

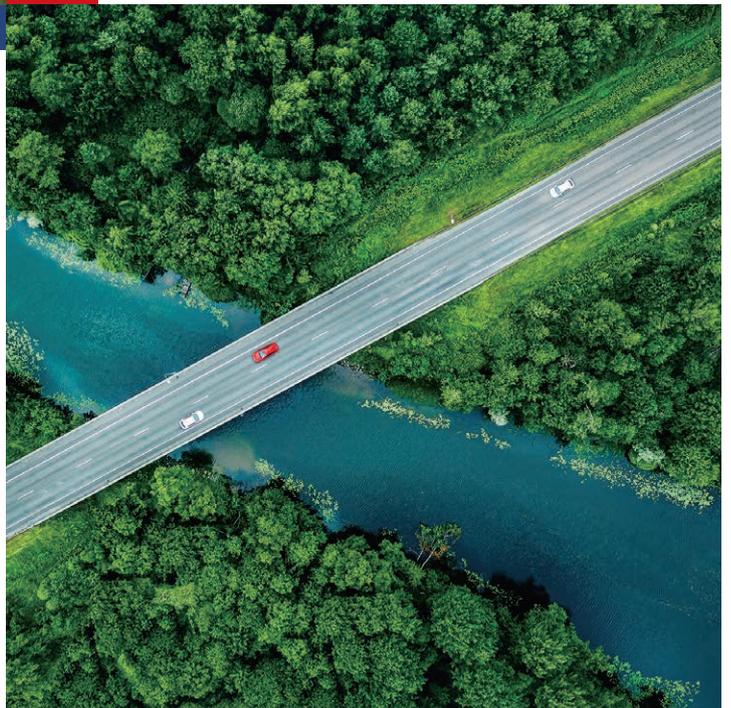
*Aisan*

Making the present  
society more convenient



# INTEGRATED REPORT 2025

For the Year Ended March 31, 2025



### Management Philosophy

1. Creating products and services with the focus on customers
2. Achieving "good quality" with innovative thinking and technology
3. Building a vital workplace with respect for individual employees

We contribute to society through global growth and environmental preservation

### Sustainability Fundamental Policy

Based on its Management Philosophy, the Aisan Group will keep on providing solutions to social challenges and contribute to the sustainable development of society through our global business operations.  
Aisan will create new values with our time-proven technology and quality to meet our stakeholders' expectations and improve our corporate value in a sustainable manner.

### VISION2030

Beaming future is in our hands

Creating new values with proven technology and quality to enrich the society.  
Making the present society more convenient, bringing happiness to future generations.



#### Vision of the Company

Specific long-term policies aimed at solving social issues and achieving sustainable growth in order to realize our principles

Medium-term policy that sets the company's vision for 2030 in conjunction with the Sustainability Fundamental Policy

Specific actions to realize VISION2030



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### Editorial policy:

What we want to communicate in the Integrated Report 2025

This Integrated Report is a tool to provide concise information on Aisan Industry's medium- to long-term value creation story from both perspectives of financial information and non-financial information, which form the foundation of our sustainable growth. This time, we are focusing on explaining our new Medium-term Management Plan announced in February 2025, outlining the path toward becoming an engine system supplier, which is our vision. We have also made efforts to explain specific measures emphasizing capital efficiency management and to present the process for realizing VISION2030 in a more understandable manner.

Going forward, we will continue to enhance the volume and quality of information disclosure in response to input and feedback received by stakeholders through our business activities and investor relations activities. We look forward to receiving continued feedback from stakeholders.

In editing this document, we have referenced the International Integrated Reporting Framework by the IFRS Foundation (formerly IIRC), the Guidance for Collaborative Value Creation by the Ministry of Economy, Trade and Industry, and various international guidelines such as GRI and SASB.



### Initiatives to instill the new Medium-term Management Plan

The new Medium-term Management Plan announced in February 2025 was accompanied by the publication of Japanese and English handbooks to ensure thorough familiarization and deep understanding among employees. All employees of the Aisan Group worldwide are united in their ambitions and striving to make it a reality.

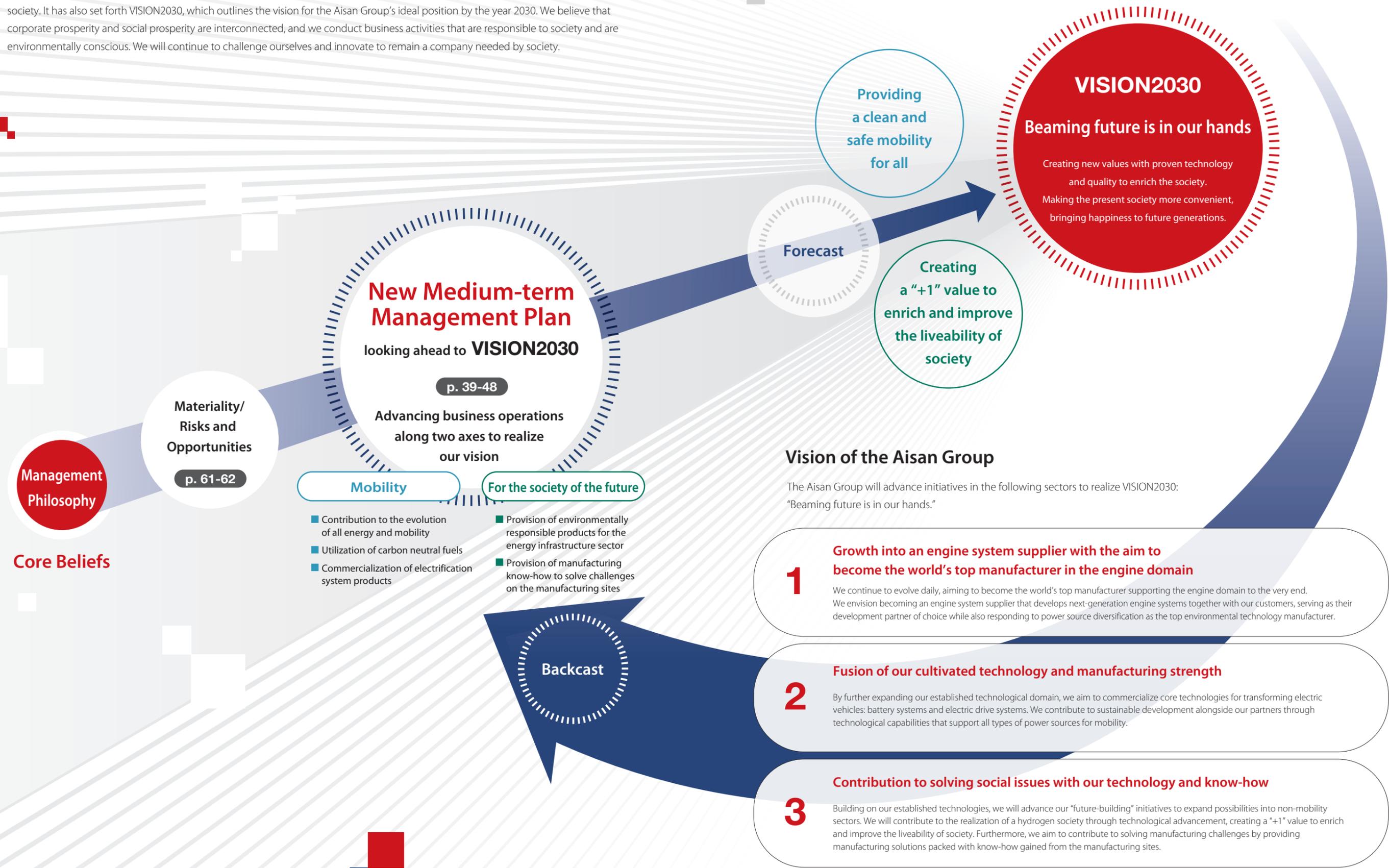


### Forward-Looking Statements

This report contains forward-looking statements based on our future outlook and plans. Please note that these statements include risks and uncertainties and may differ from actual results and performance.

Under its Management Philosophy, the Aisan Group has established a Sustainability Fundamental Policy aimed at realizing a sustainable society. It has also set forth VISION2030, which outlines the vision for the Aisan Group's ideal position by the year 2030. We believe that corporate prosperity and social prosperity are interconnected, and we conduct business activities that are responsible to society and are environmentally conscious. We will continue to challenge ourselves and innovate to remain a company needed by society.

# Vision



As the culmination of our efforts to achieve VISION2030, we announced a new Medium-term Management Plan in February 2025. This plan aims to contribute to the evolution of mobility and, beyond that, to solving social challenges. Utilizing the technology refined by the Aisan Group, we aim to realize a beaming future.

Mobility

### Contribution to the evolution of all energy and mobility

Powertrain business

- Aim to become the world's top **manufacturer**, continuously supporting the engine domain
- Respond to the diversification of power sources and aim to become an **engine system supplier** that serves as our customers' development partner of choice
- Contribute to a Zero CO<sub>2</sub>, Zero Emissions Society as the **top environmental technology manufacturer**

p. 45-46

Electrification products business

Expanding our technological domain to establish electrified products as a business

p. 47

Outcome

## Providing a clean and safe mobility for all

In the powertrain business, we aim to develop and design next-generation engine systems compatible with carbon-neutral fuels, striving to establish our position as an engine system supplier through technological advancement and business expansion. We will pursue the achievement of Zero CO<sub>2</sub> and Zero emissions through the expansion of our carbon-neutral fuel-compatible products. Simultaneously, we will aim to broaden our development domains by leveraging M&A and alliances, thereby deepening and expanding our business. We will continue to provide products that meet the exhaust gas regulations of various countries by leveraging our fuel vapor emission control technology, which we have been developing for many years.

In the electrification products business, we have positioned the development of battery systems and electric drive systems as key focus areas. Leveraging our existing technologies and strengths in manufacturing capabilities gained through engine component development, we aim to contribute to the battery control and thermal management sectors. We plan to first focus on developing battery systems for two-wheeled and small mobility vehicles, then expand our business scope to include four-wheeled vehicles. To gain expertise in reliably controlling diverse electric components, we plan to start with the manufacturing of battery cell cases and covers, then gradually expand into other domains. We will pursue growth by leveraging diverse production technologies, rigorous quality control, and highly efficient production capacity.

For the society of the future

### Driving solutions for social challenges beyond mobility

Application of clean energy technologies

- Contributing to **CO<sub>2</sub> reduction with our technology**, envisioning a **hydrogen society** essential for next-generation renewable energy demand

Contribution to energy supply in non-mobility sectors

p. 48

Provision of manufacturing solutions

- Contributing to **continuous on-site improvement and productivity enhancement** through manufacturing solutions that leverage our know-how

Provide comprehensive solutions from on-site diagnosis to process improvement

p. 48

Outcome

## Creating a “+1” value to enrich and improve the liveability of society

By applying our long-cultivated LPG gas utilization technology, we will establish ammonia and hydrogen utilization technologies and contribute to the realization of a hydrogen society. Leveraging fuel control technologies, evaporated gas adsorption and desorption technologies, and expertise in functional components for fuel cell vehicles cultivated in our mobility business, we will also venture into non-mobility domains. We propose a system that extracts hydrogen from ammonia for power generation, aiming to contribute across diverse domains beyond mobility—including infrastructure, power generation, and the space industry.

With the aim of creating a society where humans and robots coexist, we will contribute to automating tasks and solving challenges in manufacturing sites by providing collaborative robot packages that incorporate production technology know-how cultivated in our manufacturing sites. We will propose affordable, easy-to-operate robot packages specifically for simple tasks involving lightweight parts. We aim to contribute to the overall improvement and efficiency of manufacturing sites by providing comprehensive support—from specification reviews tailored to each site's unique characteristics, through equipment manufacturing and production preparation, to process improvement.

Aisan Group's Core Products

Since the postwar transition to civilian production, the Aisan Group has carried out the design, manufacture, and sale of engine functional components in an integrated manner, earning high praise from automakers in Japan and around the world. Building on these refined technologies, we will continue to contribute to the advancement of mobility.

Product dominance

Fuel pump module

It was developed with the goal of achieving maintenance-free operation unaffected by fuel quality fluctuations across the globe, including emerging nations. Its high durability in harsh environments has gained support. Additionally, the components do not adopt rare metals, maintaining cost advantages and superiority in material resource procurement.

In recent years, in anticipation of fuel diversification promoting Zero CO<sub>2</sub> emissions, we have been developing products compatible with 100% ethanol-based carbon-neutral fuels.

Throttle body

With our strength in world-leading compact and lightweight technology, we achieved lighter weight of components through thinning die-cast bodies by improving and optimizing the casting process, successfully developing the world's lightest product. Our processing technology minimizes the cutting process for metal parts, reducing material waste and establishing a cost advantage.

Furthermore, we have been recognized for our environmental contributions while ensuring quality in the recycling of runner sections from resin components assembled into products.

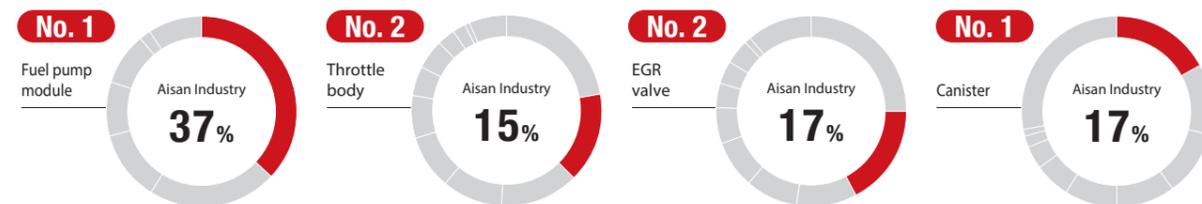
EGR valve

For optimal engine operation and high fuel efficiency, two requirements must be met: allowing a large volume of exhaust gas to flow when the valve is open and maintaining high sealing integrity when the valve is closed. To achieve this performance, we successfully doubled the exhaust gas recirculation rate using a newly developed, patented double eccentric valve structure. This technology is incorporated into products for large vehicles, contributing to further improvements in fuel efficiency and reductions in exhaust emissions.

Canister

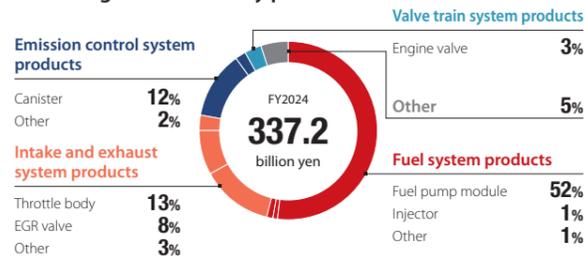
We have achieved both environmental performance and fuel efficiency, and our high level of technological capability has enabled us to maintain a 100% product adoption rate among Toyota Motor Corporation vehicles. Furthermore, in the global market, we have continuously developed products that meet the stringent environmental regulations introduced in the 1970s in the United States, Canada, and other countries. This has demonstrated our pioneering role in environmental technology for engine-related products in the mobility sector.

Global market share of core products (FY2024, In-house research)

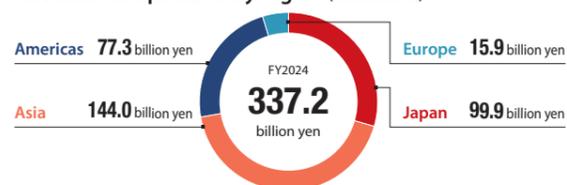


FY2024 performance

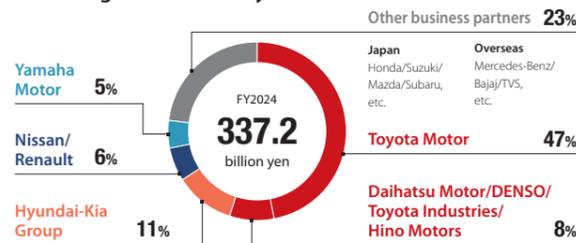
Percentage of net sales by product (Consolidated)



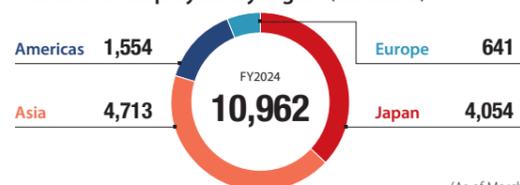
Net sales composition by region (Consolidated)



Percentage of net sales by customer (Consolidated)



Number of employees by region (Consolidated)



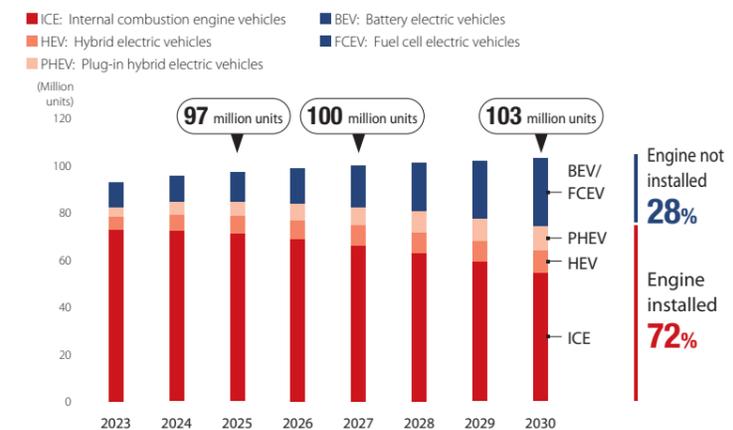
(As of March 31, 2025)

The Powertrain Domain Focused on by the Aisan Group

The Aisan Group provides critical functional components that form the core of mobility power sources, with particular strength in fuel system and intake/exhaust system components for engines. Even as fuel diversification in mobility progresses, we contribute to the joy, fun, and peace of mind of mobility through our refined technological capabilities and quality. Aisan will create new values with our time-proven technology and quality to meet our stakeholders' expectations and improve our corporate value.

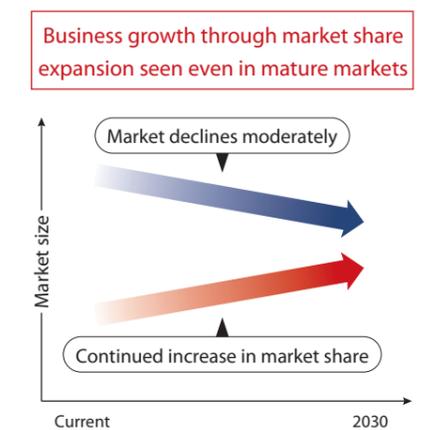
Expansion of the powertrain business domain

Global automobile production forecast



[Source] Based on our projections using data from the 2024 Fuji Keizai Co., Ltd. survey

Strategy in mature markets

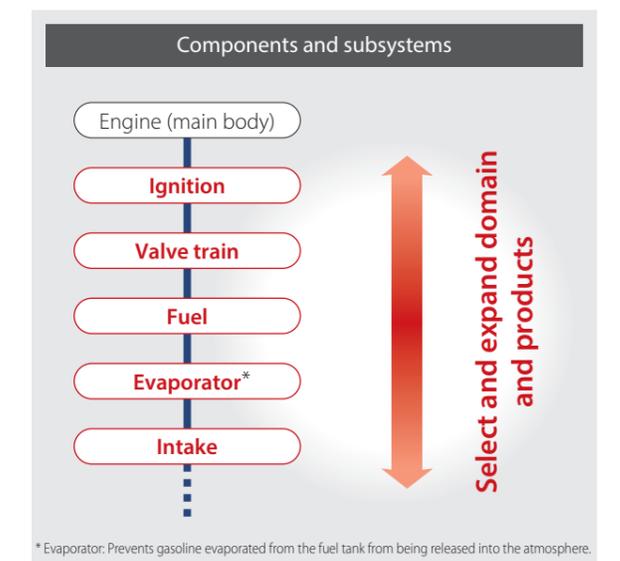
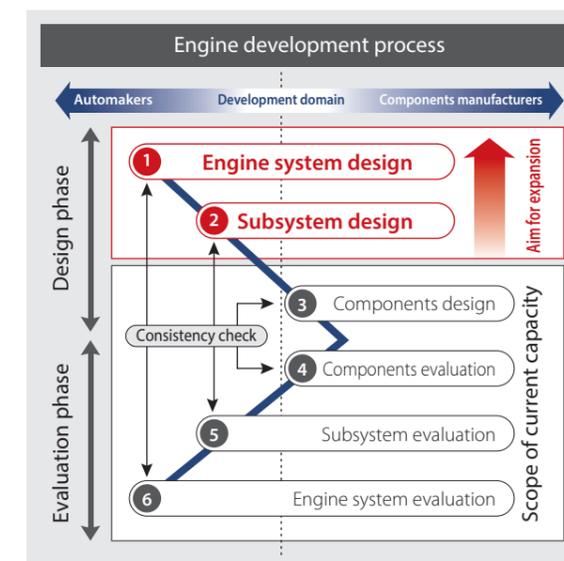


Global regional optimization driven by growth in engine-related products

We anticipate that fuel diversification will progress according to the energy circumstances of countries around the world. We will propose the best products and systems for each region by capturing the unique characteristics of each region within the global market.

Leveraging M&A and alliances to pursue technological advancement and electrification products business

To become an engine system supplier, we will improve our technology and also utilize M&A and alliances in the engine development process to broaden our capabilities, evolving to encompass subsystem design and engine system design.



\* Evaporator: Prevents gasoline evaporated from the fuel tank from being released into the atmosphere.

## Product Portfolio/Control Technology Supporting Mobility Evolution and Fuel Diversification

Toward Zero CO<sub>2</sub> and Zero emissions, the shift from current gasoline-based fuels to carbon-neutral fuels such as e-fuels and biofuels is progressing, with expectations for reduced emissions of environmentally harmful substances outside the vehicle. To address these needs, the Aisan Group will contribute to achieving Zero CO<sub>2</sub> and Zero emissions by expanding its product lineup compatible with carbon-neutral fuels and by employing technologies that suppress fuel vapor emissions.



### Core products for four-wheeled vehicles

#### 1 Fuel system products



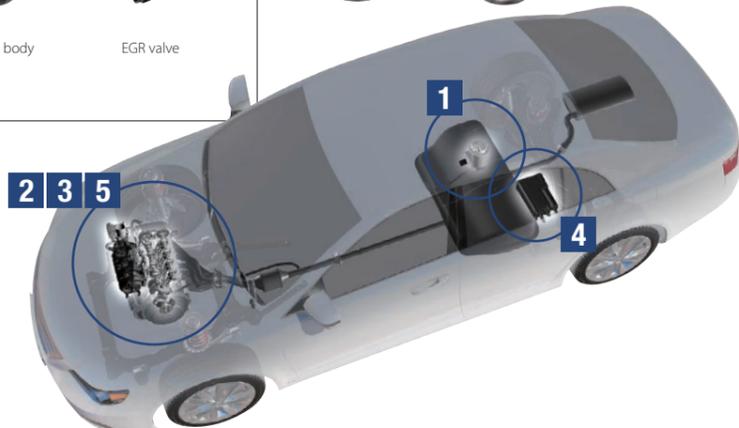
#### 2 Intake and exhaust system products



#### 3 Valve train system products



#### 4 Emission control system products



#### 5 LPG/CNG products



#### Fuel cell products



### Core products for small motorcycles



#### 1 Fuel system products

##### Contribution to improved fuel efficiency with the top-selling product worldwide

Sends fuel from the tank to the engine. Peripheral products for maintaining fuel pressure are also modularized, and by controlling the pump flow, they further improve the fuel efficiency.

#### 4 Emission control system products

##### Adsorbs fuel vapor to prevent emissions

Adsorbs the fuel evaporation gas generated in the fuel tank and supply lines which cause air pollution, and controls them appropriately to prevent their release into the atmosphere.

#### 2 Intake and exhaust system products

##### Contribution to improved driving performance and reduced exhaust emissions

Controls the amount of intake air to the engine to achieve comfortable driving performance. In addition, it contributes to improved fuel economy and lowers NO<sub>x</sub> by recirculating exhaust gas.

#### 5 LPG/CNG products

##### Pioneer in gas fuel vehicle products supporting diverse fuels

It responds to the diverse power sources, including LPG, which is widely used for taxis in Japan, and CNG, which is expected to be in demand mainly in resource-rich countries.

#### 3 Valve train system products

##### Engine combustion chamber intake/exhaust control

Opens and closes the intake/exhaust ports of the engine combustion chamber. These products require heat resistance and wear resistance to follow the high-speed rotation of engines in high-temperature environments.

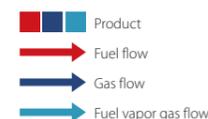
#### Fuel cell products

##### Contribution to the promotion of Zero emissions

Utilizing our know-how accumulated from gas fuel systems, it controls the hydrogen and oxygen supplied to the fuel cell, contributing to highly efficient power generation.

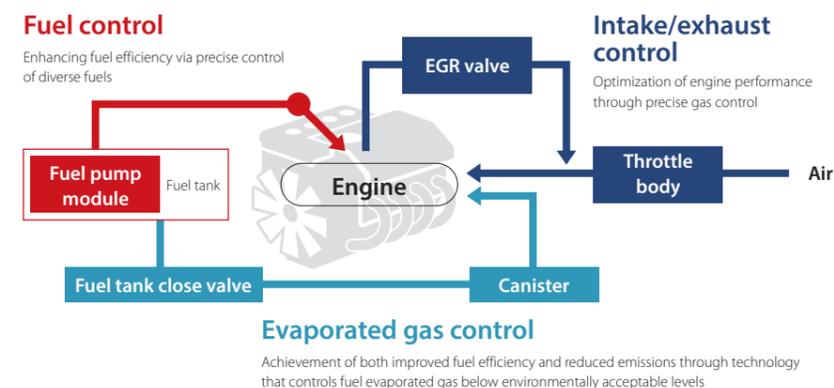
### Aisan's control technology

Our strength lies in the control of diverse power sources for mobility and vehicle system control technology. We contribute to the environment by improving fuel efficiency and reducing emissions through the optimal control of engine-related components.



#### Vehicle system control

Technology that defines the individuality of mobility (fuel injection volume, air volume, ignition timing, etc.)

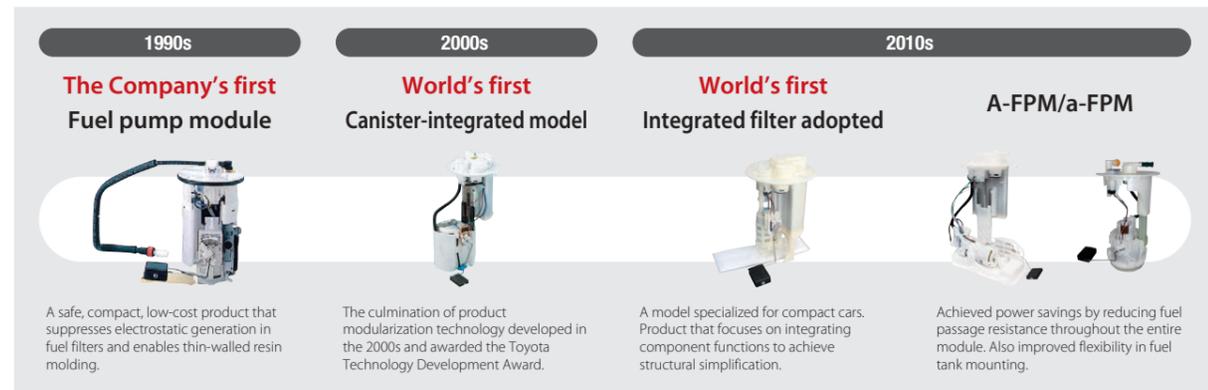


Since its founding, the Aisan Group has contributed to solving various challenges in response to changes in society. We design engine components that meet market needs, consistently supporting the evolution of mobility with industry-leading quality and performance. We will further refine this technology and aim to contribute to a sustainable society.



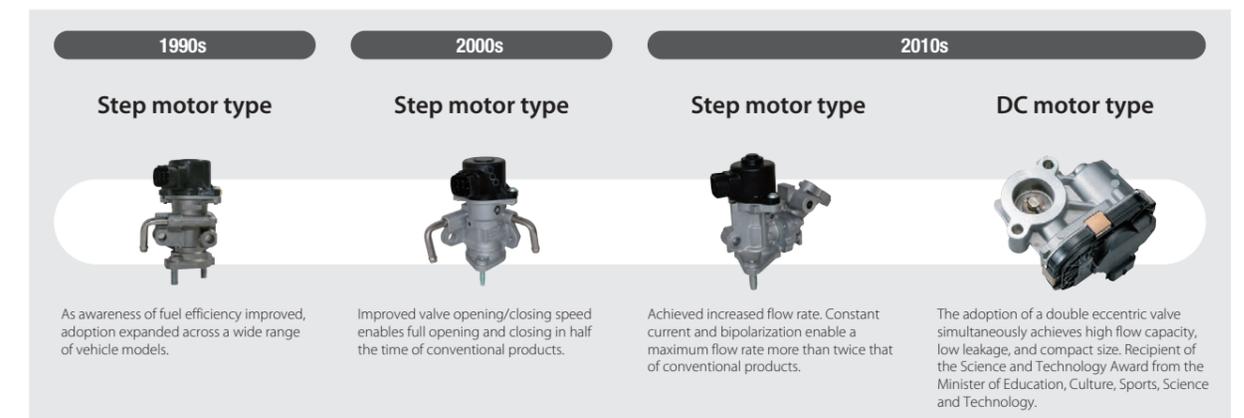
**Fuel pump/Fuel pump module** Product development aiming for the top position in the world

In the 1990s, we began developing and manufacturing fuel pump modules that integrated fuel pumps and their functional components, aiming to reduce product development and assembly costs. Improvements to fuel filters and enhancements to the entire module, along with the achievement of more compact, high-performance, and energy-efficient fuel pumps, provide features that set us apart from competitors. Since the 2000s, we have achieved further cost reductions and more compact designs through innovations such as the world's first canister-integrated structure and integrated filter, continuing to enhance product efficiency.



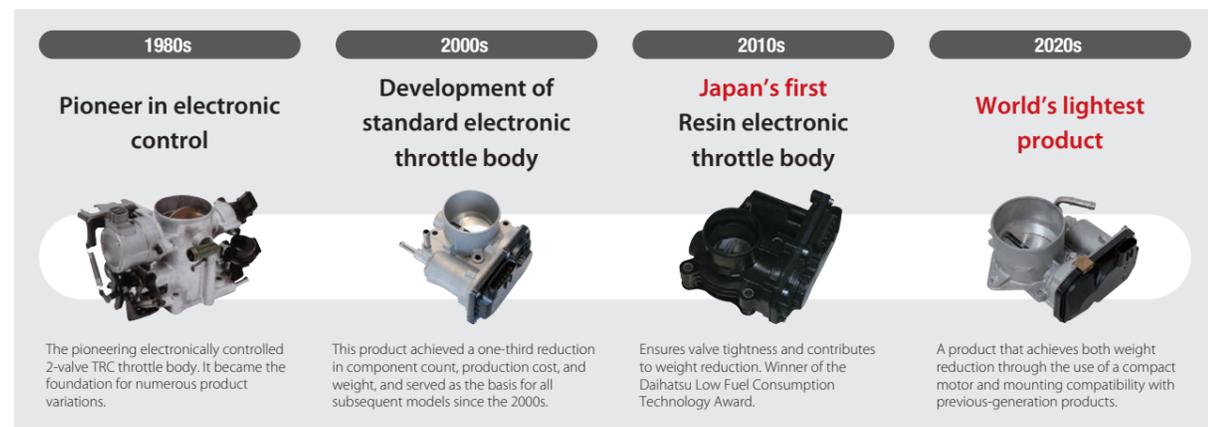
**EGR valve** Contributing to improved fuel efficiency

By recirculating exhaust gases from the engine and mixing them with fresh air, we aim to improve fuel efficiency and reduce NOx. Development began in the late 1990s in response to growing interest in stricter fuel efficiency and emissions regulations, with demands for responsiveness, high flow rates, and greater controllability. Pursuing both the ability to handle large exhaust volumes at once and tight sealing during valve closure, we have developed high-performance DC motor-driven products since the 2010s. Our advanced technology is highly regarded.



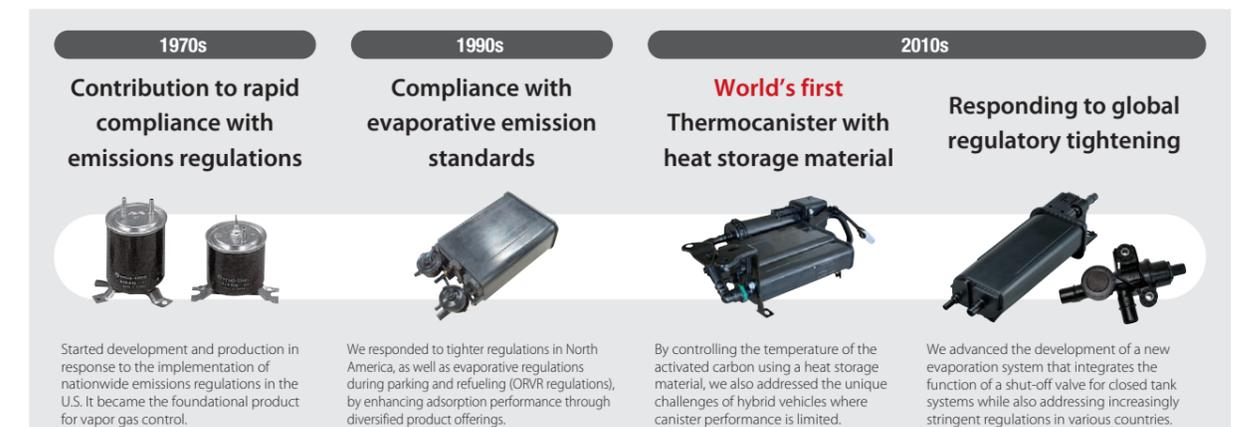
**Throttle body** Accumulated technical expertise through in-house development

Production began in the 1980s, and as the core product of the Aisan Group, it has earned high praise from automakers. We contribute to low emissions and fuel efficiency while achieving optimal engine output through components that supply the air necessary for engine combustion. We continuously upgrade our products, always aiming to achieve higher performance, lighter weight, and cost efficiency. As a part of this effort, we developed the world's lightest product in 2020 and continue to evolve further.



**Canister** Evolution from fuel vapor emission control devices

Development began in response to emissions regulations in the United States during the late 1960s. We have contributed to environmental protection by developing new products and refining them in response to each successive tightening of regulations in various countries. We continuously support environmentally conscious initiatives tailored to the characteristics of countries and regions worldwide, and aim to be the top manufacturer of environmentally conscious evaporation\* systems.



\* Evaporation: Technology that prevents gasoline evaporated from the fuel tank during parking or refueling from being released into the atmosphere.

One-third of the vehicles on roads worldwide are equipped with Aisan Group's products. As the diversification of power sources accelerates, our role is to anticipate changes in society, evolve our technologies, and steadily advance our response to next-generation mobility. We will continue to take on challenges for further growth.



**Europe** **4** companies

- Czech Republic ○ Belgium
- France (Sold in October 2025) ○ Slovakia

(3 manufacturing companies, 1 sales company)

This region has consistently met the world's most stringent environmental regulations. We will aim to expand sales by rebuilding a highly efficient production structure capable of responding immediately to new customers acquired through the business transfer.



**Americas** **5** companies

- USA ○ Mexico

(4 manufacturing companies, 1 sales company)

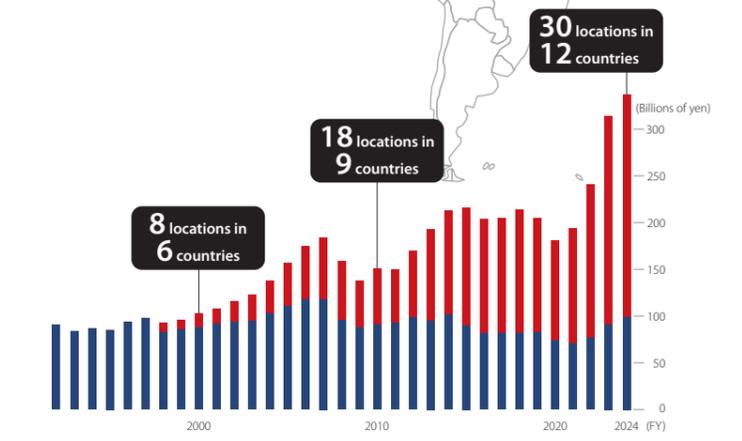
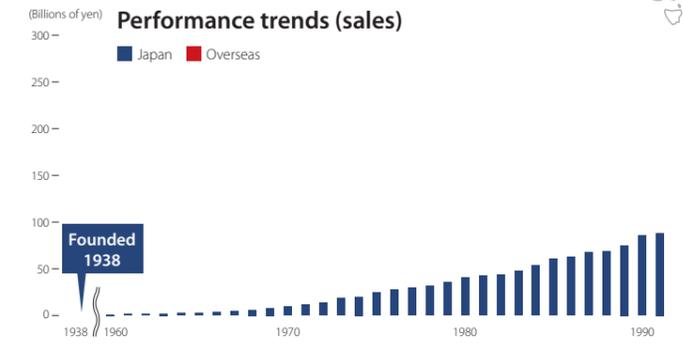
Although engine demand is expected to decline, we aim to maintain powertrain business sales by expanding appealing products for both existing and new customers. We also aim for further growth through the introduction of electrified products.

**Asia** **13** companies

- China ○ Thailand ○ Indonesia
- South Korea ○ India

(10 manufacturing companies, 3 sales companies)

The India and the ASEAN region continues to see expanding engine demand due to the impact of motorization accompanying economic development, resulting in significant market growth. Based on our cultivated technological capabilities and product strength, we will make aggressive investments, with the India and the ASEAN region as a key priority, to pursue business expansion.

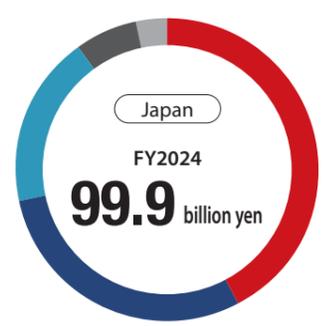


**Japan** **8** companies

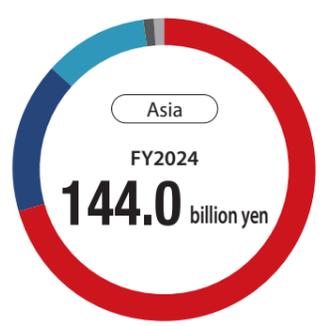
(1 headquarters, 5 manufacturing companies, 2 others)

As a hub for new product and new technology development, we will drive further performance enhancements in engine-related products and undertake product development tailored to the specific characteristics of each global market. We aim to solve challenges for the society of the future by applying technologies cultivated in mobility, transcending the boundaries of industries and sectors.

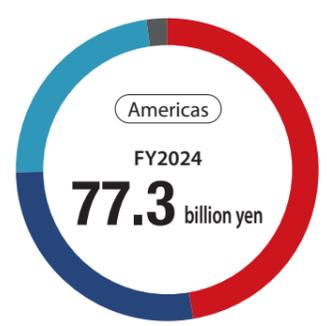
■ Percentage of net sales by region/product (Consolidated)



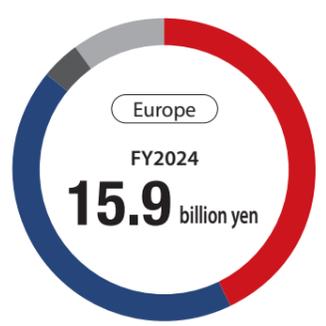
- Fuel system products 39%
- Intake and exhaust system products 27%
- Emission control system products 17%
- Valve train 6%
- Other 3%



- Fuel system products 70%
- Intake and exhaust system products 16%
- Emission control system products 11%
- Valve train 1%
- Other 1%



- Fuel system products 47%
- Intake and exhaust system products 27%
- Emission control system products 23%
- Valve train 2%



- Fuel system products 43%
- Intake and exhaust system products 43%
- Valve train 4%
- Other 10%

## Aisan Group's Identity — The foundation for practicing sustainability management —

For more than 80 years since its establishment, the Aisan Group has achieved growth by overcoming many changes through dedicated technological refinement to meet the changing markets of the social environment and stricter regulations. The spirit to challenge ourselves and pride in quality that we have cultivated throughout our history has been passed down to the present as the identity of the Aisan Group. Amidst current social trends and changes in the automotive industry, we present messages from employees who uphold this spirit and approach their work with sincerity.

### Thriving through transformations



## Spirit of challenge

We are currently promoting a production transfer project associated with the acquisition of the fuel pump module business. I coordinate extensively with the transferring company on matters such as establishing the transfer schedule, preparing the production area, maintaining product quality, and personnel planning.

Smooth collaboration with the transferring company, which has different corporate cultures and practices, was a significant challenge but an essential part of maintaining trust between our customers and the Aisan Group. To address this challenge, **I have placed the highest priority on maximizing mutual benefits and setting shared goals. I have facilitated discussions within cross-departmental working groups and worked to coordinate efforts through regular progress reports to top management and collaboration with headquarters.**

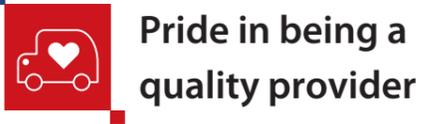
I firmly believe that **this experience in business transformation is a crucial step in seizing new business opportunities.** To contribute to the Aisan Group's continued sustainable growth, I will continue to boldly take on new ventures and new fields as part of our ongoing progress.

Dwi Setyoko



Factory Control / Production Control General Manager  
PT.AISAN NASMOCO INDUSTRI

### Supporting critical functional components



## Pride in being a quality provider

The Aisan Group's initiatives focused on quality, which form the core of our operations, are essential to earning and maintaining customer trust and enhancing product competitiveness. Each employee is earnestly committed to improving quality and actively engages in discussions about how we can enhance the workplace environment and increase efficiency.

We are committed to expanding educational and learning opportunities based on the belief that individual growth leads to company development.

With quality as our top priority, team members are working diligently on specific improvements in their daily tasks, on how best to enhance customer trust through the provision of high-quality products.

A workplace culture where free exchange of opinions is possible is an essential part of achieving this. Through close collaboration with all team members and communication across departments, **we will strengthen the company's overall quality to allow delivery of more attractive, higher-quality products and grow into a stronger company.**

**Our commitment to quality improvement stems not merely from routine operations, but from our pride and sense of mission.** We will strive to enhance the competitiveness of the Aisan Group and improve customer satisfaction, always keeping this commitment in mind.

Stacy Keen



Manufacturing General Manager  
FRANKLIN PRECISION INDUSTRY, INC.

### Responding to tighter regulations



## Environmental technology

"Through our products and manufacturing approach, we will preserve the beauty of nature for future generations."

Aisan Group's strength lies in its ability to adapt to all fuels, including hydrogen and e-fuels, as an extension of our existing technologies. As environmental regulations tighten worldwide, our strengths will be increasingly leveraged in products such as canisters and EGR valves.

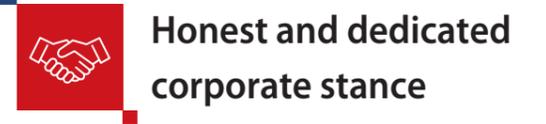
Here in the Czech Republic, **we have taken proactive steps to respond to Europe's leading environmental regulations not merely as compliance targets, but as a guide for pioneering initiatives toward building a sustainable society.** Specifically, in response to the European Green Deal's aim to transition to a circular economy, we implemented reuse of resin runners and factory wastewater using evaporative water purification equipment, achieving an annual reduction of 418 tons of waste. Going forward, we will earn market trust and establish our position as a leading environmental company through initiatives such as manufacturing using low-carbon materials and making products more lightweight.

Michal Morávek



Industrial Engineering Manager  
AISAN INDUSTRY CZECH s.r.o.

### For all our stakeholders



## Honest and dedicated corporate stance

Within the Aisan Group, we handle a wide range of essential operations that ensure smooth manufacturing processes, including inter-factory logistics and building management. Within this framework, I am responsible for managing the employee cafeteria. **Beyond simply providing delicious meals, we proactively contribute to the SDGs for many people both inside and outside the company, with efforts extending beyond the scope of cafeteria operations.** This includes contributing to health management through healthy menus that consider nutritional balance, adopting sustainable seafood that is environmentally conscious, and providing food support to children in developing countries through the TABLE FOR TWO program.

My greatest reward is hearing diners say how delicious it was—it's the ultimate motivation for my work. By providing healthy and sustainable meals, **we will help energize not only our employees but also external stakeholders.**

We will continue to pursue new initiatives to ensure every employee enjoys a healthy and happy everyday life.

Takaya Sengoku



Group Manager  
Food Department, AIKYO SANGYO CO., LTD.



Message from  
**Management**

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## 01 Message from Management

### Point

We aim to contribute to society through technology and manufacturing amid a major transformation in the automotive industry.

As we take on the challenge of becoming an engine system supplier, we will continue to support powertrain products for automobiles by leveraging environmental technology, which we have so far cultivated.

Based on this determination, we have outlined the responsibilities the Company must fulfill in the message from our President and the discussion with our outside directors.

The discussion with outside directors is divided into two parts—reappointed directors and newly appointed directors—to clearly distinguish their differing perspectives.

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## Embarking on a new chapter with a two-pronged strategy: Supporting the engine domain through our powertrain business while accelerating growth in our electrification products business

### Achievements and goals since assuming the presidency

#### Moving forward with the conviction that engines will never disappear

Since I was appointed president in 2018, I have consistently aimed to make us a leading company in the development and production of powertrains related to engines. At the time, the automotive industry was facing a rapid wave of electrification, but I was convinced that engines would never disappear. The reason is that in terms of energy efficiency, there is a clear gap when comparing fossil fuels and batteries using current technology. Moreover, globally, we anticipate it will take considerable time for charging infrastructure to be established in India and the ASEAN region, where population growth and economic expansion are expected to drive increased demand for four-wheeled vehicles in particular. Furthermore, over the entire vehicle lifecycle, the CO<sub>2</sub> emissions of hybrid electric vehicles (HEVs) and electric vehicles (EVs) are nearly identical. When comparing environmental performance, HEVs equipped with engines are not inferior to EVs. Looking ahead, I believe it is important for users to be able to make their desired choice from a diverse range of power sources, tailored to each country's energy circumstances and other factors.

Even as varied automotive power sources become available in the future, as long as engines continue to be demanded by society, engine-centered powertrains will remain the cornerstone of our business. As powertrain professionals, we engage in the development process of not only engine components but the entire engine system, aiming to become a corporate group that creates new value centered on power sources and powertrains within the mobility domain. To achieve this, we will accelerate sales expansion of our core products and advance M&A to broaden the scope of our business domain.

#### Relentless pursuit of the electrification domain

While anticipating that demand for engines will not disappear, we have come to recognize the inevitability of electrification and the necessity of sowing new seeds and embracing challenges with an eye toward the future. Therefore, in the new Medium-term Management Plan announced this year, we explicitly set forth a two-pronged strategy: continuing to support the engine domain to its very end while relentlessly pursuing electrification based on the expertise cultivated in our powertrain business.

Since the previous Medium-term Management Plan period, we recognized that software holds the key to both powertrain and electrification technologies, and as a first step, we focused on developing human resources in this area. Furthermore, recognizing the significance of batteries—the core of electrification—we are accumulating know-how, starting with battery cell case manufacturing, to gain a deep understanding of their characteristics and translate this into future business propositions. Although demand for battery cell cases is expected to grow, the small scale and scarcity of manufacturers makes it difficult to respond flexibly to market needs. We are able to meet our customers' diverse needs because our design, production engineering, and manufacturing teams work in close collaboration. We have continued to pursue the challenge of ensuring stable supply and quality while leveraging existing technologies, and are now ready to establish mass production.

We also aim to leverage our manufacturing strengths to enter the battery pack market. To provide greater value to our customers in the future, we aim to move the design process for electric drive systems in-house.

#### Growth strategy rooted in internal mindset transformation

To reach new heights, it was essential for each employee to have confidence in our products, reexamine their roles, and undergo a mindset transformation that enabled them to discover their potential with a future-oriented attitude. First, I consistently conveyed my unwavering belief in the engine in my communications. I also focused on creating an environment where employees could continue working with a sense of purpose. This included



**Tokuhisu Nomura**

President, CEO

implementing the "Aisan Katariba" sessions where employees and executives could exchange opinions directly, and establishing various support systems to help balance family and work life.

At the same time, the promotion of employee health was positioned as one of our core business foundations, and we are actively advancing health management initiatives. As a result, the Company has been selected as one of the Outstanding Organizations of KENKO Investment for Health (White 500) for seven consecutive years since 2018. This year, we were selected for the first time under the KENKO Investment for Health Stock Selection program. I recall that when I became president, I noticed a sense of stagnation in some parts of the company. However, through our efforts to date, I feel we have successfully fostered an expectation for change.

I believe such a transformation in mindset is also crucial for strengthening corporate financial health and, ultimately, for pursuing capital cost management. The P/B ratio improvement request issued by the Tokyo Stock Exchange in March 2023 is understood to be a directive stating, "Unless companies focus on capital efficiency management, the Japanese market will not revitalize. Therefore, make efforts to increase corporate value." On March 25, 2025, our stock price reached a new all-time high since listing. It is apparent that our ongoing management approach, focused on capital costs, is beginning to receive recognition from our investors. We will achieve a minimum P/B ratio of 1x as quickly as possible and aim for an ROE of 12% by fiscal 2027. The TOB for our own shares conducted this year is also part of our efforts to promote capital efficiency management.

To pursue management efficiency that exceeds the cost of capital, we intend to use the ROIC tree to link operational actions with management targets, thereby maximizing profits while efficiently utilizing assets. We will incorporate management KPIs into departmental KPIs through ROIC improvement drivers, ensuring steady execution by driving the PDCA cycle within each department. I believe that spreading this initiative throughout the entire Company is the key to success. I communicate this to the frontline staff using precise language such as "eliminate defective products" and "use equipment efficiently."

Review of FY2024

Record profits driven by future-oriented manufacturing

Through our profit improvement and MMK (*Motto Monozukuri Kyoka*; strengthening of manufacturing) activities launched in 2020, we achieved our fiscal 2025 targets for sales, operating profit, and ROE ahead of schedule in fiscal 2024. Both sales and operating profit reached record highs.

MMK activities have become deeply ingrained both inside and

Aisan Future Factory: Promoting innovative manufacturing



At the Aisan Future Factory, we are advancing carbon neutrality initiatives, including conducting demonstration experiments for the practical application of a compact 10 kWh power generation system as part of our ammonia-hydrogen power generation project. Furthermore, we will utilize IoT, AI, and big data to create production sites where humans and robots coexist. This will lead to innovative manufacturing, including labor-saving through collaborative robots and the establishment of 24-hour unmanned lines through automation.

outside the Company, with approximately 600 proposals submitted in fiscal 2024. Of these, 60% were proposals from business partners, 20% originated from the Group's overseas sites, and 20% came from our domestic sites. I am delighted as well as excited to see that the initiative I spearheaded has now expanded throughout the entire supply chain.

A notable improvement example involved reducing the number of part numbers into which components were finely divided by vehicle model to less than half, achieved with customer cooperation. Sharing improvement examples across the Company enables other departments to gain insights for their own operations from successful initiatives elsewhere. When proposals that benefit customers are embraced, this makes the impact more tangible. By recognizing and spreading such positive efforts, we also boost motivation throughout the Company. We are right in the midst of experiencing change, so we will continue striving to build a robust foundation that enables stable revenue generation through MMK activities.

In the fuel pump module business, we achieved the top global market share (37%) through the acquisition of the business from DENSO. As we proceed with the business transfer, challenges in areas such as standardization of manufacturing methods, inspections, and specifications have also come to light. Since there remains significant room for improvement through our own initiatives, we anticipate that profit margins will continue to improve beyond fiscal 2026.

Our electrification products business and application of clean energy technologies are also delivering results that will carry forward into the next generation. In the electrification products

business, we received orders for multiple products including busbar ends (battery components) and controllers for small mobility vehicles. Going forward, we will define our exit strategy and chart a path toward commercialization. In the application of clean energy technologies, demonstration testing of ammonia fuel cell power generation units commenced in June 2023. In some cases, development involving foundational research takes time. However, at the Aisan Future Factory, completed in May 2025, we plan to conduct demonstration experiments for stable power supply using our proprietary ammonia-hydrogen power generation. This enables us to boldly take on the challenge of development and practical application through trial and error. The next challenge is to formulate and execute a concrete action plan for market launch.

Our vision for the new Medium-term Management Plan

Transformation from an engine parts manufacturer to an engine system supplier

In our 2024 Integrated Report, I pledged: "To maintain the trend of positive growth, we will formulate the next Medium-term Management Plan with even more challenging targets to meet the expectations of all of our stakeholders." To demonstrate this determination, our new Medium-term Management Plan explicitly states our aspiration to improve technology and expand our business, declaring our future vision as an engine system supplier\*. To survive in today's challenging global environment, we will expand beyond the confines of our parts manufacturer business model, which focuses on selling individual components, and broaden our scope to include subsystem and engine system design. I believe that the very attitude of continually venturing into new domains is the driving force behind the sustainable enhancement of corporate value.

Furthermore, as automakers including Toyota Motor Corporation have announced their transition to mobility companies, we too must contribute to the transformation of the entire industry. In developing the powertrains that will be needed going forward, we, with our calibration technologies (vehicle system control technologies) cultivated over many years, can go beyond simply designing and manufacturing according to the requirements of automakers. It enables us to act as their partner, defining the required specifications for the engine itself and making proposals. We will strive to become the leading company in the powertrain sector, both in terms of technological capability and market share.

We also anticipate that over the next few years, there will be a shift from gasoline-based fuels to carbon-neutral fuels such as e-fuels, driving increased demand for zero external emissions of

environmentally harmful substances. As we expand globally, we have pursued performance capable of handling fuels of varying quality. We plan to leverage these technologies to expand our product lineup to include options compatible with carbon-neutral fuels. We set ambitious numerical targets to contribute to the achievement of Zero CO<sub>2</sub> and Zero emissions through our technology, communicating internally that "even if we are not the top runner, we must be in the top group."

\* **Engine system supplier:** A supplier capable of managing next-generation engine systems (compatible with carbon-neutral fuels), including electronic control units (ECUs) and control systems, together with partners (OEMs and other companies).

Global strategy leveraging the strengths of the powertrain business

In the global market, while the battery electric vehicle (BEV) market has undergone a slowdown due to factors such as the state of charging infrastructure development and supply risks for associated raw materials, I anticipate that we can capture the absolute market demand by leveraging our long-standing expertise in the powertrain business.

By region, engine demand is expected to increase significantly in our top priority regions of India and the ASEAN countries. With aggressive investment, I expect that we will be able to meet our potential in these regions going forward.

In the U.S., HEVs are performing well and growing at a relatively stable pace. While tariff policies and other factors have an impact, we will continue to source materials locally and engage in dialogue with customers as we have done previously, rather than relocating manufacturing facilities.

In China, while BEVs are expected to exceed 30% by 2030, challenges such as securing charging spots in suburban areas mean that plug-in hybrid electric vehicles (PHEVs) are likely to be the more practical choice. However, given that the challenging situation for Japanese manufacturers is expected to persist, we will establish an efficient production structure capable of flexibly responding to volume fluctuations to maintain profit margins even if sales decline.

In Europe, environmental regulations requiring automakers to reduce CO<sub>2</sub> emissions have been postponed until 2027. However, demand for decarbonized fuels will increase, so we will also expand production of related components. Japanese manufacturers' HEVs are currently performing well, and I do not expect production volumes to decline significantly by 2030.

## Achieving synergistic effects through proactive growth investments such as M&A

The targets for fiscal 2030, the final year of the new Medium-term Management Plan, are consolidated net sales of 550 billion yen, operating profit of 44 billion yen, ROE of 14%, and ROIC of 11%. The target of a 60% increase in sales compared to fiscal 2024 is quite ambitious, but I believe we can achieve it by working in unison throughout the entire Company to deliver new value.

Regarding cash allocation, we plan to invest a total of 143 billion yen over the next three years through fiscal 2027 as growth investment, including 50 billion yen for strategic investments. For strategic investments, we will utilize funds for M&A in the powertrain business. For fiscal 2030, we project M&A and business expansion targets of approximately 150 billion yen in net sales and an operating profit ratio of approximately 5%.

Regarding our M&A policy, we intend to collaborate with companies that can generate synergies to enhance our competitiveness as we strive to become an engine system supplier. Furthermore, as a responsible corporate group supporting Japan's automotive industry, we are driven not only by the pursuit of our own profits but also by a passionate commitment to restore Japan as an industrial nation. We will actively engage in dialogue with companies that share our passion for manufacturing.

R&D expenses, which are part of growth investments, are planned to total 43 billion yen over three years. Funds will be allocated toward product development for carbon-neutral fuels and enhanced evaporative emissions regulations, as well as the nurturing of software human resources. We also plan to allocate approximately 10% of total R&D expenses to research and development for the society of the future, such as creating new value in the environmental and energy sectors. Moreover, we plan to invest 50 billion yen in capital expenditures over three years. As we expand our operations in India and the ASEAN region, we will focus on strengthening our foundations through production consolidation and logistics streamlining, as well as preparing production for custom orders to expand our electrified product lineup.

### Achieving VISION2030

## Linking in-house mindset transformation to human resources development

Through the aforementioned initiatives to transform the mindset within the company, I feel that employee awareness has steadily improved over the seven years since I became president, and the proportion of human resources who want to positively embrace

change has increased. Following the release of VISION2030, an in-house questionnaire revealed an increase in the proportion of employees who feel the company is contributing to society. Momentum is steadily building and each individual is starting to take ownership of creating new value.

This shift in mindset has boosted employee motivation, leading to tangible results in human resources development. In software human resources development, we successfully trained over 100 employees, primarily young to mid-career hires, over the planned three-year period starting in 2022. Software is a means to achieve system control. However, without knowledge of system control, effective software development is unlikely. We have set our target at a level where we can independently develop in-vehicle systems, and are acquiring both software technology and system control expertise.

We are also inviting proposals for new business ventures, aiming to foster a startup mindset among young employees to the greatest extent possible. Labor shortages have become a social issue, and our company is not alone in facing challenges in securing, recruiting, and retaining human resources. To strengthen recruitment efforts, we are enhancing brand awareness through television commercials and advertising placements within Nagoya Station.

## Overhauling management system to strengthen governance

As part of our efforts to strengthen governance, we have overhauled our management system starting in fiscal 2025 and introduced a chief x officer (CxO) system. The appointment of chief officers in Aisan Group aims to strengthen executive functions. I believe that accelerating cross-group decision-making is an essential element for further strengthening our management foundation, as our overseas sales ratio continues to increase annually.

We will also work to lay the groundwork for maximizing the effectiveness of the CxO system. We will strengthen group-wide collaboration while leveraging each group company's internal reporting systems, compliance training frameworks, and other mechanisms tailored to regional needs and business scale. We will strive to establish a system that enables close communication with headquarters, including overseas locations, through the establishment of a global whistleblowing hotline and other measures, to promptly address issues through shared understanding and resolution.

The Board of Directors has implemented measures to promote productive discussions, such as enhancing preliminary agenda briefings, based on the results of the effectiveness assessment. To transform into an even more appealing company going forward, it is essential that internal directors and executive officers first demonstrate stronger leadership and drive this transformation. We appoint outside directors with diverse backgrounds and high levels of expertise. Even within their limited time availability, they



consistently provide insightful questions and valuable suggestions about management from a multifaceted and overarching perspective. We will continue to focus on enhancing the effectiveness of the Board of Directors under a governance structure that ensures independence and diversity.

Additionally, since 2023, our off-site meetings have shifted away from the Board of Directors' typical format of gathering at headquarters to address numerous agenda items. Instead, we now focus on a narrower set of themes. I feel that our outside directors have gained a deep understanding of the Company's management challenges, enabling us to incorporate their valuable insights into our management strategy.

### To our stakeholders

## Accelerating our evolution toward the vision of a "beaming future is in our hands"

The automotive industry has seen significant changes in its market environment over the past few years. However, our universal principle of "freedom of movement for all passengers" will remain unchanged. Within this context, we pledge to contribute as a company that supports engines to the very end, and have publicly

declared our evolution into an engine system supplier. This is a major challenge for us. In particular, in powertrain development accompanying vehicle development, we must contribute as a partner to automakers and become the leading company in this sector.

In our current VISION2030 initiative, we have expressed the vision for the Aisan Group's future with the phrase, a "beaming future is in our hands." We are determined to create a "+1" value to enrich and improve the liveability of society in the future by contributing to providing clean and safe mobility for all. Please look forward to seeing us forge ahead toward achieving VISION2030.

We will continue to value dialogue with our stakeholders and strive even harder to remain a trusted company, contributing to sustainable growth and solving social issues. We ask for your continued support and guidance.

## The management system overhaul will further advance the establishment of an environment that facilitates sound management decisions

### Critical assessment of discussions that contribute to enhancing corporate value as representatives of minority shareholders

Three independent outside directors who were reappointed reviewed the process of formulating the new Medium-term Management Plan, which had been discussed repeatedly in Board meetings over more than half a year. They exchanged views with Executive Vice President, CSO and CRO Akihiro Yamanaka on priority objectives, current challenges in achieving our goals, and how to strengthen the supervisory function of the Board of Directors' management.



Akihiro Yamanaka  
Executive Vice President, CSO and CRO

Satoe Tsuge  
Outside Director

Yuichi Oi  
Outside Director

Yurie Iribe  
Outside Director

### Could you please review the process leading up to the formulation of the new Medium-term Management Plan?

**Tsuge** In formulating the new Medium-term Management Plan, many opportunities for discussion were provided, including off-site meetings held prior to the Board of Directors meetings. During the process, we received explanations about the trends and outlook for the global mobility market, and we also had opportunity to ask many questions to properly understand the business environment. I believe it was extremely valuable to be involved from the initial stages of the goal-setting discussions when tackling major topics like the new Medium-term Management Plan.

**Iribe** I also found the discussions at the off-site meetings very useful. In particular, I pointed out that the materials for the new Medium-term Management Plan contain specialized terminology related to products and technologies, and requested that they be improved for easier reading. I believe our intentions have become much easier to convey thanks to some thoughtful adjustments that were made promptly, such as providing explanations for technical terms. I particularly commend the fact that addressing social issues within the business strategy has been converted into concrete initiatives as the first step toward the society of the future.

**Yamanaka** At the off-site meeting, I addressed each question raised by the outside directors regarding the draft plan until everyone was satisfied with the answers. I believe that sharing basic information enabled us to hold four substantive discussions at subsequent Board of Directors meetings.

**Oi** There were also thorough preparations made before the meetings to make better use of the limited time available for the Board of Directors. When I requested details about the management meeting, I was provided with both the minutes and an explanation of the content, which proved helpful in understanding the background behind its submission to the Board of Directors.



**Tsuge** Understanding the background of the agenda items is crucial for reaching an appropriate conclusion. In regard to the utilization of cash allocation in particular, given the initial ambiguity surrounding the specifics of future growth investments, I conducted a thorough review of what to invest in, the amount to invest, and whether the scale of M&A could be specified.

**Oi** The final-year targets of the new Medium-term Management Plan are quite ambitious, and achieving them will be a challenging task. The direction of the mobility business has been clearly defined. Going forward, I would like to discuss specific business plans, including M&A, on a case-by-case basis and closely monitor progress.

**Yamanaka** We have set ambitious goals as a declaration of our intent to further advance business expansion. We would like to continue discussing the approach to risk-taking when creating business alliances, capital alliances, and M&A to advance matters in more concrete terms.

### Please list any challenges and areas for improvement to achieve the new Medium-term Management Plan.

**Oi** Since we've been able to define the broad business policy, I believe the remaining challenge boils down entirely to nurturing the human resources to execute it. Relying too heavily on an external workforce prevents Aisan Industries' passionate commitment from being fully conveyed. Therefore, we should aim for growth that balances business expansion with profitability and capital efficiency by mobilizing the full strength of the Aisan Group, including the global departments.

**Yamanaka** In nurturing executive management candidates, our previous approach focused on developing expertise within the department assigned upon joining the company. However, in recent years, we have actively implemented cross-departmental rotations.

We encourage them to broaden their perspective by gaining experience across multiple departments, developing a comprehensive view of the whole Company.

**Iribe** I also believe that human resources development is essential for executing business strategy. As a member of academia, I would like to collaborate with the Company—which provides innovative manufacturing solutions—to explore how we can nurture human resources equipped with the capabilities and skills demanded by industry. With the projected coming decline of the workforce, innovative manufacturing sites should also be places where the younger generation and children who will shape the future want to work. I believe that leveraging collaborative robots and data science to achieve labor reduction and automation also contributes to sustainable manufacturing. These are precisely the concepts of the Aisan Future Factory, and I have high expectations for the challenges that the Company is striving to meet to pioneer the future.

**Yamanaka** The future we envision assumes something that will last for a long time to come. We will respond with strong determination to the diversification of energy sources such as



ammonia and hydrogen, and to innovative manufacturing. Going forward, we will need a production structure that can enhance efficiency through systematization and enable the creation of diverse product lines. We will optimally combine hardware and software to meet our customers' needs.

**Oi** For a long time now, I've been concerned about the lack of discussion on overseas business initiatives. Given that overseas sales account for as much as 70% of net sales, it is reasonable to expect more reporting on local conditions and sharing of challenges. I believe overseas operations are managed by headquarters, but how about giving local offices more autonomy? Only the local personnel truly understand the local situation, and gathering relevant news and other companies' information and sharing them with Japan should lead to development opportunities for each location.

**Tsuge** I've also been concerned about how little visibility there is on overseas information. I would like to receive more reports on the current status of overseas locations at the Board of Directors meetings. I also think it would be beneficial to arrange visits to overseas locations by outside directors and outside Audit & Supervisory Board members. This will help boost the morale of local personnel and strengthen supervisory functions, so I hope it will be given serious consideration.

**Yamanaka** Regarding overseas operations, our current overseas locations primarily handle production functions. The Board of Directors has not engaged in substantive discussions on this matter, so we will work to improve this situation. We should also conduct on-site inspections promptly. In the future, the ideal structure would be one where each location can utilize the profits generated locally and, when specification changes or development are required, can handle them independently on-site. We will advance human resources development and capital investment primarily in India and the ASEAN, where demand is expected to grow significantly, and in the United States, which boasts a large market size. Regarding our human resources strategy, we will nurture human resources locally who can understand the "Aisan Way," which represents the mindset of each employee. We will establish an environment capable of handling design and evaluation to enable development operations.

**Tsuge** In executing the business strategy, I place particular importance on the strategic investment portion of the future growth investments. This is a rather substantial investment of 50 billion yen over five years, so I would like to discuss specific projects at the Board of Directors from the conceptual stage.



**Yamanaka** Strategic investments also carry risks, so I will make sure to share information early on and ensure sufficient time is allocated for Board of Directors discussions.

**Iribe** While the Board of Directors fosters an environment conducive to open dialogue, there are instances when careful consideration is required, particularly when addressing high-impact subjects such as strategic investments. Would it be possible to schedule separate sessions for the outside directors to exchange opinions? For example, I would like to see consideration given to setting up an optional forum for exchanging opinions prior to the start of the Board of Directors meeting.

**Yamanaka** I believe it is important to create opportunities for outside directors to discuss matters. Since it is possible to create opportunities for discussion prior to Board meetings, I would like to consider this.

### Regarding the effectiveness of the Board of Directors, what kind of evolution have you seen compared to the past?

**Tsuge** The effectiveness of the Board of Directors is rigorously evaluated not only by outside directors but also by internal directors. Over the past decade since I was appointed, the mindset within the Company has undergone significant change.

An environment where employees can speak freely has been established, and a support system has been built that responds promptly to improvement proposals. Furthermore, there is a well-established process of thoroughly discussing important matters before deliberation, which I believe is the result of sincere efforts to enhance effectiveness.

**Oi** The effectiveness evaluations have been improving year by year, and we've been receiving thoughtful feedback on our requests.

As for challenges, with the management system being overhauled starting in fiscal 2025 through the addition of two independent outside directors, I believe we should further strengthen our supervisory function by providing opinions from various perspectives. This could be achieved through interviews conducted by outside directors with senior executive officers, and other efforts that help us gain a deeper understanding of the executive performance. In particular, for investment projects, I would like to see opportunities created to understand the big picture.

**Tsuge** This year, the management system was overhauled with the roles of executive officers and directors being separated. Amidst these changes, I believe the support of outside directors becomes even more crucial, and to fulfill our responsibilities, we must make judgments with a thorough understanding of company policies. I would like to actively utilize opportunities such as briefing sessions to further deepen my understanding of the Company.

**Iribe** We've had many opportunities to interact with employees through events such as technical department reports, environmental exhibitions, and networking gatherings with female engineers. During these interactions, I heard comments such as, "The Medium-term Management Plan clarified the Company's direction, which was refreshing." I find that internal perspectives reveal viewpoints not apparent to the Board of Directors, which underscores the importance of engaging with people from various domains and generations. Moreover, starting this fiscal year, some documents can now be viewed on the Company's internal network. I was amazed at how quickly this was implemented after the proposal was made.

**Yamanaka** I regret that in past Board of Directors operations, there were instances where proposals presented for discussion were essentially predetermined decisions. I would like to create opportunities to communicate not only with management but also with executive officers and frontline employees to ensure the new management system is closely supervised.

As Ms. Iribe also mentioned earlier, since the Board of Directors' materials include specialized content, I believe it will continue to be necessary to maintain an environment where relevant materials can be accessed for reference. We will continue to strive to respond promptly.

**Oi** As outside directors representing minority shareholders, we offer opinions to top management. While working hand in hand with internal directors, we also provide critical feedback from an external perspective. I will be particularly mindful of profit distribution and investment conditions, and I intend to make decisions critically, based on whether they contribute to enhancing the corporate value, which is the Company's goal.

**Yamanaka** The outside directors each possess specialized knowledge and diverse backgrounds. I intend to incorporate the innovative proposals derived from your experience into our management. I look forward to continued active discussion.



### Interview with the newly appointed outside directors

## Key challenges to address in the new Medium-term Management Plan during the period of transformation

We welcomed Mr. Naoshi Takayama and Ms. Eiko Funabiki as new outside directors and sought their candid opinions regarding the Company's standing from an external perspective.

Executive Vice President, CSO and CRO Yamanaka, acting as facilitator, asked both directors about the challenges and received their advice for enhancing the Company's corporate value.



**Akihiro Yamanaka**  
Executive Vice President, CSO and CRO

**Eiko Funabiki**  
Outside Director

**Naoshi Takayama**  
Outside Director

Joined Toyota Motor Corporation in 1988. He has worked in development roles primarily focused on powertrain systems, having served as the General Manager of the Hybrid Vehicle Advanced Technology Engineering Division, Executive General Manager and Supervisor of the Powertrain Company, Field General Manager of the Advanced Engineering Development Field at the Powertrain Company, and Director of the Higashi-Fuji Technical Center. Appointed Executive Vice President of the Company in 2024.

Joined Fujitsu Tokai System Engineering Co., Ltd. (currently Fujitsu Limited) in 1986. Joined Tokai Research & Consulting Inc. (currently Mitsubishi UFJ Research and Consulting Co., Ltd.) in 1988. Engaged in the planning and execution support of management and human resources strategies, as well as personnel management initiatives. Executive Officer of the company since 2018.

Joined Makino Milling Machine Co., Ltd. in 1981. Joined Mori Seiki Co., Ltd. (currently DMG MORI CO., LTD.) in 2002. Involved in the development of 5-axis machining centers and possesses extensive management experience. Technology and quality consultant for TAIYO KOKI CO., LTD. since 2024. Received a Doctor of Engineering degree from the University of Osaka in 2011.

### Inaugural messages from the outside directors

**Yamanaka** As the Company is now entering a phase of expanding its business scope, I would greatly appreciate guidance with fresh perspectives from both of you. First, could you talk about why you accepted this position?

**Takayama** When I first met with President Nomura following this proposal, he passionately stated, "The automotive industry is undergoing a once-in-a-century transformation, and the production of automotive parts has its limits if we continue with conventional methods or incremental improvements. Going forward, we will further strengthen our Machinery Division to establish a system that enables us to independently propose optimal manufacturing methods and equipment." Believing that I could contribute by combining Aisan Industry's production technology cultivated over many years with my own knowledge of machine tool design, I saw the potential for developing new production methods and fostering innovation. This was my primary motivation for accepting the position. The factory tour after the interview, where all the employees responded so energetically, was

what ultimately pushed me to make my decision. Working in the automotive industry is a new and significant challenge for me, but I am eager to learn about the industry and automotive components while contributing to this transformation.

**Funabiki** While women appointed as outside directors or Audit & Supervisory Board members tend to be attorneys, certified public accountants, or tax accountants, I heard that the Company was seeking individuals with management experience. I have spent about seven years in management as an executive officer, following approximately 30 years in human resources consulting. I accepted this opportunity because I believe my experience in human capital management, which is my area of expertise, could be of value.

All of Toyota's Tier 1 manufacturers are striving to expand their business scope, and we, too, have significantly grown our business scale by leveraging the acquisition of the fuel pump module business from DENSO as a stepping stone. I also sensed a strong determination to drive dynamic transformation from the management targets of the new Medium-term Management Plan. I would be honored to play a part in pioneering a new era for the automotive industry.



### Evaluation of the mobility business strategy

**Yamanaka** The Company has consistently maintained its stance of protecting the engine domain. The new Medium-term Management Plan also outlines a business strategy to continue supporting this domain to the very end while simultaneously venturing into electrified products. What do you think of this strategy?

**Takayama** As vehicle drive systems and fuels diversify, engines will likely continue to be needed for the foreseeable future. I am also at the point of replacing my car, but I'm still undecided between an internal combustion engine, HEV, PHEV, or EV, considering various factors such as EV infrastructure. The important thing is to keep developing engine-related technologies. Furthermore, I believe we should continue refining our technologies for engine components to improve fuel efficiency and meet emissions regulations, thereby clarifying our competitive advantages and strengths, and aiming for the top market share in the industry. I also support expanding into engine system design and embracing the challenge of electrification. In particular, I believe that developing and providing engine control systems is an excellent initiative for enhancing the added value of our hardware products.

**Funabiki** From a consulting perspective, I also predict that engines won't disappear globally anytime soon. The level of progress toward electrification also varies from country to country.

I sincerely commend the resolve demonstrated in outlining a strategy for survival in the engine domain.

However, predicting the future is difficult, so we will need to become more sensitive to market and competitor movements. It would be wise to accelerate our electrification products business while we still hold the world's top market share business.

**Yamanaka** While internal combustion engines emit CO<sub>2</sub>, using carbon-neutral fuels enables them to achieve environmental performance equivalent to EVs, expanding future options. In the engine domain, we have advantages in quality, cost, and supply capacity. We plan to leverage these strengths to expand profits and channel them into funding our electrification products business. As a latecomer in the field of electrification, the Company will collaborate with companies possessing the necessary expertise during the development phase to create competitive products.

### About our sustainability management initiatives

**Yamanaka** We have been advancing initiatives across all ESG areas. If there are any perspectives we may be lacking, we would greatly appreciate your feedback.

**Takayama** While setting our own CO<sub>2</sub> reduction targets is important, could we also provide another perspective by estimating how much our powertrain products could contribute to CO<sub>2</sub> reduction?

As the world's population continues to grow, global automobile production and ownership will likely continue to increase over the coming decades. If our fuel pumps and other products were installed in approximately 40% of all vehicles worldwide at the current market share, even a 1% improvement in fuel efficiency could contribute to reducing CO<sub>2</sub> emissions by thousands of tons, or perhaps even 100 million tons. I am confident that these figures will become a source of pride for employees and those involved in development, and will serve as a motivator.

**Funabiki** From the perspective of promoting human capital management, presenting concrete stories is essential. For example, actively recruiting women in the software and digital fields would be one of the symbolic steps that will open up future growth for the Company. Empowering women is not just a gender initiative; it is about fostering a culture that harnesses the wisdom of all people. Increasing the number of women actively thriving in the workplace enhances organizational vitality and decision-making diversity. Setting numerical targets such as gender ratios at the time of hiring is also worth considering.

It is also meaningful to aim to become a leading company in well-being. We have a proven track record of being selected under the KENKO Investment for Health Stock Selection program. If we can also steadily advance the transformation toward a workplace culture that embraces challenges, as outlined in our new Medium-term Management Plan, we can further enhance our appeal as a company where those with a desire to grow can realize their full potential.

Furthermore, the active role of women in the automotive industry in this region holds the potential to break through Japan's structural challenge of monopolization in Tokyo. It would also contribute to society as a whole.

**Yamanaka** Thank you for your valuable input. We will also consider actions such as verifying the effects of switching to low-carbon materials and creating a roadmap for CO<sub>2</sub> reduction.



Empowerment of women is essential in human capital management, and I would like to ensure that the concept of well-being you proposed is widely communicated throughout the company. To secure human resources, we are carefully considering recruitment from outside the prefecture, creating training plans, and developing allocation plans for each department. We will also utilize internal communication platforms like "Aisan Katariba" to encourage employees to proactively engage in career development.

### Evaluation of the financial capital strategy

**Yamanaka** The sales target for fiscal 2030 is set at 550 billion yen, and we are actively pursuing initiatives to boost the stock price, including improving the P/B ratio and enhancing ROE.

**Takayama** Frankly, I thought 550 billion yen by 2030 was a challenging target. To achieve this target, I believe expanding the powertrain business and having a successful M&A will be key. I really admired the approach of visualizing what to aim for and what actions to take, sharing this not only with management but with all employees, and then breaking it down into departmental KPIs to ensure everyone is working toward the same goals.

**Funabiki** I can feel the management team's resolve in declaring such ambitious management targets. In particular, the decision to invest 143 billion yen in growth investments, including 50 billion yen in strategic investments, demonstrates a serious commitment. I want all employees to gain a deep understanding of the intent behind these figures and the KPIs for each department. I understand that a new M&A team has been established. I hope that your preparations will move along steadily.

**Yamanaka** As a declaration of intent to achieve significant growth, we have set ambitious targets. While timing may vary depending on external circumstances, we will first focus on achieving the numerical targets. To achieve this, we will plan the acquisition and deployment of human resources in a balanced manner, communicate KPIs to the frontlines using precise language, and unite the efforts of all employees.

### Expectations for corporate value enhancement

**Yamanaka** Lastly, could you please offer advice based on your experience and expertise regarding areas that need strengthening as the Company moves forward with future transformation?

**Takayama** As the era of high economic growth came to an end, voices calling for diversification began to be heard in Japan's manufacturing industry from around 1990. The demand shifted from mass production of a few varieties to small-lot production of many varieties. Therefore, machine tool manufacturers have focused their efforts on developing machine tools that enable process integration and accommodate a wide variety of workpieces, such as 5-axis machining centers and multi-tasking machines. Despite this

trend, automotive parts alone remained the exception, where a few specialized machines suited for mass production were lined up to divide the process. This line production method, where every second of processing time per unit was crucial, remained the mainstream approach. However, in recent years, I believe the automotive industry has also seen a growing diversity in vehicle types including internal combustion engines and EVs, as well as variety in the parts used. The Company also handles a wide variety of parts through its omnidirectional strategy, but I believe now is the time to advance process integration and the concepts of high-mix low-volume production and variable production.



**Yamanaka** The new Medium-term Management Plan period will mark a turning point where we break away from the culture of mass production, fundamentally transforming both what we make and how we make it. We have already begun process integration, so I would like Mr. Takayama to lead this effort alongside us, and I hope we can communicate these initiatives externally as well.

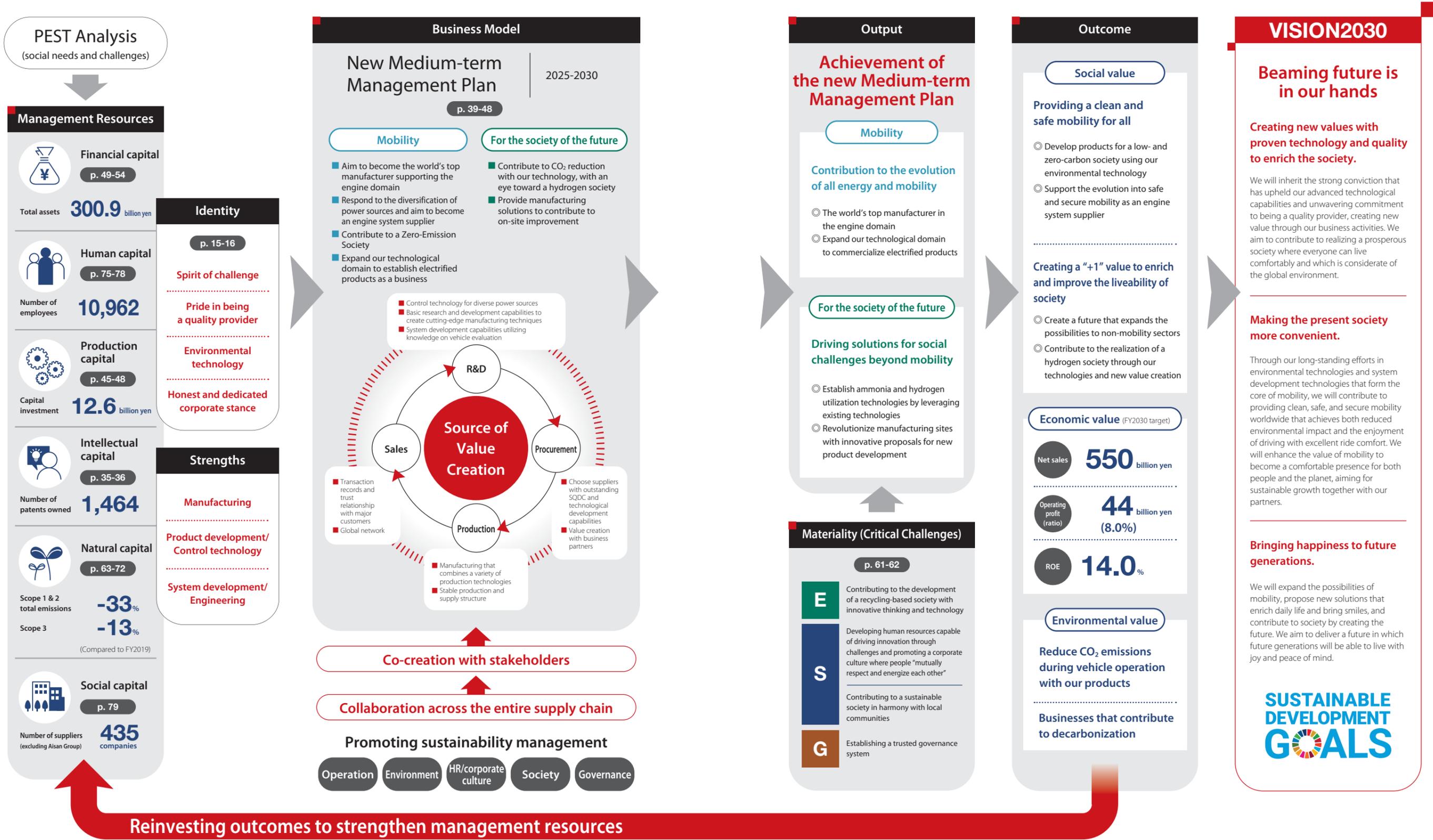
**Funabiki** I believe that enhancing corporate value means strengthening the company's overall capabilities. As such, it is important to pursue with unwavering dedication the strategies necessary to achieve the future that was defined in the human resources strategy.

**Takayama** It is people who are the foundation of continued organizational growth, after all. Unless we nurture more individuals who can think independently, take risks, and put ideas into action, we may not be able to navigate this period of major transformation. I will also think of ways to create mechanisms that encourage employees to take on challenges themselves.

**Funabiki** If we expect the employees to take charge of their own career development, it's essential for the Company to demonstrate a willingness to change first. IR activities also require more proactive efforts than ever before.

**Yamanaka** Hearing both of your perspectives made me recognize once again that for new product development to succeed, it is crucial for management to demonstrate a proactive stance. We will use flexible thinking to swiftly incorporate new perspectives that were previously lacking in the Company. We kindly ask for your continued feedback from a broad range of viewpoints.

Since the postwar shift to civilian demand, the Aisan Group has consistently strived to become a leading company in the development and production of powertrains, centering on the engine domain. We continue to address social challenges such as emissions regulations, and will keep creating value toward realizing a sustainable society.



Centered on people and technology, we will pursue environmental technologies as engine professionals and strengthen our management resources to become an engine system supplier. We will continue our efforts to strengthen our management resources, pursue sustainable growth going forward, and keep creating value to realize our vision of “Beaming future is in our hands.”

Capital	Inputs	Initiatives to strengthen capital	Specific measures	Output targets	Outcome	
<b>Financial capital</b> p. 49-54	Total assets ..... 300.9 billion yen Net sales ..... 337.2 billion yen Operating profit ..... 18.3 billion yen Equity ratio ..... 45.1% Operating cash flow ..... 28.2 billion yen ROE ..... 9.8% ROIC ..... 8.1%	<ul style="list-style-type: none"> <li>Pursue management efficiency exceeding the cost of capital</li> <li>Achieve a P/B ratio of 1x or higher at an early stage</li> <li>Utilize the ROIC tree</li> <li>Shareholder return of 35%</li> <li>Proactively invest in the future</li> </ul>	<ul style="list-style-type: none"> <li>Utilize the ROIC tree to bridge frontline actions with management targets, maximizing profits while efficiently deploying assets</li> <li>PER: Enhance through growth strategies, shareholder returns, and strengthened ESG and IR activities</li> <li>Maximize operating cash flow through the reliable execution of business strategies, and proactively allocate the resulting cash to future growth investments</li> </ul>	<b>FY2030</b> Net sales ..... 550.0 billion yen Operating profit ..... 44.0 billion yen Operating profit ratio ..... 8.0% Net profit ..... 28 billion yen ROE ..... 14.0% ROIC ..... 11.0% P/B ratio ..... 1x or higher		
<b>Human capital</b> p. 75-78	Number of employees Japan ..... 4,054 Overseas ..... 6,908 Software human resources ..... 105	<ul style="list-style-type: none"> <li>Acquire and nurture specialized human resources essential for business expansion</li> <li>Create innovation through the active participation of diverse human resources</li> <li>Transform the workplace culture to take on challenging tasks</li> </ul>	<ul style="list-style-type: none"> <li>Human resources development for electrification products software</li> <li>Promote the appointment of female managers and national staff to leadership positions globally to foster innovation</li> <li>Aim to become a company where every employee thrives and excels through continuous engagement surveys and feedback</li> </ul>	<b>FY2030</b> Software/Electronic human resources ..... 270 Digital human resources ..... 220 Number of female managers ..... 110 (13%) Fulfillment ratio of overseas based national staff executive positions ..... 90.0% Employee engagement score ..... 60 points Male childcare leave acquisition rate ..... 90.0%	<b>VISION2030</b> Beaming future is in our hands Creating new values with proven technology and quality to enrich the society. Making the present society more convenient, bringing happiness to future generations.	
<b>Production capital</b> p. 45-48	Capital investment ..... 12.6 billion yen Property, plant, and equipment ..... 86.1 billion yen Number of manufacturing bases Japan ..... Headquarters + 3 bases Overseas ..... 16 bases	<ul style="list-style-type: none"> <li>Expand India and the ASEAN business and sales promotion</li> <li>Production consolidation</li> <li>Prepare for electrification product manufacturing</li> <li>Promote innovative manufacturing</li> </ul>	<ul style="list-style-type: none"> <li>Capital expenditure: Allocated to production consolidation and logistics streamlining in the powertrain business and electrification products business, as well as production preparation for orders received for electrification products.</li> <li>Using the Aisan Future Factory as a model, we will achieve innovative manufacturing, including labor-saving through collaborative robots and the establishment of 24-hour unmanned lines via automation, and plan to deploy this know-how globally.</li> </ul>	<b>FY2025–FY2027</b> Capital investment ..... 50.0 billion yen		<b>Providing a clean and safe mobility for all</b>
<b>Intellectual capital</b> p. 35-36	R&D expenses ..... 13.4 billion yen Number of patents owned Japan ..... 645 Overseas ..... 819	<ul style="list-style-type: none"> <li>Develop products for carbon-neutral fuels and strengthened regulations</li> <li>Invest in human capital for battery system products</li> </ul>	<ul style="list-style-type: none"> <li>R&amp;D expenses: Promote carbon-neutral fuel utilization in the powertrain business and electrification products business, and product development geared toward stricter evaporative emissions regulations</li> </ul>	<b>FY2025–FY2027</b> R&D expenses ..... 43.0 billion yen <b>FY2030</b> Number of accumulated carbon-neutral intellectual property ..... 500		<b>Creating a “+1” value to enrich and improve the liveability of society</b>
<b>Natural capital</b> p. 63-72	Reduction of CO <sub>2</sub> emissions Scope 1 & 2 emissions ..... 33% reduction (compared to 2019) Scope 3 emissions ..... 13% reduction (compared to 2019) Waste ..... 41% reduction (compared to 2019) Renewable energy ratio ..... 23% Energy creation ratio ..... 0%	<ul style="list-style-type: none"> <li>Build a sustainable circular society</li> <li>Offensive and defensive measures</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of greenhouse gas emissions: Continue daily improvements for Scope 2 and improvements in energy efficiency; promote the use of low-carbon materials for Scope 3, material substitution with recycled materials, and product weight reduction</li> <li>Electrification and clean energy domain: New product development</li> </ul>	<b>FY2030</b> Reduction of CO <sub>2</sub> emissions Scope 1 & 2 emissions ..... 60% reduction (compared to 2019) Scope 3 emissions ..... 28% reduction (compared to 2019) Waste ..... 5% reduction (compared to 2019) Renewable energy ratio ..... 55% Energy creation ratio ..... 5%		
<b>Social capital</b> p. 79	Number of suppliers ..... 435 companies (excluding Aisan Group) Dialogue with institutional investors ..... 88	<ul style="list-style-type: none"> <li>Enhance dialogue with suppliers</li> <li>Promote collaborative manufacturing activities</li> <li>Build a sustainable value chain</li> </ul>	<ul style="list-style-type: none"> <li>Aim for sustainable manufacturing with the stakeholders by leveraging big data, AI, and robotics to realize Industry 5.0</li> </ul>	<b>FY2030</b> Building and utilizing an integrated data platform Carbon neutrality industry-academia-government collaboration in new sector technologies ..... 25 projects		

**VISION2030**  
Beaming future is in our hands

Creating new values with proven technology and quality to enrich the society.  
Making the present society more convenient, bringing happiness to future generations.

**Providing a clean and safe mobility for all**

**Creating a “+1” value to enrich and improve the liveability of society**

## Intellectual Property Activities Supporting Existing and New Businesses

### The history of intellectual property activities

Until now, the intellectual property organization has been located within the Technical Management Division. Operating under the Management Philosophy of “We contribute to society through global growth and environmental preservation,” it has played a role in providing customers with safe and environmentally friendly products. This has been achieved by handling patent applications and securing rights for inventions related to our existing engine component business, as well as avoiding third-party patent rights.

As the automotive industry enters a period of major transformation, we have transferred our intellectual property (IP) organization from the Technical Management Division to the Corporate Strategy Division effective January 2025. This move aims to leverage IP Landscape® information for management and business strategy, thereby promoting IP activities that contribute to business management. In line with the new Medium-term Management Plan announced in February 2025, we are implementing IP activities that contribute to management, protecting existing businesses and leading new ventures.

### Intellectual property activity policy

We will promote the four pillars of IP activities outlined in 1 - 4 below under management, thereby securing competitive advantages for existing businesses and increasing the probability of success for new ventures, contributing to the Company’s sustainability management.

#### 1 Business planning support

Patent and non-patent information are used to provide insights for expanding existing businesses and creating new ventures.

#### 2 Research and development support

Provide the Research and Development Department with information on research and development policies and selection of joint development partners based on patent and non-patent information, thereby contributing to accelerated development.

#### 3 Avoidance of third-party patent infringement

Avoid competing patents and acquire rights with high economic value to support global business expansion and maximize business profits.

#### 4 Enhancing brand value

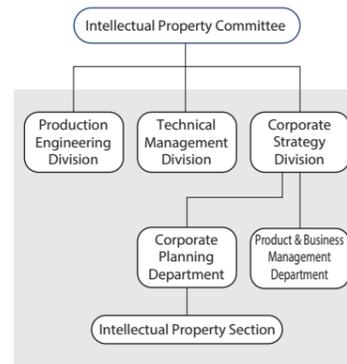
Acquire IP rights appropriately through various intellectual properties (patents, designs, trademarks) to enhance corporate brand strength and protect customer experiences.

### Intellectual property management system

As of January 2025, the IP organization was transferred from the Technical Management Division to the Corporate Strategy Division’s Corporate Planning Department, establishing a system to advance IP activities under the management. The Intellectual Property Committee, convened quarterly by management to oversee IP matters, reports on its activities, and cases significantly impacting management—such as disputes—are deliberated and decided upon by the Board of Directors or the Senior Executive Board.

#### Intellectual Property Committee

The Intellectual Property Committee, jointly convened by the Management, Research and Development, and Production Engineering Departments on a quarterly basis, deliberates and decides on development policies, IP activities, and IP-related business risks, thereby promoting activities that contribute to management.

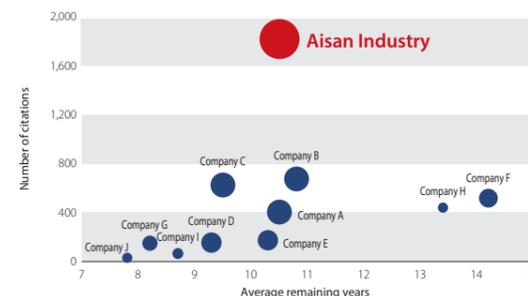


### Strengthening the patent portfolio for business products

We are increasing patent applications to strengthen our existing product line’s patent portfolio. The figure on the right illustrates the patent positioning of the Company and its competitors (Companies A through J) for fuel pump modules (FPM). In patents, the number of citations is a key indicator of a technology’s originality and influence, serving as evidence of a company’s competitiveness and technological superiority.

Furthermore, the size of the bubbles in the diagram indicates the scale of patent deployment both domestically and internationally, demonstrating that the Company has secured a strong competitive advantage for the relevant product. We will continue to leverage our patents to enhance product competitiveness and aim to expand our market share.

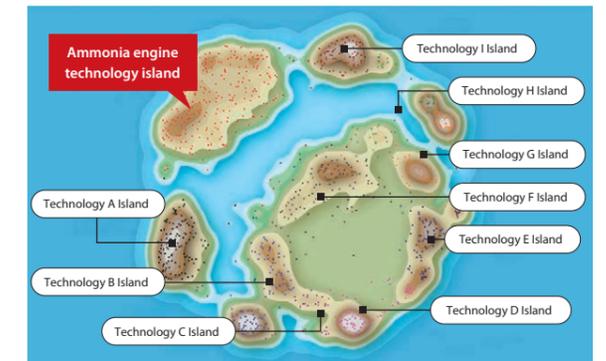
### Patent positioning of major FPM suppliers



### Utilization of IP Landscape®

Leveraging insights from IP Landscape®, we will strengthen collaboration with the Research and Development Department to advance new product concept development. We visualize and analyze competitors’ patent information to identify areas where the Company can demonstrate competitive advantage and to identify technology domains requiring future focus, and determine priorities based on this analysis.

The figure on the right visualizes the technological classifications of patent publications related to ammonia technology, showing that numerous intellectual properties related to ammonia engines exist that are compatible with our technology. Based on this information, we will identify ways to leverage our cultivated fluid control technology and advanced ammonia utilization technology to support new product development.

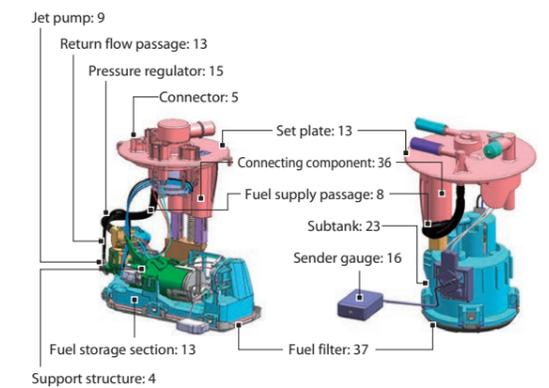


### Protecting our own patents, respecting others’ patents, and brand protection

For existing business products, we manage the patent application status, implementation status, and term of protection for each component part, thereby building and maintaining a robust IP portfolio to protect our business. At the same time, we respect the IP rights of other companies. We conduct patent searches on competitors’ patents from the early stages of research and development, hold review opportunities at each stage of development progress, and strive to minimize business risks by proceeding with development without infringing on the rights of other companies.

Moreover, to enhance brand value, we are working to secure global rights for our corporate logo and to protect technical names in the domain of the application of clean energy technologies. Since fiscal 2022, we have filed 36 trademark applications in Japan. Going forward, we will actively pursue trademark applications for technical names as part of our corporate brand protection activities. We will implement measures such as trial for cancellation of registered trademark not in use against imitation trademarks to strengthen the branding of our products, striving to maintain and enhance the value of the Company’s brand.

#### Patent application count by product



### Human capital (Development, Incentives)



The Company actively encourages the creation and acquisition of IP rights, such as patent applications, and strives to protect its proprietary technologies by implementing an incentive program for inventions as part of its efforts to foster development motivation and enhance technological capabilities. Moreover, to enhance young engineers’ IP awareness and boost their motivation, we introduced the Young Engineer Patent Application MVP Award starting in fiscal 2023. Furthermore, we established a Patent Expert Certification System to evaluate the capabilities of engineers possessing certain patent application skills in fiscal 2024. This system encourages mid-level to experienced engineers with outstanding patent skills to take on greater roles.

### Consecutive awards for invention

The Company has received the Aichi Invention Award for eight consecutive years since fiscal 2017. The air control valve for fuel cell systems, which won an award in fiscal 2024, resulted from a team-based approach to prioritizing patent applications for technologies under development during the invention creation phase. This approach yielded a highly regarded invention, bringing to fruition ideas from a wide range of employees, from young to experienced.

FY	Award-winning technology
2024	Air control valve for fuel cell systems
2023	Hybrid vehicle-specific fuel tank shut-off valve
2022	Electric pumps compatible with carbon-neutral fuels
2021	ADC12 alloy semi-solid casting
2020	Double eccentric valve of EGR
2019	Fuel pump module for flat fuel tanks
2018	Canister compliant with North American LEV-III regulations
2017	High-efficiency electric pump impeller



# Growth

## Strategy

## 02 Growth Strategy

### Point

In order to realize our vision, we will make planned investments for future growth and strive to enhance our corporate value.

We will implement flexible management strategies that appropriately reflect the changes and needs of society by setting consistent growth strategies.

We will continue with technological innovation to strengthen the competitiveness and for further growth of powertrain products, and promote the application of our core technologies in sectors beyond mobility as well.

We will contribute to the realization of safe and secure mobility by supplying high-quality products that support the evolution of mobility throughout the entire supply chain.

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## Review of Key Strategies and New Medium-term Management Plan

### 2015-2018

Medium-term Management Plan

### 2019-2022

Medium-term Management Plan

### 2023-2025

Medium-term Management Plan

### 2025-2030

New Medium-term Management Plan

#### Mastering core technologies to prepare for the next leap

##### Fundamental policy

- Further strengthen competitiveness of core products
- Achieve systemization and obtain system knowledge
- Provide support for next-generation power source and fuel diversification
- Global business expansion

##### Main results

- Strengthened product lineup**
  - DC motor type EGR
  - Brushless fuel pump module
  - Mass production of LPG hybrid products
- Expanded business into India**

##### Challenges

- Strengthening of revenue structure**
- Enrichment of manufacturing** (capital investment for the future)
- Promotion of systemization** (accumulation of technology for electrification)

#### Building a strong revenue structure by instilling MMK activities

##### Fundamental policy

- Make our main four products into world-class top products
- Become a company that can respond to all types of powertrain systems
- Provide solutions for new mobility

##### Main results

- Developed industry-leading next-generation products**
- Reformed the value chain**
- Rolled out MMK activities in Japan**

##### Challenges

- Materialization of growth strategy through strategic alliances**
- Strengthening of technological capabilities for the development of electrification systems & components**
- Promotion of carbon neutrality**

#### Becoming a global leader through acquisition of fuel pump module business

##### Fundamental policy

- Strengthening of competitiveness and further growth of existing powertrain product business
- Business growth in new areas that contribute to decarbonization, leveraging technologies and strengths

##### Main results

- Acquired fuel pump module business and completed rebranding**
- Entered the electrification products business** (Battery cell case/cover, controller)
- Started demonstration testing of ammonia-hydrogen power generation**

##### Challenges

- Materialization of next growth strategy**
- Strengthening of technological capabilities for systemization**
- Promotion of innovative manufacturing**

## VISION2030

Realization of "Beaming future is in our hands"

##### Fundamental policy

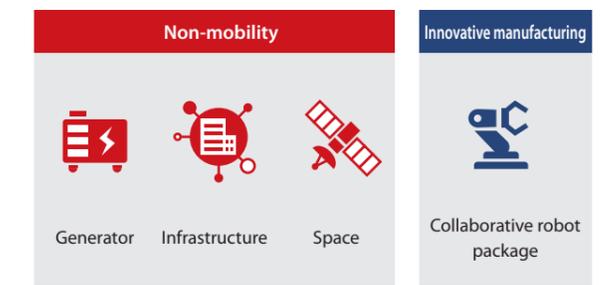
- Develop products for a low-carbon and decarbonized society using our environmental technology
- Support the evolution into safe and secure mobility as an engine system supplier
- Create a future that expands the possibilities to non-mobility sectors
- Contribute to the realization of a hydrogen society through our technologies and new value creation

#### Environmental awareness for implementation

We will continue to contribute with our cultivated technological expertise and product capabilities to address increasingly stringent global emissions regulations and the diversification of energy sources.

We will apply the technologies cultivated in our mobility business to contribute to new domains and drive manufacturing transformation for the society of the future.

#### Timeline of tightening emissions regulations by country



#### Net sales and stock price trends



Achieve a P/B ratio of 1x or higher at an early stage and pursue further sustained enhancement

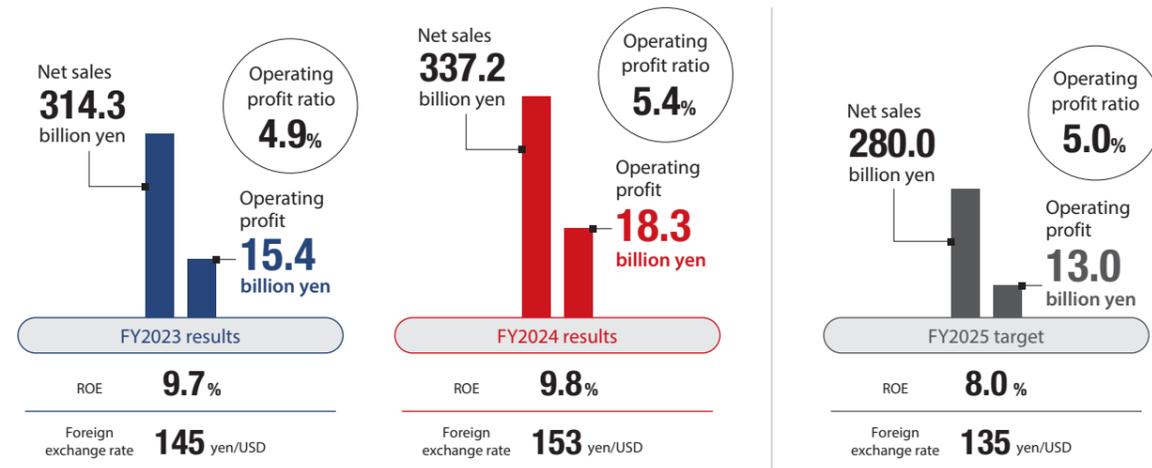
Net sales target **550 billion yen**

### Review of the previous Medium-term Management Plan

We have achieved the fiscal 2025 management targets set in the previous Medium-term Management Plan ahead of schedule in terms of net sales, operating profit, and ROE. This was attributable to expanding the scope of the MMK (*Motto Monozukuri Kyoka*; strengthening of manufacturing) activities for productivity and profitability improvement, as well as foreign exchange effects.

In the MMK activities advanced by the Aisan Group, the Group has worked in unison with its customers and suppliers to thoroughly pursue profit improvement. We went beyond our own plants, visiting the production sites of secondary and tertiary suppliers to meticulously identify causes of process waste and excessive quality costs, driving improvements. Through these initiatives, we are achieving improved productivity and profitability across the entire group.

### Achievement status of management targets in the previous Medium-term Management Plan



### Achievements and challenges of each business strategy in the previous Medium-term Management Plan

- Achieved the top global market share through the acquisition of the fuel pump module business
- Achieved outcomes that will carry forward into the next generation in the electrification and clean energy sector

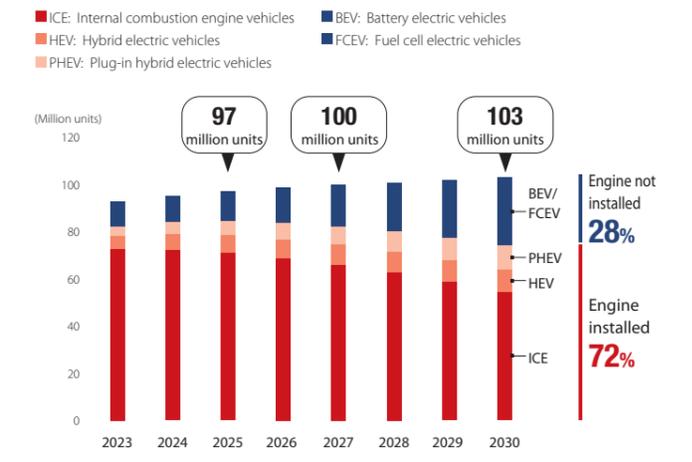
	Achievements	Challenges
<b>Powertrain business</b>	<ul style="list-style-type: none"> <li>Enhanced competitiveness through global expansion of MMK activities</li> <li>Maximized the effects of integrating the fuel pump module business</li> </ul>	<ul style="list-style-type: none"> <li>Evolution into an engine system supplier</li> <li>Strengthening and ensuring the execution of our global sales expansion strategy</li> </ul>
<b>Electrification products business</b>	<ul style="list-style-type: none"> <li>Received multiple orders for electrification products                             <ul style="list-style-type: none"> <li>Busbar end (battery component)</li> <li>Controller for small mobility vehicles</li> <li>High-voltage branch box</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Clarification of exit strategy (commercialization)</li> </ul>
<b>Application of clean energy technologies</b>	<ul style="list-style-type: none"> <li>Started demonstration testing of ammonia fuel cell power generation units</li> </ul>	<ul style="list-style-type: none"> <li>Formulating and implementing concrete action plans for market launch (including strengthening collaboration with other companies)</li> </ul>

### Social conditions, market changes, and forecasts

The Aisan Group anticipates that global automobile production will gradually increase toward 2030. Furthermore, we anticipate that vehicles equipped with engines, including plug-in hybrid vehicles, will still account for 72% of the market in 2030. In this domain, we will refine our product competitiveness and pursue further growth by expanding our market share. This includes aiming to secure development contracts for engine maintenance and improvement projects from automakers.

Meanwhile, we anticipate that production volumes of vehicles without engines will expand to account for 28% of the market by 2030. We will also apply the expertise we have cultivated in fuel control technology for engine-powered vehicles to this domain, advancing our contribution to mobility powered by new energy sources.

### Global automobile production forecast

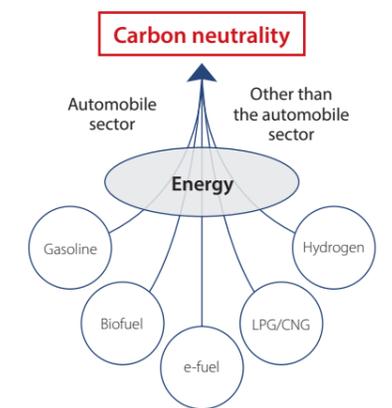


[Source] Based on our projections using data from the 2024 Fuji Keizai Co., Ltd. survey

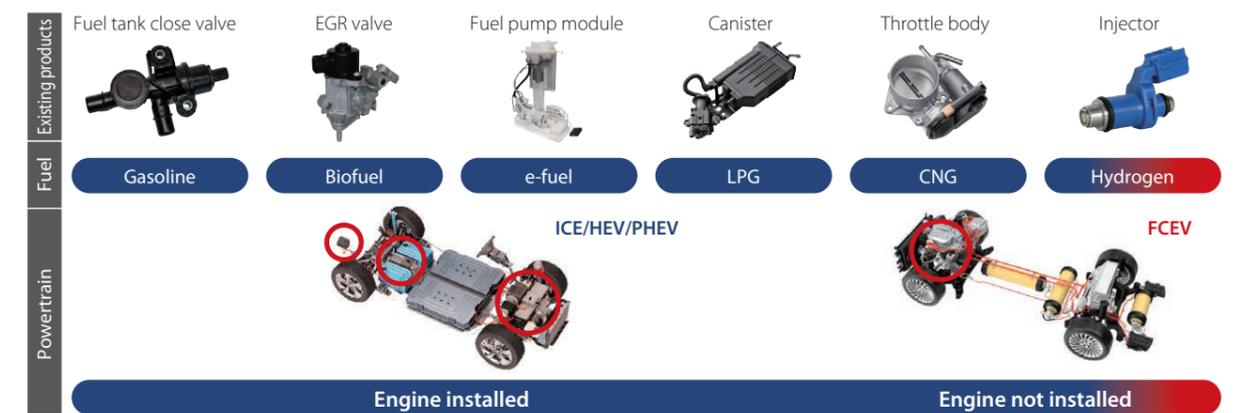
### Strategies to turn change into opportunity

The Aisan Group offers a range of products centered on engine functional components, leveraging the technology it has cultivated over the years for the efficient supply and control of gasoline fuel. We will further enhance our product competitiveness, which has long responded to increasingly stringent global emissions regulations, and continue our challenge to improve fuel efficiency and reduce emissions.

Furthermore, as mobility powered by various fuels other than gasoline gains attention in the pursuit of Zero CO<sub>2</sub> and Zero emissions, we will supply powertrain components compatible with any fuel and advance our contribution to solving social challenges. Moreover, we will deepen and expand our business domains by recognizing social change as an opportunity. This includes applying technologies that control the flow of fuel (liquid) and air (gas) to maximize engine performance, technologies that adsorb harmful substances in exhaust gases to prevent their release into the atmosphere, and advancing the practical application of technologies that extract hydrogen from ammonia for power generation.



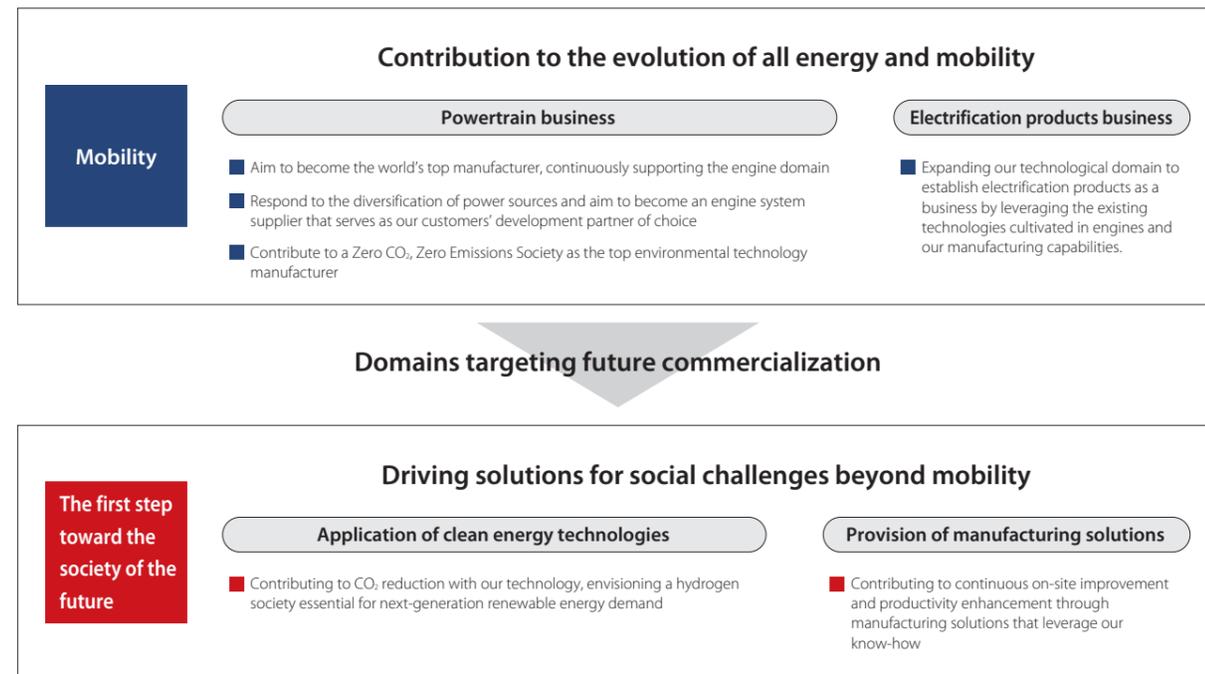
### Status of multi-fuel support



## New Medium-term Management Plan overview

In February 2025, toward the realization of VISION2030: "Beaming future is in our hands," the Aisan Group formulated its new Medium-term Management Plan with fiscal 2030 as the achievement year. This plan defines business initiatives toward achieving our vision within two frameworks: "Mobility" and "society of the future." Within "Mobility," we aim to contribute through our powertrain business and electrification products business. Within "society of the future," we aim to contribute through the application of clean energy technologies and the provision of manufacturing solutions.

## Business policy



## Mobility production strategy

The Aisan Group is implementing strategies tailored to the market characteristics of each region, aiming for business expansion and growth. In India and the ASEAN region, we anticipate business growth driven by expanding engine demand. In Japan and the Americas, we will pursue sales growth through product expansion and the introduction of electrification products. Meanwhile, in China, we will establish a flexible and efficient production structure to build a revenue structure resilient to sales fluctuations. In Europe and South Korea, we will implement strategies tailored to regional market characteristics, such as maintaining sales through expanded marketing efforts following the restructuring of production structure.

### Flexibly respond to regional environmental changes and rebuild a globally optimized production structure

Region	Demand for vehicles with engines	Net sales (the Company)	Policy
India and ASEAN	Significantly up	Significantly up	◎ Make aggressive investments, with the India and the ASEAN region as a key priority, to pursue business expansion
Japan and North America	Down	Up	◎ Maintain sales through expansion of powertrain products ◎ Aim for further growth through the introduction of electrification products
China	Down	Down	◎ Build an efficient production structure that flexibly adapts to volume fluctuations
Europe	Down	Unchanged	◎ Rebuild production structure and maintain sales through sales expansion

## Management target

The Aisan Group has set the following management targets for fiscal 2027: net sales of 350 billion yen, operating profit of 27 billion yen, net profit of 17.5 billion yen, and ROE of 12.0%. Furthermore, we will pursue the target of ambitious growth toward fiscal 2030, aiming to achieve both business expansion and improvement of capital efficiency.

Moreover, while our current P/B ratio (price-to-book ratio) is below 1x, we aim to achieve a P/B ratio of 1x or higher at an early stage and strive for sustainable improvement thereafter. To achieve this, we will raise ROE (return on equity) from the current 10% to 12%, while also working to improve PER (price-to-earnings ratio) through advancing our growth strategy, strengthening shareholder returns, and enhancing ESG and IR activities.

### Set management targets that balance business scale, profitability, and capital efficiency, aiming to achieve both business expansion and improved capital efficiency

	FY2024 results	FY2027 target	FY2030 target
<b>Net sales</b>	337.2 billion yen	350.0 billion yen	550.0 billion yen
<b>Operating profit (ratio)</b>	18.3 billion yen (5.4%)	27.0 billion yen (7.7%)	44.0 billion yen (8.0%)
<b>Net profit</b>	13.2 billion yen	17.5 billion yen	28.0 billion yen
<b>ROE</b>	9.8%	12.0%	14.0%
<b>ROIC</b>	8.1%	9.5%	11.0%
<b>Foreign exchange</b>	153 yen/USD	145 yen/USD	145 yen/USD
<b>P/B ratio</b>	As of the end of FY2024: 0.98x	Achieve 1x or higher at an early stage and aim for sustainable improvement	

**Target**

**P/B ratio 1x or higher**

**ROE improvement**  
Pursue improved capital efficiency alongside sustainable profit growth  
Example: Utilizing the ROIC tree

**PER improvement**

**Strengthening growth strategies**  
▶ Ensuring steady execution of the new Medium-term Management Plan

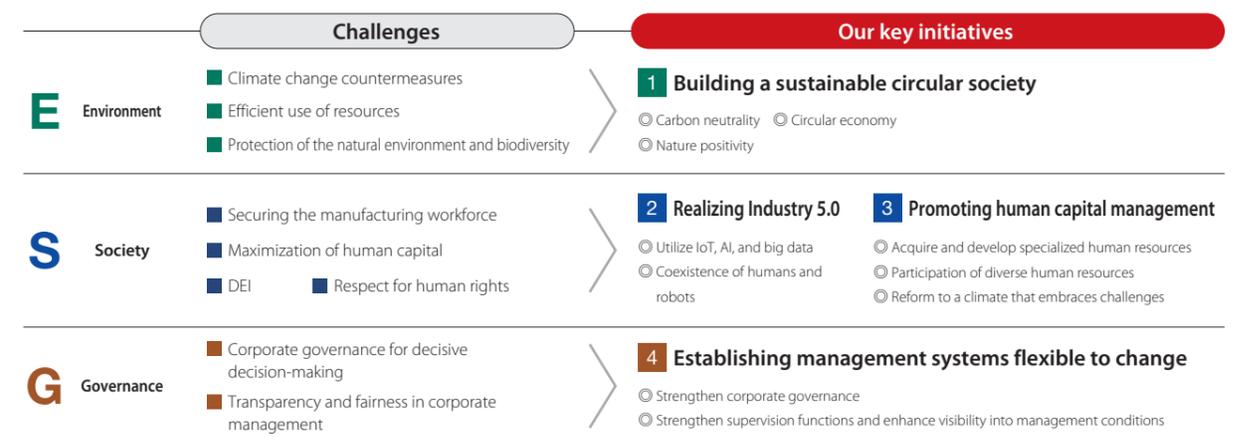
**Strengthening shareholder returns**  
▶ Payout ratio 35%+

**Strengthening ESG and IR activities**  
▶ Creating diverse opportunities for dialogue  
Enhancement of disclosed information

## Sustainability Management

### Strengthening ESG initiatives based on our Management Philosophy, Sustainability Fundamental Policy, and VISION2030

The Aisan Group is advancing initiatives to address challenges across the entire ESG through its business activities. In the environmental sector, we will pursue the realization of a sustainable circular society through the reduction of greenhouse gases and the development of electrification products, based on the three pillars of carbon neutrality, circular economy, and nature positivity. In the society sector, we are promoting innovative manufacturing processes utilizing IoT, AI, and big data to realize Industry 5.0, while also focusing on diversity-oriented human resource development and innovation creation. In the governance sector, we will strengthen our corporate governance framework, separate management from executive functions, and ensure transparency to achieve swift and reliable decision-making and execution. Through these initiatives, we will strive to achieve a sustainable society and enhance corporate value.

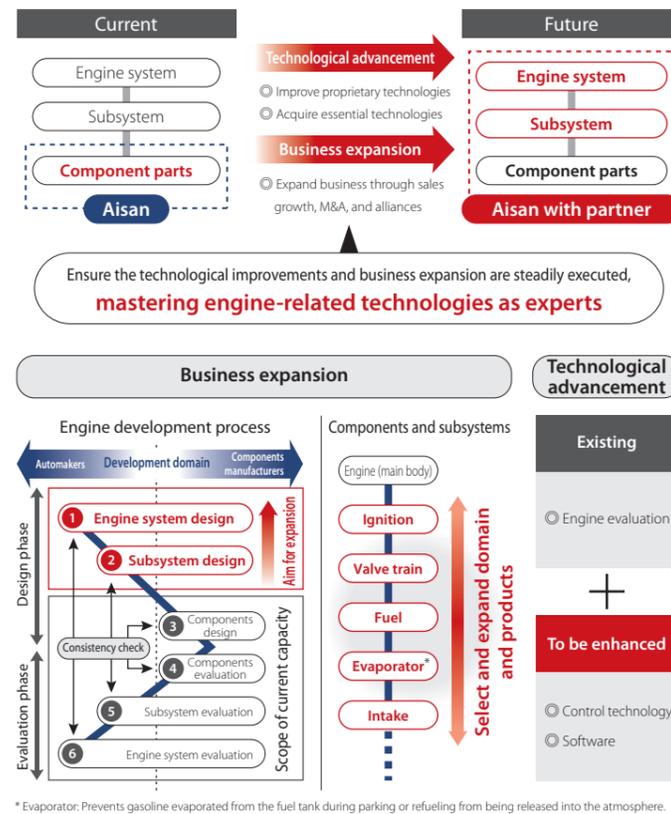


Mobility Powertrain business

### Expanding the business domain to become an engine system supplier

The Aisan Group has set the goal of becoming an engine system supplier through its powertrain business in the mobility sector, which is its core business. We are currently focused on the production and sales of engine components. However, by steadily enhancing our technology and expanding our business, we aim to master the technologies surrounding engines and become a trusted partner to whom customers can entrust a wide range of engine systems and subsystems.

We will establish our position as an engine system supplier not only by providing individual components but also through proposals for entire systems. Therefore, in addition to improving our technology, we are also focusing on business expansion, aiming to broaden our scope of coverage within the engine development process and evolve into subsystem design and engine system design. Additionally, for components and subsystems, we will broaden the range of products we handle through the proactive use of M&A and alliances within the development target domains.

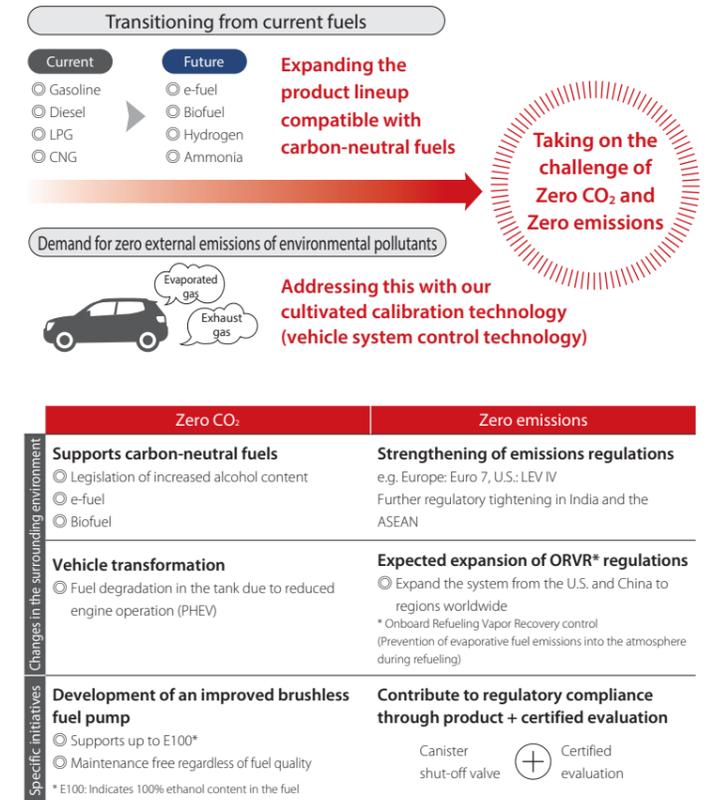


\* Evaporator: Prevents gasoline evaporated from the fuel tank during parking or refueling from being released into the atmosphere.

### Performance improvement of core products, product development contributing to Zero CO<sub>2</sub> and Zero emissions

We are also advancing initiatives to achieve Zero CO<sub>2</sub> and Zero emissions by applying the technological capabilities cultivated through our business activities over the years. We at the Aisan Group also anticipate that there will be a shift from the current gasoline-based fuels to carbon-neutral fuels such as e-fuels and biofuels, driving increased demand for zero external emissions of environmentally harmful substances. To address these needs, we will contribute to achieving Zero CO<sub>2</sub> and Zero emissions by expanding our product lineup compatible with carbon-neutral fuels and by employing technologies that suppress fuel vapor emissions. Specifically, we are developing an improved version of a brushless fuel pump capable of handling 100% ethanol fuel to achieve Zero CO<sub>2</sub> emissions.

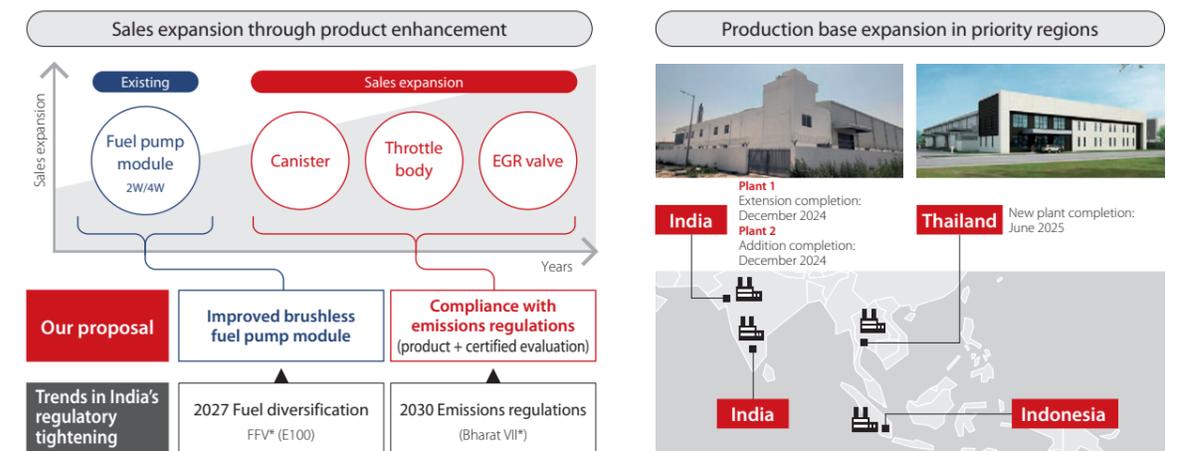
As for Zero emissions, we have a system in place to ensure reliable compliance by offering products that meet exhaust emission regulations and maintaining calibration technologies and facilities capable of meeting certification requirements in various countries. Through these initiatives, we will continue our efforts to realize a sustainable future.



### Global strategy of the powertrain business

#### Aiming to expand business in India and ASEAN, key priority regions

The Aisan Group is implementing an aggressive sales expansion strategy in India and the ASEAN region, which it has designated as its most important markets. In India, fuel diversification is expected to advance by 2027, and emissions regulations are projected to be further strengthened by 2030. To accommodate these environmental regulatory trends, we will aim to further expand sales by bringing multi-fuel compatible fuel pump modules to market and providing products compliant with various regulations. We are also actively expanding our production bases and will continue to make ongoing investments to steadfastly build the foundation for business growth. Through these initiatives, we will further enhance our presence in the Indian market and achieve sustainable growth.



\* FFV (Flexible Fuel Vehicle): Indicates a vehicle capable of running on a gasoline-ethanol blend fuel.  
 \* Bharat VII: India's emissions regulation. Anticipated to be strengthened to a level equivalent to European regulations.

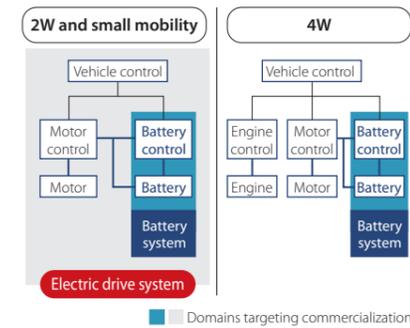
**Mobility Electrification products business**

## Establishment of electrification products as a business through the application of cultivated technologies

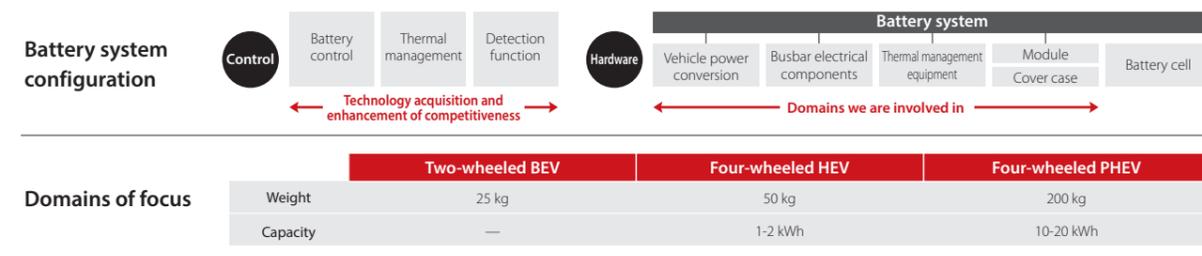
In entering the electrification domain, the Aisan Group has positioned battery systems and electric drive systems—core elements for improving electric vehicle performance that are expected to undergo further evolution and transformation—as priority domains where we will focus our efforts. By leveraging the technology cultivated through engine component development, which optimally controls diverse components to maximize engine performance, and by reskilling our in-house mechanical engineers in software development (see page 77), we aim to contribute in the sectors of battery control and thermal management.

As a first step, we will tackle the development and control of battery systems for two-wheeled and small mobility vehicles, then broaden our scope to explore the potential for expanding into the domain of electric drive systems. Additionally, we are simultaneously working to commercialize the battery system for four-wheeled vehicles. Through these initiatives, we will expand our electrification products business and achieve sustainable growth in the mobility sector.

### Battery/Electric drive system scope

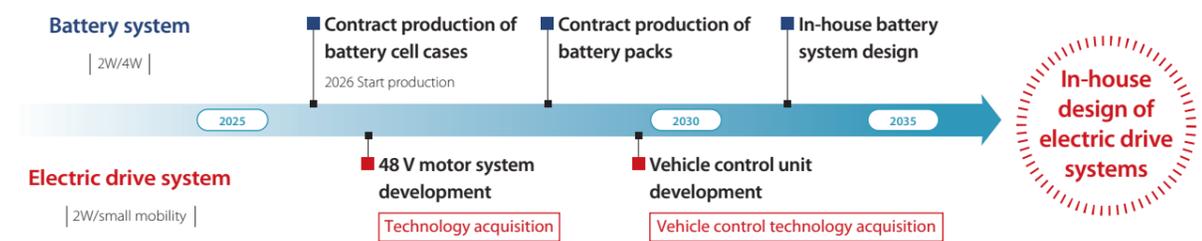


### Battery system policy



To reliably implement control of diverse electric components, it is necessary to acquire knowledge about each individual component. Aisan Group will leverage its know-how in manufacturing, particularly its technologies in pressing and foreign object control, to advance the production of battery cell cases and covers. Additionally, we have received orders for related products such as busbar ends for hybrid vehicle batteries and controllers for small mobility vehicles. Although other companies have already entered this market, we will achieve growth in our electrification products business within the mobility sector by leveraging our manufacturing strengths: diverse production technologies, rigorous quality control in the automotive industry, responsiveness to short product cycles, and the ability to enable highly efficient production tailored to customer needs.

### Electrification products business roadmap

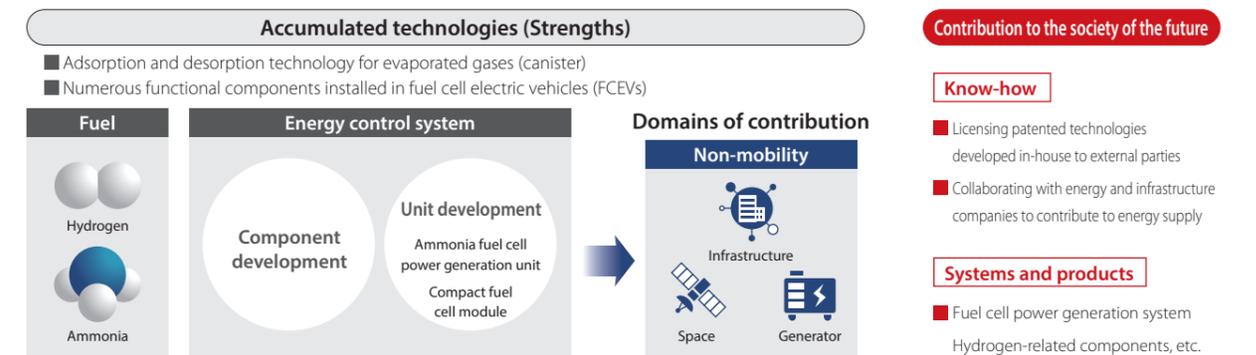


**For the society of the future Application of clean energy technologies/Provision of manufacturing solutions**

## Creating value beyond mobility through the combined strength of the Aisan Group

To establish technologies for utilizing ammonia and hydrogen, we are venturing into non-mobility domains based on the fuel control technologies cultivated in our mobility business over the years. The Aisan Group is pursuing new possibilities for hydrogen and ammonia fuels by leveraging its expertise in adsorption and desorption technology for evaporated gases, cultivated through its work on canisters, and insights gained from developing functional components for fuel cell electric vehicles. We aim to contribute across a wide range of fields, not only development of a system that extracts hydrogen from ammonia for power generation, but also by going beyond the realm of mobility, including infrastructure, power generation, and even the space industry.

### Venture into non-mobility domains by leveraging existing technologies



### TOPIC Aisan Future Factory moves toward practical application; Trial operations to begin in second half of FY2025

Development is underway to commercialize a compact 10 kW power generation system for demonstration experiments in ammonia-hydrogen power generation. Preparations for the power generation demonstration facility are currently underway at the Aisan Future Factory, with operations including trial operations scheduled to commence in the second half of fiscal 2025.

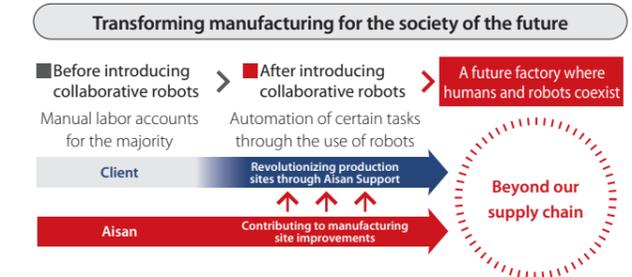
## Incorporation of collaborative robots and future manufacturing across the entire supply chain

Aiming to realize workplaces where humans and robots coexist, the Aisan Group will provide collaborative robot packages that leverage the expertise we have cultivated over the years. This package promotes automation of tasks, reduces waiting times within processes, and contributes to the efficiency and improvement of manufacturing sites.

Especially in manufacturing sites, we aim to expand the use of robots that work alongside people. Targeting processes involving lightweight parts and simple tasks, we will provide solutions utilizing affordable, easy-to-operate robots.

The Aisan Group's collaborative robot package offers comprehensive proposals that provide integrated support not only from specification review to equipment manufacturing, but also through production preparation and process improvement.

### Contributing to innovation in customers' production sites with collaborative robot packages



### Expanding the use of human-robot collaboration



**To help realize VISION2030, we provide the financial support needed to achieve the goals in our new Medium-term Management Plan.**

Kenji Sato

Executive Officer in Charge of Accounting and Finance



**Review of FY2024**

The global economy in fiscal 2024 showed signs of a gradual recovery but remained uncertain due to factors such as policy trends in various countries and China's economic slowdown. The automotive industry was also impacted by the new U.S. administration's foreign policy. Overall, however, it maintained a gradual recovery trend, with hybrid vehicle sales increasing in the North American market due to shifts in EV policy direction. Meanwhile, the Chinese market has seen an overall increase in sales volume, whereas Japanese manufacturers continue to face challenging conditions with weak unit sales performance.

In this business environment, the Company made Group-wide efforts to enhance its corporate value by strengthening the competitiveness of its powertrain business, accelerating the development of electrification products, and utilizing clean energy technologies.

With regard to improving our competitiveness in the powertrain business, our global expansion efforts and deepening of our ongoing MMK (*Motto Monozukuri Kyoka*; strengthening of manufacturing) activities have enabled us to strengthen competitiveness across the entire supply chain and build a resilient structure capable of responding flexibly even in a rapidly changing business environment. We have completed the brand transition to the Company of the fuel pump module business acquired from DENSO in September 2022. Starting in fiscal 2024, we have been gradually shifting from outsourced to in-house production while integrating product types with our existing offerings to enhance profitability.

Regarding the acceleration of electrification product development, we have received orders for electrification products such as busbar ends for hybrid vehicle batteries, controllers for small mobility vehicles, and high-voltage branch boxes for fuel cell vehicles. Furthermore, as a stepping stone toward expanding our

battery business domain, including battery systems, we plan to commence production of battery cell cases and covers starting in fiscal 2025.

Regarding the application of clean energy technologies, we have carried out research and development on fuel cell power generation control technologies, including improving fuel cell power generation efficiency, extending service life, and controlling waste heat. Additionally, we advanced the development of a compact FC system and exhibited a prototype at the Automotive Engineering Exposition held in May 2024.

We are also advancing the development of ammonia-hydrogen power generation systems. At the Aisan Future Factory completed in May 2025, we plan to supply a portion of the electricity using the ammonia-hydrogen power generation system developed in-house.

For the current fiscal year, net sales reached 337 billion yen, representing a 7.3% increase year-on-year. As for profits, operating profit increased by 18.3% year-on-year to 18 billion yen, while ordinary profit increased by 12.2% to 19 billion yen. Profit attributable to owners of parent increased by 12.7% to 13 billion yen.

by country and region. However, vehicles with engines are still expected to account for approximately 70%. In our current business domain, we understand the characteristics of various fuels and possess technologies for efficiently supplying and controlling them. We are already supplying components to diverse powertrains.

We will first contribute to the evolution of all forms of mobility within the mobility sector. Furthermore, we will work to utilize clean energy technologies and provide manufacturing solutions to contribute to solving social issues even beyond the boundaries of mobility itself. This represents a first step toward a future society in the domain we aim to commercialize in the future. To continue to invest in future growth over the medium to long term, we intend to support business growth and management with a solid financial foundation and high capital efficiency, and meet the expectations of all of our stakeholders through capital efficiency improvement and shareholder returns.

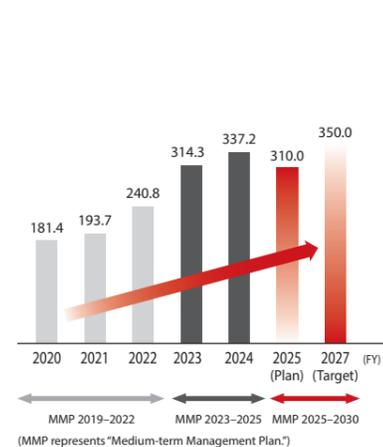
Regarding our financial capital strategy, we have established management targets that balance business scale, profitability, and capital efficiency, aiming to achieve both business expansion and improved capital efficiency. For fiscal 2027, we set targets of 350 billion yen in net sales, 27 billion yen in operating profit, and an operating profit ratio of 7.7%, laying the foundation for further growth toward fiscal 2030. Currently, the price-to-book ratio (P/B ratio) is below 1.0x, but we aim to achieve a P/B ratio of 1.0x or higher at an early stage and enhance corporate value. Therefore, we will raise ROE from the current 9.8% to 12%. We will also strive for continuous improvement in PER through growth strategies, shareholder returns, ESG initiatives, and enhanced IR activities.

**Financial Strategy and Capital Efficiency Management**

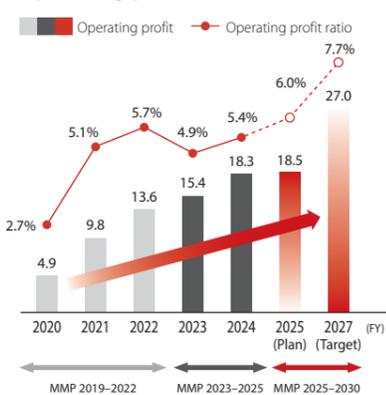
In February 2025, we formulated the new Medium-term Management Plan for the period through 2030. Due to the progress of vehicle electrification toward 2030, the number of vehicles without engines will gradually increase, though it will vary

**Support business growth and management with financial soundness and capital efficiency, and meet stakeholder expectations with capital efficiency and shareholder returns**

**Net sales** (billions of yen)



**Operating profit** (billions of yen) / **Operating profit ratio**



Item	FY2024 results	FY2027 target
Net sales	337.2 billion yen	350.0 billion yen
Operating profit ratio (Operating profit)	5.4% (18.3 billion yen)	7.7% or higher (27.0 billion yen)
ROE	9.8%	12.0%
R&D expenses	13.4 billion yen	14.5 billion yen/year
Capital investment	12.6 billion yen	50.0 billion yen/3 years (FY2025-FY2027)

**Capital efficiency**

- Pursuit of optimal capital structure
- Efficient management that exceeds cost of capital

**Shareholder returns**

- Continuing stable dividends
- Profit distribution with an awareness of capital efficiency

**Financial soundness**

- Balance between growth investment and financial soundness
- Efficient management of assets and funds
- Consolidation of funds from overseas subsidiaries to headquarters (based on the implementation of dividends for prior fiscal years)

**1 ROE improvement**

- Accelerate shareholder returns with funds generated
- Leverage through borrowing

**2 ROIC improvement**

- Efficient capital use for business operations
- Consolidated CMS\* implementation
- Improvement of asset turnover ratio

\* CMS: cash management system

**Financial KPI**

Item	FY2024 results	FY2027 target
Capital efficiency	ROE	9.8% → 12.0%
	Liquidity on hand	3.1 months → 1.5 months
Shareholder returns	Payout ratio	32.1% → 35%+
	Other	Purchase of treasury stock → Purchase of treasury stock
Financial soundness	Equity ratio*	45.1% → 40%+
	Rating	A- → A- or higher

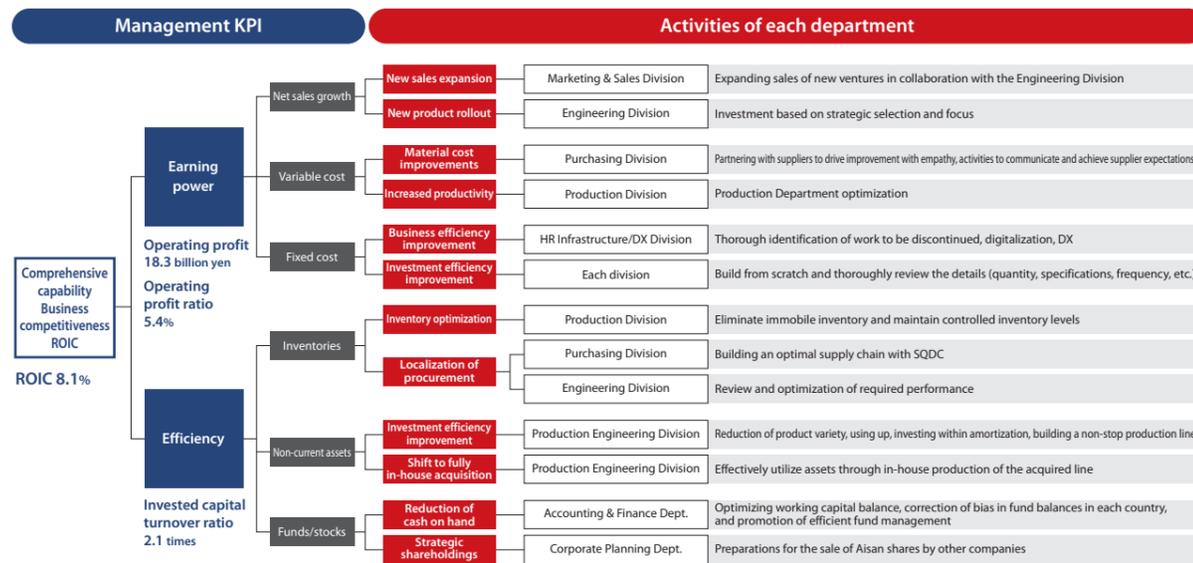
\* Equity ratio: Equity-to-asset ratio

### Toward Achieving Sustainable Growth and Enhancing Corporate Value

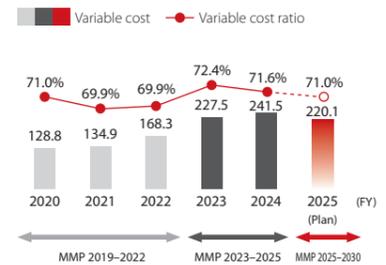
Guided by our slogan, "Become a company indispensable to society by pursuing essential improvements through the active participation of all employees," in fiscal 2024, we established management KPIs based on the ROIC tree and launched company-wide initiatives to achieve them. These KPIs are incorporated into each department's annual activity plan and department KPIs, and the progress and results of these activities are monitored at

monthly Cost Improvement Meetings. In the area of enhancing earning power (P/L), we have focused particularly on improving profitability through strengthening the profitability of acquired businesses. In the area of asset efficiency (B/S), we have worked to improve asset efficiency by returning funds concentrated in overseas subsidiaries to the Japanese headquarters through the implementation of dividends for prior fiscal years, thereby creating a source for future growth investments and shareholder returns. We will incorporate management KPIs into departmental KPIs through ROIC improvement drivers, ensuring steady execution by proactively driving the PDCA cycle within each department.

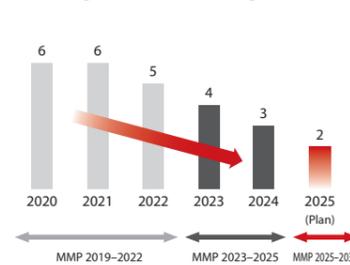
#### Company-wide ROIC tree (FY2024)



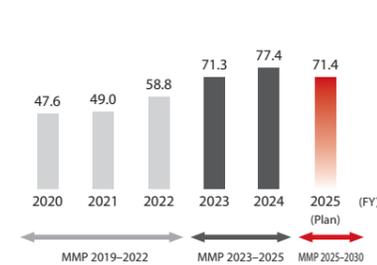
Variable cost (billions of yen)/Variable cost ratio



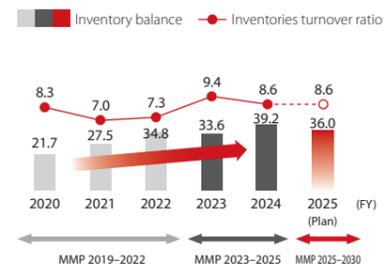
Strategic shareholdings (companies)



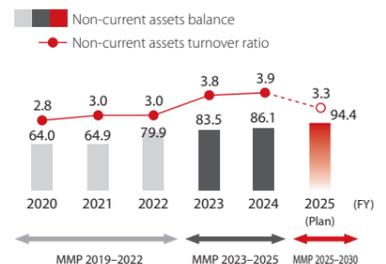
Fixed cost (billions of yen)



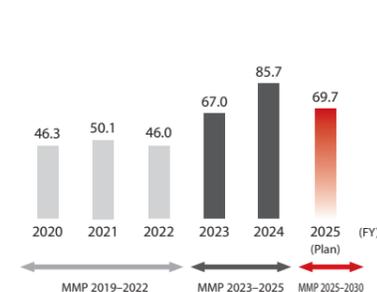
Inventory balance (billions of yen)/Inventories turnover ratio (times)



Non-current assets balance (billions of yen)/Non-current assets turnover ratio (times)



Funds balance (billions of yen)



#### Company-wide ROIC tree (new initiatives of FY2025)

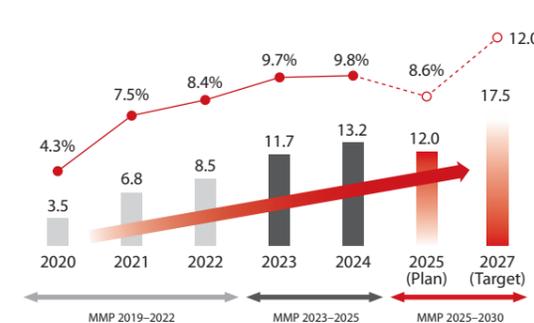
From the Spring 2025 Labor-Management Council, under the shared labor-management commitment to "change mindsets and change actions," and "change management approaches," we created an internal ROIC tree (see figure below). This enables all workplaces and employees to understand company KPIs and ROIC tree activities as their own responsibility and integrate them into daily work. Under this tree, departments, workplaces, and labor-management teams autonomously set specific goals and began initiatives, specifying who will advance what and how. We will strive to create activities where all employees work together with shared passion, constantly linking each member's work and growth to the Company's growth objectives.

#### Internal ROIC tree

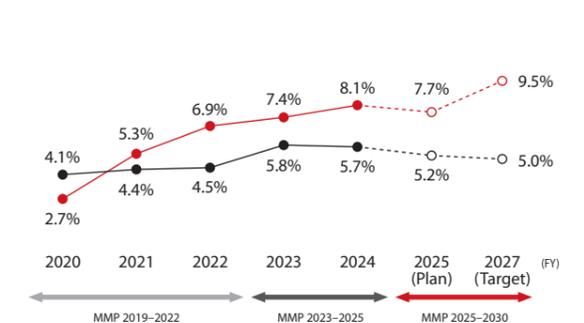


- New customers and new products**: Propose new businesses / Develop innovative manufacturing methods / Suggest new ideas
- Engage in collaborative manufacturing activities**: Actively visit suppliers to hear their voices / Understand and experience preceding and subsequent processes / Act for the sake of colleagues
- No defective products**: Abandon assumptions and question everything / Eliminate misprints / Learn product knowledge and raise quality awareness / Think about the purpose of daily inspections and act accordingly
- Efficiency in administrative departments**: Eliminate unnecessary material production / Utilize generative AI and RPA / Reevaluate meeting practices
- Clearer baseline inventory**: Stop bulk buying office supplies / Consider DX for inventory management / Kanban system for office supplies
- Efficient use of equipment**: Propose improvements for bottleneck machines / Ensure implementation of daily inspections / Identify and fix various deficiencies
- Anything that can be used**: Ensure thorough implementation of autonomous maintenance / Reuse and effectively utilize equipment, jigs, and cutting tools

Net profit (billions of yen)/ROE



ROIC/WACC

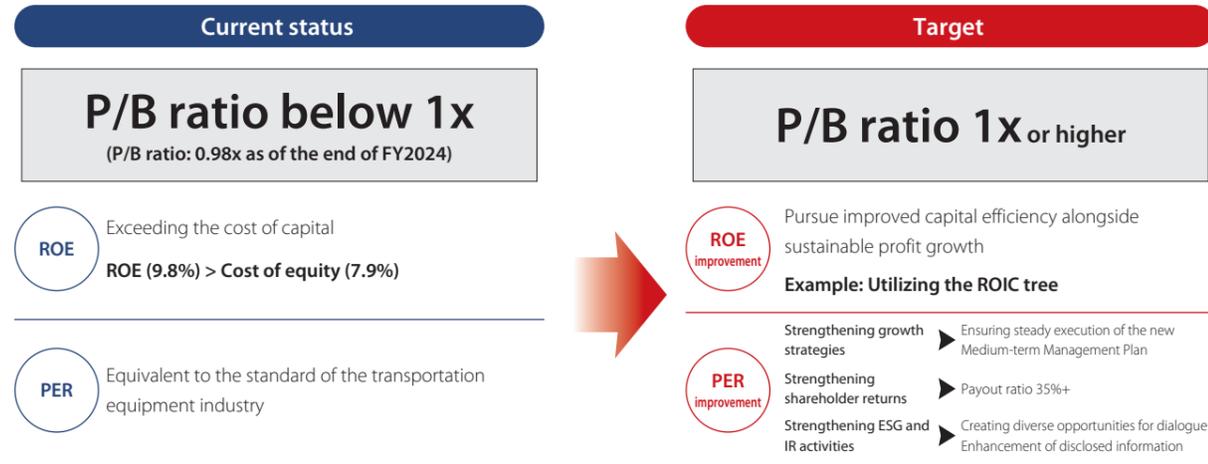


**Measures to achieve P/B ratio of 1x or higher**

**Achieve a P/B ratio of 1x or higher at an early stage and pursue sustained enhancement of corporate value**

As of the end of fiscal 2024, ROE (9.8%) exceeded the cost of equity (7.9%), yet the P/B ratio remained below 1x. To achieve a P/B ratio of 1x or higher at an early stage and pursue sustained enhancement of corporate value, the Group will implement the following initiatives.

- We will steadily implement our new Medium-term Management Plan through enhanced growth strategies and company-wide ROIC tree activities, aiming to improve ROE by enhancing our earning power and capital efficiency. (fiscal 2027 target: 12%)
- We will enhance shareholder returns by maintaining a consolidated dividend payout ratio of 35% or higher and continuing flexible purchase of treasury stock.
- We will strengthen our IR activities by creating diverse opportunities for dialogue with investors and enhancing the disclosure of external information.



**The concept and current status of the cost of equity**



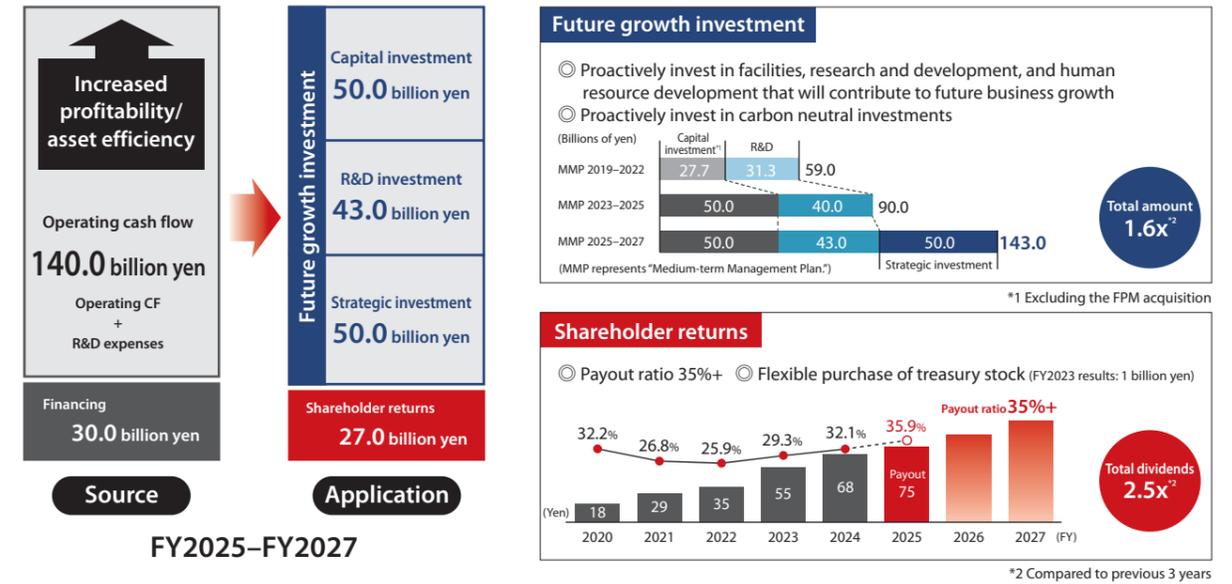
**Approach to Cash Allocation**

By fiscal 2027, the midpoint of the new Medium-term Management Plan period, we have set management targets of 350 billion yen in net sales, 27 billion yen in operating profit (operating profit ratio 7.7%), ROE of 12%, and ROIC of 9.5%. We also plan to generate 140 billion yen in operating cash flow over three years. Of the 170 billion yen total—combining funds acquired and 30 billion yen in new financing—we intend to allocate 143 billion yen

toward future growth investments: 43 billion yen for R&D, 50 billion yen for capital expenditures, and 50 billion yen for strategic investments such as M&A and business expansion. Furthermore, as part of shareholder returns, we will continue to pay stable dividends (with a payout ratio of 35% or higher) and strive to enhance shareholder returns through the flexible execution of purchase of treasury stock.

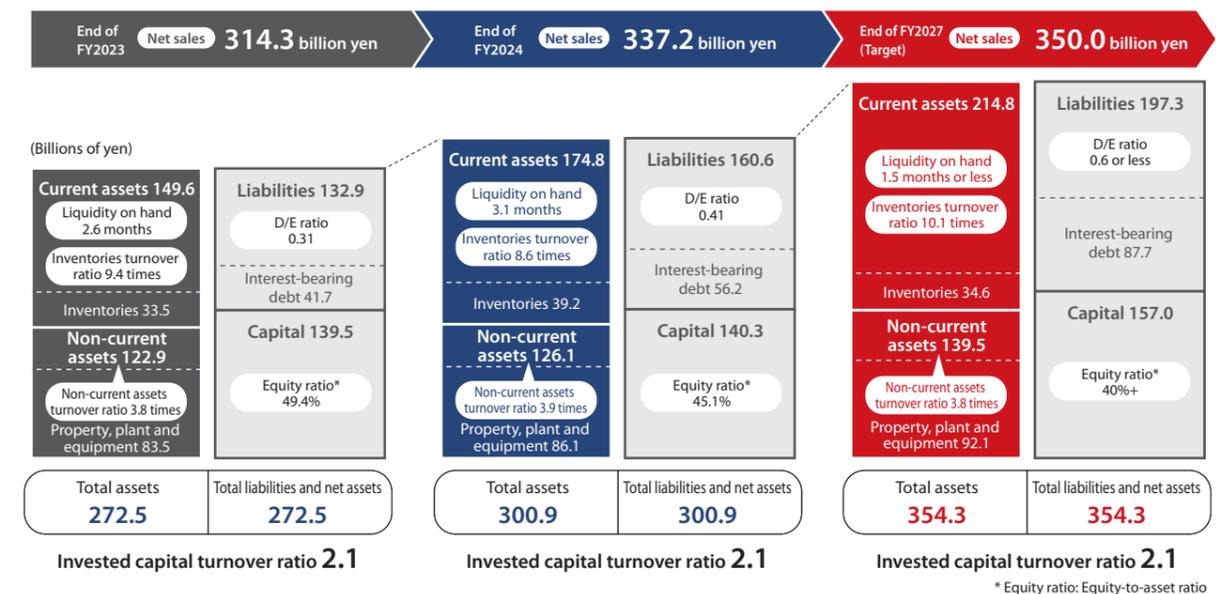
**Growth investment and shareholder returns**

**Allocating earned cash to investment in future growth, a consolidated dividend payout ratio of 35% or more, and proactive purchase of treasury stock**



**The target balance sheet for FY2027 (balancing stability and growth)**

The Group aims to maintain its competitive advantage in the powertrain business and expand its business scale. We will proactively allocate cash earned through this to investment in future growth and shareholder returns. Our target is a balance sheet that balances business scale, profitability, and capital efficiency, aiming to achieve both business expansion and improved capital efficiency. We believe that by achieving the target balance sheet in fiscal 2027, the midpoint of the new Medium-term Management Plan, we will meet our ROE target (12%), ROIC target (9.5%), and P/B ratio target of 1x or higher.



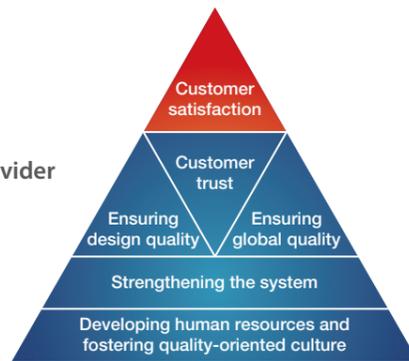
### Basic Approach and Policy

For many years, we have earned the trust of customers worldwide as a manufacturer of critical automotive components. We are striving to increase company-wide awareness of our quality-first policy, guided by our slogan of "Being a quality provider." The technical capabilities and pride in manufacturing cultivated over time have been passed down within the Company as a quality provider. We consider this an essential foundation that must be preserved as we pursue the future envisioned by VISION2030. The automotive industry is currently undergoing a major transformation, but regardless of changes in the environment or work styles, it is still "people" who uphold quality. Moving forward, we will continue to be a trusted partner for our customers as a quality provider, actively promoting increased quality awareness among every employee and the development of new systems while adapting to environmental changes.



Hirokazu Konohara  
Chief Quality Officer

#### Being a Quality Provider



### Quality Assurance System per IATF 16949

The Company strives to enhance customer satisfaction by consistently implementing necessary processes and continuously performing the PDCA cycle under a quality management system based on IATF 16949. We are also committed to maintaining and improving our quality through guidance and audits conducted by internal auditors. Internal auditors are awarded certification badges (emblems), further enhancing their pride and sense of responsibility as members dedicated to upholding the slogan of being a quality provider.



IATF Internal Auditor Certification Badge

### Promotion System and Vision (Customer First)

The products we produce perform critical functions related to a vehicle's ability to drive, turn, and stop. Quality control must be strictly enforced, as any quality issues could potentially affect customers who drive the vehicles. As part of our efforts to foster a quality-oriented culture, we have created videos showcasing examples of "preventing quality defects before they occur" from our predecessors. We also aim to further strengthen our quality-oriented culture by providing opportunities to experience firsthand the impact of defects in our products on vehicles, thereby reaffirming the importance of customer-centric manufacturing. We will continue to plan and steadily implement various measures going forward.



Passing on past quality activities



Quality awareness reform initiatives focused on end users

### Aisan Group Quality Assurance Activities: Quality Human Resource Development

To prevent past quality issues from fading from memory, we have established a Quality Gallery in the engineering building displaying factor analyses of quality problems and their market impact. Each factory also features a Quality Workshop where employees hone their senses by handling actual products. These are utilized as learning opportunities to enhance quality awareness. Furthermore, starting in fiscal 2024, we have initiated QC training to enhance problem-solving skills and recurrence prevention training at our overseas locations, working to improve quality on a global scale.



Quality Gallery (Engineering Division)



Quality Workshop (Production Department)



On-site QC training at Chinese production sites

### Global Quality

We are driving global procurement optimization, assembling finished products at our local bases and sourcing components from the same regions. The same quality must be ensured and maintained continuously. Therefore, we strive to ensure and maintain quality by not only collaborating with our headquarters in Japan but also by facilitating rapid information exchange and close coordination among regional bases. As a result of these ongoing quality improvement activities, we have received quality awards from customers worldwide.



Award at the North American base

#### FY2024 customer quality awards

Location	Key customers	Award outline	Location	Key customers	Award outline
Japan	Daihatsu Motor	Global Contribution Award	USA	Honda	Excellence in Quality and Delivery Award
Indonesia	Yamaha Motor	Best Supplier Award	China	Toyota Motor	Quality Excellence Award, Quality Merit Award, Quality Partnership Award

### Supply Chain-Wide Quality

We procure many materials and components from external suppliers. Achieving stable business continuity and quality assurance depends significantly on the business activities of our suppliers. To address this, we launched our MMK (*Motto Monozukuri Kyoka*; strengthening of manufacturing) activities several years ago. We proactively consult with suppliers to identify any challenges they face in producing products for us, working together to resolve these issues. We are taking this initiative further and expanding our scope to address challenges in indirect operations that support components production. This activity is called KMK (*Kyodo Monozukuri Katsudo*; collaborative manufacturing activity), and indirect operations include mold and equipment maintenance, internal logistics, and inspection methods. We are also jointly implementing educational activities tailored to needs, working to maintain stable production activities for both parties.



MMK activities with suppliers



Quality education at supplier sites

# Promoting **Sustainability** Management



## 03 Promoting Sustainability Management

### Point

We identify materiality on a timescale that looks 50 to 100 years into the future, aiming to realize a sustainable society through our business activities.

We have been contributing to solving environmental issues through our technological and manufacturing capabilities, and we continue to advance initiatives in response to social changes.

We maintain constant awareness of our employees' human rights, safety, and health, positioning them as one of the essential foundations for realizing our vision.

We will create new value by building a good relationship of trust with each stakeholder in order to achieve long-term improvement of corporate value.

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### Approach to Sustainability Management

Since our founding, we have followed the Management Philosophy of “We contribute to society through global growth and environmental preservation” in developing our business as an automotive parts supplier and have fulfilled our corporate social responsibilities.

To address worsening environmental issues, we will continue advancing our technologies toward the goal of a Zero-CO<sub>2</sub>, Zero-emission society. This involves not only the continuous progression of environmentally friendly products but also leveraging the adaptive technologies (vehicle system control technologies) and manufacturing capabilities we have developed.

Furthermore, to enhance management transparency, enable swift management decisions, ensure reliable operational execution, and promote legal compliance, we separated management and executive functions, increased the proportion of outside directors, and revised our promotion system for sustainability management.

We will continue to be guided by our founding aspirations and adapt flexibly to environmental changes, striving to become a company trusted by society.



Tomonori Kai  
Senior Executive Officer  
in Charge of Corporate Strategies

### Enhancing corporate value by solving social issues through business activities



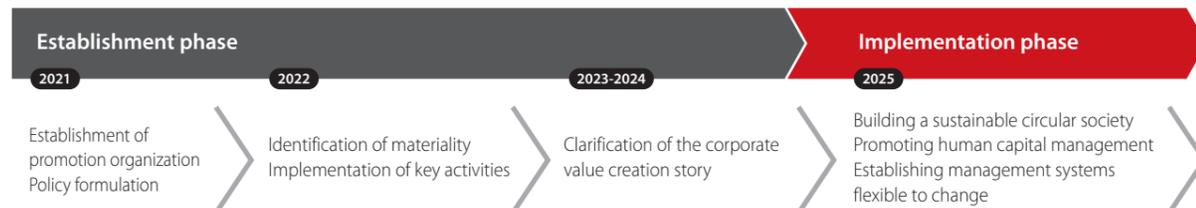
### Sustainability Fundamental Policy

- Based on its Management Philosophy, the Aisan Group will keep on providing solutions to social challenges and contribute to the sustainable development of society through our global business operations.
- Aisan will create new values with our time-proven technology and quality to meet our stakeholders' expectations and improve our corporate value in a sustainable manner.

### Realization Process of Sustainability Management

Since 2022, we have been working to unify awareness within the company through the formulation of the Sustainability Fundamental Policy, the establishment of the Sustainability Committee, and the identification of materiality. We will continue and strengthen our efforts to achieve both “realization of the vision sought by society” and “sustainable growth in business activities.”

Moreover, we will carefully disclose information on our initiatives and continue to engage in dialogue with our stakeholders, aiming to be a company that can reliably meet the needs of society.



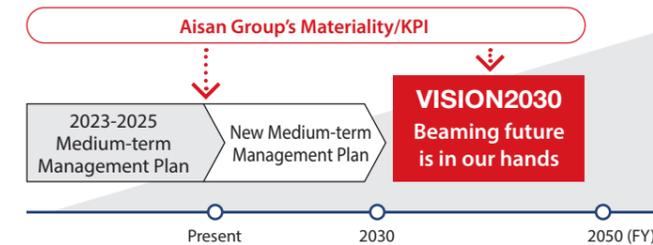
### Identification of Materiality

We have identified materiality (critical challenges) based on the view that in order to implement sustainability management, it is necessary to identify materiality on a timescale that looks 50 to 100 years into the future. In August 2022, the Sustainability Committee examined the vision, risks and opportunities with experts in order to identify materiality and KPIs related to the environment, human resources and culture, society, and governance, with the aim of realizing VISION2030, “Beaming future is in our hands.”

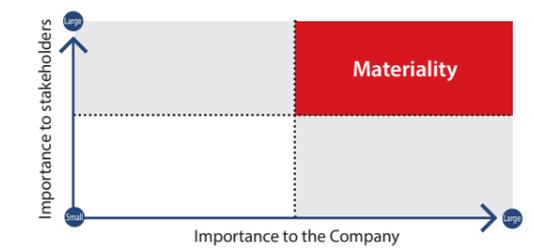
### Identification processes



### Establishment of future social vision and identification of potential materiality

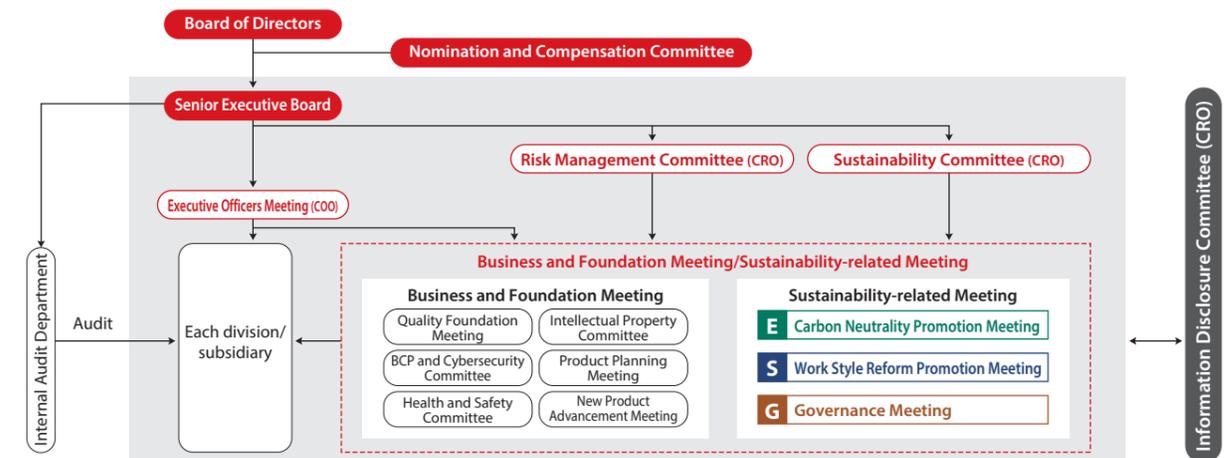


### Assessment and identification of materiality



### Promotion System for Sustainability Management

Each committee takes the lead in promoting initiatives for the identified materiality based on the Sustainability Fundamental Policy. The Sustainability Committee checks and approves the activities of each committee and conducts comprehensive management reviews on the direction and appropriateness of initiatives.



In July 2025, we reviewed our Sustainability-related Meeting bodies. The previously existing TCFD Committee had achieved a certain level of its objectives and was therefore integrated into the Carbon Neutrality Promotion Meeting. Additionally, the BCP Committee, Health and Safety Committee, and Quality Foundation Meeting, which handled risk management functions, were reorganized into the Business and Foundation Meeting. This will enhance the speed of decision-making and operational execution. As part of the review of Sustainability-related Meeting bodies, we have newly established the Risk Management Committee and the Information Disclosure Committee. By establishing committees for specific purposes, we will engage in in-depth discussions on each sector and advance highly effective activities.

## Aisan Group's Materiality

In order to achieve the goal of “beaming future is in our hands” as stated in VISION2030, the Aisan Group will take on the challenge of technological innovation, including EV and hydrogen technologies, and aim to become the top manufacturer of environmental technologies. In order to bring peace of mind and smiles to the children of the future, we have identified four materialities from a wide range of themes,

taking into account both positive and negative impacts generated through our business activities, and have also set related KPIs. The results of initiatives for each item in fiscal 2024 are as follows.

Item	Materiality (critical challenges)	Prioritized themes	Assumed risks and opportunities	Long-term vision	Short- and medium-term KPIs	Results (FY2024)	Target (FY2025)	KPI (FY2030)						
E Environment	<b>Contributing to the development of a recycling-based society with innovative thinking and technology</b>	Climate change initiatives, zero waste, carbon neutrality, developing technology for hydrogen-based society, initiatives for the diversification of energy sources, and harmony with nature	Risk: Carbon tax and other environment-related regulations becoming stricter than anticipated  Opportunity: Expansion of new business areas	Achievement of carbon neutrality	Carbon neutrality*	Scope 1 & 2 total emissions	74,000 t-CO <sub>2</sub> -33%	72,000 t-CO <sub>2</sub> -35%	-60%					
					Clean energy	Scope 3 total emissions	1,716,000 t-CO <sub>2</sub> -13%	—	-28%					
						Renewable energy ratio	23%	28%	55%					
					Achievement of circular economy	Promotion of zero waste emissions*	Energy creation ratio	0%	—	5%				
							Water usage*	-29%	Below the previous year	-5% (intensity)				
					Contribution to nature positivity	A factory co-existing with nature		1 plant	1 plant	5 plants				
							Developing technologies in new sectors	Intellectual property accumulation (Cumulative patent applications filed since 2023)	220 (cumulative)	83 (single year)	500 (cumulative)			
					S Human Resource/Corporate Culture	<b>Developing human resources that can take on challenges for innovation and promoting a corporate culture where people “mutually respect and energize each other”</b>	Human resource development, diversity, work style reform, safety/health, DX (robotification and IoT), and employee engagement	Risk: Increase in employee training costs  Opportunity: Increase in opportunities to acquire professional human resources	Creating a workplace that enables our diverse human resources to actively thrive	Industry-academia-government collaboration	19	20	25	
										Building a health and safety culture based on mutual encouragement to call on each other for anything	Software/electronic human resources (Non-consolidated)	105 people	108 people	270 people
											Digital human resources (Non-consolidated)	53 people	75 people	220 people
Female managers (Non-consolidated)	6 people	6 people	10 people											
Female managers (Consolidated)	89 people	93 people	110 people											
Executives in overseas offices (General Manager level and above)	73.1%	73.7%	90%											
Fulfillment ratio of posted national staff														
Employee engagement score	53 points	55 points	60 points											
Male childcare leave acquisition rate	76.9%	83.0%	90%											
Skilled human resource development at Aisan Academy	18 people	21 people	22 people											
Frequency of occupational accidents (lost-time)	0.46	0.3	0											
G Governance	<b>Establishing a governance system stakeholders can rely on</b>	Corporate governance, compliance, risk management, and information security	Risk: Erosion of corporate value  Opportunity: Capture new business opportunities	Maintain the status as a company trusted by the community and society	Sustainable social contribution activities (total number of participants)	1,596 people	1,500+ people/year	1,500+ people/year						
					Accurate and prompt disclosure Proactive voluntary disclosure	Realization of sustainable procurement (promotion of business activities that give consideration to environmental issues, human rights issues, compliance, etc.)	Sustainability check implementation rate	100%	100%	100%				
						Company-wide risk assessment and management execution	Compliance violations at suppliers	0	0	0				
							Conflict minerals confirmation rate	100%	100%	100%				
							Number of serious violations of laws and regulations: 0	Number of serious violations of laws and regulations	0	0	0			
								Employee awareness level on compliance	3.49	3.79 or higher	3.79 or higher			
							Number of incidents: 0	Level of helpline recognition	89%	100%	100%			
								Achievement rate of All Toyota Security Guidelines (V9)	90%	100% (Non-consolidated)	100% (Consolidated)			
							Accurate and prompt disclosure Proactive voluntary disclosure	Achievement rate of Cyber Security Guideline (Lv3)	Lv2 100% (Consolidated)	Lv3 100% (Non-consolidated)	100% (Consolidated)			
								Disclosure standards compliance rate	100%	100%	100%			
Company-wide risk assessment and management execution	Establishment of the risk management system	Identification of priority risks	Establishment of an enterprise risk management (ERM) system	Steady implementation of ERM across the entire Group										
		Development and recognition of response standards for large-scale disasters	Code of conduct	Familiarization training	Operation of the standards									
Human life first (rescue and relief)	Recognition		100%	100%										
		Contribution to regional recovery	Stockpiling of relief supplies	Food stock rotation	Food stock rotation									
Prompt restoration of production	Establishment of a system that can restore the production within a week		Food stock rotation	Food stock rotation										
			3 practical activities Expansion of products subject to spare parts inventory visualization	Revision of production core system (visualization of intermediate inventory)	System construction/maintenance training									

\* Compared to FY2019

Basic Approach

In recent years, the intensification of climate change has led to an increase in extreme weather events and natural disasters, heightening concerns about the stability of food and water resources and ecosystems. At COP29 held in 2024, discussions focused on expanding climate finance, full-scale operation of carbon markets, and strengthening international collaboration on adaptation, loss and damage. At COP16 of the Convention on Biological Diversity, the conservation and restoration of natural capital were positioned as critical challenges. Companies are expected to take proactive initiatives to address these challenges.

With the realization of a sustainable society and the preservation of a rich global environment as the cornerstone of our management philosophy, we will promote the visualization of environmental impact and multifaceted environmental conservation, striving for transparent information disclosure and strict compliance with laws and regulations. We are also working to calculate carbon footprints, develop low-carbon products, and conserve and restore natural capital.



Yoshitomo Yamaga  
Executive Officer  
in Charge of Carbon Neutrality

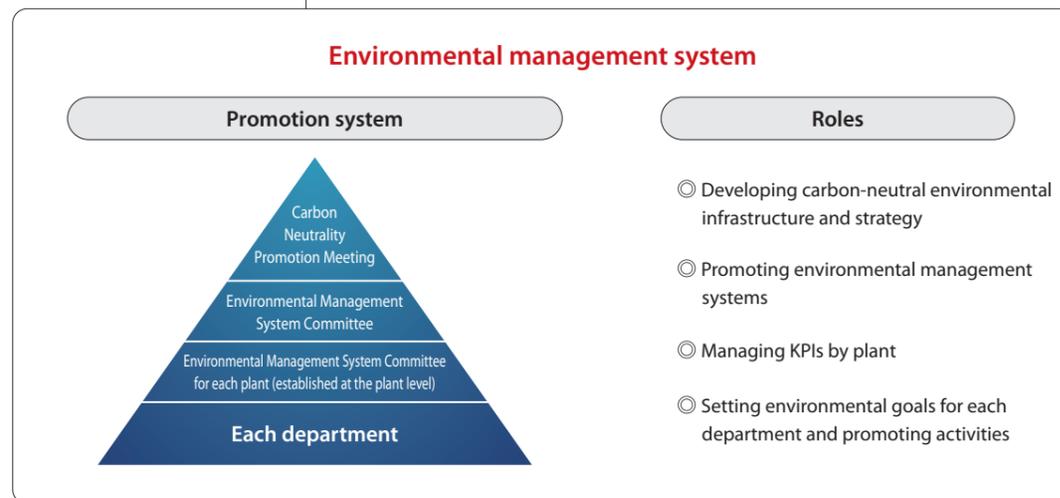


Environmental Management System

Having continuously maintained ISO 14001 certification since 1999, we promote Company-wide environmental activities based on our established environmental management system. Through the Carbon Neutrality Committee, a subcommittee of the Sustainability Committee, we formulate environmental policies and manage KPIs. This enables swift and reliable reflection of management decisions in environmental activities, establishing environmental governance that aligns with our management system.

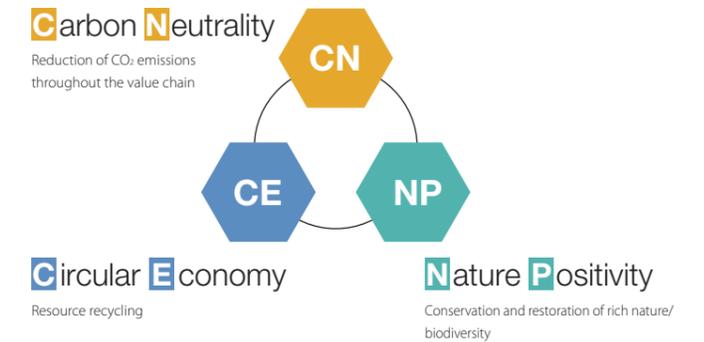
Management Philosophy / Sustainability Fundamental Policy  
(Sustainability Committee)

Environmental performance results  
Scan the code to view the data.



Three Pillars of Activities

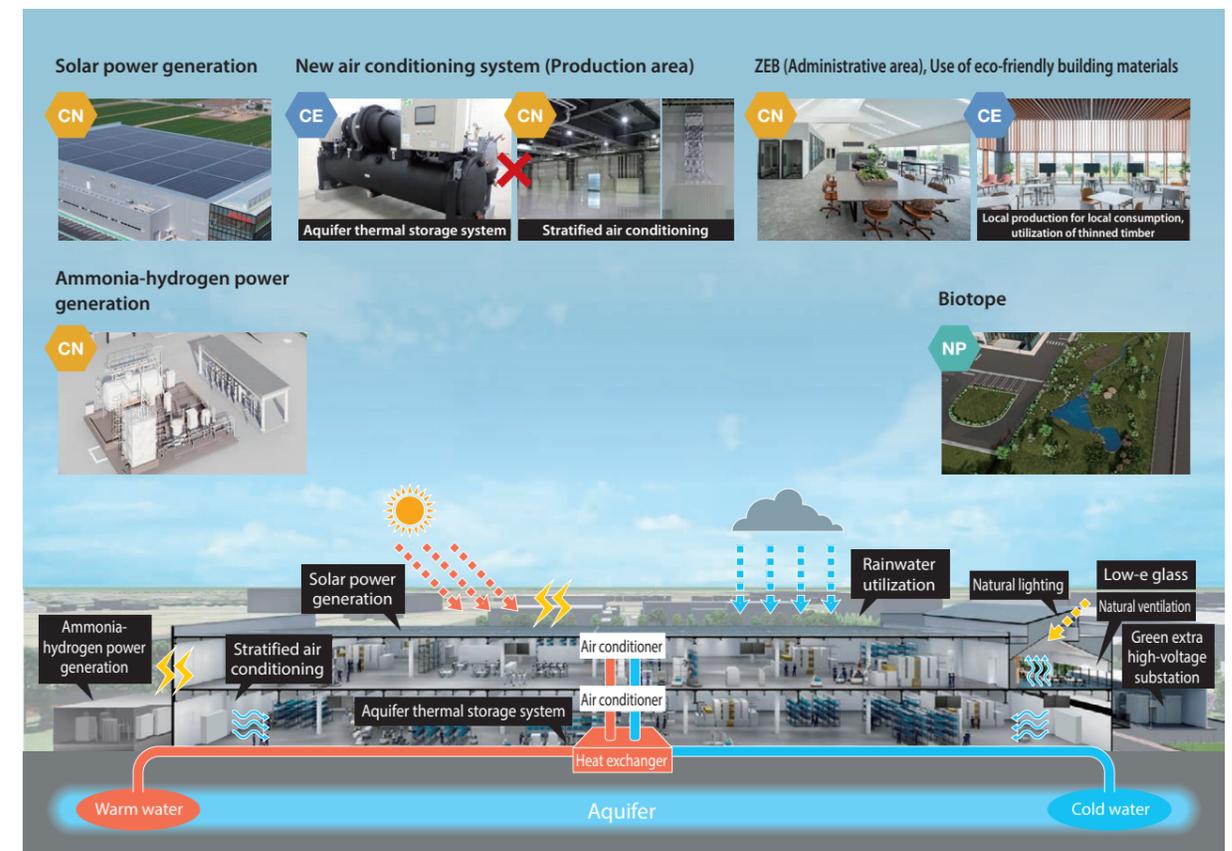
We position “carbon neutrality,” “circular economy,” and “nature positivity” as the three pillars of our environmental activities. We will achieve greater sustainability by integrating initiatives that reduce CO<sub>2</sub> emissions across the entire value chain, promote the circular use of finite resources, and conserve and restore rich natural environments and biodiversity.



Aisan Future Factory: Pioneering the Next Generation

We have established the Aisan Future Factory as a new facility to realize the three pillars of our environmental activities: carbon neutrality, circular economy, and nature positivity. In the production area, we will introduce a new air conditioning system combining an aquifer thermal storage system with a stratified air conditioning system. This will achieve both energy conservation and a comfortable working environment. From a manufacturing perspective, this will enhance production efficiency, enabling intensive energy conservation. Moreover, the design incorporates clean energy sources such as solar power generation and ammonia-hydrogen power generation to meet the required energy needs.

Through these initiatives, we obtained ZEB certification for the administrative area. Furthermore, to promote natural restoration, we are implementing initiatives that utilize thinned timber from existing plants and locally sourced wood for local production and consumption, and developing biotopes that recreate the region’s natural environment. The Aisan Future Factory will serve as a vital foundation supporting our sustainable growth, driving next-generation manufacturing.



# Carbon Neutrality

Reduction of CO<sub>2</sub> emissions throughout the value chain

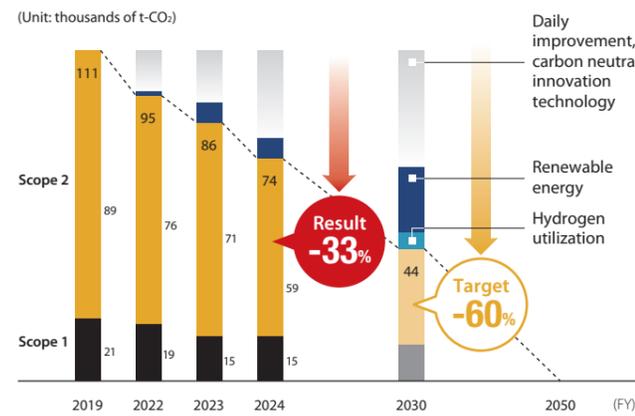
In our greenhouse gas reduction efforts, we place importance not only on reducing our own CO<sub>2</sub> emissions (Scope 1 & 2) but also on activities to reduce CO<sub>2</sub> emissions across the entire value chain (Scope 3). In particular, we have been promoting MCK (*Motto Carbon-neutral Kyoka*; further strengthening carbon neutrality) activities in collaboration with our suppliers since 2021, pursuing both the visualization and reduction of CO<sub>2</sub> emissions. In fiscal 2024, we launched a new carbon offset initiative utilizing forest absorption in collaboration with local communities.

We are also advancing efforts to monitor the carbon footprint of our products. Based on the calculated results, we are developing and implementing specific reduction measures with our suppliers. By measuring the lifecycle CO<sub>2</sub> emissions per product unit, we aim to develop low-carbon products and further reduce environmental impact, encompassing not only our own processes but also the entire lifecycle from raw materials to disposal.

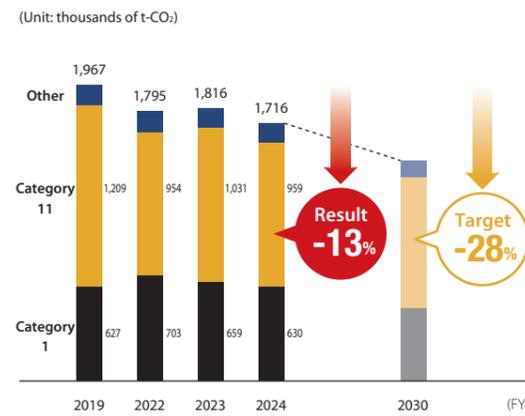
Furthermore, to enhance the transparency and credibility of our initiatives, we are expanding the scope of third-party verification and striving to improve the accuracy of environmental information disclosure. For the consolidated CO<sub>2</sub> emissions generated by the Company in fiscal 2024, 100% of Scope 1 & 2 emissions and 94% of Scope 3 emissions underwent third-party verification. This enables us to provide reliable information to stakeholders both inside and outside the Company, thereby fulfilling our accountability.

We will continue to deepen our MCK activities, striving to enhance sustainability and reduce environmental impact across the entire value chain through daily improvements and production technology innovation, while also working to ensure appropriate disclosure of environmental information.

## CO<sub>2</sub> (Scope 1 & 2) emissions



## CO<sub>2</sub> (Scope 3) emissions



## TOPICS

### Initiatives for watershed forest conservation and cultivation through J-Credit purchases

In fiscal 2024, we purchased J-Credits issued by Otaki Village and Kiso Town, which encompass the Makio Dam that is the water source for Obu City. We will promote our carbon offset initiatives while collaborating with local communities to contribute to the conservation and cultivation of watershed forests.



### Improved reliability of environmental information disclosure

Third-party verification audit FY2024

#### Target of verification (Scope)

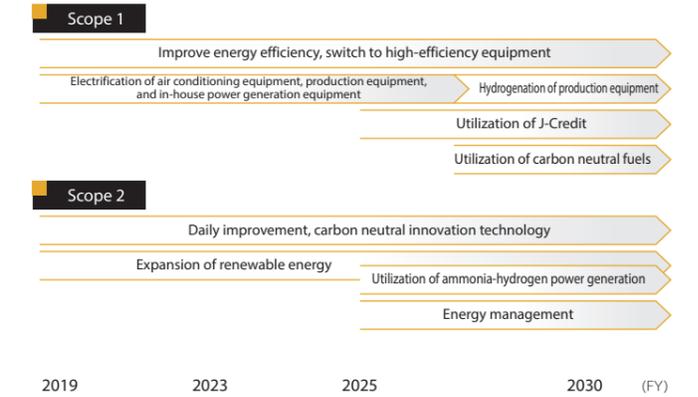
- Scope 1/2/3  
Category 1/3/6/7/11  
Energy consumption  
(The Company and all of its consolidated subsidiaries)
- Scope 3; Category 5  
(The Company and its consolidated subsidiaries in Japan)
- Water intake volume  
(The Company (5 domestic locations))



## Scope 1 & 2

We have set a target to reduce Scope 1 & Scope 2 emissions by 60% compared to fiscal 2019 levels by 2030 and are steadily advancing its implementation. We will pursue thorough energy reduction through daily improvements in energy efficiency and production technology innovation in manufacturing. Simultaneously, we will contribute to moving away from fossil fuels by utilizing renewable energy sources such as solar power generation and ammonia-hydrogen power generation, which we are developing.

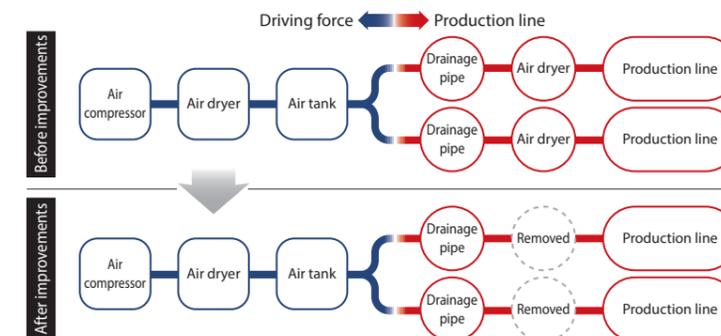
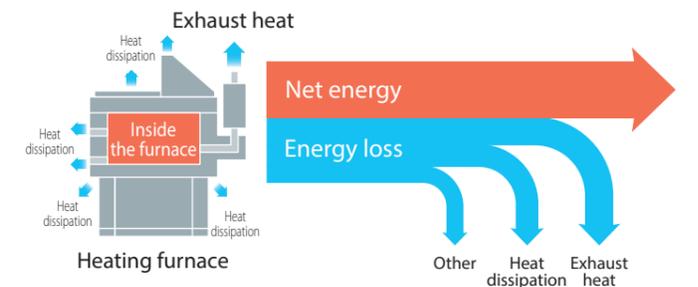
## Roadmap



## Main initiatives of FY2024

### Improvement of energy efficiency

We are promoting initiatives to organize and monitor energy usage by utilizing energy flow diagrams to visualize energy balances. This clarifies the energy loss occurring in each part of the equipment. By quantifying losses, we prioritize improvement actions and develop concrete improvement measures. We continue to promote the effective use of energy through these initiatives.



### Energy conservation in compressed air through daily improvements

As part of our initiatives to reduce CO<sub>2</sub> emissions from compressed air in our plants, we have eliminated the use of individual air dryers installed right in front of the production lines. By collecting air temperature and dew point data and clarifying installation standards, we addressed on-site concerns and laid out the necessity for installation. As a result, we achieved an annual reduction of 150 tons of CO<sub>2</sub> emissions.

### Expanding the use of renewable energy

We are expanding the adoption of renewable energy to achieve our environmental goals for fiscal 2030. In fiscal 2024, we newly installed rooftop solar power generation systems at two locations in Japan and Indonesia, and introduced solar carports at two locations in China. This generates a total of 5,500 MWh/year of renewable energy, contributing to an increase in the renewable energy utilization rate. Furthermore, our bases in Mexico and the United States are promoting flexible renewable energy utilization strategies based on the energy situations and regulations of each country, including the introduction of new green power.



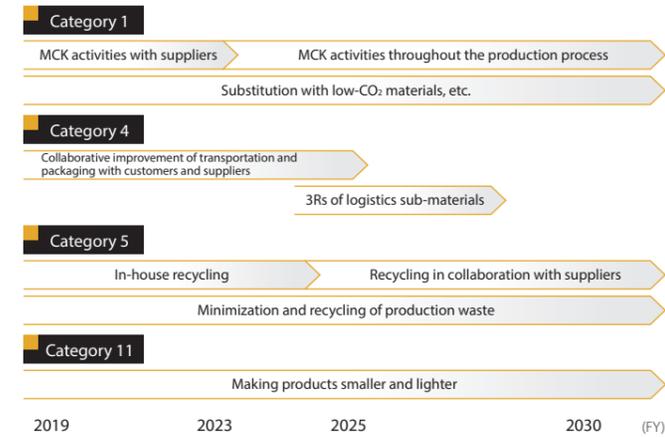
# Carbon Neutrality

Reduction of CO<sub>2</sub> emissions throughout the value chain

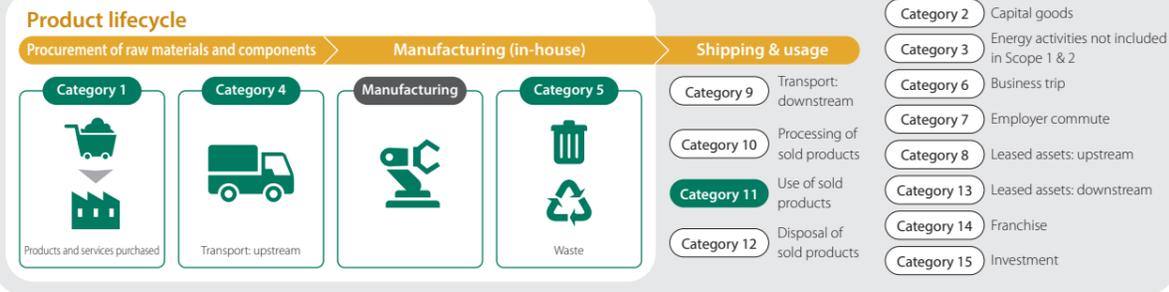
## Scope 3

We are working toward a 28% reduction in Scope 3 CO<sub>2</sub> emissions compared to fiscal 2019 levels. We are focusing particularly on categories 1, 4, and 5, which correspond to our product lifecycle CO<sub>2</sub> emissions, and category 11, which has high emissions. Through our MCK activities, we are working to visualize and reduce CO<sub>2</sub> emissions. We will continue to deepen our collaboration with suppliers and stakeholders to contribute to CO<sub>2</sub> reduction across the entire value chain.

## Roadmap



## Value chain



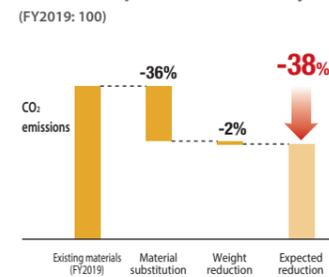
## Main initiatives of FY2024

### CO<sub>2</sub> reduction focused on per-unit CO<sub>2</sub> emissions

Approximately 40% of our Scope 3 emissions stem from Category 1 (purchased goods and services), with the majority originating from materials. Therefore, we are advancing efforts to replace conventional materials with low-carbon alternatives. For our core product, the canister, we have established a target to reduce CO<sub>2</sub> emissions by approximately 36% compared to fiscal 2019. Going forward, we will collaborate with our customers and suppliers to promote the replacement with low-carbon materials while also working to further reduce the weight of our products.



## Trends in product intensity



### MCK activities throughout the production process

We have promoted the MCK (*Motto Carbon-neutral Kyoka*; further strengthening carbon neutrality) activity with many suppliers since 2021. Suppliers who endorsed this initiative not only reduced their own CO<sub>2</sub> emissions but also expanded the MCK activities to their own business partners. The ripple effects of these initiatives are expanding the circle of MCK activities throughout the entire production process. We will continue to expand this initiative to other suppliers and work toward achieving carbon neutrality.

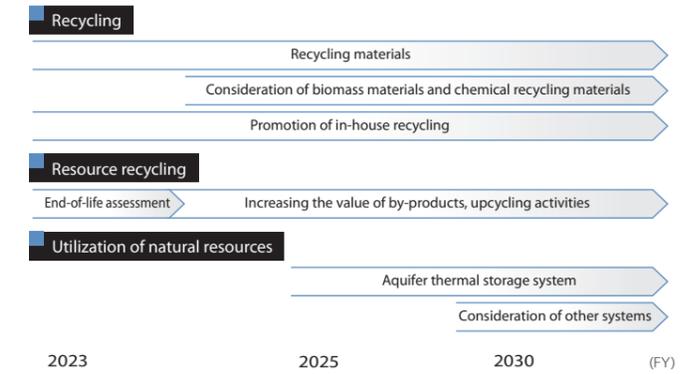


# Circular Economy

Resource recycling

To enable the sustainable use of finite resources, we consider everything—not only materials, products, and waste, but also nature itself—as a resource. We promote the effective use of resources throughout the entire product lifecycle by taking a multifaceted approach encompassing a wide range of initiatives. These include promoting reuse and recycling, introducing bio-based materials, utilizing byproducts, and implementing upcycling. We also actively utilize natural resources, aiming to realize a sustainable circular society.

## Roadmap

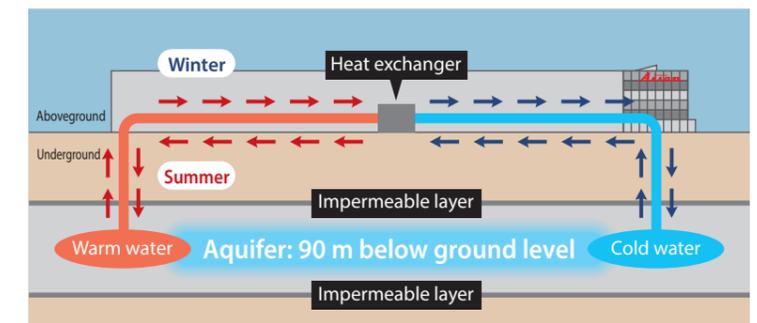


## Main initiatives of FY2024

### Energy circulation utilizing natural resources

At the Aisan Future Factory, we have established an energy circulation system\* that utilizes an aquifer 90 meters underground as a thermal storage tank. By storing the cold and heat discharged from air conditioning systems in underground aquifers and utilizing this stored thermal energy seasonally, it is possible to reduce air conditioning energy consumption by approximately 50%.

\* Aquifer thermal storage system



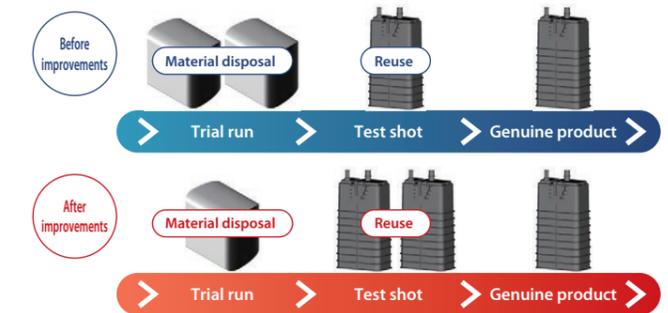
### Promoting sustainable water resource utilization

AISAN INDUSTRY CZECH s.r.o. in the Czech Republic analyzed water resource usage and worked to reduce wastewater from plants. By purifying wastewater generated during production processes through evaporation and separation treatment, and reusing the purified water for toilets and other purposes, we contribute to reducing both wastewater volume and water consumption.



### Improving in-house recycling

In the mold-making process for product forming, lump-shaped waste material was generated daily during equipment startup. By revising the number of test shots and discharging the material in a form closer to the final product, we enabled material crushing and reuse, achieving effective resource utilization.



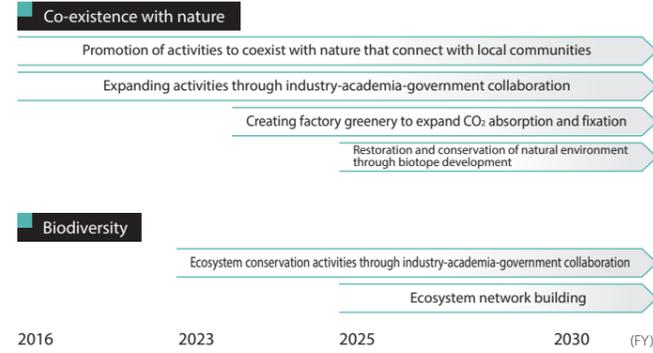
# Nature Positivity

Conservation and restoration of rich nature/biodiversity

With the aim of creating a factory that co-exists with nature, we continuously conduct detailed environmental impact assessments to minimize our effects on the natural world. Furthermore, through the protection of indigenous species and the establishment of ecological networks both on and off our premises, we strive to realize a sustainable society that is connected to the local community.

Going forward, we will further strengthen collaboration between industry, academia, government, and local residents to conserve and restore the rich natural environment and biodiversity, and aim to expand the 30by30 Nationally Certified Sustainably Managed Natural Sites by the Ministry of the Environment.

## Roadmap



## Main initiatives of FY2024

### Expanding industry-academia-government collaboration for biodiversity conservation

We collaborate with government agencies, educational institutions, experts, and local residents to promote the conservation of natural environments and the protection of endangered species. Through environmental education programs conducted with local children and roselle cultivation projects in collaboration with high schools within the prefecture, we are achieving both heightened environmental awareness and contributions to the community. We are also advancing the development of an ecosystem network through conservation activities for endangered species found around the site.



Environmental learning with local high school students (Roselle cultivation)



Critically endangered species: Rhynchospora malasica

### Upcycling of thinned timber

At the Aisan Future Factory, we are effectively utilizing thinned timber generated during the landscaping of the Anjo Plant. By repurposing thinned timber as floor indicators and room name signs for reception rooms and restrooms, we pass on the history of the Anjo Plant to the Aisan Future Factory. This also contributes to reducing CO<sub>2</sub> emissions by long-term sequestration of the CO<sub>2</sub> absorbed by the timber. We will continue to deepen our resource circulation initiatives, viewing everything as a resource.



## TOPICS

### Aisan Toyota no Mori was registered as the Nationally Certified Sustainably Managed Natural Site

The forest adjacent to our Toyota Plant, Aisan Toyota no Mori, was certified as the Nationally Certified Sustainably Managed Natural Site by the Ministry of the Environment in the latter half of 2024.



### Certified as an Excellent Certified Company under the Aichi Biodiversity Program

In recognition of our longstanding biodiversity conservation efforts, and within two years of being selected as a certified company, we achieved certification as an Excellent Certified Company.



# Fostering environmental awareness and developing human resources

Developing human resources to support a sustainable future

To realize a sustainable society, we strive to foster environmental awareness and enhance practical skills among every employee. This is achieved through tiered education programs and global e-learning for all employees, based on our three pillars of carbon neutrality, circular economy, and nature positivity. We are also working on solving environmental issues in unison with all stakeholders, including employees' families, suppliers, and the local community, by holding environmental exhibitions and providing environmental education.

## Main initiatives of FY2024

### Expanding the plant-led learning space MCK Base

MCK Base was first established at the Main Plant in 2024 as a plant-led learning space where employees can share improvement initiatives, exchange opinions, and engage in experiential learning, based on the concept of "learn, experience, acquire, practice." From there, we have expanded to domestic plants and further to global locations, sharing improvement examples and technologies gained in each country globally. We use this to promote environmental activities across the entire Group and to strengthen human resource development.



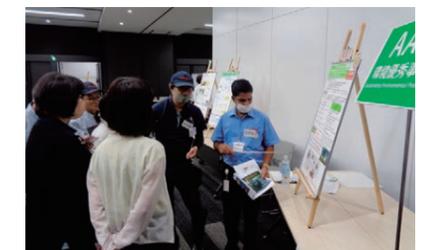
### Forest restoration and training of environmental human resources

PT.AISAN NASMOCO INDUSTRI in Indonesia is participating in a forest restoration program in collaboration with other companies to create new forests around its plants. By having employees plant trees themselves, we deepen their understanding of co-existing with nature while fostering environmentally conscious individuals who can take proactive action.



### Strengthening environmental promotion through shared learning

During the annual Environment Month held in June, we organize an Environmental Exhibition where employees share best practices and improvement items from both domestic and international cases. Through this exchange of knowledge, we invigorate environmental activities at each location. Starting in fiscal 2024, we have also held exchange meetings with staff from overseas locations, sharing specific initiatives such as waste reduction and renewable energy utilization.



At the Aisan Group, we recognize climate change as one of our key management issues. In May 2022, we announced our endorsement of the Task Force on Climate-related Financial Disclosures (TCFD) and made disclosures accordingly. Based on the recommendations of the TCFD, we will advance our analysis and response to the risks and opportunities that climate change presents to our business, and strive to disclose and enhance relevant information.

### Governance

The Sustainability Committee, which is chaired by the CRO\*, verifies the direction and its appropriateness related to all issues concerning sustainability, including climate change. In addition, the Carbon Neutrality Promotion Meeting (meetings held at least once every three months), which is a subcommittee of the Sustainability Committee, formulates, executes, and manages plans related to the climate change issue. At the Sustainability Committee meetings held twice a year, we receive reports from the Carbon Neutrality Promotion Meeting, the Work Style Reform Promotion Meeting, and the Governance Meeting, and deliberate on their contents. Among the results of these deliberations, important matters are reported to the Board of Directors and the Senior Executive Board.

\* CRO: Chief Risk Officer

### Risk Management

In addition to receiving reports from the Carbon Neutrality Promotion Meeting on climate change risks that significantly impact management, the Risk Management Committee of the Aisan Group periodically reviews key risks by collecting opinions from risk owners representing various departments. Additionally, the committee enhances the sharing of incident information, evaluates risk response status, and reports to the Board of Directors as necessary. The Board of Directors oversees the Risk Management Committee, provides necessary guidance and advice, and reviews the effectiveness of its processes at least once a year. Furthermore, should risks materialize, we have established a system to promptly set up a countermeasures headquarters and respond to incidents based on the CRO's instructions.

### Indicators and Targets

In fiscal 2024, the international response to climate change entered a new phase. At COP29, it was emphasized that countries must raise their emission reduction targets to achieve the 1.5°C goal established under the Paris Agreement. Furthermore, Japan's 7th Strategic Energy Plan outlines the policy challenges and response directions to be addressed going forward to achieve carbon neutrality by 2040 and beyond. It emphasizes the necessity of simultaneously realizing three objectives: stable energy supply, economic growth, and decarbonization.

Given this external environment, the Company's new Medium-term Management Plan (2025-2030) is formulating a transition plan to address climate change risks and achieve a sustainable circular society. We are working to reduce greenhouse gas emissions through initiatives such as carbon neutrality-related investments utilizing internal carbon pricing (ICP). Furthermore, as a stepping stone to new sectors and future products, we will contribute to solving social issues not only through the evolution of all forms of energy and mobility, but also in domains beyond mobility.

### Carbon neutrality target (FY2030)

Challenges	Item	Target
Carbon neutrality	Scope 1 & 2	-60% compared to FY2019
	Scope 3	-28% compared to FY2019
	Renewable energy ratio	55%
	Energy creation ratio	5%
Circular economy	Zero-waste emissions	-5% compared to FY2019 (intensity)
Nature positivity	Water usage	-5% compared to FY2019 (intensity)

### Carbon neutrality performance

Scan the code to view the environmental data.



<https://www.aisan-ind.co.jp/en/news/cdb363473755456da7114c4b1d5afcf2ea5b332.pdf>

### Strategy

Based on the social vision under multiple (1.5°C/2°C/4°C) scenarios\*, risks and opportunities are arranged for fiscal 2050 in addition to fiscal 2030, to assess the financial impact in fiscal 2030, and measures to reduce risks and create opportunities are being taken.

\* 1.5°C/2°C scenario: NZE (Scenario to achieve global net zero emissions by 2050), APS (Scenario that reflects aspirations declared by ambitious countries)  
4°C scenario: SSP 5-8.5 (Maximum emissions scenario without implementation of climate policy, under fossil fuel dependent development)

### Risks/opportunities and response to climate change

Category	Details	Timescale	Impact level	Aisan Group's response	
Transition risk	<b>Policy/Regulation</b> Greenhouse gas emissions regulations	Enhanced energy policies and increased manufacturing costs resulting from increased use of renewable energy	Mid- to long-term	Medium	<ul style="list-style-type: none"> <li>Thorough elimination of wastefulness</li> <li>Global rollout of domestic improvement cases</li> </ul>
	<b>Policy/Regulation</b> Introduction of carbon tax	Increased production cost due to the implementation of carbon tax	Mid- to long-term	Medium	<ul style="list-style-type: none"> <li>Improvement of energy efficiency</li> <li>Introduction of renewable energy</li> <li>Generation of clean energy by ammonia-hydrogen power generation, etc.</li> </ul>
		Increased procurement costs due to passing on of carbon tax to selling prices	Mid- to long-term	Large	<ul style="list-style-type: none"> <li>Adoption of low-CO<sub>2</sub> materials</li> <li>Waste reduction and recycling</li> <li>CO<sub>2</sub> emissions improvement activities with suppliers</li> </ul>
	<b>Technology</b> Increased demand for low-carbon/decarbonized products	Delay in recovering investment costs due to delay in transition in new areas	Mid- to long-term	Medium	<ul style="list-style-type: none"> <li>Business planning for future products that take environmental changes into account, and intensive input of resources</li> </ul>
Market	<b>Shift in customers' sense of value</b>	Decreased sales in engine parts due to the prevalence of battery electric vehicles (BEVs)*1	Mid- to long-term	Large	<ul style="list-style-type: none"> <li>Business growth in new areas which contribute to decarbonization leveraging technologies and strengths</li> </ul>
	<b>Reputation</b> Insufficient environmental initiatives and disclosures	Decline in corporate value and customer trust	Mid- to long-term	Medium	<ul style="list-style-type: none"> <li>Improving rating agency scores (CDP, etc.) through CO<sub>2</sub> reduction initiatives</li> </ul>
Physical risk	<b>Acute</b> Frequent, severe, and prolonged natural disasters	Temporary production halt due to disrupted supply chain	Mid- to long-term	Medium	<ul style="list-style-type: none"> <li>Enhancing the BCP structure further</li> <li>Improvement of inventory management precision</li> <li>Continuation of supply chain BCP</li> </ul>
	<b>Technology</b> Acceleration of electrification and industry restructuring	Increase in share of core products	Short- to mid-term	Large	<ul style="list-style-type: none"> <li>Establish advantages over competitors</li> <li>Switch to next-generation unrivaled products</li> <li>Strengthening of manufacturing (Multi-assembly)</li> </ul>
Opportunity	<b>Market</b> Expansion and development of low-carbon products	Increase in revenue of hydrogen supply units following the expanded application of hydrogen energy	Mid- to long-term	Medium	<ul style="list-style-type: none"> <li>Promotion of the development of products for next-generation FCVs/hydrogen engines</li> </ul>
		Increase in opportunities to enter markets for electrified products due to increase in electric vehicles (BEV/PHEV/FCEV)*1	Mid- to long-term	Large	<ul style="list-style-type: none"> <li>Provision of lightweight, high-efficiency, and low-cost systems and components</li> <li>Product development leveraging proprietary technologies</li> <li>Establishment of a new plant to produce future products</li> <li>Product development for compact mobility</li> </ul>
		Expanding business opportunities in new areas of carbon neutrality	Mid- to long-term	Small	<ul style="list-style-type: none"> <li>Research and development of new technologies and new areas</li> <li>Components for ammonia supply system</li> <li>Compact FC module</li> </ul>
		Growing demand for products that contribute to lower emissions	Mid- to long-term	Medium	<ul style="list-style-type: none"> <li>Development of products for vehicles applying existing technologies (FFV*2 technology)</li> <li>Products compatible with synthetic fuels/biofuels</li> </ul>

[Timescale] Short-term: through 2025; Mid-term: through 2030; Long-term: through 2050

[Impact level] Impact on single-year operating profit: Large, 2.0 billion yen or more; Medium, 0.1 billion yen to less than 2.0 billion yen; Small, less than 0.1 billion yen

[Aisan Group's response] We have incorporated plans for decarbonization and initiatives for mitigating risks and creating opportunities related to climate change in the Medium-term Management Plan announced in February 2025 and are promoting activities accordingly.

\*1 Assumption of the number of units is calculated based on the 2°C scenario \*2 FFV: Flexible-fuel vehicle

For more information on Aisan Group's response, please scan the 2D code.



### Financial Impact

**1.5°C (below 2°C) scenario**  
The transition to a decarbonized society progresses

We estimate the impact amount (risk) for fiscal 2030 to be approximately 31 billion yen, due to increased costs from the introduction of a carbon tax and a decrease in sales volume of engine parts. Meanwhile, we estimated the impact amount (opportunity) for fiscal 2030 at approximately 25 billion yen, driven by industry restructuring due to accelerated electrification and the expansion and development of low-carbon products.

**4°C scenario**  
Global warming progresses

We estimated the impact amount (risk) for fiscal 2030 to be approximately 600 million yen\*, due to the increased frequency and severity of natural disasters.

\* Impact on Aisan Industries (non-consolidated)

## Health and Safety/Health and Productivity Management Supporting the New Medium-term Management Plan

In the Medium-term Management Plan, we have established that a workplace environment grounded in safety and security is essential for the human resources supporting the Company to thrive, and we are working to build such a workplace. We place particular emphasis on activities that support employee health and safety, and are working on providing a comfortable working environment.

Main initiatives	Item	2024	2027	2030
<b>Health and safety</b> <b>The foundation supporting human capital management</b> Creating a safe and secure workplace where employees can actively participate in work with a sense of fulfillment	Disaster occurrence frequency rate (non-consolidated) * 2023 manufacturing industry performance: 1.29	0.46	0.23	0
	Ratio of employees receiving comprehensive medical checkups (non-consolidated)	82%	95%	100%

### Occupational Health and Safety Philosophy

Health and safety form the lasting foundation of a business. Based on our recognition of our social responsibilities, we will all work together to create a safe, secure, and comfortable work environment following the basic principles of respect for humanity, health first, and safety first.

### Promotion System

Based on the promotional system of the Occupational Health and Safety Management System "ISO 45001," an international standard, certified in November 2021, we are rolling out activities in which each workplace takes the initiative.



### Directions of the Initiatives

	Activity category	Initiatives
Workplace safety	Preventive activities	Creating a culture and people who can abide by the rules
	Continuation of ISO 45001 certification	Level up through management system operation
	Management of safety awareness indicators	Level up activities according to the level of safety awareness
	Legal compliance	Reinforcement of workplace self-management systems

### Main initiatives of FY2024

#### All Aisan STOP6 activities

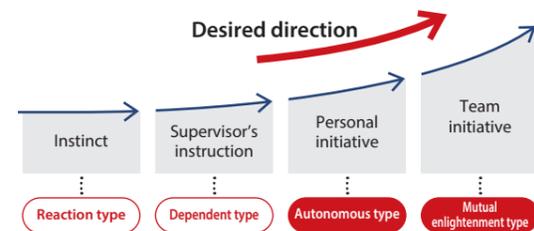
Since fiscal 2023, we have been identifying STOP6 tasks at our overseas and domestic locations and incorporating them into the procedure manuals. In fiscal 2024, we promoted activities focused on local engagement as our key theme, and also conducted on-site verification and guidance at two newly added domestic locations. We will continue our activities to level up through the motto of All Aisan.

#### Establishment of the Health and Safety Day

To establish health and safety as an everyday, fundamental part of our culture, we designate a monthly Health and Safety Day at each workplace and promote self-initiated activities. While some have noted an increase in conversations about health and safety, others have expressed difficulty in selecting topics. Therefore, we will share best practices and recommended subjects from various workplaces to promote activities that do not become repetitive.

#### Development of safety awareness indicators (visualization)

The Company developed and implemented indicators of awareness levels to visualize the actual status of safety awareness (trends, issues, etc.) and make more focused and effective efforts. One concern identified is that there is a significant gap between self-assessment and actual results (people think they are doing well when they are not). To foster the "autonomous" and "mutual enlightenment" type of people and culture we aim for, we will make steady progress toward leveling up with a long-term perspective.



### Selected for the First Time under the KENKO Investment for Health Stock Selection Program, Selected as One of the Outstanding Organizations of KENKO Investment for Health and White 500 for the Seventh Consecutive Year

Since establishing our Health Declaration in 2018, we have actively promoted health and productivity management as a collaborative health initiative with the healthcare union. As a result, we have been selected as one of the Outstanding Organizations of KENKO Investment for Health and White 500 for seven consecutive years.

Furthermore, this year we were selected for the first time under the KENKO Investment for Health Stock Selection program by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. This recognition was based on our highly regarded efforts in disclosing information aimed at promoting health and productivity management within society and implementing measures to improve our own health challenges. We will continue to actively promote health and productivity management and disseminate information to advance its adoption throughout society, guided by the principle that "the physical and mental health of our employees and their families is a vital management resource and the source of corporate vitality."



Health and Productivity Management Award (March 11, 2025)

### Transition of overall evaluation in the Company's health and productivity management survey



### Main initiatives of FY2024

#### Health seminar

Every year from October to November, we invite external experts to give lectures on health. In 2024, with the goal of preventing fatigue from leading to aging and learning self-care, we invited a medical doctor specializing in fatigue medicine to deliver a lecture titled "Techniques for Restful Sleep and Fatigue Recovery for Youth and Beauty: Building a Body Resistant to Aging Through Self-Care."

#### Women's Health Week event

During Women's Health Week in March, designated by the Ministry of Health, Labour and Welfare, we hold an event aimed at improving women's health literacy and promoting understanding of health issues faced by women who continue to be affected by female hormones throughout their lives. Since fiscal 2019, to foster a culture that deepens understanding of women's health issues, we have been holding seminars for managers and seminars on common gender-related issues such as "menopause and infertility treatment" during working hours.

#### Enhancing follow-up measures for stress checks

As follow-up measures to the annual stress check conducted in September, we implemented the following.

##### Measures for high-stress individuals

- Ⓞ Distributed self-care brochures
- Ⓞ Introduced a list of consultation desks
- Ⓞ Conducted a fatigue accumulation survey approximately 4 months later
- ▶ If high stress persisted at this point, referred the employee for another consultation with the occupational physician or psychologist

##### Training for workplace managers

- Ⓞ Conducted group analysis utilization seminars to effectively leverage group analysis results and enable workplace improvements

##### AI posture checkup

- Ⓞ Adjust the present based on AI analysis predicting future bodily misalignment and impacts from the current posture

##### Stretch yoga seminar

- Ⓞ Refresh both mind and body with yoga that begins with mindful breathing techniques



### Basic Approach and Policy

The key to achieving our vision and the Medium-term Management Plan is human resources, and the Company regards the enhancement of the value of human capital as one of our important management issues. Based on our Management Philosophy and sound and strong labor-management relations, we are implementing activities based on three pillars: cultural reform, human resource transformation, and participation of diverse human resources. The ultimate aim is to become a team and organization where human resources who learn, think, and boldly take on challenges autonomously can continue to grow together while mutually respecting and energizing each other.

In addition to deepening our powertrain business, it is now urgent for the Company to establish an electrification products business for mobility and to address social contributions in domains beyond mobility.

To assist with these challenges in terms of both "job satisfaction" and "work style," we identify issues concerning our people and organization based on employee engagement survey results, and we strive to resolve any concerns. Especially over the past year, we have focused on career development as one of our major challenges regarding our people and organization, implementing various initiatives centered around the Aisan Career Canvas program.

In addition to our ongoing efforts to train software human resources, we have begun training human resources capable of applying deep knowledge in specialized domains such as environmental management. As a result, employee engagement steadily increased, and we were able to significantly improve items related to career development.

We will continue our efforts to foster a virtuous cycle where each employee finds clarity about their desired career path, independently and systematically acquires the skills and experience necessary to make that career a reality, and puts them into practice. This will elevate the capabilities of both individuals and the organization, leading to the Company's sustainable growth. Going forward, we will continue to view the expansion of human capital as one of our key management priorities and strive to achieve sustainable growth in corporate value.



Syozo Kai  
Chief Division Officer, HR Infrastructure Division

### Organizational chart and key activities



\* MMK: "Motto Monozukuri Kyoka" (strengthening of manufacturing)

### Toward Human Resource Transformation and Cultural Reform

Recognizing that acquiring and training human resources who continuously pursue innovation is essential to realizing VISION2030, we are actively investing in attracting talented human resources, as well as reskilling and upskilling our employees. In fiscal 2024, our recruitment efforts in the electrification sector went beyond conventional methods. We challenged ourselves to acquire human resources with an eye toward overseas markets and worked diligently to secure outstanding students through planned recruitment. In addition to our ongoing software and DX training programs, we have newly established and conducted generation-specific career design workshops to support employees in their autonomous career development. Furthermore, the education system is scheduled to undergo a comprehensive overhaul in fiscal 2025, transitioning from a nomination-based system to a voluntary application system.

### Recruitment of international human resources in the field of electrification

Amidst Japan's declining birthrate and intensifying competition for human resources, we undertook a new challenge: to acquire talented human resources in the electrification domain. To this end, we visited local universities in India directly to conduct recruitment activities targeting local students. As a result, we successfully recruited two individuals. For these individuals, we provided support such as language training and cross-cultural education prior to their employment to help them adapt to working in Japan. We have also focused on onboarding, including building peer relationships, such as having new hires join training sessions alongside regular recruits from different entry periods after joining the company. We will continue our efforts to attract and retain talented human resources regardless of nationality, gender, or other factors.



### Aisan Career Canvas

Starting in fiscal 2022, we launched an employee engagement survey and are implementing human resource and workplace culture improvement measures centered on the Aisan-version of EVP\* developed based on its results. In fiscal 2023, we launched Aisan Katariba, a dialogue forum between management and employees, to foster a culture of dialogue. In fiscal 2024, we introduced Aisan Career Canvas, an employee growth support program, and implemented various initiatives including hosting career-themed Katariba events, consolidating and distributing career-related information, and providing self-understanding tools. These initiatives have resulted in a 4-point increase in employee engagement scores since the survey began. We will continue to strive for continuous improvement for the growth of both our employees and the company.

### Employee engagement score trend



\* The concept for creating a rewarding workplace and culture that both the company and employees strive for together

### Aisan Group's Ideal Human Resources and Culture

	Autonomous human resources that can take on challenges	A corporate culture where people mutually respect and energize each other	Specialized human resources
<b>Previous challenges</b>	While activities promoting the importance of autonomous career development have gradually shifted away from a passive mindset, there is still a need to foster a culture where each employee proactively takes on challenges and drives transformation.	Since fiscal 2022, we have designated the empowerment of women as a key priority and have been advancing our activities accordingly. We have worked to enhance systems supporting the balance between life events and work, creating a more comfortable working environment. However, these systems have not been sufficiently adopted, and efforts to expand their use and foster workplace understanding have not progressed. We must be more proactive in providing support that enables women to build careers even in technical roles and production sites where female representation is low.	In order to realize the new Medium-term Management Plan, we face the challenge of training and securing human resources with deep expertise. This includes not only software talent related to ECUs that integrate control of the entire vehicle, but also individuals with knowledge in areas such as the appropriate protection and utilization of our intellectual property, including environmental technologies, and quality management that supports the safety and security of mobility.
<b>Vision</b>	In order to realize VISION2030 and the new Medium-term Management Plan, we aim to develop human resources who can propose not only the further evolution of our powertrain business and expansion of our electrification products business, but also take the initiative to learn, think, take on challenges, and make proposals with respect to new business sectors that contribute to decarbonization.	Each employee will actively contribute to creating a workplace that focuses on ensuring psychological safety, recognizing unconscious biases, and enhancing work-life balance, thereby fostering an environment where everyone can maximize their individual potential. Through this, we aim to create new value by leveraging diverse perspectives.	To evolve into a system supplier within the increasingly sophisticated and complex automotive market, we aim to recruit and train specialized human resources who fully understand our strengths and competitive advantages, maximize their capabilities, and contribute to the realization of a sustainable society.

### Key KPIs and Main Initiatives

The three pillars	Main initiatives	KPI			
		Item	2024	2027	2030
<b>Human resource transformation</b>	<b>Acquire and nurture specialized human resources essential for business expansion</b> ● Acquire key human resources essential for strengthening new product development and production (Electronic/Electrical, Robot, IT/Software, etc.) ● Enhance education to train autonomous human resources ● Discover and train global human resources	Software/electronic human resources (non-consolidated) * Human resources capable of responding to market changes such as electrification	105	190	270
		Digital human resources (non-consolidated) * Human resources who drive company-wide DX	53	110	220
<b>Participation of diverse human resources</b>	<b>Create innovation through the active participation of diverse human resources</b> ● Support autonomous career development ● Create HR systems that enable diverse work styles ● Promote the nationalization of executive positions	Female managers (consolidated)	89 (10%)	100 (12%)	110 (13%)
		Fulfillment ratio of overseas based posted national staff executive positions (GM and higher) (consolidated)	73.1%	75.0%	90.0%
<b>Cultural reform</b>	<b>Transform the workplace culture to take on challenging tasks</b> ● Realize full participation for all through thorough dialogue (Aisan Katariba, 1-on-1 meetings, etc.) ● Serious workplace culture reform through labor-management unity	Employee engagement score (non-consolidated)	53 pts	57 pts	60 pts
		Male childcare leave acquisition rate (non-consolidated)	76.9%	85.0%	90.0%

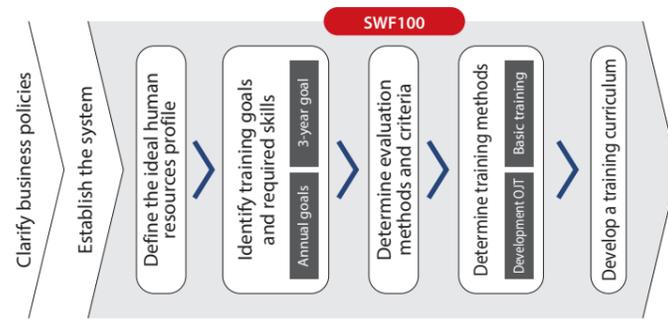
# Paving the Future of the Automotive Industry Through Reskilling of Internal Human Resources

Nikkei Reskilling Award 2025 Special Jury Prize

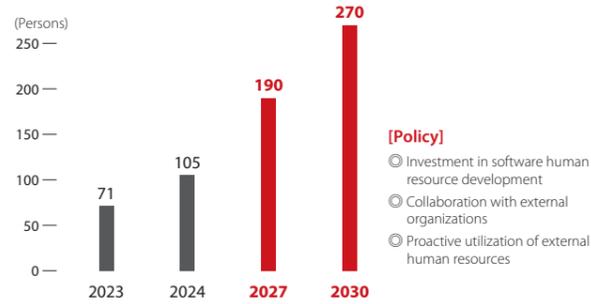
Software engineers are essential for the development of electric drive systems. However, as a company whose core business has been mechanical engine components, we had an extremely limited number of software engineers. Furthermore, given the industry-wide shortage of human resources, securing talent presented a significant challenge. Therefore, in fiscal 2022, we launched the Software First 100 (SWF100) initiative, aiming to train 100 software engineers over three years. This program focused on reskilling junior to mid-level employees who wished to transition into software engineering roles, while also developing new hires recruited for software development positions.

## 1 Determining training goals and methods based on the ideal human resources profile

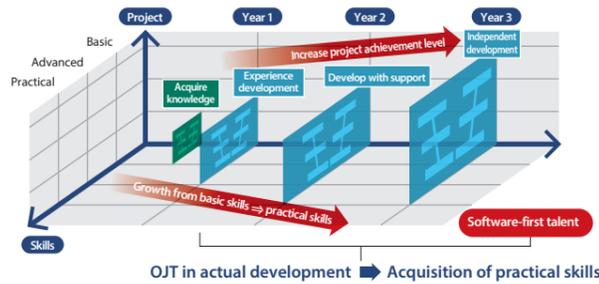
During the planning phase, we first clarified the target ideal human resource profile, the three-year training goals, the evaluation methods, and the training curriculum. The ideal human resources we seek are defined as individuals possessing the skills to independently develop in-vehicle systems, building upon the technologies that have been our strength and adding software technology.



## Software human resource development plan



## Establish annual goals and train human resources capable of independent development within three years



## 2 Emphasis on strengthening practical skills through OJT-centered training

To build practical skills in a short period, the training curriculum focused on OJT, with participants acquiring essential basic skills through three months of foundational education prior to implementation. Development themes are set based on the business strategy roadmap, and each team advances development in accordance with the Company's development process under the guidance of the project leader. We aim to level up by repeating development cycles every 6 to 9 months and accumulating experience.

## 3 Visualization of training status and follow-up

Member evaluations are visualized using predefined criteria, and follow-up is conducted based on individual aptitude. The criteria are applied by extending the industry standard ETSS (Embedded Technology Skill Standards).

- Results**
- Nearly all participants reached the intermediate level target within three years
  - From the latter half of 2022, actively participated in multiple actual product development projects as key members
  - Completed the establishment of an educational curriculum framework combining basic training and OJT

- Future actions**
- Further level up to address increased mass production development, new requirements such as in-vehicle security, and environmental changes like SDVs and generative AI
  - Work on strengthening human resources (manager training, specialist training, etc.) and organizational capabilities (quality development processes, management system utilization, etc.) as key initiatives, while accelerating the development of electrification products as a new business

# Participation of Diverse Human Resources (Human Rights/DEI)

## Basic Approach and Promotion System

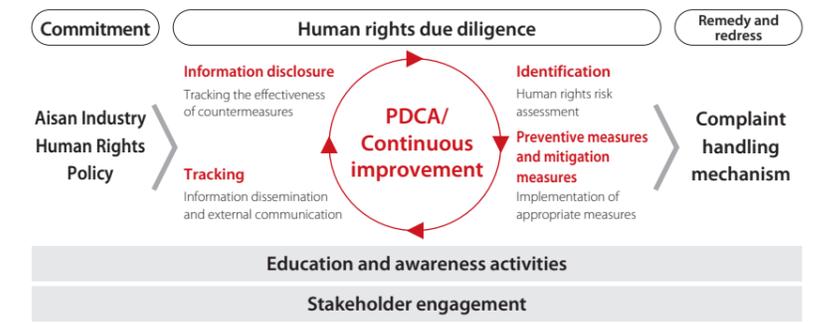
At the Aisan Group, we support international norms, including the United Nations' Guiding Principles on Business and Human Rights, as measures to respect human rights in our business activities. Recognizing respect for human rights as crucial for sustainable growth and enhancing corporate value over the medium to long term, we advance initiatives within the framework of "Achieving harmony with the local community and contributing to a sustainable society," one of the materiality areas defined in our Sustainability Fundamental Policy.

Since the release of our Declaration on Diversity, which states that the promotion of DEI (Diversity, Equity & Inclusion) is a management strategy essential for the Company's sustainable growth, we have been working to create a workplace where people with diverse values can fully demonstrate their individuality and abilities, regardless of age, gender, nationality, disability, or time constraints, under the key message "mutually respect and energize each other."

### Promotion system



### Framework for promoting respect for human rights



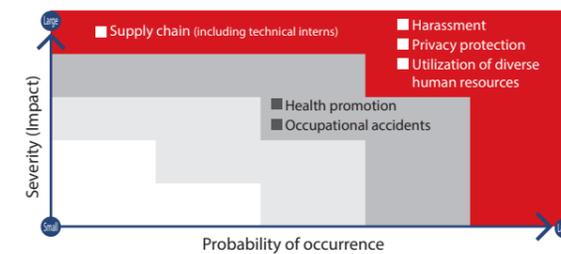
## Initiatives for respecting human rights

The Aisan Group established the Aisan Industries Human Rights Policy on August 29, 2022. This policy applies to all officers and employees of the Aisan Group, and we will also encourage all business partners, including suppliers, to respect human rights based on this policy and promote their efforts. To implement initiatives based on this policy, we conduct human rights due diligence in accordance with the United Nations' Guiding Principles on Business and Human Rights. We identify our priority issues based on internal surveys and the assessment criteria of the Ministry of Justice and external evaluation organizations, and are advancing our efforts accordingly.

Scope of human rights issues covered by the Aisan Industries Human Rights Policy

Risks on key human rights and business-related human rights that companies should consider (26 items) within the Japanese government's National Action Plan on Business and Human Rights, compliance adherence, and social issues for coexistence with local communities

## Human rights risk assessment



[Risk assessment based on internal survey] Conducted in July 2024. Conducted a survey using a "Large/Medium/Small" risk scale on the risks on key human rights and business-related human rights that companies should consider (26 items) within the Japanese government's National Action Plan on Business and Human Rights.

## Key priorities

Priority points	Initiatives
Harassment	Through training programs, including compliance education, we will build an environment where every employee can work with peace of mind
Privacy protection	We will promote awareness activities not only regarding the handling of personal information but also concerning the handling of factual information related to private life
Participation of diverse human resources	We will embed DEI and build a workplace environment where everyone can actively participate at work
Supply chain (including technical interns)	We will visit suppliers and advance human rights initiatives together through dialogue

## Main initiatives of FY2024

### Participation of diverse human resources

We are building an environment where employees can work together and grow with those who have disabilities. We held a standard CPR course for people with hearing impairments, with sign language interpretation provided.



### Supply chain initiatives

As a priority initiative under human rights due diligence, we held a training session for top executives of partner companies on building responsible supply chains. We reported on the Company's management practices that respect human rights and our DEI initiatives. During the group discussions among participants, we were able to deepen our mutual understanding of each other's efforts.



Shareholders and Investors

## Enhancement of Dialogue



### Basic approach

We strive to disclose timely, fair, and accurate information to shareholders and investors. We promote constructive dialogue with shareholders and investors to achieve sustainable growth and enhance corporate value.

### Expected results

Appropriate disclosure of information on business environment changes

### Specific measures

Opinions and assessments given through dialogue with shareholders and investors are reflected in our management strategies, and linked to our measures to achieve sustainable growth and enhance corporate value.

Customers

## Collaboration and Various Awards



### Basic approach

We provide safe and secure, attractive products with our customers and quality as top priorities based on our Management Philosophy. We will identify needs and contribute with high value-added products that lead to low carbon and mobility safety and security.

### Award examples

Location	Key customers	Award outline
Japan	Toyota Motor	Cost Improvement Excellence Award
	Daihatsu Motor	Global Contribution Award
China	Toyota Motor	Quality Excellence Award, Special Contribution Award
Indonesia	Yamaha Motor	Best Supplier Award
	Daihatsu Motor	Best Supplier Award for the Service Parts Category
U.S.	Honda	Excellence in Quality and Delivery Award

and many others



### Basic approach

We will build a relationship of trust with our suppliers by complying with laws and rules, conducting fair and equitable transactions, and acting in good faith. We work together with our suppliers on technological development and improvement activities, aiming for mutual development and growth.

### Expected results

Stable transactions based on a medium-term outlook, sharing information on changes in the business environment

### Specific measures

Support for cost reduction and quality improvement, support for carbon neutral activities (including staff training), sharing of procurement policies and activities

Employees

## Aisan Academy: Nurturing Human Resources, the Source of Growth

We have a school with a 68-year history attached to our facility. That is Aisan Academy, a one-year in-company training school. We at Aisan Industry have inherited Aisan's unique identity—the spirit of challenging ourselves, pride in quality, and adaptability to environmental changes—cultivated over more than 80 years of history. It is the people who have supported this journey, and Aisan Industry stands today upon the foundation built by those individuals.

Unlocking the unknown potential and capabilities within each individual is the essence of human resource development at Aisan Academy. Approximately 20 high school graduates (with women comprising over 20% of the total) enroll each year. Today, young people who will support Aisan in the future are honing their courage with gleaming eyes.



### Basic approach

We value our employees as important assets. As such, we want to be a company where a diverse range of human resources can actively participate at work. We will provide an environment and take initiatives to enable each employee to demonstrate their abilities and create new value.

### Expected results

Education system for developing capabilities, fair personnel system reform, and promotion of DEI

### Specific measures

Restructuring and promotion of education system, enhancement of dialogue between labor and management, promotion of diverse work styles

Local Communities

## Running Workshop by the Long Distance Team



### Basic approach

We implement measures to create a more affluent and comfortable living environment in the local communities that form the basis of our business activities and employees' daily lives.

### Expected results

Environmental preservation, regional revitalization, sports promotion

### Specific measures

Our Long Distance Team athletes and staff hold running workshops for children at kindergartens and nurseries near our headquarters, teaching them the joy of exercise and the importance of staying active for a healthy lifestyle.

Natural Environment

## Utilization of Thinned Timber from Aisan Toyota No Mori



### Basic approach

To protect the future of our planet, we are advancing conservation activities for natural environments and biodiversity based on the 30by30 initiative, while also providing environmental education and hands-on experiences for children.

### Expected results

Nature regeneration and ecosystem restoration

### Specific measures

We utilized thinned timber from Aisan Toyota no Mori adjacent to the Toyota Plant to offer an experience in cultivating shiitake mushrooms from logs for employees and their families. We provide an environment that fosters a connection with nature.



# Foundation

for Value Creation

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## 04 Foundation That Supports Value Creation

### Point

We strive to enhance management efficiency and maintain and improve fairness and transparency, aiming for the long-term, stable growth of corporate value, which is our priority initiative.

We continue to reform our corporate governance in response to social and contemporary needs, advancing swift decision-making and strengthening execution.

We have a promotion system that can appropriately identify potential risks and take countermeasures to swiftly respond to changes in the business environment.

We observe compliance and strive to ensure ethical behavior, transparency, and fraud prevention to fulfill our social responsibilities.

### Contents

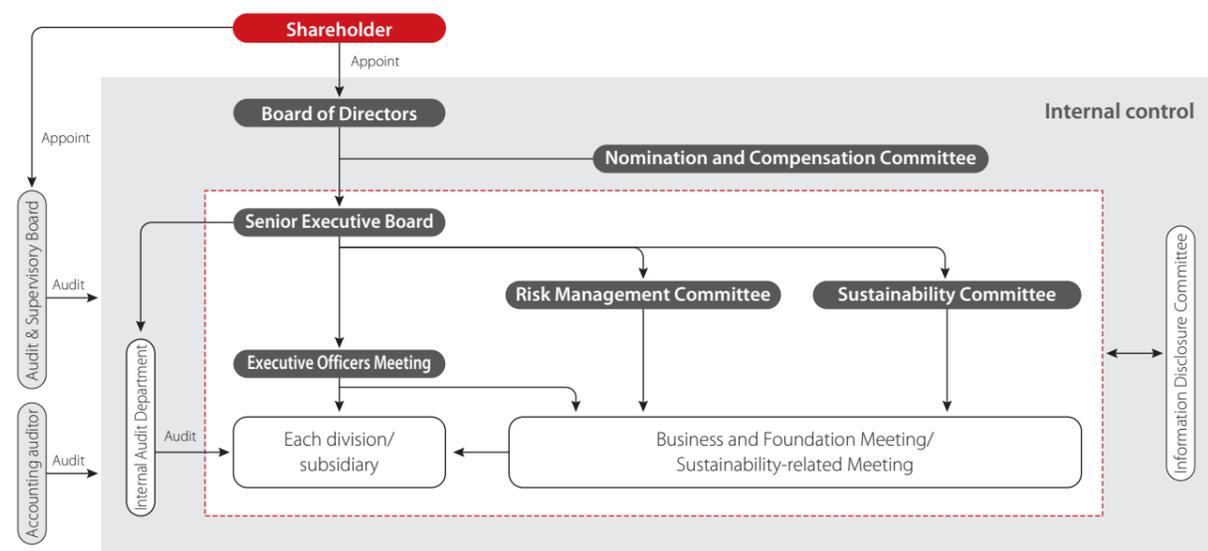
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Basic Approach

We consider the steady improvement of our corporate value over the long-term as a priority initiative. 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 Philosophy, 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. Furthermore, with the aim of further enhancing functions of risk management and information disclosure, we have established the Risk Management Committee and the Information Disclosure Committee, independent from the Sustainability Committee, effective October 2025, and will advance company-wide initiatives.

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 five outside directors and three outside Audit & Supervisory Board members to provide oversight and audit functions for the Board of Directors from an expert, impartial and fair standpoint to ensure management transparency and prompt decision-making. Personnel matters concerning directors are reviewed in advance by the Nomination and Compensation Committee, a majority of whose members are outside directors, to ensure fairness and transparency by obtaining appropriate involvement and advice.

Candidates for outside directors 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 senior executive officer/executive officer works collaboratively across functions and business units between departments, businesses and foundations to ensure prompt and efficient execution, while striving for appropriate business execution through mutual oversight.

Additionally, the Board of Directors oversees compliance matters such as risk management and anti-corruption\* efforts. To verify compliance status, the number of compliance violations and other relevant data are reported regularly, and appropriate guidance is provided.

\* Encompasses all forms of corruption, including bribery, insider trading, unfair trading practices, anti-competitive conduct, embezzlement, and money laundering

Results of Board of Directors Meetings in FY2024

Meetings held	13 times
Attendance	98.8%

Composition

	From June 2024	From June 2025
<b>Number of directors</b>	9	10
Of which, outside directors	3	5
Of which, female directors	2	3
Of which, independent directors	3	5
<b>Number of Audit &amp; Supervisory Board members</b>	5	5
Of which, outside Audit & Supervisory Board members	3	3
Of which, female Audit & Supervisory Board members	0	0
Of which, independent Audit & Supervisory Board members	2	2
<b>Number of senior executive officers</b>	13*1	6**1
Of which, female senior executive officers	0	0

\*1 Six concurrently serving as director

\*\*2 Starting in fiscal 2025, we transitioned from the executive officer system to the senior executive officer system.

\*3 Four concurrently serving as director

Evaluating the Effectiveness of the Board of Directors

We conduct an annual evaluation of the Board of Directors to verify that it is functioning properly and to improve its effectiveness. The results of the effectiveness evaluation are shared as a reporting agenda item at the Board of Directors meeting. By discussing matters such as the future structure and operations of the Board, we are enhancing the Board's effectiveness to strengthen corporate governance.

The effectiveness assessment of the Board of Directors for fiscal 2024 was conducted in May 2025, using both a score evaluation and the comment section. The evaluation results showed that

generally positive assessments and opinions were obtained for each item, and we concluded that effectiveness is ensured. Additionally, during the discussion at the Board of Directors meeting, opinions were raised regarding the need to strengthen the sharing of risk-related information and to further deepen risk analysis. Taking this into consideration, we will strive to enhance the effectiveness of the Board of Directors by thoroughly sharing information for deeper discussions going forward, including through activity reports on risks.

Evaluation period: April 2024 to March 2025

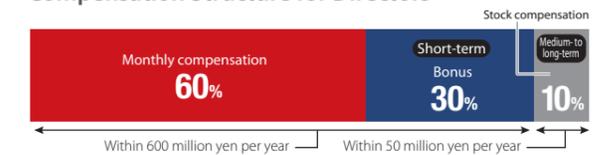
<b>Evaluator</b>	<ul style="list-style-type: none"> <li>Internal/outside directors: 7</li> <li>Audit &amp; Supervisory Board members: 5</li> </ul>	<b>Initiatives of FY2024</b>	<ul style="list-style-type: none"> <li>Expanded holding of preliminary briefing sessions for multifaceted discussions (established dedicated members)</li> <li>Distributed meeting minutes to further strengthen oversight of internal management committees</li> <li>Distributed subsidiary overview and key four products training materials for further knowledge updates</li> </ul>
<b>Evaluation method</b>	<ul style="list-style-type: none"> <li>Score evaluation for 16 criteria</li> <li>Comments section for 6 criteria</li> </ul>	<b>Main challenges and measures</b>	<ul style="list-style-type: none"> <li>Board of Directors operations shifted toward sustainability management and strategic discussions/Enhancement of discussions on specific business strategies for sustainability management (governance, risk management, PR and IR activities) and the realization of the new Medium-term Management Plan</li> <li>Thorough information sharing for in-depth discussions/Preliminary briefing on future business strategy proposals, activity reports from overseas business entities, etc.</li> </ul>
<b>Main evaluation items</b>	<ul style="list-style-type: none"> <li>Composition and roles of directors</li> <li>Operation and deliberations of the Board of Directors</li> <li>Support for outside directors</li> <li>Medium- to long-term corporate strategy</li> <li>Sustainability initiatives</li> <li>Supervision of directors' performance of duties</li> <li>Risk management</li> </ul>		

Executive Compensation

Compensation for directors is first proposed in draft form to the Nomination and Compensation 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 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 13, 2025, it was decided that the sum of a director's monthly compensation and bonus is limited to a maximum of 600 million yen per year (of which a maximum of 100 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 50 million yen per year.

Compensation Structure for Directors



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

Information Disclosure Committee

To achieve accurate and fair information disclosure and further enhance corporate value, we established the Information Disclosure Committee in October 2025. Its purpose is to discuss medium- to long-term disclosure policies, information disclosure themes to be addressed going forward, and disclosure decisions during emergency responses. The Information Disclosure Committee promotes the enhancement of both the quality and quantity of information disclosure by understanding internal activities from the perspective of disclosure, including changes in the internal and external environment and social needs, and supporting future direction and company-wide initiatives.

<b>Role</b>	<ul style="list-style-type: none"> <li>Promote group-wide information disclosure to enhance corporate value</li> <li>Establish and review group-wide policies regarding information disclosure</li> <li>Deliberate on the necessity and content of information disclosure for important/sensitive matters</li> </ul>
<b>Meetings held</b>	Regular meetings twice a year, with additional meetings as needed
<b>System</b>	<ul style="list-style-type: none"> <li>Chair: Chief Risk Officer (CRO)</li> <li>Secretariat: Corporate Planning Department</li> <li>Committee members: Senior Executive Officers, Standing Audit &amp; Supervisory Board Members, and the Executive Officers or chief division officers in charge of the following: Corporate Strategy, Accounting and Finance, Environment, General Administration &amp; Human Resources</li> </ul>

Message from the CSO & CRO

## Driving corporate value enhancement through the two-pronged approach of strategic advancement and risk management

Akihiro Yamanaka

Chief Strategy Officer, Chief Risk Officer



As the multi-pathway approach becomes the practical reality for the automotive industry amid the rapid shift toward EVs, we will continue to pursue sustainable growth by leveraging our strengths in engine components while advancing electrification and clean energy initiatives.

As the Chief Strategy Officer (strategy promotion), I will leverage strategic funds and pursue business alliances, capital partnerships, and M&A to swiftly achieve our business strategy of becoming an engine system supplier. In advancing these measures, we face important challenges such as integrating corporate cultures. By concurrently serving as the CRO (risk management), I will comprehensively assess these risks starting from the strategic

planning stage. This enables us to maximize the impact of these initiatives while taking appropriate risks.

On this foundation, we will expand our powertrain product lineup and strengthen our supply system to pursue further growth. Furthermore, by implementing group-wide risk management, we will enhance our competitiveness (performance, cost, and quality), work on BCP measures, and strive to further increase corporate value.

Message from the COO

## Maximize operational competitiveness and forge the future

Shigekazu Kato

Chief Operating Officer



Effective April 2025, I have assumed the role of Chief Operating Officer, overseeing the company's day-to-day operations. As the automotive industry undergoes a once-in-a-century transformation, our company is moving forward under the New Medium-term Management Plan toward sustainable growth and enhanced corporate value.

My mission is to serve as the CEO's right-hand man, bringing together the strengths of each department to accelerate the execution of our strategy. In particular, we firmly believe that maximizing operational competitiveness and efficiency while flexibly adapting to changing times is essential for the Company's growth.

We will oversee the entire value chain from design, production preparation, manufacturing, procurement, quality, and logistics, to aftermarket services, striving to optimize business processes and strengthen on-site capabilities. In doing so, the entire team will rigorously adopt an on-site, hands-on approach, visiting the actual

locations, observing the physical conditions, and understanding the true situation to identify genuine challenges and implement effective, incremental improvements.

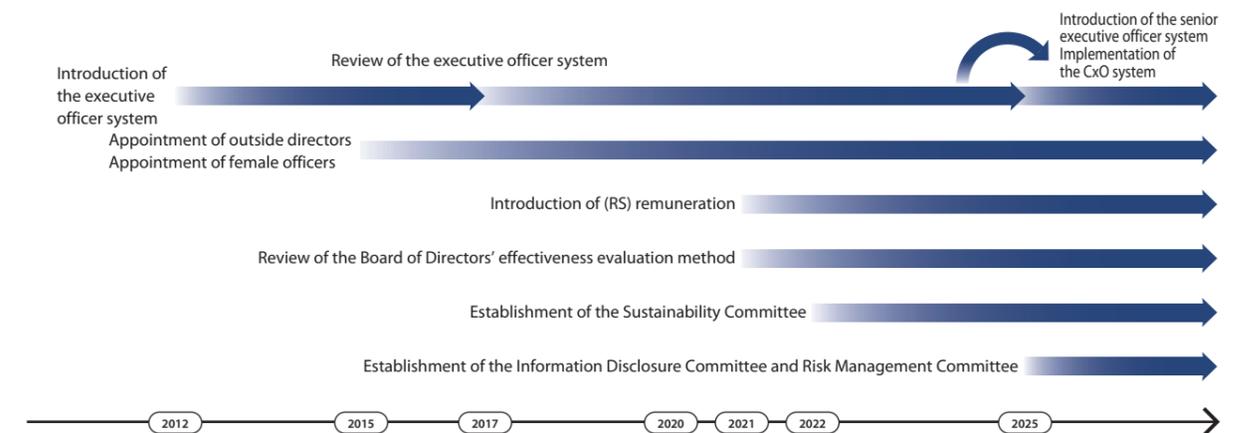
Above all, it is the power of people that allows us to meet these challenges. We have been working to foster a culture where people "mutually respect and energize each other, and keep challenging themselves." We will leverage these achievements to foster cross-departmental and cross-company teamwork, driving reforms and improvements to further increase our competitiveness.

We will continue to foster an environment where every employee can think, act, and take on challenges independently, while striving to become a company that embraces change as an organization and forges a path toward the future.

## Corporate Governance Reform

Based on our Management Philosophy, and in order to contribute to society through our business activities and achieve sustainable enhancement of corporate value, we are advancing corporate governance reforms to maintain and improve fairness and transparency. We are also advancing initiatives to further share value with all stakeholders, including shareholders, investors, customers, as well as suppliers, local communities, and employees.

Starting in 2025, we are strengthening our organizational framework to enhance speed and enable group-wide activities. This includes introducing a senior executive officer system, expanding the CxO system, and establishing an Information Disclosure Committee and a Risk Management Committee.



## Accelerating Decision-making and Strengthening Execution

The automotive parts industry is currently undergoing significant changes, including restructuring in the powertrain sector, adaptation to electrification, strengthened collaboration between companies, and M&A activity. In this environment, we determined that further strengthening management discussions with a long-term perspective and swift decision-making were necessary. To achieve our new Medium-term Management Plan and realize further business growth, we transitioned to a structure with a clearer separation of management and execution starting in April 2025.



- ◎ Ensure management discussions are conducted at a higher level and with greater diversity
- ◎ Separate management from execution and strengthen the capabilities of personnel responsible for management decisions and discussions
- ◎ Delegate authority to increase the speed and efficiency of execution

Measures	Details
(1) Introduction of the senior executive officer system	<ul style="list-style-type: none"> <li>◎ Senior Executive Officer: Enhance management discussions to strengthen strategic and directional deliberations</li> <li>◎ Executive Officer: Clarify responsibilities for management and execution, delegate authority to the executive team to accelerate execution speed</li> </ul>
(2) Implementation of the CxO system	<ul style="list-style-type: none"> <li>◎ Establish COO, CRO, CSO, and CQO positions to delegate authority and accelerate cross-group initiatives</li> </ul>

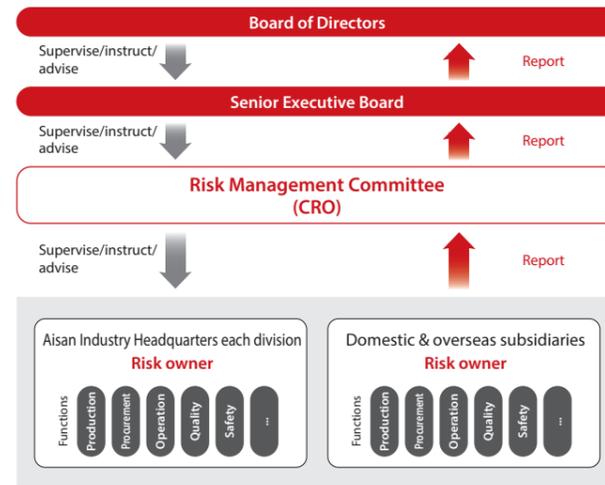
Basic Approach

To establish a company-wide risk management framework with high effectiveness and immediacy for further enhancing corporate value, we have newly established a Risk Management Committee effective October 2025. For company-wide risk management, risk owners will autonomously promote risk response activities. Within daily operations, each function, department, and individual employee will take ownership and strengthen their autonomous risk response capabilities. The Risk Management Committee will oversee the direction and status of particularly high-priority risks and group-wide risk response activities, further enhancing the effectiveness of risk management practices.

Company-wide Risk Management Promotion System

The Risk Management Committee, chaired by the Chief Risk Officer (CRO), examines a wide range of risks including ESG alongside business risks, referencing ISO 31000 and other standards. It identifies priority risks, monitors the status of risk responses, and provides instructions and guidance. We periodically consolidate risks from each division, subsidiary, and function to review key risks. Additionally, the committee enhances the sharing of incident information, evaluates risk response status, and reports to the Board of Directors as necessary.

The Board of Directors oversees the Risk Management Committee, provides necessary guidance and advice, and reviews the effectiveness of its processes. Furthermore, should risks materialize, we will promptly transition to crisis management procedures, such as establishing a countermeasures headquarters, based on the CRO's instructions.



**Risk Management Committee**  
Chair: Chief Risk Officer (CRO) Secretariat: Corporate Planning Dept. Risk owner: Heads of each function/department  
Scope of application: Aisan Industry and its domestic and overseas subsidiaries

Leveraging Cultivated Values and Organizational Strength

We will incorporate our long-established corporate values, such as our Management Philosophy and Compliance Guidelines, into our Risk Management Policy to more actively reflect them in our business operations. Furthermore, we will maximize the utilization of existing risk management functions, such as quality response, cybersecurity response, accident and disaster response, and infectious disease response, to achieve both business continuity and enhanced capabilities.

Identification of Priority Risks

To identify company-wide priority risks, we consolidate risks from various departments across the Company. We organize a risk map based on "Impact" x "Occurrence frequency" to pinpoint priority risks.

Priority risks in FY2025    © Quality misconduct    © Cybersecurity    © Group governance misconduct

Impact level guideline

Level	Definition	Risk level guideline by evaluation axis			
		Financial	Human life	Impact on business activities at one location	Reputation
4	Large impact	1 billion yen or more (10% or more of profit)	Serious accidents	Lasting one month or longer	An extremely substantial loss of trust
3	Medium impact	500 million yen to less than 1 billion yen (5% to less than 10% of profit)	Semi-serious accidents	Lasting a few weeks or longer	A substantial loss of trust (5 years or more to restore trust)
2	Small impact	100 million yen to less than 500 million yen (1% to less than 5% of profit)	Accidents resulting in absence from work	Lasting a few days	Loss of trust (2 to 3 years or more to restore trust)
1	Minor impact	Less than 100 million yen (Less than 1% of profit)	Accidents not resulting in absence from work/ Covered-up accidents	Lasting a few hours	Low likelihood of a loss of trust

Occurrence frequency guideline

Level	Definition (occurrence)	Risk level guideline by occurrence frequency
4	Frequent	Once or more a year
3	Moderate	Once or more in 2 to 5 years
2	Occasional	Once or more in 5 to 10 years or the likelihood of occurrence is nearly zero
1	Rare	Once every 10 years or longer

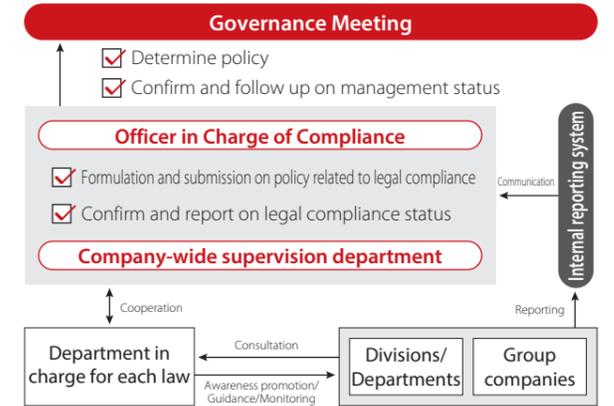
Basic Approach

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, 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 Meeting, chaired by the Senior Executive Officer in Charge of Corporate Strategies, 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 Committee.

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.



\* Officer in Charge of Compliance: Senior Executive Officer in Charge of Corporate Strategies

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

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 through an e-mail magazine and internal circulars. As a key initiative, we are conducting group training for all employees, including manufacturing site staff, to foster a shared understanding of the importance of compliance. We also conduct compliance awareness surveys to quantify the employees' awareness level and utilize the results in education and awareness-raising activities to further boost 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.

## Directors



**Tokuhiisa Nomura**  
President  
Responsibilities: Chief Executive Officer

■ 37,542 shares  
■ 13 out of 13 (100%)

- 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
  - April 2025 President; Senior Executive Officer (to present)



**Toru Nakane**  
Executive Vice President  
Responsibilities: Assistant to President

■ 41,597 shares  
■ 13 out of 13 (100%)

- 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
  - April 2025 Executive Vice President; Senior Executive Officer (to present)



**Shigekazu Kato**  
Executive Vice President  
Responsibilities: Chief Operating Officer

■ 23,424 shares  
■ 13 out of 13 (100%)

- 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
  - April 2025 Executive Vice President; Senior Executive Officer (to present)



**Akihiro Yamanaka**  
Executive Vice President  
Responsibilities: Chief Strategy Officer, Chief Risk Officer

■ 11,435 shares  
■ 11 out of 11 (100%)

- 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
  - June 2024 Executive Vice President, Vice President and Executive Officer, the Company
  - April 2025 Executive Vice President; Senior Executive Officer (to present)



**Takashi Uehara**  
Director

■ 0 shares  
■ —

- Career summary and positions**
- April 1991 Joined Toyota Motor Corporation
  - January 2017 Chief Engineer, Powertrain Product Planning Div.
  - July 2019 Chief Engineer, Powertrain System Development Field
  - August 2021 Chief Project Leader, Powertrain Product Planning
  - July 2023 President, Powertrain Company (to present)
  - June 2025 Director, the Company (to present)



**Yuichi Oi**  
Outside Director

■ 0 shares  
■ 13 out of 13 (100%)

- 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)



**Satoe Tsuge**  
Outside Director

■ 0 shares  
■ 12 out of 13 (92%)

- 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)



**Yurie Iribe**  
Outside Director

■ 0 shares  
■ 13 out of 13 (100%)

- 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
  - June 2022 Director, the Company (to present)
  - April 2025 Professor, School of Information Science and Technology, Aichi Prefectural University (to present)



**Naoshi Takayama**  
Outside Director

■ 0 shares  
■ —

- Career summary and positions**
- April 1981 Joined Makino Milling Machine Co., Ltd.
  - December 2002 Joined Mori Seiki Co., Ltd. (currently DMG MORI CO., LTD.)
  - June 2007 Director
  - June 2008 Senior Director
  - September 2011 Executive Director
  - April 2019 Senior Executive Officer
  - April 2021 Executive Fellow
  - January 2024 Joined TAYO KOKI CO., LTD. (to present)
  - June 2025 Director, the Company (to present)



**Eiko Funabiki**  
Outside Director

■ 0 shares  
■ —

- Career summary and positions**
- April 1986 Joined Fujitsu Tokai System Engineering Co., Ltd. (currently Fujitsu Limited)
  - December 1988 Joined Tokai Research & Consulting Inc. (currently Mitsubishi UFJ Research and Consulting Co., Ltd.)
  - October 2016 General Manager, Human Resources & Organization Strategy Consulting Department, International Business Division, Nagoya Headquarters
  - June 2018 Executive Officer, Unit Head of Nagoya Business Unit, Consulting Business Division
  - April 2021 Executive Officer, Unit Head of Human Resources & Organization Business Unit, Consulting Business Division
  - April 2025 Executive Officer, Deputy Unit Head of Business Promotion Unit, Consulting Business Division (special mission) (to present)
  - June 2025 Director, the Company (to present)

## Audit & Supervisory Board Members



**Yuji Furuta**  
Standing Audit & Supervisory Board Member

■ 3,468 shares  
■ 12 out of 13 (92%)  
■ 11 out of 12 (92%)

- 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)



**Hideaki Nakamura**  
Standing Audit & Supervisory Board Member

■ 0 shares  
■ —  
■ —

- Career summary and positions**
- April 1986 Joined Toyota Motor Corporation
  - January 2008 General Manager, No. 1 Unit Parts Department, Unit Parts Purchasing Division
  - January 2010 Director, Toyota do Brasil Ltda. Director, Toyota Argentina S.A.
  - January 2018 Director, Toyota Kirloskar Motor Private Ltd.
  - January 2021 Deputy Chief Division Officer, Purchasing Division, the Company
  - September 2022 Chief Division Officer, Purchasing Division
  - June 2025 Audit & Supervisory Board Member (to present)



**Takami Kato**  
Outside Audit & Supervisory Board Member

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

- 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 Division Officer, Purchasing Div. (to present)
  - June 2023 Audit & Supervisory Board Member, the Company (to present)



**Nobuya Yazaki**  
Outside Audit & Supervisory Board Member

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

- Career summary and positions**
- April 1996 Registered as an attorney  
Joined Kato Murase Law Office
  - November 1999 Representative attorney, Murase Yazaki Law Office (currently HINDO Law Office) (to present)
  - June 2024 Audit & Supervisory Board Member, the Company (to present)



**Makoto Nishimatsu**  
Outside Audit & Supervisory Board Member

■ 0 shares  
■ —  
■ —

- Career summary and positions**
- March 1982 Joined Marunouchi Audit Corporation (currently Deloitte Touche Tohmatsu LLC)
  - August 1984 Registered as a certified public accountant
  - July 2000 Representative Partner
  - December 2015 Councilor, Deloitte Tohmatsu LLC
  - January 2025 President, Makoto Nishimatsu CPA Office (to present)
  - June 2025 Audit & Supervisory Board Member, the Company (to present)

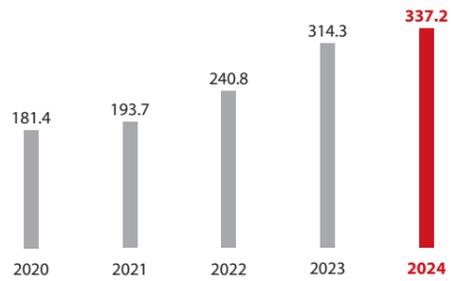
■ Number of shares held (as of March 31, 2025)  
■ Attendance at meetings of the Board of Directors (FY2024)  
■ Attendance at meetings of the Audit & Supervisory Board (FY2024)

**Directors' skill matrix** | The skills and experiences held by the Directors and Audit & Supervisory Board members of the Company are as follows:

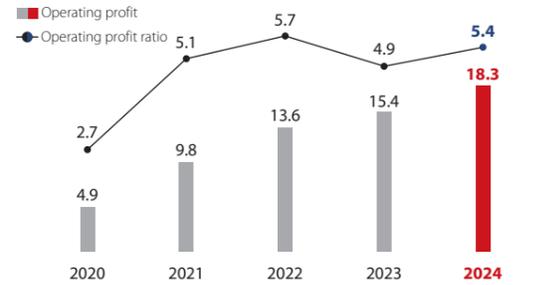
	Position	Name	Sales	Technology development	Manufacturing / Purchasing	Overseas experience	ESG	Legal affairs / Compliance	DX	Finance / Accounting	HR / Labor
Director	President	Tokuhiisa Nomura		○		○	○				
	Executive Vice President	Toru Nakane	○				○	○			
	Executive Vice President	Shigekazu Kato				○	○	○	○	○	○
	Executive Vice President	Akihiro Yamanaka		○			○				
	Director	Takashi Uehara		○		○	○				
	Outside Director	Yuichi Oi	○		○	○	○				
	Outside Director	Satoe Tsuge					○			○	○
	Outside Director	Yurie Iribe		○			○		○		
	Outside Director	Naoshi Takayama		○	○		○				
	Outside Director	Eiko Funabiki					○	○			○
Audit & Supervisory Board Member	Standing Audit & Supervisory Board Member	Yuji Furuta					○	○	○		○
	Standing Audit & Supervisory Board Member	Hideaki Nakamura			○	○	○			○	
	Outside Audit & Supervisory Board Member	Takami Kato			○	○	○				
	Outside Audit & Supervisory Board Member	Nobuya Yazaki					○	○			○
	Outside Audit & Supervisory Board Member	Makoto Nishimatsu				○	○			○	○

### Financial Data Highlight (Consolidated)

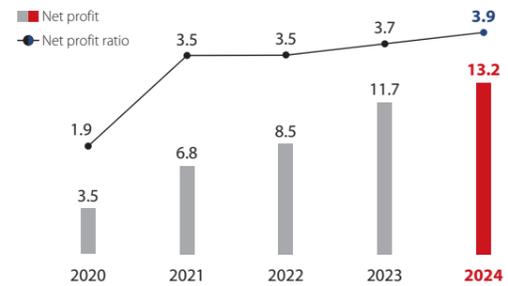
Net Sales (Billions of yen)



Operating Profit/Operating Profit Ratio (Billions of yen/%)



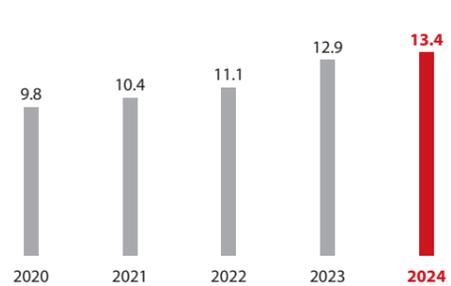
Net Profit/Net Profit Ratio (Billions of yen/%)



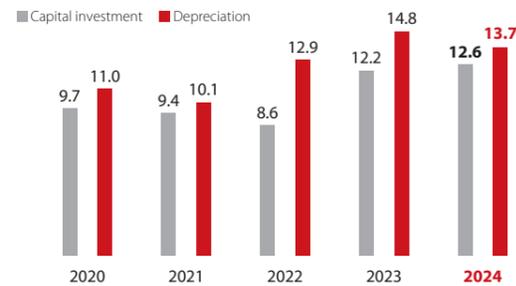
Dividends per Share/Payout Ratio (Yen/%)



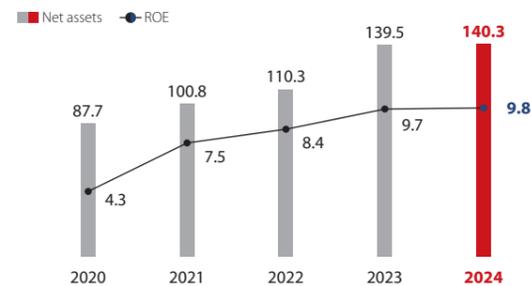
R&D Expenses (Billions of yen)



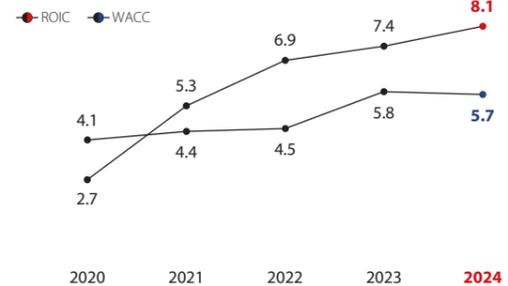
Capital Investment/Depreciation (Billions of yen)



Net Assets/ROE (Billions of yen/%)

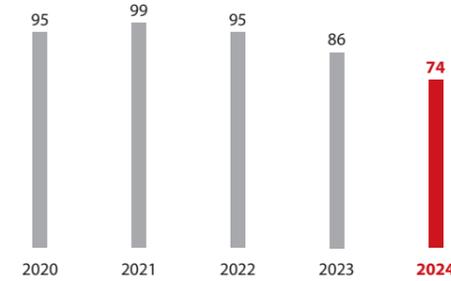


ROIC/WACC (%)

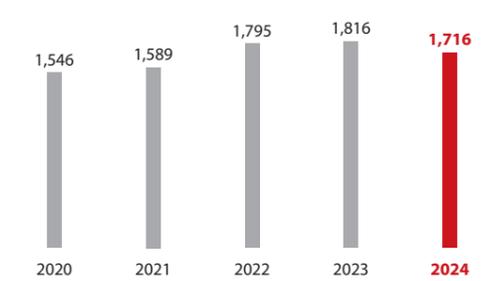


### Non-Financial Data Highlight (Consolidated/Non-consolidated)

CO<sub>2</sub> (Scope 1 & 2) Emissions (Consolidated) (Thousands of t-CO<sub>2</sub>)

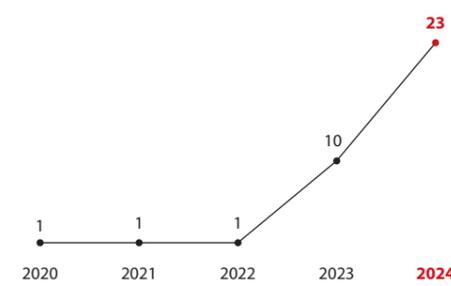


CO<sub>2</sub> (Scope 3) Emissions (Thousands of t-CO<sub>2</sub>)

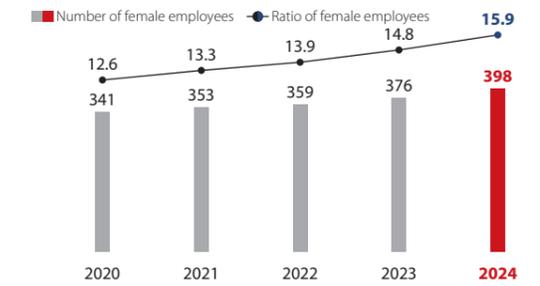


\* Third-party verification has been conducted since FY2022

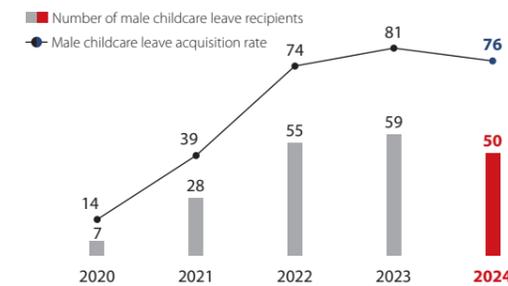
Renewable Energy Ratio (%)



Number of Female Employees/Ratio of Female Employees (Non-consolidated) (Persons/%)

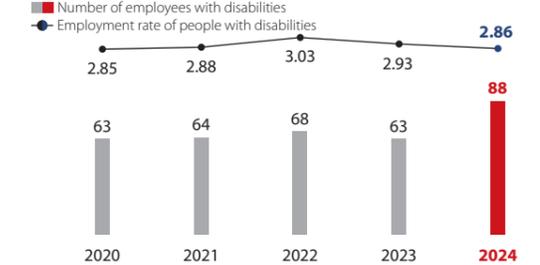


Number of Male Childcare Leave Recipients/Male Childcare Leave Acquisition Rate (Non-consolidated) (Persons/%)

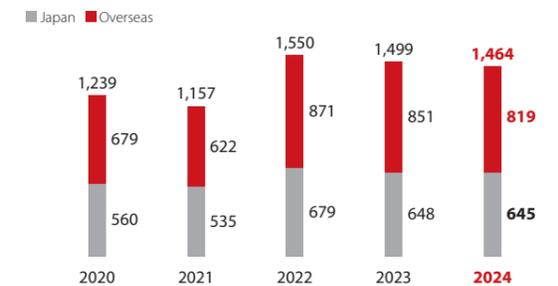


Number of Employees with Disabilities/Employment Rate of People with Disabilities (Non-consolidated) (Persons/%)

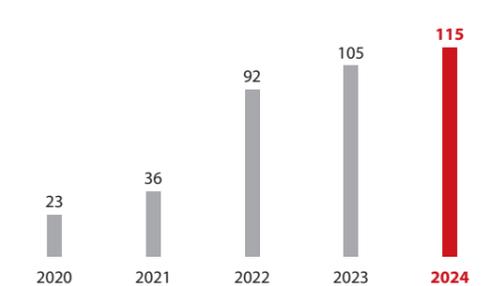
\* The employment rate is calculated using a counting method based on the disability grade



Number of Patents Owned (Non-consolidated) (Patents)



Number of Carbon Neutrality-related Patent Applications (Non-consolidated) (Applications)



## Financial Data (Consolidated)

(Unit: millions of yen)

	(FY)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
Operating results	Net sales	212,676	215,360	203,769	212,524	213,494	205,489	181,427	193,751	240,806	314,336	337,259	
	By product												
	Fuel pump module	72,540	79,490	72,756	77,751	79,556	79,777	68,846	73,948	97,778	159,934	175,808	
	Injector	7,196	5,774	4,921	5,033	4,672	4,179	2,939	3,287	3,400	2,405	2,780	
	Fuel type, and others	6,571	5,680	4,929	4,435	3,933	3,570	2,606	2,981	3,486	3,996	4,761	
	Throttle body	47,076	49,877	49,341	49,912	48,042	42,848	34,398	35,833	39,098	42,176	43,367	
	EGR valve	7,621	5,918	5,971	7,180	9,589	11,844	12,729	14,852	22,374	23,131	25,387	
	Intake and exhaust, and others	11,677	10,488	9,834	9,244	8,628	7,027	6,180	7,072	7,741	8,448	9,851	
	Canister	25,533	26,454	25,227	26,572	27,384	26,099	27,833	27,488	34,273	40,076	41,710	
	Emission control system, and others	4,713	4,411	4,084	4,019	3,858	4,388	5,060	4,865	5,110	7,146	7,935	
	Engine valve	9,502	8,773	9,045	9,887	9,547	9,436	8,110	8,906	9,821	9,932	9,772	
	Other	20,236	18,485	17,653	18,480	18,275	16,311	12,717	14,508	17,714	17,086	15,880	
	By region												
	Japan	101,375	90,136	81,635	83,173	82,080	82,991	74,099	70,445	77,368	91,948	99,929	
Asia	63,998	72,306	73,181	79,156	82,391	81,104	74,504	86,540	107,576	135,682	144,054		
Americas	34,092	39,113	35,657	34,766	33,652	28,240	22,728	25,367	43,308	71,096	77,344		
Europe	13,210	13,805	13,294	15,428	15,370	13,153	10,094	11,398	12,553	15,608	15,929		
Gross profit	28,258	26,960	23,996	25,974	25,588	24,365	20,462	24,927	32,754	41,218	48,972		
Operating profit	10,796	9,854	8,159	9,421	8,227	7,226	4,956	9,809	13,632	15,498	18,338		
Ordinary profit	11,322	9,349	7,407	9,770	8,181	6,866	4,986	10,255	14,083	17,201	19,292		
Profit attributable to owners of parent*	6,755	6,208	4,505	4,526	6,124	-5,073	3,525	6,831	8,504	11,744	13,234		
Capital investment	13,280	15,884	12,738	12,022	16,523	19,323	9,711	9,449	8,636	12,285	12,651		
Depreciation	10,140	11,172	10,700	10,773	11,033	12,554	11,011	10,174	12,994	14,831	13,768		
R&D expenses	10,336	10,854	10,922	11,196	11,302	10,845	9,815	10,494	11,111	12,936	13,426		
Cash flow	Cash flows from operating activities	13,772	24,132	14,395	13,767	11,421	14,678	17,761	13,544	20,269	38,627	28,222	
	Cash flows from investing activities	-18,035	-13,441	-16,431	-11,145	-18,429	-16,591	-6,785	-6,955	-29,599	-9,664	-20,128	
	Free cash flow	-4,263	10,691	-2,036	2,622	-7,008	-1,913	10,976	6,589	-9,330	28,963	8,094	
	Cash flows from financing activities	3,822	-1,585	-3,510	11,779	-435	1,704	-1,176	-4,128	3,536	-11,431	10,949	
Financial position	Funds (Cash and deposits + Securities)	26,166	35,113	30,093	44,928	36,635	36,204	46,329	50,086	45,973	67,036	85,776	
	Interest-bearing debt	25,523	25,622	23,751	37,580	39,053	43,085	43,551	32,102	48,828	41,836	56,216	
	Equity	84,880	81,324	81,472	87,643	87,777	79,114	84,206	96,944	106,408	134,741	135,821	
	Total assets	185,422	184,156	178,914	196,650	192,500	186,362	189,918	201,936	225,762	272,549	300,982	
Financial indicators	Operating profit to net sales ratio (%)	5.1	4.6	4.0	4.4	3.9	3.5	2.7	5.1	5.7	4.9	5.4	
	Rate of return on assets (ROA) (%)	3.9	3.4	2.5	2.4	3.2	-2.7	1.9	3.5	4.0	4.7	4.6	
	Rate of return on equity (ROE) (%)	8.9	7.5	5.5	5.4	7.0	-6.1	4.3	7.5	8.4	9.7	9.8	
	Rate of return on sales (%)	3.2	2.9	2.2	2.1	2.9	-2.5	1.9	3.5	3.5	3.7	3.9	
	Capital adequacy ratio (%)	45.8	44.2	45.5	44.6	45.6	42.5	44.3	48.0	47.1	49.4	45.1	
	Net D/E ratio (Times)	-0.0	-0.1	-0.1	-0.1	0.0	0.1	-0.1	-0.1	0.0	-0.2	-0.2	
Information per share	Payout ratio (%)	25.8	33.3	34.8	95.3	27.8	—	32.2	26.8	25.9	29.3	32.1	
	Earnings per share (EPS) (Yen)	112.19	99.24	71.88	72.11	97.26	-80.55	55.97	108.40	135.01	187.63	211.86	
	Dividends per share (DPS) (Yen)	29.00	33.00	25.00	29.00	27.00	20.00	18.00	29.00	35.00	55.00	68.00	
	Book value per share (BPS) (Yen)	1,359.36	1,297.81	1,299.45	1,392.79	1,393.58	1,255.94	1,336.78	1,539.63	1,688.64	2,158.56	2,173.01	
Number of employees (Persons)	10,262	10,294	10,320	10,440	10,500	10,716	10,018	9,720	10,459	10,904	10,962		

\* Presented as "net income" for FY2014

## Company Profile (As of March 31, 2025)

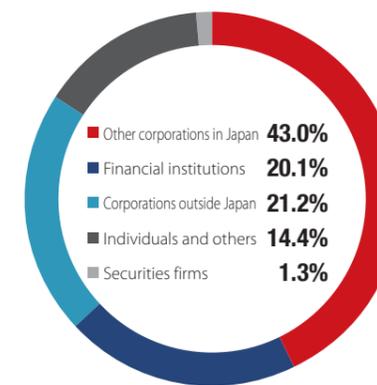
<b>Company name</b>	AISAN INDUSTRY CO., LTD.
<b>Headquarters</b>	1-1-1 Kyowa-cho, Obu, Aichi 474-8588 Japan
<b>Date of establishment</b>	December 1938
<b>Representative</b>	Tokuhisu Nomura
<b>Capital</b>	10,866 million yen
<b>Business outline</b>	Manufacturing and sales of automotive parts
<b>Number of employees</b>	Consolidated: 10,962 Non-consolidated: 3,184 * Temporary employees included
<b>Group companies</b>	29 Group companies (21 overseas, 8 in Japan)
<b>Fiscal year end</b>	March
<b>Credit rating</b>	A- (Japan Credit Rating Agency)

## Stock Information (As of September 30, 2025)

<b>Stock</b>	Total number of shares authorized	190,000,000
	Total number of shares issued	57,027,755
	* Excluding the treasury stock	
	Share unit number	100
<b>Listed stock exchanges</b>	Tokyo Stock Exchange: Prime Market Nagoya Stock Exchange: Premier Market Stock code: 7283	
<b>Shareholder registry administrator</b>	Mitsubishi UFJ Trust and Banking Corporation	
<b>Accounting auditor</b>	Deloitte Touche Tohmatsu LLC	
<b>Principal shareholders</b>	Toyota Motor Corporation Toyota Industries Corporation	

## Share distribution by shareholder

\* Excluding the treasury stock



## Principal shareholders (Note)

Shareholders	Number of shares held (in thousands)	Holding ratio (%)
Toyota Motor Corporation	18,107	31.8
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,406	9.5
Toyota Industries Corporation	4,767	8.4
Custody Bank of Japan, Ltd. (Trust Account)	2,941	5.2
Aisan Industry Employee Stock Ownership Association	1,687	3.0
RE FUND 107-CLIENT AC	1,490	2.6
STATE STREET BANK AND TRUST COMPANY 505223	1,242	2.2
Sumitomo Mitsui Banking Corporation	780	1.4
DFA INTL SMALL CAP VALUE PORTFOLIO	766	1.3
THE BANK OF NEW YORK MELLON 140042	632	1.1

Note: Holding ratios are calculated by excluding the treasury stock (6,379,124 shares).

## Domestic Locations (As of March 31, 2025)



Headquarters



Main 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) (As of March 31, 2025)

### 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
- TK CARBURETTOR (NINGBO) CO., LTD. / China
- PT.AISAN NASMOCO INDUSTRI / Indonesia
- AISAN CORPORATION ASIA PACIFIC LIMITED / Thailand
- AISAN AUTO PARTS INDIA PRIVATE LIMITED / India (Merged in June 2025)
- AISAN INDUSTRY INDIA PRIVATE LIMITED / India
- AISAN SALES INDIA PRIVATE LIMITED / India
- IHD INDUSTRIES PVT. LTD. / India

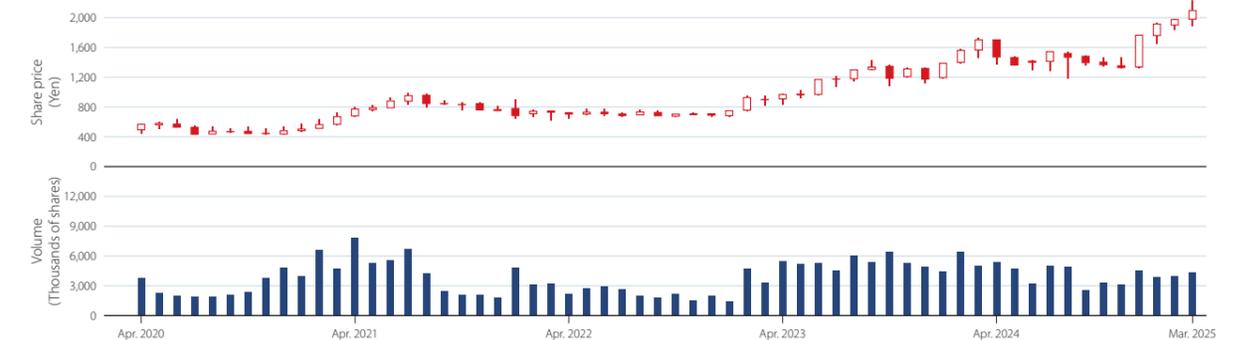
### Americas

- 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 (Sold in October 2025)
- 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 24 consecutive years since then.



## External evaluation

### 2022

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



### 2023

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



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



Selected as a certified company under the Aichi Biodiversity Program  
Promoted to an Excellent Certified Company in 2025



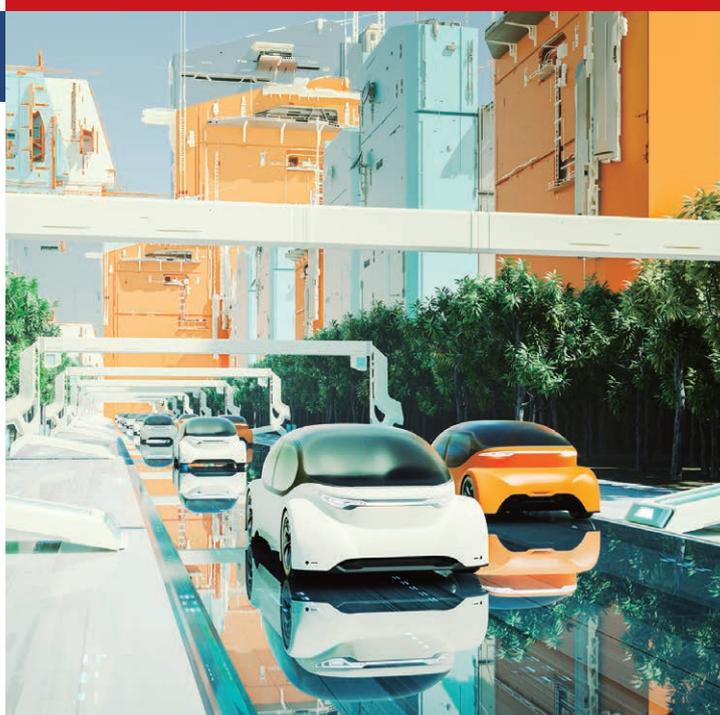
### 2025

Selected for the first time under the KENKO Investment for Health Stock Selection program by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange



Certified as a Nationally Certified Sustainably Managed Natural Site by the Ministry of the Environment





## AISAN INDUSTRY CO., LTD.

1-1-1 Kyowa-cho, Obu, Aichi 474-8588 Japan  
Public Relations and Investor Relations Section  
Corporate Planning Department  
Tel. +81-562-48-6215

Visit our corporate website for more information  
<https://www.aisan-ind.co.jp/en/>

