



# 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

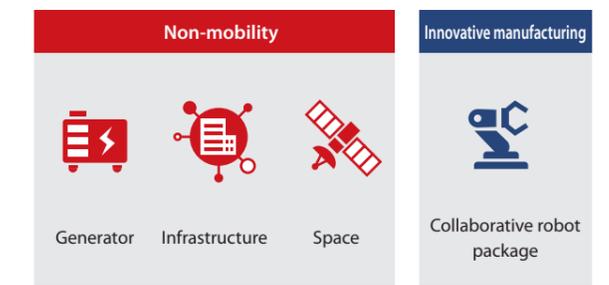
- Develop products for a low-carbon and decarbonized society using our environmental technology
- Support the evolution into safe and secure mobility as an engine system supplier
- Create a future that expands the possibilities to non-mobility sectors
- Contribute to the realization of a hydrogen society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

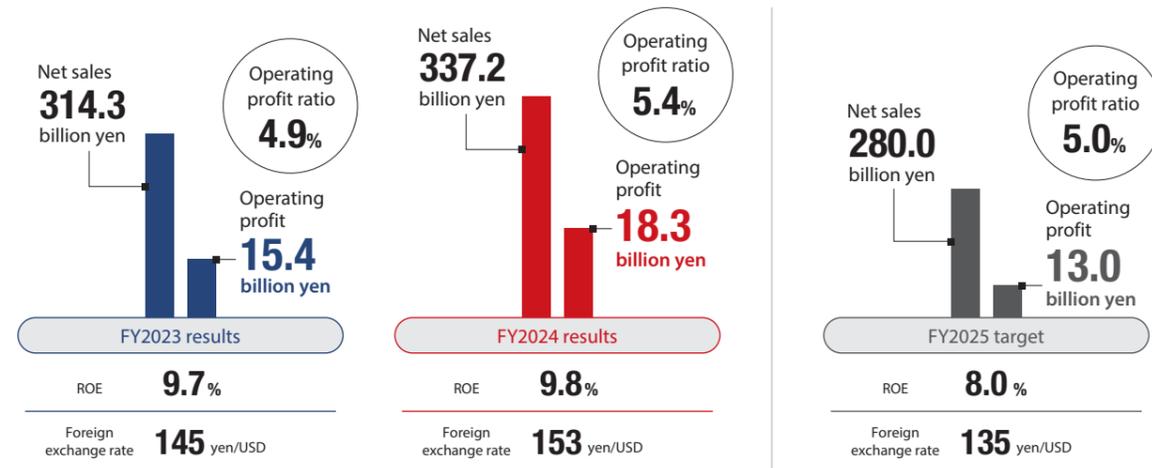
Net sales target **550 billion yen**

### 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

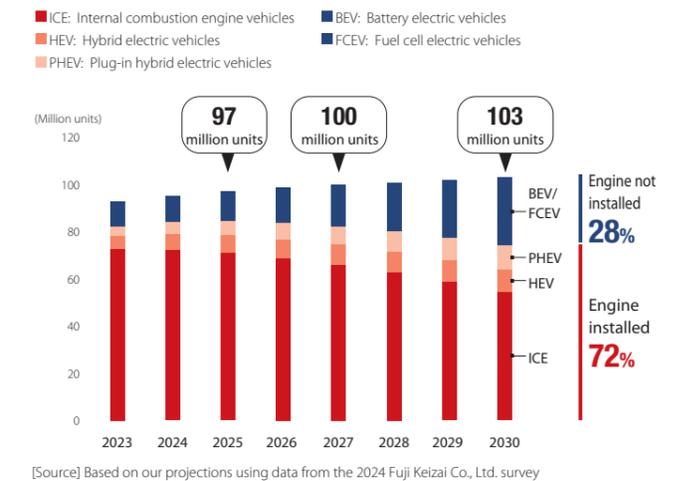
	Achievements	Challenges
<b>Powertrain business</b>	<ul style="list-style-type: none"> <li>Enhanced competitiveness through global expansion of MMK activities</li> <li>Maximized the effects of integrating the fuel pump module business</li> </ul>	<ul style="list-style-type: none"> <li>Evolution into an 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.

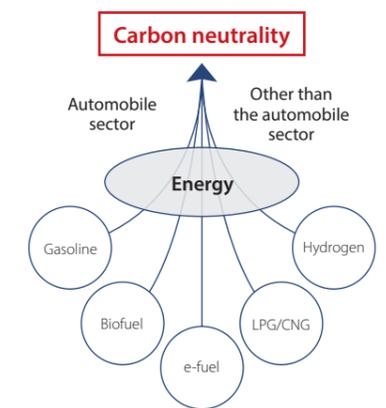
### Global automobile production forecast



### 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.



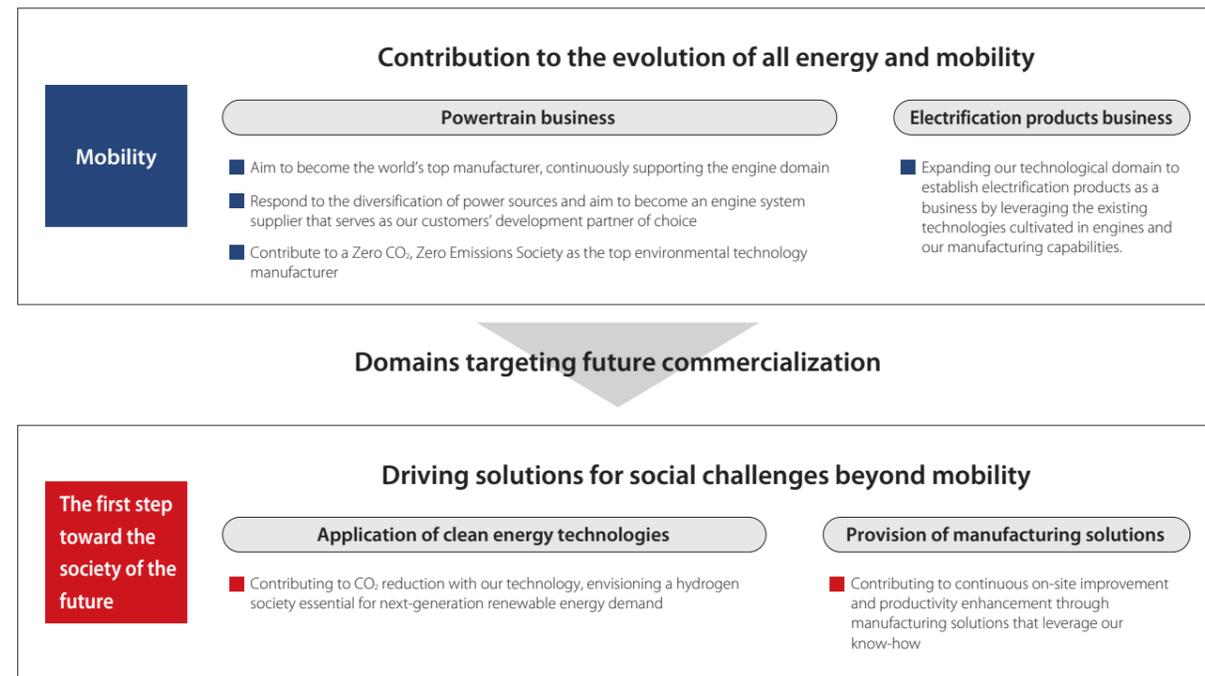
### Status of multi-fuel support



## 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

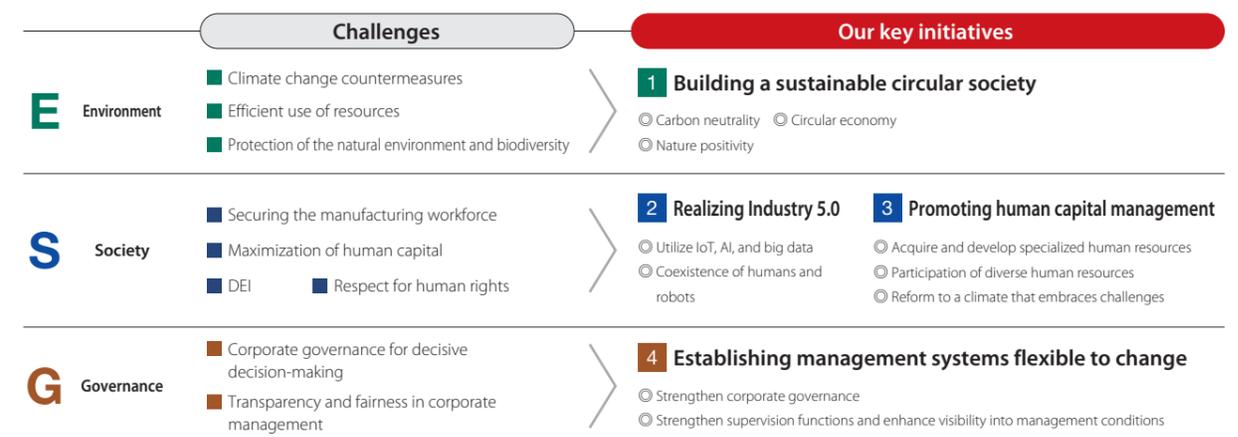
**Strengthening shareholder returns**  
▶ Payout ratio 35%+

**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.

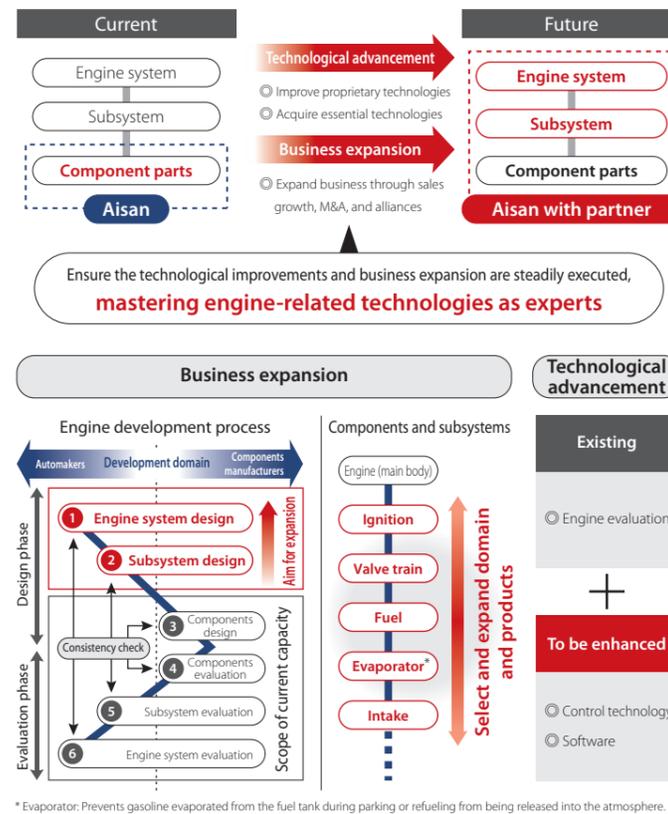


**Mobility Powertrain business**

### 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.

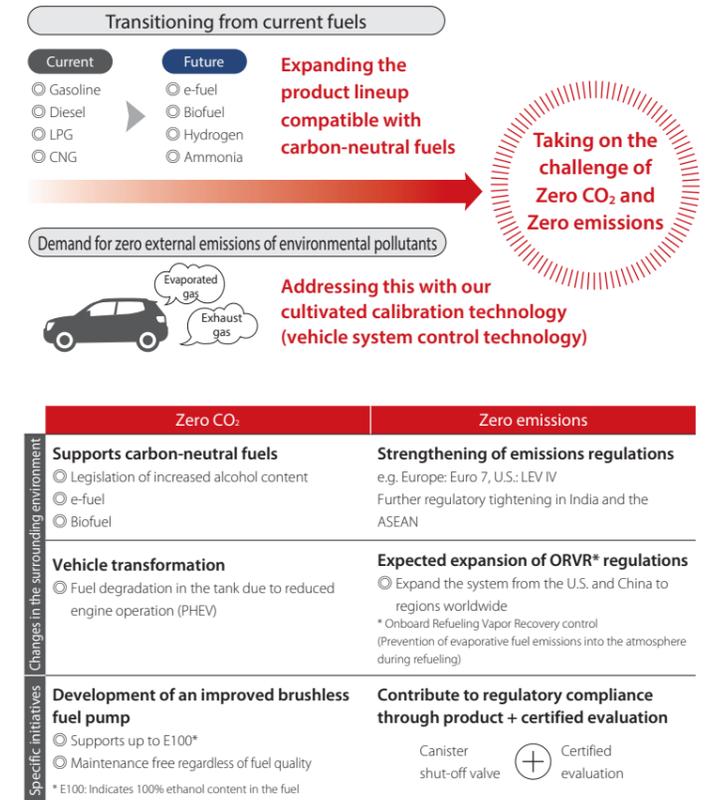


\* Evaporator: Prevents gasoline evaporated from the fuel tank during parking or refueling from being released into the atmosphere.

### 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.

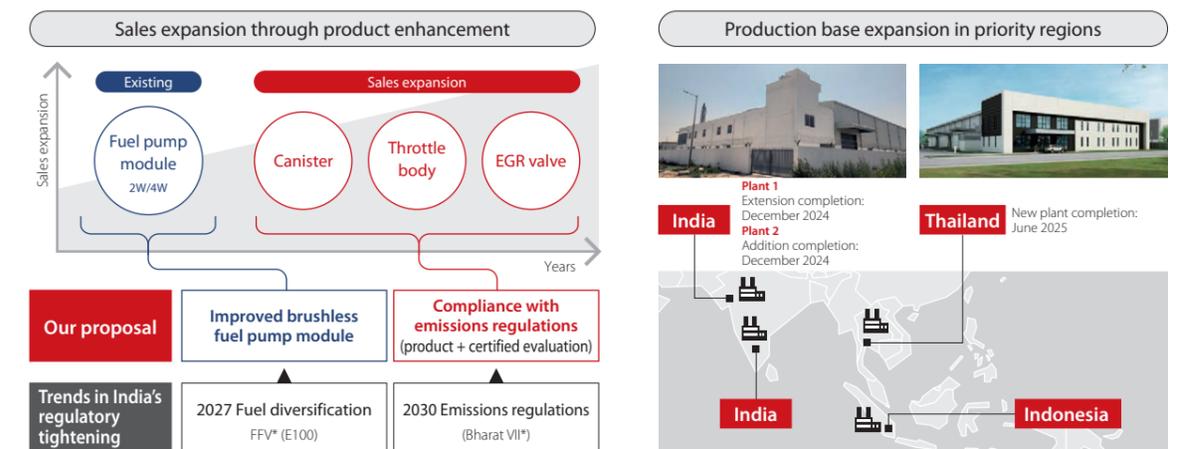
As for Zero emissions, we have a system in place to ensure reliable compliance by offering products that meet exhaust emission regulations and maintaining calibration technologies and facilities capable of meeting certification requirements in various countries. Through these initiatives, we will continue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

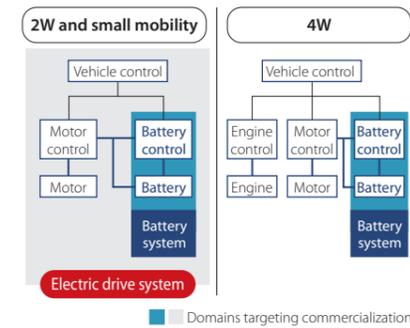
**Mobility Electrification products business**

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

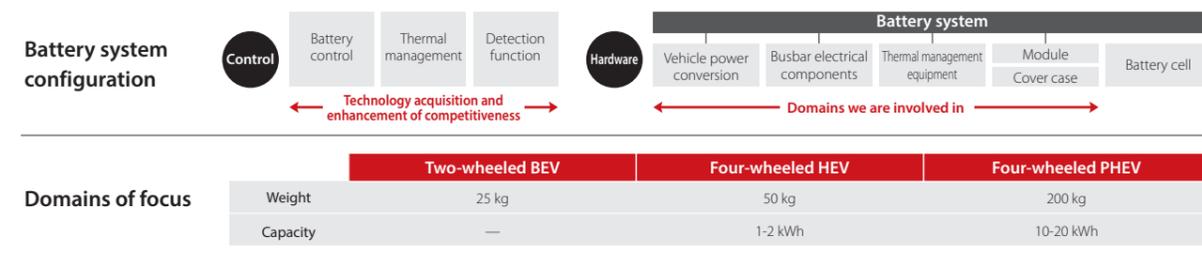
In entering the electrification domain, the Aisan Group has positioned battery systems and electric drive systems—core elements for improving electric vehicle performance that are expected to undergo further evolution and transformation—as priority domains where we will focus our efforts. By leveraging 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

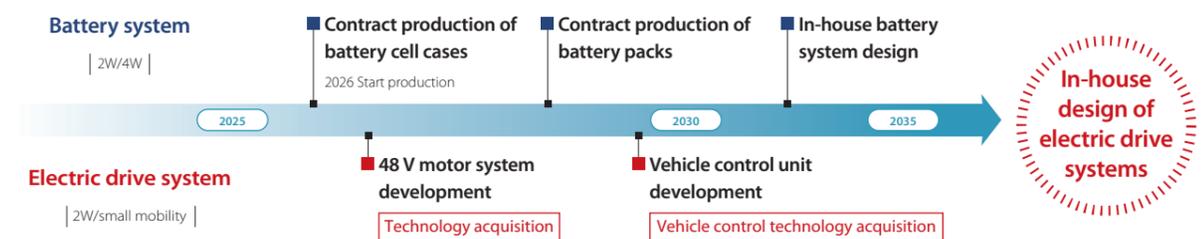


### Battery system policy



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

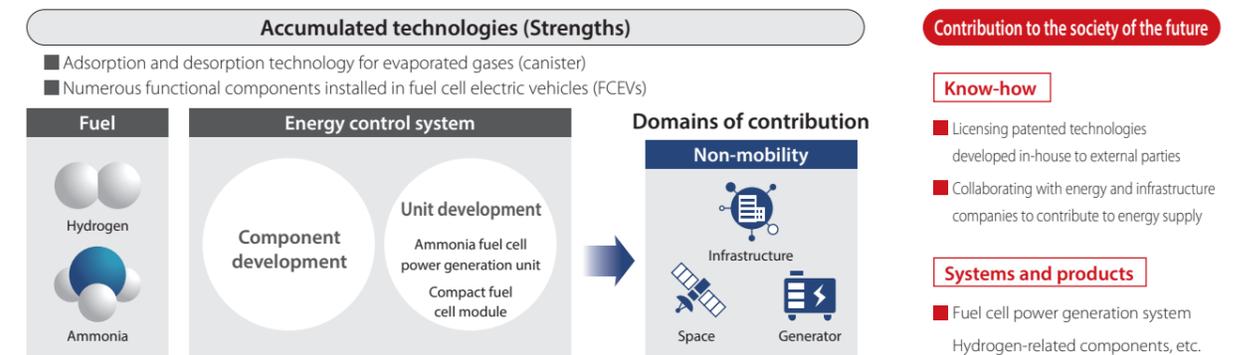


**For the society of the future Application of clean energy technologies/Provision of manufacturing solutions**

## 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.

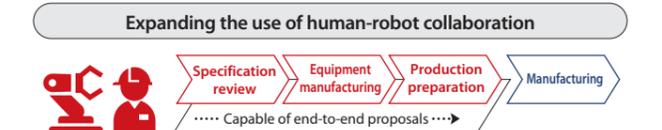
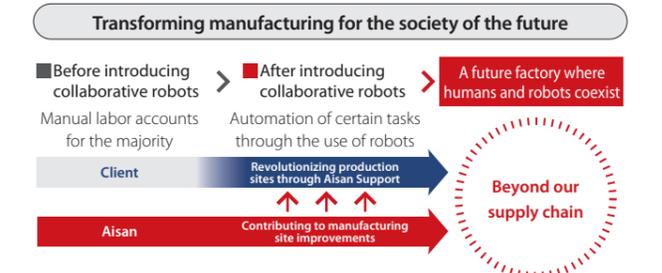
## Incorporation of collaborative robots and future manufacturing across the entire supply chain

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



**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.

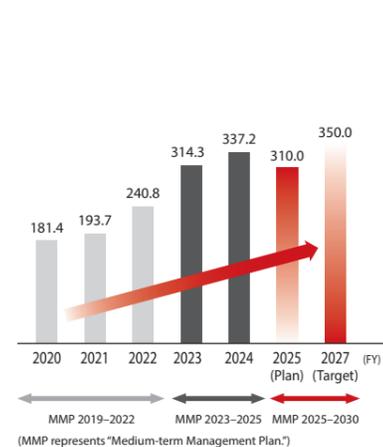
Regarding our financial capital strategy, we have established management targets that balance business scale, profitability, and capital efficiency, aiming to achieve both business expansion and improved capital efficiency. For fiscal 2027, we set targets of 350 billion yen in net sales, 27 billion yen 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**

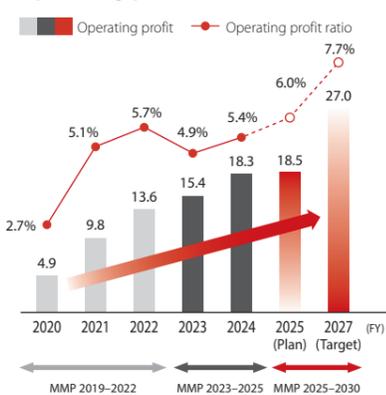
In February 2025, we formulated the new Medium-term Management Plan for the period through 2030. Due to the progress of vehicle electrification toward 2030, the number of vehicles without engines will gradually increase, though it will vary

**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

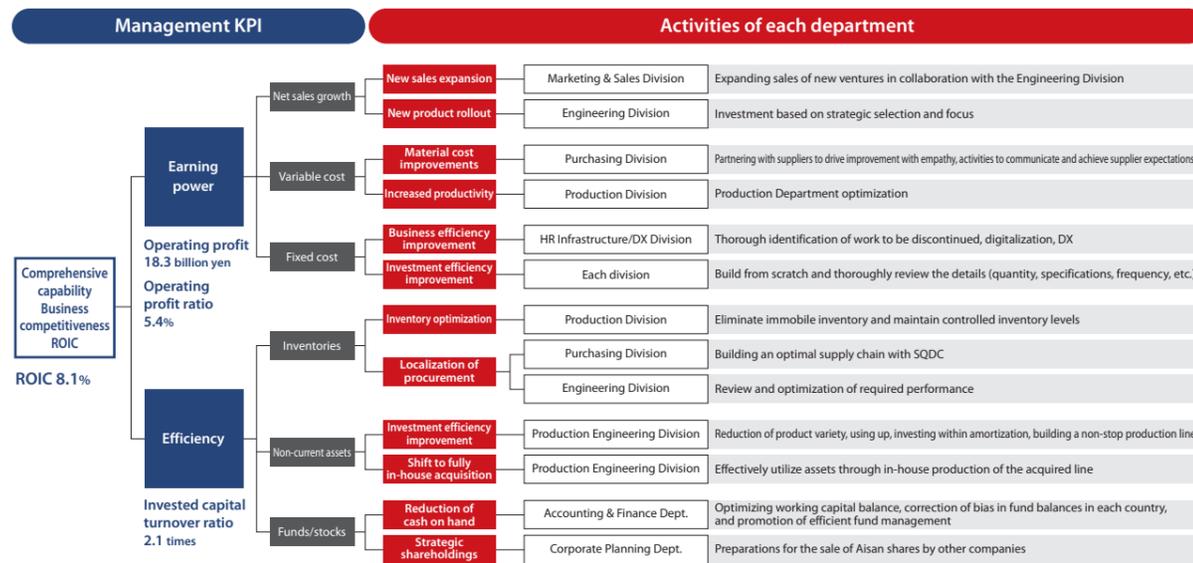
\* Equity ratio: Equity-to-asset ratio

### Toward Achieving Sustainable Growth and Enhancing Corporate Value

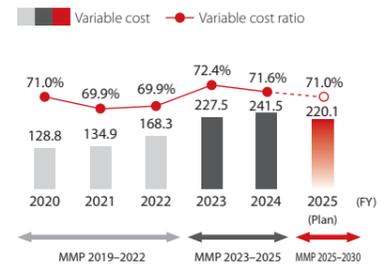
Guided by our slogan, "Become a company indispensable to society by pursuing essential improvements through the active participation of all employees," in fiscal 2024, we established management KPIs based on the ROIC tree and launched company-wide initiatives to achieve them. These KPIs are incorporated 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.

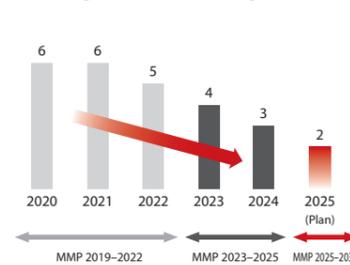
#### Company-wide ROIC tree (FY2024)



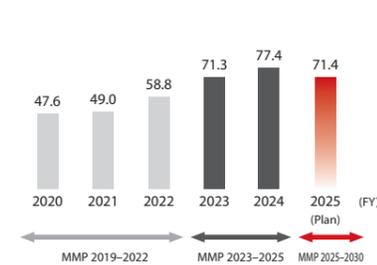
Variable cost (billions of yen)/Variable cost ratio



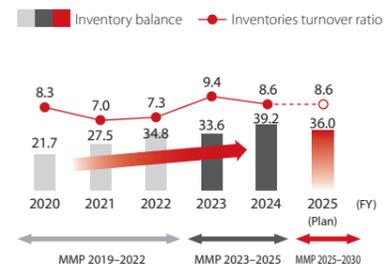
Strategic shareholdings (companies)



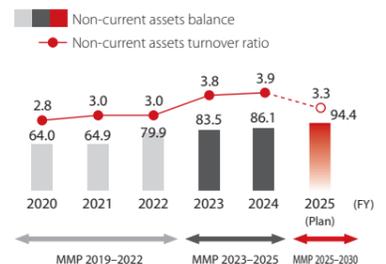
Fixed cost (billions of yen)



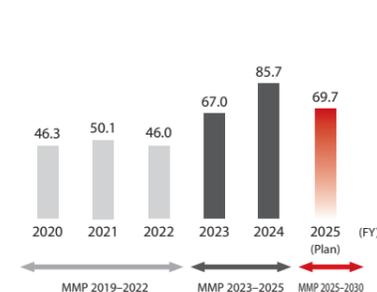
Inventory balance (billions of yen)/Inventories turnover ratio (times)



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



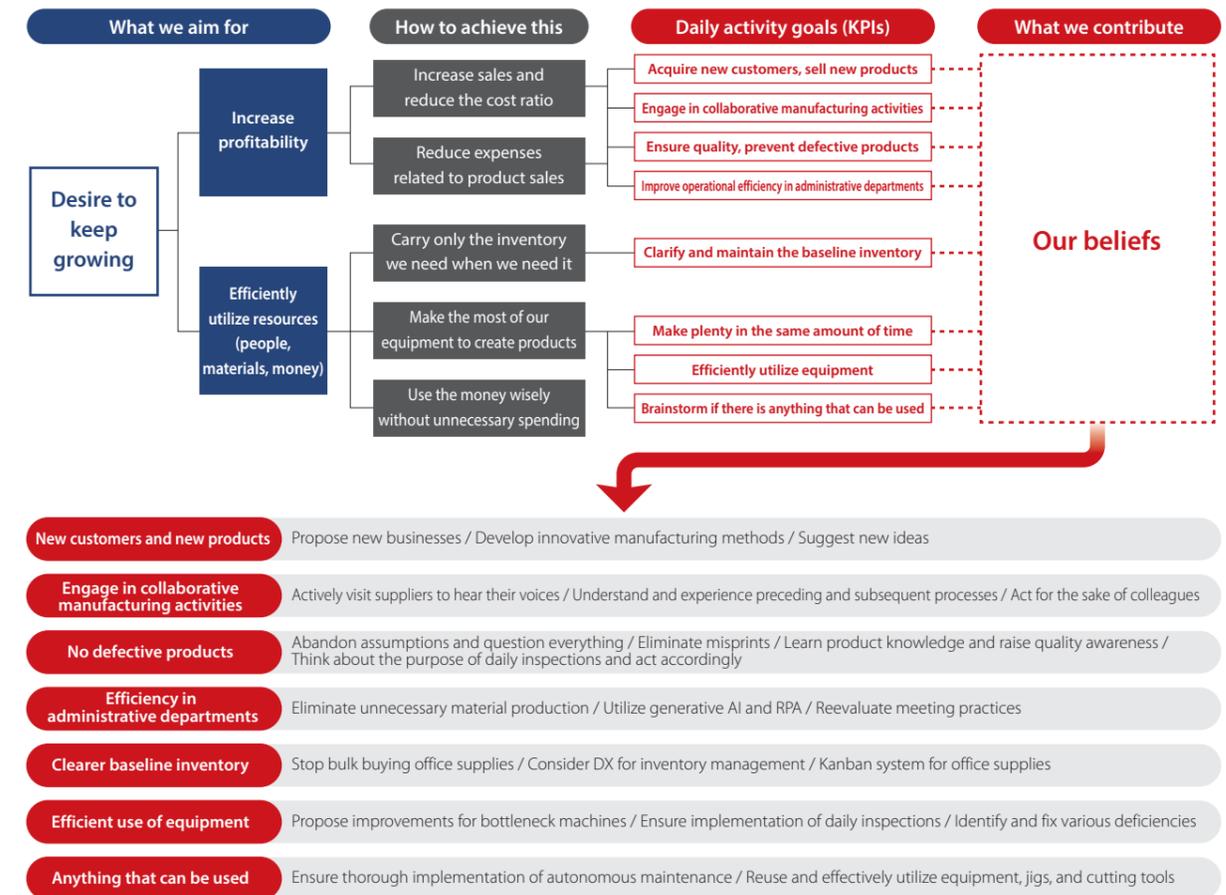
Funds balance (billions of yen)



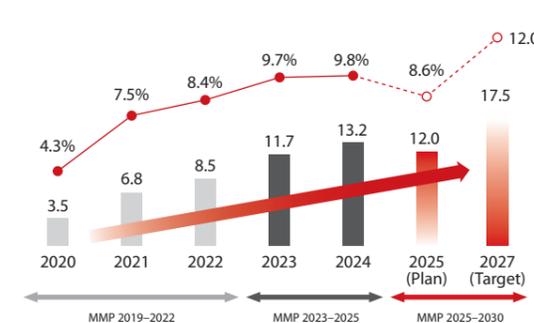
#### Company-wide ROIC tree (new initiatives of FY2025)

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.

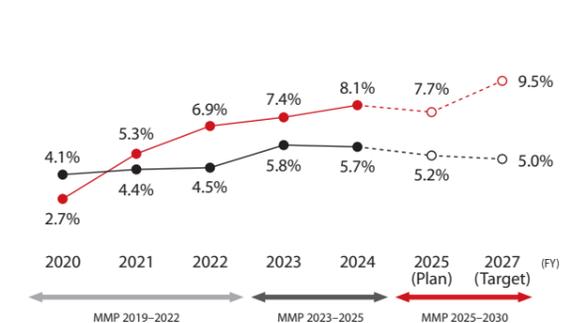
#### Internal ROIC tree



Net profit (billions of yen)/ROE



ROIC/WACC

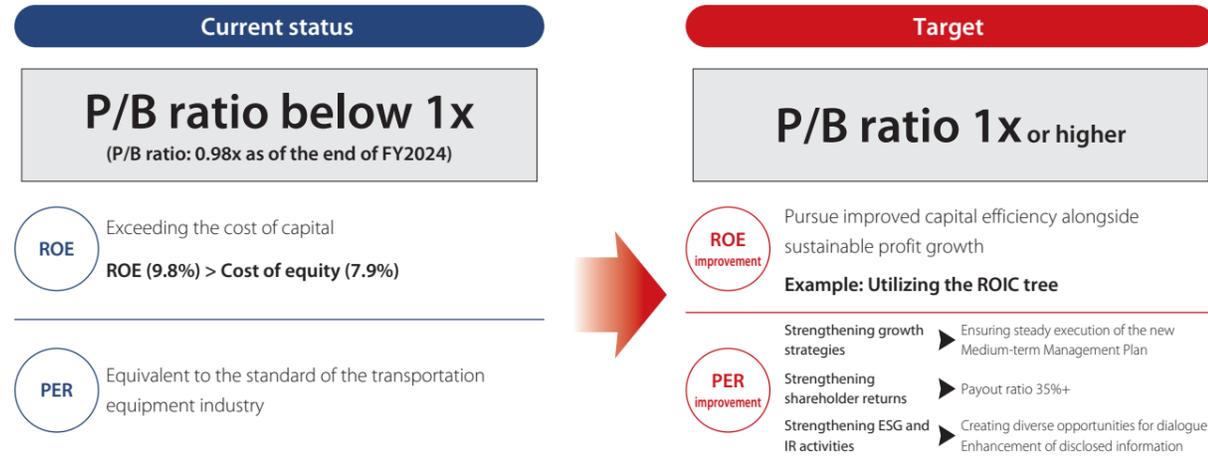


**Measures to achieve P/B ratio of 1x or higher**

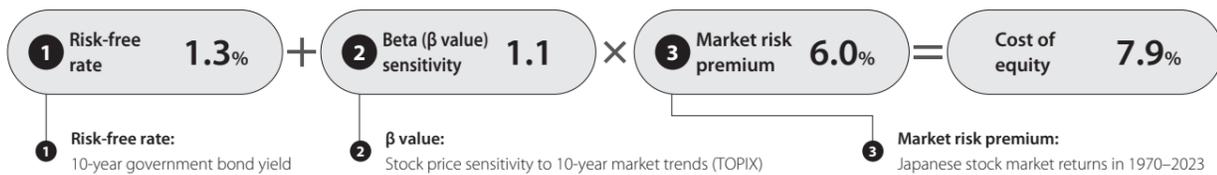
**Achieve a P/B ratio of 1x or higher at an early stage and pursue sustained enhancement of corporate value**

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**



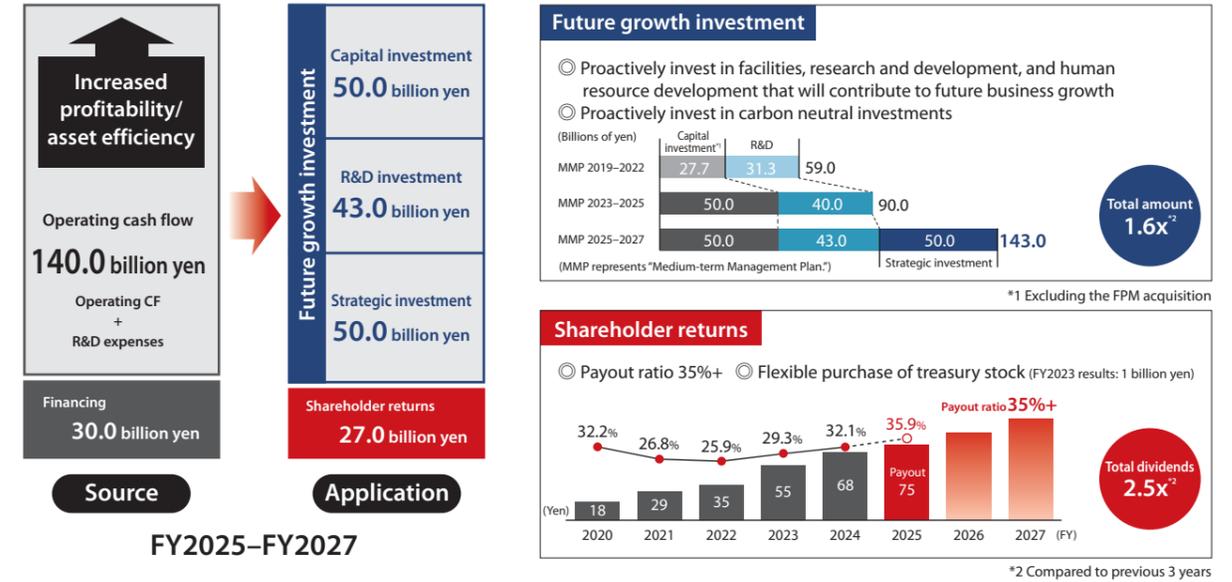
**Approach to Cash Allocation**

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.

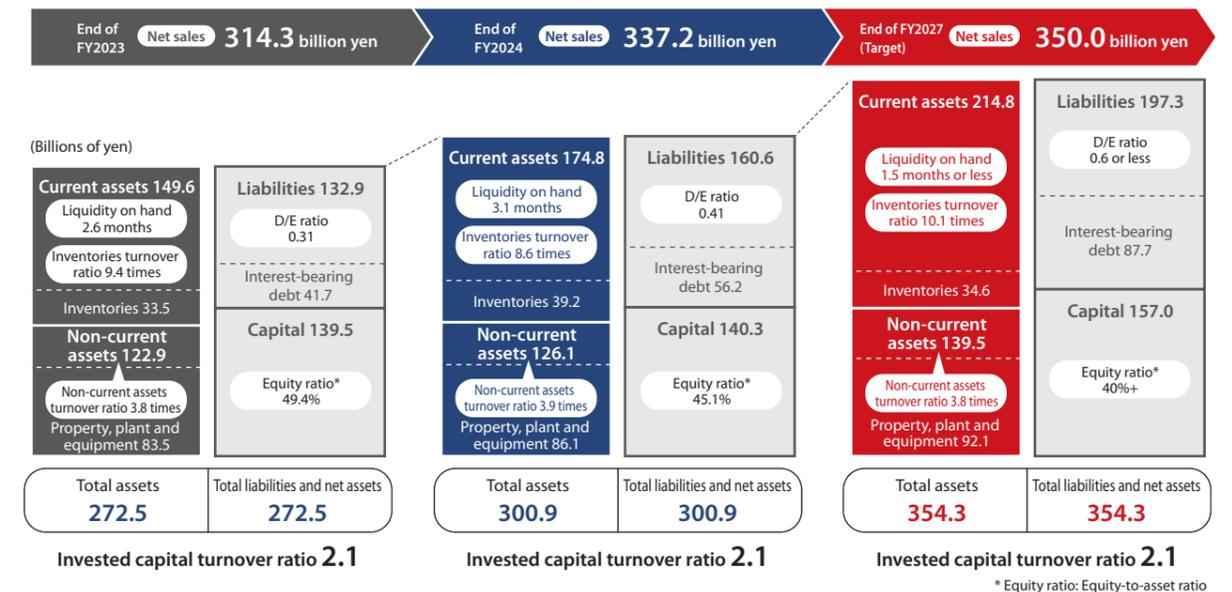
**Growth investment and shareholder returns**

**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.



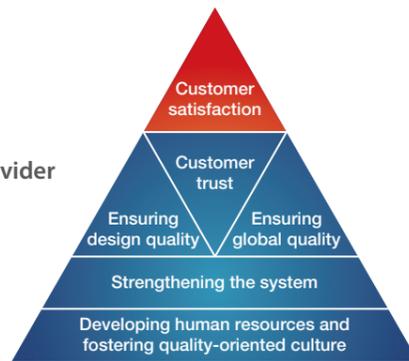
### Basic Approach and Policy

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