including proposals for specialty blade configurations
Recycling activities, such as modifying blades and making blades from discarded materials
Work with tool trading companies for access to users in many market sectors and industries
Use highly competitive specialty blades for adding new customers and strengthening relationships with existing customers
Aim for a 30% increase in the number of annual active customers
Strengthen the lineup of core products to increase sales

(7) Financial Data (Since the IPO)

