

# Point

## Chapter

# 4



- ◆ We promote corporate governance that builds trust with stakeholders by improving the effectiveness of the Board of Directors and other bodies.
- ◆ We observe compliance and strive to ensure ethical behavior, transparency, and fraud prevention to fulfill our social responsibilities.
- ◆ We have a promotion system that can appropriately identify potential risks and take countermeasures to flexibly respond to changes in the business environment.

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# Foundation

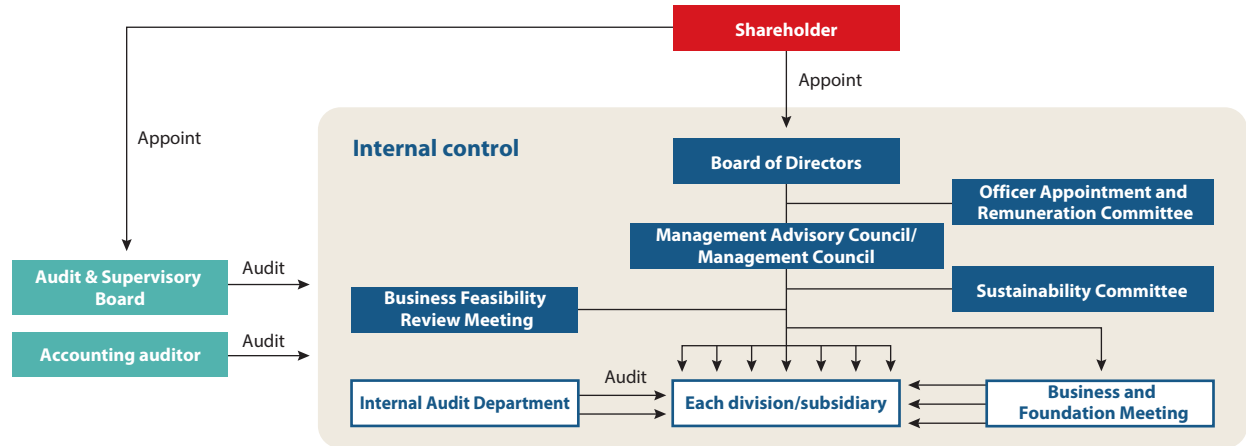
That Supports Value Creation

Corporate Governance

We consider the steady improvement of our corporate value over the long-term as one of our most important management issues. In order to achieve this, we must realize long-term, stable growth through the provision of products that are satisfactory to customers and establish a good relationship with each stakeholder, including our shareholders, investors, customers, suppliers, local

communities, and employees. We have shared and acted on this approach, which is based on our Management Principles, in the Aisan Group Action Agenda and VISION2030. Moreover, we will strive to maintain and improve management efficiency, fairness, and transparency in accordance with the Corporate Governance Code established by the Tokyo Stock Exchange.

Corporate Governance Structure



In addition to the legal functions of the General Meeting of Shareholders, Board of Directors meetings, Audit & Supervisory Board meetings, and the accounting auditor, we have appointed three outside directors and three outside Audit & Supervisory Board members with the aim of supervising and auditing the Board of Directors from an expert, impartial and fair standpoint to ensure management transparency and prompt decision-making.

Personnel matters concerning directors are discussed preliminarily by the Officer Appointment and Remuneration Committee, a majority of whose members are outside directors, to ensure fairness and transparency by obtaining appropriate involvement and advice. Candidates for outside director are appointed based on the independence criteria set forth by the Companies Act and the Tokyo Stock Exchange, with emphasis on the possession of advanced knowledge and wealth of experience necessary to provide candid and constructive advice and supervision of our management.

Each director and executive officer divides their work vertically and horizontally between departments, businesses and foundations, and strives for prompt and efficient business execution through cooperation, while striving for appropriate business execution through mutual checks.

Results of Board of Directors Meetings in FY2023

Meetings held	13 times
Attendance	Directors: 100%, Audit & Supervisory Board members: 95%

Composition

	From June 2023	From June 2024
Number of directors	8	9
Of which, outside directors	3	3
Of which, female directors	2	2
Of which, independent directors	3	3
Number of Audit & Supervisory Board members	5	5
Of which, outside Audit & Supervisory Board members	3	3
Of which, female Audit & Supervisory Board members	0	0
Of which, independent directors	1	2
Number of executive officers	12*1	13*2
Of which, female executive officers	0	0

\*1 Five concurrently serving as director \*2 Six concurrently serving as director

Evaluating the Effectiveness of the Board of Directors

We conduct an annual evaluation of the effectiveness of the Board of Directors in order to verify whether the Board of Directors is properly fulfilling the functions expected of it and to improve the effectiveness of the Board of Directors. The results of the evaluation and analysis, as well as improvement measures, are reported to the Board of Directors for discussion regarding future structures and management methods.

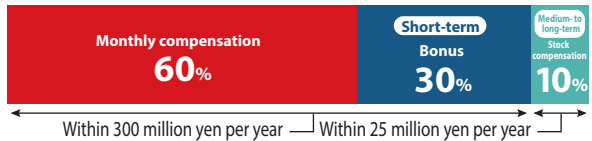
Evaluator	○ Directors: 6 ○ Inside/Outside Audit & Supervisory Board Members: 5
Evaluation Method	○ Score evaluation for 16 items ○ Comments section for 6 items
Main Evaluation Items	○ Composition and roles of directors ○ Operation and deliberations of the Board of Directors ○ Support for outside directors ○ Medium- to long-term corporate strategy ○ Sustainability initiatives ○ Supervision of directors' execution of duties ○ Risk management

Initiatives of FY2023	○ Expansion of reporting opportunities and content on business policy and sustainability management ○ Participation of outside directors in plant improvement briefings, division briefings, etc.
Main Challenges and Measures	○ Enhancement of discussions on medium- to long-term plans Further increase opportunities to report and discuss medium- to long-term strategies at Board of Directors meetings by outlining changes in the environment and issues ○ Enhancement of support for outside directors Expansion of opportunities for briefings and information provision to deepen their understanding of the Company and enhance discussions

Executive Compensation

Compensation for directors is first proposed in draft form to the Officer Appointment and Remuneration Committee\* based on each director's position and responsibility and with consideration for business performance and management environment. The aim is to encourage directors to continuously improve business performance over the medium to long term and contribute to the enhanced corporate value of the Group. Compensation is determined by the Board of Directors. The compensation structure consists of monthly compensation, bonuses (short-term incentive), and restricted-share compensation (medium- to long-term incentive), at an approximate percentage of 60%, 30%, and 10%, respectively. Monthly compensation is set at an appropriate level, taking into consideration the business environment, among other factors, and reviewed on a regular basis according to the position of the director. Bonuses are linked to performance and determined using the applicable fiscal year's consolidated operating profit as a metric while also adjusted

Compensation Structure for Directors



based on individual appraisals. As for stock compensation, the restricted-share compensation system is in effect, with the aim of further improving directors' shared value with shareholders and continued enhancement of our corporate value. At the General Meeting of Shareholders held on June 15, 2021, it was decided that the sum of a director's monthly compensation and bonus is limited to a maximum of 300 million yen per year (of which a maximum of 30 million yen per year for outside directors). The total compensation amount for restricted shares awarded to directors, except outside directors, is limited to a maximum of 25 million yen per year.

\* We have established the Officer Appointment and Remuneration Committee, which is equivalent to a Nomination Committee and Compensation Committee. The committee consists of two internal directors and three outside directors, and is chaired by an internal director. The President makes decisions based on reports from the Officer Appointment and Remuneration Committee, and in turn, puts it on the agenda of the General Meeting of Shareholders and the Board of Directors.

Off-site meetings

We provide opportunities for directors and officers to exchange candid opinions with each other outside of Board of Directors meetings and other regularly scheduled meetings. In fiscal 2023, the participants spent two days and one night outside the company, exchanging views on the current environment of the automotive industry, including the Company, human resource development and diversity initiatives, as well as governance. It was an opportunity to further communication beyond work-related conversations away from the workplace, and to take a step forward in thinking about ideas related to future company growth.



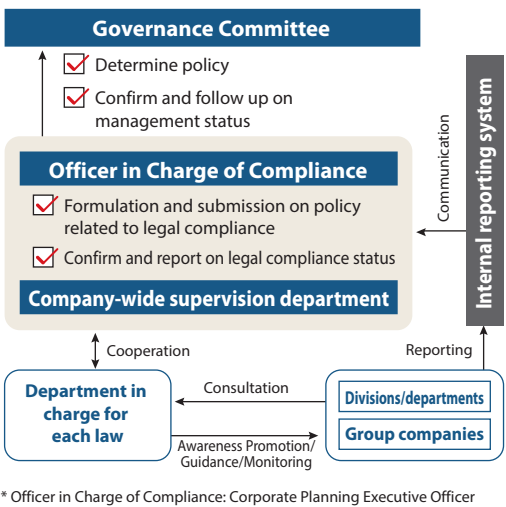
Compliance

We believe it is critical for all members of the Aisan Group to ensure compliance in meeting the expectations of all stakeholders in order to achieve sustainable growth and improve our trustworthiness. Based on this belief, we formulated the Aisan Group Action Agenda that stipulates the Group’s universal values and action guidelines in 2007, and declared nine action items including legal compliance. In addition, we formulated the Compliance Guidelines in 2015 to raise employees’ awareness of compliance, and established them as action guidelines to be followed by each and every employee, and have ensured that all employees are aware of them.

Compliance Promotion System

At Aisan Industry, the Governance Committee, chaired by the Corporate Planning Executive Officer, confirms and follows up on the status of compliance with corporate ethics and laws, as well as the status of compliance activities. The results are reported and deliberated twice a year at the Sustainability Promotion Committee, which is chaired by the President and attended by all officers.

The results of these deliberations and various compliance activities are shared throughout the Company by the Corporate Planning Department, which serves as the secretariat, and are reflected in the activities of each workplace. This mechanism ensures that management and workplaces work in unison to ensure thorough compliance.



Compliance Guidelines

The Compliance Guidelines outline compliance items that should be shared and observed throughout the Group. In order for each employee to deepen their knowledge of compliance and take sensible actions, we also attached a commentary on the guidelines for distribution to all Group employees.

14 Articles of the Compliance Guidelines

- |   |   |   |                                   |
|---|---|---|-----------------------------------|
| 1 Legal compliance and respect for culture                      | 5 Observation of entertainment and gifts regulations        | 9 Prohibition of harassment                         | 13 Prohibition of insider trading |
| 2 Prohibition of carrying in/out import/export controlled items | 6 Health and safety   | 10 Prohibition of drinking and driving              | 14 Management of trade secrets    |
| 3 Appropriate transactions with suppliers                       | 7 Respect of human rights and prohibition of discrimination | 11 Proper accounting treatment                      |                                   |
| 4 Observation of competition laws                               | 8 Observation of employment rules                           | 12 Appropriate use and management of company assets |                                   |

Specific initiatives

Education and awareness activities

We are cultivating awareness towards legal compliance by regularly sharing information with employees, including rank-based training and e-learning on a variety of compliance-related themes. We are also sharing examples of compliance violations that can happen every day through an e-mail magazine and internal circulars.

As a priority initiative, we conduct compliance awareness surveys of all employees to quantify the results of past initiatives and utilize the results in education and awareness-raising activities to further boost employee awareness.

Internal reporting system

To promptly identify and prevent situations that violate compliance, company rules as well as laws in the course of business operations, we have launched operations of a reporting/consultation desk for employees and their families to seek consultation and file reports. The helpline structure caters to different types of consultations, including a consultation desk for workplace harassment and suppliers, and global helpline for domestic and overseas Group companies. To ensure the whistleblower is protected in any of these situations, we have developed a structure based on the Whistleblower Protection System.

Risk Management

Risk Management Promotion System

The Corporate Governance Code revised in June 2021 stipulates that the Board of Directors should develop a company-wide risk management structure as its responsibility.

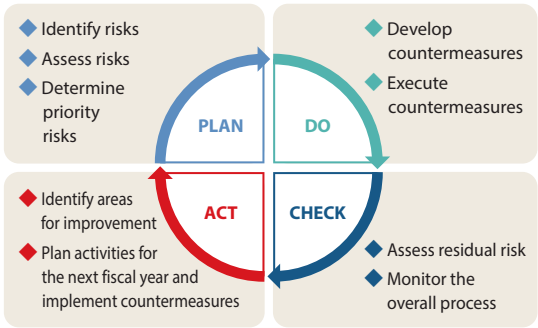
In order to respond to changes in the environment surrounding management and various risks, we are strengthening our promotion system and its initiatives as part of company-wide risk management.

Specifically, we continue to analyze business risks in advance, identify risks that could have a significant impact on management, prevent them from occurring, and minimize their impact in the event of a major incident.



Risk Management Activity Cycle

We define risks as factors that may have an impact on the corporate value of the Group, and identify risks related to the entire company in terms of “strategic risks” and “company-wide risks,” and evaluate them in terms of “impact” and “likelihood of occurrence.” In addition to the results of this evaluation, we determine the priority risks that should be managed, taking into account management strategies, business issues, and perspectives on the external risk environment. For priority risks, we continue to implement the PDCA cycle, including implementation of countermeasures, monitoring, and identification of areas for improvement, in order to minimize risks.



Specific initiatives

BCP (Business Continuity Plan)

In response not only to large-scale natural disasters such as earthquakes and floods in the areas where the Company and its group companies are located, but also to various risks surrounding the Company such as infectious diseases and supply chains, the Company has established a system for specific risks such as verifying the safety of employees and equipment failure, placing the highest priority on human life, contributing to the recovery of the region, and promptly resuming production.

Information security

We recognize that the information we hold on technology and sales is a valuable asset and foundation of the Company, and that the appropriate management and prevention of leaks of information related to customers and business partners is an important responsibility of the Company.

Under the Confidentiality Management Regulations, we have established an information security promotion system and are strengthening our efforts not only in terms of hard measures, such as the introduction of systems, but also in terms of soft measures, such as employee education and awareness and the maintenance of related regulations, in order to appropriately utilize and protect the information assets held by the Company.

Flow of Major Disaster BCP



- |  |  |
|--|--|
| <b>Main Hard Initiatives</b>   | <b>Main Soft Initiatives</b>   |
| <ul style="list-style-type: none"><li>◆ Introduction of network monitoring structure security monitoring center</li><li>◆ Vulnerability countermeasures for servers and client PCs</li><li>◆ Introduction of EDR for early detection and response to cyber attacks</li></ul> | <ul style="list-style-type: none"><li>◆ E-learning to raise security awareness</li><li>◆ Targeted e-mail attack drills</li><li>◆ Security incident response drills</li></ul> |
- We are also working with domestic and overseas Group companies to continuously improve the level of security measures throughout the Aisan Group.



Directors



Tokuhisa Nomura  
President  
Responsibilities:  
Chief Executive Officer

Career summary and positions

April 1985 Joined Toyota Motor Corporation  
January 2008 General Manager, Vehicle Electronics Design Div.  
January 2012 General Manager, Electronics Management Div.  
April 2013 Executive General Manager; Field General Manager, Electronics Technology Field  
April 2016 Executive General Manager; Advanced R&D and Engineering Company  
June 2017 Executive Vice President; Vice President and Executive Officer, the Company  
June 2018 President (to present)

34,125 shares 13 out of 13 (100%)



Akihiro Yamanaka  
Executive Vice President  
Responsibilities:  
Assistant to President,  
Supervisor of Technology

Career summary and positions

April 1988 Joined Toyota Motor Corporation  
January 2011 General Manager, Hybrid Vehicle Advanced Technology Engineering Division  
January 2018 Executive General Manager; Supervisor, Powertrain Company  
January 2019 Field General Manager, Advanced Engineering Development Field, Powertrain Company  
January 2024 Chief Project Leader, Powertrain Company  
May 2024 Advisor, the Company  
June 2024 Executive Vice President; Vice President and Executive Officer (to present)

9,000 shares -



Yuichi Oi  
Outside Director

Career summary and positions

April 1978 Joined Toyota Tsusho Corporation  
March 2001 Manager, Global Logistics Management Dept.  
April 2006 Executive Officer  
June 2011 Managing Executive Officer  
June 2013 Managing Director  
April 2015 Senior Managing Director  
April 2017 Senior Managing Executive Officer, Member of the Board  
June 2017 Representative Director; Vice President and Executive Officer  
June 2019 Senior Executive Advisor  
June 2020 Director, the Company (to present)

0 shares 13 out of 13 (100%)



Toru Nakane  
Executive Vice President  
Responsibilities:  
Assistant to President,  
Chief Operating Officer

Career summary and positions

April 1980 Joined the Company  
June 2008 General Manager, Marketing & Sales Dept. I  
June 2010 Director  
June 2012 Executive Officer  
June 2013 Executive Officer, Member of the Board  
June 2014 Managing Executive Officer, Member of the Board  
June 2017 Senior Managing Executive Officer, Member of the Board  
June 2020 Executive Vice President; Vice President and Executive Officer (to present)

37,175 shares 13 out of 13 (100%)



Masaki Kusano  
Director  
Responsibilities:  
Head of IT & DX

Career summary and positions

April 1987 Joined the Company  
January 2012 General Manager, Plant Administration Dept., Toyota Plant  
May 2016 President, Aisan (Foshan) Auto Parts Co., Ltd.  
January 2021 Chief Division Officer, Production & Logistics Div.; Chief Division Officer, China Div.; Chief Division Officer, ASEAN Div., the Company  
April 2022 Executive Officer  
June 2022 Executive Officer, Member of the Board (to present)

11,135 shares 13 out of 13 (100%)



Satoe Tsuge  
Outside Director

Career summary and positions

April 1990 Joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)  
April 1995 Registered as a certified public accountant  
January 1999 Representative, Tsuge CPA Office (to present)  
June 2007 Representative Director, La Vida Planning Co., Ltd. (to present)  
June 2015 Director, the Company (to present)

0 shares 13 out of 13 (100%)



Shigekazu Kato  
Executive Vice President  
Responsibilities:  
Assistant to President, Supervisor of Corporate Planning and Accounting & Finance, Head of Human Resources Infrastructure

Career summary and positions

April 1987 Joined Toyota Motor Corporation  
January 2013 General Manager, Planning Dept., Accounting Div.  
January 2015 Executive Vice President, Toyota Motor (China) Investment Co., Ltd.  
April 2019 Executive Officer, the Company  
June 2020 Executive Officer, Member of the Board  
April 2024 Vice President and Executive Officer, Member of the Board  
June 2024 Executive Vice President; Vice President and Executive Officer (to present)

20,602 shares 13 out of 13 (100%)



Hirokazu Konohara  
Director  
Responsibilities:  
Head of Technical Management, Head of Quality

Career summary and positions

April 1989 Joined the Company  
January 2014 General Manager, Motorcycle Business Department  
June 2017 Executive Officer  
September 2020 President, Aisan (Foshan) Auto Parts Co., Ltd.  
April 2021 Executive Officer, the Company  
June 2024 Executive Officer, Member of the Board (to present)

5,487 shares -



Yurie Iribe  
Outside Director

Career summary and positions

April 2007 Assistant Professor, Information and Media Center, Toyohashi University of Technology  
April 2013 Assistant Professor, School of Information Science and Technology, Aichi Prefectural University  
August 2013 Specially Appointed Assistant Professor, Graduate School of Information Science, Nagoya University  
April 2017 Specially Appointed Associate Professor, Institutes of Innovation for Future Society, Nagoya University  
April 2017 Associate Professor, School of Information Science and Technology, Aichi Prefectural University (to present)  
June 2022 Director, the Company (to present)

0 shares 13 out of 13 (100%)

Audit & Supervisory Board Members



Yojiro Ueki  
Audit & Supervisory Board Member

Career summary and positions

April 1984 Joined the Company  
June 2008 General Manager, Accounting & Finance Dept.  
June 2011 General Manager, Corporate Planning Dept.  
June 2013 Executive Officer  
June 2017 Managing Executive Officer  
March 2019 Managing Executive Officer Chairman, Hyundam Industrial Co., Ltd.  
April 2020 Executive Officer, the Company  
April 2022 Chief Division Officer, South Korean Business Div.  
June 2022 Audit & Supervisory Board Member (to present)

36,500 shares 13 out of 13 (100%)  
12 out of 12 (100%)



Takami Kato  
Outside Audit & Supervisory Board Member

Career summary and positions

April 1992 Joined Toyota Motor Corporation  
April 2018 General Manager, Purchasing Planning Div.  
January 2021 General Manager, Supply Chain Strategy Div.  
July 2022 Deputy Chief Officer, Purchasing Group (to present)  
June 2023 Audit & Supervisory Board Member, the Company (to present)

0 shares 11 out of 11 (100%)  
10 out of 10 (100%)



Yuji Furuta  
Audit & Supervisory Board Member

Career summary and positions

April 1981 Joined the Company  
March 2014 General Manager, General Administration & Human Resources Dept.  
June 2017 General Manager, Corporate Planning Dept.  
January 2019 General Manager, General Administration & Human Resources Dept.  
January 2021 Project Senior Chief, General Administration & Human Resources Dept.  
June 2021 Audit & Supervisory Board Member (to present)

3,468 shares 13 out of 13 (100%)  
12 out of 12 (100%)



Nobuya Yazaki  
Outside Audit & Supervisory Board Member

Career summary and positions

April 1996 Registered as an attorney  
Joined Kato Murase Law Office  
November 1999 Representative attorney, Murase Yazaki Law Office (currently HINOKI Law Office) (to present)  
June 2024 Audit & Supervisory Board Member, the Company (to present)

0 shares -  
-



Yoshinori Hirano  
Outside Audit & Supervisory Board Member

Career summary and positions

November 1976 Joined Marunouchi Audit Corporation (currently Deloitte Touche Tohmatsu LLC)  
March 1982 Registered as a certified public accountant  
June 1995 Representative Partner  
October 2015 President, Yoshinori Hirano CPA Office (to present)  
June 2016 Audit & Supervisory Board Member, the Company (to present)

0 shares 13 out of 13 (100%)  
12 out of 12 (100%)

Number of shares held (as of March 31, 2024)  
Attendance at meetings of the Board of Directors (FY2023)  
Attendance at meetings of the Audit & Supervisory Board (FY2023)

Directors' Skill Matrix

The skills and experiences held by the Directors and Audit & Supervisory Board members of the Company are as follows:

	Position	Name	Sales	Technology development	Manufacturing and purchasing	Overseas experience	ESG	Legal affairs and compliance	DX	Finance and accounting	Human resources and labor
Director	President	Tokuhisa Nomura		○		○	○				
	Executive Vice President	Toru Nakane	○				○	○	○		
	Executive Vice President	Shigekazu Kato				○	○	○	○	○	○
	Executive Vice President	Akihiro Yamanaka		○			○				
	Director	Masaki Kusano			○	○	○		○		
	Director	Hirokazu Konohara		○		○	○				
	Outside Director	Yuichi Oi	○		○	○	○				
	Outside Director	Satoe Tsuge					○			○	○
Audit & Supervisory Board Member	Outside Director	Yurie Iribe		○			○		○		
	Audit & Supervisory Board Member	Yojiro Ueki			○	○	○	○	○	○	
	Audit & Supervisory Board Member	Yuji Furuta					○	○	○		
	Outside Audit & Supervisory Board Member	Yoshinori Hirano					○			○	○
	Outside Audit & Supervisory Board Member	Takami Kato			○	○	○				
	Outside Audit & Supervisory Board Member	Nobuya Yazaki					○	○			○

Aisan Industry’s Initiatives to Enhance Corporate Value

We asked outside directors Oi, Tsuge, and Iribe about their thoughts on strengthening the effectiveness of the Board of Directors and improving corporate value, and exchanged opinions with Executive Vice President Nakane about the Company’s initiatives.



Toru Nakane Executive Vice President Yurie Iribe Outside Director Satoe Tsuge Outside Director Yuichi Oi Outside Director

- POINT
- ◆ Push forward the development of human resources who will boldly compete on a global scale. New IR initiatives are also necessary to increase P/B ratio. (Oi)
  - ◆ We should utilize off-site meetings to proactively discuss major themes related to management. (Tsuge)
  - ◆ Systematization and effective utilization of company-wide data collection and sharing will be an issue for future DX. (Iribe)
  - ◆ We should embrace the idea that “Contributing to the industry as a whole will enhance our corporate value,” and ensure that our stakeholders understand our management strategy. (Nakane)

Director Oi

We believe that our role as outside directors is to understand the context in which a proposal is placed on the agenda and to offer our opinions based on our respective expected skills and experience. This is the second year I have had a dialogue on the Integrated Report with Executive Vice President Nakane, and I have always been able to speak without reservations and be sure of a fair hearing. Knowledge of the Company and the industry is a necessary prerequisite to proper discussion, and I have been given many opportunities to learn about the reality of the situation, including opportunities to exchange views with executive officers and employees. In fiscal 2023, I was able to gain a deeper understanding of the Company’s business environment by attending various subcommittees, environmental exhibitions, technology presentations, and factory improvement activity presentations, as well as a tour of Aisan Academy.

I recognize that efforts to achieve the VISION2030 targets are making steady progress. My concern is whether we will be able to speed up our business strategy to compete with the rest of the world as the ratio of overseas sales increases. When investing capital in regions and businesses outside of Japan where there are potential strengths, it is necessary to develop human resources who can accurately assess future prospects and business risks and implement investments. As an outside director with overseas experience, going forward I would like to ask how communication with overseas offices is handled and to hear thoughts on training of local managers involved in overseas operations. In order to improve P/B ratio (Price to Book Ratio), I believe it is important to promote the Company’s attractiveness through steady IR activities in order to raise the stock price. It may also be time to consider new approaches in IR activities.

Comment from the Executive Vice President

The current Board of Directors has been transformed into a forum for open and lively exchange of ideas. However, we must not be satisfied with the status quo. We must look to accelerate or change management policies with an eye to the future. We will survive this period of transformation by engaging in discussions that include major decisions such as the transformation of our business portfolio, and we would hope that the outside directors will continue to provide guidance on our management policies from a broad perspective. Rather than seeking optimal solutions from the perspective of only our own company or industry, we will seek continued varied input to help us meet expectations for sustainable growth with the Japanese economy as a whole in mind.

Director Tsuge

We view our performance in fiscal 2023 as strong, partly due to the record-high profits. This was the result of our commitment to MMK (*Motto Monozukuri Kyoka*, “strengthening of manufacturing”) activities and ROIC management, which has gradually been reflected in the increase in our profitability. We also have high expectations for the two M&As as new sources of enhanced corporate value.

The off-site meetings that began in 2024 came about at my suggestion. The first meeting was positioned as a trial and some issues arose, as we were unable to touch on major themes. Nevertheless, the meeting proved to be fruitful, with the directors in the Company actively speaking up in their own words. We will continue this initiative and hope to exchange views on more in-depth themes at the next session and beyond.

Comment from the Executive Vice President

As the director pointed out, we achieved the goals of our Medium-term Management Plan ahead of schedule in fiscal 2023, and I believe we have achieved a certain level of success. However, as we consider the future of manufacturing in Japan, we must promote our profit improvement activities and results throughout Japan, with the hope that recognition of our corporate value will spread. To achieve this, we must change our mindset in many ways. We must create a corporate culture that is open to flexible work arrangements and overseas human resources, and we must continue to promote reforms to actively absorb ideas from outside the company.

Promotion of new businesses also requires a viewpoint of business restructuring. As such, we will also actively work to develop human resources capable of boldly pursuing these initiatives.

Director Iribe

I am also in favor of introducing flexible work arrangements and fostering role models for career women in order to increase diversity. Although some may feel that promotion to an executive position comes with a burden, we hope that many will appreciate the satisfaction and sense of accomplishment that comes with increased freedom in their work.

In fiscal 2023, we actively worked to reduce labor requirements in factories in anticipation of future declines in the workforce, and put ideas from the field into practice to reduce time and labor-hours. Quantifying the degree of improvement and introducing collaborative robots are still in the trial-and-error phase, but we look forward to future results.

One of the advantages of DX is transfer of skills. In the Aisan Academy initiative, cameras and sensors are used to quantify the manufacturing processes of experienced

employees and new hires, comparing the timing, pacing, and posture of limb movements. By reflecting this in the training of new employees, we can reduce human error and improve the work environment. On the other hand, the challenge of DX is the systematization of data collection and sharing, which is dispersed among various departments. We have started the creation of a pilot system, but the issue of how to utilize the shared data remains. We need to interview each department about their workflow and try to automate more of their tasks. It is also necessary to create a roadmap of what else can be done with DX and how to proceed in line with the company’s vision, and to have the flexibility to modify the roadmap as needed if unexpected problems or obstacles arise during the actual implementation. DX is not something that can be done in a matter of months, so we would like to see steady accumulation of small successes.

Comment from the Executive Vice President

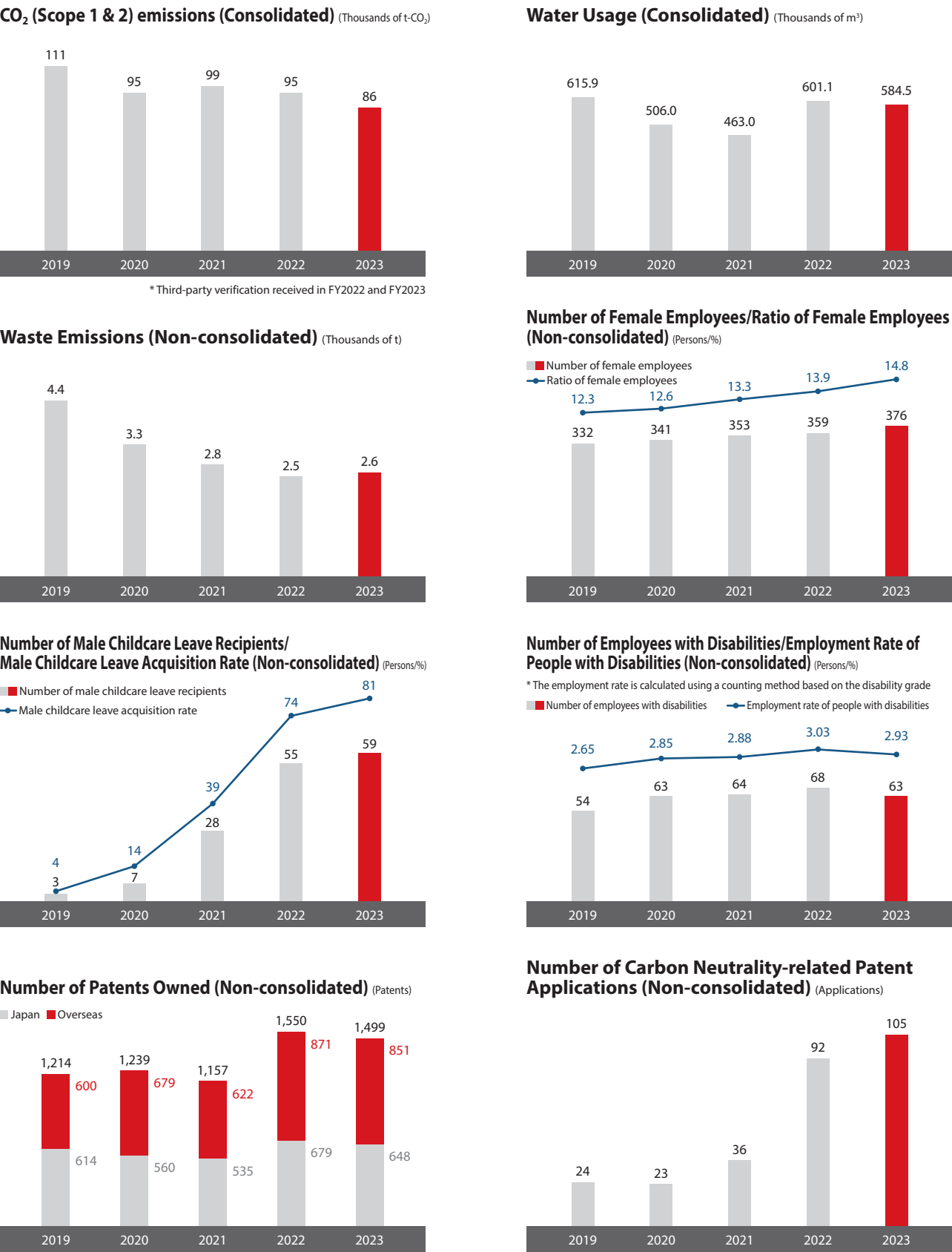
Promotion of DX is still in its developmental stage. However, digitalization is not our objective, rather we are seeking added value through new ideas to achieve results for the entire Group. This will be done by breaking down individual operations, eliminating inefficiencies, and digitalizing only the necessary parts.

In our future growth strategy, we need to clarify the value that we should continue to create and identify the technologies that we will continue to refine, as well as the human resources that we should develop, in order to create that value. This requires wide-ranging knowledge, and we would like to increase the number of opportunities for in-depth discussions with guidance from those with expertise outside the company.

Financial Data Highlight (Consolidated)



Non-Financial Data Highlight (Consolidated/Non-consolidated)



## Financial Data (Consolidated)

(Unit: millions of yen)

	(FY)	2023	2022	2021	2020		2019	2018	2017	2016	2015	2014	2013
Operating results	Net sales	314,336	240,806	193,751	181,427		205,489	213,494	212,524	203,769	215,360	212,676	192,944
	Fuel pump module	159,934	97,778	73,948	68,846		79,777	79,556	77,751	72,756	79,490	72,540	60,687
	Injector	2,405	3,400	3,287	2,939		4,179	4,672	5,033	4,921	5,774	7,196	7,654
	Fuel type, and others	3,996	3,486	2,981	2,606		3,570	3,933	4,435	4,929	5,680	6,571	6,517
	Throttle body	42,176	39,098	35,833	34,398		42,848	48,042	49,912	49,341	49,877	47,076	43,884
	EGR valve	23,131	22,374	14,852	12,729		11,844	9,589	7,180	5,971	5,918	7,621	4,657
	Intake and exhaust, and others	8,448	7,741	7,072	6,180		7,027	8,628	9,244	9,834	10,488	11,677	11,240
	Canister	40,076	34,273	27,488	27,833		26,099	27,384	26,572	25,227	26,454	25,533	25,441
	Emission control system, and others	7,146	5,110	4,865	5,060		4,388	3,858	4,019	4,084	4,411	4,713	4,560
	Engine valve	9,932	9,821	8,906	8,110		9,436	9,547	9,887	9,045	8,773	9,502	10,244
	Other	17,086	17,714	14,508	12,717		16,311	18,275	18,480	17,653	18,485	20,236	18,054
	By product												
	Japan	91,948	77,368	70,445	74,099		82,991	82,080	83,173	81,635	90,136	101,375	95,093
	Asia	135,682	107,576	86,540	74,504		81,104	82,391	79,156	73,181	72,306	63,998	56,401
	Americas	71,096	43,308	25,367	22,728		28,240	33,652	34,766	35,657	39,113	34,092	30,383
	Europe	15,608	12,553	11,398	10,094		13,153	15,370	15,428	13,294	13,805	13,210	11,064
	Gross profit	41,218	32,754	24,927	20,462		24,365	25,588	25,974	23,996	26,960	28,258	27,081
	Operating profit	15,498	13,632	9,809	4,956		7,226	8,227	9,421	8,159	9,854	10,796	9,475
	Ordinary profit	17,201	14,083	10,255	4,986		6,866	8,181	9,770	7,407	9,349	11,322	9,915
	Profit attributable to owners of parent*	11,744	8,504	6,831	3,525		-5,073	6,124	4,526	4,505	6,208	6,755	5,562
	Capital investment	12,285	8,636	9,449	9,711		19,323	16,523	12,022	12,738	15,884	13,280	13,006
	Depreciation	14,831	12,994	10,174	11,011		12,554	11,033	10,773	10,700	11,172	10,140	9,412
	R&D expenses	12,936	11,111	10,494	9,815		10,845	11,302	11,196	10,922	10,854	10,336	9,660
Cash flow	Cash flows from operating activities	38,627	20,269	13,544	17,761		14,678	11,421	13,767	14,395	24,132	13,772	6,993
	Cash flows from investing activities	-9,664	-29,599	-6,955	-6,785		-16,591	-18,429	-11,145	-16,431	-13,441	-18,035	-11,709
	Free cash flow	28,963	-9,330	6,589	10,976		-1,913	-7,008	2,622	-2,036	10,691	-4,263	-4,716
	Cash flows from financing activities	-11,431	3,536	-4,128	-1,176		1,704	-435	11,779	-3,510	-1,585	3,822	1,888
Financial position	Funds (Cash and deposits + Securities)	67,036	45,973	50,086	46,329		36,204	36,635	44,928	30,093	35,113	26,166	25,181
	Interest-bearing debt	41,836	48,828	32,102	43,551		43,085	39,053	37,580	23,751	25,622	25,523	24,931
	Equity	134,741	106,408	96,944	84,206		79,114	87,777	87,643	81,472	81,324	84,880	67,772
	Total assets	272,549	225,762	201,936	189,918		186,362	192,500	196,650	178,914	184,156	185,422	160,898
Financial indicators	Operating profit to net sales ratio (%)	4.9	5.7	5.1	2.7		3.5	3.9	4.4	4.0	4.6	5.1	4.9
	Rate of return on assets (ROA) (%)	4.7	4.0	3.5	1.9		-2.7	3.2	2.4	2.5	3.4	3.9	3.6
	Rate of return on equity (ROE) (%)	9.7	8.4	7.5	4.3		-6.1	7.0	5.4	5.5	7.5	8.9	8.8
	Rate of return on sales (%)	3.7	3.5	3.5	1.9		-2.5	2.9	2.1	2.2	2.9	3.2	2.9
	Equity ratio (%)	49.4	47.1	48.0	44.3		42.5	45.6	44.6	45.5	44.2	45.8	42.1
	Net D/E ratio (Times)	-0.2	0.0	-0.1	-0.1		0.1	0.0	-0.1	-0.1	-0.1	-0.0	-0.0
Information per share	Payout ratio (%)	29.3	25.9	26.8	32.2		-	27.8	95.3	34.8	33.3	25.8	23.0
	Basic earnings per share (EPS) (Yen)	187.63	135.01	108.40	55.97		-80.55	97.26	72.11	71.88	99.24	112.19	99.81
	Dividend per share (DPS) (Yen)	55.00	35.00	29.00	18.00		20.00	27.00	29.00	25.00	33.00	29.00	23.00
	Book value per share (BPS) (Yen)	2,158.56	1,688.64	1,539.63	1,336.78		1,255.94	1,393.58	1,392.79	1,299.45	1,297.81	1,359.36	1,214.08
	Number of employees (Persons)	10,904	10,459	9,720	10,018		10,716	10,500	10,440	10,320	10,294	10,262	9,633

\* Presented as "net income" until FY2014



Company Profile

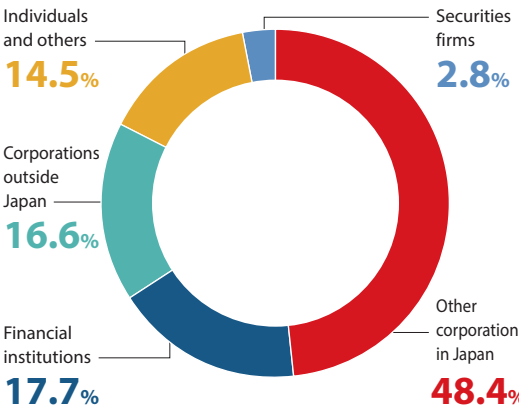
Company name	Aisan Industry Co., Ltd.
Headquarters	1-1-1 Kyowa-cho, Obu, Aichi 474-8588 Japan
Date of establishment	December 1938
Representative	Tokuhiba Nomura
Capital	10,838 million yen
Business outline	Manufacturing and sales of automotive parts
Number of employees	Consolidated: 10,904    Non-consolidated: 3,185 * Temporary employees included
Affiliates	30 Group companies (23 overseas, 7 in Japan)
Fiscal year end	March
Credit rating	A- (Japan Credit Rating Agency)

Stock Information

Stock	Total number of shares authorized Total number of shares issued * Excluding the treasury stock Share unit number	190,000,000 62,421,879 100
Listed stock exchanges	Tokyo Stock Exchange: Prime Market Nagoya Stock Exchange: Premier Market Stock code: 7283	
Shareholder registry administrator	Mitsubishi UFJ Trust and Banking Corporation	
Accounting auditor	Deloitte Touche Tohmatsu LLC	
Principal shareholders	Toyota Motor Corporation DENSO Corporation Toyota Industries Corporation	

Share distribution by shareholder

\* Excluding the treasury stock



Principal shareholders

Shareholders	Number of shares held (in thousands)	Holding ratio (%)
Toyota Motor Corporation	18,107	29.0
DENSO Corporation	5,500	8.8
Toyota Industries Corporation	4,767	7.6
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,573	7.3
Custody Bank of Japan, Ltd. (Trust Account)	1,988	3.2
Aisan Industry Employee Stock Ownership Plan	1,626	2.6
Sumitomo Mitsui Banking Corporation	1,580	2.5
RE FUND 107-CLIENT AC	1,030	1.7
STATE STREET BANK AND TRUST COMPANY 505223	999	1.6
DFA INTL SMALL CAP VALUE PORTFOLIO	766	1.2

Note: Holding ratios are calculated by excluding the treasury stock (917,500 shares).

Domestic Locations



Headquarters



Honsha Plant



Anjo Plant



Toyota Plant



Hirose Technical Center

East Japan Branch Office (Yokohama)  
East Japan Branch Office (North-Kanto)  
Hamamatsu Branch Office  
West Japan Branch Office (Osaka)  
West Japan Branch Office (Hiroshima)

Subsidiaries (domestic)

TK Carburettor Co., Ltd.	Aisan Kumamoto Co., Ltd.
Aikyo Sangyo Co., Ltd.	MAGNEX CO., LTD.
Aisan Computer Services Corp.	IMI Co., LTD
Nichialloy Co., Ltd.	Miyama Seiko Co., Ltd. (Affiliate)

Subsidiaries (international)

Asia

Hyundam Industrial Co., Ltd. / South Korea  
Hyundam Tech Co., Ltd. / South Korea  
Aisan (Tianjin) Auto Parts Co., Ltd. / China  
Aisan (Foshan) Auto Parts Co., Ltd. / China  
Aisan Corporation Guangzhou Co., Ltd. / China  
Shenyang Xuantan Automobile Parts Co., Ltd. / China  
Hyundam (Zhangjiagang) Automobile Parts Co., Ltd. / China  
TK Carburettor (Ningbo) Co., Ltd. / China  
P.T. Aisan Nasmoco Industri / Indonesia  
Aisan Corporation Asia Pacific Limited / Thailand  
Aisan Auto Parts India Pvt. Ltd. / India  
Aisan Sales India Pvt. Ltd. / India  
Aisan Industry India Pvt. Ltd. / India  
IHD Industries Pvt. Ltd. / India

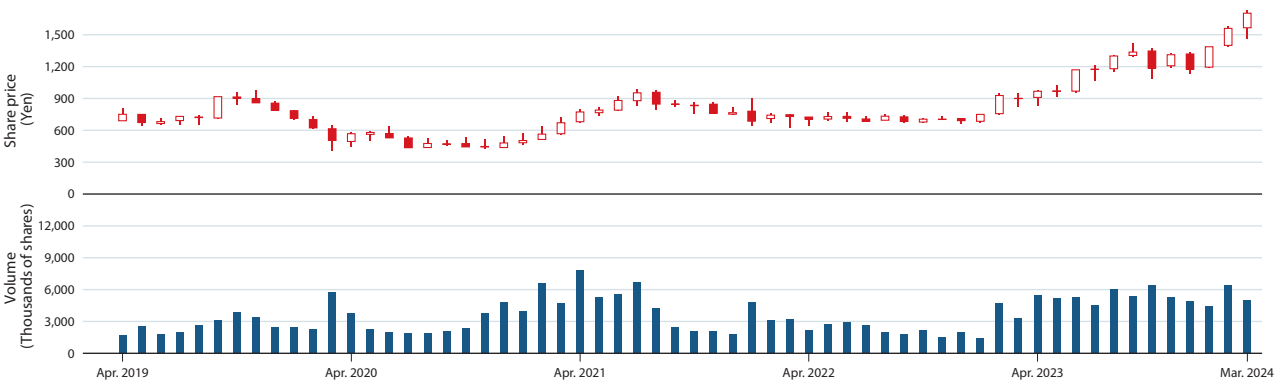
Americas

Franklin Precision Industry, Inc. / USA  
Aisan Industry Kentucky, LLC / USA  
Aisan Corporation of America / USA  
Hyundam America Inc. / USA  
Aisan Autopartes Mexico, S.A. de C.V. / Mexico

Europe

Aisan Industry France S.A. / France  
Aisan Industry Czech s.r.o. / Czech Republic  
Aisan Corporation Europe NV/SA / Belgium  
Hyundam Slovakia s.r.o. / Slovakia

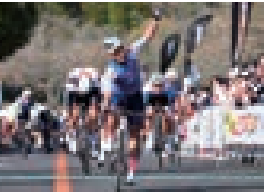
Stock price trends



Corporate sports

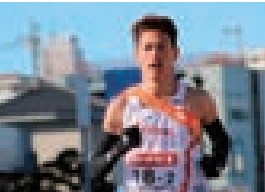
AISAN Racing Team

Established in 1976 as an in-house club activity, the bicycle club began full-scale racing activities in 1987 when it registered as a business team. Registered as a Continental Team in 2006, the team has been expanding its activities not only in domestic races but also in international races.



AISAN LONG DISTANCE TEAM

The team was first formed in 1979 by Aisan trainees (currently, Aisan Academy students) from the Company's in-house school, and participated in the Meigi Long-Distance Road Relay. In 2002, the team participated in the All Japan Business Teams Men's Long-Distance Road Relay (New Year Ekiden) race for the first time, and has competed in the event for 23 consecutive years since then.



External evaluation

2023

Renewal of Digital Transformation (DX) Certification as defined by the Ministry of Economy, Trade and Industry



2023

Obtained Kurumin mark from the Ministry of Health, Labor and Welfare



2023

Selected as a certified company under the "Aichi Biodiversity Company Certification Program"



2022

Certified as Eruboshi (2 stars) based on the Act on Promotion of Women's Participation and Advancement in the Workplace



2024

Selected as a 2024 Certified Health & Productivity Management Outstanding Organizations "White 500" in the large enterprise category for the sixth consecutive year

