AIDC Investor Conference (2634)

Aerospace Industrial Development Corporation

April 8, 2025

AIDC

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Outline

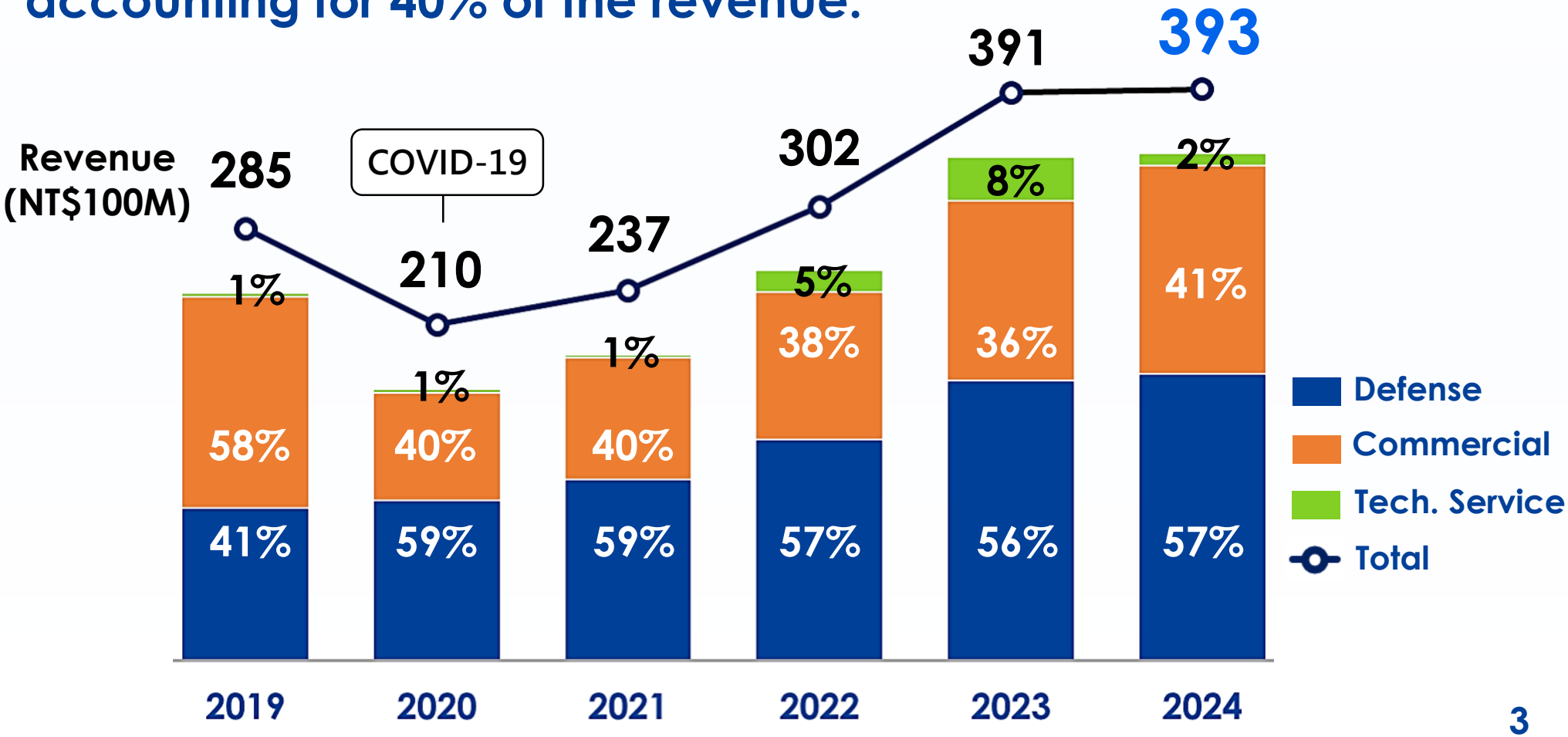
1. FY 2024 Business Results
2. Aerospace Market Outlook & Business Layout
3. R&D for Ambitious Business Growth
4. Financial Performance
5. Towards Sustainability

FY 2024 Business Results

Revenue hits a new record in 2024

The civil business has grown significantly, accounting for 40% of the revenue.

EPS 2.3 (NTD)



Military market demand continues to rise

In response to the tense regional situation, our government actively develops the military industry. The defense budget for 2025 reaches more than NT$460 billion, and more than NT$550 with the special budgets included. Military market demand continues to rise.

Military industry — **to enhance the self-reliance of the defense industry**

➢ **Objectives**

- To create non-red supply chain and build the "top democratic supply chain center" for drones in the Asia-Pacific region
- By 2028, the value of the drone industry is expected to grow tenfold, reaching NT$30 billion
- To boost drone production capacity to 15,000 units per month in the event of a sudden surge in demand
- To establish a temperature-controlled forge production line for engine components
- To deliver 165 vessels to the ROC Navy by 2028

➢ **Strategies**

To integrate drone system capacity

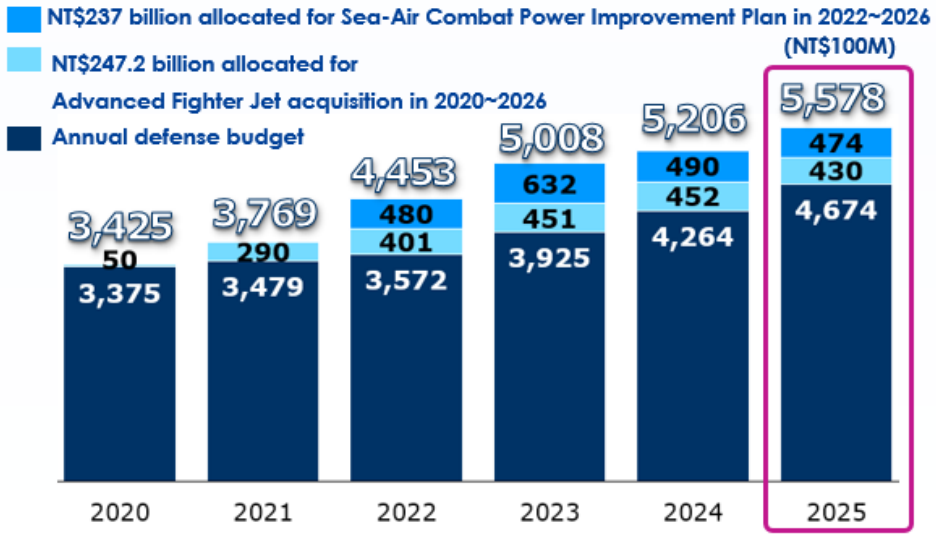
✓ To build core technology and capacity of drones and counter-drone systems
✓ To promote international cooperation and win business opportunities without red supply chain
• To establish the Taibao R&D Center and to enhance mass production capabilities at the NCSIST Aerospace Park in Minsyong

To promote self-reliance of military aircrafts

✓ To develop aerospace core technologies and products such as aviation systems and engine forging capacity
✓ To build capability of independent maintenance of military aircraft
✓ To strive for international orders through obtaining authorization of export license from original manufacturer

To promote self-reliance of naval vessels

• To build technical capacity for unmanned vessels and unmanned underwater vehicles
• To utilize R&D subsidy resources to develop core technology or equipment



Sources: Directorate-General of Budget, Accounting and Statistics, Executive Yuan, ROC(Taiwan), edited by AIDC

Market Outlook & Business Layout

Defense Business

AJT mass production peaks, military aircraft maintenance orders boom

1. Our company is responsible for the mass production of AJT and the fleet maintenance. This year (2025) mass production continues to be at the peak.
2. Based on the excellent performance of maintenance, Our company continues to execute and win various types of military aircraft maintenance business, including IDF maintenance, 11 repair commission, military helicopter system maintenance, F-16 maintenance, etc. The order amount of the military business exceeds NT$30 billion in 2024.

AJT - Yung Ying (Brave Eagle) mass production and maintenance (66 jets planned to be delivered by the end of 2026)

IDF Maintenance

Air Force Academy A/C Maintenance GOCO

UH-60M Helicopter Maintenance

AH-1W Helicopter Maintenance

F-16 Maintenance

Market Outlook & Business Layout

Defense Business

Drone industry has a promising future

To reduce its dependence on China, the United States has recently been actively looking for non-red supply chains. The international pro-American camp is expected to increase purchases from Taiwan, including raw materials, components, fuselage structures, and complete aircraft products, which provides huge business opportunities.

2024.9.10 Ministry of Economic Affairs announced the establishment of "Taiwan Excellence Drone International Business Opportunities Alliance", our Chairman was unanimously elected as the Alliance Chairman

2024.9.30 Taiwan and Oklahoma drone industry sign a MOU

2024.11.15 Taiwan and Poland Taiwan Business Association signs a MOU on cooperation in the drone industry

2025.2.7 Estonia Defense Industry Group visits Taiwan for industrial cooperation opportunities

2025.2.18-20
The Taiwan Pavilion opened in The world's largest drone exhibition

Market Outlook & Business Layout

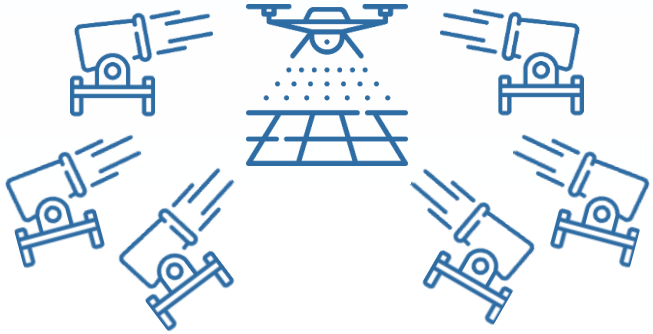
Defense Business

Improves the production of military aircraft system parts, independent maintenance, drones and counter drone systems

AIDC will continue to strive for original manufacturer authorization and technology transfer, actively develop system components, independent maintenance, drones and counter drone systems capabilities, simultaneously enhance technology, international influence, and national defense independence, and enter the international supply chain and expand market share.

The first product of the counter drone system is about to be launched

AIDC has been cooperating with Taiwan UAV Company manufacturing drones, seeing the domestic counter drone system is still in the initial stage, AIDC fully invests in developing key components to build a strong brand and industrial chain in Taiwan. The first product is expected to be launched this year.



The alliance between sea and air deepens the development of domestic manufacturing

AIDC cooperates with the Ship and Ocean Industries R&D Center to expand R&D, manufacturing, testing, and maintenance business, and to jointly build our national defense independence.

Global civil aviation passenger market continues to grow

The International Air Transport Association (IATA) released a global air passenger market analysis report for January 2025, showing that both the international and domestic markets grow significantly in 2025 with strong travel demand.

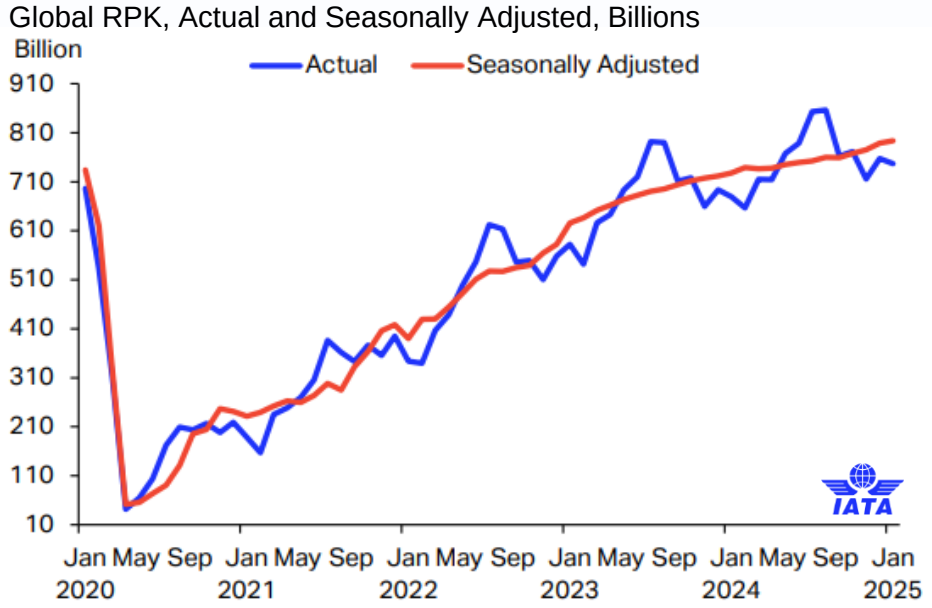
Global

Air travel demand

Compared with the same period last year

+10.0%

- International **+12.4%**
- Domestic **+6.1%**



Source: IATA Sustainability and Economics using data from IATA Information and Data - Monthly Statistics

Sources: IATA (Monthly Statistics till January, 2025)

Global Civil Aircraft and Engine Market Outlook

1. Commercial aircraft：Airbus & Boeing Global Market Forecast (2024-2043):

New Deliveries
42,430~
43,975

Passenger Traffic
Avg. annual growth
3.6~4.7%

Single Aisle
33,510~
33,380 (76~80%)

2. Business Jet: Honeywell Forecast (2025-2034):

New Deliveries 8,500

Market Value US$ 280 Billion

3. Aero Engine: Forecast International (2025-2034):

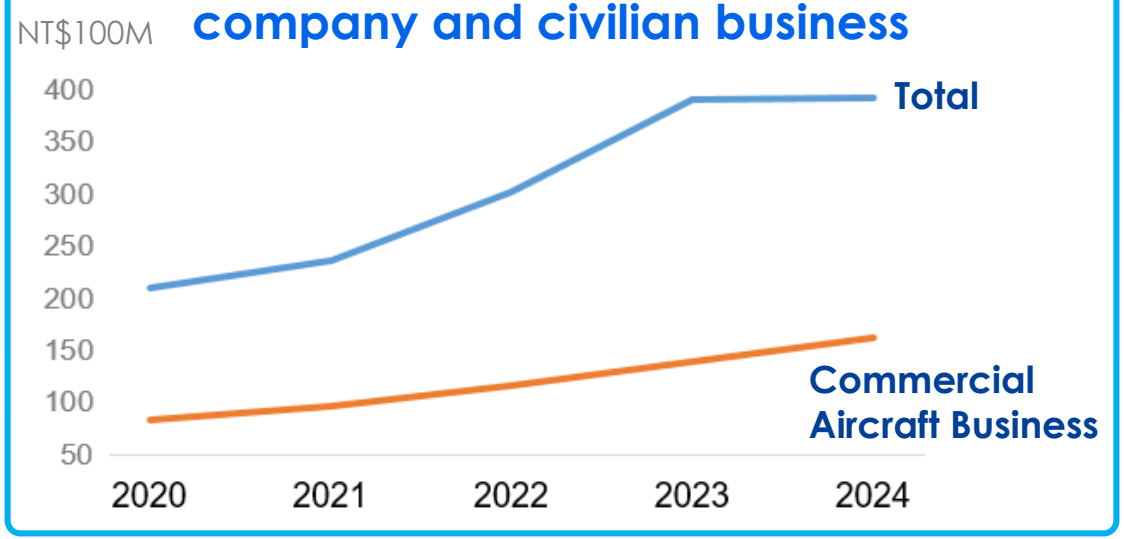
New Deliveries 159,671

Market Value US$ 1.04 Trillion

Civil business grows in tandem with the global civil aviation market in 2024

With the strong recovery of the global civil aviation market, our company's commercial airframe and engine-related revenue grew simultaneously, and has been recognized by international clients.

Revenue growth trend of the entire company and civilian business



Renewed contract with Kawasaki Heavy Industries

AIDC 's technology and performance have been highly recognized by Kawasaki Heavy Industries, and the long-term contract for Trent 1000-TEN/Trent 7000 (on B787/A330neo) engine components has been extended to the end of 2024, continuing the long-term and stable business cooperation relationship between the two parties since 2016.

Market Outlook & Business Layout

Commercial Aircraft Business

Seize the opportunities of strong recovery of global market and supply chain restructuring

Our company's customers include world-renowned aerospace manufacturers. At a time when Trump's tariff war is affecting the global supply chain, we will focus on high-value product opportunities and strive to expand the proportion of orders.

Aircraft

A320neo

B737MAX

CL3500

Engine

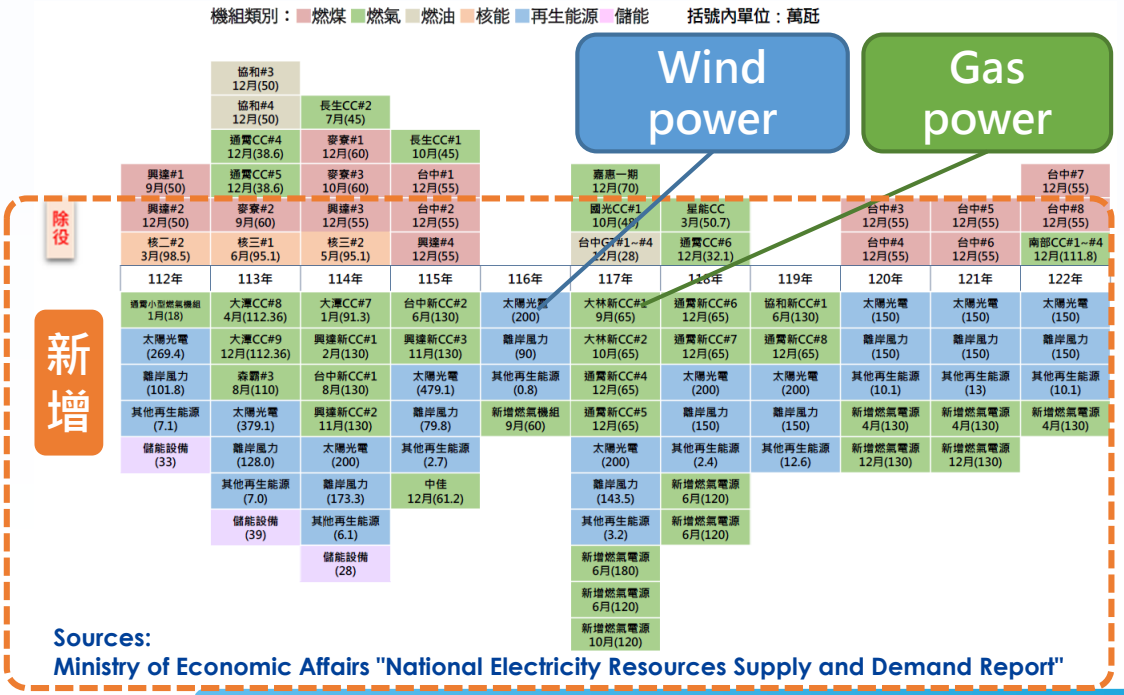
CFM LEAP-X

GEnx

Trent XWB

National policies drive energy business opportunities

Our government plans to gradually shift the overall power supply towards a low-carbon and low-emission energy supply system in the next 10 years, which provides considerable business opportunities. Our company uses aviation technology to expand its energy system and engineering integration business, respond to the country's green energy policy, and implement the net-zero transformation.



Sources:
Ministry of Economic Affairs "National Electricity Resources Supply and Demand Report"

AIDC's expanding energy business

- Gas turbine generator installation, update and maintenance
- Offshore wind power on shore substation turnkey project
- Energy storage, microgrid (power island) project construction

AIDC Power Island demonstration site officially opened

AIDC's "2MW wind, solar and energy storage power island demonstration site" was officially opened on March 18 at the Taichung Complex. It uses aviation-grade electronic control technology and systems, integrating renewable energy, advanced energy storage and smart scheduling technology. "Power Island" is an energy storage brand that AIDC is currently developing. It is an independent power system that features "seamless connection" of electricity. It converts wind and solar energy into electricity for storage. It can supply electricity when electricity consumption is tight or there is a power outage, and provide instant backup and peak-shaving. It is suitable for users such as communities, industrial parks and post-disaster recovery. It is an all-in-one complete energy solution. Our goal is to build a power island that can meet the electricity needs of the entire company. In the future, we will target large electricity users in Taiwan. This will help them comply with government requirements and carbon reduction policies such as saving electricity and increasing the proportion of green electricity. We will also further enter overseas markets and promote global green energy development.

Market Outlook & Business Layout

Technology Service Business

Extending the power of aviation technology to continuously create diversified growth momentum

Energy Strives for large combined cycle gas power generation unit case, continues development of battery management system and large battery storage cabinet, builds micro grid (Power Island) site, expands turnkey business scope.

Space Works closely with Taiwan Space Agency, actively strives for business opportunities including satellites, rockets, ground equipment manufacturing etc., expanding business scope.

Flight Continues operating target service, disaster prevention and relief, atmosphere measurement and other services.

Intelligent simulation Expands information and virtual-reality integration business.

Micro grid (Power Island)

Satellite Structure

Train Simulator

Aerial Target Service

Aerial Typhoon Monitoring

R&D for Ambitious Business Growth

Investment in Research and Development Plans

Core technologies for military aircraft

AJT system components and military aircrafts upgrade technologies, etc.

New product development

Counter drone system technology, energy storage cabinet design, space component R&D and manufacturing, etc.

Manufacturing

Aviation thermoplastic composites, forging and key parts related technical upgrades; Production, assembly and automation improvement.

Maintenance

IDF, AJT, F-16and other aircrafts maintenance capabilities.

Management technique

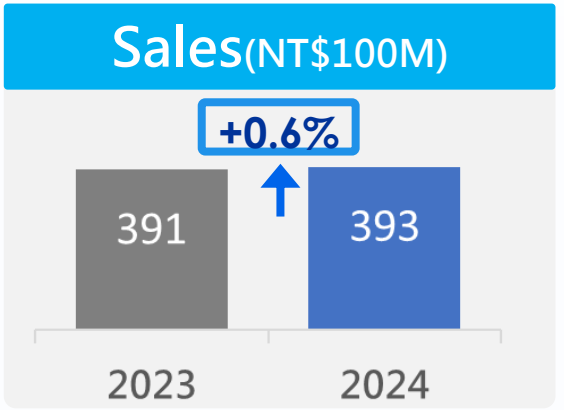
generative AI platform development, iAIDC Optimization

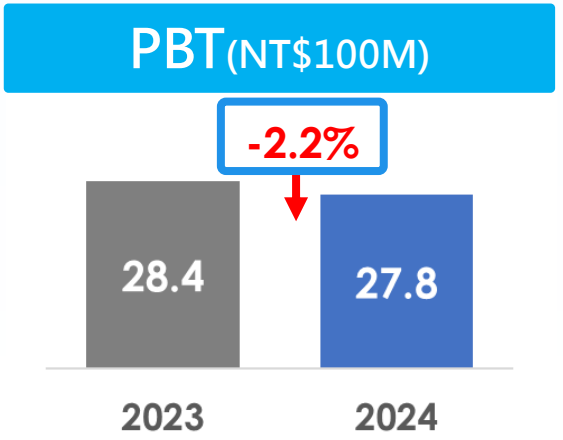
Financial Performance

2024 VS. 2023

Sales in 2024 increases by 0.6% compared to the same period in 2023. Revenue continued to grow, but profit before tax decreased by 2.2% due to the penalty for delayed delivery of AJT.

ITEM (100 Million NTD)	Q4				Year			
	2023		2024		2023		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
Sales	96	100%	113	100%	391	100%	393	100%
Gross Profit	12.6	13%	9.6	8%	43.6	11%	37.2	10%
Operating Expenses	5.5	6%	5.6	5%	15.7	4%	15.1	4%
Profit From Operations	7.1	7%	4.0	4%	27.9	7%	22.2	6%
Non-Operating Items	-3.6	-4%	2.7	2%	0.5	0%	5.6	1%
Profit Before Income Tax	3.5	4%	6.7	6%	28.4	7%	27.8	7%
Net Profit For The Period	2.7	3%	5.5	5%	22.3	6%	21.7	6%
EPS(NTD/Share)	**0.29**		**0.58**		**2.36**		**2.30**	

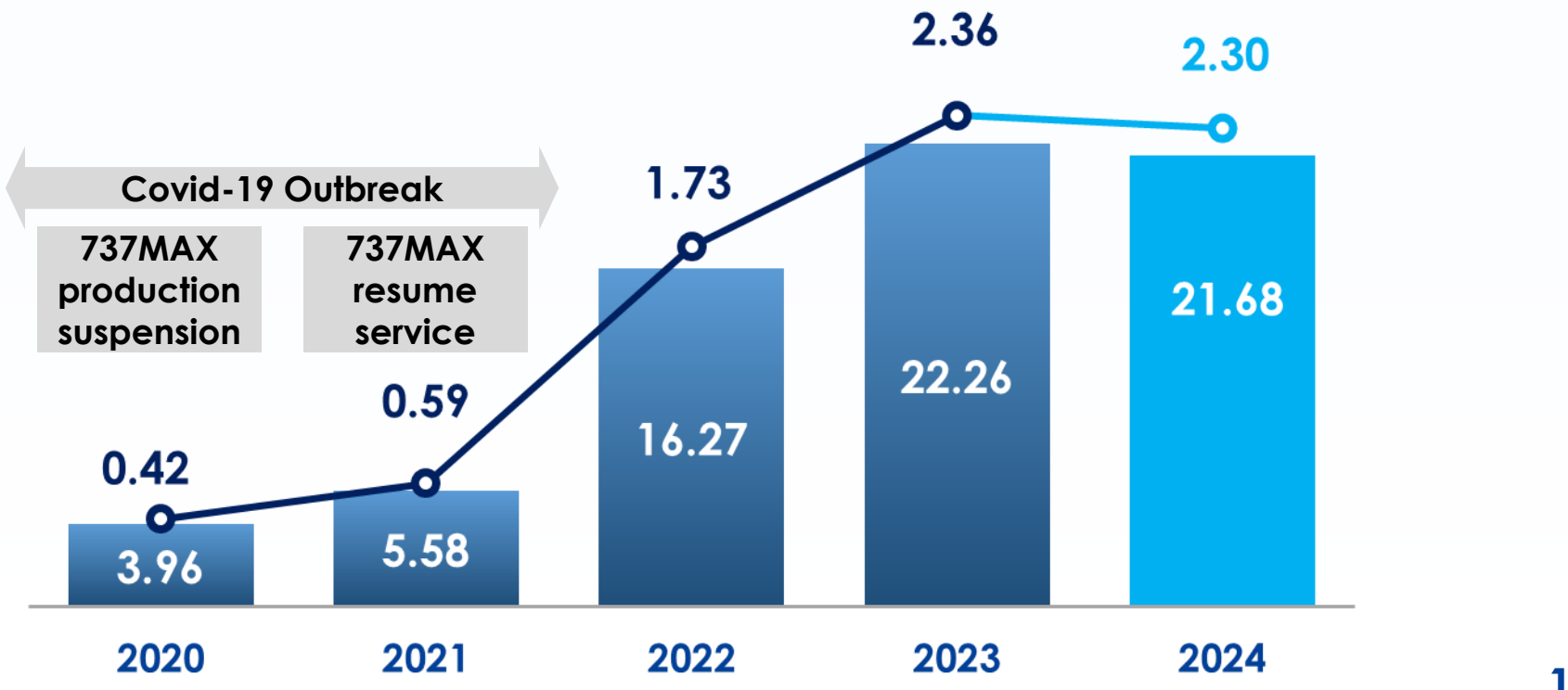




Financial Performance

Net Profit for the Period & EPS

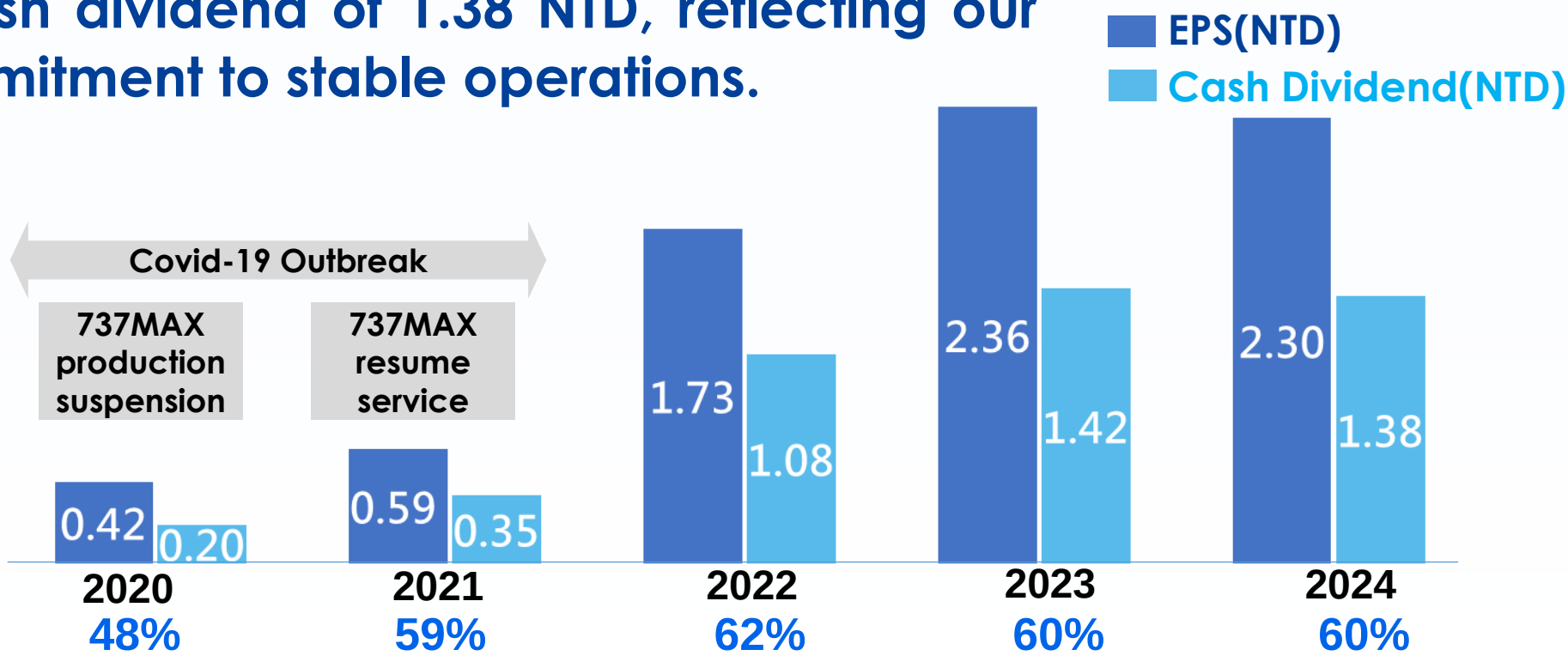
EPS was affected by the fine for the delayed delivery of AJT, and decreased by 0.06 NTD compared with 2023.



Dividend Policy

Dividend and Payout Ratio

The EPS for 2024 was 2.3 NTD. To reward shareholders for their support, we maintained a payout ratio of 60%, distributing a cash dividend of 1.38 NTD, reflecting our commitment to stable operations.



The dividend distribution for 2024 is pending approval at the shareholders' meeting.

Towards Sustainability

In line with the strong recovery of the global aviation market and the government's policies on developing the military industry, energy transformation and net-zero emissions, AIDC continues to deploy military, commercial, technology services, and distribution and investment businesses, moving towards sustainability.

Defense

Execute AJT mass production and maintenance, fleet commission projects, and strive for military aircraft performance improvement, maintenance, UAV mass production, counter drone system, and F-16 related business.

Commercial

Strive for supply chain restructuring opportunities and make full use of existing production capacity to expand business share, focus on high-value products opportunities, actively develop composite materials, forging and casting business, and strive to participate in new business/regional aircraft development to occupy the market in advance.

Tech. services

Actively develop energy business, apply EMS, BMS core technology and power plants building experience and cooperate with large company to develop our own products and enter overseas blue ocean market, and continue to expand flight, information services, intelligent simulation and space business.

Distribution and investment Expand distribution amount and reinvestment benefits.

-Thank you-

Q & A

Aerospace Industrial Development Corporation